

Currency.

Herschell Committee Report.

Rare section

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2. Minutes of Evidence
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INDIAN CURRENCY COMMITTEE;

REPORT

Rare section

OF

THE COMMITTEE

APPOINTED TO INQUIRE INTO THE

INDIAN CURRENCY.

Presented to both Houses of Parliament by Command of Her Majesty.



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1893

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The SECRETARY OF STATE FOR INDIA to the LORD HIGH CHANCELLOR,
dated India Office, 21st October 1892

My Lord,

I enclose, for your Lordships perusal, a copy of a correspondence which has recently passed between the Secretary of State for India in Council and the Government of India, in which, as you will observe, that Government submits proposals for stopping the free coinage of silver in India, with a view to the introduction of a gold standard.

It is unnecessary for me to dwell upon the grave difficulties with which the Government of India are confronted in consequence of the heavy fall in the gold value of silver, or upon the serious nature of the measures which they propose.

It is on account of the great importance of these measures, the effect of which, if they are adopted, will by no means be confined to India, that I have decided to request your Lordship to preside over a Committee for the purpose of considering the proposals of the Government of India as contained in this correspondence, and to advise whether it is expedient that Her Majesty's Government should allow them to be carried into effect.

In case the Committee should be of opinion that there is no sufficient ground for overruling the Government of India, but that the measures by which they propose to attain the object which they have in view require modification, I shall be glad to receive any suggestions which the Committee may have to offer.

The Committee will meet at this Office, and its proceedings must, for obvious reasons, not be open to the public, but, subject to this condition, the Committee will proceed in the manner which they think best.

Your Lordship having already intimated to me that you will accede to my request, the Committee will be constituted as follows —

The Lord High Chancellor
The Right Honourable Leonard H. Courtney, M.P.
Sir Thomas Henry Farrer, Bart.
Sir Reginald Earle Welby, G.C.B.
Arthur Godley, Esq., C.B.
Lieutenant-General Richard Strachey, C.S.I.
Bertram Wodehouse Currie, Esq.

I trust that, as the matter is urgent, and as the inquiry will be confined to the points which I have mentioned, the Committee may be able to report upon an early day, and that their meetings may be arranged accordingly.

It is now understood that the Monetary Conference will meet at Brussels on the 22nd of November, and it would be very advantageous if I could receive the report of the Committee before that date.

I have, &c.,
KIMBERLEY.

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CORRESPONDENCE BETWEEN THE GOVERNMENT OF INDIA AND THE SECRETARY OF STATE, laid by him before the COMMITTEE

No 1

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Calcutta 23rd March, 1892, No 68

MY LORD,

We have the honour to forward, for your Lordship's information, a copy of the correspondence noted on the annexed schedule with the Bengal Chamber of Commerce in which the Chamber inquires what we propose to do with reference to the heavy fall in the value of the rupee which has followed on the fall in the price of silver in the United States.

Your Lordship is aware of the anxiety with which we regard this question and of its high importance in our estimation as affecting the interests of India. We have, at various times for instance in our letters No 45 of the 2nd February 1886 and No 277 of the 4th September 1886 fully expressed our views on the subject and it is unnecessary to repeat them here. But we desire to say that the violent oscillations in the price of silver since 1890 and its rapid decline during the last year to the lowest point yet reached cause us, as they have caused the mercantile community, the gravest anxiety for the future.

We are desirous as we have always been, of aiding in the settlement of the silver question by international agreement and if proposals should be made by the United States or by any other Government for the holding of an International conference we trust that your Lordship will lend these proposals your strongest support.

In our opinion it is not open to question that if international agreement is not arrived at the United States Government will sooner or later be driven either to the adoption of a silver standard or to the abandonment of its purchases of silver. It is certain that the cessation of the purchases of silver by the United States could not fail to depress still further the price of that metal, and the policy to be followed by India in that event deserves the most serious consideration on an early date.

The stoppage of the coinage of silver by the United States will probably, if it should come, come suddenly, and if we defer until it has taken place the consideration of the measures which in that event it may be expedient to adopt, we shall find ourselves unprepared and left with no time for due consideration.

We are therefore of opinion that the subject should be considered in all its bearings beforehand and we recommend that, in view of the possible action of the United States in the future, Her Majesty's Government should now take into consideration the question whether any and if so what measures can be adopted for the protection of Indian interests against the further decline in the gold value of the rupee to which for the reasons which we have given we may be at any moment exposed and the violent fluctuations in the relative value of gold and silver to which under present circumstances, we cannot assign any limit either in time or in amount.

We have &c.

LANSBOWNE
P F HUTCHINS
D BARBOUR.
A E MILLER
H BRACKENBURY
R C B PEMBERTON

Enclosures in No 1

SCHEDULE OF PAPERS.

Letter from the Bengal Chamber of Commerce, No 83 B 3 dated 4th February 1892

Letter to the Bengal Chamber of Commerce, No 571 dated 10th February 1892

Letter from the Bengal Chamber of Commerce, No 113/92 dated 18th February 1892

From S E J CLARKE Esq, Secretary, Bengal Chamber of Commerce to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department, 4th February 1892, No 83

I AM desired by the Committee of the Chamber of Commerce to state that their attention has been directed

to the telegrams recently received from Europe to the effect that America had invited the different Powers to a Conference for the purpose of considering the Silver Question.

I am also directed to inquire whether in the event of the proposed Conference being unable to fix a ratio between silver and gold, and America being forced to abandon her present Bill dealing with the purchase of silver the Government of India propose to take any action with reference to the position of silver in this country.

From J F FINLAY, Esq, Secretary to the Government of India, Finance and Commerce Department, to the SECRETARY Bengal Chamber of Commerce, 10th February 1892, No 571

I am directed to acknowledge receipt of your letter No 53/92, of 4th February 1892 stating that the attention of the Chamber has been directed to the telegrams recently received from Europe to the effect that America had invited the different Powers to a Conference for the purpose of considering the silver question and inquiring whether in the event of the proposed Conference being unable to fix a ratio between silver and gold, and America being forced to abandon her present Bill dealing with the purchase of silver, the Government of India propose to take any action with reference to the position of silver in this country.

In reply, I am to say that it would be impossible for the Government of India to offer any assurance as to the course which they might take in a hypothetical case which would only arise upon the assumption (1) that the Conference referred to in Renter's telegrams is held, (2), that it is unable to fix a ratio between the two metals and (3), that America thereupon determines to abandon the legislation under which the State is at present compelled to purchase certain amounts of silver.

I am however, to add that the Government of India recognises the great importance of the subject to which you have invited their attention, and will be glad to be favoured with any recommendations which in view of the possibilities referred to, the Chamber may desire to make.

From S E J CLARKE Esq, Secretary Bengal Chamber of Commerce to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department, 18th February 1892, No 113

I am directed by the Committee of the Chamber of Commerce to acknowledge receipt of your No 571 of the 10th instant, on the subject of the recent fluctuations in the relative value of gold and silver and the inconvenience to legitimate trade which has resulted therefrom, and the uncertainty which exists as to the future exchange value of the rupee.

The fluctuations in the Indian exchanges to which the Committee desire to invite special attention are the great rise which took place in 1890 and the great fall which has taken place in 1891, and the first month of the present year 1892.

In 1890 demand bills on London rose from 1 4/4 to 1 8, and since then have fallen to 1 3/4.

It is in the opinion of the Chamber impossible for men of business to feel any confidence in the future value of the rupee and they believe that such a state of things restricts the investment of capital in this country, and seriously hampers legitimate enterprise.

It appears to the Committee that there is no complete remedy for these great and rapid fluctuations in the exchange between India and England except either the establishment by international agreement of a system of free coinage of both metals on a fixed ratio, or the adoption of a gold standard by India.

Some hold that a partial remedy would be found in the adoption of a silver standard by the United States of America which would have the effect of steadying the value of silver in relation to gold and of preventing so great a fall in the price of silver as has otherwise occurred while others hold a contrary opinion.

4 Failing these remedies, the Committee see nothing in the future except the gradual demontionation of silver by one country after another violent and endless fluctuations in the relative value of gold and silver and a fall in the value of the rupee relatively to gold the extent of which it is impossible to predict. The recent decision of the Austro-Hungarian Government to adopt a gold standard indicates very clearly what is likely to happen if special measures are not adopted to settle the question.

5 Under these circumstances the Committee experience considerable difficulty in making definite recommendations, as it is necessary to refer to the probable action of Foreign Governments as the Government of India must be.

6 The remedy which would be attended with least risk appears to the Committee to be an international agreement for the free coinage of gold and silver at a fixed rate and the nearer such ratio might be to the market rate of the day the less would be the immediate disturbance of trade.

7 The Government of India will no doubt be able to form its own opinion as to the probability any such agreement being arrived at either in the present day or at some future time.

8 While the Committee are of opinion that the adoption of free coinage of silver in America might not have the effect expected by many still it appears to them that the Government of India would be following a safe policy in promoting the holding of an International Conference on the subject and in offering such inducements as it reasonably can to bring about an international agreement.

9 If success cannot be secured in this way there appears to be nothing before us but the prospect of endless fluctuations in the relative values of silver and gold attended with a fall in the value of silver of indefinite amount and the Committee think that in such case the Government of India should take steps to have the question of the advisability of introducing a gold standard into India carefully and seriously considered by competent authorities.

No. 3

THE SECRETARY OF STATE FOR INDIA, to the GOVERNOR-GENERAL OF INDIA IN COUNCIL, 2nd June 1893, No 93

Fall in the gold value of silver. Monetary Conference.

My Lord Macartney

On the receipt of your Excellency's letter dated the 23rd of March, No 98 respecting the fall in the gold value of the rupee which has followed on the fall in the price of silver in the United States of America, I caused copies thereof to be laid before Her Majesty's Government in order that they might be fully aware of the importance of the question to the interests of India.

Your Excellency will have observed with satisfaction, from a reply given by the Chancellor of the Exchequer on the 11th ultimo to a deputation which had an interview with him and the Prime Minister on the subject that Her Majesty's Government have decided to accept an invitation from the President of the United States to take part in a Conference which is about to be assembled in order to consider by what means if any the use of silver can be increased in the currency system of the nations.

A copy of a letter addressed to the Treasury on the 13th of May enclosed for your information.

I have &c
Cross

Enclosure in No 3

THE UNDER SECRETARY OF STATE FOR INDIA to the SECRETARY OF THE TREASURY, 13th May 1893 B 1430

Sir,

I am directed by the Secretary of State for India in Council to transmit for the information of the Lords Commissioners of Her Majesty's Treasury a copy of a letter received from the Government of India on the subject of the very heavy fall which has recently occurred in the value of the rupee as measured in gold.

* 23rd March 1893, No 65 with enclosure.

Their Lordships are well aware of the extreme importance of this question to the Government of India, whose views have been from time to time expressed in despatches published in the documents mentioned in the margin. Viscount Cross does not desire at the present moment to discuss the question of the measures that it may become necessary to adopt but he feels sure that the Government of India will pursue with satisfaction the report of the Chancellor of the Exchequer's speech on the 11th instant, in which he stated that Her Majesty's Government had decided to accept an invitation to take part in a Conference assembled to consider whether any means can be adopted for increasing the use of silver in the currency of the nations.

As illustrating the enormous difficulty in adjusting the taxation in India to the expenditure which arises from the great fluctuations in exchange I am desired to mention the following facts.—In December 1890 the rate of exchange was with the concurrence of the Treasury fixed for 1891-92 at 1s 5½d the rupee, in agreement with the gold value of silver at that date in about four months the rate for selling bills on India had fallen to 1s 4½d the rupee entailing an increased charge in the remittance for India estimated for the year then commencing of Rs. 2,168,000. From the middle of February to the 18th March last when the Budget for 1892-93 was under consideration the value of the rupee ranged between 1s 4d and 1s 3½d, and the Government of India adopted the higher of those two rates within 11 days from the publication of the Budget the market rate in India had fallen below 1s 3d at which rate the drop of a penny in the rupee would cause an additional charge for remittance in 1892-93 exceeding Rs. 1,700,000.

Thus, within a few weeks, the Government of India is liable to find itself exposed to the necessity of providing a sum greater than the whole of its receipts from either the customs duties or the assessed taxes or from the recent increase of the duty on salt and this result ensues from causes over which neither the Government nor the people of India have any control but which arise for the most part from legislation either actual or threatened by other nations.

Nor is it only to the Government that this most serious inconvenience is caused. The disadvantage to trade in India is shown by the letter from the Royal Chamber of Commerce which the Government of India have forwarded and there can be no doubt that it is equally felt by the merchants in the United Kingdom who have transactions with India. Any measures therefore which can bring about a comparatively stable rate of exchange are to be cordially encouraged in the interests of the people of India, and of the mercantile community trading between this country and our Eastern possessions.

I have, &c
A GOOLBY

No 3

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, Simla 21st June 1893 No 160

My Lord

On our Financial Despatch No 68, dated 23rd March 1892, we requested your Lordship to lend your support to any proposals that might be made by the United States of America or by any other country, for the settlement of the silver question by international agreement. At the same time we called attention to the probability that, in an international agreement, the United States would be forced to stop the purchase and coinage of silver and we requested that Her Majesty's Government in view of this contingency should now take into consideration whether any and if so, what measures could be adopted for the protection of Indian interests.

Since that Despatch was written we have learnt with satisfaction that Her Majesty's Government have accepted the invitation of the United States to take part in an international Conference to consider measures having for their object the more extended use of silver as currency and that your Lordship agrees with us in the importance of Indian interests being properly represented.

* Parliamentary Paper, No 440 of 1891. Colonial Paper, No 22, Royal Commission on Gold and Silver 1887 1st Report Appendix No 18

As the same time we cannot overlook the strong opposition to the introduction of the system of double legal tender into Great Britain that has been manifested in certain quarters and we observe with regret that the Conference has been summoned to consider the question of the more extended use of silver as currency, and not for the purpose of considering the adoption of an international agreement for the free coinage of gold and silver and the making of both gold and silver legal tender at a definite and uniform ratio.

3 We fear that a refusal on the part of Great Britain to adopt the system of double legal tender may be fatal to an international agreement for the free coinage of both gold and silver on a sufficiently wide basis, and we believe that a limited increase of the quantity of silver used as currency will exercise a very trifling influence (if any) in raising or preventing a fall in the gold price of silver while it will be wholly without effect in the far more important matter of preventing fluctuations in the relative value of the two metals. We greatly regret this state of affairs both because we believe that no other country is so deeply interested in or would benefit so greatly by a uniform standard of value throughout the civilized world as Great Britain with her vast system of trade and the great extent of her finance and because the final rejection of an international agreement for free coinage of both gold and silver will leave this country face to face with a problem of the greatest difficulty.

4. If the forthcoming international Conference fails to arrive at a satisfactory decision regarding the silver question we apprehend that it will very soon be necessary for the United States to decide either to accept a silver standard or to abandon the purchase and coinage of silver in a scale in excess of what is required to keep up the necessary subsidiary coinage.

If the United States abandon the attempt to maintain the use of silver as standard money there must be an immediate and very great fall in the price of silver which would react on the Indian exchanges and increase indefinitely the rupee burden of our sterling obligations.

The recent fall in the rate of exchange has already imposed upon our finances a burden which we shall have some difficulty in meeting, and we cannot contemplate without dismay the prospect of another fall of indefinite amount, attended no doubt with great and sudden fluctuations in the gold price of silver, and to be followed possibly by further falls in the future.

It must also be remembered that if the present conditions continue, the pecuniary difficulties of the Government of India will not be limited to the loss by exchange. The fall in silver causes distress to a very large number of our European officers of all services, but especially of the Army, who have to remit money to their families in England. This distress is rapidly becoming acute. It has been borne hitherto with great patience. But in the case we have just supposed we shall unless the efficiency of the services is to enter, find it necessary to satisfy, in a reasonable manner claims involving compensation to a large amount.

5. We have carefully reviewed all the circumstances of the case and we desire to place on record, for your Lordship's information, our deliberate opinion that if it becomes evident that the International Conference is unlikely to arrive at a satisfactory conclusion and if a direct agreement between India and the United States is found to be unobtainable, the Government of India should at once close its mints to the free coinage of silver and make arrangements for the introduction of a gold standard.

In arriving at this conclusion, we have been mainly influenced by a consideration of the fact that the abandonment of silver by the United States of America would involve the perpetration of all the evils from which we have suffered during the last twenty years, and possibly their perpetration in an aggravated form, unless steps are taken for the establishment in India of a gold standard.

We believe that public opinion in India is ripe for the adoption of decisive measures that the stoppage of the free coinage of silver would be generally approved and that we might safely count on receiving every reasonable assistance from the commercial and banking classes in the attempt to introduce a gold standard.

6. We forward as an enclosure to this Despatch a Minute by our honorable colleague Sir David Barbour which gives an outline of the method he would propose to adopt for the introduction of a gold standard into India if such a measure should become necessary. It will be seen that he does not support the proposal to stop the free coinage of silver if the Conference fails and a direct agreement between India and the United States is found to be unobtainable, but that he would adopt that measure as soon as it is evident that the United States will not adopt the free coinage of silver.

7. Our honorable colleague Sir A. Miller fears that if all action be deferred until it is known to what conclusion the Conference will probably come, the effect of such knowledge on the silver market will be such as to make it then too late to act with effect. Failure on the part of the Conference to arrive at a satisfactory conclusion will find the Government of India in a very much worse position for introducing a gold standard, if it has not in the meantime taken steps to prepare the way by an alteration in the terms on which it coins silver for the public than it is at the present moment. He thinks that measures ought to be taken at once which would enable the Government of India to close its mints against silver at any moment and to introduce a gold standard if and whenever, from the course of proceedings at the Conference or otherwise, they may deem it desirable to do so.

8. It may perhaps be desirable to make known at some stage of the proceedings of the Conference our views regarding the introduction of a gold standard into India. But this question, as well as the question of the expediency of India negotiating directly with the United States of America, as suggested in our telegram* of 19th May may stand over until the Conference has assembled and the representatives of India are in a position to report what the prospects are of a satisfactory solution being attained.

We have &c

LANDSDOWN
ROBERTS
P. P. HORTON.
D. BARBOUR.
A. E. MILLER.
H. BRACKENBURY
C. H. T. CROSSWALD.

Enclosure in No. 3

Minute by the Honourable Sir DAVID BARBOUR,
K C S I.

In dealing with the currency of British India it is necessary to draw a distinction between the active rupee circulation and the total number of rupees in existence. A large proportion of the rupees issued from the mints and not melted down are kept as permanent hoards and fulfil none of the functions of money. This distinction cannot however be sharply drawn, as rupees are always liable to pass from hoards into the active circulation and vice versa. What I call the active rupee circulation may be held to include all the rupees which at some period of each year are used as money.

The total active rupee circulation has recently been estimated as Rs 115,000,000.

Without accepting these figures as more than an approximation to the truth they are sufficient to show that a gold standard with a purely gold currency is impossible in India. To the extent of our exchange in India with a full legal tender currency composed entirely of gold, it would be necessary to withdraw from circulation about 1,150 millions of rupees to melt them down and sell them for what they would fetch as silver bullion and then to replace them by about 77,000,000 worth of gold.

In the present conditions of India and of the silver and gold markets, this would be an impossible operation.

Moreover a gold standard with a purely gold currency of full legal tender coins would not suit India (even if it were possible to introduce it), because the

* We desire to call your Lordship's attention to para. 133 of Part II of the Final Report of the Gold and Silver Commission, which suggests that failing an international agreement it may be possible for India and the United States to come to a direct agreement for the exchange of silver. We are of opinion that the time for a merely academic discussion of the problem is past and urge that a determined effort be made to settle the question by the adoption of practical measures.

gold coins would in practice be of too great value to suit the vast majority of Indian transactions.

2 It follows from what has been stated in the preceding paragraph, that if we are to have a gold standard in India, a large proportion of the circulation must consist of silver coins and these coins must be a legal tender to any amount. The example of France and other countries shows that it is possible to have a gold standard although a large percentage of the circulation consists of overvalued silver coins which are legal tender to any amount.

In order that the gold standard may be effective a limit must however, be placed to the number of such coins, and they must be convertible into gold coins either without payment of premium or on payment of a trifling premium, whenever any person wishes for gold coins in exchange for silver coins.

So long as the silver coins are freely exchangeable for gold coins in accordance with their face values, the gold standard is effectively maintained.

3 I have no doubt that even with a gold standard the people of India would in almost all their transactions prefer to employ silver rupees. It is improbable that a gold coin of less than Rs 10 in value would be issued in India, and such a coin would be quite unsuited for ordinary life transactions. Rs 10 represents, generally, much more than a cooly's wages for a month and if a cooly received his wages in the form of a single coin he would immediately exchange it for smaller coins. We could not pay our soldiers or police in gold coins. Payments to the opium cultivators could not be made in gold, neither could the ryots pay their rents in gold.

There would, also, be a not unreasonable dread among the common people that gold coins might be of light weight, they would generally be unwilling to accept them, and for monetary purposes in ordinary life gold coins would hardly be used. This would be the case I believe, even if gold coins of the value of only Rs 5 each were issued.

4 It may then, be taken for granted that with a gold standard the great bulk of the Indian currency must continue to be silver rupees and that for monetary purposes, there would ordinarily be no considerable demand for gold coins in exchange for silver. On the contrary the demand for monetary purposes would rather be for gold coins in exchange for silver. Gold coins would only as a rule be required in exchange for silver coins, when gold was required for hoarding, for export or to be melted down for ornaments.

It follows that with a gold standard India would require and would use, a very large amount of silver rupees, and would neither require nor use a large number of gold coins.

Any gold coins that were put into circulation and were not melted down or hoarded, would very quickly find their way into the hands of bankers and dealers in bullion, into the Government Treasuries, and into the Paper Currency Reserve.

5 For the purpose of introducing a gold standard into India, we might stop the free coinage of silver, adopt measures for accumulating a stock of gold and when that was considered a sufficient stock of gold had been obtained we might open the mints to the free coinage of gold make gold coins a legal tender and guarantee by means of our accumulated stock of gold the exchangeability of silver for gold coins according to their face values. I do not recommend this plan, the accumulation of a sufficient store of gold would be a measure too expensive for a country situated as India is and when it had been accumulated and the exchangeability of the silver coins for gold coins had been guaranteed by means of it, there would be a very great risk of the whole stock of gold being drawn away in exchange for silver rupees. If this should happen and I think it would happen unless our stock of gold was very large indeed the gold standard would cease to exist, and we should find ourselves exactly where we started.

6 The only measures for the introduction of a gold standard into India which seem to me feasible are the following—

(1) The first measure would be the stopping of the free coinage of silver. Government would retain the right of purchasing silver and coining it into rupees.

(2) The next measure would be to open the mints to the free coinage of gold, and to bring gold coins to the mints would be entitled to have it coined

into gold coins, which would be legal tender to any amount. It would be desirable to stop the free coinage of silver some time before opening the mints to the free coinage of gold. It would be a valuable guide to us in subsequent proceedings to know exactly what effect the stopping of the free coinage of silver had on the gold value of the rupee. The new gold coins might be a 10 rupee piece and a 20 rupee piece.

7 The weight and fineness of the gold coins to be issued from the Mints would be such that the par of exchange between them and the sovereign would be the exchange which it was desired to establish between India and England.

For example if we wished the rupee to be worth 1s 4d the 10 rupee coin would contain as much gold as was worth (1s 4d) \times 10 = 160 pence.

The quantity of fine gold in the 10-rupee piece would be $\frac{1}{10}$ ths or $\frac{1}{10}$ ths of the quantity contained in the sovereign.

8 The question of the ratio at which we should change from the silver to the gold standard would require careful consideration.

We ought not to think of going back to the old ratio of 1 to 16 $\frac{1}{2}$. Neither ought we to adopt the very lowest price to which silver may have fallen at any time or to consider ourselves bound to accept the lowest price at the very moment at which the change was made. A ratio based on the average price of silver during a limited period before the introduction of the gold standard would probably be both the safest and the most equitable.

9 We may be quite sure that on the introduction of the gold standard bankers and bullion dealers away from the Presidency towns, and perhaps in the Presidency towns, would charge something for changing silver coins for gold ones. The general public, however, would very seldom require to make such changes, and, if all Government Treasuries were required to give gold coins for silver coins whenever it was possible for them to do so, there could not be any considerable premium on gold coins so long as there were such coins in the public Treasuries or in the Paper Currency Reserve, and the gold standard would subject to the above condition, be effectively maintained.

10 After the above measures had been carried out it might happen that no gold was brought to the Mints to be coined and put into circulation and that the rupee fell in value below 1s 4d.

Or it might happen that though gold was brought to the Mints for a time and the rupee was worth 1s 4d yet subsequently gold ceased to be brought to the Mints, the gold coins disappeared from circulation, and the rupee fell below 1s 4d.

If gold were not brought to the Mint to be coined and put into circulation, or if gold coins disappeared and gold ceased to be brought to the Mints it would be a sign that the rupee currency was redundant, or, in other words that there were too many silver rupees in circulation, that consequently their value had fallen below 1s 4d, such that gold coins had been driven out of circulation and that the gold standard was no longer effectively maintained.

The remedy in such case would be to contract the rupee currency and to adopt any feasible measures for improving the general financial position of the country. An improvement in the general financial position would give increased confidence and the reduction of the rupee currency if carried far enough, must ultimately restore the value of that coin.

11 The greatest danger from the course just indicated would arise immediately after the first introduction of the gold standard, and would be brought about by silver rupees being returned into India from foreign countries, and by their being thrown into the active circulation from Indian hoards. I think that Indian rupees would certainly be returned to India from abroad when their value in India became greater than their bullion value, but I now doubt very much if Indian rupees would be largely brought out of hoards. It is more likely that existing hoards of rupees would prove usually remanent. I formerly held a different opinion on this point and believed that rupees would be largely brought out of hoards when they were given a value exceeding that of the metal contained in them.

12 The reduction of the rupee currency in the manner just indicated, if it became necessary, might or might not prove a very expensive measure. It would of course be spread over a number of years, but until it

had been carried out to a sufficient extent the gold standard would not be effectively maintained. When the rupee currency has once been sufficiently raised I should not expect serious difficulty in the future.

Looking to the increase of population in India to the rapid opening out of the country and to the comparatively small part which credit plays in Indian trade it may fairly be held that even with a gold standard an increase of the rupee currency would be required every year, and that increase I place at not less than Rs 1,000,000 yearly. It might be considerably more, twice or three times as much. When the coinage of rupees was stopped, any redundancy of the silver currency would be diminished yearly by this amount without any action on our part. It is also not impossible that rupees would continue to be withdrawn from the active circulation to be hoarded as at present, they would certainly be hoarded by persons whose savings were small. This course would still further reduce any temporary redundancy of the silver currency at first starting. Of course while the reduction of the rupee currency was in progress we would not have an effective gold standard, but even during that period of uncertainty I should expect the exchange with England to remain much steadier than it has been during the last few years. It would cease to be blown up and down by every breath of speculation and if we could establish confidence in our measures the rate of exchange would tend strongly towards the rate we had decided to maintain, and would only diverge from it under the pressure of real economic forces.

A nation that possessed a fairly satisfactory standard of value might well hesitate to expose itself even temporarily to the evils of an inconvertible standard but no such argument applies in the case of India. We already labour under difficulties which are quite as great as those to which an inconvertible paper standard would expose us. The prospect of being unable for a time to effectively establish the gold standard need not, therefore, deter from the attempt to do so if we see a prospect of success in the future.

It is also possible that under certain conditions of trade there might be more gold brought to the Mint and put into circulation than was required for ordinary use as currency.

In that case the public would get rid of the gold coins by paying them into the Government Treasuries. Gold might accumulate in these Treasuries and the Government could not in practice relieve the Treasuries by forcing gold coins on persons who preferred to receive payment in silver.

The proper remedy for any such accumulation of gold would be for the Treasuries to pass the gold coins into the Paper Currency Reserve which could absorb several millions without difficulty, and the Paper Currency Reserve could be relieved when necessary, by remitting the gold to England in payment of debts its place being taken by silver rupees.

No serious difficulty arising from an over supply of gold coins need, therefore, be feared.

It is important to consider what the additional demand for gold would be, owing to the establishment of a gold standard in India.

Taking the active circulation at Rs 115,000,000 I think that gold coins to the value of one fifth of that amount would be an ample proportion of the active circulation for the purpose of maintaining the gold standard. This would be Rs 23,000,000 worth of gold or, say, 15,000,000 sterling. I believe that the gold standard would be maintained effectively with a smaller amount of gold, and that gold in excess of 15,000,000 in the active circulation would be unnecessary and might be a source of positive increment. When we had arrived at normal conditions the yearly additions of gold required for the active currency would be small, and would probably not exceed 200,000 yearly.

It is more than probable, however, that the substitution of a gold standard for a silver standard would lead to an increased use of gold instead of silver for hoarding. On the question of the extent to which this substitution of gold for silver would ultimately be carried I am unable to offer any opinion.

Silver is at present used for hoarding (as a store of value), and for ornament. When it ceased to be the monetary standard of India it would be less suitable for hoarding but it might continue to be largely hoarded in the form of rupees and on the other hand silver bullion would fall considerably in value and price, and its greater cheapness would tend to increase its use for

purposes of ornament. It must be uncertain to what extent gold would begin to take the place of silver for hoarding and ornaments after the establishment of a gold standard, but in the first instance at any rate, the extent of the change would probably not be considerable.

It is held by some that if a gold standard were established in India, a great deal of the gold that is now hoarded or held in the form of ornaments would be brought to the Mints coined and put into circulation. I have never been able to accept this theory. Why should a native of India give up his habit of hoarding, or an Indian lady cease to take a pleasure in the wearing or possession of gold ornaments merely because the Government of India had established a gold standard?

There is however a large amount of gold imported into this country every year and there must always be a considerable amount of gold in the hands of bullion dealers. I think that if we had an effective gold standard it is very likely that all this gold, which is as it were, waiting till the time for absorption arrives, would be coined and become part of the circulation for the time. To facilitate this result, I would propose not to charge any seigniorage on gold coins.

In this paper I have dealt with the question of a gold standard for India from a practical point of view. Many objections founded on considerations not of an immediately practical nature may be raised to the introduction of a gold standard into India. Some of these objections appear to me to possess weight. Others I believe to be imaginary. I have no hesitation in saying that an international agreement for the free coinage of both silver and gold and for the making of them full legal tender at a fixed ratio would be far better for India and all other countries than the establishment of the single gold standard, even if the latter course be possible.

Under the former system the worst result that could happen would be the disappearance of one of the metals from circulation, but this would only happen by the other metal taking its place and gradually driving it out and under such circumstances all countries would have the same standard.

The general adoption of the system of double legal tender would be a perfectly safe measure, and would be a final settlement of the question. The attempt to establish a general gold standard is not free from risk. History affords instances of the establishment of a gold standard in one or more countries, but sooner or later the standard was changed. It may however be that the conditions of gold mining have so greatly changed that a gold standard can now be maintained for an indefinite period.

If with regard to the question of the expediency of attempting to introduce a gold standard into India I do not go further than saying that it is a general agreement for the free coinage of both silver and gold at a ratio cannot be obtained, and if the United States does not adopt free coinage of silver I think an attempt should be made to establish a gold standard in this country.

I believe that a perpetuation of the difference of monetary standards between England and her Indian Empire would be a source of considerable trouble to both England and India and that such a state of things should not be accepted until it has been proved by actual experiment to be absolutely unavoidable.

21st June 1892

D BARBOUR

No 4

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA Simla, 12th July, 1892, No 183

MY LORD

We have the honour to forward copy of a letter from the President of the Indian Currency Association, dated the 24th June 1892 and of the memorandum therein enclosed, which the Association proposes when it has been fully signed, to present to the House of Commons. The President of the Association asks for the support of the Government of India and of your Lordship in the prayer of this memorial that the points should be conferred on the Government of India for the introduction in the event of the failure of the International Conference about to be held of such changes in the Indian currency system as will give stability to the exchange value of the rupee.

3 Our views on this subject have been stated in our Confidential Despatch, No 160 (Financial), dated the 21st June 1892

We have &c
 LANSDOWNE
 ROBERTS
 P P HUTCHINS
 D B SMITH
 A R MILLEB
 II BRACKENBURY
 C H T CROSTWALTER.

Enclosures in No 4

From the Honourable J L MACKAY, C I E President Indian Currency Association to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department, 24th June 1892

I HAVE the honour, on behalf of the Indian Currency Association, to enclose, for the information of His Excellency the Governor General in Council, copy of a memorial which is now in course of circulation for signature throughout India.

2 Although this Association was founded only last month its branches have already spread all over the country and its views and objects as stated in the memorial are endorsed and supported by all classes of educated and influential residents and inhabitants in India Native as well as European.

3 The process of obtaining signatures to the memorial will necessarily occupy some little time as distances in India are so great. Meanwhile the International Conference proposed by the United States is about to meet and Parliament is about to be dissolved. It becomes necessary therefore that Her Majesty's Government should be promptly made acquainted with the state of public opinion in India on the question of the Indian currency and the necessity of imparting stability to the Indian gold standard and I beg respectfully to express the hope that the Government of India will transmit the memorial to Her Majesty's Government and that His Excellency in Council will be pleased to give his warm support to the proposals put forth therein.

The Association has learnt with great satisfaction from the recently published Despatch of the 23rd March last to the Secretary of State for India, that the Government of India, at the instance of the Bengal Chamber of Commerce, has already strongly represented to Her Majesty's Government the need for immediate consideration of the measures to be adopted in the event of the withdrawal of the United States from its present policy in regard to the currency, and I have, therefore, no doubt that the expression of Indian public opinion on this vital question will be cordially supported by the Government.

4 That the present system is an evil of great and growing magnitude admits of no doubt, and it is equally undoubted that a remedy should have long since been applied and is now urgently needed.

5 In considering the question of a remedy three courses present themselves —

(a) An international concert for the free use of silver as full legal tender money by all the nations represented in the Conference about to be held.

(b) Failing such international concert, an arrangement between the United States and India for the free coinage of silver in both countries.

(c) The adoption of a gold standard for India.

8 In regard to the first of these three courses, the Association has stated in its memorial that an international concert is impossible unless England adheres to it and has urged that England should become a party to any such concert. Here I would respectfully observe that any arrangement short of an agreement for the introduction of silver as full legal tender money would be practically of no use as a remedy for the evils from which we suffer.

7 If the Conference should fail by reason of the abstention of England as other Conferences have failed, to have any useful effect the question occurs whether an agreement between India and the United States could be effected. Here I would respectfully observe that the United States would consent to enter into any agreement which would practically involve the displacement of gold by silver in that country and the party opposed to even the present limited coinage of silver is so increasingly powerful that it is almost certain that the failure of the International Conference will be promptly followed by a repeal of the law under which the State Treasury now makes large purchases of silver. It is moreover, very questionable, even if

such an arrangement could be made, whether it would have the effect desired of securing stability in the exchange value of the rupee.

8 There remains only the third course the adoption of a gold standard for India, and the memorial contains the prayer of its subscribers that the Government of India may be vested with full authority for the adoption of that course failing the only other feasible remedy namely, international concert.

9 As international concert would in all probability be attainable if England did not consider it opposed to her own interests it would only be fair and just that India in seeking a remedy should be allowed to do so with regard exclusively to the interests of India. This view was emphatically stated by those members of the Royal Commission on Gold and Silver who considered that a change in the English currency system would be to the disadvantage of England. They wrote —

"We think, however that in the consideration of this [the proposal to establish a gold standard for India], or any other proposal of Indian legislation for removing the difficulties of that Government the interests of India should alone be considered. While we cannot recommend that the mother country should run any serious risk in altering its system of currency to assist the dependency we think that the Government of the latter should be allowed a free hand to deal with the problem as it appears to its own interests." (Final Report, Part II paragraph 133)

The justice and fairness of this view are manifest and on behalf of the Association I respectfully trust that it will be strongly impressed upon Her Majesty's Government by the Government of India.

To the Honourable the COMMONS OF GREAT BRITAIN AND IRELAND in PARLIAMENT assembled, dated 13th June 1890

The petition of the Indian Currency Association comprising all classes of the inhabitants of the Indian Empire—

shumbly sheweth—that your petitioners suffer severe and increasing loss and distress in consequence of the present condition of the Indian currency system and that some remedy is urgently required.

That the condition of the system and its results to the people of India are described in the subjoined paragraphs of this memorial.

1 In 1845 by a law passed by the Government of India, gold was demonetised and the silver rupee established as the monetary standard of value. From 1845 until 1873 the rupee exchanged with but slight variation for about 2s and so trifling indeed was the variation that in the official accounts for all purposes the rupee was invariably reckoned as equivalent to 2s.

2 During all this period silver was freely in use for currency and as a standard of value by all the European nations but England and it is undeniably the truth that the maintenance of the par of exchange during this period and even during the large production of gold following the discoveries of that metal in California and Australia was due partly to the free use of silver as current full legal tender money by the European nations, and secondly to its unrestricted coinage by them.

3 At the end of 1871 Germany demonetised silver and established a gold standard to prevent an overwhelming influx of the demonetised German silver. France restricted the coinage of silver and every other nation speedily adopted the same course. Many of the European nations have adopted gold as the standard of value as Germany did and though some have retained silver as full legal tender they have either greatly restricted or absolutely ceased the coinage of the metal. Those who have retained silver as the standard have no active circulation of metallic money whether gold or silver the currency consisting of unconvertible notes.

4 The result of this ejection of silver from use as currency is seen in the fall in the price of silver. From 60 pence per ounce the price has now fallen to between 28 and 40 pence a decline of about 50 per cent. and the exchange value of the rupee has similarly declined from 24 pence to 15.25 pence a fall over 36 per cent.

5 This heavy fall has been a cause of great concern to all interested in the maintenance of stability in the ratio of value between gold and silver and the subject has been repeatedly discussed in view to the application of a remedy.

6 On every occasion the discussions have been frustrated because England declined to join in the concerted action which alone could provide a remedy.

7 An International Monetary Conference was held in 1867 with the object of increasing the number of countries comprised in the Latin Union and establishing an international monetary system on the basis of the free coinage of both gold and silver. England refused to adhere to the Union on any terms but the abolition of the double standard and the adoption of gold as the single standard. No practical results therefore followed this Conference.

8 Another International Monetary Conference was held in 1878 on the proposal of the United States its object being to maintain the employment of silver with that of gold as a standard. England was represented in this conference only for the condition that she was not to be bound by its decisions because she was determined not to permit the adoption of silver as a standard in her currency.

9 A third International Monetary Conference was convened by France and the United States in 1881 to consider measures for the full use of silver as a standard of value in conjunction with gold. England was represented at this Conference also but declined to promise more than that Her Majesty's Government would recommend to the Bank of England that one fifth of the reserve be invested in the coinage of silver. The Issue Department of the Bank should consist of silver. This proposal was insufficient in itself and it was also doubtful whether the Bank would consent to carry it into effect. The Conference therefore adjourned to meet the following year, but never met again.

10 In 1876 the question was discussed with no practical result, by a Select Committee of your Honourable House.

11 It was again further discussed in 1885 by a similar Select Committee on the Depression of Trade and Industry and finally the question was considered by a Royal Commission in 1886. The members of that Commission were unanimously agreed that a double standard was practicable but were equally divided as to the necessity of its adoption. They were further unanimously of opinion that, in the circumstances, the Government of India should be left free to adjust matters in the way that seemed to it best. No action was taken on their report.

12 Meanwhile the price of silver had fallen still further and the exchange value of the rupee is at present only 15 pence and it is probable that it will go itself it will fall further and more heavily. It has been repeatedly prophesied by eminent economists that the rupee could not fall below 20 pence then that it could not fall below 15 pence then that it could not fall below 10 pence. All these prophesies have been signally falsified and from the best information available it is clearly useless to prophesy that there is any limit approaching its present value below which the price of silver cannot fall. There appears to be no reason, when silver is abandoned as regards its principal function—to serve as a material for currency—why the rupee should not fall to a shilling and still lower.

13 The consequences of this persistent depreciation of the metal which still remains the standard of value for the Indian Empire and of the violent fluctuations which are constantly indeed daily occurring in the exchange value of the rupee have been of the gravest kind.

14 The loss to the Government in paying its sterling obligations in England may be reckoned at eight hundred millions rupees or eighty million pounds sterling at par of exchange since the commencement of the depression and at the present rate of exchange the loss is upwards of eighty millions of rupees or eight million pounds sterling at par of exchange annually. Each fall of the exchange value of the rupee aggravates this heavy burden by the addition of more than ten millions of rupees or one million sterling at par.

15 It is evident that the payment of sums of from eighty to one hundred millions of rupees annually on account of exchange is a burden which would tax the financial resources of the most flourishing country in the world. The Government must find the money, and to find it additional taxation must be levied of a gross and harassing character.

16 The people of India are content to pay to the State in taxation all the money that it requires for the due and orderly administration of the Empire, for its defence from foreign enemies, for the maintenance of internal peace and tranquillity and for the progressive development of communications, public works, and the general resources of the country.

17 But the taxation of eighty millions of rupees now annually taken from the people of India is applied to none of these objects, it serves no useful purpose, and it is wrung from the people merely to assist the Government of India has not been permitted to regulate its currency system of the Empire with reference to the interests of the country.

18 If the currency had been so regulated, there would either have been no necessity for such heavy taxation or, if the money had been raised it would have been applied to the reduction of debt, the more rapid extension of railways of irrigation works, or other permanently useful objects.

19 While all classes of the people suffer from the imposition on them of a load of taxation the necessities from which are not applied to any useful or necessary purpose, each class suffers in its own particular way from the condition of the currency.

20 The trading community are harassed by the uncertainty and the fluctuations of exchange to such an extent that legitimate trade is often replaced by speculation and gambling transactions; the importer is at a loss how to meet his engagements with exchange bills day by day, and the exporter is no gainer, for each fall in exchange is followed by an equal fall in the gold price of the commodities he exports.

21 It may be said indeed that but for the fortunate accident that the Suez Canal was opened just as the depreciation commenced enabling Indian goods to be taken expeditiously and cheaply to Europe and so for the development of railway communications which has enabled goods to be taken expeditiously and cheaply to the seaports, the trade of India would have been paralysed by these fluctuations and this depreciation and the Empire would now have been in hopeless financial disorder and embarrasment.

22 The investment of English capital in the development of the material resources of the Empire is discouraged, for both as regards the remittance of interest and the final transfer of invested profits and so on, the continuous fall in exchange imparts to the investment of capital in this country a speculative character and a risk which the capitalist is naturally unwilling to face.

23 The credit of the State is heavily injured by the depreciation in value of the rupee securities of the Government of India held in England and the uncertainty in the amount of interest in gold which may be obtained by their holders. English capitalists are naturally as reluctant to invest their money in these securities as they are to invest it in India.

24 To the European officers of the Government civil and military and to all Europeans on rupee incomes the depreciation of the standard has brought severe distress.

25 To the European who has retired whether from the service or from business and whose pension or income is paid in rupees the continued depreciation has brought the greatest hardship.

26 It may be said generally that the retention of the silver standard, while it has been rejected by the Western nations has been productive of nothing but evil to every class of the population in India the only persons who may have benefited from the time to time being those who have speculated for a few years.

27 It is not urged that the silver standard is itself unworkable to India. If the silver standard were employed by other nations its retention in India would be desirable. But it is entirely undesirable to retain the silver standard in a great Empire such as the whole annual revenue amounts to nine hundred millions of rupees, while its foreign trade amounts to nearly two thousand millions of rupees when the standard has been rejected and repudiated by most of the nations of the world. For it must be borne in mind that a considerable proportion of the resources is raised to meet obligations incurred in England a country with a gold standard, and much the largest part of the time is conducted with England and other countries with a gold standard.

28 The people of India have long desired the re-establishment of the gold standard. Proposals for the introduction of that metal as the standard of value were pressed upon the Government of India as far back as 1858 and from that time onwards were repeated with persistence by the Chambers of Commerce and other public bodies for about fourteen years. Since 1873 the Government of India has repeatedly urged the acceptance of the double standard (gold and silver) by international arrangements, in view to its introduction into India.

29 None of these proposals were accepted Her Majesty's Government having consistently declined first to permit the production of a gold standard and afterwards to aid in the international arrangements required for the effective introduction and maintenance of the double standard.

30 The result is that India is still compelled to retain as her monetary standard a metal which during the last 20 years has been rapidly and continuously losing the characters that should attach to a standard of value and which now possesses them no longer in any degree. Indeed silver is now hardly more fit than tin or copper to be a standard and measure of value and it is manifest to the inhabitants of this Empire that its retention in that character should be insisted on.

Your petitioners therefore humbly pray that in view of the considerations set forth above your Honourable House will be pleased to direct the application of a remedy for their grievances by the introduction of a speedy reform in the Indian currency system.

Your petitioners represent that the introduction of the double standard can only be effected by international arrangement, but that international concert has hitherto been found impossible, that another International Conference is now about to meet that it is of the most vital importance to the interests of the Government and people of this Empire that an agreement should be arrived at and that therefore every effort should be used on behalf of India to secure its success. If, however the Conference should fail like its predecessors to arrive at a satisfactory solution of the questions referred to it your petitioners pray that the Government of India may be fully empowered to take such measures as may to it seem fit for the adoption of the only remaining effectual remedy, namely, a gold standard, and your petitioners, having regard to the probability that the Conference will like its predecessors reach no practical issue, and that the price of silver will then be still more and incalculably depressed further pray that the grant of power to the Government of India may be made now, in view to its exercise without delay after the termination of the Conference.

And your petitioners as in duty bound, will ever pray &c &c

No 5

TELEGRAM FROM THE SECRETARY OF STATE TO THE GOVERNMENT OF INDIA July 24th 1892

With the view of my being in a position to judge of your proposal respecting a gold standard I wish for your opinion regarding the probable effect of such a change upon prices in India and also on the trade both as regards imports and exports on industries on the land and the opium revenue on the railways on the debt contracted either in gold or in silver. Tell me also whether the claim of the officers for compensation would be affected by your proposal?

No 6

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 2nd August 1892, No 205

Mr Lordship, We have the honour to acknowledge the receipt of your Lordship's telegram of 24th July, quoted in the margin, requesting our opinion as to the probable effects of the introduction of a gold standard into India.

Any discussion of the probable effects of such a change must from the very nature of the subject be of a somewhat speculative character, and we would suggest for your Lordship's consideration that a more satisfactory judgment on the general question of the probable effects of a change from a silver to a gold standard can be formed by examining the actual working of the gold standard in England, France, Germany and other countries where that standard prevails, rather than by a consideration of any theoretical arguments which we may be able to bring forward.

From the fact that Roumania has recently adopted a gold standard and that the Austro-Hungarian Empire is making arrangements to follow the same course we infer that the working of the gold standard has been found by experience to be not unsatisfactory in Europe, and if we are in sight in this view, we see no reason to doubt that gold would prove to be equally satisfactory

* See No. 1.

as a monetary standard in India. In Java also we understand that the system we propose has not been objectionable to the interests of that country, and that it was held by a few persons that Java had suffered by comparison with the neighboring countries which have a silver standard, but we believe that fuller experience has demonstrated this view to be erroneous and that the change of standard has in no way retarded the development of trade and industry. Your Lordship however is in a position to obtain much fuller and more accurate information on these points than is at our disposal, and we will confine ourselves to stating the views which we hold on the subject of the standard which have been put to us in the telegram of 24th July.

2. It is generally recognised that money is required to perform four separate and important functions, according as it is employed as (1) a medium of exchange (2) a store of value (3) a common measure of value and (4) a standard of value for deferred payments.

We see no reason to doubt that, as a medium of exchange gold, supplemented by silver coins and notes would prove thoroughly satisfactory in India while it is well suited for the purpose of storing value, since it possesses great value in little bulk and appears less likely to depreciate than any other metal which could be adopted as the standard.

As a common measure of value gold would possess the inestimable advantage of giving India the same measure of values as England, the existence of a common monetary standard in England and in India would facilitate both the import and export of interest, and would encourage the flow of English capital to India and would consequently facilitate the construction of railways by private enterprise and stimulate all industries with gold as the Indian standard on the rate of interest, while on the present silver debt of India could also be largely reduced.

3. It is only with regard to the possible results of adopting gold as the standard of value for deferred pay-ments that there can be any room for doubt regarding the expediency of the introduction of a gold standard into India.

On this point we have already said that your Lordship is in the best position to form a judgment. If gold has proved to be a satisfactory standard of value for deferred payments in Europe, we see no reason why it should not be equally satisfactory in India.

It is of course possible for those who hold that there has hitherto been no appreciation of gold to argue that there might now be appreciation if India adopted a gold standard. We are not disposed to attach much force to this argument, unless it can be shown that there has already been an injurious appreciation of gold in Western countries. If the adoption of a gold standard by Germany and the United States and other countries of less importance and the closing of the Mints of the Latin Union to the free coinage of silver have not caused an injurious appreciation of gold we do not apprehend that the adoption of a gold standard by India would be attended with serious results. We understand that the Austro-Hungarian Empire is preparing to adopt a gold standard and that this example will probably be followed by other nations and we see no reason to suppose that worse results would result from the adoption of a gold standard by India than have followed the change of standard in Germany or the United States or than would now follow in the case of the adoption of a gold standard by Austria-Hungary or any other country of equal extent. It will be obvious to your Lordship that if the gold standard is to be universally adopted India will be placed at a disadvantage if she is not allowed to make the change until every other country has applied itself with the gold which it requires for this purpose.

4. Apprehensions have been expressed in many quarters that the introduction of a gold standard in India would involve a serious disturbance of existing contracts and financial obligations and a dangerous derangement of the course of trade. We desire, however to have it clearly understood that, if it were decided to adopt a gold standard in India we should propose a rate for the transfer from silver to gold which did not greatly differ from the market rate of the day. We are of opinion that in such case the adoption of a gold standard would not have any serious effect in lowering prices, or reducing the rate of growth of the land revenue and that it would not generally affect either the opium revenue, or the burden of our gold or silver debt.

5 Even if we assume that there has been, or may hereafter be, some appreciation of gold, your Lordship will not fail to observe that, in the substitution of a gold standard for a silver one, will be in a better position to withstand the possible effects of any future appreciation than the countries which have always had a gold standard, or which have adopted a gold standard at the old ratio of 15 to 1 or 1 to 16. In the present day we should propose a ratio for conversion probably not greatly differing from 1 to 20 and India would consequently escape the effects of any appreciation of gold which may have, wholly or partially, led to the alteration of the ratio of value from 1 to 15 to 1 to 20. Such countries as England, Germany, France, and the United States, would have to bear the cumulative effects of both the past and the future appreciation of gold and, if the prospect of a possible appreciation of gold does not afford sufficient reasons to justify any modification of their standard, *a fortiori* such possibility of appreciation does not afford a valid excuse for preventing a change of standard in India on the conditions we have proposed.

6 In the telegram which we have quoted in the opening paragraph of this despatch your Lordship inquires how our proposal would affect the proposed claim for compensation. We understand your Lordship to refer to the remark in paragraph 4 of our despatch, No 160 dated 11st June last, in which we stated that the distress of law-abiding officers of our European services owing to the fall in exchange, is rapidly becoming acute, and that, unless the efficiency of the services is to suffer we may be compelled to satisfy claims involving compensation to a large amount. In reference to this matter we desire to explain that, if the ratio at which we pass from the silver to the gold standard approximates to the ratio now prevailing, the question of compensation will stand approximately where it stands at this moment and that in any case there could be no further fall after the gold standard was effectively established and consequently no claim for compensation on account of future falls in the exchange value of the rupee could arise so long as we must expect if the exchange value is not fixed.

7 We take this opportunity of again calling your Lordship's special attention to the extreme gravity of the present position—a position so fraught with danger that inaction involves at least as great risk and as much responsibility as would the undertaking of an enterprise even more hazardous than the introduction of a gold standard into India.

A great fall has already taken place in the value of the rupee as compared with the pound sterling and sudden and violent fluctuations have been far from unforeseen. Nevertheless, we have neither as yet seen the end of the fall, nor are we able to look forward to any time at which the fluctuations may be expected to cease.

On the contrary, if the approaching International Conference does not arrive at a satisfactory settlement of the question, we shall probably experience very shortly a still greater fall in value and more violent fluctuations than any that have occurred in the past. Without a change of standard, we can never hope to secure any guarantee against further falls and continual fluctuations.

It is under these circumstances that we have after full consideration, proposed to your Lordship that on the occurrence of a certain contingency, immediate steps should be taken to introduce a gold standard into India, and we trust that our proposals will obtain your Lordship's full support, and will be pressed on Her Majesty's Government in view to a prompt and final settlement of the question.

8 It would, we submit, be wholly unreasonable, if, in face of the calamities which we are now experiencing and of the still greater calamities which are likely to come upon us in the future, and of the fact that our difficulties must continue until England and India have the same standard of value, Her Majesty's Government were to prevent the Government of India from making an attempt to introduce a gold standard into this country on the ground of the actual or possible appreciation of gold, and were at the same time to refuse to support the proposal for a general system of double legal tender on the ground that there had been no appreciation of gold in the past and that there was no likelihood of any such appreciation in the future. If Her Majesty's Government are not prepared to accept the proposals which we have advocated for more than ten years as the best remedy for our difficulties we consider that they ought not now to refuse to let us adopt the only other remedy open to us, namely, the

adoption of the same monetary standard as that of the country with which we have our most intimate financial and commercial relations, that standard being as we understand, considered by Her Majesty's Government to have worked so satisfactorily in England that they are not prepared to encourage any hope of a departure from it being approved by them.

We have, &c.,
LANSDOWNE,
ROBERTS
P P HUTCHINGS
D BARBOUR
A E MILLER
H BLACKBURN
C H T CROFTSWAITE

No 7

The Government of India to the Secretary of State for India, Simla, 16th August 1892, No 217

My Lord,
In continuation of our Despatch No 183, of the 12th July last we have the honour to forward, for your Lordship's consideration, copy of a letter from the Government of Bombay, No 3068, dated the 28th July 1892 and of the memorial therein enclosed addressed to the Commissioner in Sind by the leading native merchants in Karachi complaining of the injury done to their business and trade by the constant fluctuations in exchange.

We have, &c.,
LANSDOWNE,
ROBERTS
P P HUTCHINGS
D BARBOUR
A E MILLER
H BLACKBURN
C H T CROFTSWAITE

Enclosures in No 7

From T D MACKENZIE, Esq., Chief Secretary to the Government of Bombay, Financial Department, to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department, 28th July 1892

I AM directed to forward herewith copy of a letter, No. 2730, dated 2nd instant, from the Commissioner of Sind together with a memorial from the leading Native merchants in Karachi, complaining of the injury done to their business and trade by constant fluctuations in exchange for the favourable consideration of the Government of India and for such steps as they may be able and see fit to take in order to further the object of the petitioners.

I am to state that the Commissioner in Sind has been informed of the transmission to the Government of India of the papers submitted by him and of the fact that the Supreme Government has already addressed Her Majesty's Secretary of State for India in March last on the subject of the debase value of the rupee.

From H E M JAMES, Esq., Acting Commissioner in Sind, to the GOVERNOR IN COUNCIL, Bombay, 2nd July, 1892

YESTERDAY evening a deputation of six of the leading Native merchants in Karachi, representing the most influential trading communities, waited upon me with the enclosed memorial in which they complain of the injury done to their business and trade by the constant fluctuations in exchange. Mr Currie, the President of the Chamber of Commerce, accompanied the deputation the spokesman of which, Mr Yusuf Ali, presented me with the memorial. Your Lordship will observe that it bears the signatures of all the leading Native firms in Karachi.

I informed the deputation that I would lose no time in submitting the memorial to your Excellency and that I was sure your Excellency would forward it in turn to the Government of India. It would be entirely superfluous in me to comment upon it, or to suggest a remedy for evils which I am aware have for many years engaged the serious attention of the Supreme Government. But from what the members of the deputation personally told me, I am justified in stating that their losses have been unquestionably heavy, and that the instability of the rupee is felt by them as a serious impediment to trade. A low exchange enabling gold to purchase a larger quantity of produce than when exchange was higher, may be a benefit to India, but, when we find the Native merchants

of a great port like Karachi coming forward spontaneously to sustain the serious damage to their own trade by the uncertain value of silver. It is proof that a remedy may be practicable, is needed. The testimony afforded by this memorial may therefore, though in ever so small a way, afford an additional inducement to the Supreme Government to persevere in its efforts to obtain a fixed ratio between silver and gold.

To H E M JAMES, Esq., Commissioner in Sind, 27th June 1892

The humble Memorial of Hotechand Khushalra, and others Native Traders of Karachi,—

Showeth,—We Native traders of Karachi, born and bred to trade exclusively and having no other calling, are now in process of discovering that our occupation is likely to vanish altogether, unless something can be done to make the value of the money by which our trade is carried on, permanent, or at least to free it from the violent and untimely fluctuations to which it is now apparently always subject.

You are aware that for the last three months we have in self defence been compelled to combine to cease purchasing European commodities in our customary way. For this reason, that the moderate profit which we look to make we have found altogether inadequate to cover the risks and losses to which we are subjected by the constant change in the value of the rupee.

When we bought Manchester grey cloth two years ago on a basis of 1s 4d exchange we could have no idea that a loss of about 16 per cent by the sudden rise in exchange would be inflicted upon us by causes altogether outside the normal fluctuations of our local market and over which we had no control, nor could we have anticipated the causes which brought ruin to us through contracts we had entered into with exporting firms for wheat and seeds when the rupee was valued at 1s 8d in English money. Then as we saw the value of the rupee stood at 1s 8d, but when we came to carry out these contracts its value had fallen to 1s 6d, and we found that in consequence we had to provide more rupees with which to buy the produce to fulfil our contracts than we had agreed to take from the exporting firms.

To illustrate the risk we are subjected to, we have only to draw your attention to the fluctuations of the present month—

On the 2nd, exchange was 1s 3 $\frac{1}{2}$ d
On the 9th, exchange was 1s 3 $\frac{1}{4}$ d, giving a rise of $\frac{1}{4}$ per cent

On the 16th, exchange was 1s 3 $\frac{1}{2}$ d, giving a fall of $\frac{1}{4}$ per cent

On the 28th, exchange was 1s 3 $\frac{1}{2}$ d, giving a further fall of $\frac{1}{4}$ per cent

What it will be to-morrow and whether for loss or profit to us we cannot say.

The hardship of our position is intensified by the fact that we can in no way protect ourselves from these losses because while we may sell with the knowledge we have of our country supplies to exporting firms, it is impossible for us to buy against our contracts till the produce collected in small quantities in the districts is brought to market and it is in this interval that the constant changing in the value of the rupee turns our legitimate trading transactions from safe business to purely speculative gambling.

It is this which makes us fear that unless some means can be found to give steadiness of value to the rupee, let it be high or low, but steady, which will enable us, as in days gone by, to calculate with some certainty the result of our transactions, an absolute destruction of our trade must sooner or later overtake us.

We therefore beg that you will be graciously pleased to make a representation to Government, urging the essential need of some steps being taken to put a stop to the intolerable uncertainty as to the value of the rupee.

And we will, as in duty bound, ever pray
(Here follow 77 signatures)

No 8

'THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 16th August 1892, No 228

MY LORD

With our Letter of the 12th July 1892, No 183, we transmitted to your Lordship copy of a letter from

the Honourable Mr J L Mackay, C.I.E., President of the Indian Currency Association, and copy of a petition to the House of Commons adopted by the Association.

2 We now have the honour to enclose a further letter from Mr Mackay dated the 9th instance informing us that the petition has already been numerously signed by all classes of the educated community and that branches of the Association has been established in every town in India of any importance.

3 We have not considered it expedient to comply with the request made by Mr Mackay for an indication of the views held and action proposed by the Government of India on the question of an alteration in our currency system, but we commend this letter to your Lordship's consideration. The fact that the petition of the Association has been signed by two thirds of the members of the Bengal Chamber of Commerce shows that the importance of the question is fully appreciated by the mercantile community and confirms the belief expressed in the 5th paragraph of our Despatch of the 21st June last No 160 (Confidential), that we might "safely count on receiving every reasonable assistance" from the commercial and banking classes in the "attempt to introduce a gold standard."

We have &c,

LARSENHOVE

ROBERTS

P P HUTCHINS

D BARBOUR

A E MILLER

H BRACKENBURY

O H T CROFTSWORTH

Enclosure in No 8

From the Honourable JAMES L MACKAY C.I.E., President of the Indian Currency Association, to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department, 9th August 1892

In continuation of my letter of 24th June last I have the honour to inform you that branches of the Association have been formed in every town of any importance in India, and that the petition to the House of Commons copy of which was forwarded to you with my letter above quoted has already been signed by over eight thousand persons.

2 The petition will shortly be sent home for presentation to Parliament at the earliest opportunity and a printed list of those who have signed the petition will be prepared for the information of the Government of India. Meanwhile I send you for your information and inspection the signatures in original which kindly return at your convenience. It will be observed that the petition has been signed by Natives as well as by Europeans the occupations of the signatories comprising amongst others the following—

Native noblemen and gentlemen	Vakils
Landholders	Manufacturers
Zemindars	Employes of manufacturers
Bankers	Shippers
MERCHANTS	Employes of shippers
Brokers	Railway managers
Tradesmen	Railway employes
Tea, indigo, and coffee planters	Employes of merchants
Baristers	Employes of tradesmen
Selectors	Officers of the Army
Leaders	Government servants.

Two thirds of the members of the Bengal Chamber of Commerce the most important commercial body in India have signed the petition, as also have the Trades Association unanimously.

3 Since I had the honour of addressing you on 24th June last the sterling value of the rupee has dropped from 1-3 $\frac{1}{2}$ to 1-2 $\frac{1}{2}$, and there is every prospect that it will still further fall.

4 The petition of the Currency Association unfortunately cannot be presented to, and considered by, Parliament probably for another three, possibly not for another five, months, and if no action is taken until Parliament re-assembles, the condition of affairs in this country may in the interval become very serious.

5 In your letter No 2843 A of 8th July, you were good enough to state that my letter of 24th June with copy of the petition of the Currency Association, had been forwarded to Her Majesty's Secretary of State for India for his consideration.

6 If a burning question of this nature had been agitating the public mind in England as the currency question has lately been agitating the public mind in India opportunities would have arisen or would have been made to give the public an indication of Government's view on the subject. But so far there has been no indication given of the views of the Government of India on this important question. It is believed, however, that Government cannot fail to be alive to the gravity of the situation and in these circumstances I would venture to suggest that the feeling in India, as portrayed by the support which the petition to Parliament has received, should be communicated to the Secretary of State by wire in the hope that he may thereby be induced to give speedy consideration to the prayer of the petition that the Government of India be empowered to take such measures as they may think fit to adopt gold instead of silver as the standard for the currency of this country.

7 I believe it will not be oversteating the case to add that the present condition and prospects of the country's currency and the apparent impotence on the part of the Government in regard to it are creating grave dissatisfaction in the minds of the intelligent classes in India.

No 9

THE SECRETARY OF STATE TO THE GOVERNOR-GENERAL OF INDIA IN COUNCIL, August 25, 1892, No 159

Gold standard. Memorial of the Indian Currency Association.

Mr Lord MARQUESS

I HAVE considered in Council your Excellency's Letter, dated the 12th of July 1892 forwarding a copy of a letter from the President of the Indian Currency Association with a memorial which that body proposes to present to the House of Commons praying that, in the event of the forthcoming International Conference failing to arrive at a satisfactory solution of the questions to be submitted to it regarding the more extended use of silver as currency, the Government of India may be empowered to take such measures as it may see fit for the adoption of a gold standard. The memorial begs that, in view of the probable failure of the Conference to arrive at any practical issue, such power may be now given to your Government as will admit of its exercise without delay after the termination of the Conference.

2 The currency system of India is regulated by Act XXIII of 1870 and it is open to your Excellency's Council when assembled for the purpose of making laws and regulations, to repeal or modify this Act, provided that the previous consent of Her Majesty's Government shall have been given to the proposed measure so that there is no necessity for an application to Parliament on the subject.

3 It would have been interesting to me if the Indian Currency Association had expressed its views more fully on the probable results of the measure which they advocate, and more particularly as to its effect on trade and prices in India.

I have &c
KIMBERLEY

No. 10

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 30th August 1892, No 280

Mr LORD,

We have the honour to forward (in original) memorials, 42 in number, from some of our officers, named in the annexed schedule,* addressed both to your Lordship and to ourselves, representing the hardship caused to them by the fall in the exchange value of the rupee.

2 We also forward for facility of reference printed copies of some of the memorials which appear to be of a representative character.

3 It will be observed that the requests made by the memorialists are not in all cases identical. Some seek for compensation against past, and security against future, loss, some that their furlough allowances be adjusted at a higher rate of exchange than that fixed by Government for the year others that they be allowed to remit a portion of their pay through Government agency at a rate similarly higher whilst a few request

* Not registered.

that the Government of India be allowed to make such changes in its currency system as may be advisable in its interests and their own.

4 Those of the memorialists who were recruited in 1868-69 adduce in support of their arguments the fact that in a circular issued by the Civil Service Commissioners, with a view of showing the prospects of an Indian career, the rates of pay were exhibited in sterling. This majority however, confine themselves to pointing out that it was never contemplated when they contracted to serve in India that the rupee would so seriously depreciate as to reduce their remuneration very much below what may be considered appropriate for officials of their position and attainments.

5 We fully sympathize with the memo. ulists in the loss caused to them by the fall in the gold value of the rupee and we are aware that the loss has now become so heavy that great and general pressure is likely to be brought to bear on us to take some measure in the direction of compensating the servants of the Government. But we do not consider it expedient to enter into a discussion of the petitioners' requests until we are in possession of your Lordships' views upon our Confidential Despatch No 160 (Financial), dated the 21st June last. The decision arrived at cannot fail to affect our treatment of the demands now put forward our ability to grant the relief desired, and the form which that relief might take.

We have &c
LANDOWNS
ROBERTS
P P HUTCHINA.
D BARBOUR
A E M SIA.
H BRACKENBURY
C H T CAERTHWAITE

From MAJOR C W RAVENSHAW, Secretary to the Chief Commissioner of Coorg, to the SECRETARY to the GOVERNMENT OF INDIA, Finance and Commerce Department, No 855/121-9 dated 15th June, 1892.

I AM directed to forward a memorial addressed to His Excellency the Viceroy and Governor General in Council, by Mr G H Forster, Deputy Conservator of Forests, Coorg praying that he may be permitted to make remittances to England at par or at a rate of not less than 1s 9d per rupee, for the maintenance of his family there.

To His Excellency the Viceroy and Governor General in Council, 31st May 1892

The humble petitioner of George Henry Forster, a Deputy Conservator of Forests in Coorg.

Humbly sheweth,—That owing to the fall in the value of the rupee your humble petitioner finds it impossible to maintain his wife and family in England, where they have gone the one to recruit her health the other for his education in the position they are accustomed to and at the same time to meet the appearances which Government expects its servants in the position of your humble petitioner to do. The cost of giving his children an education which will fit them to take a similar position in the world to that which your humble petitioner holds is becoming more than your humble petitioner can meet, and unless some kind concession is granted him he has nothing to look forward to but the bringing of his children out to India, and giving them an inferior education in a country inimical to the healthy bringing up of European children.

That your humble petitioner has insured his life for a moderate sum, in order to provide for his widow and children in the event of his predeceasing them. But that, owing to loss in exchange, it has now become a matter of a short time before he will have to abandon his life policy, owing to his inability to remit the premiums home.

That your humble petitioner married when the rupee was, it is believed, about 1s 9d or more, at which time he was able to incur the responsibilities attendant on marriage.

In abstract, the fall in the rupee has been so great that, unless assisted your humble petitioner is unable to educate his children for their proper position, or make provision for them should your humble petitioner die before they are able to support themselves—the first two duties a parent owes to his children.

U 2

Your humble petitioner earnestly entreats his Excellency the Viceroy and Governor General in Council to consider his case, and prays that the concession may be granted him of remaining home through Government sixty (60) per cent of his pay at par or at a rate not less than 1s 9d per rupee on condition that the money be applied solely to the maintenance of his wife and children, education of the latter, and payment of premiums on your humble petitioner's life policy, and your humble petitioner, in order to obtain this immense boon, is willing to submit to any inquiries or conditions which the Government may consider necessary to safeguard it from abuse of the privilege.

And your humble petitioner will ever pray &c &c

From W J CUNNINGHAM, Esq., of the Indian Civil Service, to the Secretary to the Government of India in the Foreign Department, 22nd June 1892

I HAVE the honour to submit the enclosed memorial to Her Majesty's Secretary of State for India and to request that with the permission of the Governor-General in Council, it may be forwarded for the consideration and orders of his Lordship

To the Right Honourable Viscount Cross G O B, Her Majesty's Principal Secretary of State for India, 22nd June 1892

The petition of William John Cunningham, a member of the Indian Civil Service

Humbly sheweth—That your petitioner is a member of the Indian Civil Service and is suffering severe and increasing loss by reason of the present condition of the Indian currency system, as the following paragraphs show—

1 Your petitioner entered the Indian Civil Service by open competition in 1868 and, after passing all further necessary tests was finally admitted into a number of the said Service on the 29th August 1870

2 The terms of advertisement published at that time by the Civil Service Commissioners, setting forth to candidates the prospects of a career in the Indian Civil Service, compared the Indian and English currency by representing ten rupees as the equivalent of one pound sterling

3 During the time when your petitioner was preparing to compete for the Indian Civil Service during the time between his successful competition and his final admission to the said service, and for some time subsequent to his commencement of actual service in India, your petitioner had no reason to doubt the accuracy of the description of his prospects in India, which had been placed before him by representing ten rupees as the equivalent of one pound sterling

4 For many years, however, your petitioner has suffered by the fall in the value of the rupee, the commencement of which he believes to have been due to Germany having at the end of the year 1871, devalued silver and the continuation and increased gravity of which, he believes, cannot be arrested while the present Indian currency system remains in force

5 The prospects which your petitioner had when he entered the Indian Civil Service have been completely subverted. The value of his rupee pay is scarcely, if at all in excess of the value of the sterling pension which your petitioner hopes soon to earn and your petitioner believes that, if the falling rupee is not protected from further depreciation the Government of India will be put to further and seriously increasing loss by the early retirement of the members of the Indian Civil Service, and by a consequently swollen pension list

6 Your petitioner is unable to calculate the extent of the loss to which he has been subjected. He can, however give an illustration of its present severity by stating that in order to remit to London the sum of 5500 sterling he has recently been obliged to pay Rs 464 14 11. Comparing the present value, as deduced from the above stated transaction of your petitioner's pay for the purpose of remittance to England (for which purpose as is well known, a large proportion of the pay of every European member must be appropriated with the value which, at the time of his entering the Indian Civil Service he had reason to expect that pay would have had, it will be apparent that he is now losing 54 per cent on every such remittance

7 No remedy has yet been applied to this grievous condition of your petitioner's affairs. On the contrary,

your petitioner's pay has been, for some years past, taxed, and consequently still further diminished, and your petitioner believes that the necessity for such taxation arises largely, if not entirely, from the same depreciation of the value of silver which has caused him loss as aforesaid

Your petitioner desires to represent that if the present condition of the Indian currency and the present conditions of the pay of the Indian Civil Service should continue, the efficiency of the said service will suffer by the discontent of its members, and your petitioner cannot but fear that the service of which he is proud to be a member, is now and will continue to be exposed to the grievous temptations which must beset an underpaid public service

Your petitioner, therefore prays that Her Majesty's Government will take into immediate and serious consideration the means of improving the pay of the Indian Civil Service

Your petitioner believes that it is impracticable, without giving assistance to the revenues of British India, to improve the present condition of the pay of the said service while the Indian currency system remains in its present condition, but your petitioner believes that, if the Government of India were left free to deal with the said currency an improvement might be effected

And your petitioner therefore prays also that Her Majesty's Government will either give to the Government of India full authority to introduce such changes as may to them seem best in the Indian currency system, or will take such steps as to Her Majesty's Government may seem just and proper to relieve your petitioner from the grievous loss to which he is now being subjected by the depreciated value of the currency in which he receives his pay, as compared with that in which he has to incur a great part of his necessary expenditure

And your petitioner will, as in duty bound, ever pray

To the Right Honourable Viscount Cross G O B, Secretary of State for India, 12th June 1892

The humble memorial of Lieutenant Colonel H. Boileau, Indian Staff Corps, Bengal—

Most respectfully sheweth,—Your humble petitioner entered Her most Gracious Majesty's Service in the British Army on the 9th September 1864 and on the 9th January 1869 entered the Indian (Bengal) Staff Corps

At that period and for some years subsequently the value of the rupee, the current coin of India, bore a value equivalent to two shillings per rupee

In and about the year 1871 the value of silver and concurrently the value of the rupee, commenced to decline and has, as is well known to your Lordship continued to fall in value until it has now reached the low value of 1s 3½d, and it may and probably will fall still further in value to a degree hitherto unprecedented and unforeseen

It has already fallen so low as to seriously cripple your humble memorialist in all and every respect. He is unable to take furlough or sick leave to Europe, as he is unable to realize sufficient money for the support of his family. The cost of all articles from Europe has, in consequence of this fall in the exchange value of the rupee so increased as to seriously embarrass your humble memorialist

Your humble memorialist feels that he need not enter more fully into the distress and inconvenience, pecuniary and otherwise, caused to him by the present state of the currency

Your humble memorialist now ventures to submit this his humble petition for redress and remedy of the grievances set forth above. He would humbly pray that he is entitled as a loyal servant of the Crown to be paid at the rate of two shillings per rupee when on furlough in Europe and that he should be allowed to remit not less than one moiety of his salary at par for the support of his family resident in England

Your humble memorialist fears that it may be argued that as he has borne the grievances complained of for so long a period without murmure or protest, he has waived any right to present his humble prayer for remedy but he would most respectfully and humbly submit that he has remained silent hitherto on the hope that the Government whom he serves would of its own motion and of its own accord apply some remedy to ameliorate the condition of its servants. He has waited, however,

in vain and, now that the burden has become so heavy as to be borne with difficulty, he ventures humbly to submit a memorial to your Lordship in the confident hope that it will be duly and favourably considered. Your humble memorialist will in duty bound ever pray, and remain, &c.

From Surgeon Lieutenant-Colonel J SCULLY Indian Medical Service to the Secretary to the Government of India, Finance and Commerce Department, 19th July 1892

I HAVE the honour to enclose herewith a memorial to Her Majesty's Secretary of State for India praying for certain relief in respect of the loss which I suffer through the depreciation in the gold value of the rupee. I would beg the favour of this memorial being forwarded with if possible, a favourable recommendation from the Government of India.

To the Right Honourable HER MAJESTY'S SECRETARY OF STATE FOR INDIA IN COUNCIL, dated 19th July 1892

The humble memorial of Surgeon Lieutenant-Colonel John Scully of the Indian Medical Service,

Showeth—That your memorialist entered the above named Service in 1873 when the gold value of the rupee was 1s 11½d and that since that date it has steadily decreased until its value is now very little more than 1s 3d. This great depreciation of the currency in which your memorialist's salary is paid has imposed serious hardships upon him and on the persons dependent on him and there appears to be a tendency towards further depreciation in the gold value of the rupee.

That your memorialist has during about 18 years of his service borne patiently and without complaint the money loss and hardship to which he has been subjected in the hope that the Government of India would mitigate the disastrous effects of the depreciation of the currency in the case of its own servants but as there appears to be no prospect of this being done, and as the position cannot longer be borne without ruinous effect to your memorialist he is compelled to appeal for some relief.

That the furlough allowance of your memorialist when on leave in Europe is payable at the rate of exchange fixed by the Secretary of State for India, which rate for the present year is 1s 4½d, that this represents a loss to your memorialist, when obliged to take leave, of about one third of what his furlough allowance would have been if calculated at the rate which obtained when he entered the Service, and that there is no guarantee that his furlough allowance may not at any time fall below one half of its original value in 1873.

That your memorialist has a wife three children, and a widowed mother dependent on him, that for their support and the education of his children he is compelled to make remittances to England mainly by bank bills at present at the exchange rate of a shilling over 1s 8d, which represents a heavy loss exceeding 37 per cent., to your memorialist on all such remittances.

That although your memorialist is well aware that he contracted to serve his employer for a salary in rupees and a pension in sterling, he submits that he has an equitable claim to some relief in his present distress on the ground that the depreciation in the gold value of the rupee has not affected employer and employed alike. For the common contention that the depreciation of the rupee has at least not been adverse to the financial prosperity of India appears to be borne out by the fact that the Government of this country has not taken the steps adopted by so many other Governments in Europe since 1873 to guard against the effects of the depreciation of silver.

That in view of the facts herein set forth, your memorialist makes the following appeals—

(1) That his furlough allowances may be paid at a minimum rate of 1s 9d to the rupee.

(2) That he may be allowed to make remittances to England through official channels out of his monthly salary to an amount not exceeding one-half thereof, at the rate of 1s 9d to the rupee.

And your memorialist as in duty bound will ever pray

From T W HOLDENSWISS Esq., Secretary to the Government of the North Western Provinces and Oudh, to the SECRETARY to the GOVERNMENT OF INDIA, Home Department, 15th July 1893

I AM directed to forward for transmission to the Secretary of State for India, the accompanying memorial from Mr F W Fox, District and Sessions Judge of Ghazipur, regarding the effect of the present rate of exchange on the value of his salary and requesting pending the adoption of remedial measures, to be allowed to remit 75 per cent of his salary to England at the rate of 2s to the rupee

To the Right Honourable the SECRETARY OF STATE FOR INDIA IN COUNCIL, 16th June 1892

The petition of F W Fox, District and Sessions Judge North Western Provinces and Oudh,—

Respectfully sheweth,—Your petitioner is a member of the Bengal Civil Service, and is at present employed in the North Western Provinces

2 He was greatly influenced in the choice of his career by a note issued by the Civil Service Commissioners, in which the expectations of an Indian civilian were set forth in attractive terms, and the rupee was stated to be worth approximately 2s

3 Since the date of your petitioner's arrival in India in 1873 the value of the rupee has steadily fallen to its present value about 1s 8d, and from the best information available it seems probable it will fall below a shilling

4 In 1886 the Government of India reduced your petitioner's pay 2½ per cent by an income tax. It is true that all classes were nominally taxed alike. But, as Indian tradesmen being few in number, could and did combine, while officers in your petitioner's position could not, the result was your petitioner was compelled to pay far more than his proportionate share of the revenue derived from the tax, and his income was reduced at least 5 per cent, equivalent to a shilling in the pound

5 Your petitioner after 19 years' service now holds the post of District and Sessions Judge, 3rd grade, at a salary of Rs 1,833 per mensem

6 According to the terms of the note mentioned in paragraph 2, this salary should be worth 153s per mensem

7 But, owing to the fall in value of the metal in which your petitioner is paid the real value is much less, and the savings your petitioner reasonably expected to make have been reduced by some 400 per centum, and your petitioner calculates that even if exchange gets no worse, he will have lost in all nearly 5,000 before he can retire on pension

8 Your petitioner fully realises that he is but one of an entire community affected by the depreciation in silver, and he does not expect special measures to be taken for his benefit alone. Nor does he profess to say whether the introduction of a gold standard or of bimetalism would improve his prospects or not

9 He respectfully urges that he is a member of an Imperial Service whose rates of pay were fixed by the Imperial Government, at a period when there was no reason to suppose a rupee would ever be worth less than two shillings. The duties he performs in 1893 are as difficult and responsible as the duties performed by officers of a similar grade in 1873, and he submits should be paid for at the same rate, irrespective of whatever system of currency may ultimately be adopted

10 Wherefore your petitioner prays that measures may speedily be taken which will (a) restore the value of his salary to its implied contract value and (b) render him independent of future fluctuations of exchange

11 In the meantime, pending the result of such measures, your petitioner prays that he may be allowed to remit 75 per cent of his salary to England at the rate of exchange which prevailed in the year 1873, when your petitioner signed his covenant

And your petitioner will ever pray

From J ELLOR Esq., Meteorological Reporter to the Government of India, to the SECRETARY to the GOVERNMENT OF INDIA, Revenue and Agricultural Department, No 882 S, dated 21st July 1892

I HAVE the honour to forward the enclosed petition from Mr Dallas, First Assistant Meteorological Re-

porer to the Government of India, respecting the allowances which he will be granted in the event of his taking early furlough, for the consideration of the Government of India.

2 Mr Dallas explains fully and cogently the reasons on which he bases his petition that he may be allowed to draw the furlough allowances in sterling at the exchange obtaining at the time of his appointment and in view of his request for me to do more than recommend his request, the favourable consideration of the Government of India.

From W L DALLAS, Esq., Assistant Meteorological Reporter to the Government of India to the METEOROLOGICAL REPORTER to the GOVERNMENT of INDIA, No 571 S, dated 19th July 1892

I HAVE the honour to enclose herewith a petition addressed to His Excellency the Governor General in Council referring to the allowances which I would draw in the event of my taking furlough next year.

2 I have the honour to ask that you will be good enough to forward my petition to His Excellency in Council through the ordinary channels, with such recommendation as you can make on the subject.

To His Excellency the VICEROY AND GOVERNOR-GENERAL in Council, 19th July 1892

The memorial of W L Dallas, Assistant Meteorological Reporter to the Government of India, respectfully sheweth,—that your petitioner has now served under the Government of India for a period of ten years and that during next year he hopes, with the sanction of the Government, to take long leave to England. Your petitioner consequently begs respectfully to be allowed to address Your Excellency in Council on the subject of the allowances your petitioner will draw during the proposed period of furlough.

2 As a preliminary, your petitioner begs permission to summarize the circumstances under which he was appointed to the service of the Government of India. In 1881 the Government of India requested that Her Majesty's Secretary of State for India would select from the Meteorological Department of the Board of Trade, London, an official of experience, qualified to act as Scientific Assistant to the Meteorological Reporter to the Government of India, and the selection fell upon your petitioner. Your petitioner when offered the appointment indicated the leave rules which would be applicable to him, and calculated that with reasonable promotion he would be able to enjoy the furlough allowed under these rules and to return from time to time to England. In this he was guided by the rate of exchange which then prevailed. In fact the decision of your petitioner to take service under the Government of India, and to resign his appointment in the Meteorological Office, London, was dictated solely by the conditions which existed at the time at which the offer was made. Your petitioner had no knowledge of the rupee anterior to the time of being offered the appointment he at present holds, but on inquiry he was told that the value of the rupee was one shilling and eightpence, and as a sort of earnest of the rate at which he would be paid, your petitioner received duty pay in England at that rate. The instability of the rupee with regard to the English currency was never explained to your petitioner, who accepted the appointment under the reasonable belief that he was about to receive a certain number of coins of the value of one shilling and eight pence.

3 Your petitioner humbly begs to represent that under the Meteorological Department of the Board of Trade he received a regular sterling salary, and that he had no reason to anticipate that under the Government of India he would receive, relatively to the currency of the country of his recruitment, a steadily decreasing rate of pay or he would never have resigned his English appointment.

4 During the whole of your petitioner's Indian career he has been posted to the very expensive stations of Calcutta and Simla, and thus has wholly prevented his saving money while now after ten years of more responsible and continuous work than that which falls to the lot of most officers in India, when your petitioner approaches his period of furlough he finds the rupee of

25 per cent less value than it was when he decided to accept his appointment.

5 Finally your petitioner humbly begs to represent—

(a) That he did not unemployed, come out to India and importune Your Excellency's Government for an appointment which would ordinarily be filled by a native of this country,

(b) That your Excellency's Government, desirous of securing the services of an officer with particular experience, such as was not obtainable in India, sent to England for the same, and

(c) That the officer selected had absolutely nothing to guide him in his decision to accept or decline the appointment, but the monetary value of the rupee as represented by its equivalent in the English currency at the time of the offer of the appointment.

Under these circumstances your petitioner humbly prays that during his furlough he may be allowed to draw allowances at the rate of 1 8d per rupee, which was the rate of exchange existing at the time your petitioner agreed to serve the Government of India and which rate was, your petitioner most respectfully maintains a material condition in inducing him to accept employment under the Government of India.

And your petitioner, as in duty bound, will ever pray

To the Right Honourable VISCOUNT CROSS, G.C.B., Her Majesty's Secretary of State for India in Council, 15th July, 1892

The humble memorial of Lieutenant-Colonel Horace Richard Le Marchant Carey Indian Staff Corps Examiner of Public Works Accounts at Madras, sheweth that, when your memorialist landed in India with the regiment to which he then belonged (2nd Battalion 6th Royal Warwickshire) in January 1868 the gold value of the rupee was two shillings. This rate was maintained until about 1871, after which time it began to steadily decrease year by year, until at this date the rupee is worth little more than 1s 8d, with every prospect of further depreciation.

That, during all these years your memorialist has borne with patience and without complaint the serious losses and hardships to which he has been subjected. The actual loss to him in respect of his pay has averaged to the present time, during which period he has been steadily remitting a large portion of his salary for the support and education of his family in Europe, amounts to about Rs 23 000 or on an average about Rs 1,800 per annum. The immediate result of this has been that your memorialist has been unable to take any furlough to Europe, either for rest or for the re-orientation of his health, during his whole service in India, now nearly 25 years.

That your memorialist under the original wording of the furlough rules of 1868, should be entitled to receive his furlough allowances at the rate of 2s to the rupee. This rate was subsequently changed to the official rate for the year, consequently, as your memorialist was already in the Staff Corps when the alteration in the rate was made and as the only furlough rule applicable to him now are those of 1868, he ventures most respectfully to submit that in this particular he suffers an injustice. The furlough allowance to which your memorialist is at present entitled when on leave in Europe is Rs 638 per annum, which at 2s to the rupee would be equal to 750l a year. But as it is only payable at the rate of exchange fixed for the year by the Secretary of State for India—for the present year 1s 4½—of your memorialist were now compelled by serious failure of health or other urgent cause to take furlough to Europe his leave allowances would only amount to 533l a year which represents a loss to him of 217l a year, and prevents any chance of your memorialist, who has no means besides his pay, taking any furlough to Europe, either for rest or for the re-orientation of his health, during the remainder of his service, except under the most urgent circumstances.

That your memorialist is still compelled to make heavy remittances to England every month for the education and support of his family. He is permitted to send an aggregate amount of 500l in the year at the official rate of exchange, for this year 1s 4½, as before mentioned. For the remainder of his remittances your memorialist must take the exchange rate of

the day, now but little over 1s 8d. The effect is that to remit 200l at 1s 4½d. he has to provide Rs 2,865, and for every sovereign over the 200l he has to provide at the present bank rate Rs 16 12. Thus as his remittances amount on the whole to 420l a year, he has to provide—

	Rs
200l at 1s 4½d. =	2,865
220l at 1s 8½d. =	3,468
	6,337

or Rs 2,197 more than the par value which is thus a real loss of so much per annum to your memorialist.

Your memorialist would also venture to point out that, while, as is shown by the establishment of the Civil Engineers' Provident Fund, it is evidently expected that officers in India will lay by as any rate some small portion of their pay not only is the power to do so taken away by the additional provision which has to be made for remittances to Europe which leaves barely enough to permit a married officer with a family in England to maintain himself, or himself and his wife if the latter be in India in the manner due to his position, but also the inducement to lay by is largely taken away by the knowledge that at least 30 out of every 100 rupees so laid by must be thrown into the gulf of exchange.

In view of the facts above adduced, your memorialist appeals to Your Lordship to grant that his furlough allowance may be paid at the rate laid down in the original edition of the furlough rules of 1868 namely, 2s to the rupee and that he may be permitted to make remittances to England, for the support and education of his family or other relatives dependent on him, out of his monthly salary to an amount not in excess of half thereof, at a minimum rate of 1s 8d to the rupee.

And your memorialist, as in duty bound, will ever pray

[NOTE—Similar letters were subsequently forwarded, as follows—

September 31, 1892, No. 515 transmitting 181 memorials.			
October 15 "	285	289	"
November 15 "	318	301	"
December 7 "	327	182	"
January 4, 1893, "	5	86	"
February 4 "	47	131	"
May 2 "	124	250	"

making a total of 1,782 memorials from officers of the Government. Representations were also received from seven of the Reserve Companies as to the hardship entailed on their servants by the fall in the exchange value of the rupee.]

No 11

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 30th August 1892, No 231

MY LORD,

In continuation of our Financial Despatch No 223, dated the 16th August 1892, we have the honour to forward copy of correspondence with the Secretary to the Indian Currency Association at Madras, on the subject of the present condition of the currency of India.

2 We also forward copy of a telegram received from the Secretary of the branch of the same association at Cochin.

We have, &c,
LANSDOWNE
ROBERTS
P P HUTCHINGS
D BARDOUR
A E MILLER
H BRACKENBURY
C H T CROSSKEY

Enclosures in No 11

TELEGRAM from the SECRETARY Indian Currency Association, Madras to the SECRETARY to the GOVERNMENT OF INDIA, Finance and Commerce Department, 17th August 1892.

At public meeting held last night Town Hall the following resolution was passed *scm con*—That this meeting in view of the alarming condition into which the currency of India has drifted, and fearing a grave crisis imminent, calls upon the Government of India to say at once what steps they propose to take to allay the panic feeling which exists throughout the country

From J F FINLAY, Esq, Secretary to the Government of India, Finance and Commerce Department, to the HONORARY SECRETARY to the INDIAN CURRENCY ASSOCIATION, Madras, 25th August, 1892.

I AM directed to acknowledge the receipt of your telegram of the 17th instant embodying the following resolution passed at a public meeting held in furtherance of the objects of the association at the Town Hall, Madras, on the 16th instant—

That this meeting in view of the alarming condition into which the currency of India has drifted and fearing that a grave crisis is imminent, calls upon the Government of India to say at once what steps they propose to take to allay the panic feeling which exists throughout the country.

2 In reply I am to state that the Government of India fully recognise the gravity of the situation to which attention is called by the resolution. They have already addressed the Secretary of State on the subject, and regret that they are unable at present to communicate any further information to the public, for the reasons stated in the recent letter* to the Honourable Mr Mackay, President of the Association, of which copy is enclosed.

TELEGRAM from the SECRETARY, Indian Currency Association, Cochinamund, to the SECRETARY to the GOVERNMENT OF INDIA Finance and Commerce Department, 21st August 1892

As public meeting held here Friday following resolution carried large majority—That in opinion this meeting desirable that Government India should press on Home Government importance of obtaining by international agreement fixed ratio between gold silver, and regret that they are unable at present to communicate any further information to the public, for the reasons stated in the recent letter* to the Honourable Mr Mackay, President of the Association, of which copy is enclosed.

No. 13

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 21st September, 1892, No 254

MY LORD,

In continuation of our Financial Despatch, No 231, dated the 30th August 1892 we have the honour to forward for your Lordship's consideration copy of a letter from the Vice President of the Bombay Branch of the Indian Currency Association and of the Resolution therein referred to on the subject of the depreciation and constant fluctuation in the value of the rupee

We have &c,
LANSDOWNE,
ROBERTS
P P HUTCHINGS,
D BARDOUR
A E MILLER
H BRACKENBURY
C H T CROSSKEY

Enclosure in No 13

From H A ACWORTH Esq, Vice President, Bombay Branch of the Indian Currency Association to the SECRETARY to the GOVERNMENT OF INDIA, Finance and Commerce Department, 8th September 1892

I HAVE the honour to forward copy of a Resolution passed yesterday by the Committee of the Bombay branch of the above Association, with a request that it may be laid before the Government of India.

Resolution

"That the Vice President (the President being in Europe) be requested to address the Government of India informing them that the petition of the Indian Currency Association has already been signed by a large number of the leading European and Native residents of this city representing all classes of the community, and notably by Native firms trading with England.

2 That this Committee is persuaded that a widespread feeling exists throughout the country that the unchecked depreciation and constant fluctuation in value of the rupee have caused serious injury to India, and are likely to cause still more serious injury unless speedy steps be taken to avert the danger

* Vide Accounts and Finance Proceedings for August 1892 Nos. 829 to 901 (Confidential)

"3 That this Committee suggests that this general feeling among the intelligent classes of the Bombay Presidency may be communicated to Her Majesty's Secretary of State with a request that the Government of India may be allowed to adopt some speedy remedy for the evil, in accordance with the recommendations made to Her Majesty by the Royal Commissioners appointed in 1886 to consider the present changes in the relative values of the precious metals.

"4 That this Committee is strongly of opinion that present and probable future exigencies demand immediate attention, and that action cannot safely be deferred pending the results of the coming International Conference."

No. 13

Telegram from the SECRETARY OF STATE to the VICEROY, 30th September, 1893

A Committee, over which Lord Herschell will preside is to be appointed to advise upon the expediency of taking any steps for the modification of the law relating to currency in India

No. 14

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE for INDIA, Simla, 6th October, 1893 No 271

Mr Lord,

In continuation of our Despatch of the 21st September 1892 No 254 we have the honour to transmit for your Lordship's consideration copy of a letter from the Bombay Chamber of Commerce which we have received from the Government of Bombay embodying a Resolution passed by the Chamber to the effect that the violent fluctuations in exchange are a serious difficulty and danger to trade and an obstacle to the material development of the country, and that in the interests of India a remedy should be sought for.

This Resolution indicates a change of opinion on the part of the Chamber. In 1886 when discussing the same question, they adopted the following resolution—"That they deprecate any interference with the currency. While admitting the inconveniences of constant fluctuations in exchange they are of opinion after considering the question from all sides that the fall in exchange leaves a balance of benefit to the commerce and people of India, and are in favour of allowing things to run their natural course."

Your Lordship will find on reference to the evidence given before the Royal Commission on gold and silver in July 1887 that the Resolution just quoted was produced before the Commission by Mr T. Comber as an important expression of opinion from a body specially conversant with and interested in the matter (Q. 6519 et seq.)

§ The Bombay Chamber of Commerce represents a very important section of mercantile opinion in India, and the change in its views indicated by the Resolution which we transmit must be regarded as possessing much significance.

We have, &c.,
 LANSBURY
 ROBERTS
 P P HITCHINS
 D BARBOUR
 A E MILLER
 H BLACKBURN
 C H T. CROSWAITE

Enclosure in No. 14.

THE CHAIRMAN of the BOMBAY CHAMBER of COMMERCE to the SECRETARY to GOVERNMENT, Financial Department, Bombay, 16th September 1893

SIR,

I HAVE the honour by direction of the Committee of the Bombay Chamber of Commerce, to communicate the following Resolution passed at a Special General Meeting of the Members of the Chamber held yesterday and to ask that you will be good enough to forward the same to the Government of India for transmission to Her Majesty's Secretary of State for India—

"That the Chamber considers that serious difficulty and danger to commerce have arisen from the violent fluctuations in the sterling value of the rupee—fluctuations which do not arise from the incidents of Eastern trade and are not such as can be foreseen by the most prudent traders. That the

development of the resources of the country by the assistance of European capital is thereby seriously checked, and the execution of public works and construction of railways calculated to add to the prosperity of the country much hampered. The Chamber therefore considers that the importance of the subject demands that it should be referred to a Committee of Experts, who should be instructed to express an opinion as to what if any, remedy they can propose in the interests of India.

"That a copy of this Resolution be forwarded to the Government of India, for transmission to Her Majesty's Secretary of State for India."

I have, &c.,

J L SYMONS, Chairman

No 15

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE for INDIA, Simla, 5th October 1893, No 272

Mr Lord,

In continuation of our Despatch of the 2nd August 1892, No 205 (Confidential) we have the honour to enclose a short paper by Mr J E O Connor, Assistant Secretary in the Department of Finance and Commerce, on the range of prices in India. The wholesale prices of imports have fallen materially, the fall on the whole approximating to, and in some cases exceeding the fall in exchange.

§ The wholesale prices of Indian commodities have not fallen generally as imports have. Some have fallen and others have risen. Broadly they may be divided into two great classes. Those which have risen in price are rice, wheat, indigo, and jute (raw and manufactured).

These articles may be taken to represent the following classes of goods in the export trade—

Average value, last five years	Rx
Grain and pulse	19 249 000
Seeds	10 225 000
Jute, raw	4 405 000
„ manufactured	2 421 000
	39 300 000

being about 41 per cent. of the average value of the exports of Indian goods for the last five years.

On examining the figures it will be seen that there was no rise of price in wheat, and but little in indigo, until the present year, and in both cases the rise may be regarded as caused by the temporary operation of the failure of the Russian harvests of wheat and indigo and the demand on India suddenly resulting therefrom. In rice and jute, however it is apparent that the level of prices has been permanently raised. Both these articles are practically Indian monopolies, for though there is competition with India rice, it certainly rules the European market in so far that India can supply the whole requirements of that market.

§ The articles which have fallen in price are cotton opium (this has since risen rapidly, but the increase may be speculative and temporary), cotton yarns and cloth, indigo, tea, and hides. They have all with the exception of opium fallen in price in more or less the same proportion as the fall in exchange, and tea has fallen in nearly double that ratio.

The average value of these goods in the last five years has been—

	Rx
Cotton, raw	15 077 000
Opium	9 803 000
Cotton yarn and cloth	6 819 000
Indigo	5 598 000
Tea	5 381 000
Hides and skins	4,800 000
	45 378 000

being about 47 per cent. of the average value of the exports of Indian merchandise in the last five years.

§ When we turn to the retail prices of food grains we find that there has been a general rise throughout the country, which may be said to have commenced about 1886. The returns of the prices paid for atta (four) wheat rice pulses, and gñi, by the Commissariat Department, confirm the fact that prices have largely risen from about that year. To some extent this

rice in the last two years is due to drought and scarcity in various regions, and it has been intensified by the demand for export of wheat and rice.

5 We do not anticipate that a permanently lower level of prices will be established. The country is now intersected by railways through its length and breadth, and numerous steamers on the coasts also afford facilities for exchange which were absent twenty years ago. In consequence we are not likely to see prices rise as low as they did formerly in seasons of plenty, when the demand to be supplied from any particular place was purely local and ordinarily smaller than the supply available, and when therefore prices were more or less regulated by custom and tradition. In the present day there are comparatively few districts from which grain cannot easily be exported to distant tracts where the supply is smaller than the demand, or to foreign countries, and the means of intercourse have so multiplied that traders will not part with their stock locally at low prices when they possess the knowledge that it will fetch a higher price if exported or sold elsewhere in India. Prices are therefore regulated by competition and by a greatly increased demand, and the level will remain high in the future.

6 In the case of wheat and rice the only two grains of which the exports bear a material proportion to the local consumption, the wholesale prices will be largely determined by the gold prices in Europe and the rate of exchange for the time being. As regards the retail prices of food grains it is worthy of notice that there have been loud and persistent complaints, during the last three or four years, of the high range of prices of the articles of food which are in common use by the people at large.

7 Your Lordship is no doubt aware that although there must be a connexion between the range of prices and the standard of value, it is in practice extremely difficult, if not impossible, to trace the connexion. The extent to which fluctuations of price are due on the one hand to causes primarily affecting the standard of value and on the other to such causes as the failure of crops or the operation of scarcity can never be determined with accuracy. The figures we have just given confirm this conclusion.

8 Information of an unofficial character* which we have recently received regarding Java, in which country a change from the silver to the gold standard was made in the year 1875 at the ratio of 1 to 15 6/20, shows that little or no difficulty was encountered in substituting a gold for a silver standard, and although a gold standard is now in force there the currency employed is to all intents and purposes a silver currency and that great prosperity prevails under the gold standard.

We strongly recommend that your Lordship should ask the Government of Holland for further information on this point.

We have, &c
LANDOWNS
ROBERTS
P P HUTCHINS
D BARBOUR
A E MILLS
H BRACKENBURY
C H T CROSTHWAITE

Enclosure No 15

Note by Mr J E O COYNE, Assistant Secretary to the Government of India in the Department of Finance and Commerce.

LEVELS OF PRICES

The ten Tables attached to this Note give a general and summary view of the course of wholesale prices of imports and exports, and of retail prices of food grains since 1861, with some exceptions where prices are not available as far back as that year.

The variations in wholesale prices in Tables Nos I and II are taken from Tables Nos 14 and 17 in the ninth issue of the Tables of Prices and Wages, annually published by this Department. There are two exceptions; the variations in the price of rice at Rangoon have been computed from a statement of prices specially obtained from the Collector of Customs and the variations in the price of opium have been computed from the Tables in Part III of the Finance and Revenue Accounts.

The variations in retail prices in Tables Nos III to IX have been computed from Table No 13 in the ninth issue of Prices and Wages. The statistics selected for each grain represent each tract of the whole area over which the grain is largely grown and consumed.

* See page 230.

Table No. X is a summary of Tables Nos III to IX. In all the tables the years have been grouped in quinquennial periods.

In the tables of wholesale prices the price of March 1873 has been taken to represent 100, and the figures represent in most cases the prices in January of each year, where no quotation existed for that month, the next nearest month has been taken. Opium is an exception, all the figures being averages for the year based on monthly returns. Rangoon rice is also an exception as above mentioned.

In the tables of retail prices the average price for the year 1871 represents 100, and all the figures are averages for the year deduced from returns received and published twice a month.

Wholesale Prices

The variations in the prices of imports and exports in Tables I and II are based on the price in March 1873 which was taken to represent 100.

Imports.—The articles selected represent in themselves about one third of the total import trade but they may really be taken to represent a great deal more for the variations in the prices of grey shirtings not only represent the variations in the trade in unbleached but also in bleached and coloured goods, and the variations in the prices of iron represent also the variations in the prices of hardware, machinery and millwork, and railway material. The selected articles may probably be taken as representative of at least half of the import trade, the half in question being the portion which most nearly concerns the people at large. For the remaining half largely consists of articles which are either not primary necessities or do not enter into general consumption except by the European population or are consumed in such small quantities as to have no material importance in the domestic economy of the people.

It may be taken then that imports generally have fallen since 1873 in rupee prices 26 per cent in the case of cotton goods from 36 to 43 per cent in the case of cotton yarns 36 per cent in the case of iron, and 28 per cent in the case of copper. Another article—kerosine oil—for which we have no figures before 1888, has fallen since that year by 24 per cent in the case of American oil, and 19 per cent in the case of Russian oil. This article is now assuming some importance in native domestic economy.

It should be noted as regards cotton goods and yarns, that the high level of price recorded in the periods 1861 to 1865 and 1866 to 1870 was caused by the immense inflation in the price of cotton which took place during the civil war in the United States.

Exports.—In the list of exports we find that the under mentioned articles, which are all of importance, have fallen in price—

Cotton, raw	Indigo
yarn	Opium
Hides	Tea

Cotton cloth has remained stationary.

The course of the prices of these articles since 1867 is shown below (prices in January of each year except for opium for which the average of the year is taken) —

	1867	1868	1869	1870	1871	1873
Cotton Branch	85	95	98	95	84	75
" yarns 20s	89	74	79	74	70	65
" T cloth	76	77	77	77	77	77
Hides, raw	117	78	76	72	65	66
Indigo good	70	89	89	76	66	74
Opium Bengal	86	85	91	83	81	89
" Malwa	90	100	98	81	87	88
Tea good southern	85	60	58	50	50	41

It may be noted as regards hides and skins that they fluctuate in price with seasonal variations. In a bad season when prices of food grains rise high the prices of hides fall the mortality being large or outcasts being compelled by distress to sell their cattle. In good seasons hides are scarcer and prices rise.

Three articles of minor importance—saltpetre shell lac, and raw silk—have also fallen. Shell lac has risen in price in the present year, but it is a highly speculative

trade, with great fluctuations in prices. The variations for these three articles are as follows —

	1861-62	1862-73	1871-72	1876-80	1881-85	1886-90	1891-95	1896-1900	1901-1909
Saltpeetre	104	70	91	83	82	43	50	85	
Shell lac, Midding	67	46	114	83	89	56	67	66	
Silk raw Sardah	-	107	88	74	1	53	73	1	94

The articles which have risen in price are rice, wheat, husked jute and gunny bags. The course of prices of these articles in the last six years is set out in the state ment below —

	188	1888	1889	1890	1891	1892.
Wheat (Bombay)	97	100	105	90	93	118
(Calcutta)	89	88	80	81	87	103
Rice (Moonghy)	103	110	121	144	147	182
(Hallam)	106	118	144	154	148	169
Licensed (Bombay)	97	104	112	111	103	110
(Calc. etc.)	101	95	112	109	97	112
Jute (speck'd)	137	153	129	127	136	236
(ordinary)	118	141	130	136	115	231
Gunny bags	98	112	126	118	93	132

The general rise of price of these articles in 1892 is due to special and exceptional reasons, and, except as regards rice, it cannot be said that prices show any distinct tendency to a permanent rise. Generally it may be said that with the exception of rice (which has shown a distinct upward tendency since 1887) and jute all the important staples of the export trade have either not increased or have fallen in price.

Retail Prices

If we take the course of the wholesale prices at Calcutta and Bombay to fairly represent the course of the prices obtained by the producer, it seems clear that with the exception of the rice grower and jute grower the producer does not receive an increasing price for his goods. But, while this is the

case, the consumer has certainly good reason to complain in recent years of the increasing price of food grains. From Table No X it will be seen that there is a marked correspondence between the fluctuations in periods and in degree of the different food grains. Rice is an exception only as regards the degree of fluctuation the rise and fall being greater than in the case of other food-grains. This grain is produced on a relatively small area confined mainly to the Nizam's territory and the northern and central parts of Madras. When the crop fails there is no rag; to be imported from elsewhere, and the price at once rises up to a great height as in 1890 and again in 1877 and 1878. On the other hand the consumption being as local as the production, a good harvest following a bad one sends the price down as fast as it rose. With other grains the case is different. Each of them being of fairly general consumption over large areas when the crop of a grain fails in one place it can generally be supplemented by the importation of stocks of the same grain from other places, and these prices do not rise or fall so rapidly, nor are the limits of the fluctuations so wide as in the case with rag. A diagram of the prices of rice, wheat, jawar, and bajra shows a remarkable coincidence between the periods and the degree of their fluctuations, and this is also the case though in no quite the same degree, with gram and barley.

In all these grains we find as the result of seasonal vicissitudes a low level of price in the periods 1861-65, 1871-75, 1881-85, and a higher level of price in the periods intervening namely 1866-70, 1876-80, 1886-90, and again in 1891. The last three years 1888, 1890 and 1891, have been years of high prices. The year 1891 was a good wheat year but the abnormal demand in Europe caused an export of upwards of 50 per cent more than the average in the course of a few months, and the rise of prices in Europe was reflected in Indian retail prices. There was also a large demand for rice in India, owing to scarcity, as well as in Europe and elsewhere. Prices still continue high (July 1892) for wheat and rice all over India. In Northern India the prices of jawar, bajra, gram, and barley have fallen somewhat, but in Pannsular India the prices of jawar, bajra and rag, as well as of wheat and rice, continue very high.

J E O CORON.

8th September 1892

No L—Variations in Wholesale Prices of Imports at Calcutta.

	Grey Shirtings 48 lbs.	Wool Twist White, 24.	Wool Twist Turkey Red No. 40.	Copper Braziers	Iron, Flat, Both, Bar
1861-65	145	146	122	98	64
1866-70	128	122	117	88	60
1871-75	33	32	104	92	89
1876-80	79	83	83	88	67
1881-85	78	77	62	79	61
1886-90	80	71	57	76	52
1891	74	70	56	72	62
1892	74	64	57	72	64

No II—Variations in Wholesale Prices of Exports at Calcutta, Bombay and Bangalore

	COTTON BROAD.		RICE.		WHEAT.		LIVERED.		JUTE.		Tea, good Banching.	Cotton Yarn 50's.	Cotton Yarn 40's.	Hides, Cow.	Hides, Sheep.				
	Bengal.	Madras.	Moonghy (Calcutta).	Shahi (Calcutta).	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Ordinary.									
1861-65	108	104	115	87	88	82	88	90	102	89	97	—	—	—	105	70			
1866-70	118	100	114	111	120	101	109	107	104	110	100	100	—	—	—	98	67		
1871-75	97	108	100	116	118	84	100	86	70	104	98	128	100	110	—	—	108	90	
1876-80	80	89	110	146	154	97	113	94	110	104	103	155	146	91	96	87	83	103	90
1881-85	88	100	101	104	108	120	167	94	77	95	97	123	105	60	77	41	110	99	
1886-90	80	87	93	124	134	122	151	88	94	104	104	163	115	54	74	97	69	81	81
1891	84	81	87	147	143	133	104	97	68	97	102	128	116	63	60	70	77	83	81
1892	76	82	85	163	160	150	104	105	116	115	110	120	122	61	60	79	74	80	80

* Four years average.
 † No prices available before 1874. The level is based on the price of 1874=100. In 1875 the level was 81.
 ‡ No prices before 1876. The level is based on the price of 1874=100. In 1875 the level was 90.

No III—Variations in the Retail Price of Rice since 1861 (Price in 1873=100)

Years	Calcutta	Patna	Rangpur	Backersanj	Raipur	Bellary	Madras	Salem	Bangooz.	Tongchoo
1861	82	68	61	89	114	98	—	139	123	151
1863	63	50	61	97	54	101	—	160	81	171
1863	68	47	67	105	67	108	—	129	81	185
1864	80	50	71	112	121	156	—	107	99	192
1865	96	76	134	119	221	167	—	148	92	148
Average	78	47	79	104	115	126	—	138	94	144
1866	106	101	156	228	250	157	—	164	81	177
1867	79	73	117	132	156	217	—	211	109	198
1868	81	50	82	182	144	145	—	180	108	161
1869	80	86	92	136	318	114	—	159	118	151
1870	77	66	84	115	184	103	106	110	122	166
Average	88	96	105	149	199	148	104	164	104	171
1871	81	77	88	122	188	85	—	86	—	—
1872	64	79	87	98	99	88	—	91	79	100
1872	100	100	100	100	100	100	100	100	100	100
1874	102	111	145	271	111	95	135	143	128	117
1875	85	74	105	180	107	80	—	104	85	131
Average	88	89	104	128	111	92	111	100	98	112
1876	99	100	100	121	128	116	148	185	81	180
1877	108	97	107	170	110	188	189	242	95	178
1878	115	180	140	212	191	178	190	202	122	151
1879	116	117	110	209	278	119	147	164	187	192
1880	85	98	107	125	184	94	121	124	109	180
Average	104	105	125	169	152	138	158	175	107	166
1881	78	74	94	84	89	87	105	108	97	142
1882	68	65	94	95	98	97	101	108	92	131
1883	77	99	121	121	117	98	100	105	105	177
1884	108	125	170	151	159	98	104	145	106	219
1885	123	107	162	174	157	104	122	127	90	215
Average	90	97	128	126	126	99	106	115	98	177
1886	85	94	112	159	178	105	110	122	95	215
1887	88	78	101	132	212	95	112	115	104	222
1888	78	94	111	140	312	96	117	118	110	279
1889	90	117	155	190	245	98	119	126	110	291
1890	90	101	155	188	210	102	125	131	115	206
Average	81	97	127	161	210	99	119	122	106	231
1891	91	100	107	168	207	116	145	157	128	227

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No. IV—Variations in the Price of Wheat since 1861 (Price of 1873=100)

Years	Calcutta.	Patna	Cawnpore.	Fyzabad.	Meerut.	Delhi	Amritsar	Rawal- pudi	Karachi.	Belgaum	Ahmad- nagar	Bombay	Ahmad- abad	Jabalpur	Nagpur	Raipur
1861	69	69	96	61	126	129	140	64	74	74	97	92	100	79	75	86
1862	62	98	60	54	60	73	170	69	101	61	116	97	95	68	109	51
1863	56	50	59	56	61	75	198	63	108	146	188	121	166	66	186	69
1864	77	93	84	68	89	89	98	75	150	106	180	147	208	64	151	152
1865	72	94	92	98	98	120	99	68	128	166	171	157	207	59	167	159
Average	68	82	79	66	86	99	126	67	118	199	140	119	159	79	132	106
1866	99	151	118	111	86	96	98	87	131	229	171	179	172	152	241	211
1867	54	105	99	65	94	90	104	76	110	116	53	180	125	94	241	117
1868	69	52	82	87	79	91	135	146	111	61	124	114	166	129	168	117
1869	80	122	144	111	155	165	200	189	118	79	118	137	188	180	915	282
1870	60	138	107	80	129	147	166	122	120	328	205	180	128	132	184	184
Average	76	118	110	91	108	118	141	110	124	141	167	188	187	188	205	182
1871	72	67	69	62	63	87	104	103	122	129	126	114	140	86	116	88
1872	82	80	86	98	88	91	108	98	108	120	136	108	112	91	112	101
1873	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1874	93	94	98	95	98	99	99	78	107	74	77	84	96	96	91	102
1875	72	68	71	62	91	88	97	64	120	64	103	98	82	74	86	91
Average	84	82	84	82	91	98	102	89	118	97	108	102	106	89	101	96
1876	67	68	66	59	78	77	98	37	120	8	106	100	86	74	95	79
1877	66	83	108	92	102	108	97	65	120	125	190	149	149	97	114	99
1878	97	110	120	120	125	125	142	108	164	168	242	177	175	171	167	217
1879	94	118	117	108	165	155	172	200	195	207	228	168	177	174	162	218
1880	83	80	90	84	100	109	143	169	149	166	154	180	98	116	128	166
Average	87	90	99	98	113	119	181	119	152	159	186	148	186	127	137	155
1881	75	70	81	81	99	98	119	141	118	70	112	106	81	94	105	108
1882	87	82	89	89	109	102	98	91	11	62	128	112	99	107	110	124
1883	88	88	89	86	112	100	101	74	116	67	122	113	110	99	108	120
1884	72	76	75	77	99	95	98	60	110	64	113	104	95	84	91	145
1885	73	75	74	72	91	84	92	65	108	75	118	108	84	98	94	123
Average	79	77	83	81	102	96	101	85	114	68	119	107	85	95	102	138
1886	76	76	84	81	110	100	119	88	120	71	127	112	90	120	115	159
1887	81	85	101	101	124	123	129	128	128	75	145	117	126	125	127	194
1888	89	90	102	108	125	129	144	127	122	78	140	121	120	128	128	196
1889	89	95	94	104	119	110	117	97	121	77	127	117	119	129	124	208
1890	86	93	107	106	123	116	128	95	120	71	121	111	112	128	120	195
Average	84	88	99	99	124	117	129	109	122	74	126	116	116	126	127	191
1891	98	99	114	117	145	126	168	126	148	90	148	120	122	146	147	249

No V —Variations in the Price of Jawar since 1861 (Price of 1878 = 100)

Years	Cawnpore	Fyzabad.	Meerut.	Delhi	Amritsar	Rawal Pindi	Karnah	Belgaum	Ahmadnagar	Bombay	Ahmadabad	Jabalpur	Nagpur	Bellary	Salem
1861	-109	73	170	158	246	90	88	92	98	108	100	130	111	98	110
1862	71	68	72	144	144	82	92	82	106	108	148	74	81	96	110
1863	69	98	98	78	79	67	76	215	209	148	187	88	127	119	106
1864	102	91	111	87	87	87	108	201	206	271	144	174	144	120	86
1865	103	119	125	107	182	66	808	172	116	150	68	98	194	196	110
Average	89	88	114	98	184	75	130	152	137	184	173	106	148	142	108
1866	108	181	114	87	99	105	154	209	129	178	180	152	248	225	142
1867	65	78	112	88	128	75	119	91	179	170	185	100	208	204	199
1868	67	78	122	96	198	168	118	56	119	180	187	144	224	125	140
1869	140	121	219	169	207	178	118	82	190	162	202	172	186	65	128
1870	94	99	117	108	187	100	140	112	152	128	222	182	168	88	108
Average	98	99	127	109	169	125	127	110	154	154	168	144	208	157	141
1871	91	68	—	88	125	79	139	84	139	120	150	112	127	70	82
1872	74	89	126	100	148	101	114	104	155	122	110	118	118	75	50
1873	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1874	102	115	114	105	113	98	99	82	75	88	98	123	70	83	102
1875	79	70	105	100	118	82	112	87	86	98	91	79	77	108	91
Average	89	88	111	98	120	92	112	91	111	105	110	106	100	87	78
1876	57	56	86	83	102	49	122	108	159	105	101	86	110	140	126
1877	100	97	120	108	94	85	171	188	201	182	187	114	180	204	278
1878	150	115	123	174	104	152	228	145	225	191	212	177	155	212	205
1879	107	102	148	128	208	201	161	146	221	172	128	159	124	127	145
1880	77	98	109	108	148	158	120	22	126	112	94	26	127	86	111
Average	98	94	121	121	148	121	125	126	240	154	158	126	142	178	173
1881	78	70	115	109	145	125	121	65	88	88	80	76	89	89	85
1882	78	70	101	97	107	64	117	68	108	100	116	108	100	69	82
1883	75	72	94	96	86	65	119	86	125	105	122	87	80	59	78
1884	74	84	107	110	98	51	118	89	171	112	109	97	102	78	65
1885	78	75	94	91	111	66	118	95	145	108	108	109	128	108	108
Average	76	74	102	101	108	80	118	80	127	102	107	97	100	74	87
1886	95	86	110	108	126	122	124	90	125	108	107	121	117	89	97
1887	104	125	157	156	199	125	126	72	122	110	134	123	124	85	80
1888	122	145	144	148	177	129	125	22	166	122	143	141	152	74	85
1889	94	127	116	116	129	86	146	89	122	116	126	142	146	84	88
1890	111	142	124	125	160	71	120	86	165	112	121	142	152	86	100
Average	105	129	122	121	126	114	122	85	154	114	120	126	128	84	90
1891	117	165	172	157	226	120	122	88	120	116	121	157	122	97	122

No VI.—Variations in the Price of Bajra since 1861 (Price of 1873 = 100)

Years	Cawnpore.	Fyzabad.	Meerut.	Delhi	Amrítar	Bawal Pind.	Kasrahn.	Belgaum	Ahmadnagar	Bombay	Ahmadabad	Jabalpur	Bellary	Madras	Balem.
1861	96	70	144	128	109	64	91	97	88	111	105	86	111	—	128
1862	96	69	69	89	101	67	97	85	129	108	98	89	107	—	115
1863	57	78	88	67	96	61	109	285	172	141	216	96	199	—	100
1864	107	127	111	84	127	70	229	231	170	197	272	91	212	—	89
1865	108	117	128	98	122	80	285	174	96	178	177	128	214	—	112
Average	84	96	109	89	113	68	152	122	120	147	174	93	155	—	108
1866	101	184	124	85	112	85	161	288	106	126	110	157	227	—	148
1867	90	98	108	87	121	109	122	95	147	122	128	123	227	—	195
1868	89	100	115	100	126	129	129	75	92	147	122	123	149	—	140
1869	145	141	248	185	225	181	127	99	124	157	205	157	96	—	120
1870	88	121	111	104	161	105	121	127	128	128	197	115	89	81	100
Average	103	121	141	112	121	120	126	127	126	156	155	125	174	81	141
1871	81	79	87	85	129	90	151	84	160	124	155	—	—	—	—
1872	99	101	117	112	124	111	122	122	166	129	115	123	123	—	71
1873	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1874	95	117	121	109	121	83	109	76	78	84	88	118	91	112	105
1875	76	90	100	88	106	63	128	84	87	89	85	111	88	88	96
Average	88	97	105	101	116	89	123	88	112	105	109	108	85	102	99
1876	87	65	86	77	101	34	165	106	126	108	101	82	147	126	121
1877	105	98	127	98	114	65	120	122	122	117	122	117	225	221	225
1878	128	144	125	128	155	142	270	153	225	160	209	123	221	123	211
1879	117	122	145	124	145	219	212	155	222	155	129	129	107	121	149
1880	78	95	104	101	128	127	169	97	171	120	95	95	117	101	122
Average	102	106	129	114	121	124	129	142	204	141	129	124	128	123	126
1881	78	76	120	110	129	154	122	66	92	87	86	75	81	91	95
1882	77	112	127	122	122	112	122	122	122	122	122	122	122	122	122
1883	80	86	114	104	104	56	124	87	126	104	129	89	82	86	87
1884	71	78	110	101	105	48	126	94	128	111	108	91	112	68	97
1885	72	74	97	89	115	54	141	105	145	110	111	77	121	101	122
Average	78	79	110	100	114	81	129	85	122	102	111	85	86	90	100
1886	92	82	115	108	141	79	144	90	122	109	118	—	102	104	114
1887	95	100	142	124	122	129	129	79	125	117	120	—	92	95	99
1888	128	122	122	143	125	149	122	89	165	122	146	—	105	95	98
1889	86	111	122	122	124	112	126	87	120	122	120	—	117	122	104
1890	102	104	122	129	124	90	140	92	148	116	112	—	107	122	101
Average	102	107	122	127	122	116	129	89	122	112	127	—	105	107	101
1891	122	148	122	151	211	122	122	92	140	117	122	—	120	140	122

No VII.—Variations in the Price of Rag since 1861
(Price of 1873 = 100)

Years.	Belhey	Madras.	Salem
1861	126	—	142
1862	119	—	140
1863	146	—	122
1864	228	—	105
1865	225	—	124
Average	171	—	127
1866	279	—	171
1867	334	—	246
1868	154	—	130
1869	104	—	151
1870	108	96	120
Average	197	96	174
1871	80	—	57
1872	85	—	57
1873	100	100	100
1874	98	105	114
1875	122	111	110
Average	97	110	88
1876	191	160	157
1877	339	272	264
1878	274	226	251
1879	187	145	174
1880	130	119	141
Average	226	184	217
1881	97	100	101
1882	108	94	98
1883	96	92	94
1884	114	95	99
1885	127	109	116
Average	107	99	102
1886	118	104	112
1887	100	98	96
1888	94	97	97
1889	101	102	100
1890	114	109	106
Average	104	102	102
1891	134	120	141

No VIII --Variations in the Price of Gram since 1861 (Price of 1873 = 100)

Years	Cawnpore.	Fyzabad.	Meerut.	Delhi	Amritsar	Rawalpindi.	Karachi	Jabalpur	Nagpur	Bairu
1861	107	76	170	151	160	89	67	74	68	41
1862	78	58	77	74	75	65	61	69	77	47
1863	68	55	68	73	59	69	75	86	103	65
1864	92	60	89	99	78	78	88	71	197	104
1865	109	100	105	99	94	96	114	126	187	101
Average	69	71	101	98	90	80	80	85	116	78
1866	120	127	92	99	88	121	110	178	127	249
1867	107	59	116	177	117	126	74	102	197	190
1868	73	78	97	129	120	205	97	119	148	147
1869	152	139	217	234	280	281	118	178	161	281
1870	124	108	164	148	122	204	146	158	118	249
Average	115	101	127	157	157	199	108	146	164	218
1871	—	—	—	112	116	147	108	80	104	122
1872	90	94	100	117	124	88	102	88	117	118
1873	100	100	100	100	100	100	100	100	100	100
1874	103	107	99	94	84	74	93	95	85	95
1875	76	66	98	90	96	72	84	66	79	88
Average	92	92	99	104	110	96	96	86	97	104
1876	82	54	77	73	71	71	89	63	75	68
1877	25	28	48	28	77	108	110	101	108	81
1878	160	158	161	160	165	211	143	194	189	284
1879	150	124	164	157	185	237	241	179	225	236
1880	109	92	125	122	128	206	118	90	121	171
Average	114	104	125	119	129	170	119	127	126	159
1881	91	80	117	116	127	154	80	70	80	146
1882	81	92	107	109	88	77	75	101	85	122
1883	75	74	101	105	81	80	86	81	90	119
1884	77	88	100	103	76	66	80	86	86	151
1885	77	77	90	88	86	75	81	79	84	125
Average	80	79	108	108	92	95	88	77	85	127
1886	76	67	92	89	97	90	88	100	101	168
1887	86	90	121	114	126	125	102	105	105	122
1888	105	97	121	116	129	122	107	110	106	200
1889	88	92	109	104	108	104	90	126	109	221
1890	105	104	120	122	125	113	96	116	110	163
Average	94	82	114	108	120	118	96	112	107	187
1891	122	114	129	121	148	124	107	122	104	172

No IX.—Variations in the Price of Barley since 1861 (Price of 1873=100)

Years	Puna.	Cawnpore	Fyzabad	Meerut	Delhi	Azmitaar	Rawal pindi	Kanich
1861	53	97	56	145	163	118	69	75
1862	54	58	47	59	64	81	87	102
1865	44	53	51	59	63	94	49	58
1868	41	77	56	88	82	127	63	124
1865	90	95	68	92	97	116	60	151
Average	56	76	60	89	94	108	57	104
1866	130	106	02	93	89	94	72	92
1867	70	75	55	99	89	121	73	87
1868	63	73	88	83	79	183	135	85
1869	121	100	109	157	169	268	107	87
1870	60	80	85	115	114	178	113	139
Average	98	97	87	109	110	168	100	96
1871	85	70	59	83	90	106	105	136
1872	82	88	95	87	90	125	113	109
1873	100	100	100	100	100	100	100	100
1874	116	69	56	104	90	90	90	111
1875	74	71	61	93	90	107	79	96
Average	91	88	82	93	94	107	96	110
1876	70	64	54	80	77	101	69	108
1877	87	90	85	101	88	91	75	138
1878	138	116	121	141	136	145	105	148
1879	129	103	93	141	159	208	223	175
1880	88	81	78	108	107	150	198	183
Average	100	89	86	114	108	128	133	137
1881	64	76	69	99	97	121	131	117
1882	68	78	76	110	102	91	81	115
1883	85	77	75	100	100	97	86	119
1884	107	71	110	78	110	102	100	114
1885	92	68	71	85	76	102	55	118
Average	83	74	74	101	95	102	78	116
1886	82	74	69	98	91	109	72	120
1887	88	96	87	125	134	163	135	136
1888	108	100	100	132	135	179	132	136
1889	119	97	103	113	114	130	75	133
1890	116	110	108	125	138	141	78	122
Average	101	96	98	120	121	143	97	130
1891	110	118	113	148	141	150	103	127

No X.—Variations in the Price of the seven Food Grains mentioned in Tables Nos III—IX
(Price of 1873=100)

[Note.—In this Table the average has been taken of the prices at the stations mentioned in the foregoing Tables in regard to each Grain. This average may be taken to represent the general level of price of each grain in the tracts where it is most largely produced and consumed.]

Years	Rice	Wheat	Jawar	Bajra	Ragi	Gram	Barley
1861-65	108	103	122	120	149	88	80
1866-70	120	123	140	131	185	149	108
1871-74	102	95	100	102	96	93	95
1875-79	140	127	146	147	200	180	113
1881-85	115	96	96	99	103	93	90
1886-90	143	117	122	122	108	114	113
1891	149	135	128	137	136	129	131

No 16

The Government of India to the Secretary of State for India, Simla, 12th October 1892, No 279,

My Lord,

We have the honour to acknowledge the receipt of your Lordship's Despatch No. 16 (Financial) dated 25th August 1892, on the subject of the memorial of the Indian Currency Association.

A copy of the Despatch was supplied to the President of the Association and we now transmit, for your Lordship's consideration, copy of a further communication which Mr. Mackay has addressed to us.

We have, &c
 LANDSOWNER
 ROBERTS
 P. P. HUTCHINGS
 D. BARBOUR
 A. E. MILLER
 H. BRACKENBURY
 C. H. T. CROFTSWATER

Enclosures in No 16

No 1

From J. L. Mackay Esq. President Indian Currency Association to the Secretary to the Government of India, Finance and Commerce Department, 1st October 1892.

I HAVE the honour to acknowledge the receipt of your No. 2898 A. of 29th ultimo, enclosing a Despatch from the Secretary of State replying to my letter which accompanied copy of the petition of the Association addressed to the House of Commons which you were good enough to transmit to the Secretary of State for his information.

In the third paragraph of his Lordship's Despatch a regret is expressed that the Currency Association did not state its views generally on the possible effects on trade and prices of 'the measure it proposes.'

I would respectfully point out that the petition suggests two alternative courses, either bimetalism or a gold standard for India.

Bimetalism has already been so amply discussed in all its bearings that it was considered unnecessary to repeat the statements of fact and theory connected therewith as they must be familiar to his Lordship and his advisers.

As to the possible effect on trade and prices which would follow the introduction of a gold standard, I would venture to suggest that if his Lordship desires to secure further expert opinion on the subject, the same may be readily obtained at home and I would add that the various questions involved have already been largely discussed in the report of the Royal Commission of 1886. A section of that Commission expressed the opinion that the fall in prices in England was 'mainly due to circumstances independent of changes in the production or demand for the precious metals or the altered relation of silver to gold,' and as Her Majesty's Government have taken no steps to introduce bimetalism it may be concluded that they adopted this view. They can have no reason, therefore, to fear that the introduction of a gold standard into India will injuriously affect prices as the change from silver to gold would be made at approximately the market rate of the day and the additional demand for gold would be much less than the additional demand caused by the measures for the demonetisation of silver which began in 1873.

I would add that those who favour a gold standard hold that to retain as a standard of value a metal which in its relation to gold, is constantly fluctuating and perpetually depreciating is opposed to the principles on which the theory and practice of currency are based. Even if most of our commercial relations and all our financial obligations were not with England, which has a gold standard, no good arguments can be found for the retention of the silver standard unless it can be restored to the stable position which it formerly occupied. The retention of the silver standard in India, under existing circumstances is politically inexpedient and unjustifiable. There is no reason to believe that the change in the standard of value from silver to gold will injuriously affect trade or prices in India, any more than the change injuriously affected trade and prices in the countries of the Latin Union in Germany and in Java. On the contrary if the ordinary course of prices has not been violently inter-

fered with in those countries where the silver coinage is retained at a ratio to gold considerably higher than that proposed for India it seems clear that there is no greater reason for holding that Indian prices will not be affected. In India rupees will remain rupees, and the producer and consumer will regulate the prices asked and paid, as hitherto by supply and demand.

In a previous letter I had the honour to inform you that the petition of this Association had received 8,000 signatures and I have to state that it has now received 16,868 more than half being those of educated natives. I take this opportunity to send you for the information of Government and the Secretary of State, 30 copies of the proceedings of a general meeting of the Association held at Calcutta on 20th August last, at which the following resolution was unanimously carried—

That this meeting views with alarm the condition into which the currency of this country is drifting in relation to gold and the crisis which appears to be approaching, and it desires to place on record its opinion that the Government of India should take such steps as they may think expedient in the general interests of the country, to arrest further depression pending the result of the deliberations of the conference about to sit in Europe.

In view of the statement made by the Secretary of State that it is open to the Government of India to repeal or modify the currency system of this country without Parliamentary sanction, provided the previous sanction of Her Majesty's Government shall have been given to the proposed measure, I venture to hope that His Excellency the Viceroy in Council may without delay apply for the permission of Her Majesty's Government to introduce a measure which will have the effect of arresting further depression in the gold value of the currency of India pending the result of the deliberations of the Conference about to sit in Europe.

Since writing the foregoing paragraphs I have been informed that a Committee will be appointed in London to consider the expediency of modifying the Indian Currency Act. I trust this measure will not delay apply for the permission of Her Majesty's Government to introduce a measure which will have the effect of arresting further depression in the gold value of the currency of India pending the result of the deliberations of the Conference about to sit in Europe.

I am, Sir, your obedient servant,

No 2

INDIAN CURRENCY ASSOCIATION

Public Meeting in the Town Hall, Calcutta,
 26th August 1892

Mr. Mackay, in opening the proceedings, said—
 Gentlemen,—I have to present to you the first report of the Central Committee of the Indian Currency Association. Our object in putting forward this report now is to acquaint the members of the Association throughout the country with what has been done, what is being done and what it is intended to do to carry out their aims.

I am sorry that it has not been possible to publish the report earlier but you are aware that in a country like India it is difficult to get public meetings arranged and to collect signatures as quickly as at home, and so this I must ask you to attribute the delay.

I will not detain you by entering upon another lengthy discussion of the currency question. Almost all that it is possible to say on the subject has already been said and I think every argument against our views has been satisfactorily answered. But there are one or two proposals which have lately been put forward as likely to effect a better remedy than the one we propose, to which I will refer.

Burst up the Land Settlements

One gentleman told me the other day that Government's proper course now was to break up the Permanent Settlement in Bengal to gradually reduce the length of the settlements in other parts of the country and as silver falls in value to increase the land rents. Gentlemen, that such proposals should be seriously made in a country like India serves to demonstrate the severe nature of the disease from which we are suffering.

The same gentleman said, "Look how India will gain if the rupee falls to par. She has borrowed a hundred crores in silver and the cheaper silver becomes the easier to pay." But these gentlemen, when we consider that our revenue is raised in silver it is difficult to see where the advantage will accrue or how the people's impoverishment will be the country's gain and I deny the advantage of ruining the public creditor by depreciating the standard of value.

Another gentleman who would still cling to silver, says, "Altho pensions, or pay them as well as forlough allowances in rupees." In other words, gentlemen, go through the Insolvency Court, get a discharge and start afresh!

The "Standard" and the "Economist."

Gentlemen we have got so far that our proposals and our petition have been noticed at home. The "Standard" and the "Economist" have had articles upon us. As these papers are among the strongest supporters of the gold standard for England and other Western nations one would naturally expect that they would give their support in advocating a gold standard for India but they do not so. They deny to a great extent the existence of the alleged evils they pour cold water on the idea of a gold standard for India they expatiate on the merits and compensations of a depreciating standard and as I read through their articles I expected every moment to find them advocating a silver standard for England, and urging the English people to secure without delay the unmixed blessing of a pound sterling which is worth only ten shillings! But they do not take this plunge. Silver would ruin England but as for India that is a different thing!

Lombard Street.

Gentlemen, it is not difficult to see what is at the bottom of this inconsistency. Lombard Street fears for her gold. The gold reserve in England is extremely small if India adopts a gold standard there will undoubtedly be demands of some importance from time to time on that reserve, and Lombard Street fears the temporary rise of the rate of discount and the turbulence of the London money market that will follow. I blame no man and no class of men for advocating measures which they believe will advance their own interests but I think the advocacy should be open and above board.

If the gold standard is good for England France, Germany, Austria-Hungary and the United States, why must it bring ruin to India? I have as yet seen no answer to that question which would hold water for a moment because, gentlemen there is none. If the silver standard of value is the best let us all have silver, if gold is the best let us all have gold. If bimetalism is the best let us all be bimetalists. But don't let us follow the policy of Mr. Picing-both ways, and declare that the gold standard means prosperity in the West and ruin in the East. Gentlemen, I will not waste my words on your time in arguing with those who deny or seek to minimise the evils from which we suffer. They are obvious to all of us who are present here to-day and these evils are only a foretaste of what we must experience if the Confession comes to no agreement and the United States ceases to purchase silver. This is no time for compromise or for mincing our words and we must force the Government of India and the Home Government to act before it is too late.

The "Economist" accuses me of holding that the Government of India can fix the gold value of the rupee by a stroke of the pen. Gentlemen I hold no such opinion. What I do hold is that, if the free coinage of silver is stopped the gold value of the rupee will tend to rise, and I am not ashamed of that opinion. It is within my power to argue that, if the supply of an article is cut off or reduced the value of that article will tend to rise, and I have not come across any authority who teaches a different doctrine. The "Economist" dwells upon the evils of the painful process by which the rupee would be raised in value. Gentlemen we have had experience of the nature of that painful process and we have had experience of another painful process by which the rupee falls in value and it is because we are tired of these rises and falls that, having other relief we demand a gold standard. Nobody denies that there will be a disturbance when we pass from the silver to the gold

standard but we have had half a-dozen such disturbances already, and, if we do not secure either bimetalism or a gold standard, we shall go on experiencing these disturbances from time to time till the day of judgment. I should like the "Economist" to study the arguments that were used in the beginning of this century when England had a depreciated paper currency and when attempts were made to prevent England from going back to a sound metallic standard. Lombard Street came to the front on that occasion as she is doing now, and declared that the Bank of England notes had not depreciated, that it was gold that had appreciated, and she induced a Committee of the House of Commons to put its name to a report which will remain a monument of folly till the end of time! The "Economist" trots out the old and exploded fallacy that the rates of interest will rise if the rupee increases in gold value. Theory and experience are both opposed to this contention. Our opponents sometimes say that they learned their political economy long ago, and are not going back to school again. Gentlemen, there is such a thing as forgetting what you have learned at school, and when a man tells me that an increase of the value of the standard is accompanied by a rise in the rate of interest and discount I must ask him to go back, not necessarily to the bullion reports and to the writings of Ricardo but to some elementary treatise on political economy such as he will find in the hands of the school boys of the present day.

Native and European officials and non-officials, combined together.

The Association is neither Anglo Indian nor Native, it includes men of every class and of every creed who can frame an idea on the subject and who pay their share of taxation to the State and whose interests are affected by the conditions of the currency. For the first time perhaps in the history of the country we find Native and European the non official and the official united in demanding the reform of our currency system. Some hesitate to go so far as to propound a remedy some have doubts as to the remedies proposed but all alike are united in denouncing the existing system and in desiring the change which we desire, however that change may be effected.

"Standard's" Proposal to effect a remedy by reducing Home Charges.

The "Standard" tells us that the proposal for a reform of the currency is a nostrum and that the real thing is the reduction of the Home charges. No doubt it would be a good thing to reduce the Home charges, but how are they to be reduced? Let us look a little into these charges. They are estimated to amount to just under 16,000,000 this year. Of this sum I find that more than half (8,138,000) represents the interest on ordinary and railway debt.

Of course we could reduce that as Portugal has done, by repudiating, but you may be sure that Lombard Street would object! The next item in the charges is over 4½ millions (4,554,000) on account of the Army and 220,000 for special defence works, altogether over 4,800,000. If we felt inclined to reduce the Army charge, England would not allow it. Here we have in these items 13,900,000 out of the estimated 16,000,000. There remains then 2,000,000. Of this sum 2,000,000 represents leave allowances and pensions.

Natives instead of European Administration.

It is clear that these cannot be reduced except by a radical change in the personnel of the administration, namely the substitution of Native for European officials. If that is a thing desirable in itself let the change be effected by all means but at least twenty years must pass before any appreciable impression is made on that 2,000,000, and after twenty years we might possibly save half the two millions annually. Of the million remaining more than half is absorbed in salaries and expenses in England which it will be difficult to touch. We may often wish that we had no India Office, and could manage our own affairs, but while we have one it must be paid for and I don't think you are likely to get the Secretary of State himself or any of his establishment to accept 1s. 2d., or less instead of two shillings.

3rdly, in England.

Such articles as we have had in the "Economist" and "Standard" illustrate in a remarkable degree the

apparent sympathy with which our struggles and sufferings are regarded in England. We must fight this matter out for ourselves and we must insist on the Government of India taking action before it is too late.

Opposition to the Movement done good

Gentlemen, it has been a fortunate thing for our movement that it has not had any support because had such been the case the Currency question would have attracted less attention than it is doing to-day. I don't say we have had any really serious opposition, but we have had enough to keep us alive. We have seen a good deal written, and have heard a good deal said of the difficulties and dangers which will surround a gold standard for India. Gentlemen none of us deny that there may be trouble, and that it may take some time after the transfer from silver to gold is effected all things adjust themselves but, putting aside universal metallism or an agreement between India and America in regard to silver, neither of which is likely to come about, will those who condemn the proposed gold standard propound a better scheme? If so let them bring it forward as we have brought forward ours. They have given us a sample of their destructive criticism, let them now show us something of their constructive ability.

Gentlemen, I think you will agree with me that an honest desire to arrive at a solution of our difficulties has been manifested throughout the discussion to which our proposals have led. We could not expect that a proposal to change India's standard of value from silver to gold would be universally accepted without demur or without some expression of misgiving. To begin with there are without doubt a number of people who have done very well for themselves in this country, despite the fluctuating standard of value and there are others who more or less live by the fluctuations in silver. There are also a number of people engaged in enterprises which have probably extended to some extent by the depreciation of silver and who while admitting that a day of reckoning must come would be prepared to see it postponed a little longer. But while those of us who are engaged in jute and cotton manufacturing in tea planting and in like industries may see advantages in still being able to pay our labor in the depreciated white metal, we feel that there must be a limit to the gullibility of the coolie and that the impossibility of tilting his stomach with his wages must eventually lead to a readjustment. From a purely selfish standpoint, therefore, we think the time has come when the depreciation of our currency should be arrested, and as this is impossible while we retain a silver basis, we are determined, failing an international agreement to stabilize silver, to seek the standard of every other civilized country, namely gold.

Support of the Movement

Gentlemen the petition was signed by more non-officials than officials and by more Natives than Europeans. A large number of the Madras mercantile community signed the petition, fifty eight Members of the Legislative Council signed it besides four partners in other firms which are members of the Chamber as well as the representatives of three Companies which are members of the Chamber thus making a total of 65, out of 104 or as nearly as possible two thirds. The petition was also signed by members of the mercantile community in Calcutta who are not members of the Chamber of Commerce.

In Bangalore almost all the merchants signed but in Bombay very few. All over the country the tradespeople signed the petition. I must say I was hopeful that all the mercantile firms and Banks in Calcutta without exception would have supported you and I must admit I have been a little disappointed. Some of those who did not sign told us that they sympathized with the movement but desired for reasons which we are bound to respect to remain entirely neutral, while others had referred the matter to their home friends.

But there are also a few members of the mercantile community here, very important members too who strongly oppose your views, and who honestly think so badly of your proposals that they will lose no opportunity to discredit and thwart you. Your fight therefore is not over although your petition has gone home for even yet you may see attempts made to injure your movement, and you may even find people trying to induce you to withdraw from the Association. I need

scarcely ask you, however, to strenuously resist the wiles of the charmer and to show your determination to stand fast.

Gloomy Financial Outlook

Gentlemen, no good end would be served by drawing a portentous picture of a probable financial panic but, knowing what we do, I think you will agree with me when I say that it is the duty of the Government to institute inquiries for themselves with a view to ascertaining what is likely to result in business circles in the East from their allowing our currency to continue to depreciate. I think you will also agree with me when I say that the public will hold the Government responsible for the consequences of their apparent inaction.

Imperial Federation.

We have heard a good deal in recent years of Imperial Federation, of a cementing together of the different parts of the British Empire. We have even seen a magnificent monument erected in London the Imperial Institute, as evidence that England is the centre of the United British Empire. Gentlemen, if this federation is to be anything more than a hollow mockery, it is essential that the Empire should be bound together by a common standard of value.

The "Times"

Some time ago Bentor rather misled us by his telegrams as to the views of the 'Times' on this currency question. When the papers reached India we found it was not the 'Times' but a retired Indian official writing in the 'Times' who had advocated unpredictable remedies. Now, however, great Thunders himself has spoken, and spoken very much to the point. The 'Times' declares that as bimetalism will not suit England the only complete remedy for your currency troubles is the adoption of a gold standard. The Indian Press is unanimously with you and now that the 'Times' after having heard your case has had the courage and the fairness in the very nest of the gold bugs to pronounce for your proposals, you may reasonably expect to see them carried through. I now beg to propose the following resolution: "That the report of the Central Committee, dated 26th August 1902 be adopted, and that the Committee be authorized to give effect to their proposals.

His Highness the Maharaja of Betsiah had much pleasure in seconding the resolution which was put to the vote and carried unanimously.

Mr J. A. Anderson, in proposing the next resolution said—

Mr Mackay has called your attention to the fact that certain of our oldest and most respected mercantile firms are standing aloof from the currency movement, indeed some few are in active opposition affirming that the industries with which they are connected were never more flourishing and that the lower exchange goes the better they like it. Well then, gentlemen if nothing is done and we are allowed to drift, after America has ceased her purchases of silver, we will have to face a deficit on the Home charges which may amount to 25 crores and it is only reasonable that those who profit by the deprecuated rupee should step into the breach and relieve us of this incubus. If tea and jute mills and cotton mills are flourishing on what is a general misfortune to the rest of the community then let them bear their share of the burden. Why does not the pamphlet writer on the currency question who advocates allowing things to take their course come forward to assist Government in assessing the various industries that profit by the depreciation of our currency? This would be a sensible course but to advocate a policy that must bring about a huge deficit, without showing how that deficit is to be met would be no, even commend itself to a financier of the Micawber type.

If, gentlemen the machinations of those who oppose us, added to the obstructive influence of Lombard Street shall to us cause amplus all our efforts, we must make a resolute stand as regards how the Government taxation is to be met, and stoutly resist any attempt to fix it on to the poor in the shape of increased salt tax or renewal of the duties on Manchester goods. We must see that the saddle is put on the right horse. If necessary gentlemen, we will hold another public meeting and it will not be to petition anybody, but to insist that our Government shall place the increased taxation on the proper shoulders. That meet-

ing will not be in the Town Hall, because the Town Hall won't hold the masses that will crowd to it. We shall then have not only the educated Natives with us as now, but also the entire Native population at our backs. Though the latter have been unable to follow the jumble that has been placed before them in the shape of discussions about the exchange question they are quite apt to understand when increased taxation is the subject matter.

The Indian Currency Association has so far brought forward the only scheme by which the Government can be carried on with 'honest money' and until our opponents draw up a budget showing how the deficit is to be met when America ceases to buy silver, their ideas are not worthy of consideration.

We are now paying the penalty of our callous neglect of our poorer brethren. We have seen rice steadily rise as the rupee fell in value till it is now in a good season quite 100 per cent. over what was its ordinary price 20 years ago. In the cheaper classes of food used by the very poorest classes we have seen rates go up from 8 annas to 10 annas per maund to Rs 3 and all this without any equivalent increase in wages. Tea, gardens and mills may think they have grown fat upon it and their proprietors may have chuckled over the reduction in wages which the depressed rupee gave them without a strike, indeed without the unfortunate sufferers knowing the cause but the deficit has grown too big to be paid for by the poor, so at length our Government lately admits that it has now awakened to the necessity of doing something.

The fight in which we have engaged has had for its object the giving to this country a currency basis the same as is enjoyed by other civilised nations. We advocated a measure that we could neither give to nor receive back from the rest of the world. We demanded 'honest money' and 'honest money' we shall get, in spite of all opposition. In furtherance of this I have had much pleasure in proposing the second resolution.

That this Meeting views with alarm the condition into which the currency of this country is drifting in relation to gold and the crisis which appears to be approaching and it desires to place on record its opinion that the Government of India shall take steps as they may think expedient in the general interests of the country to arrest further depreciation pending the result of the deliberations of the Conference about to sit in Europe.

Baboo Jodoo Lall Mukherjee had much pleasure in seconding this resolution. He had heard with great concern what fell from the lips of the President and did not think it would be well for either the Europeans or the Natives of this country to stand quiet when there was such imminent danger staring them in the face. He would just say a few words from a native standpoint (Hear hear) As to the other side, they were well represented by those who were members of the Currency Association. As far as he could see the real ground of opposition among the Europeans was this: There was a great question of self interest underlying the whole thing. It had been said that the Natives of this country were supremely indifferent about this question, but the speaker emphatically denied this. The thinking part of the Native community had for some time given the matter their serious consideration. These saw clearly and were well aware that there was a large deficit which had to be met, the bulk of it would be met by the people of this country. There was a very large proportion of his fellow countrymen who were dumb and senseless, but would they continue so when they came to pay more to meet this deficit? The Europeans who came to this country first of all to reside in any of the attempts on the part of the Government to tax them dis-proportionately. It was true that they tolerated the present Income Tax but this was because the question of the frontier duties had reconciled them to it. Of course the Government of India as far as he could understand were very anxious to come to some correct solution of the problem but there was some difficulty in their way. The Government of this country were unable to get sympathy from the Government at home, and for obvious reasons. That being the case the Natives of this country should, in the speaker's humble opinion in every possible way support this Association in order to arrive at a speedy adjustment of the currency question. (Applause) He thought it was incumbent upon the educated and the Native community to be members of this Association and to force

the Government, both here and in England, to come to an early adjustment of this vexed question.

A Welcome to Orishans

M. W. J. M. McCaw said —

Gentlemen, the resolution which falls to my lot to propose is a very pleasing one, it is 'that a vote of thanks be given to the Hon. Mr. Mackay for presiding on this occasion. I feel assured that this will commend itself at once to the approbation of the meeting without any words of mine of a laudatory nature but my personal feelings will not permit me to put the resolution forward without an expression of the deep sense of gratitude which I think, we all owe to our friend Mr. Mackay for the unweary application the exhaustive research and the valuable gift of his by no means free time which he has conferred during the past two or three months for the furtherance of the objects to which we all have so much at heart. I am only stating what is very generally recognised when I say that it is probable that this currency question which has for so long past slumbered in its quiescent stage of academic discussion, would in all likelihood have continued to do so had it not been taken in hand by an active minded and energetic man as Mr. Mackay, and should the outcome of the present agitation be the stirring up of the Home Government and the Government of India to an attentive and reasonable consideration of the disabilities under which the country is labouring our thanks will be due in the main to our worthy President for having brought this about.

I need only point gentlemen to his speech at the inauguration meeting of this Association at Simla to his still more detailed and elaborate discussion of all the varied elements in this very complex problem in his address delivered in this hall only a few weeks ago and to the multiplicity of correspondence which has appeared above his signature in the columns of the daily press ever since that meeting was held to bring it once prominently before you, the laborious task which he has undertaken, and the unflinching manner in which he has carried it to its present satisfactory stage.

It was with feelings of regret which I am sure you will all share that I was made aware a day or two ago that excessive work had told upon his physical strength and that he is obliged to take a short period of rest from his arduous duties. I can only express a sincere hope that he will be able to return to his work with his lungs well suited to aid us with his counsel and advice and to again take the lead in this movement which only requires proper direction and watchful care to make it appeal to the whole of the educated population of India, in such a forcible manner as to make the demand for an alteration in the currency laws of this country so irresistible that no Government can withstand it. Since our last meeting here our Association and its object have been subjected to some very severe criticism in the columns of the leading London Journals.

Now I welcome this criticism most warmly. Some of the opponents of this Association (though why the majority of them style themselves opponents I have never yet, from their talk or writings, been able to discover) express themselves publicly over the recent article in the London 'Economist'. I must say that I myself was rather pleased than otherwise after having read that article for it was to be expected that the 'Economist' would take up a strong antagonistic position with regard to the proposed settlement of his question, and if the arguments put forward by that paper are the most powerful that can be used, I think there is a great hope for us yet.

The main object of this Association is to call attention first of all to the grave nature of the present condition of affairs and secondly, to try to devise some means by which the situation will be improved and which will prevent a recurrence of the evils which we have all so much cause to dread. This can only be done by the fullest and freest discussion and ventilation and it is for this reason that I welcome the interest which is being taken by the well recognised and widely read organs of public opinion at home on this subject. I have confidence in the strength of our case and the more clearly it is understood the more certain will we be of getting justice done. What the exact nature of the best remedy for the present disease may be is quite a matter for open discussion. We grant this freely in our memorandum. Furthermore, that some remedy is required admits of no doubt and the

remedy which we have put forward has yet to be proved to be unworkable and has yet to be supplanted by a better one. I have great pleasure, gentlemen in proposing a vote of thanks to Mr Mackay (Cheers). Mr David Lyall C S I said he had much pleasure in seconding the vote of thanks which had been proposed by Mr MacDow. In fact it was a vote of thanks to Mr Mackay for pressing that evening, but in reality Mr Lyall thought that all agreed it was a vote of thanks for all the trouble Mr Mackay had taken and for all he had done for this Association, from the beginning to the end (Cheers). He thought they were all bound to show their sense of gratitude for favours to come and for what they all hoped he would do in the future for them.

Mr Mackay said —

Gentlemen I am very much obliged to you for your vote of thanks. In acknowledging it I would just like to say that, if any of those persons who think that our petition was too strongly worded, and who refused in consequence to sign it will draw up a milder document to suit their views so long as it urges upon the powers that be the necessity for the adoption of a stable standard for our currency. I shall be happy to place my services at their disposal and will undertake to help them. I think I can safely offer them the benefit of our widespread organization and I think I may also promise that they will receive not only your support but the support of the Indian Currency Association throughout the length and breadth of India.

In acknowledging the vote of thanks which you have been good enough to accord to me I, on my part would take this opportunity to thank the Members of the Central Committee in Calcutta and the chairman and members of all the branch Committees for the great amount of trouble they have taken to ensure the success of this movement. My thanks are also due to all the eleven thousand members of the Association. Every one has worked with a will in the common cause and no one has grudged either time or trouble. When we secure a stable standard of value for India we shall have our reward.

This closed the proceedings.

Report of the Central Committee dated Calcutta, 25th August 1892

Central Committee

Honourable Sir Comer Petheram, Kt., Q C
Honourable Sir Griffiths Evans, K C I E
Honourable J T Woodroffe Barrister at Law
Mr J A Anderson of Messrs Anderson Wright & Co
Mr W J M Mackay, of Messrs Keithwall Ban & Co
Honourable Mr Wallis of Messrs Mantou & Co
Mr D J Zeman of Lewis Stewart & Co
Mr A C Marshall, Agent, Chartered Bank of India, Australia and China
Mr J H Anjoun, M A Vice Chairman, Port Com missioners
Maharaja Sir Jotendra Mohan Tagore, Bahadour, K C S I
Maharaja Sir Narendra Kishna Bahadour, K C I E
Honourable J Lambart G I E Commissioner of Police
Mr A G Apar of Messrs Apar & Co
Mr J C Orr Solicitor
Mr W K Eddis Solicitor
Mr S Finney Manager, Eastern Bengal State Railway
Mr C Dease of Messrs Burn & Co
Honourable Syed Ameer Hossain, C I E
Mr T W Anderson of Messrs Macknight Anderson, & Co
Honourable Kelly Nath Mitter, Solicitor
Baboo Jodoo Lal Mullick
Baboo Romanes Ghose
Nawab Abdul Lutef Khan Bahadour, C I E
Prince Mohammed Bakhtyar Shah
Dr Tanjaya Nath Mitter, Pleader, High Court
Mr G Irving of Messrs T & Thompson & Co
Mr J G Ritchie Chairman Corporation of Calcutta.
Prince Jehan Kador Mirza
Mr S P V Luke, C I E, Director of Construction, Telegraph Department.
Mr S Keith Douglas of Messrs. Calleses Nephews, & Co
Mr W T Spink of Messrs Thecker, Spink & Co
Mr J G Wozneck of Messrs Harman & Co
Honourable Dr Mahendra Lal Sircar, C I E
Kumar Boudya Krishna Bahadour
Baboo Shevbox Bugla Merchant
Mr Rogmald Murray, Agent Chartered Mercantile Bank of India, London and China
Mr B D Moha of Messrs D B Moha & Co
Baboo Setanath Roy Solicitor

His Highness the Maharajah of Bethal, K C I E
Honourable Prince Furrook Shah
Rajah Sir Sourindra Mohan Tagore, Bahadour, K C I E
Nawab Mir Mahommed Ali
Mr C H Tawney, C I E Director of Public Instruction
Mr J S Slater B A, C E Principal Civil Engineering College Seebore
Mr O Schmidt of Messrs Ernsthausen & Co
Mr Geo Lyell, of Messrs Mansell & Co
Mr J B Ferry of Messrs Ullman, Hirschhorn & Co
Mr P Mathewson Superintendent of P & O Steam Navigation Company
Mr H M Ross of Messrs Ernsthausen & Co
Mr K Kaler of Messrs F W Hoiglers & Co

Branches of the Association have now been formed at the following places —

Agra	Julpagore
Aligarh	Kurrachee
Allahabad	Kasuli
Amritsar	Kohat
Amrook	Kolar (Mysore)
Amroon	Lahore
Bangalore	Lucknow
Bankipore	Madras
Bara	Manildia
Barilly	Masrut
Benares	Mirzapore
Bombay	Montmein
Calcut	Moulvie Bazar
Cawnpore	Mountforpore
Chittagong	Muree
Cochin	Mussorie
Dacca	Naini Tal
Dalhousie	Nagpore
Darysheg	Negapatam
Delha Dun	Nongong
Dharwar	Ootacamund
Dibrugach	Poga
Dinapore	Peshawar
Dum Dum	Poona
Dungagali	Rajshumdry
Ghazipur	Bangoon
Gonda (Oudh)	Rawal Pindi
Gorakhpore	Secunderabad.
Gurdaspore	Shillong
Gya.	Sibsegar
Hoshungabad	Smila
Hoshiarpore	Tellcherry
Hydrabad	Trichinopoly
Jhansi	Tyranacore
Jubbulpore	

Numerous public meetings have been held throughout the country and the petition to the House of Commons praying that the Government of India may be empowered to take such measures as may seem to it fit to adopt, instead of silver as the standard for the currency of this country has been signed by upwards of 11,778 persons of whom 5,289 are Europeans and 6,489 are natives. The signatures embrace all sections of the community, all races all creeds the following being a rough analysis of the signatures —

Native princes noblemen and gentlemen	
Government servants	2,523
Zemindars	156
Planters	216
Merchants	861
Bankers	408
Brokers	740
Tradesmen	1,268
Solicitors	33
Pleaders	127
Yakils	96
Barbers	99
Bank agents	92
Medical men	218
Engineers	119
Railway managers	19
Railway employees	441
Officers of the army	583
Manufacturers	32
Employees of manufacturers	202
Shipowners	6
Employees of shipowners	208
Employees of merchants	338
Employees of tradesmen	192
Others	3,129
Total	11,778

The Committee have already forwarded the petition along with a large number of signatures to England, so that it may be ready for presentation to Parliament as soon as the House of Commons re-assembles. Additional signatures received after despatch of the petition will be sent forward separately.

The Committee also propose to send a copy of the petition with a copy of this report and a copy of the proceedings of the General Meeting to be held on 25th August 1892 to each member of both Houses of Parliament and to the Chambers of Commerce in Britain.

They also propose to send thirty copies of the petition to the Government of India with a respectful request that a number of copies may be sent to the Secretary of State for India, together with a number of copies of this report and copies of the report of the proceedings of the General Meeting to be held on 25th August 1892.

The Committee also propose to supply to the various branches of the Association as many copies as may be required of the following papers —

Copies of this report

Copies of the proceedings of the General Meeting of the Association to be held on 24th August 1892

The work of the Association in Calcutta will now be carried on by a small Sub Committee of the General Central Committee and Mr H. M. Ross of Messrs Earnshaw & Co No 7 London Street has kindly consented to become Honorary Secretary and to limit all communications should in future be addressed

JAS L MACKAY
President

No 17

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA Simla, 12th October 1892 No 284

MY LORD,

In continuation of our Despatch No 261 (Confidential) dated the 28th September, 1892 we have the honour to forward copy of a letter from the Chief Commissioner Burma No 509/M. 27 dated the 24th September 1892 representing the hardship caused to officers in Burma by the fall in the exchange value of the rupee and suggesting the introduction of regulations permitting European officers to remit a certain fixed portion of their pay to Europe at par, and to draw their furlough allowances at a fixed rate of exchange considerably above the present market rate

We have &c
LANSDOWNE
ROBERTS
P F HUTCHINS
D BARBOUR
A E MILLER
H BLACKBURN
C H T CROSSFURTH

Enclosure in No 17

From C S BAYNE Esq, Secretary to the Chief Commissioner Burma, to the Secretary to the Government of India Finance and Commerce Department No 509/M, M. 27, dated 24th September 1892

I AM directed to address the Government of India on the subject of the memorials which are now being submitted by Government officers in Burma praying for some alleviation of the hardships suffered by them in consequence of the fall in exchange

It is unnecessary for the Chief Commissioner to enlarge on the hardships which Government servants in Burma as elsewhere suffer in consequence of the fall in exchange. These hardships are peculiarly severe in Burma, because, as is well known, the cost of living is much higher for Europeans in this province than in India. This fact has been recognised in the case of Public Works Forest, and Survey officers by the grant of local allowances but in the case of officers of the Commission Police and other local services no local allowances are granted, except to officers serving in a few especially expensive localities

3 The Officiating Chief Commissioner thinks it necessary to represent to the Government of India that the great diminution in their incomes which Government officers now suffer must tend to have a prejudicial effect on the efficiency of men already in Government employ and may in all probability lead to the recruit ment hereafter of a stamp of men inferior in general efficiency to those now filling public offices in Burma. Efficient service is not likely to be rendered by men who are discontented with their position and who are involved in debt, or are struggling to keep clear of debt. There is also a danger that future recruits for Government service will not be men of the same stamp as the present officers most of whom entered Government service before there was any reason to suppose that the value of the rupee would fall to its present level. In view of the peculiar conditions of Burma it is perhaps even more necessary that a high level of efficiency should be maintained in the European services than it is in other provinces. The greatest part of the country was added to British India less than seven years ago, and the province has passed through a stage of disorder and disaffection which it has taxed the energies of the administration severely to suppress, constant watchfulness is necessary to prevent a recurrence of this state of things and consequently for many years to come Europeans must form the backbone of the administration and it is of vital importance that a high standard of probity and efficiency should be maintained among them. It appears to Mr Fryer to be doubtful whether the desired standard will be maintained unless the position of officers is improved. Salaries were fixed for the most part at a time when the rupee was worth almost two shillings and were certainly not fixed at too high a rate when account is taken of the unhealthiness of and the expense of living in, Burma. The sterling value of the rupee having fallen nearly 50 per cent, salaries which when fixed were no more than sufficient are quite insufficient for Europeans of the class who have hitherto entered the Commission, Police, Forest Department and other local services. It follows that it will be difficult to secure men of this class in future unless salaries are raised or unless some other remedy is applied. The hardships occasioned by the fall of the exchange have hitherto been in some degree mitigated by the exceptionally rapid promotion enjoyed by all the principal departments of the public service except the Public Works Department. The rate of promotion is, however, not so rapid as it was and promotion will tend to become slower every year, as the senior officers of the different services are, many of them, comparatively young men.

4 In conclusion, I am to say that in the Officiating Chief Commissioner's opinion the most suitable remedy for the present state of affairs is the introduction of regulations permitting officers of European services to remit a certain fixed portion of their pay to Europe at par, and allowing them to draw their furlough allowances at a fixed rate of exchange considerably above the present market rate

No 18

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA Simla, 12th October 1892 No 286

MY LORD,

We have the honour, in continuation of the papers already transmitted to your Lordship on the subject of the Indian Currency, to forward herewith copy of a memorial from the Debiting and Lera Tees Planters Association, praying that no change may be made in the existing currency system until an international agreement can be entered into by all the countries which have a silver standard

2 We also enclose copy of a letter which has been sent to the Association dealing with the main argument on which the memorial is based

We have &c
LANSDOWNE
ROBERTS
P F HUTCHINS
D BARBOUR
A E MILLER
H BLACKBURN
C H T CROSSFURTH

Enclosures in No 18

No 1

MEMORIAL of the Darjeeling and Terai Planters' Association to the Viceroy upon the Currency Question

SHOWING

That your memorialists are an Association representative not only of the European and Indian capital which for the last thirty years has been so largely invested in the development of the staple industry viz. the tea industry carried on in the hill districts of Darjeeling and Kurseong and in the district of the Terai, but also of the important resident community of skilled Europeans who for a like period have been similarly engaged. In that capital and to the efforts of that community is almost entirely attributable the degree of prosperity at present enjoyed by the districts named. Your memorialists have read with concern the petition of the Indian Currency Association addressed to the Honourable the House of Commons, praying that the Government of India may be fully empowered to take such immediate measures as to it may seem fit for the purpose of remedying the evils attending on the present condition of the Indian currency system, for instance, by the prohibition of the free coinage of silver and by the adoption of gold as the monetary standard of value.

Your memorialists submit that if they pray be granted and noted upon there is every probability that the Indian tea industry will collapse. In clause (20) of the petition above referred to it is stated that, under the present conditions of the currency system, the exporter is not enabled to exchange his goods as followed by an equivalent fall in the gold price of the commodities he exports. Your memorialists submit that this statement, besides being an insufficient representation of the facts is one which is extremely difficult if not impossible to verify. On the other hand it is a fact well within the experience of your memorialists that the fall in gold prices at home which has been going on steadily for the last twenty years, is attributable to over production of tea. That it has nothing to do with the fluctuations of exchange is obvious from the fact that within recent years whenever the gold value of the silver rupee has risen in England that rise has not been followed by an equivalent rise in gold price. In clause (23) of the same petition it is stated that the investment of "English capital in the development of the material resources of the Empire is discouraged, for both as regards the remittance of interest and the final transfer of invested profits and economies, the continuance fall in exchange imparts to the investment of capital in this country a speculative character and a risk which the capitalist is unwilling to face. Your memorialists submit that apart from the fact that many of the capitalists engaged in the development of the Indian tea industry are resident in India, thus eliminating to a great extent the question of remitting interest home and also apart from the fact that the idea of finality is a very indeterminate one to attach to the operation of the English capitalists, who are continuous operations, and therefore postulate the return to India, under advantageous conditions of exchange and in the shape of further capital of the interest previously remitted home it is within the experience of your memorialists that whatever difficulties they meet with in procuring financial assistance from capitalists resident in England are also, like the fall in gold prices at home, attributable to over production of tea and not to any deterring effects produced upon English capitalists by the fluctuations in exchange.

Those countries which still retain silver as their monetary standard of value have hitherto entered into no international agreement under which they shall all continue (1) to check the present continuance fall in the value of silver or (2) to impart a character of stability to any rate of exchange upon which they may fix for the rupee or dollar or (3) to adopt gold as the common monetary standard of value. China is a country which has a silver standard, and the rise and fall of the price of her silver *tael* is regulated by the same conditions that govern the fluctuations in the price of India's silver rupee. She is also a tea producing country and thus enters into competition with the European who are engaged in developing the tea industry of this country. In days gone by China exported as much as 170,000,000 of pounds of tea to the London market. Since then, however, the superior quality of the tea exported to the

same market from India has precluded China from exporting more than 50,000,000 lbs. and thus the ascendancy in this respect once belonging to China has been transferred to and now rests with India. Your memorialists submit that any interference such as that prayed for in the petition of the Indian Currency Association with the natural course of exchange between India and the country where both she and China find a market for their tea would inevitably cause the price of the India rupee either to be stationary or to rise gradually or suddenly whilst at the same time the price of the Chinese *tael* would be falling, and your memorialists are therefore apprehensive not only lest China should in consequence of that interference, regain the ascendancy which has been wrested from her, but even lest the tea industry of India should be entirely and irretrievably ruined.

Your memorialists therefore pray that until such time as an international agreement is entered into by all countries having a silver standard the Government of India even if empowered by Her Majesty's Government in the way prayed for in the petition of the Indian Currency Association will stay its hand, and not interfere with the present condition of the currency system, for under it those engaged in the Indian tea industry enjoy a considerable degree of prosperity and this to the best of their ability they endeavour to share with all with whom they are connected thus making the surrounding regions where they are a blessing for the natives with busy factories and an enormous population of industrious contented coolies a prospect which will immediately vanish should the prayer of the petition above alluded to be granted, and your memorialists pray that the Government act upon the powers conferred on it.

No 2

The SECRETARY TO THE GOVERNMENT OF INDIA to R J HARRISON, Esq. Honorary Secretary Darjeeling Planters' Association, Simla, 13th October, 1892

SIR, I am directed by the Governor General in Council to acknowledge receipt of your letter No 278, dated 24th September 1892 forwarding a memorial to His Excellency the Viceroy in Council from the Darjeeling Planters' Association, on the subject of the Indian currency question.

The Government of India understand that the memorialists object, in the interests of the Indian tea industry, to any change in the Indian standard of value whereby the rupee would be given a fixed value in relation to gold while at the same time the silver standard of China might continue to depreciate relatively to gold and to the Indian rupee under the new condition of things.

The prosperity of the tea industry of India is necessarily a matter of concern to the Government of India and the arguments contained in the memorial have been carefully considered. The Governor-General in Council will not offer any opinion at the present time on the expediency of attempting to introduce a gold standard into India the question has often been discussed, and the arguments *pro* and *con* are doubtless familiar to the memorialists. There is one matter contained in the memorial however, which appears to the Government of India to require careful examination.

The memorialists apprehend that, if the value of the rupee were fixed with reference to gold while the gold value of the Chinese *tael* continued to fall, China would obtain such an advantage over India in the production of tea that she would regain the ascendancy which she has lost, and that the tea industry of India might be entirely and irretrievably injured. In other words, the memorialists contend that if two countries compete in the production of the same article the country of which the standard of value is depreciating relatively to the standard of the other country must prove successful in the competition.

It is in this proposition which, in the opinion of the Government of India requires examination.

It is unnecessary to remind the memorialists that international trade is regulated by an equilibrium upon the comparative cost of production of commodities. India, for example, grows tea and exports it to England in exchange for (say) cotton goods, because it is found that, by devoting a certain amount of

labour and capital to the production of tea and exchanging that tea for cotton goods, a larger quantity of cotton goods is obtained than could be secured by devoting the same amount of labour and capital to the direct production of cotton goods in India.

It is obvious that the real cost, or amount of labour and capital required to produce tea piece goods and all other commodities must remain precisely the same whatever the standard of value may be and a change of standard cannot, possibly, therefore, have any effect on the fundamental conditions which regulate international trade. Accordingly if a change in the value of the monetary standard injuriously or beneficially affects the production of any commodity, it must do so by impeding or facilitating (as the case may be) the operations of production and trade, rather than by modifying the essential conditions on which production and trade depend. Is it then the case that the depreciation of the standard of value necessarily stimulates the production of articles of export? If so, is such stimulus permanent, and is it attended with any drawback?

4. A mere alteration in the relative value of gold and silver leading to an alteration in the exchange between two countries, confers no advantage on one country over the other either as regards the exchange of commodities for commodities. For example if a certain number of pounds of tea sell for Rs 100 and a certain number of yards of calico sell for 100 and if Rs 100 are worth 100 India will receive Rs 100 for her tea and pay 100 or Rs 100 for her piece goods. Assuming that the relative value of gold and silver alters so that it takes Rs 120 to equal 100 in value India will other conditions remaining the same receive Rs 20 more for her tea than she did before, but she will have to pay Rs 20 more for her piece goods, and consequently the country as a whole in that exchange of commodities for commodities which constitutes international trade neither gains nor loses by a fall in the gold value of silver.

Since the country as a whole neither gains nor loses in the international trade by the fall in the value of silver it follows that if the tea industry gains by the fall such gain must be made at the expense of other members of the community in other words for every additional rupee which the producer of tea receives, owing to the fall in exchange on account of tea exported some other person in India has to pay a rupee more as the price of articles imported.

5. It may now be considered what is the nature of the gain made, at the expense of other members of the community by the producer of goods for export when silver falls relatively to gold whether this gain is permanent or not, and whether it is attended with corresponding drawbacks. The gain (if any) made by the producers of tea, when silver falls relatively to gold arises solely from the fact that the alteration in the value of silver affects the exchange with England and the wholesale price of tea before it acts on other prices and on wages. If all the expenses of the tea producer rise simultaneously with and to the same extent as, the rise in the wholesale price of his tea, due to a depreciation of the standard he could derive no benefit from depreciation. It is the fact that all prices and wages do not rise simultaneously to the full extent that enables him to make a slight and temporary profit at the expense of persons whom he employs and of all other persons to whom he has to make fixed money payments.

This profit is usually only temporary since with the depreciation of the standard all wages and prices tend to rise and when the rise is complete the profit disappears. If the profit should happen to be considerable, and should last for some time, it supplies an unnatural and temporary stimulus to the trade which leads to over production and consequent reaction.

Moreover large and sudden falls in the value of the standard necessarily imply the possibility of large and sudden rises and fluctuations in the price of a commodity due to alterations in the value of the standard cannot fail to have an injurious effect on the trade as a whole.

6. The Government of India feel sure that the memorials will admit that international trade must be considered as a whole that trade and production are extended and improved by everything that adds to the welfare of the country at large and that depreciation and temporary gain made by one section of the community at the expense of another can only prove injurious in the long run.

U 7689a,

In this view of the case it cannot be doubted that the possession of the same standard of value by two countries must, other things being equal increase not only the total trade between the two countries, but the trade in each particular article while the existence of two standards fluctuating in relative value constitutes a grave impediment to business and not only reduces the aggregate of business but injuriously affects every industry which contributes to make up that aggregate. It appears, therefore, to the Government of India that if India possessed the same standard of value as England always assuming that that standard of value was in itself a good one, trade between the two countries would be stimulated instead of checked, and every industry in both countries contributing to that trade would be benefited instead of injured.

7. To sum up, the Government of India are of opinion—

- (1) That a country, as a whole, makes no gain in its international trade by a depreciation of its standard since the extra price received for its exports is balanced by the extra price paid for its imports.
- (2) That the producer of an article of export may make a temporary and unfair gain from depreciation of the standard at the expense of his employees and of other persons to whom he makes fixed payments.
- (3) But that this gain, while not permanent is counterbalanced by a tendency to overproduction and consequent reaction and depression, by a liability to sudden falls in price as well as to rises and by the check to the general increase of international trade which necessarily results from the want of a common standard of value between countries which have intimate commercial and financial relations.

If the Government of India are right in the views they have just expressed, and they entertain no doubt as to their correctness it will follow that the adoption of the same standard of value by England and India always assuming that standard to be in itself a good standard would facilitate international trade stimulate production in both countries and place China at a disadvantage as compared with India in the production of tea as well as of all other commodities, for sale in the English market.

8. In conclusion, I am to say that a copy of the memorial will be forwarded for the information of Her Majesty's Secretary of State for India.

I have, &c

J F FINLAY

Secretary to the Government of India

No 19

TELEGRAM from the SECRETARY OF STATE to the VICEROY, 21st October 1892

Currency Committee thus composed—Lord Chancellor President, Right Honourable Leonard Courtney, Sir Thomas Farrer Sir Reginald Welby, Secretary of the Treasury, Mr Godley Under Secretary of State for India, Lieutenant-General Strachey, Mr Currie, Member of Council of India.

No 20

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA Shuja 26th October 1892, No 283

My Lord

We have the honour in continuation of the papers already transmitted to your Lordship relative to the hardship caused to our officers by the fall in the gold value of the rupee to forward herewith copy of a letter from the Directors of the Bengal Unconventured Service Family Pension Fund No 314 dated 24th September 1892 in which they request special assistance from the Government of India to enable them to pay the incumbents of the Fund resident in Europe, at a rate of exchange higher than the present market rate.

We also enclose copy of the reply which we have sent to her letter. Though in the present case we have decided that no claim for assistance from the Revenue

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of India can be admitted, the papers forwarded illustrate the difficulties that arise from the difference of standard between India and England.

We have &c

LAMESDOWNE
ROBERTS
P. P. HUGHES
A. H. HARRISON
A. B. MILLER
H. BRACKENBURY
C. H. T. CROSTHWAITE

Enclosures in No. 20

No 1

From W. H. RYLAND, Esq. Secretary Unconventanated Service Family Pension Fund to the SECRETARY TO THE GOVERNMENT OF INDIA, Finance and Commerce Department No 2914, dated 24th September, 1892

The Directors of the Unconventanated Service Family Pension Fund desire to submit for the consideration of His Excellency the Governor General in Council the following representation regarding the great loss occasioned by the heavy and continuous depreciation in the value of the rupee, both to the fund itself and more especially to those incumbents of the fund resident in Europe, being widows and children of former subscribers, who receive their pensions in rupees converted at the current rate of exchange at which the remittances are effected.

2 The loss that falls on the fund is that incurred in the remittances to England of the annuities required for the payment, at the two shilling rate, of the pensions that fell due before the 1st May 1880 on risks accepted before 1st July 1878. As Government is aware the rules of the fund formerly provided for the payment of pensions in London at the fixed rate of two shillings to the rupee, but this was altered in 1876 when it was laid down that this rate should apply only in the case of risks accepted before 1st July 1876 the annuities falling due on all subsequent risks being paid at the official rate of exchange for the year. Subsequently in 1880 a further alteration was made in consequence of the constantly increasing charges for loss by exchange in remittances to London and it was decided by the votes of a majority of the subscribers that the payment of pensions at the fixed rate of two shillings should be restricted to those which fell due before the 1st May 1880 on risks accepted before the 1st July 1876 all pensions falling due after 1st May 1880 being payable at the market rate of exchange.

3 The charges for loss in exchange that have had to be borne by the fund

	Rs
1880-90	70,728
1891-92	24,000
1892-93	6,200

although limited in this way have been very heavy as will be seen from the marginally noted figures showing the amounts for the last three years. The total charge that has fallen on the fund on this account up to 30th April 1892 aggregates Rs 870,110 and with the further recent fall in exchange there is every reason to fear that the loss in the current year will be considerably larger than in any previous year. The matter however to which the Directors more particularly desire to now draw attention is the very great hardship and suffering caused to those of the incumbents resident in Europe who having come on the fund after 1st May 1880, receive payment of their pensions at the market rate of exchange by the continuous reduction in the sterling amounts of their pensions which has resulted from the decline in the value of the rupee.

4 There is no doubt that the hardships due to this cause are very real and severe and the Directors have received several piteous appeals and representations on the subject from the incumbents resident in Europe bringing to notice the loss and suffering caused to them by the continuous decrease in the sterling value of their small pensions and praying for the grant of some relief by the payment being made at a reasonable fixed rate of exchange. The Directors quite recognize the great hardship involved, and have the fullest sympathy with the widows and orphans whose slender incomes are being reduced in this way but they see the impossibility of the fund undertaking any further liability for loss by exchange in addition to the heavy charges already falling on it in connection with the pensions

that are payable at the two shilling rate. The Directors have therefore been compelled to inform the incumbents, in reply to their appeals, that no relief can be granted to them at the expense of the fund, and that the loss they suffer can only be alleviated by measures being taken to place the Indian currency on a more stable basis which is of course a matter that depends on the action of Government. The Directors accordingly think it right to bring prominently to the attention of the Government the unfortunate position of the incumbents of the fund who are resident in England and other gold currency countries, as an illustration of the very great hardship caused by the present depreciated state of the Indian currency to persons whose incomes are dependent on funds invested in India.

5 The Directors believe that the question of the present condition of the currency, and the advisability of adopting remedial measures is under the consideration of Government, and they have every confidence that the interests of those to whom it is a matter of the greatest importance that the value of the rupee should be maintained at a steady and fairly high level will receive full consideration. Should, however, the conclusion come to be that a low rate of exchange is, on the whole, an advantage to India and that in the interests of the country generally it is not advisable to take steps for raising the gold value of the rupee the Directors would submit that a question would then arise as to whether this fund had not a fair claim to be compensated for a loss which it would have to continue to bear because its removal would be against the general interests of the country.

6 The Directors do not of course wish to suggest that the Government can be expected to make good all losses in investments made in India resulting from the depreciation of the Indian currency and as a matter of fact they have not up to this time submitted any representation on the subject though for many years past the loss both to the fund and its incumbents has been heavy. This loss has had to be borne by the fund in the hope that it would not be permanent and that something would ultimately be done to restore stability to the Indian currency. The recent further heavy fall in exchange and the uncertainty as to whether the rupee may not depreciate still further, have however given the Directors cause for alarm in the interests both of the fund and of its incumbents and they wish to bring to the notice of Government that these circumstances regarding the position of the fund and its connection with Government warrant the bringing to special consideration and which they consider justify them in asking Government to protect the fund and its incumbents from the loss by exchange beyond at any rate a certain limit.

7 In the first place it is to be remembered that the fund was established with the concurrence and under the patronage of the Government with the object of affording facilities to members of the Unconventanated Service for securing a provision for their families in the event of their death and the necessity of the servants of Government availing themselves of the advantages of the fund was urged in many orders of Government in which it was pointed out that Government expected all their servants to make adequate provision for their families and that they would not entertain any claim for the grant of compensations or allowances in the case of families being left unprotected for. In this way the fund has clearly been of service to Government as preventing many claims for assistance which would otherwise have undoubtedly been preferred, and it follows therefore that the concession of a favourable rate of interest has not been altogether without consideration. The Directors have no wish to minimise the advantages of the favourable rate of interest conceded by Government which has allowed of lower rates of subscription being charged than would otherwise have been necessary but there is no doubt that, in the case of the large number of non-demeled European members of the fund whose nominees will draw their pensions in England, the advantages now derived are much less than the subscribers had fair reason to expect when they joined the fund as owing to the great fall in exchange the value to their nominees of the pensions assumed has largely depreciated. One chief ground for the general feeling of hardship with undoubtedly exists among many of the older subscribers is that the greater portion of their subscriptions were paid into the fund when the value of the rupee was at or near two shillings and the Directors cannot help suggesting that there is some justification for this feeling especially in

view of the fact that the fund is not able to allow of anything in the form of surrender value to members who may wish to sever their connection with it. Consequently a subscriber has no option but to continue subscribing notwithstanding that the benefits derivable are not what he anticipated when he joined, or to forfeit all his past payments without any return. These are the circumstances that are greatly different from the position of a subscriber to a fund of this kind, from that of an ordinary investor in Indian securities who, of course has the option at any time of securing himself from further loss due to the depreciation of the rupee by realising his investment and making other arrangements. While recognising all this, the Directors feel that, as already stated the fund is powerless in the matter, as it can only draw from Government the number of rupees paid in with interest. If, therefore, any remedy is to be applied, the fund must look for assistance to Government, in whose hands the assets of the fund have been placed and who alone are in a position to grant any compensation to subscribers, for the difference between the value of the rupee when the subscriptions were paid into the Treasury, and the depreciated value when withdrawals are made for the payment of pensions.

8 The Directors have not formed any unreasonable expectations as to the assistance which Government may be prepared to grant in the matter, and they do not suggest that the fund should be compensated to the full extent of the loss in exchange due to the depreciation of the rupee. It is probable that if the remedial measures under contemplation in regard to the currency resulted in the sterling value of the rupee being restored to a minimum of 1s 6d that would be regarded as a satisfactory solution by the general body of subscribers to the fund. In the event however of nothing being done to give stability to the rupee the Directors would submit that there would be good grounds for asking Government to grant some assistance to the fund, to allow of the payment of pensions to subscribers in England at a reasonable fixed rate and under all the circumstances the rate of 1s 6d would appear to be the one that might reasonably be suggested for adoption.

9 The Directors fully recognise that this matter of the fall in the value of the rupee is one that is causing much trouble to the Government itself and that pending settlement of the measures to be taken in regard to the currency the Government may be unable to deal with such a representation as is herein submitted, but they would ask that, if possible, an assurance may be given that the reasonable claims of the fund in the matter will receive favourable consideration, in the event of its being decided to take no action to raise and fix the sterling value of the rupee. Such an assurance would be of great value in the way of restoring confidence in the fund, and allaying the anxiety now so prevalent among subscribers as to the future provision that will be available for their wives and children when they become incumbents on the fund. As regards the present incumbents resident in Europe, who are now suffering so severely by the great reduction of the sterling equivalents of their pensions with the fear before them of a still further reduction if nothing is done to reform the currency the Directors feel that their case is one of great hardship which it would be desirable to alleviate by the grant of some immediate relief. The Directors would therefore, venture to ask that Government will favourably consider the possibility pending the decision on the general question of granting some assistance in these cases, in such way as to Government may seem fit.

No 2

THE SECRETARY TO THE GOVERNMENT OF INDIA TO THE SECRETARY TO THE BENGAL GOVERNMENTED SERVICES FAMILY PENSION FUND, Simla, 24th October 1892, No 4541 A.

SIR, I AM directed to acknowledge the receipt of your letter No 3914, dated 24th September 1892 in which you convey the request of the Directors of the fund that pending the settlement of the currency question some special assistance may be granted to the fund to alleviate the sufferings caused by the recent heavy fall in the exchange value of the rupee to present incumbents of the fund resident in Europe. The Directors also request that an assurance may be given, by the

Government of India that in the event of its being ultimately decided to take no action to raise and fix the sterling value of the rupee, the claims of the fund to special assistance will receive favourable consideration at the hands of Government.

In reply, I am directed to say that the Government of India cannot hold out any hope of assistance to the fund on account of the fall in the gold value of the rupee.

I am to point out that the fund is essentially a private fund, to which Government already grants valuable concessions, it is managed by the subscribers, and Government accepts no responsibility for its solvency. The Government of India is therefore unable to admit that the fund has any claim to special assistance of the nature proposed.

I have, &c

J F FRIELAY
Secretary to the Government of India

No 21

THE SECRETARY OF STATE FOR INDIA TO THE GOVERNOR-GENERAL OF INDIA IN COUNCIL, 3rd November 1892, No 214.

(Extract)

Your Excellency was informed by my telegram of the 30th of September that it had been decided to appoint a Committee over which the Lord Chancellor would preside to advise whether it is expedient that any steps should be taken to modify the Indian Currency Act, and by my subsequent telegram of the 21st of October you will have learned that the other members of the Committee are the Right Honourable Leonard Henry Courtney M P Sir Thomas Henry Farrer, Bart, Sir Reginald Earle Welby C B, Mr Arthur Godley C B Lieutenant General Richard Strachey C S I and Mr Bertram Woodhouse Currie.

A copy of my letter* to the Lord Chancellor of the 21st of October appointing the Committee, is enclosed for your Excellency's information.

No 22

TELEGRAM FROM THE VICE-ROY TO THE SECRETARY OF STATE, 4th November 1892

We have received memorial from 674 Native import traders Bombay city complaining that fluctuations of exchange have reduced their business to speculation and gambling asking steps to be taken to fix exchange value of rupee. Please inform Lord Herschell's Committee.

No 23

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 9th November, 1892

MY LORD,

In continuation of our Financial Despatch, No 254, dated the 21st September 1892, we have the honour to transmit for your Lordship's information copy of a letter from the Vice-President of the Bombay Branch of the Indian Currency Association, and of the resolution thereon referred to on the appointment of Lord Herschell's Committee.

We have, &c

ROBERTS
P F HUTCHINS.
D BARBOUR.
A E MILLER.

Enclosure in No 23.

From H A ACWORTH Esq, Vice President Bombay Branch of the Indian Currency Association, to the Secretary to the Government of India, Financial Department, 26th October 1892

I HAVE the honour to forward herewith copy of a resolution passed by the members of the Bombay Branch of the above Association at a meeting held here

* See page 1

on the 26th instant, with a request that it may be laid before the Government of India.

Proposed by Mr Aoworth seconded by

Mr O H B Forbes

That this meeting records its satisfaction at the appointment of Lord Herschell a Committee as an indication of interest on the part of Home Government, and is glad to learn that the Honourable Mr Mackay is on his way to England to give evidence before it. At the same time the members of the Association in Bombay earnestly trust that the Committee will record the result of its deliberations with the least possible delay as they feel that the emergency is one of a pressing character, and that the questions at issue having been the subjects of consideration for many years, are ripe for decision.

No 24

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE FOR INDIA, Simla, 16th November 1892, No 317

MR LORD,

IN continuation of our Despatch No 217 (Financial), dated the 16th August 1892, forwarding a memorial from the Native traders of Karachi concerning the fluctuations in the exchange and trade by the constant fluctuations in exchange, we have the honour to forward a memorial signed by six hundred and seventy four Native import traders of the city of Bombay, in which a similar complaint is made. On the 4th instant we telegraphed informing your Lordship of the receipt of the memorial and requesting that Lord Herschell's Committee might be informed of the fact.

We attach importance to this memorial as the number of signatories indicates that it represents the practically unanimous opinion of the Native import traders of Bombay.

We take the opportunity of enclosing copy of a memorial received by us from the Karachi Chamber of Commerce which the Chamber has taken steps to present to Parliament.

We have, &c,

ROBERTS
D BARBOUR
A E MILLER

Enclosures in No 24

No 1

To His Excellency the Most Honourable the Marquis of Lansdowne, Viceroy and Governor-General of India

The humble Memorial of the Native Import Traders of the City of Bombay

RESPECTFULLY SHOWETH,

THAT your memorialists have gladly availed themselves of an opportunity recently afforded of signing a petition addressed by the Indian Currency Association to the House of Commons of Great Britain and Ireland upon the present condition of the currency of this country but they desire to address your Excellency separately upon the subject of the great loss and anxiety to which they are subjected by reason of the uncertain exchange value of the rupee.

That your memorialists though possessed of long experience in the import trade, have of late found that, owing to the fluctuations in exchange, they as well as the European merchants of this city, have incurred very serious risks and losses in their business.

That, in consequence of these losses, a large majority of the members of the Bombay Chamber of Commerce take notice that it also affects them injuriously, and accordingly within the last few days have greatly to your memorialists satisfaction, passed a resolution calling upon your Excellency's Government to take action whether by a remedy being applied to the exchange from which they, as well as your memorialists, have been and now are suffering.

That until some eight or ten years ago your memorialists were generally able to enter into contracts with European agency firms based upon rupee prices, but this system has now gone out of vogue and the risk of exchange has to be borne of your memorialists and this risk is so materially heightened by the recent heavy fall and violent fluctuations in exchange that your memorialists find it utterly impossible to carry on their trade any longer with any degree of safety.

That your memorialists are thus much perplexed and uncertain in respect of continuing their business. That they have been in the habit, when placing their order, of calculating upon a moderate profit of from 2 to 4 per cent, but have found that even a small movement in exchange has been sufficient to convert this expected profit into a loss.

That, if they seek to avoid the risk by fixing exchange at the time of placing an order they incur another risk of being undersold by others who have not fixed exchange and have benefited by a rise that some among them do one thing and some another and that thus their business has been changed from legitimate trading into speculation and gambling.

That your memorialists understand that further troubles may arise in future, that your Excellency's Government may be forced to impose additional taxation upon this country to meet Government losses by exchange, which taxation your memorialists most humbly urge the country is utterly unable to bear and would create a most widespread dissatisfaction amongst the masses.

That they understand that a Conference between America and the nations of Europe is about to take place which is likely to result in one of two things both harmful to your memorialists that it may lead to the sudden fixing of exchange at so high a figure as to produce widespread ruin in this city or may cause a sudden fall which would be equally disastrous.

Your memorialists, though ignorant of the laws which govern questions of international currency possess a confident hope and expectation that your Excellency and your Excellency's Councilors will in their wisdom be able to devise some means of averting these dangers, and of preventing the constant fluctuations in exchange which now so greatly harass them. They therefore pray that steps may be taken to fix the exchange value of the rupee at a rate which, in your Excellency's judgment, may be best suited to the interests of your memorialists.

That your memorialists urgently but respectfully request that your Excellency's Government will give earnest heed to this humble representation of their case and will take speedy steps towards securing the ends which they desire.

And your memorialists, as in duty bound, will ever pray

No 2

To the Honourable the Commons of Great Britain and Ireland in Parliament assembled

Karachi 1st September 1892

The Petition of the Karachi Chamber of Commerce Humbly Sheweth,

THAT your petitioners suffer inconvenience and loss in consequence of the continuous fluctuations in the exchangeable value of the money of this Empire with that of the gold using countries, and that a remedy is urgently required.

From 1850 to 1872 the rupee, the monetary standard of value in India, exchanged with little variation in 1872 Germany demonetised silver, France, to avoid an influx of the German silver restricted the coinage of that metal. Since then other European nations have also demonetised silver. The result has been a fall in the value of silver measured by gold from 60 pence per ounce to between 38 and 39 pence a decline of over 35 per cent, and the exchange value of the rupee has consequently fallen from 34 pence to 14 65 pence.

The maintenance of some stability in the ratio of value between gold and silver is of the greatest importance to trade, commercial and violent fluctuations in that ratio tending to falsify the calculations of merchants, and to check trading operations by increasing the uncertainties attending them.

Various remedies have been suggested and International Monetary Conferences have been held in 1867 and 1878 and in 1881. In 1886 the question was the subject of investigation by a Royal Commission. The members of this Commission reported that they were unanimously of opinion that the Government of India should be left free to adjust matters in the way that seemed best, but no action was taken on that report, and practically nothing has been done to arrest the progressive fall in the value of silver since 1872.

The investment of English capital in the development of the material resources of the Empire is thus discouraged, for, both as regards the maintenance of interest and the final transfer of invested profits and

economies the uncertainty in exchange imparts to the investment of capital in the country a speculative character and a risk which the capitalist is naturally unwilling to face.

6 Then too the credit of the State is heavily injured by the fluctuating value of the rupee securities of the Government of India held in England and the uncertainty in the amount of interest in gold which may be obtained by their holders. English capitalists are naturally as reluctant to invest their money in these securities as they are to invest it in India.

7 But it is of the harassment to which the trading community are constantly subjected by the uncertainty and the fluctuations of exchange which we particularly complain. We submit that by a continuance of the present state of things legitimate trade in India is in great danger of being replaced by pure speculations.

8 Your petitioners therefore humbly pray that in view of the considerations set forth above your Honourable House will be pleased to endeavour to secure through the International Conference about to be held means by which the mercantile community may be accorded the benefit of a stable par of exchange thus granting a relief from the disadvantages under which trading in India has been suffering in consequence of the heavy and sudden fluctuations of the rupee for many years past.

And your petitioners as in duty bound will ever pray

No 25

TELEGRAM FROM THE SECRETARY OF STATE TO THE VICEROY,
21st November 1892

Currency Committee wish for view of your Government on Sir John Lubbock's proposal for heavy seigniorage on silver. See speech at London Chamber of Commerce in Times of 27th October. Also as to duty on imported silver bullion. Please reply fully by mail not by telegram only.

No 26

TELEGRAM FROM THE VICEROY TO THE SECRETARY OF STATE,
5th December 1892

As to Sir John Lubbock's proposal to which your telegram of the 21st of November refers if a seigniorage of 10 per cent were imposed, the revenue derived from the coinage of silver for the public would be increased, but a seigniorage of so high an amount would reduce the quantity of silver brought for coinage. Rupees would ultimately be kept at a value higher by nearly 10 per cent than if the mint charged no seigniorage at all but the return of rupees from foreign countries would doubtless prevent the full effect from being at once produced. A seigniorage of that amount would reduce the value of silver brought for coinage. Rupees would demand for silver, and thereby slightly affect its value. We cannot see that it would at all check the fluctuations in the Eastern exchanges. If a seigniorage of 10 per cent were imposed the exchange with India might not fall so low as otherwise would have done, but when it rose the rise would be proportionately higher. With a high seigniorage fluctuations would be no less serious and frequent than if there were none. Practically it would make the rupee a token coin and the chief evil from which we suffer would not be touched. We therefore, cannot give the proposal our support. To the suggestion that an import duty should be imposed on silver, there is a similar objection the rupee might be practically of the same value within the limits of British India, as that of the silver which it contained, but there would be as frequent and as great fluctuations in exchange as before, and we should also have the risk of smuggling. It has been proposed that a rate of import duty should be charged, varying so as to maintain coined rupees at a fixed gold value, but so many complaints would arise from a fluctuating rate and the scheme is open to so many objections, that we do not consider it practicable.

No 27

THE GOVERNMENT OF INDIA TO THE SECRETARY OF STATE
FOR INDIA (London 7th December 1892) No 328
MY LORD

We have the honour to acknowledge receipt of your telegram dated 21st November 1892, quoted in

the margin* regarding a proposal to charge a high seigniorage on the coinage of silver at the Indian mints or to impose an import duty on all silver imported into India.

To this telegram we caused the telegraphic reply to be sent on the 5th†

3 The above telegram dealt so fully with the question referred to us by your Lordship that we feel it unnecessary to do more than give a brief summary of our arguments in the present despatch. It is sufficient to say that a high seigniorage on the coinage of silver or a high import duty on silver brought into India would improve our financial position, both by adding to the public revenue, and by preventing the gold value of the rupee from falling as low as it might otherwise have done. As soon as the rupee was given a materially higher value than that of the silver contained in it rupees would doubtless be returned to India from foreign countries and from Native States, and possibly some hoarded rupees might be thrown into circulation. The full effect of such a duty might not therefore be obtained at once but to the above extent the difficulties of the financial position would no doubt be alleviated for a time by such a measure as the one proposed by Sir John Lubbock.

On the other hand while the silver rupees would by the imposition of a 10 per cent seigniorage be practically reduced to the position of a token coin the evils arising from excessive fluctuations in the exchange would be neither removed nor alleviated.

3 We have caused the exchange value of the rupee to be established on the hypothesis of a 2 per cent seigniorage, as at present and of a 10 per cent seigniorage as proposed, at prices in London of a standard or of silver varying from 60d to 30d, allowing for melting charge mint loss of coinage to India and interest. The following table gives the results of this calculation.

Price per oz of Standard Silver in Pence	Exchange Value of a Rupee in Pence (Seigniorage 2 per cent)	Exchange Value of a Rupee in Pence (Seigniorage 10 per cent)
60	33 04	35 09
59	22 65	34 67
58	32 27	34 25
57	31 89	33 83
56	21 50	33 42
55	21 12	33 00
54	20 74	32 58
53	20 35	32 16
52	19 97	21 74
51	19 59	21 32
50	19 20	20 90
49	18 81	20 48
48	18 43	20 07
47	18 05	19 65
46	17 66	19 24
45	17 28	18 81
44	16 89	18 40
43	16 51	18 00
42	16 13	17 58
41	15 74	17 17
40	15 35	16 76
39	14 97	16 31
38	14 59	15 90
37	14 20	15 47
36	13 82	15 05
35	13 44	14 64
34	13 05	14 23
33	12 67	13 82
32	12 28	13 41
31	11 90	12 99
30	11 52	12 54

It will be observed that, when silver falls from 50d per oz to 40d per oz the gold cost of the rupee with a 2 per cent seigniorage falls from 19 20d to 15 36d, a difference of 3 84d, or exactly 20 per cent. With a seigniorage of 10 per cent the fall is from 20 90d to 16 72d, a fall of 4 18d, or 20 per cent as before, in other words, with a 10 per cent seigniorage instead of a seigniorage of 2 per cent the amount of fall measured in pence would be greater but the percents of fall would be exactly the same. The measure would therefore have no effect whatever in putting a stop to fluctuations.

* See No. 25.

† See No. 26.

1. As the adoption of a high rate of seignorage would have no effect on the chief evil from which we now suffer, would merely tend to improve in some degree the present financial position of the Government, and would afford no guarantee against depression in the future, we are of opinion that the objections to reducing the rupee to a token coin, and indefinitely deferring the complete solution which we believe must be arrived at some day, outweigh any advantages which the measure might produce. If it be decided that the rupee must, sooner or later, be converted into a token coin it seems to us that it would be better to adopt a gold standard at once a course which would equally improve the financial position and would also afford some prospect of a firm and satisfactory remedy. This course is in our opinion clearly preferable to a half measure involving the main disadvantage of a gold standard, but leaving our greatest difficulty untouched, and affording no guarantee against fall of value in the future.

5. With regard to the proposal referred to in the last sentence of our telegram, we may remark that the objections to a currency system which depended for its success on a rate of seignorage or import duty fluctuating in accordance with the rise and fall in the market price of silver, are so obvious and so serious that we refrain from discussing the question.

We have, &c.,
LANSDOVNE
ROBERTS
P. P. HUTCHINS
D. BARBOUR
A. E. MILLER
H. BRACKENBURY
C. B. FAIRCHILD

No 28

TELEGRAM from the VICEROY to the SECRETARY OF STATE,
9th December 1892

Indian Currency Association representing alarm felt at uncertainty regarding exchange, request Government to grant assistance if Brussels Conference fails, that it will take necessary steps to protect Indian currency, or recommend cessation of sale of Council Bills below current rate, pending decision of Lord Herschell's Committee. We have declined to take either course, as possibly hampering future action.

No 29

TELEGRAM from the VICEROY to the SECRETARY OF STATE,
23rd December 1892

Currency Association has called our attention to unusually large shipments of silver to India, and to export of gold, as well as to impediment to business caused by present uncertainty. Association urges us strongly to request your Lordship to communicate by telegraph, and as speedily as possible, your decision on proposal before Lord Herschell's Committee. We feel sure that your Lordship fully recognises the evil to which delay must give rise and that a decision will be given without unnecessary prolongation of present state of suspense. The difficulties of many of our European officers are very serious, and we fear that an indefinite continuance of the present state of things which has already occasioned a very uneasy feeling, may give rise to a regrettable agitation.

No 30

TELEGRAM from the SECRETARY OF STATE to the VICEROY,
31st December 1892

You, 29th Currency. I am fully aware of importance of avoiding all unnecessary prolongation of state of suspense, but the questions raised before Lord Herschell's Committee are of such gravity that they cannot be decided without full consideration.

No 31

TELEGRAM from the VICEROY to the SECRETARY OF STATE,
15th January 1893

A resolution which we are forwarding has been submitted by the Bombay Branch Currency Association in which attention is drawn to a report that forward contracts are being made for delivery of silver at a lower rate than the present price. They urge that the mints should immediately be closed, and that Council bills should be sold at a fixed rate. It is anticipated that

the difficulties of the Government and the trade will be aggravated by delay.

No 32

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE
FOR INDIA Calcutta, 18th January 1893, No 25

My Lord

In continuation of our telegram of the 13th inst. quoted in the margin * we have the honour to forward, for your Lordship's consideration, copy of a letter dated the 7th January 1893 from the Bombay Branch of the Indian Currency Association together with copy of the Resolution referred to advocating that our mints should be immediately closed against the free coinage of silver, and that Council bills should be sold at fixed rates.

2. We take this opportunity to transmit copy of the letter dated the 21st December 1892, from Mr Mackay the President of the Indian Currency Association the substance of which was communicated to your Lordship in our telegram dated the 23rd December 1892 to which your Lordship replied by telegram dated the 31st December 1892.

We have &c.
LANSDOVNE
P. P. HUTCHINS
D. BARBOUR
A. E. MILLER
H. BRACKENBURY
C. B. FAIRCHILD

Enclosures in No 32

No 1

From the PRESIDENT Indian Currency Association
Bombay Branch to the SECRETARY to the GOVERNMENT OF INDIA Finance and Commerce Department
dated 7th January 1893

I HAVE the honour to forward copy of a Resolution passed yesterday by the Committee of the Bombay Branch of the above Association with request that it may be forwarded to the Secretary of State for India.

Resolution passed by the Committee of the Bombay Branch of the Indian Currency Association at a Meeting held yesterday the 6th January 1893

"As it seems certain that the deliberations of the International Monetary Conference will end without any practical result being arrived at, and that, in consequence as the statements of the American delegates leave no room to doubt America will shortly suspend State purchases of silver, the gold price of that metal must necessarily continue to fall. The Secretary of State for India should, therefore be urged by Government to sanction the immediate closing of the mints against the free coinage of silver reserving that privilege for Government alone and to refuse the sale of Council bills under a certain fixed rate.

Unless these protective measures be speedily adopted it is anticipated that the Government of India will soon be involved in deeper financial troubles than the present disorganised condition of trade will be intensely aggravated, and the financial and commercial relations with gold using countries reduced to absolute confusion.

* This branch of the Indian Currency Association is distinctly of opinion that no arrangements difficultly can arise from the immediate closing of the mints to the public, and that to do so is the only rational remedy for the present ruinous position. The longer this action is delayed, the greater the difficulties that will arise. Already the abnormally large shipments of silver in transit to India, and the large contracts reported to have been made in London for the delivery of silver some months forward at rates considerably under the existing market rate unmistakably indicate that practical authorities' opinion views the future of silver with grave alarm and that the closing of India's mints is considered inevitable.

India is believed to be the only country whose mints are now open to the unrestricted coinage of silver, and as the markets for the metal are notoriously in the hands of bold speculators the disturbing fluctuations are not likely to be less frequent and violent than hitherto and are certain to be maintained so long as India continues to keep her mints open as at present.

By adopting the course proposed India will be able to wait composedly till Western nations make up their

minds as to what course they mean to permanently follow'

No 34.

TELEGRAM from the VICEROY to the SECRETARY C
22nd January 1893

No 2

From J L MACKAY Esq President Indian Currency Association to the SECRETARY to HIS EXCELLENCY or LORDS Finance and Commerce Department, dated 21st December 1892

The course of the proceedings at the International Monetary Conference and the adjournment of the Conference subject to the approval of the Governments represented as to the expediency of meeting again, must be taken to mean that it is hopeless to expect any international agreement, either as to the adoption of the bimetallic system or as to the more limited proposals placed before the Conference for an extension of the use of silver and a restriction of the use of gold. It is indeed universally admitted that what was foreseen in the final paragraph of the petition of this Association to the House of Commons and in my letter of the 24th June last with which the petition was placed before the Government of India, has actually been realised.

2 There now remains no method of relieving India from the effects of its depreciated currency, except as pointed out in the letter to which reference has just been made namely the closing of the mints to the unlimited coinage of silver for the public and the adoption of gold as the standard. In this position which we have now reached it is generally admitted that action in this direction is essential, and that the change should be made without further delay.

3. In the expectation which prevails on all sides by some that action will be taken by others that it is unavoidable, the course of business is greatly impeded. The country is being inundated with silver to an extent only equalled in the very exceptional year 1890 the shipments from London, since the failure of the International Conference was recognized having been on an enormous scale. On the other hand the exports of gold from London for India, where there is no present demand for it. It is generally inferred that these shipments have been made in view of a further fall in the price of the metal. On the other hand the exports of gold from India during the present year have been made on an unusual scale. It is easy to see that a large inflow of silver and a large outflow of gold, even if they are not the result of the expectation of a change in the Indian currency will aggravate the difficulty of making the change in the standard and that the longer the change is deferred the more will the difficulties be enhanced.

4 The Government of India recently refused in reply to representations from this Association and from the Associated Exchange Banks of this city to give the public any indication of the policy it proposed to pursue. On behalf of the Association I take no exception to this refusal, if as may be presumed, the report of the Committee presented over by the Lord High Chancellor and the conclusions thereon of the Secretary of State for India have not yet reached the Government of India. But the Governor General in Council will I am sure, recognise that it is desirable to terminate the tension which in the existing uncertainty prevails in business circles, and that it is also expedient not to prolong an uncertainty which gives occasion for an unnecessary inflow of silver and outflow of gold which must interfere with the smooth working of any plan of reform which may be entered upon.

5 I have the honor therefore respectfully to suggest that it is expedient that the Secretary of State for India should be informed by telegraph of the position, and that His Lordship should be requested to communicate to His Excellency the Viceroy, as speedily as possible and by telegraph the decision on the question placed before Lord Herschell's Committee. In case His Lordship should see fit to comply with this request it would be a source of great satisfaction if the decision of His Lordship were made public without delay.

No 33

TELEGRAM from the SECRETARY OF STATE to the VICEROY, 20th January, 1893

I shall be glad if you will briefly specify the details of the action which you propose to take in order to establish the gold standard after the mints have been closed. Your Despatch and Barbour's minute do not clearly define the steps to be taken.

Look at paragraph 6 of Sir D Barbour's Minute * As to clause 1 of that paragraph a Bill has been drafted to stop the free coinage of silver. By next mail a copy will be forwarded. As to clause 2 our proposal is that we shall take power to issue a notification declaring that English gold coins shall be legal tender in India at a rate of not less than 13½ rupees for one sovereign, provision has been made for this in the draft Bill. An interval of time of which the length cannot be determined beforehand, should we think elapsed between the mints being closed and any attempt being made to coin gold in India. The power to admit sovereigns as legal tender might be of use as a measure *ad interim*, but it need not be put into force except in case of necessity. This is the general outline of our plan. Are there any special points on which further information is desired?

DRAFT OF BILL referred to in the VICEROY'S TELEGRAM to LORD KIMBERLEY, dated 22nd January 1893

Whereas it is expedient to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882 it is hereby enacted as follows—

1 (1) This Act may be called the Indian Coinage and Paper Currency Act 1893, and
(2) It shall come into force at once

2 The enactments specified in the Schedule hereto shall be repealed or modified to the extent and in the manner mentioned in the third column thereof but no such repeal or modification shall affect the validity of anything already done or any right or obligation heretofore acquired or undergone, under the said enactments or any of them

3 (1) The Governor General in Council may by Order notified in the Gazette of India declare that any gold coins which are for the time being a legal tender in England shall be a legal tender in India in payment or on account, at such rate, not being less than 13½ rupees for one sovereign and so for any greater or smaller coin, as shall be fixed in such Order, and may in like manner cancel or vary such Order

(2) Section 12 of the first-mentioned Act is hereby repealed to the extent necessary to give effect to all Orders made under Sub section (1) of this section, but not further or otherwise

THE SCHEDULE

Number of Year and Short Title	Sections	Extent of Repeal or Modification
Act XXIII of 1870 The Indian Coinage Act 1870	19 to 26 both inclusive	The whole to be repealed
Act XX of 1882 The Indian Paper Currency Act.	11 12 13	Clause (2) clause (4) and the proviso, to be repealed The word and letter clause (b) to be omitted The words 'to an extent to be specified in the order not exceeding one-fourth of the total amount of issues re presented by coin and bullion as provided by this Act' to be omitted
	14 and 15 21	The whole sections to be repealed For the proviso to sub-section (1) the following shall be substituted: Provided that any coin or bullion so received and appropriated may be sold or exchanged for gold or silver coin of the Government of India of the like value which shall be so appropriated and set apart instead of the coin or bullion sold or exchanged"
	28	Sub section (2) to be repealed Sub section (1), clause (f), to be omitted Sub section (3) to be repealed

* See page 146.

No 35

TELEGRAM from the VICEROY to the SECRETARY OF STATE,
1st February 1893

It is expected that the deficit of 1893-94 will be 150 lakhs, taking exchange at 1s 3/4 per rupee and making no provision for compensation for European officers. Our financial arrangements for the coming year cannot be made until a decision has been arrived at regarding the currency. Unless you will be in a position shortly to give a final decision, we should like to be informed whether there is such a probability of the stoppage of the free coinage of silver or of the adoption of other measures to raise the value of the rupee as to justify us in showing a deficit in the budget or whether we ought now to consider our financial policy for the coming year on the assumption that the exchange value of the rupee will not be raised. We wish for a reply as soon as possible.

No 36

TELEGRAM from the VICEROY to the SECRETARY OF STATE,
3rd February 1893

I received to day strong deputation from Currency Association Representatives of following interests were present,—merchants, traders shipowners, importers, exporters, manufacturers producers bankers and land. Deputation urged stoppage of free coinage of silver and supported its proposal by evidence showing that all the above interests are now injuriously affected. Statements of deputation seemed to me to have strengthened case in favour of closing mints, and this will I think be the impression here. I expressed my own belief that not only Government and its officers, but whole country suffered under existing state of things, but I dwell on case of caution and of proving conclusively that remedy contemplated involved neither political nor economical risks. Finally I told deputation that they seemed to me to make out a *prima facie* case in favour of standard uniform with that of countries with which India does most of its business, and that, as Association had now for seven months fearlessly advocated such a standard it rested with opponents of Association to show authoritatively that country disagreed with its conclusions.

No 37

TELEGRAM from the SECRETARY OF STATE to the VICEROY,
4th February 1893

It is impossible for me to say when the decision respecting the Currency will be given or even to indicate its purport. You had better frame the budget for a deficit on the present lines without making any provision for the effect of such measures as are now under the consideration of the Secretary of State.

No 38

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE
FOR INDIA, Calcutta 15th February 1893 No 68

MR LORD

We have the honour, in continuation of the papers already transmitted, to your Lordship on the subject of a change in the Indian monetary standard, to forward copy of a letter from the Government of Bengal and of the correspondence referred to therein in which it is suggested by Messrs. A. E. J. Abraham & Co. that in order to minimise the loss which may be caused, by a sudden change in the standard, to those engaged in trade with China and other silver using countries and especially to those who trade in opium and Indian yarn, three months previous notice should be given of any action which Government may decide to take in this matter.

We are of opinion that it would be inexpedient to give three months notice of any change which may be decided on. But we have not replied to Messrs. Abra-

ham & Co's letter, and merely forward copy of it for your Lordship's information.

We have &c

LARDNOR
P. F. ALMOND
D. BAROUE
A. E. MILLER
H. BRACKENBURY
C. B. FITZGERALD

Enclosures in No 38

From J. E. BUCKLAND Esq. Secretary to the Government of Bengal, Revenue Department to the SECRETARY to the GOVERNMENT OF INDIA (Finance and Commerce Department) No 485 Miscellaneous, dated 30th January 1893

I AM directed to submit for the information and orders of His Excellency the Viceroy and Governor General in Council, the enclosed copy of a letter from the Board of Revenue Lower Provinces No 58 B dated the 19th January 1893 submitting copies of correspondence with Messrs. A. E. J. Abraham & Co. who represent that certain decisions which the Supreme Government may arrive at in dealing with the Indian currency will if suddenly acted upon very adversely affect the position of those engaged in trade with China and other silver using countries, and especially of those who trade in opium and Indian yarn. It will be seen that Messrs. Abraham & Co. suggest that in order to minimise the loss to which they and others will be subjected in the event of any alteration being made of the Indian currency three months' notice should be given of any action affecting the currency which Government may have under contemplation.

From T. INGLIS Esq. Secretary to the Board of Revenue Lower Provinces, to the SECRETARY to the GOVERNMENT OF BENGAL, Revenue Department No 58 B dated 19th January 1893

I AM directed to submit for the information of Government, the accompanying copy of the correspondence noted in the margin * on the subject of any action that Government may take on the currency question as affecting the position of those engaged in the opium trade.

From Messrs. A. E. J. ABRAHAM & Co. Calcutta, to the SECRETARY to the BOARD OF REVENUE, Lower Provinces 11th January 1893

We have to thank you for your letter of the 7th inst., received yesterday, informing us that Mr. Lyall will be glad to receive any representation regarding the effect any sudden decision of Government in the currency question will have on the position of those engaged in the opium trade and that Mr. Lyall will then decide whether anything would be gained by according us a personal interview. It has been freely remonstrated that Government intend shortly taking action to prevent further depreciation of the rupee value, either by closing the mints or by the adoption of a gold standard. It is obvious that any such course would have the effect of a sudden devalue in the value of silver and any trade between a gold standard and a silver using country would suffer a shock, the severity of which it is impossible to gauge. It is not our intention to enter into any discussion of the future trade between China and India after the adoption of a gold standard in India or to express any opinion on the ultimate result of any financial policy Government may pursue. We simply wish to lay before the Board of Revenue a few facts and figures of the opium trade between India and China, and the value of the uncleared stocks at present in the Chinese market and to request that if these facts be considered of sufficient importance the Board will lay before the authorities dealing with the exchange question the inevitable result of any sudden action of Government without timely notice.

Letter from Messrs. A. E. J. Abraham & Co. dated 11th January 1893
Board's reply No. 107 B dated 15th January 1893

The stocks at present in the principal Chinese markets, excluding the minor Treaty ports, are 10,200 chests Bengal opium, at Rs 1,350 per chest, at Rs 1,38 50,000, and 7,888 chests Malwa opium, at Rs 1,150 per chest, at Rs 90,02,200, making a total of Rs 2,18 53,200.

You are possibly aware that the whole of the Bengal opium is shipped by a very few number of firms and individuals, the shippers of Bengal opium are virtually the sole exporters of Malwa and Persian opium and moreover the bulk of the Indian yarn trade is in their hands. It therefore would not be amiss if we were to give the stocks and value of these commodities also —

	Rs
Persian opium chests at Rs 1,100	23,87 803
Yarn 35,976 bales, at Rs 150 -	53,61 400
Total	76 48 400

The total value of uncleared stocks of opium and yarn at the present moment in the principal Chinese markets is represented by the enormous sum of Rs 2,95 00,000, or say nearly three crores of rupees the depreciation of which in the event of the contemplated contingency, would be at the lowest computation 30 to 40 per cent., or from Rs 38,00,000 to Rs 1,18,00,000 at one stroke, which loss would have to be borne by the very limited number of persons engaged in the opium trade.

Under ordinary circumstances a merchant would be able to guard against a sudden liability of loss in exchange by fixing a rate with an exchange bank but the banks are fully alive to the gravity of the situation and absolutely refuse to fix forward any rate of exchange, being aware of the impossibility at the present crisis to cover their remittances. Exporters therefore are utterly helpless their position being greatly aggravated by the heaviness of the stocks in China which are untraceably high owing to various trade causes.

We have made no mention of the stocks of Benares opium in the Straits and Indian yarn in Japanese ports, as we have no reliable figures to quote but the Customs House returns and other sources show that the trade of these articles to those countries is by no means inconsiderable and the same arguments apply to them precisely in the same way as to the trade with China.

We have no doubt Government would view with reluctance any measure which would inflict disastrous losses on the persons engaged in any trade especially in a trade the revenue of which is of such importance to them and that they would give full consideration to any arguments supported by undeniable facts in their deliberations of the result of any future action with regard to altering the currency.

We are not prepared to say that our suggestion of giving notice of at least three months before any alteration of the Indian currency would altogether prevent the heavy losses which we fear are inevitable but we are confident that those losses would be greatly mitigated by giving such timely notice.

From T INGLIS, Esq., Secretary to the Board of Revenue Lower Provinces to Messrs A E J ABRAHAM & Co., No 107 B, dated 19th January 1893

In reply to your letter dated the 13th instant in which you deprecate any sudden action being taken by Government in the currency question as likely to affect the position of those engaged in the opium trade, I am directed to state that the Board have no information as to whether the Government of India will adopt any or what measures in connexion with the currency question and are not therefore in a position to enter into correspondence with you on the subject. A copy of your representation will however, be submitted to Government for their information.

No 39

The GOVERNMENT of India to the SECRETARY of STATE for INDIA

Calcutta

My Lord February 23 1893 No 73.

We have the honour to report that on the 31st January His Excellency the Viceroy received a number of gentlemen representative of the various Indian ser-

vice who were desirous of bringing to His Excellency's personal notice the hardships from which they suffer, and with which they are threatened in an increasing degree, by the fall in the exchange value of the rupee.

We enclose for your Lordship's information copy of the remarks made by Mr D B Lyall, C S I, and others of the gentlemen who were present on behalf of the services and of His Excellency's reply. We also enclose copy of the representation from His Excellency the Commander in Chief on behalf of the military services referred to at the end of Lord Lansdowne's reply.

We have also to report that at a public meeting held on the 27th January at the Town Hall in Calcutta in connexion with the Indian Currency Association a resolution was adopted urging the oblation of the Indian mints to the free coinage of silver. The meeting further decided that His Excellency the Viceroy should be asked to receive a deputation for the presentation of the resolution. His Excellency consented to receive the deputation, and we now in continuation of Lord Lansdowne's telegram was adopted append for your Lordship's information copy of the addresses of the Hon J L Mackay C I E and of the other members of the deputation and of His Excellency's reply.

We have &c

ROBERTS
P P HUTCHINGS
D BARBOUR
A E MILLER
C B PRITCHARD

ENCLOSURES in No 39

Deputation of the Services

The deputation was introduced by Mr Justice NORRIS, who spoke as follows —

May it please your Excellency—I have the honour to introduce a highly influential deputation of European officers thoroughly representative of all or almost all branches of the various services civil, ecclesiastical, naval and military unconnected and unconnected, serving the Crown in India.

The members of these services, individually and collectively are animated by a desire to aid to the utmost of their ability the well directed efforts of your Excellency so to govern the great Empire committed to your charge as to secure the happiness and prosperity of all classes of Her Majesty's subjects and the permanent defence and security of the country.

The existence of any conditions, objective or subjective, which dishearten and depress Her Majesty's servants must inevitably affect the nature and efficiency of the services more especially will this be the case where, from circumstances over which they have no control, those servants have good and grave cause for anxiety on behalf of those who are near and dear to them.

It is the object of this deputation respectfully and earnestly to point out to your Excellency that the financial condition of Her Majesty's servants in India caused by the utterly unexpected and ruinous fall in the rate of exchange is disheartening and distressing to the last possible degree, and causes them the utmost anxiety for those dependent upon them and to solicit your Excellency's powerful assistance that steps may speedily be taken to ameliorate it. A brief statement of our case will be laid before your Excellency by Mr Lyall, Mr Ernest Bell and the Archbishop will briefly supplement that statement by references to matters which could not conveniently be contained therein.

Address of Mr D B LYALL, C S I and others, and his Excellency's reply thereto

Before laying before your Excellency the statement which I have the honour to make this day I desire not only on behalf of those present but on behalf of the European servants of Government generally to thank your Excellency for this opportunity of laying before you the state of intense despondency, or even despair into which the European servants of Government have been reduced by the fall in exchange which has practically reduced their salaries by 40 per cent.

I hold in my hand telegrams from all the provinces of India, from Madras, Bombay, the North West Pro-

A A

vances the Punjab, Burma, Sind, Assam, and the Central Provinces, all to the same effect, which is well summarised in the Bombay telegram, which, while regretting that any addition should be made to the embarrasments of Government goes on to say that the *scudars* are convinced that 'public interests not less than private claims demand a solution.'

I am confident that whatever reply your Excellency may be able to give to the statements which will be made to day the mere fact of our reception will go far towards putting fresh spirit into almost despairing Government servants, by showing them that your Excellency and the Government of India are not without sympathy with their sufferings.

With reference to a speech recently made here, we desire emphatically to protest against the charge of selfish action brought against us. None would rejoice more than we to see the necessity for special action in our case removed. But it, in the interests of the country at large, the Government of India consider it necessary to leave the currency question alone or to fix the rate so low as to afford the European servants practically no relief, then we urge that our claims become stronger, and that an undue share of the effect of the fall in the value of silver is thrown on our shoulders.

I shall now, with your Excellency's permission read the statement which has been prepared for presentation to your Excellency.

Statement of the Deputation

The following was the statement submitted to the Treasury on behalf of the European civil and military officers of Government representing the distress occasioned to them in consequence of the fall in 'exchange'—

'We have sought this opportunity of laying before your Excellency a plain statement of the losses and distress from which the European officers civil and military of the Government of India in the departments with which we are connected are suffering in consequence of the recent rapid and heavy fall in exchange, in the earnest hope that the Government of India may be moved to adopt measures for their relief.'

The salaries of the civil and military servants of the Crown in India were fixed for the most part at a time when the rupee was worth approximately two shillings or with this in view. For a long time past it has fallen below this rate. In 1872 the value of the rupee was 23½d., to day it is 14½d., the fall since the former year being about 84, or 36 per cent. In recent years the fall has been very rapid and heavy for even as late as 1890-91, the average rate for the year was 18½d. and at the beginning of 1892 it was 17d. This disastrous fall in the value of the currency in which the officers of the Indian Government are paid has affected all branches of the Service alike. For although the conditions of service are different in different branches and all have not suffered in precisely the same manner, or in the same degree yet the differences are insignificant in comparison with the losses which all have suffered in common. Since 1880 the depreciation of silver has become acute, there has been a sharp and rapid rise in the price of almost all articles produced in India, including food, in the wages of servants and in house rent. In the same period the retail price of goods imported from Europe, on such a portion of our salaries is spent, has also risen largely from the same cause, and the price paid for them increase with each successive fall in exchange.

We do not, however desire to dwell at length on this part of the case. We mention it in order to show that the fall in the value of silver seriously affects us, even in our expenditure in India. What we wish to press most earnestly upon your Excellency's attention is the cruel and intolerable burden which has been laid upon us in respect of that portion of our expenditure which has to be incurred at home. Your Excellency is doubtless aware that if a European Officer, whether soldier or civilian is to render efficient service to Government in a tropical climate, it is necessary for him to take leave periodically to England to recruit his health. If he is to give his children an education of the same stamp as he has himself received he must send them to England to school. If he is to lay by a little money as an addition to his pension after retirement, or as a provision for his widow or others dependent on him after his death he must be enabled to remit it to the country in which it will be spent. All these are as much the just and reasonable necessities of his position as the ability to

provide himself with food and clothing from day to day. Yet it is the literal truth that, under these conditions, these moderate and reasonable requirements are beyond the reach of many if not most of your Excellency's European officers, and are becoming increasingly difficult for all.

We will not weary your Excellency with a long list of actual instances. A single typical case will suffice. We will take the case of an officer whose pay is Rs 800 a month, and who has a wife and two or three children to support at home. That sum represents the pay of a Senior Chaplain, of a second grade, a Supernumerary Sub-Inspector of Police and of a second grade Sub-Deputy Opium Agent, and we would explain that on the Bengal establishment, the average length of service of the officers now in those grades is 16 years, 29 years, and 28 years respectively.

Such an officer's remittances to his family cannot at a low estimate be placed at less than 400 a year if his children are of an age requiring education. At the present rate of exchange that sum costs him more than Rs 6,500 thus leaving him Rs 258 a month for subsistence. After deduction of fund subscriptions and income tax he is left with less than Rs 200 a month to live on. Even in the case of men who have been for months in their promotion or who are members of a higher paid branch of the Service and who receive pay of Rs 1,000 a month the sum left for subsistence in India would amount to less than its 400 a month after deductions as above. It is evident that such men cannot save, in fact, it is difficult for them to keep clear of debt. The case is still worse if the Government servants fail ill or are for other reasons compelled to take leave. His maximum furlough pay is then Rs 6,000 a year which at the present rate of exchange gives him only 367½ a year on which to maintain himself and his family and educate his children. It is manifest that the prospect of having to subsist on such an allowance goes far towards neutralising the value of the furlough rules in the case of European officers.

But in the Indian Staff Corps and in most of the large Civil Departments in India, an officer of from 15 to 20 years' service seldom draws so much as Rs 800 to 1,000 a month. After 10 years' service in most of the Staff Corps attains the rank of Major and receives with allowances, about Rs 900 per month while as a Captain his pay up to the completion of his twentieth year of service is, with allowances less than Rs 600 per month. In the Public Works Department an officer of the rank of Executive Engineer second grade, which is reached in about seventeen years' service, carries a pay of Rs 800 per month. In the other principal European departments officers of from 15 to 20 years' service are commonly in receipt of salaries not exceeding Rs 600 to Rs 800 per month. The condition of these services is being subjected to a complete revolution in consequence of the fall in exchange. Either to an officer entering the Staff Corps, or one of the great Civil Departments expected to retain his connection with his own country. He expected to be able to send his children home to be suitably educated, to take furlough to England from time to time for the sake of his health, and also to visit his relatives and family, and, finally to save a part of his pay which added to his pension, would enable him to live in comparative comfort after retirement. These just and reasonable expectations are now defeated. It is now utterly impossible for many officers, even those who have been fortunate in their promotion to afford the expense of educating their children at home. Every year more are being driven in increasing numbers to send their sons and daughters to hill schools, to deny themselves and their wives the advantage of a periodical visit to their own country, and to relinquish all expectation of saving a little money to ease out their pensions when they retire. Year by year it is becoming plain that a larger and larger proportion of the men who accept Government service in India must abandon the hope of ever returning home. They must be content to settle permanently in India, while their children receiving an inferior education and brought up amid an English surroundings sink to a lower social level and swell the mass of the unemployed white population whose growth is already a source of grave anxiety.

It is impossible to look for the indefinite continuance of faithful and contented work when the workers are placed in a position of anxiety and embarrasment deepening into dependency. There is happily no yet little cause to fear that any of those whom we represent may be led to fall away from the high standard of which both the Indian Government and its servants are justly

prond. But your Excellency will, we are assured, be alive to the necessity of placing even on the shoulders of your European officers beyond the reach of temptation. And as it becomes more generally known that to the disadvantages inseparable from an Indian career there must now be added the prospect of poverty so great as to involve the possible severance of home ties, it can scarcely be doubted that Her Majesty's Secretary of State will find it increasingly difficult to obtain fresh recruits for the Indian Services of the same stamp as at present.

Officers of the Civil Service and the Staff Corps are now beginning to find that the pensions after retirement, which are fixed in sterling, are worth almost as much as their salaries during active service, which are payable in rupees. These officers have thus every inducement to retire as soon as they have completed the minimum period of service required by the rules, there by prematurely swalling the pension list and impairing the efficiency of the public service by the early withdrawal of experienced officers still capable of active work.

Distressing as is our condition at present and with out prospect of amelioration, unless your Excellency intervenes in our behalf we dread that it may become even worse in the near future. The fall of silver has been far more rapid during the last five or six years than in the preceding period, and there are indications that it will soon still further accelerated, and our condition go from bad to worse with each month that passes.

We pray your Excellency to take these matters into your favourable consideration and secure for us such an adjustment of our salaries as will make them not less valuable to us than they were intended to be when they were fixed. In Ceylon, we understand that the pay of the civil servants of the Colony was fixed several years ago at the rate of 1s 10½d to the rupee. We do not wish to detain your Excellency in a matter in which similar assistance might most suitably be granted to Her Majesty's Indian servants, but would beg your Excellency to believe that we have not exaggerated our distress, and to grant to us the fullest measure of relief in such manner as your Excellency's advisers may think fit.

Public Works Department.

Mr. Honore Bell addressed his Excellency on the part of the Public Works, Telegraph, and other Departments.

I beg your Excellency's permission to add a few words to the representations made by the previous speakers from the point of view of the officers of the Public Works and Telegraph Departments, and of other less prominent but important branches of the public Service.

The Public Works Department in which I have had the honour to serve for over 30 years is, as your Excellency is aware a very large one, and is both a great expending and revenue earning department of the State. It is officered by both civilians and military men whose education has been very costly and among whom are men of high standing in the profession. We can justly claim my Lord, that our share as engineers of the task of re-ruining India has been a prominent one, and we may, I venture to urge as fairly claim that our record is good and that the spirit of devotion and of integrity is still unimpaired. But, my Lord the strain the distress owing mainly to the loss in exchange is too severe, and we earnestly beg you to relieve us from it.

My Lord, I have, in my position exceptional opportunities of seeing the work and surroundings, and of gauging the temper of the men of my own and other departments over the whole country, and I say unhesitatingly that we have reached a condition of things which unless promptly noticed, may result in a complete transformation of the character of our English employes. I have received many communications giving instances of the great hardships which men are suffering under in every branch of the Service. But the limited time at my disposal will only permit me to quote a few typical cases. I would mention the case of a senior officer in the Public Works who controls a large staff on a very important work which is to cost over three millions sterling. His family circumstances which I have ascertained are not unusual or unreasonable, absorb at the present rate of exchange, so large a portion of his salary, that he is himself at present obliged to try to live on an income of not more than Rs. 300 a month, or say, 230£ a year, and is con-

sequently drifting into debt. Another prominent and typical case is that of an officer in high position in the Educational Department, who, for the same reasons, after sending home his family remittances, has been trying to live on Rs. 217 a month.

I have some painful cases from the Telegraph Department of the same nature, in two of which men who, unfit from ill health to do adequate service are simply unable to go home to recoup owing to the heavy incidence of family remittance. I have other instances where in order to meet the immediate wants of their families, men have been obliged to withdraw their subscriptions to provident funds and cancel their insurance policies while the case of the widows and families of those who subscribed for rupee pensions and insurances for them is really deplorable. It comes to this my Lord that the children of many a man who has done yeomen's service for this country must now and for no fault of their fathers face the inevitable pains and penalties of general pauperism.

With such prospects constantly before us, it is difficult it is almost impossible my Lord to give that undivided attention to the interests of the State which should be our highest aim as public servants.

Case of the Clergy

The Venerable Archdeacon MacCarthy then stated the case for the Clergy, as follows—

The Chaplains number between 100 and 170 in all, including about 12 Chaplains of the Church of Scotland. And I venture to state that no body of officers in the public Service have felt the hardships caused by the fall in exchange more acutely than it has been felt by Chaplains. For they have not even the prospect before them of increased pay during the later years of their service to take the sting out of the immediate pressure of narrow means.

Chaplains are now on probationary service for three years on Rs. 400 per mensem.

Then they become Junior Chaplains on Rs. 500 a month. After 10 years in this class, they become Senior Chaplains on Rs. 800 a month and there is no further possibility of increase in their pay.

Most of them are married, and many of them have families in England to maintain and educate.

A Junior Chaplain cannot possibly retain a yearly sum adequate to the maintenance and education of, say, two children at the present rate of exchange.

A Senior Chaplain who has say, a wife and two children in England, cannot remit for their use a sufficient yearly sum to secure for them anything like a tolerably comfortable home, and for his children over a second class education, without surrendering such a proportion of his pay as must leave him in circumstances which may fairly be described as circumstances of poverty, while he has to remit at current rates of exchange.

Many of the Chaplains are now endeavouring to keep up appearances and to do their work under the pressure of such circumstances, and deprived of many of the alleviations which make work in India tolerable.

Considering the celebrity enjoyed at which Chaplains enter the Service, the strictly limited prospects before them of increased income or pension, the antecedents and education of most of them it is submitted that their appeal to the Vicarary for help in this matter of the grievous loss of income under which they now suffer strengthens the whole case of the public servants laid before His Excellency and that it does this by bringing under His Excellency's notice especially their own acutely trying position.

The Vicarary's reply

In reply His Excellency the Vicarary said—
Gentlemen,—You represented to me a few days ago that it would be agreeable to you to meet me and to lay before me a statement of the manner in which the proposals of officers serving the Government in India in the departments with which you are connected had been affected by the recent fall in exchange. I saw no impropriety in according to your request. The regulations of the Service, in its true forbidding combinations among the employes of the Government in India, have never I felt that it was clearly for the general advantage of all concerned including the Government of India that I should give you an opportunity of explaining to me by word of mouth the grievances set forth in your memorial—grievances which I am glad

to say, have been borne by those on behalf of whom you have spoken with much anxiety and which I do not propose, upon this occasion to examine in detail the statements which you have laid before me. It is not material to discuss whether any portion of your representations appear to be entitled to more or to less weight than the rest. The only point upon which I am called upon to express an opinion to-day is your main proposition, that in which you affirm that the European officers of the Government of India, as a body, have been heavy losers by the recent fall of exchange and that their loss has been so heavy as to render such a call of some of them one of the most extreme difficulty and distress. That position you have certainly made good, but, when I say this I should like to add my assurance that it did not need the powerful arguments which you have advanced, in order to convince me that the fall in the gold value of the rupee has been the cause of very great suffering to those of our officers whose emoluments are drawn in rupees, and whose liabilities are, to a considerable extent, due in sterling, to have shown conclusively that many of those liabilities are of a kind which they cannot avoid, except at the cost of very cruel hardship to themselves or—and it is no doubt this that they feel most keenly—to those nearest and dearest to them.

I am concerned not to dispute or to minimise the extent of that suffering, but to convince you, if I can, that the Government of India is not indifferent to it, and that it is our sincere desire to deal fairly with you in regard to this most momentous question.

Now I am anxious to make this point good, because I have seen it stated that our attitude has been one of carelessness, and that we have been sitting with our hands folded at a time when we ought to have been bestirring ourselves actively in order to redress your wrongs. In reference to this part of the case, I should like to touch briefly upon the history of the matter since I have had to do with it.

I arrived in India at the end of the year 1888. Throughout the whole of the year 1889 the gold value of the rupee remained almost stationary. On the 1st of January it was at the end of the year it was 1s 4½d, and the fluctuations during the intervening months were inconsiderable. In the following year the upward movement of exchange commenced the rupee rising from 1s 6d in January to 1s 8d in September. Over the summer months it advanced so rapidly that it must have been obvious to us all that speculation had something to do with what was taking place. A downward movement declared itself towards the close of the year and continued throughout 1891, although the fall was not rapid. At the end of 1891 the rupee stood almost exactly where it did at the beginning of 1890. The average rate for 1890-91 was, as you have pointed out, 1s 6d. Taking these three years, we may say that we had first a year of slack water and then, in the two years which followed, a rise, succeeded by a fall almost exactly equal to the amount of the rise. It was not until the spring of 1892 that we found ourselves face to face with a collapse more serious than any which had yet taken place. Since then the tendency has been steadily downwards, the rupee has touched the lowest point yet recorded, and the prospects of a material recovery are certainly remote.

I dwell upon this because I wish to show you that, so far as I have been concerned with this question up to the last few months the situation contained some hopeful elements, and it is, therefore as to the attitude of the Government of India since the last rapid and heavy fall does not itself that you have I think a special right to ask for some explanation.

Now in the first place, you will remember that by the beginning of the year 1892 we were already aware that an International Monetary Conference was to meet for the purpose of considering the whole question of the currency of the world. Many of us were, I am afraid with too much reason, not very sanguine as to the results of the Conference. The decision of Her Majesty's Government to take part in it showed however, that it was within the bounds of possibility that some measure of international efficacy might be resorted to for the purpose of rehabilitating silver. The Government of India were at any rate bound to take the Conference seriously and we bestowed much thought and care upon the selection of our representatives and the instructions with which they were authorised to take part in the proceedings. The investigations of the Conference were however not the only investigations in progress as to this question

In September the Secretary of State decided to appoint an English Commission, presided over by Lord Herschell for the purpose of examining the Currency question as it affected India. The enquiry entrusted to Lord Herschell's Committee was evidently intended as a serious attempt to grapple with the question in so far as it affected us and I think you will agree with me that while that Committee was still sitting, it would have been impossible for us to attempt a permanent settlement of questions depending upon the future of exchange. Lord Herschell's Committee has not quite lately been engaged in taking evidence, and we have not yet learned the conclusions to which it has come, or the action which the Secretary of State is likely to take in consequence.

But you may ask me, why could you not without committing yourselves in regard to a permanent settlement of the question, adopt some temporary measure for the purpose of diminishing our difficulties? That gentlemen is a question which I can assure you was considered and considered with the utmost care by the Government of India. We had, however, to bear in mind that even a temporary measure would raise most difficult issues and require the most delicate adjustment, that such a measure could not fail to be a costly one that in order to provide the necessary funds we should have had to disturb the whole of our financial arrangements for the year 1892, and arrangements which had been made before the last great fall in exchange had declared itself, that we might possibly have been driven to resort to additional taxation, a step which would obviously have been most objectionable for any temporary purpose. Finally it was conceivable that the enquiries which were proceeding in Europe would result in a state of things which might render relief unnecessary.

It was for these reasons that we did not come forward with any proposals of a temporary character. I hope, however, that you will not suppose that because no such measures were put forward, we had dismissed the whole matter from our thoughts. Nothing could be further from the truth. In June of last year we directed the attention of the Secretary of State to the distress caused to our European officers by the fall in the sterling value of the rupee and we pointed out that, if the present conditions continued it would, in our opinion be inevitably necessary to take steps for the purpose of mitigating the suffering of our European officers. About that time we were sending home memorials from members of the services by every mail.

Three months later in September of the same year we again called the Secretary of State's notice to the fact that the distress of our officers was very severe, that it extended to every branch of the Service in which Europeans were employed; and that we regarded with grave apprehension the consequences which would result to the administration, if we were to allow the existing difficulties to continue without attempting to apply a remedy. We even went the length of examining some of the proposals which had been made to us with a view of alleviating these difficulties and while we refrained, for reasons of the kind which I have just given, from making any recommendations for the immediate adoption of remedial measures we expressed a strong opinion that, unless a substantial rise in the gold value of the rupee were to occur we should find it necessary to propose some measures of relief such as those which we had mentioned to his Lordship.

And gentlemen, I may observe that I have myself, in all my communications with the Secretary of State, lost no opportunity of representing to him in the most emphatic terms my strong sense of the very grievous hardship to which the services were being subjected. I am bound to add that I am left in no doubt of the sympathy with which Her Majesty's Government regards your case and it is, I have no doubt as an indication of that sympathy that Lord Kimberley has recently authorised the payment of full-rate allowances pending any action which may be taken as the result of Lord Herschell's enquiry at the rate of 1s 4½d so as to relieve the recipients of these allowances from the effects of the heavy additional fall which has taken place since the commencement of 1892.

Gentlemen, I trust that I have said enough to show you that we are certainly not chargeable with indifference in this matter. Our response will it is to be hoped not last much longer. The Monetary Conference has adjourned without coming to any decision. We have joy to know what course the Secretary of State will adopt in consequence of the report which he will shortly receive from Lord Herschell's Com-

mittee, but, whatever may be the purport of that report, whatever be the decision of Her Majesty's Government, we here are profoundly convinced that we cannot ask those on whose behalf you have addressed me to tolerate for an indefinite period the distress which they have borne with so much self command for some time past. Even if we could regard their case coldly and cynically even if we could remain unmoved by the sufferings which they have experienced we could not, as men of business counsel from ourselves the fact that good service is not to be had for bad pay and that we cannot expect an official whose thoughts are constantly pre-occupied by domestic anxieties such as those which you have described to approach his official work with the spirit, vigour, and alacrity necessary to its efficient performance. But gentlemen I trust that you will not be suspect us of considering this question from so heartless a standpoint. We feel that it is to your cordial co-operation that the successful working of our Indian system of administration has been due in past years and it is a source of poignant regret to us to know that your arduous duties have of late been discharged under conditions so trying and mortifying as those to which you have in too many cases been subjected. It would be a grave misfortune for India if, in years to come, the service to which you belong were to be discouraged by the inadequacy of its remuneration and if a new class of men by which it has hitherto been filled were no longer to be attracted to its ranks.

I have endeavoured to show you that we have not been unmindful of your interests during the period of suspense through which we have been passing and I trust that the time may be approaching when we shall be able to meet in a just and reasonable manner the claims which you have so temperately preferred.

I ought, perhaps to add that, when it became known that I was to receive the duties we have been passing and I trust that it should include representatives of the military officers employed under the Government of India. It was felt however that the hardship which they have suffered in common with you could be most appropriately explained by the Commander-in-Chief of the Army and I am able to tell you that I have received from Lord Roberts a statement, closely according with yours in which His Excellency has earnestly pressed upon us the necessity of taking early steps to remedy the grievances of the military services.

Note by His Excellency the Commander-in-Chief in India on the hardship caused to Military Officers in India by the fall in the exchange value of the rupee

The officers of the army have, hitherto, with the exception of a few who have submitted memorials on the subject, refrained from pressing on the attention of Government the hardships which they in common with other official classes in India, have suffered from the gradual depreciation of the rupee. This inaction is not due to want of interest in a question that affects them and their families so vitally but is to be ascribed to a feeling that something will eventually be done by Government for their relief, and also to a sense of discipline, which has prevented them from approaching Government with a representation of their personal grievances.

It seems to me fitting that I as the head of the Army in India should take the present opportunity of placing before the head of the Government a brief summary of the position in which the majority of military officers, especially those of the Indian Service now find themselves, and of recording my conviction that unless remedial measures are promptly adopted the character and efficiency of the Service will be injuriously affected.

I propose to take the position of the married officer first. In former days the officer who had spent his life in the country had a preferential claim to the nomination of his sons to the various departments of the Indian Service. Of late years, however the only means of entering the public service has been by open competition, and the expensive education consequent on this change of system fell heavily on the resources of the Indian officer, and the rupee was at par. With the rupee at the 2½d the difficulty of providing for this item of almost obligatory expenditure has very largely increased.

The necessity or at any rate the extreme desirability of educating his children, the fact also, that the Indian officer to find a home for them in that country

In many cases he has no relations to undertake their care and management, and as strangers he is induced to accept such responsibilities without profit to themselves it follows that his purse is again heavily taxed to meet this requirement.

While his children are being educated at home, the officer has to keep up his establishments in such a manner befitting his rank and the profession to which he belongs.

I will now quote figures in support of the foregoing remarks.

Taking the case of a Major who is second in command of a Bengal Infantry Regiment, his pay and allowances amount to Rs 910 a month not including the contract allowance of Rs 85 for his wing command the profit from which if any, is so small that it need not be taken into account. Out of his Rs 910 he has to pay towards family pension funds a sum which varies according to the official rate of exchange and number and sex of his children. This year his monthly subscription for wife two sons, and one daughter, would amount to Rs 408, income tax amounts to about Rs 20. This leaves him a net balance of about Rs 850.

Even with the most rigid economy, he is unable to support himself on less than Rs 300 a month. This includes mess bills house-rent subscriptions to mess band and regimental institution upkeep of charges, uniforms and camp equipment pay of servants, and the numerous incidental expenses which increase the cost of living in India. This leaves Rs 550 per mensem for the maintenance and education of his family in England.

The official rate of exchange for the ensuing financial year has been fixed at 1s 2½d, and presumably the market rate will be somewhat lower. At the official rate the sum of Rs 550 represents 32½ lbs a month or say 406½ per annum, consequently this is the largest sum which an officer of the rank I am considering can hope to send home after practicing the most painful self denial himself in India, and, indeed barely living up to the requirements of his position. Even then, I think it will be conceded that 400½ per annum is but a scanty provision for the purpose for which it is intended.

In making this calculation I have assumed that the married officer with a family regards it as his duty to educate his children at home or on the Continent. In many instances, however he now finds it impossible to do so without getting into debt and he has therefore to choose between exceeding his income (which from the circumstances of the case is a pressing one) and depriving his children of the advantages of an education out of India at an age when it is most beneficial to them and most conducive to their future welfare.

It is moreover a reasonable and proper desire on the part of the married officer, especially if called upon to serve in such a climate as that of India, to put by money for old age and to make additional provision for his family by insurance, but, at the present rate of exchange, he cannot hope to do either the one or the other. Again, when the officer is obliged to take furlough to England, either from ill health or on account of private affairs he raises the necessary funds with the great difficulty, and often has to content himself from sheer poverty with a second class passage in the company of servants and persons of inferior social position.

I would here bring to notice that within the past few days the leading steamship companies have raised their rates of passage money from India, thus adding to the officer's difficulties in this respect.

Pennywise embarrasment also provokes many officers from taking the furlough to England which is due to them after a long service in India, and which is often very desirable for the maintenance of their health and, therefore for the satisfactory performance of their duties. The neglect of this precaution may be seen of much importance at the time but when it is continued for several years, and applies to many officers the consequences affect the morale and well-being of the whole army.

The case of the married officer in the Native Cavalry is as hard as if not harder than, in the Native Infantry. He gets Rs 70 a month more than his Infantry comrade, but the upkeep of his horses, uniforms, and equipments is proportionately higher than the increase of his pay.

Married officers below the rank of Major and below the position of second in command, have even a harder struggle into the details of which I need not enter, although they are too manifestly apparent to those who have witnessed or have to undergo them.

Young officers who have no married find great difficulty in keeping up their position properly from

the depreciated state of the rupee. Most of their uniform and equipment comes from England, military outfit-fitters at home supplying, as a rule, better and cheaper goods than similar firms in India. But whether the articles are obtained from England or India the increased cost falls on the purchaser. In the one case, by the government of rupees into English currency, and in the other, by the enhanced prices charged by the Indian outfitter to protect himself from loss.

The regulations for remitting money through official channels from India to England permit of remittance being made solely for the benefit of certain specified relatives of the remitter. He is unable to send home as the more favourable official rate of exchange, money to pay his debts there because such remittances would be for his own personal benefit.

These rules might perhaps, be relaxed in cases where it can be clearly shown that the remittance is intended to pay for uniform or to meet other necessary military expenses.

The only complete remedy for the hardships I have alluded to is either the restoration of the rupee to its par value, or the augmentation of officers' salaries proportionately to its depreciation.

Should the present state of affairs continue, or become worse, I have grave reason to apprehend that the morale, the position, and the general efficiency, of the officers of the army in India will be seriously affected.

Deputation from the Indian Currency Association

Address of the Honourable Mr J L Mackay, C I E, and others, and his Excellency a reply thereto

After having introduced the Deputation, Mr Mackay said—

"May it please your Excellency, we have the honour to come before you as a deputation appointed at a meeting held in the Town Hall, Calcutta, under the auspices of the Indian Currency Association, on 27th January 1893. The meeting referred to consisted of about 700 people comprising representatives of all branches of trade and commerce and manufactures in this city, and representatives also of the landed interest in the country, and of all the branches of the public service.

"At that meeting the following Resolution was proposed by the President of the Indian Currency Association, seconded by Mr B D Mehta, Sheriff of Calcutta, member of the Council of Messrs D B Mehta & Co. merchants and cotton spinners in this city, and carried unanimously—

"It is now generally recognised that with the disappearance of the hope of timely action has disappeared, and that further argument and delay merely mean waste of time.

"The United States are preparing to cease their purchases of silver and it may be anticipated that the gold value of the rupee, which has within the last twelve months fallen from 1s 5d to 1s 2½d, will soon further rapidly decline.

"It is known that for years past it has not been possible for the Government of India to meet the increasing cost of its sterling obligations, except by the imposition of the new and objectionable taxes and that the heavy fall of the rupee in 1892 has brought the finances of the country into a critical position, making further oppressive taxation apparently inevitable.

"Moreover the impetuous position of the Government is retarding the development of the country and the uncertainty regarding the Indian standard of value deters capitalists in England from investing their funds in Indian enterprises.

"The present tension and uncertainty and the prospect of the immediate future have a most injurious effect on all merchants and traders, by paralysing the legitimate commerce of the country in all its branches, and trade as a consequence is almost at a standstill.

It is therefore resolved that this meeting is of opinion—

1. That no justification exists for the continuance of the policy of inactivity in regard to the Indian currency system which has unfortunately for so many years retarded the development of India.

2. That the International Monetary Conference having failed in its objects the Government of India should at once close the mints to the free coinage of silver as the first step towards establishing the gold standard and putting the currency on a stable basis, and this meeting therefore strongly urges upon the

Government of India the necessity for adopting this course without further delay.

That Resolution having been passed it was felt that its importance was too great to admit of its being sent to the Government of India in the ordinary way and the following further Resolution proposed by Mr N T Becker of Messrs. Erntshausen & Co. and seconded by Mr W O Bell-Irving of Messrs Jardine, Skinner, & Co. was carried unanimously—

"That the following gentlemen be appointed a deputation to present the resolution just passed to His Excellency the Viceroy—

"His Highness the Maharaja of Betsab K C I F
"Maharaja Sri Narendra Krishna Bhadur K C I F
"Honourable Syed Amer Hossein C I E
"Baboo Ramanath Ghose

"Nawab Abdool Lutif Khan Bahadur, C I E
"Nawab Mir Muhammad Ali
"Prince Mahammad Bukhtynr Shah

"Mr R D Mehta of Messrs D B Mehta & Co.
"Bairi Nalin Bahari Sircar of Messrs Korr Tar-ruck and Co.

"Mr W T Spink of Messrs Thacker Spink, & Co.
"Mr Reginald Murray Chartered Mercantile Bank
"Honourable A H Walsh of Messrs Mantou & Co.

"Mr L Fugh Barrister at-law
"Mr G Irving of Messrs T E Thomson & Co.
"Mr W J M. McCaw of Messrs Kettlewell Bullen & Co.

"Mr S Keith Douglas of Messrs. Carlisle, Nephevs, & Co.
"Mr D W P King Dethi and London Bank
"Mr B Henry, of Messrs Blackwood Blackwood & Co.

"Mr N H T Becker of Messrs Erntshausen & Co.
"Mr W O Bell-Irving, of Messrs Jardine Skinner, & Co.

"Mr J A Anderson, of Messrs Anderson, Wright, & Co.
"Mr J F McNair of Messrs Begg Dunlop, & Co.

"Mr G Apoor of Messrs Anand & Co.
"Mr J L Mackay, of Messrs Mackinnon Mackenzie & Co."

In the first place we have to thank your Excellency for having graciously consented to receive this deputation, and to hear what we have to urge in support of the reform of the currency system of India which we advocate.

This deputation represents merchants traders shipowners bankers, landowners producers manufacturers importers and exporters. The merchants represent those who are engaged not only in trade with gold-using countries but also in trade with silver-using countries and in local trade.

The proposal to change the standard of value in India is not a new one. Precisely what we propose was strongly urged upon the Government of India as far back as 1875 when it was found that the link between gold and silver had apparently been irretrievably severed. The Government of India at that time threw out the proposal because it clung to the hope that international bimetalism would be adopted and that thereby India would be extricated from her difficulties.

The Government of India have therefore had ample time to consider this question, not only with reference to India, but also with reference to other countries. What we propose is no leap in the dark, because it has been adopted by numerous other countries whose object was to save themselves from the embarrassments and dangers which have overtaken India. I would here mention that France Spain, Italy Switzerland Belgium, Greece and Holland, closed their mints to the free coinage of silver in 1873. The United States had done so previously and the gold standard was adopted by them all and by Germany Sweden, Norway and Denmark while Austria-Hungary has lately passed a law following this example. In 1878, the gold standard was also adopted by Java.

The Government of India have had the experience of all these countries to contrast with their own latter experience of the past 15 years, and must be in a position to form their conclusions as to whether it would not have been to the advantage of India in the past, and whether it is not likely to be to the advantage of India in the future, to change its standard of value from silver to gold.

We approach your Excellency at this time, in the first place because the British Government has hopelessly failed, not only to bring about bimetalism, but

even to secure international agreement on subsidiary measures for the proposed use of silver as money in the second place because Lord Herschell's Committee has now had ample time to consider the question in all its bearings, in the third place because the fall in silver which has already taken place has brought the finances of the Government into a perilous position and has restricted and embarrassed the trade of the country to such an extent as to create an almost unparalleled state of commercial depression and lastly because it is clear from the course of events in America that the decline in the value of silver which has taken place in the past twelve months will be followed by a still further fall which cannot but aggravate the dangers already facing us.

In March 1892, the Budget estimated for a small surplus for the current year. The fall in exchange must have swept away this amount and added at least 150 lakhs to the expenditure of the Government of India.

This additional expenditure must be met either by increased taxation or by the restriction of railway construction and other public works thus hampering and checking the country's progress or by both, and the mercantile community will regard the adoption of either of these courses as such a juncture with the greatest dissatisfaction.

In the meantime we observe that the European servants of the Government of India are not unreasonably pressing for an adjustment of their emoluments owing to the depreciation in silver which, if granted even in a limited degree, must considerably increase the already heavy burden now imposed on the general tax-paying community.

My Lord we freely confess to a strong feeling of sympathy with the servants of Government, who find their incomes daily dwindling and who, in consequence are in some cases put to severe straits such as are calculated to do serious injury to the efficiency of the administration. We realize in fact that it will be absolutely impossible for Government to carry on the administration on the present terms. We are strongly convinced however that the adjustment of salaries and all other adjustments can only be properly effected by the reform of a currency system which has gradually but with increasing rapidity brought the country to the present pass.

The demand for a reform of our currency system is now made by the trading, commercial, and non-official classes in India, with as unanimous a voice as it is possible to get on such a subject. When the remedy was first proposed a certain number of people expressed indifference while others expressed disapproval. It may be safely said that some of those who were formerly indifferent are now with us, while a number of those who were previously in opposition would now be glad to see something done. No better evidence of this need be looked for than is to be found in the words which the Chairman of the Bombay Chamber of Commerce is reported to have addressed to the members at the annual meeting held this week. The Chairman said "I have taken an unpopular line, and belong to the minority who do not approve of action—not because I would not like to see the value and stability of the rupee improved, but because I think no remedy has yet been suggested which if tried would not probably land us and the country generally in much greater trouble than we are in now. Our opponents tant as with being content to pursue the policy of drift and other evil courses, but we cannot help this, and I am sure that, if any of their suggestions are tried and prove successful in accomplishing the end desired, we shall be quite ready to own ourselves wrong and to congratulate them."

My Lord, we feel that, without any agitation for the reform of the currency system of India, the change which we advocate must by the sheer force of circumstances sooner or later be introduced. We feel assured that without any outside pressure the minds of India must eventually be closed to the free coinage of silver. All that we hope to do is to expedite the measure, relieve ourselves from the present highly unsatisfactory state of affairs as speedily as possible and induce the Government to adopt the change without waiting for the financial crash which will eventually force the reform.

Mr W O Bell Irving, of Messrs Jardine Skinner, and Co., said —

May it please your Excellency the currency question has been so fully discussed of late in all its bearings,

that I feel it would be a mere waste of time on my part to do more than touch very briefly on a point on which, as one directly interested, I can speak with a certain amount of authority.

It has been contended that the closing of the Indian mints to the free coinage of silver will seriously curtail trade between India and China, that such is not the opinion of Mr Agar and myself who represent the only existing direct lines of steamers between Calcutta and China and are otherwise interested in the trade between the two countries will be apparent from the fact that we are both members of the deputation now before you.

A petition was recently presented to your Excellency by persons interested in tea in the Darjeeling District, in favour of a continuation of mostly inactivity as regards the currency question. In reply it was very properly pointed out that in an important matter of this kind Government had to consider the general weal of the country and not merely individual interests. Whatever policy in connection with the currency may be adopted in India must, I take it, of necessity come into force in Ceylon so that the issue, as far as tea is concerned, is virtually India and Ceylon v. China. No doubt exists in my mind with which side victory will eventually rest. In this connection, figures, dry though they generally are and misleading as they some times prove, are instructive. In 1881 the export of tea to the United Kingdom was —

China	-	-	-	142,708,457
India	-	-	-	47,413,576
Ceylon	-	-	-	697,268

while in 1891 it stood thus —

China	-	-	-	69,394,523
India	-	-	-	111,168,895
Ceylon	-	-	-	63,744,967

The tea drinking public at home have got accustomed to the strong pungent flavour of the China teas, and it is very improbable that the comparatively weak flavourless China teas will again come into favour.

These latter teas are moreover handicapped by having to pay kien and other recognised duty in China, to the extent of about 4 taels per catty, or about 1½d per lb. It is notorious besides that various squeezes, if I may be allowed to use the term, exist, as to the extent of which the petty officials in China are in a better position to express an opinion than I am.

There is yet another side of the question and a very important one too that the said petitioners appear to have overlooked. Investments in tea in the country have almost without exception sooner or later to be realized and remitted to Europe. Will the holder of a share in a tea garden or an investor in tea scrip appreciate a policy of drift, if it result in his having to remit the proceeds of his investment at an exchange of say 10s 7d for 10s now? It may be argued that the rupee is never likely to decline to 10s but not so many years ago most people would as confidently have affirmed that there was no chance of the rupee touching 1s 3½d.

If any class have benefited from the depreciation of the rupee it ought to be the ryots and through them the zemindars and I am not prepared to contend that in certain respects they have not; but, as representing over 2,300 square miles of land in Lower Bengal held by my firm directly or as agents, mainly in purchase or perpetual lease I feel very strongly that at the time the perpetual settlement was made it was never contemplated by Government that the land revenues should be paid in such an unstable coin as the rupee has proved to be and that, if action be not taken to arrest the downward tendency increased taxation is inevitable. My Lord, what is wanted to develop India is capital to open out railways, start industries throughout the breadth and length of the country and bring the large tracts of virgin waste land which still exist into cultivation. So long as the value of the rupee is an unknown quantity the flow of capital into India will be checked. Let the value of the rupee be fixed and money which is a drug in the London market at 2½ per cent can be available in India in abundance, and if the country with cheap labour and in many cases raw material on the spot, and markets at the door cannot with exchange say at 1s 6d hold its own, then the outlook from a commercial point of view is indeed gloomy.

Mr J. A. Anderson, of Messrs Anderson, Wright, & Co, said—

Your Excellency—Two years ago there was a vague general idea among our merchants that India was greatly benefited by the depreciation of the rupee, and that the lower it went the more prosperous it would be. There was one little difficulty that at times made people doubt whether they were quite right, and that was when they followed the argument to the end and found that if the rupee became of no value at all, then we should have reached the height of prosperity. As we have grown wiser the absurdity of the whole theory has become too apparent, and I doubt if it now finds a single honest supporter. Those few who oppose the reform of our currency do so under the plea of believing in universal bimetallism and thinking that India would benefit more by this than by any independent action. They avoid all details of their objections and have no suggestions as to the means by which the deficit in the financial position of Government is to be met. They only say they prefer to see the ill we are suffering from continue, rather than that their own pet scheme should fail.

An admirable letter in the "Englishman" of 30th June, under the well known initials "A. M. I.", most effectually disposes of the obsolete argument that India exports benefited greatly by a depreciating currency. The writer says—

"The average exports of the years 1866 to 1870 are compared with the averages of 1886 to 1889 all values being expressed in sterling. The result is as follows—

Indian trade shows an increase in	
the 30 years of only -	24 per cent
Mauritius a decrease of only	6 "
Ceylon, another rupee using	21 "
colony a decrease of	21 "

Whereas the gold standard countries in a position to be compared with India show all substantial increases,

Canada - - - - -	30 per cent.
The United States - - -	161 "
Australia - - - - -	174 "
Cape of Good Hope - - -	247 "

"It may be said that the East is more lethargic than the West or South so I have looked up the trade statistics of Netherlands India in the "Statesman's Year Book." I have taken the aggregate foreign trade of British India and Netherlands India for the years 1803 to 1871 and 1886 to 1889 and converting guineas into sterling for both periods at the fixed rate of 12 per 11, and rupees into sterling at the rate of 1s 11d for the first period and 1s 4½d (the average rate) for the second period I find that, whereas British India shows an increase of 31 per cent, only Netherlands India shows an increase of 174 per cent."

Another favourite fallacy is that silver values have not altered in India. The largest crop in India is the Bengal rice crop. It is estimated by Dr Watt as 15 millions of tons, and as only some 300,000 to 500,000 tons are exported it is evident that it constitutes the chief food of the people of this province. If we take as a basis of price the description called ballam we find that, whereas, before the rupee began to fall, the value ran from Rs 110 to Rs 2 per maund in an ordinary season, in the past two years with fairly good crops the price has been Rs 28 to Rs 4 4 per maund while we see and similar cheap grains used by the very poorest people have gone up from Rs 8 to Rs 12 per maund to Rs 18 and even Rs 3 per maund. That incredible hardship is thus caused to the wage earning classes cannot be doubted and if a further fall in the value of the rupee takes place the price of food must be forced up still further. It is doubtful if any other people on the face of the earth would have remained quiet under such an enormous rise in the price of food coupled with a steadily increasing taxation, but Government must know that there is a limit beyond which this *laissez faire* policy must be discontinued, and it will do well to make an end of the situation before trouble does come.

The Indian Currency Association advocates a plan for putting the finances of the country on a safe basis and allowing the adjustment of wages and food prices. These matters are essential to the well being of the country and to disregard them any longer will be to lose our reputation for honestly governing this mighty Empire.

The Hon Mr Wallis, of Messrs Manton & Co, said—

You Excellency—The statement just made by the Honourable Mr Mackay leaves me but little further to

say on the general question of the urgent need felt by all classes and sections of the community of India for the prompt reform of our currency system. Your Excellency will not doubt I am sure after all that has just been stated by Mr Mackay that the fall in exchange affects most detrimentally every interest in the country and not the least so I would urge the interest of the retail trader whom I am allowed on this occasion to represent. It is generally believed that the retail trader is able to protect himself by an increase of prices and in point of fact an increase of rates and prices has been unavoidable, but it would be unfair to say that this could be done to any material extent or to the extent of rendering trade either safe or prosperous, any such result I may safely state has been impossible in the face of the constant prevailing fluctuations in exchange, and its almost uninterrupted downward tendency during the last twelve months or more has brought it to a point at which anything like safe trading in imported goods becomes an utter impossibility. It should be remembered that trader, as a rule have to work upon stated tariffs which cannot be altered to meet every fluctuation in the rates of exchange, and anything like a sudden or seemingly arbitrary increase of prices would necessarily defeat its own end by the further inevitable restriction of business which would be sure to follow the adoption of such a course. As it is business is considerably reduced in volume in all cases of retail trade, which is easily comprehensible when it is remembered that the fall in exchange must necessarily have the effect of considerably reducing the spending power of those who are the main supporters of the trade in imported goods. Thus, your Excellency the retail trader in the present day feels himself placed in a position of considerable embarrassment and difficulty, and as this section of trade does not embrace any reciprocity of business with the mother country in exports, it follows that there is in the present day an entire absence of successful retail trading in the country nor in the face of the prevailing apprehension of a further fall in the value of silver can this be regarded as the worst stage of affairs unless such fall be promptly arrested.

Under these circumstances I would join most earnestly on behalf of the retail trader whom I represent, in pressing on your Excellency's attention the suggestions for a currency reform, submitted to your Excellency in the resolutions passed at the meeting held at the Town Hall on the 27th ultimo, and which have just been read out by the Honourable Mr Mackay. In fact, the closing of the mints to the free coinage of silver and the adoption of the gold standard appear to us to afford the only chance now left for securing the trade of the country from passing into a state of utter disorganization and ruin.

Mr A G Apor of Messrs Apor & Co, said—

I have but little to add to what has been so well and clearly said by Mr Mackay and the other members of this deputation, and I should not now trouble your Excellency with any remarks if I did not think that a useful purpose might be served by a short statement of my own experience. I am a member of a firm who are producers and manufacturers, producing coal and manufacturing jute. We are the owners of bombarides in the colonial engineering workshops in Calcutta, and are also the owners of steam vessels engaged in the general trade of the country, particularly in the carriage of opium, and plying in the trade between Calcutta and the Straits and China. I may, therefore, say that I represent all the important trades and industries which are the opponents of a stable currency in India declare would be ruined if the exchange value of the rupee were to cease from fluctuating and falling. But we who are deeply interested in local enterprise and industry and in trade with other silver-using countries beg to assure your Excellency that our opponents who prophesy ruin are not concerned personally as I am when they speak thus. I deny their right to speak and regard their prophesies as vain words. I am not merely a foreign sojourner in this land, anticipating the day of retirement, and desirous of carrying my money away after conversion into gold. My firm was established here in the early days of the century and I myself have been a member of it, and living and trading in this city, for more than 40 years. All my interests are bound up with the prosperity of the city and this Empire and will so continue to be. Such being the case, which enables me to claim to speak with some authority on this important question, I desire to assure your Excellency that I shall welcome with the most lively

satisfaction a decision that shall prevent for the future such fluctuations in the exchange value of the rupee as have marked our commercial history for 80 years, and shall arrest its further fall. It is impossible to overrate the difficulties and embarrassments which are caused to trade and industry by an ever varying and declining standard of value. Trade is harassed and impeded to such a degree that it is almost reduced to the primitive condition of barter, unhealdly speculation is rife, and legitimate transactions are entered upon with hesitation and anxiety. Industry is checked in the advance, it should make for want of capital, which is confidently kept out of it and, instead of marching confidently forward with operations which are beneficial alike to India and to the countries with which we carry on trade we either feel our way slowly and cautiously as men who walk in the dark not knowing where the next step may land them or we plunge recklessly forward as does a gambler losing as often as we win, or oftener and the fever of excitement is followed by a reaction resembling paralysis. Such has frequently been our experience since 1873 and such at this moment is our experience in connection with the trade in India. I trust that your Excellency's Government will no longer delay to introduce a reform in our currency system which will enable us to see what we are about when we are proposing to enter into international transactions or industrial enterprises to calculate with some certainty what will be the future prospects of the transaction or the enterprise and will remove all risks other than those which are incidental to trade and industry risks which we are quite content and prepared to face. It is the unforseen risk of fluctuations and depreciation of our monetary standard, which we are not prepared to face and which paralyses our energies and resources.

The Hon Fazliloh Visram of Messrs Visram, Ebrahim, and Co, of Calcutta and Bombay said.—

Your Excellency—Although this subject of our currency has been thoroughly threshed out and there remains nothing new to be said about it I would with your Lordship's permission, merely observe that, as one largely interested in the internal and local trade of India, I can say from personal experience how disastrous has been the result of the fluctuating state of our exchange with Europe. I have no doubt that this is also the experience of all merchants whose means are legion. I am not sure that those who advocate a gold standard simply for the sake of bringing about a higher value of the rupee, but what I am keen about is its stability. It must be admitted that it is on this that the prosperity of our commerce and for the matter of that of our country, and of the Government itself mainly depends, and I consider it is the duty of everyone to co-operate towards the desirable end and I have, therefore ventured to offer these few words to your Excellency on the aspect of the question as it appears to me.

Mr R D Mehta, of Messrs D B Mehta & Co, said.—

May it please your Excellency—As a native of the country and as one deeply interested in the development of commerce and the manufacturing industry of the country I do not feel the least hesitation in supporting the objects of this deputation and the movements which it seeks to promote. With your Excellency's permission I desire to call attention to a misapprehension which, I am afraid, prevails, to some extent, in England.

It is believed that the appreciation of the rupee will mean the depreciation of uncoined silver, and the reduction in value of property which is hoarded in the shape of silver ornaments. Now as a matter of fact there is very little hoarding in the shape of ornaments. Ornaments constitute a finery, and it is well understood that gold and silver ornaments themselves retain a large share of the metal which is placed at their disposal for such purposes. The truth is that whatever hoarding takes place takes place in the shape of coined money. It stands to reason that anyone desiring to hoard silver would not turn it into ornaments because, in the first place he has to pay to the silversmith at least a fourth to a half of the value of the silver for workmanship which expenditure and more, he would immediately sacrifice if he desired to turn the ornaments again into dust. If the rupee is given a fixed gold value then obviously the money hoardings of the people will be improved and remain a constant quantity, and they anybody deny that this is a distinct advantage to the fortunate possessors of money investments? I may add

that, being a cotton spinner, and largely interested in various other industries I will not hesitate to affirm—and this in the august presence of your Excellency—that I anticipate no harm, no injury of any kind, to the manufacturing industry of India by the adoption of the course which this deputation desires respectfully but firmly to press upon the attention of the Government of this country. It is a matter of general notoriety, and of painful experience, that matters have gone from bad to worse, because the Government have chosen to adopt what I may be permitted to style a policy of unsteady inactivity in this connection. It is our respectful request and humble prayer that some action may be taken and without further delay, upon the lines which we have ventured to recommend.

Mr Reginald Murray Agent Chartered Mercantile Bank of India, London, and China, said.—

Your Excellency,—I have been invited to make a few remarks from a banker's point of view. The meaning and object of a standard of value are necessarily that such a value shall be fixed. Otherwise it cannot be a true measure for the purposes of trade or for the general revenue and expenditure of the Government.

For the purposes of the trade in India it is abundantly evident that the silver standard has no such fixity of value. It is impossible to discriminate internal from external trade. The imports and exports are met as much a part of the trade of a country as articles bartered internally and it is quite as important for the security of good credit and sound trade that the standard of value for exports and imports should not fluctuate as that internal trade should rest on a fixed basis. Banks are the guardians of credit. On their stability depends whether credit is good or bad. But on what principle can Banks negotiate the finance of India's foreign trade, when exchange rates such as dominating a finance on all transactions to the extent that calculations of premiums and discount rest on a quicksand of speculation?

Such conditions defy principle.

We believe, too, that the depreciation of silver cannot fail to affect the value of savings in India. For, as the trade and finance of India are inevitably connected and mixed up with those of gold standard countries, so must the value of savings bear comparison.

The reform it appears to us will cast savings in India which are to be long, exist unguaranteed by bank deposits are adversely affected by the incidence of a silver standard.

Mr D W P King, of the Delhi and London Bank, said.—

Your Excellency—Speaking as a banker whose interests are intimately bound up in the financial prosperity of India it is to my mind impossible to conceive on what ground the country is justified in accepting, year by year and day by day payment of its surplus profits in a metal which, as soon as it has been received becomes of less value if business were carried on generally on this principle, it is not difficult to see that it would ultimately result in serious failure.

With regards the effect on the capital brought into this country in the past, it is patent that while it may have been invested in profitable industries of which we have many, a considerable portion of the capital has been absolutely lost, judged by its original sterling value, and does not apply to banks alone but to every merchant, trader, and capitalist, who has sunk his money in India.

The present position is even worse, because with all the openings there are for the investment of British money in railways, coal mines and other undertakings in India, the uncertainty as to the future value of the rupee is so impressed upon the British public by the English Press that scarcely any fresh capital is brought into the country.

With this necessity there is for opening up the country this is a most serious matter. It is a fact that all new enterprises in the first instance in India are undertaken with British or European capital, and nobody will admit that we have reached a stage when no further capital is required and surely a state of affairs which absolutely hinders any extension of enterprise needs immediate attention.

It is possible that a gold standard for India might have a disturbing effect upon the European money market and the prices of commodities there, but is it just or reasonable to continue a state of affairs here which absolutely debas the country from making the progress it should make?

The year 1899 has been taking it all round, a disastrous one for India, trade and commerce, and if no effort is made to remedy the present state of affairs it is absolutely certain that we shall have to face a crisis that has not been equalled.

I therefore submit for the urgent consideration of your Excellency the absolute necessity in the interests of the country, the trade officials and all concerned of putting a stop to this competition between Comdrol drafts and silver by closing the mints to the free coinage of silver, and meeting the trade demand by the sale of the Secretary of State's Council drafts on India at a fixed minimum rate.

The Viceroy's Reply

His Excellency the Viceroy, in reply to the deputation, said—

I am much obliged to this deputation for the clearness with which it has laid its views before me. It is extremely important that the Government of India should be made aware of the manner in which these questions are regarded by all classes of the community. The gentlemen present here this morning represent a great variety of interests. You have told me that merchants, traders, ship owners, importers as well as exporters, manufacturers and producers, the banking interest and last but not least the landed interest are all represented here and that among the mercantile members of the deputation are representatives of our trade with silver as well as with gold using countries, and of our local as well as our foreign trade. Such an expression of opinion, and one as it were, from independent and unofficial sources cannot fail to carry weight both with the Government of India and with the country, which we earnestly desire to carry with us whatever course we may determine to adopt in view of the serious state of things with which we are confronted.

Now gentlemen, it is an open secret that the Government of India regard that state of things with the greatest concern. It is, I think also an open secret that we have ideas of our own as to the steps which might be taken in order to deal with the difficulties which are daily pressing themselves upon us. It is however, of no use to conceal from ourselves that the remedial measures which have been under discussion are regarded in some quarters with genuine alarm and with a good deal of suspicion. The latter feeling is, perhaps, not difficult to account for and it is, I believe, to be explained by the fact that many persons have assumed that the advocates of such measures are actuated by selfish rather than patriotic motives. We are constantly told for example that the Government of India have been too much influenced by the distress of the officials in their employment, and that our main object is, on the one hand to mitigate the hardship of the services which have, we are well aware, suffered cruelly by the recent fall in exchange and, on the other to extricate ourselves from the constant embarrassment to which our finances are exposed by the fluctuations in the gold value of the rupee.

Now gentlemen, as to the employés of the Government of India, they are entitled to the most abundant measure of our sympathy and I am glad to notice that yours is extended to them, but I think that those criticisms must have a very meagre opinion of our intelligence who think that merely in order to elude our obligations to the services we should be ready to deal light-heartedly with so serious a question as that of the currency of the Indian Empire, or to tamper in opposition to our better judgment, with the monetary basis upon which our financial and commercial system is founded.

Again although the inconveniences which the Government of India encounters from the fluctuations in exchange are no doubt extremely irksome and expending although it is very annoying to us never to know whether a surplus may not be converted into a deficit, or a deficit into a surplus, by speculative movements which we are wholly unable to control although it is unpleasant to us to be roundly abused because our forecasts are so far reaching that be entertained, it is necessary to prove a great deal more than that the Government of India is exposed to annoyance or its employés to hardship of a special kind. It is to much stronger reasons that these that we must appeal if we are to address ourselves to the question of currency

reform and it is for this reason that I regard it as highly satisfactory that gentlemen in your position representing as I have said the unofficial and independent opinion of all classes of the community should come forward in order to make us aware of the manner in which their interests are affected by the wide divergence in value which has arisen between gold and silver.

I therefore take note with the greatest attention of your emphatic statement that the present condition of things is disadvantageous to the commerce of India generally to importers as well as to exporters so local as well as to foreign traders in the wage earning classes as well as to the producers of commodities.

I also take note of your statement that you regard with the gravest apprehension the possibility that we may be driven by the recent fall in exchange to impose additional taxation on the people of this country—a contingency which we certainly cannot exclude from consideration, but which having regard to the restricted sources from which taxation can be drawn I for one should regard with the utmost concern. The fact that we may not probably find ourselves face to face with the necessity of resorting to additional taxation in order to extricate ourselves from our difficulties seems to me by itself to be a sufficient answer to the assertion that our troubles are of a kind which affect not the people of India as a whole, but the foreign nations represented, it is said, chiefly by the British officers of the Government of India.

I note again the declaration of your belief that owing to the fall in the gold value of the rupee and the un certainty with regard to the future of exchange, capitalists are deterred from investing their money in this country the development of which is in this manner most seriously retarded. You have reminded me, on the other hand that, owing to the embarrassment of our finances, the Government of India is itself obliged to curtail its expenditure on useful public works so that the stream of public as well as of private enterprise is being dried up. This gentlemen is surely a consideration to which no class of the community, whether official or unofficial can afford to be indifferent.

But gentlemen it is not enough to show that the disease exists. You have also to convince us, and to convince the public, that the remedy which you have recommended is the proper remedy and to show that its effects may not be worse than those of the disease itself. Your association has addressed itself earnestly, but with considerable skill to this task. We feel that in dealing with this part of the case we cannot approach the subject with too great caution. We must be persuaded not only that the remedy proposed is a desirable one on general economical grounds but that considered as a political measure it is safe and expedient and will not do violence to public sentiment, or give rise to grave and disturbing apprehensions in the minds of a people prone to regard public questions from a sentimental standpoint. In order to disarm hostility of this kind nothing is so useful as public discussion and a debt of gratitude is in my opinion due to the Currency Association for the manner in which it has during the past few months ventilated this intricate question and helped to render it intelligible to the public mind.

I can promise you in the name of the Government of India, that both your statement of the facts, and the proposal which you have had before me shall receive our earnest attention. They will be duly laid before the Secretary of State, and I trust that we may before long be able to make you aware of the decision which has been arrived at. For the moment I cannot say more. You have reminded me that the Brussels Conference has separated itself without coming to any conclusion, but the other aid to my mind more important inquiry which is being conducted by Lord Herschell's Committee is, so far as we are aware not yet concluded. We have not yet heard that the Committee has reported, nor can we anticipate the effect which the report may produce upon the judgment of the Secretary of State. Until we have received further information upon these points the question must remain in suspense.

There are, however, admissions which I am ready to make to you. My first admission is that, for you have, I think strengthened your case by, for the present, restricting your proposals to that for the closing of the mints to the free coinage of silver leaving for further consideration the question of silver or changing the standard of value from silver to gold which were embodied in your project when it first took shape six months ago. In the next place you are, I think justified in holding that the proposal for introducing a standard of value which shall be common

to India and to the gold using countries is *prima facie* a reasonable proposal. The burden of proof certainly seems to me to lie with those who desire to convince us that it is for the good of any given country that it should use for commercial purposes a currency of which the standard differs and differs in a constantly fluctuating degree from the standard of value obtaining in those countries with which the greater part of its commercial business is transacted. You have pointed out in your address that other nations have deserted the silver for the gold standard and have found advantage in doing so. It is, I think, for your opponents in this country to show that there are special reasons why a similar change should produce different results in the case of India. The Association which you represent has now for some seven months openly and fearlessly advocated the policy which you first formulated at the Simla meeting in May of last year. That policy so to speak holds the field and I think you may fairly say that your opponents will have no one to blame but themselves if owing to their failure to prove that the general opinion of the country disagrees with you and to refute the facts and figures which the Currency Association has placed before the public your conclusions are accepted as an authoritative statement of the interests which this deputation claims to represent.

No 40

The GOVERNMENT OF INDIA to the SECRETARY OF STATE for INDIA Calcutta, 8th March 1893 No 91

My Lord,

In continuation of our despatches below * we have the honour to forward for your Lordship's consideration copy of a letter dated the 10th February 1893 from the Chairman of the Karachi Chamber of Commerce and enclosures, referring to the closing of the Indian mints to the public for the coinage of silver.

We have &c

LAKSHOWNE

ROBERTS

P B HUGHES

D BISHOP

A E MIELER

H BRACKENBURY

C B PRITCHARD

Enclosures in No 40

From JAMES CURRIE, Esq Chairman Karachi Chamber of Commerce to the SECRETARY to the GOVERNMENT OF INDIA, HOME DEPARTMENT 10th February 1893

I have the honour to forward herewith for the information of His Excellency the Viceroy in Council a resolution passed by this Chamber on the subject of the accompanying circular letter I had addressed to the members of the Chamber, dated 26th ultimo, referring to the closing of the Indian mints to the public for the coinage of silver.

At a special general meeting of the Karachi Chamber of Commerce held at the Chamber Buildings on the 10th February 1893, at 3.30 p.m. the following resolution was passed—

Resolution—1 that the views expressed in the circular letter of the chairman dated 26th January 1893 are adopted by the Chamber and that a copy of that letter be forwarded to Government with the intimation that the Chamber concurs with the opinion expressed therein.

JAMES CURRIE
CHAIRMAN

The CHAIRMAN of the KARACHI CHAMBER of COMMERCE to the MEMBERS, 26th January 1893

In view of the present agitation for the closing of the Indian mints to the public for the coinage of silver it is desirable that the Chamber should consider the probable consequences of this measure.

* No 317 dated the 10th November 1892 and No 26, dated the 29th January 1893.

Assuming that the Government takes that course the first result would be an advance in the value of the coined metal now in circulation, and that advance would continue in proportion to the contraction of the currency, such contraction would follow unless the Government took up the task of coining silver on their own account and kept the mints at work.

It would be obviously to the advantage of the Government to do this and the manner of doing it could be easily and profitably effected by the Secretary of State taking into his own hands the purchase of silver in London for shipment to the mints for minting purposes. Much would however, depend on the method adopted by him in regulating these purchases.

The following suggests itself as one such method, which would have the advantage of being simple and would regulate the supply according to the requirements of the country.

Over and above the sales of Council bills necessary to defray the current charges the Secretary of State should be always prepared to give at his fixed rate to the public additional Council bills with the proceeds of which he should buy bar silver in London for the Indian mints.

Following this method, strengthened as his hands would be, he would be able to control the rate of exchange so long as the balance of trade was in favour of India, at the same time the risk would be avoided of India suffering for any length of time from any abnormal dearth or scarcity of money.

There is no reason to doubt, if the mints were closed tomorrow to the public and the Secretary of State fixed the rate of his Council bills say at 1s 4d per rupee as he could do holding the command of over 20 millions worth of bills on India, including the probable requirements for the mints that this level could be maintained without fluctuations until the price of bar silver rose to near the same level.

Failing universal bimetalism it appears to us that the closing of the mints together with the action of the Secretary of State similar to that described for the purchase and coinage of silver, would be a wise and politic move.

No 41.

Telegram from the SECRETARY OF STATE to the VICEROY, 16th March 1893

Among the proposals respecting currency which have been suggested for consideration is one that free coinage should be stopped, provision being at the same time made that rupees may be obtained from the mints in exchange for gold at a rate to be fixed by the Government of India with the approval of the Secretary of State such rate in the first instance being fixed at sixteen pence per rupee. Do you see any practical difficulties in carrying such a suggestion into effect, and if so what is their nature? If your proposals should be approved do you think that difficulties would arise from the circulation in British India of the coins of Native States? or of the coinage of Ceylon if that island should set up an open mint for the coinage of rupees?

No 42

Telegram from the VICEROY to the SECRETARY OF STATE, 16th March 1893

We do not think that any practical difficulty need be anticipated, if the free coinage of silver were to be stopped, but provision made that rupees might be obtained from the mints in exchange for gold at some rate to be fixed.

If our proposals should be approved, any difficulty in connection with rupees coined under the Native Coinage Act of 1876 could be easily overcome.

Coins issued by Native States might perhaps circulate to a limited extent in British territory adjacent to such States but they would neither be legal tender nor be received at Government treasuries or by railways, municipal bodies and local bodies, and in our opinion serious difficulties could not arise.

If, after the acceptance of our proposals Ceylon should establish an open mint on her own account the Indian rupees which are now circulating in that island would no doubt return to India, but Ceylon must not be allowed to coin in her own mints new rupees resem-

bling Indian rupees, and then they would not be used to any considerable extent in India, and of course would not be legal tender between individuals

No 13

The GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA Calcutta 22nd March 1893, No 103

MY LORD

In continuation of our Despatch No 91 (Financial) dated the 8th March 1893 we have the honour to forward copy of a memorandum submitted by the Wynnad Planters' Association, and of letters signed by certain merchants in Karachi and Bombay on the subject of the Indian currency

We have &c

LANDOWNE.

ROBERTS

F F ELDON

D BARBOUR.

A E MILLER.

H BEACONSFIELD

C B FITZGERARD

Enclosures in No 43

No 1

The Honourable C A GALTON Chief Secretary to the Government of Madras, to the SECRETARY to the GOVERNMENT OF INDIA Finance and Commerce Department No 202 dated 24th February 1893

I am directed to forward the accompanying copy of a letter received from the Honorary Secretary to the Wynnad Planters Association together with the memorandum on the currency question referred to therein

Enclosure in No 1

The HONORARY SECRETARY Planters Association Wynnad to the CHIEF SECRETARY to the GOVERNMENT OF MADRAS, 10th February 1893

I have the honour to forward for the consideration of the Government of India a memorandum that was drawn up by this Association in November last and published in the local press as an answer to the reply given by the Government of India to the Darjeeling planters on the currency question We wished at the time to get the co-operation of all planting associations in Southern India, and to send the memorandum home to Lord Herschell's Committee as the expression of the unanimous opinion of the Planting Committee Unfortunately there has been so much delay in getting answers from other districts that it was only on the 25th January that we were in a position to say that our memorandum was endorsed by all other associations As the sittings of Lord Herschell's Committee are now over I am instructed to forward the memorandum to you with a request that the Government of Madras will be good enough to forward it to the Government of India as the unanimous opinion of the following Planting Associations representing Southern India — North and South Mysore Coorg Travancore Shevaroy's Nilgiris and Carnatic South Mysore do not endorse the paragraph respecting wages as wages have risen there owing to increased cultivation

Sub-Enclosure in No 1

MEMORANDUM on the Currency Question drawn up by the Wynnad Planters Association

(Endorsed by the North Mysore Coorg Shevaroy's Nilgiris Travancore Associations, and by the South Mysore Planting Association with exception to the paragraph respecting wages)

We maintain that the agitation of the Indian Currency Association is not for the advantage of India as a country. It is got up, and is chiefly supported by Government officials and such classes as professional men, middlemen and salaried employees, who form a

very small fraction of the population of India The agitation has experienced considerable opposition among the merchants of Bombay Calcutta, and Madras Government officials are doubtless suffering from a severe grievance inasmuch as they lose a considerable portion of the pay they contracted to receive, and if they had contented their agitation to their own particular grievance public sympathy would have been entirely with them We maintain that Government officials and their supporters in this agitation are not in as close touch as we are with the lower classes of India, nor are they, by their training and position, as competent to arrive at true opinions on matters affecting the trade of the country We on the other hand by the frequent sales of our produce, are in touch with the markets of the world and are forced to study the general course of the world's trade as a guide in our business We also contend that we represent the ryot class their interests and ours are identical we are in daily personal communication with our labourers and through that most delicate of tests our labour pay sheets can realise their actual condition over a long term of years It is for these reasons that we venture to publish an opinion in opposition to that of the governing class

The Government of India in summing up its reply to a petition from the tea planters of Darjeeling says

- 1 That the country as a whole makes up gain in its international trade by a depreciation of its standard since the extra price received for its exports is balanced by the extra price paid for its imports
- 2 That the producer of an article may make a temporary and unfair gain from the depreciation of the standard at the expense of his employes and others to whom he makes fixed payments
- 3 But this gain while not permanent, is counterbalanced by a tendency to over-inflation and consequent reaction and depression by a liability to sudden falls in prices as well as rises and by the general check to the increase of international trade which necessarily results from the want of a common standard of value between countries which have intimate commercial and financial relations
- 4 That the adoption of one standard of value by England and India would facilitate trade, stimulate production and place other silver-using countries, such as China, at a disadvantage
- 5 That international trade must be considered as a whole that trade and production are extended by everything that adds to the wealth of the country at large and that illegitimate and temporary gain by one section of the community at the expense of another can only prove injurious in the long run

We would respectfully point out that the strength of the first of these arguments obviously depends on the import trade being of as much value to India as the export trade We maintain that the intrinsic value to India of the exports far exceeds that of the import even as it does in actual volume and money value The ryots are by far the most numerous class in India and we are constantly being reminded that the problem of the future is the over population of the country likely to result if new industries cannot be found for the employment of this ever-increasing number of mouths by war or famine They are also the chief payers of revenue to Government They are absolutely independent of the import trade, for they can still as they did formerly supply all their wants from the produce of the country The practical outlets of this surplus population are local manufactures, and the growth of produce for export, and the low rate of exchange has fostered both, and enabled industries such as what tea hules do to hold their own in the face of an enormous increase of production in other parts of the world On the other hand we would point out that while the fall in exchange has prevented the export trade feeling the fall in gold values (which has so seriously affected industries in gold-using countries) the fall in gold prices has prevented any rise in the rupee prices of imports from India This is proved by a comparison of prices in 1892 and in 1871-75 Cotton goods of all sorts are one anna in the rupee cheaper, English coal is Rs 3 per ton cheaper steel rails are Rs 13 a ton cheaper iron rails 7 1/2, and other metals are cheaper in proportion Oilman's stores and all sorts of wearing apparel are at the same price or cheaper now than they were In only loss, therefore, that the import trade has suffered is that it has not been unduly stimulated by the fall in gold values It is not however to the interests of India as a country that local manufactures should be destroyed

by an influx of cheap European goods. The Government of India has for years recognised the policy of fostering local manufactures and they have prospered so as to excite the jealousy of Manchester. However inoperative it may be to Lancashire, the Government of India cannot consistently maintain that the absence of an extra stimulus to the import trade is sufficient, but a wholesome check on the over production of European imports. More especially is this the case when the low value of the rupee outside India as compared with its value in the country is inducing those who have their savings in rupees to invest them locally. We would also point out that the interests of the import and export trade are not opposed as the first argument of the Government of India would seem to imply. Imports are of the nature of purchases made out of surplus income which can be curtailed if the income of the country cannot do more than provide bare means for subsistence. The export trade and local manufactures are the only industries in which there is room for any material growth of the income of the country, and if these are checked by fixing the rate of exchange the import trade must suffer with them.

The Government of India admits that the producer of an article for export makes a gain by the depreciation of its standard, but asserts that the gain is only temporary and it is unfair because it is made at the expense of his employes to whom he makes fixed payments. In this contention Government apparently only content plates producers on a large scale, and quite overlooks the masses of poor ryots who cultivate exportable produce in their own fields, but even in the case of producers on a large scale, employing large gangs of day labourers, we deny the gain is unfair and at the expense of the employé. The planters of Southern India employ labour from every part of Southern India and Mysore, they keep books showing the rates of wages the amounts advanced for subsistence allowances and the balances paid on the conclusion of the various terms of labour. It is shown there that wages are the same now as in 1875. The subsistence allowances and amounts saved by the ryot only are the same now as then. A correspondence in the Madras Press shows the fact that excluding the last three years as affected by scarcity and fears of famine, common country wages were 20 per cent cheaper in 1889 than in 1875, while exchange had fallen from its 114 to its 44. Twice in this period of 15 years the grain had risen in price, and gradually fallen again while exchange steadily fell. The experience of the tea planters in Darjeeling is evidently the same as ours. Mr Mackay in his speech in Calcutta admitted that wages had not risen in the indigo, tea and jute districts. As the cooly in Southern India gets as many rupees as formerly, and finds that, allowing for the fluctuation of prices due to good and bad seasons his rupees buy as much food and clothing as formerly we fail to see that the charge of an unfair gain is substantiated.

If the gain is temporary and counter balanced by a tendency to over production and consequent reaction and depression by a liability to sudden falls in prices as well as rises. This statement supposes the trades of India to be monopolies and not a part of the great trade of the world. Following the course of prices of the chief articles of export during recent years it will be seen that they without exception have followed the universal law of supply and demand, irrespective of the fluctuating relations of value between silver and gold. Over production and the reduction of profits to a minimum is the tendency of all modern trade and is not affected by Indian exchange except in so much as it enables India to compete with other countries more favourably circumstanced. Thus, the price of sugar has fallen in price to the extent of the best and medium grades that of wheat from the expansion of American cultivation and the new Bombay trade that of cotton from the same cause. That of tea from the growth of the Indian and Ceylon industries causing a glut in the China market. Pepper one of the most ancient, and for centuries the most lucrative of the industries of Malabar, has been rendered almost unprofitable owing to the competition of the Straits. In the case of hides, the price has fallen owing to the enormous quantities in America and Australia having been stocked with cattle. The price of coffee has risen because blights have checked production. The cinchona bark trade exemplifies the law still more clearly. In 1877 sulphate of iron was selling at the rate of 2s and common cinchona bark from 3s to 4s per lb. It was discovered that the tree from which in India and Ceylon enormous profits were to be made although exchange was then high, and capital rushed into the enterprise

In a very few years the island of Ceylon alone was supplying the annual consumption of the whole of the Straits, and the price of bark fell below 2d per lb the minimum cost of production. In Ceylon the trees were uprooted to make way for tea. In India disease supervened on want of cultivation and at last the consumption is again overtaking the production and the market has felt the first vibration of an upward movement. We do not suppose that merchants in Europe need to have these facts brought to their notice but we mention them to show how able men in India under the pressure of loss from low exchange shut their eyes to the inevitable laws of supply and demand and the evident tendency of modern trade, and I think they can affect the world's trade through Indian exchange. It can hardly be contended that the increased production of such of the above articles as are produced in Europe, America, and Australia is due to low exchange. In Ceylon the rush into tea and cinchona was due to the blight of coffee, which left a large and energetic population without the means of subsistence and the capital sunk in the island without dividends. The supporters of the Indian Currency Association rightly maintain that the rise of the Bombay wheat trade is due more to the opening up of the country by railways and cheap steamer freight than to low exchange. Such fluctuations, however, however they may be, unless there was a surplus population feeling the want of fresh outlets for its energies, and we know the population of India has increased one third in the last 20 years. The same causes are in active operation all over the world and over production is likely to be the law of the future irrespective of Indian exchange. As to the liability to sudden falls in price as well as rises, the producers, in common with all *bona fide* merchants deplore violent fluctuations. In part these are due to the unstable rush into over production that is sure to take place if the price of any article rises high now that capital and labour are so abundant and means of communication so easy. They are also due to the unfortunate spirit of gambling which pervades all modern markets. We would point out that the most violent fluctuations of late have been due to attempts made by America to artificially raise the value of silver.

That the adoption of one standard of trade value by England and India would facilitate trade, stimulate production and place our silver on a par with such as China, at a disadvantage. We venture to point out that the Government of India gives no reason for this conclusion beyond the statement that general prosperity would result from such a standard and its belief that its previous propositions are unpalatable. It is the answer to the argument of the Darjeeling planters, that, if the value of the rupee was fixed while the Chinese tael followed the fall of silver the tea trade of China would again regain the ascendancy which had been wrested from her and might even retroactively ruin the trade of India. These arguments seemed to us based on general principles of political economy, regardless of the special circumstances of Indian trade, and again assume that the rupee should equal the export trade in value of the country. The Government of India recognises that the interest of the tea trade is necessarily a matter of concern to it, but it goes on to imply that if tea can be more economically produced in China, the capital now invested in tea in India should be used to some more profitable industry. Those however who are experienced in commercial enterprise know too well that the capital invested in an industry that has to be abandoned is lost. The producer cannot shift his capital from one industry as swiftly as the market changes and finds that the falling exchange alone enables him to continue working at a profit in competition with other silver using countries. It was urged at a meeting of the Indian Currency Association that if it is not low exchange but falling exchange that is needed to stimulate the export trade and that as exchange must touch the bottom sooner or later the stimulus is only temporary and will be followed by reaction and depression. We maintain that the bottom has been touched no further stimulus will be needed, as Indian produce will then compete on a level with that of other silver using countries. This for instance has not been the case lately in the coffee industry. Brazil the greatest grower of coffee in the world, has recently had its exchange so low as 10d. If Indian exchange is to be fixed, and not allowed to follow the fluctuating relations of silver and gold, British exchange will again fall to an extreme, and

her planters receive double the price in silver that we do for coffee of exactly the same value. I have already practically illustrated the truth of the above statement. For exchange was fixed at a high rate some years ago, and it is stated that in consequence no cultivation is very profitable there and tea is being uprooted as unremunerative though it flourishes in India and Ceylon in spite of low prices. As regards industries such as wheat and hides which compete with gold using countries the supporters of the Indian Currency Association maintained that low exchange did not benefit them, as every fall in exchange was followed by a corresponding fall in gold prices and with the lowest exchange and freights ever known last monsoon was the worst season for the export trade on record. We have shown above that any general rise in gold prices is improbable as production is likely for the present to increase faster than consumption. We do not forget that consumption in its turn will from time to time overtake production but only those trades which can tide over a period of depression will be able to benefit by the following re-acton. However, unless wheat, wheat and hide trade may now be this is due to the competition of other countries over which no acton of India can have any control while her depressing standard saves her from having to submit to such a low range of prices as other appreciating gold standard nations on them. In sum up we maintain —

- 1 That the gain on exports is not balanced by the loss on imports, because the export trade is essential to India, and the import trade is not. Moreover, the prosperity of the import trade depends on the prosperity of the export trade.
- 2 An experience of 15 years shows us that the gain on exports is neither temporary nor unfair, as the purchasing power of the rupee in India is as great now as it ever was.
- 3 That over-production is inevitable from the constant increase of capital and labour in the world and cannot be averted by the rate of exchange in India. That the effect of a depressing standard on India's trade is entirely beneficial, in that it enables her to tide over the depression that results from the over production, and to benefit by the prosperity that will ensue when re-acton comes. That violent fluctuations are due to the spirit of gambling and would only be unmasked by any further attempts to raise the value of silver.
- 4 That any attempt on the part of the Government of India to fix one standard of value for England and India can only result in ruining India a trade which compete both with gold-using and silver-using countries, unless a scheme of universal metallism is adopted, which will have the effect of raising gold values in the great markets of the world.
- 5 That the artificial enhancement of the value of the rupee would not add to the welfare of the country as a whole because any gain obtained by reducing home charges and interest on the gold debt would be more than counterbalanced by the loss inflicted on the trade and revenue of India, that this gain would be also illegitimate and injurious as benefiting only the small class of non-producers at the expense of the producers who form the mass of the country.

J WILLIAMS HOCKEY,
GEORGE ROCKLIF,
Committee for the Wyndham
Planters Association

No 2

J M DICK, Esq. Karachi to the PRIVATE SECRETARY to His EXCELLENCY the VICEROY and GOVERNOR-GENERAL of INDIA 24th February 1898

I have the honour to forward the accompanying original documents, with six spare copies

Enclosure 1 in No 2

Messrs DONALD GRAHAM & CO BALLY BROTHERS' AGENCY FINLAY MEIK & CO SANDAY PATRICK & CO EWART RYER & CO BRYAN DURANT & CO RITCHIE STEWART & CO Merchants and Agents of Karachi to the PRIVATE SECRETARY to His EXCELLENCY the VICEROY and GOVERNOR GENERAL OF INDIA, 23rd February 1898

With reference to the Resolution of the Karachi Chamber of Commerce on the subject of the currency

question dated 10th February recently forwarded to His Excellency the Viceroy was the honour to bear His Excellency's gracious attention to the our protest against the view set forward in that Resolution

As the signatures to this document testify we have the honour to represent a proportionable of the import and export trade of this port, and our opinion submitted with all due deference is fully expressed in the letter addressed to you under date 9th February 1898 by several members of the Calcutta Mercantile and Banking Community

Enclosure 2 in No 2

Messrs H E ARNOT & Co, and others to the PRIVATE SECRETARY to His EXCELLENCY the VICEROY and GOVERNOR-GENERAL OF INDIA CALCUTTA, 9th February 1898

We have observed with the utmost concern and regret from the published reports of the interview recently graciously accorded by His Excellency to a deputation from the Indian Currency Association that His Excellency seems to have adopted the conclusion that the representations which were then addressed to him formed an authoritative statement on behalf of the banking, trading, commercial, and industrial interests of this port.

It is with some surprise also that we find His Excellency telling the Indian Currency Association that their policy so to speak holds the field and that we and others in that country who think with us shall have no one but ourselves to blame if the Association's facts and figures are accepted as an authoritative statement of the interests which they claim to represent.

We beg most respectfully to assure His Excellency that he is under a misapprehension. As the signatures to this document testify we have the honour to represent a large proportion of the business of Calcutta, and we have good reasons for believing that we have behind us, in support, a similar proportion of those interested in the spinning, manufacturing, and other productive industries of the Presidency.

Our opinion, which we submit with all due deference, is that the measures being urged upon the Government of India by the Currency Association for steady and raising the rupee are uncertain, ungrounded, and miscellaneous, fraught with danger to the financial credit of the Government, and to the commercial prosperity and development of the country.

We do not favour a fluctuating or depressing rupee, but we are more averse to a fictitious artificial sterling value being placed upon the rupee and we believe that any proposal yet submitted by the Currency Association would have much worse effects than those of the state of things which these proposals are intended to remedy.

As practical experienced business men we do not hold with the assertion of the President of the Currency Association that the fall in silver has restricted and embarrassed the trade of the country to such an extent as to create an almost unparalleled state of depression. We believe that the causes of the depression such as it is, are to be found elsewhere.

On the other hand, we desire to make known that we are not insensible to the embarrassment of the Government as regards the present state of its finances or wanting in sympathy for the employees of the Government who have suffered by the recent fall in exchange, but we submit that in order to make these matters right, it does not appear to us to be necessary or desirable for the Government to resort to the desperate expedient of tampering with the monetary basis upon which the financial and commercial system of the country is founded and under which the country has hitherto been most prosperous.

We have noted with satisfaction His Excellency's reference to the importance of the report to be presented by Lord Herschell's Committee, because our views have been fully placed before that Committee by some of our senior representatives, and we beg to crave His Excellency's kind reference to a letter which some of our number addressed to the Bengal Chamber of Commerce in September last, and of which a copy is attached

Enclosure in above

Deem-official—Messrs GEORGE HENDERSON and Co and others to the SECRETARY to the BENGAL CHAMBER of COMMERCE 3rd September 1893

An active canvass has been carried on for some time past for signatures to the memorial of the Indian Currency Association by the President of the Association and others and it appears that many members of the Chamber have subscribed the document. We learn from your letter No 751-92 of 20th ultimo that the Committee of the Chamber have not discussed the memorial, and under these circumstances having regard to the importance to the mercantile community of the question involved, we desire to record the following short protest.

The memorial is based upon a highly incorrect representation of facts and its prayer to Parliament to empower the Government of India to deal with the Currency as it may deem fit is one which, in our opinion should on no account be granted.

No 3

Messrs ALBANA MUNJEE and Co and others to the PRIVATE SECRETARY to His Excellency the Viceroy and GOVERNOR GENERAL of INDIA, CALCUTTA, 25th February 1893

We wish to take the opportunity of cordially endorsing the view expressed in a letter from a number of the leading bankers and merchants of Calcutta, under date 19th instant to yourself for submission to His Excellency the Viceroy.

We are firmly of opinion that the proposals of the Indian Currency Association, if entertained, are fraught with danger to the commerce of the Empire and certain to fail in their object of securing stability in the sterling value of the rupee.

No 44

TELEGRAM from the Viceroy to the SECRETARY of STATE 28th March 1893

The financial statement will be presented to the Legislative Council of the Governor General to day and will be published here in a Gazette Extraordinary. The accounts for 1891-92 have closed with a surplus of Rs 467,000. In the revised estimate for 1892-93 the revenue is estimated at Rs 90,721,900 and the expenditure at Rs 91,103,100 giving a deficit of Rs 1,681,900. The fall in exchange during this year below 1s 4d per rupee the rate taken in the budget, has added Rs. 1,658,900 to the expenditure, and there has been a considerable increase of sterling expenditure and of expenditure on the Army in India; on the other side of the account there has been an increase of net opium revenue in India to the extent of Rs 971,000, and a large and satisfactory growth of general revenue. The unfavourable influences outweigh the favourable, and instead of the surplus of Rs 1,681,900 shown in the budget a deficit amounting to Rs 1,681,900 is expected. It is explained that the large increase in net opium revenue is due to an unfavourable season and a poor opium crop. The payments for opium have consequently been less than the estimate, and the selling price of Bengal opium has largely risen owing to reduction from 1st October last of the quantity sold monthly.

In the budget for 1893-94 the revenue is estimated at Rs 90,005,700 and the expenditure at Rs 91,600,800 giving a deficit of Rs 1,595,100. The rate of exchange adds Rs 1,389,400 directly Rs 347,000 indirectly, to the expenditure making a total addition to expenditure of Rs 2,229,400. There is also, as compared with figures of budget estimate for 1892-93 some addition to expenditure on the Army in India and some reduction of net opium revenue. Among the influences which have favourably affected the budget estimate of next year are an increase of ordinary revenue of Rs 647,700 some improvement in net railway receipts, and some reduction in net sterling expenditure and in ordinary expenditure in India. It is explained that the fall in exchange has in two ways added Rs 4,142,400 to the expenditure, and that the future of Indian finance at the present time depends upon the course of exchange.

Although the Government of India are most unwilling to budget for a deficit it is considered unexpected to take measures necessary for the restoration of financial equilibrium, until the Home Government have received the report of Lord Herschell's Committee and given their decision on the Indian currency question. It is clearly shown that any measure which has been adopted at the present time must be either inadequate or unnecessary and it is stated that the decision on the currency cannot be much longer delayed.

Sir David Barbour appeals to all persons who have taken part in the dispute on the currency question to put aside personal feeling in the matter to accept what ever decision may now be given and to endeavour loyally to carry it into effect. He adds that he is willing to take this course himself, though he still prefers a settlement of the question by international agreement, and hopes that it may be possible to secure it at some future time.

Notwithstanding the difficulties of the present day, he repeats his former opinion that the resources of India are adequate to her wants but on condition that the measures of the Government of India are taken in good time are regulated by prudence and forethought, and are carried into effect with strict regard to economy.

The budget estimates for next year provide Rs 8,550,000 for capital expenditure not chargeable to revenue, as well as Rs 1,119,300 under the Famine Insurance Grant, for construction of railways and irrigation works. It is expected that a loan of Rs 3,000,000 will be raised in India during next year but no pledge has been given. It will be announced with usual reserve that the Secretary of State will probably draw bills for 18,700,000 during next year, and will raise a loan for 1,300,000 for discharge of railway debentures.

No 45.

EXTRACTS from the Financial Statement by Sir David Barbour 23rd March 1893

Present Position and Future Policy

28 The revised estimates of the current year show a deficit of Rs 1,081,900, the Budget Estimates of the coming year show a deficit of Rs 1,595,100. The prospects of the future are dimming, because, although the ordinary Indian Revenue is estimated to be free from fluctuations in Exchange are such as to set all calculations at defiance. The increase in expenditure during the last two years caused by the fall in the rate of exchange, amounts to Rs 4,142,400 and the increase of expenditure due to this cause has not yet come to an end. The heavy fall in the rate of exchange has most seriously affected the position of Government servants not domiciled in India; their cases cannot be put on one side much longer and as matters now stand no remedy is possible which does not involve further increase of Expenditure.

We have also to take into consideration the possibility of the United States stopping their purchases of silver, the effect of which on the rate of exchange must be serious and which it is difficult to see how necessary to take net Opium Revenue for the coming year at a lower figure than has appeared in the estimates during the last 23 years.

29 Under the circumstances stated in the preceding paragraphs, the natural and ordinary course would be for the Government of India to at once take such measures as would suffice to cure the existing deficit, and establish equilibrium between revenue and expenditure. Financial embarrassments gather weight and force the further it proceeds, and it is the obvious duty of every Government to allow no avoidable delay to occur in dealing with a declared deficit. Postponement of action cannot be justified except on grounds of irrepressible weight.

30 It will be found on examination of the existing position that there are insuperable objections to any attempt to deal with the anticipated deficit of 1893-94 at the present moment. The immediate cause of our financial difficulties, and the cause which, by comparison and for the time being dwarfs all others is the fall in the gold value of silver, which as I have already shown, has added to the Indian expenditure in two years more than four crores of rupees. If that fall could be stopped and the rate of exchange with England fixed permanently at even its present low figure, the difficulty of dealing with the present deficit would be

B b 4

comparatively light. The revenue continues to grow in a satisfactory manner even under the influence of indifferent seasons and poor harvests it has made fair progress. If we could feel assured that there would be no further fall in exchange I have little doubt that increase of revenue, restriction and reduction of expenditure with possibly some taxation of a temporary nature would in a very short time re-establish equilibrium. A serious effort would no doubt be required in the first instance but with a fixed rate of exchange we would have a definite task before us and our measures could be regulated accordingly. But it unfortunately happens that unless some settlement of the currency question is obtained there is no prospect of even the most moderate degree of stability in the rate of exchange. The fluctuations and unprecedented fall in the gold value of silver which has been experienced during the last few years has destroyed confidence, and we know that the question of stopping their purchases of silver is being seriously agitated in the United States of America. The exact consequences of such stoppage it is impossible to foretell but the conclusion I have come to is that the consequences would at any rate for a time, be disastrous to the Indian Exchequer and that the Government of India would in such cases be involved in necessary difficulties of greater magnitude and more lasting in their effects than any which have hitherto been experienced in this country.

The imports of silver into India during the current year and the preceding years have been of great magnitude. In the years 1890-91 the net imports of silver were Rs 14 175 136 in 1891-92 they were Rs 9 022 184 and in 1892-93 they promise to amount to Rs 13,000 000. If the United States ceased to purchase silver the best result I have been able to make shows that India would have to absorb about Rs 8 000 000 worth of silver yearly in addition to what she imports already and it is impossible to contemplate such a contingency without grave apprehension.

The consequences of a stoppage in addition to the yearly imports of silver into India of Rs 8,000,000 in a single year would in the first instance at any rate, be overwhelming and I should expect that the Eastern Exchange would be for the time completely organised. The fall in the price of silver would be so great that the production of silver might be curtailed but we cannot be certain that this result would follow, or to what extent it would follow and as much that we in full working could not and would not be stopped immediately the process of reduction would take time. If such reduction of output did take place it would be due to the fall in the price of silver and would not last longer than the fall in price lasted, every rupee in price would be followed by increased activity at the mine and would tend to restore production to its old figure. In short the stoppage of the purchases of silver by the United States must result in a great fall in the price of that metal and though a portion of the first fall might be recovered it cannot reasonably be expected that, under such circumstances even the present price of silver would be restored, confidence in the future would be still further weakened and fluctuations in exchange, of excessive amount and most injurious in their consequences, would be inevitable.

If I have now shown what we must expect if there is no settlement of the currency question and if the United States stop their purchases of silver. The prospect of a settlement of the currency question lies on the other side of the shield. A settlement of this question would prevent any further fall in exchange and would be likely to bring about, at the very least, some slight rise.

It is no violent hypothesis to assume that a settlement of the currency question might raise the rate of exchange by one penny and so great is the influence of Exchange on our finances that a rise of even this small amount would give us equilibrium between Revenue and Expenditure in the coming year and cause our present financial difficulties to disappear.

In other words our financial position for the coming year is at the mercy of Exchange and of those who have it in their power to affect in any way the price of silver. If we judge for the present deficit of Rs 1,000,000, and Exchange rises one penny we shall have a surplus, if it falls a penny we shall have a deficit of more than three crores, if we impose taxation to the extent of one and a half crores of rupees a year of the whole may require us to impose further taxation of not less magnitude, another year, and we may find that no

taxation at all was required. It will be obvious from what I have just said that what we have got to consider in making our arrangements for next year is not so much the question of increasing the public revenue or retrenching that portion of the public expenditure which is under our control but the chances of a settlement of the currency question.

I regret that I am unable to give any more definite information regarding the prospects of a settlement of this question than the public at present possess. We know that the question excites the greatest interest in the United States, and we know that even if the people of that country were willing to let it sleep the inexorable logic of events will force them before long to take a fresh departure either in one direction or in the other.

The International Monetary Conference which recently assembled at Brussels separated without arriving at any definite conclusions but it is proposed that it should re-assemble in May. We do not know whether that proposal will be carried out or not, but in the meantime the currency question as it affects India is being considered by a committee of experts under the presidency of the Lord High Chancellor of England.

The proceedings of that Committee are secret and the Government of India have no information as to what the nature of its Report will be or as to whether the Committee will agree upon an unanimous Report or not. But we know as do the public, that the Report of the Committee will be made very shortly and the Government of India have been informed by Her Majesty's Secretary of State for India that the decision on the Indian currency question cannot be delayed much longer. Under these circumstances the Government of India have decided—and the soundness of the decision does not appear to me to admit of dispute—that the proper course is to await the decision of the Home authorities on this question before adopting measures which must necessarily be of a stringent and exceptional nature with the object of re-establishing equilibrium between Revenue and Expenditure. The immediate restoration of equilibrium would require the imposition of heavy taxation or a large reduction of Expenditure and yet neither this taxation nor reduction of Expenditure for or even a combination of both measures would be final or anything better than a temporary makeshift if the currency question is not settled, measures that might suffice to meet the existing deficit would in my opinion be wholly inadequate if the United States ceased to purchase silver. I submit that the Government of India cannot be expected to initiate a policy at the present moment which must have very serious effects on the industry of the country and disturb and unsettle the Administration when the lapse of only a month or two might and in all probability will show either that their policy was mistaken and their measures unequalled for or that that policy is wholly inefficient to meet the requirements of the case and that their treatment of the disease had irritated the patient without materially advancing his progress towards health.

Disappointing as this decision may appear to some persons, and strongly as I am opposed to delay in dealing with financial embarrassment I entertain no doubt that the course which the Government of India (with the sanction of Her Majesty's Secretary of State for India) have decided to adopt in the present conjuncture is the wisest under the circumstances and I trust that the Indian public will acknowledge the difficulties of the present position and will not press for a hasty decision, or the inconsiderate adoption of measures which must from the very nature of the case, prove to be either inadequate or unnecessary.

* * * * *

I have already explained that our position in the coming year depends almost entirely on the course of exchange and, though I must recur to the subject again I have no intention of adding to the mass of statistics that has grown up in connection with the currency question.

The arguments for and against an International settlement of that question and the arguments for and against independent action on the part of India appear to me to have been exhausted. Every scheme that it has been possible for human ingenuity to devise has been elaborated with the utmost care and pressed on the attention of a perplexed and suffering public as being in the opinion of its authors a sure and infallible remedy for undoubted evils. I must plead guilty in my own case to having selected something to the burden of

the patient public, but I hope I have not, as some times happens in the heat of argument on the currency question ever in language which conveyed the impression that I looked upon the man with whom I had the misfortune to differ in opinion as being necessarily a person of doubtful honesty and deficient in ordinary intelligence. If I have done so, I retract and apologise the matter is so serious to permit of any words being ascribed to merely personal considerations, and I think I may now fairly call on the disputants to recognise that the suit has for the time being, passed beyond the stage of pleading and of arguments, and that it only remains to await the decision of the tribunal. If the members of that tribunal decide that a remedy is possible by means of independent action on the part of India and should be tried let us whatever our private and personal opinions may be accept that decision and loyally endeavour to give effect to it. In asking others to accept a decision which they may possibly not wholly approve, I am not requiring them to do some thing which I am not prepared to do myself. The remedy which I have always advocated, which I still prefer and which I hope may some day be adopted in agreement, yet this is the solution which, at the present moment, is not under consideration.

If, on the other hand, it be decided that having regard to the interests of India in the widest sense, no remedy for our undoubted difficulties by means of independent action on the part of this country is practicable or should be attempted it will be our plain and obvious duty to address ourselves as best we may to the task of establishing security and maintaining the integrity of the financial position of India. That task may be a heavy one, but difficulties that are met in the right spirit are already half overcome and I have confidence in the resources of the country and in the industry of its people.

37. In the five Financial Statements which issued under my name, just four years ago after calling attention to the financial dangers that threatened us in connection with the question of Exchange and the fall get rid of the Exchange difficulty, I should be prepared to adopt a hopeful view of the future and if there were in addition, no risk of a great war I should look forward to our progress in coming years with as much confidence as it is ever safe to feel in financial matters.

In the following year when dwelling on the improvement that had taken place in the course of 12 months, and on the grounds for expecting further improvement in the immediate future I added the following words— I fully recognise that we have difficulties of no slight magnitude still to meet that the finances are exposed to many dangers and that unforeseen disasters might for a time upset our calculations. There is every need for caution and for economy, and I should greatly regret if anything I now say, or have said in the past, conveyed the impression that the Government of India are in a position to embark on a policy of adventure of any description.

When I made these remarks the tide of Indian financial prosperity was rising, and it was held in some quarters that the policy I advocated was unnecessarily timid. The remission of taxation it was said would relieve the springs of industry, and public works should be vigorously prosecuted with funds raised by gold loans in London.

One of those disasters the occurrence of which a study of the history of the Indian finances will tell us than 20 years' practical experience of their working had taught me to regard as possible at any moment and on the shock of war has now come upon us and I do not think the critics will look back with much satisfaction to the opinions they for meily expressed for my part I have no wish to dwell on the subject, and I recall the matter at the present time merely with the object of adding force to what I have now to say.

Even under present circumstances when the horizon is dark with the approach of what may prove to be the greatest financial convulsion of the present century I do not draw back from the opinion I formerly expressed, and that the revenues of India are adequate to meet her wants but I wish to say in the most emphatic terms that, if the Ship of State is to pass successfully through the storm which she is now entering, our measures must be taken in the time must be regulated by prudence and forethought, and must be carried into execution with strict regard to economy.

Summary

103. The principal features in this Statement are—

- (a) The Accounts of 1891-92 have closed with a surplus of Rs. 467,535.
- (b) The Revised Estimates of 1893-92 show a deficit of Rs. 1,081,900 against the surplus of Rs. 146,600 shown in the Budget Estimates of the year. The sterling Expenditure has considerably exceeded the Budget Estimates the Expenditure in India has on the whole been less than the Estimates a considerable increase in Military Expenditure having been more than counterbalanced by a large saving in Opium Expenditure in consequence of the failure of the crop. The Revenue has shown satisfactory progress. If the rate of exchange taken in the Budget Estimate is 44 the rupee, had been realised there would have been a surplus somewhat higher than that shown in the Budget Estimates but the fall in the rate of exchange to 1s. 3d. has caused an increase of Expenditure of Rs. 1,635,300, and converted the surplus into a heavy deficit.
- (c) The Budget Estimates of 1893-94 show a deficit of Rs. 1,546,100.
- (d) The main cause of the deficit of Rs. 1,595,100 is the fall in the rate of exchange. The currency question is now under the consideration of the Secretary of State. Till he has decided what action if any should be taken in regard to the currency it is impossible to say whether the deficit in the coming year will be of the amount shown in the Budget Estimate or whether it will be largely increased or will disappear and become a surplus. The decision of the Secretary of State is expected to be not much longer delayed and in the circumstances just stated the Government of India have postponed for the present the determination of the measures to be taken to place the finances in equilibrium.
- (e) The rate of exchange is taken at 1s. 2½d. and at that rate the direct addition to the expenditure caused by the fall from 1s. 4d. is estimated at Rs. 1,889,400.
- (f) The sterling expenditure will be somewhat less than for the Budget Estimate of 1893-92. The Expenditure in India will, on the other hand, be considerably higher. The estimate of net revenue from Opium is taken at Rs. 5,061,200 being lower than the amount taken for any of the last 22 years. A substantial improvement in Railway Revenue and in the Revenue generally is anticipated.
- (g) The Capital Expenditure on Railways and Irrigation Works not charged against Revenue is estimated at Rs. 3,996,700 in 1893-93 and at Rs. 3,350,000 in 1893-94. These sums are in addition to Rs. 1,215,400 charged against Revenue and the Famine Grant in 1892-93, and Rs. 1,119,500 charged against the Famine Grant in 1893-94.
- (h) It is expected that the Secretary of State will in 1893-94, sell Control Bills to the amount of 18,700,000, and raise a loan of 1,900,000 for the discharge of Railway Debentures. These announcements are accompanied by the usual reservation of entire liberty to the Secretary of State to vary the amounts to be obtained by bills, or raised by loan, as he may find occasion.
- (i) The estimates provide for the issue of a loan in India of Rs. 3,000,000. Full liberty is however reserved to the Government of India to raise a smaller or a larger loan or not to raise a loan at all if it should appear later that none is required.
- (j) The dominant factor influencing the financial position of India at the present time is the rate of Exchange. If that rate rises as high as 1s. 4d., the deficit shown in the Budget Estimates will disappear, if it falls still further the deficit will be further increased. It is impossible for the Government of India to decide what measures should be taken for the restoration of financial equilibrium until the Home authorities have given their decision on the currency question.

Calcutta
23rd March 1893

D BARBOUR

No 46

The GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, Simla, 3rd May 1895 No 134

My Lord

In continuation of my Despatch, No 85 dated the 1st March 1893, I have the honour to transmit (in original) 245 memorials from the officers named in the annexed schedule. I addressed some to your Lordship and some to the Government of India, representing the hardship caused to them by the fall in the exchange value of the rupee.

2 We also forward copies of the two letters noted below in regard to the same subject.

We have &c,
LANSDOWN,
G S WHITE
P P HUTCHINS
D BARBOUR
A E MILLER
H BRACKENBURY
C B FRIDWAND

Enclosures in No 46

From E E HENRY, Esq C S Inspector General of Police, Bengal Lower Provinces to the CHIEF SECRETARY to the Government of Bengal No 917 dated Camp Bazaar, 30th-31st January 1893

While forwarding the accompanying memorials I take the opportunity at the request of the memorialists and others to submit as head of the Department for the consideration of Government some remarks on the position and prospects of the officers with European domicile, and on the intolerable burden placed upon them by the fall in the exchange value of the rupee.

2 There are 108 officers in the superior grade of the Bengal Police with the exception of four all are Europeans, and more than 80 per cent have European domicile.

The latest graduation list shows that the junior officer in the 1st grade of District Superintendents on Rs. 1000 a month is in his 1st year of service, the junior officer in the 2nd grade, on Rs 800, is in his 27th year and the junior officer in the 3rd grade on Rs 700 is in his 24th year of service. Promotion has been unduly arrested, and is now at a standstill. Of the 50 European officers holding the rank of District Superintendent 41 are married.

Most Bengal police officers are under the Indian Service rules and so entitled to one year's furlough after ten, and two years furlough after 18 years service. They by years service entitle them to the full pension and towards this period two years taken on furlough count provided that the furlough is taken out of India.

3 The urgency of their case can be best illustrated by taking a specific instance. As already stated, 80 per cent of our officers with 10 years service are married, and to make provision for their families in the event of death must either insure their lives or join the Unsworned Service Fund. To secure a reasonable allowance their subscription will represent a sum not less than from 10 to 15 per cent on their salary. The income available for the maintenance of an officer taking furlough is one half his average salary of the preceding three years less fund and income tax deductions. An officer of 25 years' service who has been fortunate enough to not for six months in each year in the next higher grade would draw one half of Rs 750 less Rs 100 (in round numbers) deducted for fund and income tax contributions, leaving a balance of Rs 275, which converted into sterling at 1s 3d., would yield 205l yearly a sum insufficient to defray the cost of passages home and back and the expenses of a man and his family for ten months in Europe. Officers without private means cannot take furlough to Europe. Taking furlough in India is unprofitable and it does not count towards pensions. As a consequence furlough is not taken or is very sparingly taken, however pressing the need be.

Not printed
1 From the Inspector General of Police, Bengal Lower Provinces, to the Government of Bengal, No 917 dated the 29th January 1893.
2 From the Government of the Punjab to the Government of India, No 406 dated the 1st March 1893 and enclosure.
3 Eighteen memorials.

4 The conditions affecting sick leave are similar. Officers now compelled to take such leave come back encumbered with debt, which it takes them some time to clear off.

5 The position of a man who has sent his family home to have his children suitably educated is one of peculiar hardship. I cite again the case of an officer of 25 years service as fairly typical, for he joined when the rupee was worth not less than two shillings. His allowances less is represented by Rs 630 pay and allowances less Rs 100 fund and income tax deductions. A remittance of Rs 400 a month at 1s 3d will yield his family 300l a year, the smallest amount which his wife, if at home with two children of more could live upon. The balance available for his own expenditure is Rs 250 a month which is the salary allowed to a probationer. At the time he joined the service a monthly remittance of Rs 350 would have yielded his family 300l a year. His direct loss by the fall in exchange is Rs 150 a month a sum which, estimated in promotion, represents from five to seven years' service. I need not dilate upon the anxiety, disappointment, loss of self, energy and health, which must result from the pressure of financial difficulties of this nature.

6 Instances have come to my knowledge of men who by the exercise of self denial have hitherto succeeded in keeping their children at home being now compelled to bring them out. Although they realize that the break in educational training *must* be harmful and that there is no outlet in the country for European youth they have no alternative as it is no longer in their power to remit sufficient for the home expenditure of their family while keeping back what is required to meet their own necessary expenses. This is an aggravation of hardship for the self-denying efforts of past years are rendered infructuous at the most critical time of the children's career.

7 The Public Services Associations are taking steps to bring before Parliament the claims to redress of their members and this advocacy may be sufficient. My reason for addressing Government is that I see indications that the concession in respect of furlough sick leave and Home remittance is much longer withheld of the efficiency of the police service being impaired.

8 There are men now serving who through long residence and service not broken by leave, have grown slack and listless and who should, in the public interest be required to take furlough. This obvious and appropriate course cannot be followed as it has the effect of plunging them into a slough of debt from which they might not be able to extricate themselves.

9 I know officers with families at home who reserve for themselves an income insufficient to enable them to live in a way befitting their position or even to have the comforts needed to keep them in health and strength.

10 It is not possible that the present state of financial tension can continue without administrative scandals resulting. No officials are exposed to greater temptations than police officers. They wield great powers for good or for evil. Hitherto the officers of the Bengal police have enjoyed an honorable reputation. They possess an unimpaired record which I trust will be maintained. The system of recruitment ensures that they shall be gentlemen and as such possessing honourable traditions. But experience shows that no class of public servants whatever their antecedents can be trusted to remain incorruptible, if the income they receive from the State is insufficient for their legitimate requirements. This is the point which has now been nearly reached, and the situation, therefore, is one of peril.

11 I attempt no actuarial calculation of the cost of making these concessions as I have not sufficient data. It will be seen that the concessions as regards furlough and sick leave would cost a relatively small sum even if the same rate as that adopted for pensions (1s 3d) be conceded.

12 In conclusion I trust that the Lieutenant Governor may see fit to give his powerful advocacy to the cause of the memorialists.

From G L TURNER Esq, Chief Secretary to Government, Punjab, and its Dependencies, to the Secretary to the Government of India, Financial Department No 408, dated 3rd March 1893

With the letters from this Government, of which the numbers and dates are quoted in List A appended

hereto* were submitted for disposal by the Government of India memorials from the officers mentioned in the list on the subject of exchange, I am now directed by the Lieutenant Governor to submit the further memorials on the same subject, detailed in List B* and in doing so to convey the following remarks.

3 Sir Dennis Fitzpatrick fears he is altogether incompetent to discuss adequately this very difficult question of the fall in the gold value of the Indian silver coinage but he feels bound to state that the hardship entailed by the depreciation of the rupee on officers, and especially on officers who are married, as most officers of a certain standing now are, is extremely great. His Honour will say nothing of the loss involved by having to pay much higher prices for all European articles in this country which added to the largely increased general cost of living, is very serious but will refer only to the loss on money actually remitted to England. This is much felt even by officers drawing high salaries and able to save a little. The amount that would ordinarily be saved now-a-days by the chosen few who attain the rank of Commissioner would in the case of a man who is married, and who does not choose to live with a degree of parsimony unbecoming his position under any circumstances be very small, probably not more than from 3,000l to 4,000l and to have that cut down as it is at present by the depreciation of the rupee is beyond question a great hardship. The case of the general run of married officers who do not attain the higher positions is far worse. Many of these officers find it impossible to live in the degree of decency becoming their positions in India and at the same time send their children home and give them an education suitable to their rank in life.

3 Sir Dennis Fitzpatrick believes that the officers employed on Civil duties in India are with exceptions which do not amount to more than two or three in a thousand as honourable and high minded a set of men as any Government ever had the good fortune to be served by but their powers and responsibilities are so great and of such a nature, that they ought not to be entrusted to any men who are not well above the reach of pecuniary temptation. His Honour is happy to say that he has seen no sign of deterioration in the service as yet. But it is inevitable that if some relief is not afforded, and a certain proportion of the services comes to labour under pecuniary difficulties, the number of black-shops which is now infinitesimal must increase, and, though the increase might be small, it will be sufficient to lower the credit and position of the service as a whole, and the respect which it now commands in the eyes of the people of the country.

4 The remedy that the Lieutenant-Governor would venture to propose is that each officer should be allowed to remit a certain proportion of his pay to England and also to receive his furlough allowances in England at a favourable rate of exchange. The details of a system of remittances would have to be further considered more especially the proportion of salary to be remitted which should probably vary for salaries of different amounts, and with reference to the proportion of the salary which at different stages of his service a man would ordinarily have to send home. The rates applicable to the family remittances of officers and soldiers not serving with British corps may probably afford a good basis for the detailed consideration of this part of the remedy proposed. The main principle of these rules is that the family remittances shall be made *bona fide* for the benefit of families and immediate relatives, and not for the personal benefit or use of the remitting officer. What seems to be required is the extension of this principle to members of the Indian Civil Service and officers serving in other departments, with a readjustment of the amounts allowed to be remitted proportioned to salary as above suggested.

* Not republished

5 As regards furlough allowances, the question apparently rests on a different footing, inasmuch as the different maxima of leave allowances laid down in Articles 346 and 373 of the Civil Service Regulations prevent complaint of loss by the fall of exchange in the case of officers who at the rate of exchange fixed from time to time would be entitled to these maxima. These cases however are in the minority and the great majority of officers fail to obtain the maxima, and draw very much less than they would under a better state of the exchange in consequence of the fall in the value of the rupee. With the rupee at the present (official) rate of 16 4/4d the maximum furlough allowances viz 250l a quarter for the Indian Service, 200l a quarter for other officers subject to the leave rules of the European services and 150l a quarter for the Indian services, are equal to Rs 1,194 0 6 Rs 855 3 7 and Rs 716 6 8. An examination of the rates of salary prevailing in the Civil Departments in the Punjab will show how few officers receive the maximum furlough allowances. By way of illustration take the Commission including the three Civilian Judges and the Registrar of the Chief Court, the graded list of the Education Department and the Police Department, as representative of the three classes of officers mentioned above it will be seen that there are only 15 appointments* in the Commission of which the half salary is equal to the maximum furlough allowance of the Indian Civil Service calculated at the above rate of exchange while in the Education Department there is no more than one appointment and that the Head of the Department, in which the maximum leave allowance could be earned. In the Police Department there are only three appointments in which these allowances could be earned those namely of the Inspector Generals of Police and of the two Deputy Inspectors General.

Under the existing state of things officers are prevented from going on leave when they really require to do so and when they are at home are often placed in a position either of actual embarrassment, or at all events of such a kind as hardly befits their status in the Service. The Lieutenant-Governor thinks that this matter of the reduction of furlough allowances, owing to the depreciation of the rupee is one that deserves serious consideration and he trusts that it will be found possible to relieve the hardship under which most officers labour in this respect which is undoubtedly grievous by fixing some favourable rate of exchange for the payment of furlough allowances.

No 47

Telegram from the Viceroy to the SECRETARY OF STATE,
17th May 1893

Indian Currency Association again call attention to public anxiety as to Currency question and to embarrassing effect of recent fluctuation. They refer to public assurances that Herschell's Committee was to report at early date and ask whether you have any information as to date when report may be expected.

No 48

Telegram from the SECRETARY OF STATE to the Viceroy,
16th May 1893

Yours 13th I much regret delay in Currency Committee's report which is unavoidable. It must be remembered that report cannot be made public till Government decide on course to be taken on it.

* 3 Financial Commissionerships
2 Inspectorships
3 Divisional Inspectors 1st Grade
3 Judgeships, Chief Court.
1 Secretarieship

APPENDIX II

GENERAL INFORMATION AND STATISTICS

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(a)—GENERAL INFORMATION

INFORMATION received through the FOREIGN OFFICE

DENMARK

HIS MAJESTY'S MINISTER at COPENHAGEN to the
SECRETARY OF STATE FOR FOREIGN AFFAIRS, 14th
January 1893

MY LORD

With reference to your Lordship's Despatch
No 16 of this series of the 16th November last en-
closing copy of certain inquiries relating to the
currency system in Denmark, I have the honour to
transmit to your Lordship herewith copy of a note from
Baron Rodtz Thott containing the information in
answer to the inquiries in question

I have &c

FRANCIS DENIS

Enclosure

Copenhagen

Monsieur, le 15 Janvier 1893
Par une note datée le 18 Novembre de l'année
passée Sir H Macdonell m'a prié de répondre aux
quatre questions suivantes —

1. Les particuliers peuvent-ils exiger que leurs
monnaies d'argent ou leurs billets de banque, soient
reçus par le Gouvernement et par la Banque
Nationale, en échange de la valeur nominale en pièces
d'or ?

Dans l'affirmative y'a-t-il un agio, et à combien
s'élevé-t-il ?

2. Dans la négative, par quels moyens la particu-
lier, ayant besoin d'or pour l'exportation pourrait-il se
procurer ?

3. Par quels moyens le Gouvernement ou la Banque
pourrait-ils se procurer de l'or ? Comment la réserve
est-elle protégée ? A quelles conditions on donne-t-ils
aux particuliers ?

Ayant demandé à mon collègue M le Ministre des
Finances de me mettre en mesure de décrire à votre
désir, je l'honneur de vous communiquer à qui
s'uit

1. L'ancien système monétaire du Danemark était
basé sur l'étalon d'argent, le nouveau système, établi
par la loi du 23 Mai 1873 est basé exclusivement sur
l'étalon d'or, l'argent et la cuivre ne pouvant être
employés que dans les monnaies de billon et ces
monnaies sont échangées, à bureau ouvert contre de
l'or, du moment qu'on lui rapporte un nombre suffisant
pour évaluer une pièce d'or. Ainsi l'échange se fait sans
aucun agio. Une union monétaire ayant été établie
entre le Danemark et les Royaumes Unis par des con-
ventions du 27 Mai 1873 et du 18 Octobre 1874, les
monnaies Suédoises et Norvégiennes circulent en
Danemark, et vice versa dans les mêmes conditions que
les monnaies de pays.

2. La Banque Nationale est le seul établissement en
Danemark qui ait le droit d'émettre des monnaies
fiduciaires, et ses billets sont toujours remboursable à
vu avec de l'or. Ainsi il n'y a pas d'agio entre les
billets de banque et l'or.

3. Il ressort de ce qui précède que les particuliers
ayant besoin d'or pour l'exportation peuvent toujours
s'en procurer.

4. Le Gouvernement ne possède pas de réserves en
or mais la Banque Nationale pour se en procurer
facilement en retirant ce qui lui est dû par ses corres-
pondants à l'étranger. Pour protéger ces réserves d'or
la Banque n'a besoin que d'élever le taux de son
escompte.

Veuillez &c

RODZ THOTT

Sr D'nyoy

Chargé d'Affaires de S M B

FRANCE

HIS MAJESTY'S MINISTER at PARIS to the SECRETARY OF
STATE FOR FOREIGN AFFAIRS 17th January 1893

MY LORD

In reply to your Lordship's Despatch of this
series, No 233, of the 16th of November last, I have the

honour to transmit herewith a paper giving the replies
furnished by the French Government in answer to the
questions relating to the currency system which the
Indian Government were desirous of obtaining

I have &c

DUPREIN AND AVO

Enclosure

Ministère des Finances

Direction du Mouvement général des Fonds

1. Les détenteurs d'argent monnayé peuvent-ils
exiger du Gouvernement ou d'une Banque Nationale
quelconque, de l'or en échange du dit argent à des
cours fixés, avec ou sans prime ou avec quel le prime ?

Les détenteurs de monnaies d'argent ne peuvent
en aucun cas exiger l'échange de ces monnaies
contre des monnaies d'or.

2. Les détenteurs de papier monnaie peuvent-ils
exiger du Gouvernement ou d'une Banque Nationale
quelconque, de l'or en échange de ce papier à des
cours fixés, avec ou sans prime, ou avec quelle prime ?

Le Gouvernement n'échange pas le papier
monnaie (Billets de la Banque de France) qui a
un cours légal comme les monnaies métalliques.

3. Si non, comment les personnes ayant besoin d'or
pour l'exportation se le procurent elles ? et à quel
prix ?

Les personnes qui ont besoin d'or pour l'exporta-
tion l'achètent sur la place au cours.

4. De quelle façon le Gouvernement et la Banque
Nationale se procurent on protègent-ils leur (provison)
encaisse d'or ? et sous quelles conditions cèdent-ils
l'or ?

Le Gouvernement et la Banque contiennent et
protègent leur encaisse or en utilisant dans leurs
opérations diverses les circonstances et dans une
proportion plus ou moins grande, soit les monnaies
fiduciaires soit les monnaies d'argent.

Le Gouvernement ne fait pas de cession d'or et
ne s'en dessaisit comme les autres monnaies
d'ailleurs que par la voie des paiements faits à ses
créanciers.

NETHERLANDS

The FOREIGN OFFICE to the INDIA OFFICE,
16th November 1892

SIR, I am directed by the Secretary of State for
Foreign Affairs to transmit to you, to be had before
the Secretary of State for India in Council copy of a
despatch and one of its enclosures relative to the cur-
rency system of the Netherlands

I am &c

B GREY

Enclosures

HIS MAJESTY'S MINISTER at THE HAGUE to the SECRETARY
OF STATE FOR FOREIGN AFFAIRS 10th Novem-
ber 1892

No 125, Commercial (Confidential)

MY LORD,

In the course of some private conversation I re-
cently had with the Minister of Finance Monsieur
Pierson the subject of the approaching Monetary Con-
ference at Brussels being mentioned his Excellency
observed, as he had already done on a previous occasion,
that he did not expect its deliberations would lead to
anything but the simple reason that, in his opinion no
International Agreement could be arrived at on the
main subject to be discussed. He was disposed to
think that the evils complained of in connexion with
the depreciation of silver would be in part remedied,
at no distant time, by a marked increase in the output
of that metal, and a corresponding larger output of

gold. Of the latter, the mining operations in the Transvaal afforded considerable promise. There was nothing for it he believed, but to wait till these natural causes brought about a better ratio as between the two metals. At the same time he was not one of those who feared that there would ever be too great a return last of silver, it becoming more apparent every day how large is the consumption of it for industrial purposes all over the world.

As an illustration of the material cost that would arise to this country out of an attempt to resort to bi-metallicism, Monsieur Pierson gave me the following figures.—If it were desired, for instance, to raise the ratio of silver to gold from its present rate of 15½ to 24, such an operation could be carried out at an expense of some sixty millions of florins (5 000 000). It could only of course be done in two ways, either by diminishing the weight of the gold coins, which would be equivalent to robbery or by increasing the weight of the silver coins at the above mentioned cost. And this expenditure would only apply to the kingdom itself, without its dependencies. As regards the latter, no accurate calculation could be made, it not being possible to ascertain the amount of silver circulating in Netherlands India, while the circulation in Holland could be estimated within a fraction.

On my referring to the serious effects of the present state of things on our Indian possessions, Monsieur Pierson observed that he believed the best remedy that could be applied there would be the closing of the mints, and the adoption of a measure on the same lines as the Dutch Act of 27th April 1886.

Under this act of which I have the honour to enclose a copy the Minister of Finance is empowered, whenever he may deem it necessary with a view to the condition of the coinage to cause to be melted into bars an amount of at most twenty five million florins (2 083 333) in Netherlands rijksdalers at fl 2.70 each (1/2 d.) and to sell these bars through the medium of the Bank of the Netherlands.

From an official explanatory statement likewise here with enclosed drawn up by Monsieur Vroelich of the Netherlands Mint and published at the time, which Monsieur Pierson was good enough to furnish me with it will be seen that the measure taken which was severely attacked on its introduction both in this country and abroad was resorted to on account of the great drain of gold which took place in the years 1882 and 1883, and which in January of the latter year had reduced the stock of that metal in the Netherlands Bank to less than five millions of florins (416 666). The powers conferred have never been used, but to the fact of its being known that they are available in case of an emergency Monsieur Pierson is disposed to attribute, in a great measure the steady working of the monetary system of this country.

I have &c
HORACE RUMBOLD

Enclosure in above

TRANSLATION OF THE LAW OF THE 27th April 1884,
making further provision with regard to COINAGE.

We William III by the Grace of God, King of the Netherlands Prince of Orange Nassau Grand Duke of Luxemburg, &c do to all those who see or hear this Grace We having taken into consideration that it is desirable to make further provisions with regard to coinage having heard the Council of State, and with the consent of the States General have decreed as follows—

Single Article

Our Minister of Finance is empowered, whenever he may deem it necessary and having regard to the condition of the coinage, to cause to be melted into bars an amount of at most twenty five million florins in Netherlands rijksdalers, and to sell these bars by the medium of the Netherlands Bank.

Before making use of this permission, our before-named Minister has the guidance of the section of the Council of State which is in relation with the Department of this Minister.

This document, issued by the section of the Council is to be communicated to the Legislative Power as soon as the requirement of the country permits.

We command that this be placed in the Staatsblad and that all the Departments of State, authorities, assemblies, and officials as far as it concerns them shall co operate in carrying out this new Ordinance Given at Orange Nassau, 27th April 1884.

WILLEM
Given the 30th April 1884
Minister of Justice, Du Tour Van Bellinckhove

LETTER FROM THE FOREIGN OFFICE TO THE INDIA OFFICE,
dated 26th November 1892

SIR,
WITH reference to your letter of the 12th instant, I am directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Earl of Kimberley a despatch as marked in the margin, relative to the currency system of the Netherlands.

I am, &c
E GRAY

Enclosure 1

MEN MAJESTY'S MINISTERS AT THE HOUSE TO THE SECRETARY
OF STATE FOR FOREIGN AFFAIRS, dated 18th November
1892

No 181, Commercial

MY LORD,

In reply to your Lordship's Despatch, No 40 of this series, of the 19th instant I have the honour to enclose replies to the four inquiries relating to the currency system of this country, which I have procured from the best possible source.

I may add that I am assured from the same source that the monetary arrangements at present in force here have been found to work admirably, and that since their adoption there has never arisen the slightest premium on gold.

I have, &c
HORACE RUMBOLD

Enclosure 2

ANSWERS TO QUESTIONS BY THE INDIAN CURRENCY
COMMITTEE

1 Can persons holding silver coin require the Government of any National Bank to give them gold for it at the fixed rates, with or without any and what premium?

No they cannot.
2 Same question as to persons holding paper? Nobody can require gold.

3 If not, how do persons wanting gold for export procure it? and at what price?

The Netherlands Bank has adopted the system of giving gold freely whenever it is wanted for exportation, and without ever asking a premium, provided the gold par of exchange is really against the country.

It is just the opposite of the French system. In France the Bank gives gold for the internal circulation freely but not so for exportation. Our system is since silver coin serves the purpose as well at home to keep the gold in the Bank till it is wanted for foreign payments.

4 How does the Government or National Bank procure and protect its supply of gold? and on what terms does it part with gold?

In the same manner as the Bank of England. It parts with gold at the Mint price.

LETTER FROM THE UNDER SECRETARY OF STATE FOR
FOREIGN AFFAIRS, dated 15th March 1893

SIR,
WITH reference to my letter of the 25th November last, I am directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Earl of Kimberley, copy of a letter from the Netherlands Minister of Finance relative to the monetary system of the Netherlands.

I am &c
E GRAY

Enclosure.

EXTRACT OF LETTER FROM M PIERSON

Till 1879 we had a pure silver standard. At that time the fall of silver commenced and in consequence the Mint was closed for the coinage of silver, though, of course the old silver money remained legal tender to every amount. In 1875 a gold coin of 10 florins was introduced the coinage of which is unlimited. Hence our 'Eston loetse'. It is not the double standard because the coinage of silver is prohibited, nor the single standard either, because silver remains legal tender.

"The relation between both is 15 63 and this relation has been constantly maintained because the silver circulation proved not excessive. Besides there is an Act (27th April 1884) which empowers Government to melt and sell silver coins to a maximum amount of 25 000 000 forins, should the necessity for doing so arise. But this necessity has not arisen till now nor is it very probable that it will arise.

"As regards India its monetary relations between it and Holland are just the same as those between England and Scotland. For monetary purposes Holland and all its colonies are one country.

The Hague

10th March 1893

SWEDEN AND NORWAY

H M's CHARGÉ D'AFFAIRES IN SWEDEN to the SECRETARY OF STATE FOR FOREIGN AFFAIRS

Stockholm

My Lord, 24th January 1893.
On receipt of your Lordship's Despatch, No 37 Commercial of 16th November last, Sir Francis Plunkett at once asked through the Minister for Foreign Affairs to be favoured with the information desired by the Secretary of State for India on the currency system of Sweden and Norway respectively.

I have now the honour to transmit to your Lordship herewith the official replies to the four questions enclosed in your Lordship's above mentioned despatch which replies Count Lewenzaupt has been so good as to procure from the Ministers of Finance of the two Kingdoms.

Further details with respect to the manner in which the Swedish State Bank procures and keeps up its supply of gold are contained in the report on the working of that bank forwarded to your Lordship by Sir F. Plunkett in his Despatch, No 8 Commercial, of the 19th instant.

I have, &c
HVAR GOOGE

Enclosures.

CURRENCY SYSTEM OF SWEDEN—REPLIES TO FOUR QUESTIONS.

1 As Sweden possesses a system of currency founded on gold as the only measure of value all the silver coin in circulation is of the nature of fractional currency.

Whilst gold coin is a legal tender (means of payment) to every person and to any amount silver coin is only a legal tender between one man and another up to the amount of 40 kroner (22 shillings). But the State Treasury and the State Bank exchange it for gold coin at its face value up to an unlimited amount.

2 The holder of paper money is absolutely entitled to receive gold at par in exchange for his notes at whatever bank—whether the State Bank or a private bank—his notes were issued.

3 Already answered in No 3

4 The State Bank draws gold as required from abroad, where it is bound always to have large balances. As already stated, the Riksbank pays out gold for its notes and for fractional currency.

CURRENCY SYSTEM OF NORWAY—REPLIES TO FOUR QUESTIONS.

1 The Norwegian money system is founded on gold. Silver is only used as fractional currency and anyone can obtain from the Treasury an unlimited amount of gold coin, without paying any premium in exchange

for a similar nominal value of similar currency, divisible by 10 kroner (=11 shillings).

It should however be added that in practice silver currency is nearly always exchanged into bank notes owing to gold being hardly ever used for payments in Norway.

2 Only the Bank of Norway is empowered to issue notes payable to bearer. The bank is bound to pay over on demand their full nominal value without any diminution in Norwegian gold coin.

3 Answer to this question included in first two answers.

4 There are no special rules relating to this question. The Treasury does not require any large supply of gold owing to gold not being used practically in the King dom. If however the Treasury requires gold, it obtains it, against notes in the Bank of Norway. The Bank procures its supply of gold by raising the discount rate when necessary.

UNITED STATES

The FOREIGN OFFICE to the INDIA OFFICE
21st December 1892

Sir,

With reference to your letter of the 12th ultimo I am directed by the Secretary of State for Foreign Affairs to transmit to you to be laid before the Secretary of State for India in Council a letter which has been received from the Secretary of the American Treasury containing the information requested about the currency system.

I am &c
E GERT

Enclosure.

Letter from the ACTING SECRETARY OF THE AMERICAN TREASURY, dated Washington, 1st December 1892.

Sir,

I have the honour to acknowledge the receipt of your letter of the 26th ultimo transmitting a note from the British Minister at this capital with four questions relative to the currency system in this country. The questions are answered as follows—

I. No person holding silver coins of the United States can require the Government or any National Bank to give gold in exchange for them.

II. No person holding paper money of the United States can require a National Bank to redeem the same in gold. National Banks are conducted by private enterprise and are not in any way responsible for paper money, except the notes of their own issue which they must redeem in lawful money (United States notes). The holder of gold certificates may demand of the United States their redemption in gold. The holder of United States notes and Treasury notes of 1890 is entitled to their redemption in coin and gold coin is given when desired.

III. Persons wanting gold for export usually obtain it by presenting for redemption, at the office of the United States Assistant Treasurer at New York, some obligation which the United States is obliged or is willing to redeem in gold; or they may obtain it from the general stock of gold in banks and private hands.

IV. The Government procured a supply of gold in 1873 by the sale of bonds for gold and by reserving the surplus receipts from duties on imports. It has heretofore protected its supply by means of gold received for duties and by exchange of currency for gold at times when such exchanges have been practicable.

I am, &c
O L STAUNTON,
Acting Secretary

From HER MAJESTY'S MINISTER at WASHINGTON to the SECRETARY OF STATE FOR FOREIGN AFFAIRS, 22nd December 1892

My Lord,

I have the honour to enclose copies of a Bill introduced on the 7th instant in the Senate by Mr Hill, together with an amendment to it proposed by Mr Stewart, to repeal the so called Sherman Silver Act of 1890.

I have also the honor to enclose copies of a resolution which was introduced on the 21st instant in the Senate by Mr Macpherson, authorizing the Secretary of the Treasury to suspend all further purchases of silver under the above mentioned Act

It is not thought probable that any such silver legislation will be enacted during this session of Congress, in spite of the agitation which has been set on foot for the repeal of the Sherman Act, for, in the first place, the silver men in the present House are numerous enough to prevent any such action, and secondly the Republicans, I have reason to believe, are anxious to delay the question until after Mr Cleveland's inauguration in order that the whole responsibility for any measure that may be adopted may rest with the Democrats

I have, &c
 JULIAN PAINTEPORS

Enclosures

No 1

52nd Congress, 2nd Session
 S 3534

In the Senate of the United States 7th December 1892 Mr Hill introduced the following Bill, which was read twice and referred to the Committee on Finance

A Bill to repeal the Act of 14th July 1890, entitled "An Act directing the purchase of silver bullion" and the issue of Treasury notes thereon, and for "other purposes"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled that the Act of 14th July 1890 entitled "An Act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," is (with the exception of the 5th and 6th sections thereof) hereby repealed.

No 2

52nd Congress, 2nd Session
 S 3534.

In the Senate of the United States, 12th December 1892 Referred to the Committee on Finance, and ordered to be printed

Amendment intended to be proposed by Mr Stewart to the Bill (S 3534) to repeal the Act of 14th July 1890 entitled "An Act directing the purchase of silver bullion and the issue of Treasury notes thereon and for other purposes," viz, after Section 1 insert the following —

Section 2 That the silver coins of the United States shall be composed of standard silver That of the

silver coins the dollar shall be of the weight of 412½ grains; the half dollar of the weight of 206¼ grains; the quarter dollar of the weight of 103¼ grains; and the dime, or tenth part of a dollar, of the weight of 41¼ grains And that dollars, half dollars quarter dollars, and dimes, shall be legal tenders of payment according to their nominal value for any sum whatsoever

Section 3 That silver bullion brought to any mint of the United States for coinage shall be received and coined by the proper officers for the benefit of the depositor Provided that it shall be lawful to refuse, at the mint, any deposit of less value than 100 dollars, and any bullion so base as to be unsuitable for the operations of the mint And all silver bullion belonging to the United States shall be coined, but such coinage shall not delay the coinage of silver bullion for depositors

Section 4 That the depositor of silver bullion at any mint of the United States for coinage shall receive therefor silver coin or Treasury notes of the United States to be issued by the Secretary of the Treasury in such form and of such denominations, not less than 1 dollar nor more than 1000 dollars, as he may prescribe The Treasury notes issued according to the provisions of this Act shall be redeemable on demand at the Treasury of the United States or at the office of any Assistant Treasurer of the United States, in either gold or silver coin, at the option of the United States, and such Treasury notes shall be a legal tender in payment of all debts, public and private

No 3

52nd Congress, 2nd Session

S R 136

In the Senate of the United States 21st December 1892 Mr Macpherson introduced the following Joint Resolution which was read twice and ordered to lie on the Table

Joint Resolution authorizing and directing the Secretary of the Treasury to suspend all purchases of silver bullion as provided in the Act of 14th July 1890

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that the Secretary of the Treasury be and he hereby is authorized and directed to suspend until otherwise ordered by Congress all purchases of silver bullion as provided in the 1st section of the Act of 14th July 1890, entitled "An Act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"

INFORMATION received from the CRÉDIT LYONNAIS

INDIAN CURRENCY COMMITTEE

FRANCE

COURTESY using both Gold and Silver.

Among the Propositions considered at the first Meeting of the Committee was the proposal that accurate particulars should be obtained regarding the currencies of specified countries, under the following heads —

- (a) What amount of gold do they keep and where?
- (b) What is the aggregate amount of their silver currency?
- (c) What is the aggregate amount of their paper currency?
- (d) Is there any gold in circulation?
- (e) What is the ratio between silver and gold?
- (f) Is the silver convertible into gold, directly or indirectly?
- (g) How is the silver limited?
- (h) Is the silver legal tender and to what amount?
- (i) Is it accepted by the Government for taxes, &c?
- (j) Has any difficulty occurred?

The following answers, dated November 1893 have been received respecting France Belgium, Italy, Spain Denmark, Germany Holland, Switzerland, the United States, and Canada

£ 76890

	£
(a) The amount of gold in this country is about -	171,000,000
Of which the Bank of France holds -	67,000,000
In circulation -	£104,000,000
<hr/>	
(b) The stock of silver is about	£140,000,000
Of which the Bank of France holds -	51,000,000
In circulation -	£89,000,000
<hr/>	
(c) The authorized issue of the Bank of France is -	£140,000,000
Present issue about -	£132,000,000
<hr/>	
(d) See answer to question (a)	
(e) As in all countries of the Latin Union—	154 1

D d

(f) The Bank of France has the right to refuse gold against 5 franc pieces and may also pay its notes in 5-franc pieces. In practice there is no inconvenience so far as internal circulation is concerned there being sufficient gold in the hands of the public, and payments are usually made in bank notes, which are preferred to coin.

(g) According to the Latin Union the coinage of 5 franc pieces is suspended and smaller currency is only coined to the extent of fr 6 per head of population.

(h) Five-franc pieces are legal tender up to any amount, smaller money up to sums of fr 50.

(i) Yes without limit.

(j) Not up to the present, but difficulties may arise later on, when the other countries of the Latin Union have to pay in gold for their 5 franc pieces.

N B.—Fr 25 taken as = 1L.

BELGIUM

(a) The amount of gold in this country is estimated at about 5,000,000l (some authorities give a range of from 5,000,000l to 8,000,000l).

Of this sum on 31st December 1891, the National Bank held about 2,800,000l, the balance, 2,200,000l being in circulation.

(b) Five-franc pieces about 8,000,000l, token money, 1,432,000l. So far as the 5 franc pieces go, this is merely an estimate, for at certain times large quantities are exported.

On the 31st December 1891, the National Bank had, in 5 franc pieces 720,000l, in smaller currency, 600,000l to 640,000l.

(c) Circulation of bank notes	£	
Bullion held by Bank	15,766,000	} Balance 30th October 1892
Foreign bills	4,655,400	
	- 3,743,320	

(d) Approximately 2,000,000l, but it is impossible to say definitely the almost constant premium of exchange on France causing the gold to be continually exported and replaced in a large measure by 5 franc pieces.

(e) The proportion of the Latin Union is 15½ 1.

(f) As in all countries of the Latin Union, gold and silver (5-franc pieces) are equal legal tender up to any amount. The National Bank only pays in gold under very exceptional circumstances.

(g) Coinage of 5 franc pieces was suppressed by the Monetary Convention of 1886. In principle it was unlimited for 5-franc pieces and fixed for small currency at fr 6 per head of population.

(h) Five franc pieces are legal tender up to any amount. Smaller money is accepted for payments up to fr 50.

(i) The Government accepts 5-franc pieces without limit the same with the small Belgian currency.

(j) It is not possible here to deal with so wide a question, one which gives rise to diversities of opinion among eminent economists.

Belgium is in the same position as the other Latin Union countries, but one might perhaps, say that she with Italy has the greatest interest in prolonging the Union, as being constantly debtors of France.

ITALY

(a) Gold held by the Issue Banks	£	15,400,000
" " the Government		4,300,000
" " other credit institutions and in circulation (approximate amount)		4,000,000
		<u>238,600,000</u>

(b) There is now in this country a stock of silver held by the Issue Banks, the Government and others amounting to 100,000l of which half is in 5 franc pieces and half in small coin.

(c) The circulation of paper money is estimated at 57,370,000l, of which 44,000,000l is on account of the Banks and 13,370,000l in Government notes of fr 5 and fr 10.

(d) See reply to (a).

(e) For all countries of the Latin Union it is 15½ 1.

(f) Silver (5 franc pieces—500 fine) according to the monetary convention being legal tender on a par with gold is not compulsorily convertible into gold.

(g) In accordance with the monetary convention, the coinage of new silver 5 franc pieces has been stopped since 1875, while the coinage of smaller money has been limited to fr 6 per head of population.

(h) Five-franc pieces are legal tender to any amount. Smaller money may be received by the public up to fr 50 each payment, Government reserves it without limit.

(i) See the preceding.

(j) No inconvenience is experienced from the laws regulating the circulation of silver, but the continued high rate of exchange has caused exportation of silver (5-franc pieces and smaller money) to follow the outflow of gold and the country has now an inefficient stock of metal. Small money is received abroad on a par with 5-franc pieces on account of the arrangement obliging each country of the Latin Union to receive it in payment of amounts up to fr 100.

N B.—Fr 25 taken as = 1l.

SCANDINAVIA

(a) Gold coined according to the monetary convention of the Scandinavian Union—

	£	
Sweden	-	3,213,400
Norway	-	851,150
Denmark	-	2,128,490
		<u>£6,293,040</u>

The amounts of gold coin and bars held by the Scandinavian Banks on 30th September was—

	£	
Sweden	-	1,369,480
Norway	-	1,500,000
Denmark	-	2,611,000
		<u>£5,479,480</u>

(b) Silver coined according to the monetary convention of the Scandinavian Union—

	£	
Sweden	-	987,230
Norway	-	382,770
Denmark	-	1,076,400
		<u>£2,446,390</u>

(c) Bank notes in circulation on 30th September issued by the—

	£	
Bank of Sweden	-	2,358,920
Enskilda Banks	+	3,339,400
		£ 5,698,320
Bank of Norway	-	2,708,960
Bank of Denmark	-	4,611,110
Issue authorized (not utilized)—		
Bank of Sweden	-	1,686,400
Enskilda Banks	-	1,130,330
		£ 2,817,330
Bank of Norway	-	855,360

(d) One cannot say even approximately what is the amount of gold in circulation. As all the bank notes of the Scandinavian Union are convertible into gold, and as they are of values ranging from 1,000 to 5 crowns, every one prefers the bank note as being more convenient and less cumbersome than gold.

(e) As the Scandinavian Union have adopted a gold standard and there is no fixed ratio between the two metals, it fluctuates with the price of silver, but in 1873, on the adoption of the gold standard, the ratio of

silver was fixed at 15 8128—1 The ratio between the standard of gold and of silver, in 10 crown pieces for instance, is 1—14 88

- (f) Each country exchanges its own silver for gold
 - (g) The coinage of silver is unlimited, each country of the convention having the right to coin as much "token" money as it can employ
 - (h) To the extent of 30 crowns in pieces of one and two crowns and up to five crowns in smaller currency
 - (i) Yes without restriction
 - (j) None that we know of
- N B —18 crowns taken as = 11

(d) The circulation of gold can only be arrived at as follows —

The coinage has been	£
At Spandau	131,200,000
Holdings by the Banks	34,250,000
At Spandau	6,000,000
Taken for art purposes	—
or sent abroad	22,500,000
	63,750,000
	£268,450,000

so that we estimate the circulation in this country at between 65,000 000l and 70 000 000l

- (e) The ratio between gold and silver is 1—15½, i.e., 80 marks are coined from 1 lb pure silver, while 1,895 marks are struck from 1 lb fine gold
 - (f) Silver is convertible into gold in amounts of at least 200 marks
 - (g) The coinage of silver is limited to 10 marks per head of population, and this amount is its circulation
 - (h) There is still in Germany the thaler of the old silver standard, which has not been demonetised and is still legal tender for payments. The circulation is estimated at 20 000 000l to 22 500 000l, of which 12 500 000l is at the Bank of the Empire
 - (i) The new silver Reichsmark is legal tender only up to 20 marks
 - (j) The Government accepts payment in silver to any amount
 - (k) No inconvenience has resulted from the regulations for the circulation of silver
- N B —20 marks taken as = 11

GERMANY

(a) The gold standard was created by the laws of 4th December 1871 and 9th July 1873, and the amount of gold coined to date is about 131 203 300l

	£
Of this sum the Reichsbank has	30 750,000
Its holding of silver being about	12 500 000
The eight other Issue Banks	3,500,000
War fund at Spandau	6,000,000

- (b) The amount of silver coined is given as about 23 110 800l, all in circulation
- (c) The issue of bank notes is regulated by the law of 14th March 1875, and amounts at the Reichsbank to 53 790 000l
- Other Banks 8,950 000l
- Imperial Government issue, 6 000 000l.

HOLLAND

(a) The amount of gold in Holland and the Dutch Colonies is as follows —

Holland	Dutch East Indies.
With the Netherlands Bank	£ 449,000
In circulation	—
The amount at the Banks is made up of—	
Dutch coin	£ 372,500
Bars	13 454
Foreign coin	74,833

(b) The silver coined amounts to—

With the Netherlands Bank	£ 2,778,080
In circulation	—
Foreign coin	Nil.

(c) The paper in circulation amounts to—

Bank notes issued by the Netherlands Bank	£ 15 760,400	Bank of Java	4,148 750
		Bank of Surinam	96,280
		Curaçao	12,375

(not exchangeable for cash)

Notes issued by the Government 1,250 000l of which usually 25,000l to 50,000l are out of circulation in the hands of the Bank

8 d/d drafts (average amount) issued by the—

Netherlands Bank	£ 83,380	Bank of Java	54,160
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(d) Answered by the preceding

(e) The ratio between gold and silver is 1—15½, the value of gold represented by the fl 10 piece is 6 048 grammes ' fine,' and of the silver fl 1 piece, 9 46 grammes, i.e., a ratio of 1 15½

- (f) No
 - (g) The coinage of silver for account of the public is entirely stopped. The Government only coins small money and frequently re-melts pieces of fl 2 50 and fl 1 into smaller coins
 - (h) Silver is legal tender to any amount
 - (i) Yes
 - (j) No, only, in view of the difficulties which might arise should the whole stock of gold be exported the Government is by a special law empowered to demonetise 2,063 350l in silver as soon as the stock of gold in the Netherlands Bank becomes reduced to 416 650l
- N B —12 gulden taken as = 11

SWITZERLAND

- (a) The gold held by the Issue Banks amounts to about 2,650,000l.
- (b) The coined silver held by the Issue Banks is about 902 000l
- (c) The amount in bank notes is about 6,800,000l

- (d) The gold in circulation is almost nil
 - (e) The ratio is 1 to 15½
 - (f) To (j) The same applies as for the other countries of the Latin Union
- N B —Fr 25 taken as = 11

UNITED STATES

(a) The stock of gold is:—

	£
Coin in Treasury	33,227,050
Bullion	15,626,240
Held by National Banks private banks, and individuals	82,250,440

The latter amount is only an estimate. Accurate figures can only be procured for the holdings of the National Banks which, on 1st October 1892 amounted to 19,004,400l. in gold coin, exclusive of 14,200,000l. in gold certificates.

(b) The amount of coined silver on 1st November 1892 was—

	£
Standard silver dollars	83,282,570
Smaller money	15,497,000
	<u>£98,779,570</u>

Of which the Treasury holds—

	£
Standard silver dollars	70,948,080
Smaller money	3,200,920
	<u>£73,248,000</u>

In circulation—

	£
Standard silver dollars	12,334,490
Smaller money	13,197,080
	<u>£25,531,570</u>

In addition to this, there is in the Treasury, silver bullion, 17,874,480l.

(c) Paper currency on 1st November 1892 was as follows—

	Issued	In the Treasury	In Circulation
Gold certificates	28,697,470	4,826,000	24,061,070
Silver	46,870,000	469,250	64,911,000
Treasury notes (Act 14th July 1890) against silver purchases	28,822,320	408,700	28,313,620
United States' notes "Greenbacks"	69,820,200	3,280,100	66,410,000
Currency certificates Greenbacks	2,228,000	115,000	2,113,000
National Bank notes	24,466,480	1,441,000	23,045,800
Total	228,466,440	9,278,730	213,446,300

(d) There is practically very little gold in circulation although as stated in answer to question (a) there exists an estimated amount of 82,250,440l. with National and private banks and individuals, apart from the stock in the Treasury.

(e) The ratio is 1 to 15 9883, usually given as 1 to 16.

(f) Directly no, indirectly, yes. It has, so far been the established policy of the Treasury to redeem in gold if desired, the United States notes, "Greenbacks," as well as the Treasury notes (Act of 1890) although it is optional with the Treasury to redeem those notes in silver. There being no distinction in trade between the various kinds of paper currency, it has so far not been difficult to exchange silver certificates and National Bank notes for either gold certificates Treasury notes of 1890, or "Greenbacks" with which gold can be obtained from the Treasury.

(g) The Act of 14th July 1890 (called the Sherman Law) provides for the purchase by the Treasury of \$4 million of silver per month, in payment of which the so called "Treasury notes of 1890" are issued. This is the present limit for the increase of the currency based on silver.

(h) Silver dollars are legal tender for any amount, the fractional silver coin only up to the amount of \$10.

(i) Silver certificates are receivable for customs, taxes, and all public debts, but are not legal tender for other purposes. However as the underlying silver dollars are legal tender, the certificates have practically the same character.

(j) No. The Treasury has been very careful not to create any doubt as to the continuance of its policy to

maintain the parity between gold and silver and it has readily paid in gold whenever a demand for it has been made.

N B—\$5 taken as = 1l.

CANADA

(a) The stock of gold on 30th September 1892 was about \$400,000l.

(b) The circulation of Canadian silver coin is estimated at 800,000l., besides which American silver coins are circulating to a considerable extent.

(c) The aggregate amount of paper currency is—

	£
Issued by the Chartered Banks	7,000,000
" " Treasury	3,700,000

Of the latter sum about two-thirds is held by the Banks. The Chartered Banks are authorized by law to issue notes up to the amount of their paid up capital, which aggregates 12,330,000l.

(d) There is but little gold in circulation, all of it American coin.

(e) The ratio is the same as in England.

(f) Silver is not convertible into gold, either directly or indirectly.

(g) The coinage of silver is limited to the amount deemed necessary by Government to supply the demand for fractional currency, the coinage since 1870 amounts to about 800,000l.

(h) Silver is legal tender up to the amount of \$10.

(i) It is accepted by Government for taxes in moderate amounts, as the Government accepts it to a somewhat larger extent than the legal limit.

(j) There is a considerable amount of American silver circulating in Canada at par, in spite of a Government proclamation (of 1870) declaring American silver coin legal tender to the extent of \$10, but only at 80 cents per dollar.

N B—\$5 taken as = 1l.

CURRENCY OF THE VARIOUS COUNTRIES

RAPPORT DE L'OR à l'ARGENT

La recherche du rapport de l'or à l'argent dans les pays qui traitent les métaux précieux comme en France au titre parfait de 1555 est très simple. On a qu'à diviser le prix du kilogramme d'or fin soit 3 464 44 fr. 55 par le prix du kilogramme d'argent fin.

En Angleterre le calcul est plus compliqué attendu que l'or se traite au titre de 0 9164 et l'argent à 0 925.

Rapport de l'or à l'argent, de 1856 à 1891.

1856	-	15 2
1857	-	15 1
1858	-	15 2
1859	-	15 1
1860	-	15 1
1861	-	15 4
1862	-	15 2
1863	-	15 5
1864	-	15 2
1865	-	15 5
1866	-	15 3
1867	-	15 5
1868	-	15 5
1869	-	15 4
1870	-	15 5
1871	-	15 4
1872	-	15 5
1873	-	15 8
1874	-	15 7
1875	-	15 5
1876	-	17 7
1877	-	17 1
1878	-	18 0
1879	-	18 3
1880	-	17 9
1881	-	18 0
1882	-	17 2
1883	-	16 5
1884	-	16 7
1885	-	16 3
1886	-	21 0
1887	-	20 7
1888	-	21 8
1889	-	22 1
1890	-	19 8
1891	-	20 9

Evaluation de l'Or et de l'Argent (Monnaies et Lingots) dans le Monde, à fin 1891

	Or		Argent		Observations.
	En Millions Franco	En Millions Franco	En Millions Franco	En Millions Franco	
France - - - - -	3 938	8 185	* Dans ce chiffre la Chine et les Indes Anglaises figurent respectivement pour 2,50 millions et 4 milliards de francs (ces estimations ne peuvent être qu'approximatives) Dans cette nomenclature, les pays à double étalon représentent 60 % du stock d'or et 40 % du stock d'argent. Les pays à étalon d'or 45 % du stock d'or et 15 % du stock d'argent. En fin les pays à étalon d'argent 5 % du stock d'or et 45 % du stock d'argent.		
Italie - - - - -	485	272			
Belgique - - - - -	278	300			
Suisse - - - - -	90	90			
Grande Bretagne - - - - -	2,400	650			
Allemagne - - - - -	8 120	1 105			
Autriche-Hongrie - - - - -	186	500			
Russie - - - - -	1 920	210			
Etats-Unis - - - - -	3 490	2 782			
Hollande et Colonies - - - - -	740	372			
Etats Scandinaves - - - - -	198	53			
Canada - - - - -	80	30			
Australie - - - - -	550	40			
Cap de Bonne Espérance - - - - -	170	15			
Egypte - - - - -	665	60			
Turque Espagne Grèce Roumanie Portugal, Japon, Perse, etc. etc.	1 300	9 970*			
	18,700	19 945			

Circulation Métallique et Billets sans Couverture des Pays suivants, au 31 Décembre 1891 (En Millions de Francs)

Nomenclature des Etats	Or		Argent		Bronze	Billets de Banque sans Couverture Métallique *	Billets d'Etat
	A la Banque et au Trésor	Dans la Circulation	A la Banque	Dans la Circulation			
France - - - - -	1,888	2,600	1 255	2,240	85	572	—
Italie - - - - -	485	—	258	—	75	621	226
Belgique - - - - -	28	210	85	265	—	60	—
Suisse - - - - -	90	—	90	—	—	80	—
Grèce - - - - -	40	—	16	—	4	80	—
Allemagne - - - - -	970	2 150	1 106	—	71	412 2	150
Hollande et Colonies - - - - -	84	36 7	372	—	—	174	81 5
Union Scandinave - - - - -	117 4	30	22 8	—	9 7	148	—
Etats Unis - - - - -	3,489	—	2 782	—	83 6	894 4	1,284 4
Canada - - - - -	80	—	30	—	—	150	70

(continued)

Nomenclature des Etats	Circulation par Tête d'Habitant.				Population.	Circulation Totale.
	Or		Argent			
	En Francs	En Francs.	En Francs.	En Francs.		
France - - - - -	108 60	98	1 70	16	38 000 000	80 0
Italie - - - - -	16 20	8 40	2 30	38 30	20 000,000	1 660
Belgique - - - - -	45 20	48 75	—	45 20	6,150,000	858
Suisse - - - - -	29	29	—	19 25	3,100 000	240
Grèce - - - - -	18 15	7 25	1 80	36 35	2,200 000	140
Allemagne - - - - -	68 40	22 15	1 42	11 35	50 000 000	4,825 5
Hollande et Colonies - - - - -	81 25	32 65	0 82	48 68	4 500 000	722 2
Union Scandinave - - - - -	15 25	5 85	0 30	15 90	9 000 000	349 6
Etats Unis - - - - -	54 50	49 45	1 45	34 04	64,000 000	8,548 8
Canada - - - - -	18 70	5 90	—	48-13	5,100,000	350

* La circulation des billets est donnée déduction faite des réserves métalliques qui en représentent une certaine partie ceux pour être un double emploi

Question F — L'argent est-il convertible en or directement ou indirectement ?

En règle générale, tous les gouvernements sont tenus de recevoir et d'échanger contre de l'or les monnaies d'argent frappées et émises par eux.

Il va de soi, qu'en fait cette règle devient inapplicable, lorsque comme en Espagne, en Portugal et même en Italie, les monnaies d'or sont extrême-

ment rares. Les caisses publiques doivent recevoir les pièces d'argent sans limitation de quantité. En Russie cependant les droits de douanes sont payables en or ou en coupons libellés payables en or.

Note — En France la Banque de France a le droit de refuser de l'or contre des écus et a le droit de payer ses billets en écus. Dans la pratique il y a

pas d'inconvénient pour la circulation intérieure, l'or étant suffisamment abondant dans le public, et les règlements se faisant au moyen des billets de banque qui on préfère aux espèces.

En Espagne en Italie en Grèce, et même en Suisse, l'échange des billets et des monnaies d'argent contre des monnaies d'or est devenu impossible par suite de la rareté de ce métal.

Comme nous l'avons dit à autre part, les écus de 5 francs ont force libératoire en France, mais dans la pratique on s'en sert peu on ne peut des paiements de quelque importance le public les trouvant trop lourds et trop encombrants.

En Belgique, l'or est relativement plus abondant que dans les autres pays de l'Union la France exceptée. On peut donc se procurer de ce métal sans de trop grandes difficultés. Mais le moyen circulant par excellence, c'est le billet de banque. C'est en Belgique que les billets sans convertibilité métallique sont proportionnellement le plus abondants (45 30 fr. par tête d'habitant) contre 35 35 fr., 28 20 fr., 19 35 fr., et 15 fr., pour les autres pays de l'Union Latine.

Question G.—Comment la frappe de l'argent est elle limitée ?

Pour l'Union Latine la frappe de la pièce d'argent de 5 fr est suspendue. Pour les pièces d'argent de 2 fr 1 fr 0 50 c, et 0 20 c chaque Etat de l'Union ne peut en émettre que pour une valeur correspondant à 6 fr par habitant. Pour l'Allemagne la quantité totale des monnaies d'argent ne peut dépasser 10 marcs par habitant. En Hollande la fabrication des monnaies courantes d'argent est suspendue.

Aux Etats Unis une loi du 14 Juillet 1890 autorise le secrétaire du Trésor à acheter chaque mois des lingots d'argent jusqu'à concurrence de 4 500 000 onces (5 250 000) environ, pour les transformer en monnaies d'argent.

Pour l'Angleterre, l'Union Scandinave et le Canada nous n'avons pu trouver aucune limite à la frappe des monnaies d'argent, qui est faite dans ces divers pays pour le compte du Gouvernement.

Question H.—L'argent est il admis légalement dans les paiements et jusqu'à quel montant ?

Pour l'Union Latine la pièce d'argent de 5 fr a force libératoire pour n'importe quelle somme dans chacun des pays où elle a été émise.

Les pièces de 5 fr des pays de l'Union Latine doivent être acceptées des caisses publiques de chacun des pays de l'Union. L'acceptation est facultative pour les particuliers en France et en Belgique, obligatoire en Italie, en Suisse et en Grèce. En France le public est tenu d'accepter les pièces françaises divisionnaires d'argent jusqu'à concurrence de 50 fr pour chaque paiement.

L'acceptation des pièces d'argent divisionnaires de l'Union Latine est facultative pour les porteurs dans la France et en Belgique, mais obligatoire pour les caisses publiques de ces mêmes états jusqu'à concurrence de 100 fr. Ces pièces ont cours légal en Italie en Suisse, et en Grèce.

Dans les pays de l'Union Scandinave, on est tenu d'accepter en paiement dans le commerce, jusqu'à 20 couronnes en pièces divisionnaires d'argent et à 25 couronnes, et jusqu'à 5 couronnes seulement en pièces monnaie d'argent.

En Allemagne on doit accepter les monnaies divisionnaires d'argent jusqu'à concurrence de 40 marks.

En Hollande, les monnaies courantes d'argent dont la frappe est suspendue (2½, 1 et ½ florins) ont, comme 1 or plein pour libérateur. Les monnaies d'appoint en argent de 0 25 et au dessous n'ont force libératoire que jusqu'à 10 florins. Le système monétaire de la métropole s'applique aux colonies néerlandaises.

Au Canada, les monnaies d'argent ne sont légalement admises dans un paiement que jusqu'à concurrence de 10 dollars.

Aux Etats Unis d'Amérique, le dollar d'argent frappé en vertu de la loi du 28 Février 1878 est étalon légal et a force libératoire pour n'importe quelle somme.

Les pièces d'argent monnaies que le dollar ne peuvent excéder la somme de 10 dollars dans un paiement.

Question I.—L'argent est il accepté par les Gouvernements en paiement des taxes ?

Nous avons répondu à cette question par la réponse faite à la Question F.

Question J.—A la suite des conventions qui régissent l'Union Latine est-il survenu des inconvénients et des difficultés et quels sont-ils ?

L'Union Latine a été fondée le 25 Décembre 1865, par la France, l'Italie, la Belgique, et la Suisse, sur la base du double étalon avec frappe libre des deux métaux. A cette époque et jusqu'en 1878 aucun inconvénient sérieux n'est survenu, mais dans le cours de cette dernière année l'argent, qui jusqu'alors avait conservé son rapport de 15 4 à 1 basse sensiblement sur le marché de Londres. Tout le monde veut mettre à profit cette dépréciation du métal blanc, et frappe le plus de pièces possibles. Les monnaies de Paris et du Bruxelles ne peuvent suffire aux demandes. La première livre 154 la seconde 111 millions de francs à la circulation, l'Italie en frappe de son côté pour 42 millions. L'année suivante se caractérise par l'adoption du système des contingents. On veut limiter ces six ans énormes, et on fixe le chiffre total à frapper à 132 millions—80 millions à la France, 60 millions à l'Italie et 12 millions à la Belgique. Le métal blanc continue à baisser. Et dans l'année 1875 le contingent est fixé à 145 millions—75 millions pour la France 50 millions pour l'Italie, 15 millions pour la Belgique 5 millions pour la Grèce. Le prix de l'argent descend toujours.

En 1876, on restreint la frappe, le contingent n'est plus que de 112 2 millions—le premier pour la France 36 millions pour l'Italie, 10 3 millions pour la Belgique, et 12 millions pour la Grèce. Le marché de l'argent est de plus en plus mauvais, on descend jusqu'à 46½ à Londres, soit une marge de 38% à la frappe.

En 1877 décroissance du contingent qui se trouve réduit à 52 2 millions, mais sentes la France et l'Italie en frappant pour 35 millions.

Pour 1878 et 1879 il n'y a que l'Italie qui ayant reçu l'autorisation à titre exceptionnel fait fabriquer pour 9 et 20 millions de pièces de 5 lire. Pendant cette dernière période la Suisse n'a frappé que pour 8 millions de francs en pièces de 5 francs.

En 1878 la Conférence Monétaire se réunit et proroge la convention jusqu'au 1 Janvier 1886, mais y apporte d'autres modifications que la suspension complète de la frappe des pièces de 5 francs. A cette conférence la question de la liquidation, c'est à dire du retour des pièces dans le pays d'origine, fut à peine effleurée.

À la Conférence de 1885, les représentants du Gouvernement Français demandèrent catégoriquement comme condition sine qua non que la clause de la liquidation fût insérée dans le nouvel arrangement. À la suite de discussions nombreuses la Belgique refusa d'abord de souscrire à la nouvelle convention qui n'accepta un arrangement spécial qui devint la base d'une nouvelle convention. La clause de liquidation y fut insérée, mais au lieu d'un règlement bien net, on se spécifia qu'une convention assez confuse qui sera d'une exécution bien difficile lors de la dissolution de l'Union.

Si jusqu'à ce jour aucune difficulté sérieuse ne s'est manifestée il peut se pas en être de même par la suite. On doit se demander en effet comment s'y prendra l'Italie, dont nous possédons plus de 300 000 000 d'argent pour nous rembourser pareille somme en or. De même la Belgique dont la monnaie d'argent a élève chez nous à 200 millions de francs. D'après les termes de la Convention, relatifs à la clause de liquidation, les pays contractants ne sont tenus au remboursement en or de leurs pièces de 5 fr d'argent que jusqu'à concurrence de la moitié du solde débiteur. L'autre moitié doit être réparée par la voie du commerce et des changes.

En présence de la dépréciation continue du métal blanc, et dans le cas où la convention monétaire continuerait à être et prorogée d'année en année nous pensons qu'une révision de la clause de liquidation s'impose d'une façon impérieuse.

INFORMATION FROM VARIOUS SOURCES

AUSTRIA HUNGARY

(Extracts from the Reports of the Deputy Master of the Mint)

Value of Coinage of Gold and Silver at the Austrian and Hungarian Mints

Years.	Gold.				Total.	Silver				Total
	4 Ducats (10 20 Florins)	Ducats (10 Florins)	8 Florin (10 Florins or 30 Francs)	4 Florin (10 Florins or 10 Francs)		Trade Dinar (1000 Kreuzers Florin)	2 Florin	Florins	Subsidiary Coinage 10 Kreuzers.	
	f	f	f	f	f	f	f	f	f	f
1880					5,198,307					17,311,463
1881	665,461 20	2,288,003 00	1,009,207 00	81 433 35	3,963,907 76	337,743 13	133,074	21,625,404	69,863	32,213,713 13
1882	558,426 40	1,471,653 20	3,392,405 80	54,007 50	5,476,513 40	172,531 88	241,548	7,875,446	—	7,797,973 88
1883	705,522 80	1,961,467 50	2,235,068 20	63,119 25	5,415,204 55	648,598 73	139 148	15,070 750	—	13,864,929 73
1884	678,573	1,142,967 20	3,050,128 10	947,290 50	5,101,045 55	4,110,648 50	104,052	6,094,850	1,028,004	10,337 554 49
1885	535,494 40	1,235,614 00	3,696,497 00	615,263 00	5,798,444 70	1,930,170 27	126,872	5,053,056	464,100 20	9,666,102 47
1886	351,722 40	1,265,324	3,063,370 80	138,317 30	5,065,744 50	626,836 94	135,070	4,375,421	—	5,099,263 84
1887	517,322 40	1,070,054	3,763,444 00	137,310 10	5,588,205 40	3,175,923 11	234,008	7,714,550	462,568 00	11,527 771 51
1888	665,070 40	1,482,371 20	3,913,204 60	213,847 35	5,700,485 50	3,240,100 43	145,000	5,433,035	543,284 20	11,444,390 88
1889	508,771 60	1,205,882 40	4,679,450 00	100,880 55	5,385,074 55	1,538,030 83	293,680	5,895,284	651 000	6,294,728 83
1890	907,018 80	1,794,628	3,614,215 20	129,240 30	5,844,089 20	683,154 82	307,550	6,195,075	624,110 20	8,208,219 08
1891	1,023,948 20	1,963,063 20	3,250,372 70	174,491 55	5,860,661 45	849,278 74	324,702	5,765,513	665,127 40	7,012,475 14

1879

During the latter part of 1878, and the first quarter of 1879, the imports of silver into Austria-Hungary were very large and, as the low price of the metal made it a profitable transaction to send it to the Austrian and Hungarian mints for coinage, private persons availed themselves to a very large extent of the facilities offered for the conversion of bullion into coin. In March 1879, the Government found it necessary to prohibit further coinage on private account, and from that date to the end of the year coinage for the State only was executed. By the 31st of December last the silver coinage of the Vienna Mint alone had reached 4 800 000 l., and as between August 1878 and November 1879, 2 000 000 l. in old silver coin had returned to the country the silver circulation had increased by nearly 7,000,000 l.

1880

The coinage at the mints of Vienna and Kremnitz during the year has not been large. The value of the gold coinage at both mints was 5 102 397 florins, and the number of pieces struck 746 750, of which by far the greater proportion consisted of ducats (of the value of 4 3 florins) and 2-florin pieces. The value of the silver coinage was 17 311,463 florins, and the number of pieces struck 27 052 424. Of these, 15,530 000 were subsidiary pieces of the value of 10 kreutzers, and the remainder consisted of 10 319 242 florins and a few 2 florin pieces and dollars for the Eastern trade bearing the effigy of the Empress Maria Theresa and the date 1780.

1884

The 10 kreutzer pieces struck at Vienna were not a new coinage 20 kreutzer pieces of the same nominal value having been withdrawn from circulation as being in excess of the requirements of the public. The total amount of divisional coinage authorized by law there fore remains unaltered.

1887

The 10-kreutzer pieces as in 1885 and former years, were struck from 20 and 10 kreutzer pieces withdrawn from circulation.

1888

No coinage of subsidiary silver was executed at either mint, except a re-coinage of 10 kreutzer pieces from coins withdrawn from circulation.

1889

The 10 kreutzer pieces coined at Vienna were, as in former years struck from subsidiary silver coin which had been withdrawn from circulation as no longer current.

1890

There was no addition during the year to the subsidiary silver currency the 10 kreutzer pieces struck at Vienna having been re-coined from worn 20 and 10-kreutzer pieces withdrawn from circulation.

1891

Since the beginning of the current year Commissions have been nominated by the Austro-Hungarian Governments to inquire into the monetary system of the Empire, and the following questions have been submitted to them —

- 1 What monetary standard should be adopted?
- 2 If the gold standard is adopted, could a certain amount of silver be admitted into the circulation as current money, and, if so, what should be the proportion of it?
- 3 Under what conditions might State notes, not bearing interest, be issued which should not be a forced currency and should be always exchangeable for specie?
- 4 What relation should be established between gold and the present florin?
- 5 What monetary unit should be adopted?

Both Commissions have reported in favour of a single gold standard and it is believed that bills authorizing all the arrangements necessary for a complete reform of the currency will be passed by the Austrian and Hungarian Legislatures before the end of the present month (May 1892).

During the year 1891 steps were taken by the Governments of Germany and Austria-Hungary to settle the conditions under which Austrian verenthalers should be withdrawn from circulation. These coins were originally issued in 1856 in pursuance of a Convention between Austria and the States of the German Zollverein, which decided that, in order to facilitate commercial transactions between the States, thalers and double-thalers should be issued having currency throughout the countries of the Union. The coinage was executed at the Austrian mints of Vienna, Milan, Venice, Kremnitz, and Karlsruhe, and was continued for 10 years to the 18th June 1867, when

Austria left the German Monetary Union. During this period a sum of \$1,000,321 thalers was struck in single thalers, and 45,528 thalers in double thalers or a total of \$1,116,849 thalers. As it was probable that these coins would before long cease to form part of the Austro-Hungarian currency, and the greater part of them circulated in Germany, a Bill was presented to the German Legislature in November last which has since become law providing for their withdrawal at the expense of the Empire and at the established rate of exchange for thalers namely three marks per thaler amount which have been lost and melted, and have otherwise disappeared from circulation the sum to be withdrawn would be equivalent to about 75,000,000 marks. In February last a Bill was laid before the Austrian Chamber of Deputies authorising the dissolution of the wessenshaler, and by an agreement between the German and Austro-Hungarian Governments it was decided that the latter should receive back 88 millions of these coins, in three equal instalments on the 1st April 1894, 1893 and 1894. This sum may be taken to represent about one third of the total amount in circulation.

TRANSLATION OF THE SPEECH OF THE AUSTRIAN FINANCE MINISTER, DR. SPRINGER, IN THE HOUSE OF DEPUTEDS (LOWE'S HOUSE) 129th SITTING OF THE XI SESSION, 14th May 1892

Official Shortland Reports, pp 5923-5931

Honourable House,

Empowered by sovereign authority I have the honour to inform for the constitutional treatment of your Honourable House some legislative proposals for the better regulation of our currency, and for the conversion of certain categories of the National Debt. (See Appendix 486)

Most honourable gentlemen, I am sensible of a certain amount of difficulty in my task of this placing before you, in the comparatively short time at my disposal, proposals for measures whose great importance cannot be denied, and the consideration of which involves a number of moments of difficulty.

That our currency does stand in need of reform is a fact, most honourable gentlemen, which is recognised on all sides and it is a very strange thing that, so long as this reform does not draw nearer towards realisation there is always great enthusiasm shown for it. The moment however, that the matter takes any tangible form, doubts begin to find expression and it might almost be said that the thought then arises that it would alter all, perhaps be better if the question were not approached at all.

This is followed by all kinds of discussions in every conceivable quarter of which it is not always possible absolutely to maintain that they quite rise to the height of the difficulties of the question involved, or that that amount of understanding of the facts is always exhibited which is so urgently required in dealing with such intricate questions.

If I may be allowed to say so, a large part of our nation is impressed with the opinion that the thing which I would characterise in a word as "monetary fatalism."

It is realised that the existing state of things is not a good one, and yet there is the feeling that it is very difficult to apply the amending touch, and that, after all it is perhaps better to let those things continue as they are, and, indeed Honourable House, it is not altogether surprising that it should be so, since if you will call to mind the recent course of events in our monetary affairs you will recollect that suddenly, without anyone being doing anything which could account for it, the premium on our silver coinage disappeared that equally suddenly and without anyone that is to say without the Government having issued them, a quantity of silver coins made their way into circulation amongst the public and that thereupon certain steps were taken by the Government but not by way of legislation, these steps being more or less of a provisional character.

Most Honourable House what guarantee have we that everything will not change again to-morrow and that we shall not find ourselves, owing to some unexpected events in the midst of quite a different condition of affairs? I do not believe, most Honourable House that it is possible for anyone to give such a guarantee. Just as are all other States in the world, so also we are

bound carefully to examine the conditions of our currency to consider it in detail and to consider what it is that we believe must be done in this regard in the interest of all concerned and, most honourable gentlemen it is from a sense of this obligation that have sprung the proposals now before you.

We must arrive at a firm resolve to remove every disadvantage under which our currency is now suffering, and we must occupy ourselves in all earnest with the matter.

Here I will at once premise most honourable gentlemen, that this will entail some sacrifice, for I must quite openly acknowledge to you that the measures which I beg to submit cannot be carried out successfully without our at the same time procuring a stock of gold and that gentlemen costs money. It is therefore, conceivable and quite comprehensible, that the consideration of these problems has hitherto been avoided so long as the first and all important care was to do away with the deficit in the normal budget.

So soon however as the financial position of a State has improved so soon as the latter has succeeded in getting rid of any deficit in its normal budget, then it seems to me, that State is bound, not only by general considerations but having regard to the well or woe of its subjects to devote its attention to these currency problems and to endeavour to solve them. It is in view of this fact, namely that the removal of the deficit must inevitably precede the actual taking in hand of the questions now before us, that I feel it my duty before going further into the consideration of these matters to pay a tribute of gratitude to those, namely my respected predecessor in office (cheers from the right), who attained that goal.

In now passing most Honourable House to the serious questions at issue it is quite impossible for me within the time at my disposal to deal at once with the whole of the points involved. I must reserve for a future occasion the consideration of the individual details of the measures proposed. There will plenty of opportunities for that. The matter is also a much simpler one from the legislative point of view than was for instance, that of the reform of taxation in introducing which it was necessary for me to place systematically before you, most honourable gentlemen, the several provisions contained in our Bills. That is not necessary in the present case. If you will be good enough to read through the Bills now before you you will see that the measures which are proposed to day are not difficult to understand either from the legislative point of view or from that of political economy. It is quite clear what it is desired to attain by them. The difficulties in the matter lie in its large range and in its consequences.

What is it that it is desired to attain? Most honourable gentlemen, allow me to tell you in a few words. The attempt is to be made to get rid of the aleatory element from the Austro-Hungarian legislation. That, in fact describes in a word what our task is. The currency is to be rendered stable. This is the expression which I have already employed when, on a previous occasion, I had the honour, shortly after taking office to speak on the currency question in the Budget Committee.

To day I can only repeat the same statement. As regards the disadvantages which now result from this aleatory element in the currency I do not propose to say more, to do so would be a work of supererogation. You all know well gentlemen, what these disadvantages are. I would, however draw your attention to one thing which is to the objective observer a remarkable symptom, this aleatory element in the currency has penetrated so deeply and so universally amongst the community that people speak of the rise and fall in the value of money as of something quite natural; that gentlemen, speculations are founded upon it, and that people are accustomed to justify legislation which has for its object to bring about a rise or fall in the value of money. It is very singular that the description of the matter should be so widespread amongst us. And yet, Honourable House, the idea of money is after all, one of a standard of measure, surely if it is to properly fulfil its functions money must not be liable to become cheaper or dearer, it must remain constant in value. Take another standard of measure let us say a metre. No one dreams of speculating on the probability of the metre being longer or shorter it would be absurd to do so. In the case of money, however such is with the normal state of affairs. Surely, gentlemen such a condition of things positively cries out for a remedy.

"No doubt it shall be told," your ideal is quite correct but its attainment is not altogether an easy matter, "indeed it may be said that it is not possible," possibly, not the metals themselves which are employed as standards of value are liable to the very greatest fluctuations. That is unfortunately quite true, and, if you place that fact in the front rank, you will recognise at once that it is the chief difficulty in the regulation of the currency.

And so, gentlemen let us say, point blank we are also involved in the difficulties which result from the enormous fluctuations in the relative value of the two metals. We often suffer from the consequences of the constant variations in the price of silver, which price, as you know is now expressed in terms of gold. I will not, gentlemen, in this regard, attempt any discussion of the well known bimetallic controversy, nor do I believe that that controversy—wax which in all its details the leading political economists in the world have as you know been occupied for many years, and which has nevertheless never yet been decided—need be decided here. For our purposes I believe it is not necessary that it should be so.

But we have to look before us that consists in the first instance in releasing our currency from the effects of those fluctuations in the price of silver which are today agitating the whole world of political economists. I venture in this regard, most honourable gentlemen, to draw your attention to the fact that experienced bimetallists concur in the view that it is in our case especially necessary that something should be done in that direction, that things cannot be allowed to go on the course they are now pursuing. I may cite from the proceedings of the currency inquiry Commission the very significant statement of Professor V. Milewski, who, although a bimetallist by conviction yet cannot refrain from emphasising his opinion that we cannot stand and look at things as they are, and who, I believe rightly maintains, in doing so he is in no way giving way from his bimetallic convictions.

Now honourable gentlemen, what are the proposals which the Government lays before you? As a matter of fact they are expressed in the title of the first Bill "A Bill to establish the 'Kronen' coinage."

It is a new coinage which it is proposed to establish, to be for the future the currency of Austria Hungary. Nothing more as in the first instance proposed than the creation of this new coinage the compulsory general circulation of all the details of which are connected with it in respect of the further development of the matter up to the resumption of cash payments, are reserved for subsequent legislative measures.

These legislative measures will and must follow as the matter develops itself. It is not possible to enter upon such a path as this with the intention of stopping half way (hear, hear! from the left). Such is the position in which we now stand.

On the other hand it is necessary to take great care that no steps be taken without mature consideration, and that not a single step be taken unless firm ground has been found for the preceding one.

With these observations I have also touched upon the principal point of that opposition which is brought against the Bill as before you.

Many people say that no new currency ought at the present moment to be established. Honourable House I will next deal with this objection.

It is strange that this opinion, namely, that for the present nothing should be done (I mean the consensus opinion that nothing should be done, for I shall refer later on to the fact, that a number of voices have made themselves heard which, although agreeing with the course that it is proposed to follow in the matter would recommend different sequences of the several stages of which views, however I propose to speak later, since for the moment I would only consider that view which says deliberately that no new currency should be established in Austria), it is strange, I say, that this view is supported by two distinct currents of opinion, which if it came to their having to make practical propositions, could not for a moment run together since these two currents tend towards things which are diametrically opposed to each other.

The facts are as follows—

If I may be allowed to go somewhat more into detail about the matter, there are, in the first place phases of opinion which hold that that which took place in the year 1870, namely the *de facto* suspension of the coinage of white metal for private account should now be put an end to, in order that our paper currency

may fall as rapidly as possible to the silver standard as now ruling. This is, if I may so put it, briefly the standpoint purely of the debtor interest. The price of metal in such a case at once rises to 50 per cent, that is about the standpoint of to day and debtors would thus be placed in a position to pay off their liabilities in a currency of much less value than had previously been the case. Thus view, I think it is, from a party point of view, a comprehensible one, but, if carried into practice, it would, I believe, lead to such a revolution in prices as has never before been seen, and it is at the present moment quite impossible to form an idea as to what would be the ultimate consequences of it.

I believe, in fact that such a course is under any circumstances quite out of the question.

In addition to this, in the event of a change in the price of silver, an eventuality which, indeed, might easily occur in view of the conditions in America, the parties in question would not be able to propose any remedy, they would then be obliged, in a word to submit patiently to consequences exactly opposite to those which they had desired to induce and could only at the utmost, perhaps, demand as has already been the case, that a new issue of uncovered paper should take place. Now gentlemen, I need hardly, I think, argue further in this place the impossibility of such a course in the normal condition of a State, since probably the large majority of the honourable gentlemen present will agree that it is an impossibility.

The other phase of opinion which opposes a change in the currency starts from quite different points of view. This phase hopes for a rise in the value of our money, and that this rise will take place in such a manner that the present conditions may not only be absolutely maintained but even be intensified as much as possible.

Just as the phase of thought previously described represents the debtor interest so in a certain sense, the latter phase may be said to represent essentially the creditor interest. This phase views for the rehabilitation of silver, and holds the view that supposing silver to be thus rehabilitated, the old ratio between gold and silver, namely 15½ to 1, would then re-establish itself. Possibly that rehabilitation of silver will be a long time coming, and naturally it would be necessary to take measures for the interim, these would consist, in the first place in absolutely suspending by law the coinage of silver which has hitherto only been suspended *de facto* and for private account.

In this regard I would only venture to observe *en passant* that the mitages of silver for Government account, which have hitherto taken place on a comparatively small scale, were to a great extent necessitated by the need for circulating medium.

On the other hand we are told and this is a point upon which stress is frequently laid by those who represent this view that steps must be taken in order that the value of our money may rise, namely, by limiting the amount in circulation by means, for instance, of an increase in the rents of the mines, so as to reduce the amount of money in circulation, and that an endeavour must be made to attain by this means the object above mentioned. If the price of silver rises in the meantime, it will confirm this ratio. If not, we will, according to the views of this party, retain the present limited paper currency.

Now, gentlemen, I think I am right in saying that the interests of these two lines of thought are opposed in direct contradiction to each other. And yet strangely enough, but still truly the two parties holding these different opinions have made common cause, and that on the ground of their being both opposed to the introduction of a new currency. It is obvious that these two parties would necessarily come into most bitter conflict the moment that it became a question of putting into practice the views of one of them, but, so long as they are merely both opposed to the positive proposition of a new currency, their position as allies can be maintained.

Now should I be asked to define my standpoint as compared with these two parties, it is simply this. I want neither that our money value should rise, nor that it should fall, I want to try and make it stable. I want to try and cause it to really stand the idea of measure, and to establish it as a standard in order that neither the creditor nor the debtor, in fact, that no one may be a loser. What can be done in this regard? In the first place, we may combat the fluctuations in value with such means as are at our disposal, namely, we can tender, and indeed that is what has hitherto been done, if the views which I venture to put before you are cor-

rest, we can render our currency independent of the "fluctuations" of silver, that is to say, of the variations in the price of silver. For the present, limits are to be set in two directions, on the one hand all further coinage of silver guildens is to be effectively restricted and, if necessary discontinued by law, in order that the present *de facto* condition may, as concerns the State also be established by legislative means, on the other hand the future appreciation of our currency is to be checked by fixing the so-called relative value or ratio in other words by placing the currency of the future on a gold basis and making gold, which in the standard of value of the present day, to be also the measure of value in our currency.

By doing so we are not in any sense deciding the future destinies of the two metals, that is a question which it must indeed be left to the future to decide. It seems to me, however, that it is necessary for us, from our standpoint to thus alter the standard of our currency, because gold has nowadays become the most permanent in value of the metals, and the one according to which prices are now regulated. As soon as these two measures in the first place are realised and taken in hand they must be supplemented by the procuring of gold, in order to provide the necessary substratum for rendering the money value permanently stable by the resumption, the course of cash payments. I must now however elucidate a little further in one direction what I have been telling you. I must namely speak of the so called ratio since this ratio was not only the chief object of the transactions of the commission of inquiry, but is also usually placed in other respects in the very foremost rank.

Well, in what does this ratio consist? This ratio shows itself on the surface a very simple matter, it is specified in two sentences of the first Book, the first sentence which reads as follows: "As regards Clause III, where it is stated '10 kilogram of coinage gold will make 2,962 kronen, so that one kilogram of fine gold will make 2,990 kronen'." The other sentence referring to it occurs in Clause XXIV, the second paragraph thereof being: "The amount payable by law in Austrian currency, whether in specie or not may, after the coming into force of this Act be made at the pleasure of the debtor in the national gold currency of the 'kronen' coinage, in such a way that the twenty-kronen piece is calculated as equivalent to 10 guildens Austrian currency and the ten kronen piece to 5 guildens, Austrian currency."

Most honourable gentlemen, that is the so called ratio. By this means it is attained that any payment which was specified to be made in Austrian currency, may be made instead with a certain quantity of gold, and it is also attained that the unit of value for our future currency is this quantity of gold which is here defined.

I think, gentlemen, that in these words I have pretty accurately described the matter at issue.

I shall now deal with those opinions which, although in accord as regards the principle involved, and with what I have ventured to say, would recommend a different course as regards the order of sequence of the several stages. This view can be put in a few words. The gentlemen in question ask, namely, "Is it necessary that the ratio should be fixed now? Would it not be possible to defer fixing this ratio until the purchase of the necessary gold has been carried out?"

Well gentlemen, I have something to say about that. This view also may have two sides to it. An opinion has been expressed from a very good quarter namely by a foreign writer, that we ought to establish an alternative currency, but without fixing the relation of this new alternative currency to the existing one, so that during the transition period these currencies should have no connection at all, the relation of the one to the other remaining a fortuitous one. The gentleman in question, a very clever man, even undertook a long journey in order to place his view before me orally as well as in writing.

I must say however, there is one point in the matter which I cannot get over and that is that it should be left entirely to chance how this relative value of the two currencies will in future stand.

The gentleman in question was of opinion that the new currency would be certain to drive out the old one in the course of business transactions so that the old currency would die out. This is, however, more likely to be the case with the foreign than with the internal traffic, but, as what would occur in the internal traffic, the gentleman had no clear views, and as he

owned himself, the eventual transition was the weak point of his whole argument.

It is this which renders the proposal impracticable one, because it would not do at all for us simply to trust to chance. For that we should not even require any new currency. If we wanted to do that we could do it as it is.

Every person in Austria has the right to contract in franc currency or in marc currency and there are plenty of cases where these currencies are thus employed. If the majority of the public so employed them, the result just referred to would be realised, but it would be no remedy for our condition.

But now there are also a number of other gentlemen—a much larger number—who say 'We ought not at present to establish any new currency we should keep to the old currency and limit ourselves to procuring gold in order that in course of time the relation may become fixed according to whatever may prove to be the ratio of gold to silver.'

If gentlemen this view of the matter be carefully considered the following practical conclusion is reached. As a matter of fact, the partisans of this view do not, in the first instance, wish to do anything more than what is wanted by those who oppose the introduction of a new currency that is to say those who oppose it on deliberate grounds, they are merely prompted by other intentions.

Such a conclusion must, of course have due weight, but I would observe that in effect the result would be just that which is aimed at by the cautious adherents of our existing currency that is to say, we should in the future, as in the past be entirely dependent on chance.

But there is something beyond this, gentlemen and it is that which makes this view appear to me to be in a certain sense even more hazardous, gold is to be purchased and, if the ratio be not fixed these purchases would involve the State in a monetary speculation on the largest and most extensive scale, and one which—and this is the main point—is expected to tend in a particular direction. The majority of the gentlemen who hold this view expect a rise in the value of our money, which would of course make the speculation a very losing one for the State, since then that gold which had in the meantime been procured, would on the resumption of cash payments be worth much less than the price at which it was purchased. The gentleman it is the Finance Minister whom you would charge with the carrying out of this monetary speculation, which is destined to be a losing one and he would then eventually have to come down to this House, and confess that 'the payment of cash will now be resumed but, of that money which we had accumulated, we have lost so many millions.'

Most honourable gentlemen that would be for that Minister of Finance a task which he would perhaps not fulfil and if I may venture to add that he could after all to a certain extent influence the ultimate result of such a speculation, then I think it would be asking perhaps too much from a man who is charged with the interests of a State to expect him to consciously allow a great monetary speculation to result to the disadvantage of that State.

I very much fear gentlemen that by such means we should arrive at the very opposite result to that which we desire to attain. If I may therefore venture to sum up what it is that must be done, I can come to no other conclusion than the following. If the course which is proposed is to be followed we must fix the ratio, and fix it at once.

And now I would go on to ask. How was the ratio arrived at? It will perhaps surprise you that I shall say very little about this point. The question seems, as it stands to be not a very difficult one to answer. As a matter of fact I regard it from a somewhat different point of view and I will be excused if—perhaps owing to my professional training—in regard the matter rather with the eye of a lawyer so that in considering it I have always kept in mind the relations of debtor and creditor.

I beg you, gentlemen to reflect for a moment.

In the year 1879 we freed the fortunes of our currency as far as we could from following the fate of silver it is true that this was only done by administrative measures, but still these have been maintained ever since that time. We have succeeded in freeing it completely the experience of the year 1890 teaches us that. But we have done something which has rendered that currency independent.

We now propose to fix definitely the value of that currency. But gentlemen, what means have I for

fixing the value of that currency? From one very influential quarter it is told "Fix it according to the daily rate of exchange." I will leave undecided the question as to which day a rate of exchange. Very different opinions were given about this at the inquiry. For gentlemen, I cannot deny that the rate of exchange is very much a matter of chance and, if you imagine that the daily rate of exchange is fixed merely and exclusively according to supply and demand, then you are in error (hear hear).

On this point I would at once make one observation in order to draw my remarks in the respect. The requirements of Governments in regard to specie in regard to gold, for the payment of coupons and for many other purposes, form factors in those conditions of supply and demand and this fact exerts an important influence on the rate of exchange. But the daily rate of exchange is still essentially a matter of chance.

I do not believe that it is possible to found large operations on it and for this reason nearly all those gentlemen who have cited the daily rate of exchange, have spoken of rounding it off some upwards and some downwards.

Now when I approached the matter from the point of view of a mere jurist, one thing was clear to me, namely, that the matter is to be solved purely legally, it would be necessary to individualise it. It would be necessary to deal separately with each individual claim or liability, and to fix the ratio for each claim either according to the date of its origin or according to the date on which it becomes due. I may remark that it would be a nice point of law, for which of these alternatives the decision should be given. But gentlemen fortunately for us we are spared the settlement of this question. For in practice, neither the one nor the other is feasible, and chiefly because the present day conditions of such liabilities or claims have taken quite a different form from that which they presented many years ago, when it would have been possible to carry out such an arrangement. To day, when the liabilities chiefly take the form of bonds to bearer or scribbled bonds, in the case of which the same institutions which present them owe as much as they have to claim and on which the organisation of credit is founded the matter is altogether impracticable. I would ask you gentlemen, to consider the case of a bond issuing (if mortgage) institution or a savings bank, if the claims on them were to be regulated according to another ratio than the debts to them. Such a measure would mean bankruptcy for these institutions.

That method was therefore simply an impossibility. It was accordingly necessary to adopt the system of one rate of exchange, one ratio, for all cases the same ratio.

Now gentlemen, what I have thus far said will have already indicated to you one thing namely that I was bound from my standpoint to hit upon the mean rate of exchange, and that I could not do otherwise than adopt it.

We have sought this mean rate of exchange and it is embodied in the ratio it embraces the whole period since 1879, when we freed our currency from the silver influence down to the present time and it seems to me to be the fairest of the many which were suggested to me.

And I would venture to add, it is the only one in favour of which there is any objective argument, all the other rates of exchange being recommended only from interested points of view opposed one to the other. To give my sanction to these interested points of view, or to decide in favour of one or other of them that gentlemen was more than I could bring myself to do so much for the history of the adoption of the mean rate of exchange as the ratio.

Now gentlemen I pass to another question which I feel is my duty to answer here, although it is not strictly one of motive. You might with justice ask me, gentlemen, why do we bring these proposals forward now why do we thus hurry this matter?

Gentlemen I am fully sensible how great a sacrifice I am asking of you when I come before the Honourable House with these projects, and I beg you gentlemen to forgive me for asking it. Rest assured that if I had not been fully convinced that it should and must take place I should not have done it.

If I wish to justify this, I cannot take my stand upon what is true enough in this connection, namely, that that which is once recognised as good cannot be cancelled out so quickly and such like, no, honourable

gentlemen I should have had to say to myself. Since the matter has now gone on for so many years it may perhaps go on as it is for the present.

Then gentlemen, why is it? I will give you a few reasons. Perhaps not the only determinative one is that the conditions of our currency, especially in their relation to the Hungarian portion of the State, are in urgent need of reform. I will not, for the present say anything more about this here, this is a question which must be reserved for separate discussion, but I may observe that the more one makes oneself acquainted with those conditions, the more one sees to be the need for legislative regulation of the currency, that I cannot find words to express it to you sufficiently strongly.

The dangers which are associated with the present state of things are very considerable, and a reform is indeed to be desired in this respect.

I have therefore endeavoured to make these proposals after agreement with the Hungarian Government.

A second point which renders the matter a very urgent one is the conclusion of our treaties of commerce. Honourable gentlemen you have thus year agreed to the treaties of commerce, and I take the liberty of adding you very rightly did so, my firm conviction is that you could not have done otherwise.

These treaties of commerce are for the purpose of introducing stability into our economic relations with foreign States, a stability on which the calculations of the export and import markets can be founded, and you know, gentlemen, of how great importance the export and import markets are for us, and what a part our credit balance of trade plays in connection with our debit balance of payments. For this reason, gentlemen that course has been, and had to be, taken in respect to treaties of commerce.

It is my utmost conviction, however, that this system of treaties of commerce and of stability of customs duties must be supplemented by permanence of monetary conditions if the stability which it is sought to gain by the treaties of commerce is not to become altogether illusory.

Under the regime of our present monetary conditions which have of late been fully stable, and of the commercial conditions as now fixed by the treaties of commerce the producing classes in Austria have prospered. It cannot be denied that such has been the case. The producing classes have therefore, in my opinion, a right to demand that those conditions shall be rendered permanent and that they shall not be left to chance for the interest on, and repayment of, the capital which they have invested.

On the other hand those classes whose income is derived from property have also an interest in the maintenance of the conditions of production, because their security and their future depend entirely on the continued prosperity of the producing classes.

Therefore honourable gentlemen I think it is urgently necessary that our monetary conditions should, in the interests of our production, be rendered stable, in order to secure us from what may be very distressing surprises.

This simple line of argument leads me at once to the third point namely, the question. Are these conditions of our monetary affairs at this moment in danger?

I can only give one reply. If you follow the deliberations on the subject of the unrestricted coinage of silver in the United States of America, and if you observe how small is the difference there between majority and minority, you can form an idea as to what influences may possibly without their being so intended, be exerted from thence on our currency conditions. The fluctuations of exchange during the year 1890, which you, gentlemen will all recollect, have given us a slight foretaste of that which would happen if free coinage of silver were to be to-day established in the United States of America. I cannot, of course, speak to you of any set term in this regard, since that which takes place in another State is entirely beyond our control. Our duty it is, I believe, however to consider how far we are in a position to provide against these effects, which may be exerted upon us by such occurrences, which take place quite independently of ourselves.

Finally, honourable gentlemen, I would go on to speak of a point which is perhaps, also likely to cause uneasiness and which, I believe, demands a few words of explanation. When you have read upon these Bills you will say "We have to take the first steps" and it is, therefore quite natural you should say "What

more will have to be done? What will be the future development of this matter? The answer to this is contained in certain provisions in the draft Agreement which is submitted to you, and which it is proposed to conclude with the Government or the Legislature of the Kingdom of Hungary. Allow me to read you a few clauses referring to this point—

Clause XVIII, paragraph 1, reads thus—
 "The introduction of the obligatory use of the Kronen currency in accounts, in conjunction with the regulation of the public circulation of coins as well as the measures to be taken respecting those Austrian national silver coins of two, one, and a quarter, guildens which may still be in circulation after the date of this agreement, shall be determined by way of common legislation on a basis to be agreed upon by the two Governments. Concerning also the legal aspect of the employment of the Kronen currency, the necessary details shall be agreed upon by the two Governments before the introduction of the respective Bills."

In Clause XIX, paragraphs 1 and 3, it is stated—
 "The Governments of the two States shall, in mutual accord, lay before the respective Legislatures, at the proper time, Bills for the redemption of the State notes."

"Concerning the regulation of the paper currency, as well as concerning the resumption of cash payments, joint action shall be taken by the Governments of the two States at whatever may be the most suitable time."

Clause XXI reads—
 "After the coming into force of this Agreement, the two Governments shall at once continue the negotiations, in order mutually to agree upon the legislative measures to be taken concerning the introduction of the obligatory use of the Kronen currency in accounts, in conjunction with the regulation of the public circulation of coins besides those concerning the regulation of the circulation of paper money, and those relating to the resumption of cash payments."

Allow me also to read to you a few passages out of the fifth Bill.

Clause 1 means—
 "The Minister of Finance is empowered to contract a loan by means of an issue, according to the Law of 18th March 1876, B G Bl No 35, of four per cent gold notes, to that extent which is required in order to procure an amount of effective gold of one hundred and eighty three million four hundred and fifty six thousand Austrian gold guildens."

In explanation of this amount I would observe, what the honorable gentlemen present may have already perceived, that it represents 70 per cent of those 318 million guildens of the Joint National Debt at present based on notes.

This amount we must have at all events.

Moreover, Clause IV states—
 "The gold specie placed in reserve in accordance with the provisions of the previous clause can only be disposed of by legislative enactments."

In Clause V the National Debt Control Commission of the Leichners (Upper House) are appointed to see to the observance of Clauses III and IV of this Act.

Clause VI charges the Finance Minister to bring in, in due course, a special Bill for the regulation of floating debt, limited to a maximum amount of one hundred million guildens Austrian currency and represented by partial hypothecary bonds or as the case may be, by the State notes which take their place in circulation.

You have thus in brief the steps which it will still be necessary to take to attain the final object in view. I venture to add, it is quite out of the question to stop half way in this course. We must continue to endeavour, by all the means in our power, to completely restore this new currency, and thus also in the end to attain cash payments.

But I can only repeat as I said at the commencement of my observations, this must be carried out with certainty. It must be carried out in such a manner that no check can occur, for a relapse in this regard would be the very worst thing which could befall us. On this ground it would be most hazardous to fix legal terms for certain steps, and I have not proposed them to you, because the most fitting times cannot be foreseen.

But there is one thing more to which I would draw your attention. As it is you prescribe a set term for yourselves by law for taking a certain step before you have the means for taking it, that is to say, before you possess the gold which you need for doing so, that

moment you place yourselves at the mercy of speculation (gold prices), and that, honorable gentlemen, is a proceeding to which I will not, from this place, lend my hand (hear hear). That is the reason for which these Bills have been framed as they are.

Another point must also not be lost sight of, which is that the alteration of the currency must, if in any way be combined, as has already once been the case, with any considerable diminution of the amount of circulating material.

That would be a proceeding which would not only deprive the alteration of currency of all its advantages, which would not only render it one of the most unpopular things in the world, but which would also, I firmly believe lead, by its effects to most unexpected and serious economical consequences.

This point deserves the most careful consideration and affords another reason why it is not possible for us to be our hands once and for all in this respect by fixing a set term.

I can only repeat, this plan must be carried out in all earnest, and with the firm intention arriving at a definite result, but it is equally necessary that the choice of the most favourable moment for each individual step be left open.

I have not desired to obtain for the Government any power of making regulations in regard to further steps in this important matter, any more than I have desired such power for the determination of the ratio, although this was pressed upon me from many quarters.

You will, therefore, if these Bills are passed, have yourselves to determine the subsequent measures for the further development of the matter. And now, gentlemen, allow me in conclusion to say one thing more, the circumstances are of such a nature that, the more I have occupied myself with this matter and I can assure you that since the day I took office it has lain heavy on my heart, the more serious has appeared to me the danger of longer delay (hear hear!).

Every day has added in this respect to the burden of the responsibility resting on me and thus at last it has led to my coming before you with these proposals.

The fact alone of my doing so should be to you, most honourable gentlemen a proof of the earnestness of my convictions on this subject for indeed it would have been easier and more convenient to have let the matter rest were it was and I do not believe even my very serious reproaches could have been made by fatuity if one had done so.

Now, gentlemen, it is your turn. I beg you to examine these proposals, and to decide about them as may be best for our beloved country (loud cheers). (The speaker received the congratulations of his colleagues in the Ministry.)

CANADA

The SECRETARY to the HIGH COMMISSIONER FOR CANADA to the SECRETARY of the INDIAN CURRENCY COMMITTEE, dated 17, Victoria Street, 18th November 1898.

DEAR SIR,

In reference to your letter of the 8th instant, I think I cannot do better than enclose you an extract containing Section 3 of Chapter 31 of the Revised Statutes of Canada, 1886, relating to the issue of Dominion notes, and the security which the Government is required by law to keep in gold against the note circulation.

I may mention that according to the return issued in the "Canada Gazette" of October 17th, the sum required to be held in specie on the issue of Dominion notes, which on the 30th September amounted to \$18,499,942, was \$2,774,991. The actual specie held by the Government on that date was, however, \$8,209,606.

By the law they are also required to hold ten per cent of the value of the notes in guaranteed debentures which would have been equal to \$1,849,994. The actual value of such debentures held on the date before mentioned was, however, \$1,346,606. You will therefore see that the excess of specie and guaranteed debentures in the possession of the Government was \$3,531,347.

Yours faithfully,
 J G COLMER,
 Secretary

Enclosures

Extract from the Revised Statutes, 1886, Chapter 31

3 The amount of Dominion notes issued and outstanding at any time may, by Order in Council, founded on a report of the Treasury Board, be increased to but shall not exceed twenty million dollars, by amounts not exceeding one million dollars at one time, and not exceeding four million dollars in any one year. Provided that the Minister of Finance and Receiver General shall always hold for securing the redemption of such notes issued and outstanding an amount in gold or in gold and Canada securities guaranteed by the Government of the United Kingdom, equal to not less than twenty five per cent. of the amount of such notes—at least fifteen per cent. of the total amount of such notes being so held in gold; and provided also that the said Minister shall always hold for the redemption of such notes an amount equal to the remaining 75 per cent. of the total amount thereof in Dominion debentures issued by authority of Parliament.

(43 Vict. c. 18 s. 1)

CEYLON

The Colonial Office to the India Office,
25th November 1892

(Extract)

I AM directed by the Marquis of Ripon to transmit to you to be laid before the Earl of Kimberley, the enclosed copy of a letter from Mr T North Christie late Member of the Legislative Council of Ceylon on the question of the currency of India and the Eastern Colonies.

The statements made in this letter appear to Lord Ripon to deserve serious consideration, and his Lordship would suggest if Lord Kimberley sees no objection, that the letter should be communicated to Lord Herschell's Committee, which is now inquiring into the question of the Indian currency.

If that Committee should wish to hear any further evidence on the points raised by Mr Christie Lord Ripon would ask the Secretary to the Ceylon Association in London through whom Mr Christie's letter reached this Office, whether he could give the names of one or more of the leading members of that Association who would be able and willing to appear in support of Mr Christie's contentions. Representatives of the mercantile community of Hong Kong and the Straits Settlements might perhaps also with advantage be invited to give evidence.

Without expressing definite concurrence in all of Mr Christie's statements Lord Ripon considers that there is much force in his view that the interests of the producers in silver-using Colonies have often been overlooked in the discussions which have taken place on this question. His Lordship used hardly point out that there are several more or less conflicting interests involved, e.g., the interests (1) of the English merchants and traders, (2) of the producers and inhabitants generally of the silver-using Colonies as well as of India, (3) of the Governments which have to make remittances to meet gold payments in this country and (4) of the English Civil Servants in the Eastern Colonies and in India. Of these four groups the second is at some disadvantage, not having the same means as the other three of making their voices heard with equal loudness and persistency.

Enclosures

Mr CHRISTIE to the SECRETARY OF STATE FOR THE COLONIES 6th November 1892

My Lord,

I venture to address you in connection with the proposed interference with the value of silver either generally by international or metallic agreement or locally by the adoption of a gold currency for India, and the effect which such interference might have on the prosperity of our silver-using Colonies.

I regret that your Lordship's attention to this important and complex subject should be, in the first instance invited by a private individual like myself, and not by an influential representative body, but the matter has become so urgent, owing to the approaching International Conference the appointment of Lord Herschell's Committee and the speech on the 27th ultimo of the Right Honourable Arthur Balfour at Manchester.

The chief reasons and grounds for this letter is the fact that, during the whole prolonged discussion and con-

sideration of this question the interests of our silver-using Colonies have been entirely overlooked, although their aggregate trade is equal to one-third of that of all India. Nor have the Eastern producers' interests, which far exceed those of any other single class, ever been represented before any inquiry. Among the witnesses examined by the late Royal Commission were spokesmen on behalf of the Indian Government, the Currency Economist, the Capitalist, the Financier, the Merchant, and the Indian Civilian but there was no one who could possibly be considered a representative of the great producing classes—Natives and Europeans—of India, Ceylon, the Straits Settlements, Borneo, and Mauritius.

If the question of the adoption of a bi-metallic standard were being discussed by competent personally disinterested financiers, the issue might be left to them but unfortunately for an impartial consideration one side is supported and urged on by numerous, influential, and by no means silent classes, who, for their own sakes desire to see the value of the rupee raised. The absence on the monometallists' side of any corresponding active backing is chiefly due to the fact that the great mass of the Eastern producers are natives who understand nothing of the question, and who do not know that the remuneration of their industries is threatened.

To the Europeans who are engaged in Eastern agriculture, mining and manufacture, the real position has been disguised or obscured by either a belief that a 'fixed ratio' does not mean an increased gold value for silver, or by the absolutely unimproved, and I believe quite erroneous, statement that a rise in the gold value of silver will forthwith cause an equivalent rise in the gold value of all their commodities.

It is hardly necessary to demonstrate that beneath the apparently harmless (so far as the producer is concerned) cry for a fixed ratio, there is in almost every case, the underlying intention that the ratio shall be one which increases the relative value of silver. The Indian Government avowedly desires to raise the value of the rupee. In 1878 it was, I think, the proposal of your Lordship's Government to fix the value of the rupee from 1s 7d., as which it then stood, to 1s 10d. In Lord Dufferin's despatch of 4th September 1886 it was stated that "the ratio should be not lower than the average market ratio of recent years, and not higher than the former French ratio of 15 to 157." It is manifest that the owner of rupee valued securities the rupee paid salaried classes, the Eastern banks, and the English manufacturer of goods for sale in the East, would not welcome or even accept, a fixed ratio that was to become one which did anything but raise the value of the rupee. It is justifiable to assume that the real demand is not for a fixed ratio *per se* but for a fixed ratio higher by a good deal than the natural ratio 80, 100, with the suggested gold standard for India. It will not effect the object of those who ask for it, unless it is somehow made the means of increasing the relative value of the rupee.

Your Lordship's connection with Indian finance may incline you to doubt whether low exchange is on the whole a benefit to a silver standard country, but I would venture to submit that it is undoubtedly so where the country has large quantities of gold on the basis of a gold value, and where the loss on the sterling payments of the Government is less than the gain on the sterling sales of the exports. Taking the annual exports of India as being worth sixty millions sterling, that sum, at 4s per rupee gives the people interested Rs 900,000,000 for diversion amongst them instead of the Rs 600,000,000 which would be available if the rupee were at par. The gain to the people as producers is much more than the loss to them as tax payers. In the case of the silver-using colonies the gain is relatively much greater, as the exports are proportionately larger and the sterling engagements much less than is the case with India.

Mr Balfour, in his speech on 27th ultimo stated "I firmly believe that an appreciating currency is a fraught with evil to every class in the community." Mr Balfour was referring to the gold currency of England, but whatever truth there is in the statement, it must hold good with the silver currency of India too. The Bombay Chamber of Commerce, in their Report for 1892, stated that, "while giving the people the 'veniences of constant fluctuations in exchange, they are of opinion after considering the question from all sides that the fall in exchange leaves a balance of benefit to the commerce and people of India.'

The revenue of India during the past 16 years shows, too, I think, the result of that 'balance of benefit,'

for notwithstanding the annual prospect of approaching bankers has been almost able to meet the very heavy loss on sterling engagements and I believe the additional taxation imposed during the period is but little more than equivalent to the remissions.

Lord Duffin in 1876 was able to state that the average growth of the revenue was, than covered the 'additional loss by exchange' and that 'there was a larger margin of reserve than there was in 1832-83'

The question as to whether a country producing for export to gold paying markets would during the past 20 years have been better off with a gold or a silver standard can be removed from the sphere of mere academic discussion and practically illustrated by a comparison between Ceylon and Java. These two countries have many points of resemblance, their chief products are the same and both suffered terribly from coffee leaf disease ranging their staple product. Ceylon has a silver standard, Java a gold one. The revenue of Ceylon has gone up almost by bounds that of Java is almost stationary, and the budget for the Dutch East Indies shows this year a deficit of 9 million florins.

During a period which saw the Ceylon exports of tea rise by 30 million pounds Java's exports rose one million, and its total exports of that product are only 7 or 8 per cent of those of Ceylon.

I do not maintain that the difference in currency has been the sole cause of stagnation in the one country and progress and prosperity in the other but I am convinced that the silver holding factor in the case, and that the laments of the Java producers are justified, so convinced of this are the tobacco producers of Sumatra, that they have managed to adhere to a silver currency in all their transactions (except payments to Government) in spite of having to use an alien coinage not recognised by their Government or mother country.

I believe too that a comparison between the prosperity of the cocoa nut industry in Ceylon and that of Fiji would show that the gold standard in the latter colony has interfered with the expansion of the industry.

No one, I think, would venture to question the statement that, other things remaining the same, a rise in the rate of exchange would be adverse to the Eastern producer.

If the rise was a penny or twopence in the rupee his remaining profits would be small, if the rise was fourpence or sixpence there is hardly an outlet price I know of in Ceylon or the Straits—whether agricultural manufacturing or mining—that could be worked without serious loss. All that is advanced is that as the fall in the value of silver has caused a fall in the market price of commodities so will a rise in silver be followed by a corresponding rise in prices. Silver has undoubtedly fallen during the past 18 years and so have many articles of trade, but that the fall in silver was the cause of the fall in other values is a mere unproved statement, and, I believe, a perfectly erroneous one beyond where the fall in silver has acted on the production of some other article, and the production has, through the law of supply and demand, acted on the price.

I have carefully studied the Board of Trade returns of the average annual prices of the various British imports, and there is not the least difficulty in tracing the fluctuations in the price of any specific article to other causes the ruling factor in all cases being supply and demand. In the rubber, gutta-percha and ivory stand at the one end as products the production of which being with nature, is limited while the demand is great, result much higher prices in spite of falling silver, coffee, the supply of which has fallen off owing to the effects of disease in the plantations of Ceylon, Java &c., fully maintains its price even in face of waning popularity, cocoa, owing to the increasing demand for chocolate also maintains its price in spite of large additions to the area of cultivation. Tea, owing to the enormous output from Ceylon and India has fallen in price, but not in proportion to silver, grains and minerals owing to facilities for transport and new areas of production have fallen greatly and so on with the whole list. If the fall of silver caused the fall in prices and if the suggested rise will cause a reversion to the higher prices of the past the connection between silver and the price of commodities must be intimate and should certainly have been maintained even values for produce prior to 1870 but such was far from being the case, when silver was steady prices of other commodities went up and down just as they do now, generally

the tendency then as now was downwards due no doubt, to the increasing cheapness of transport and consequent additional sources of supply. It would not be of use to enter into elaborate details in connexion with the various products but I enclose, for your Lordship's information, details connected with tea. Enclosure A shows the average annual price of a standard quality of tea from 1836 to 1870 during which period silver was steady and yet prices ranged between 2s 4d and 7s in bond. Enclosure B shows the average prices of Ceylon tea since its introduction and the average rates of exchange for the same period. The diagram shows at a glance that there is nothing synchronous between the fluctuations of silver and tea as related to gold.

I do not expect this letter, which although tedious, is far from exhaustive to do more than show that our silver paying colonies are deeply concerned in a matter the consideration of which has hitherto been marked by their interests and views remaining unrepresented and I feel that at the present juncture when the demand for a gold currency for India is being seriously considered there is some danger of Ceylon's position being overlooked.

Holding the views I do I believe that a gold currency for India one which has the effect of pitting an artificially high value on the rupee, will diminish or do away with the 'balance of payments' between the commerce and people of India, but it is not my business or intention to argue that question.

Your Lordship will be aware that Ceylon uses the Indian rupee though with a subsidiary decimal coinage and a note issue of its own, and I suppose that those who contemplate an artificial rise in silver by means of an Indian gold standard, think (if they have thought of it at all) that Ceylon will be willing or can be forced to join in the scheme, but Ceylon, it will be found will resist any such proposal. Ceylon has no desire to see the Indian producer, with whom it competes on friendly terms placed on a level with those of Java, or Indian industries were in order that others may flourish, but, of a certainty Ceylon will decline to follow the example. If Indian industries are to be injured and others benefited, it is better that the benefit, or as much of it as possible should remain with England's other silver-using possessions—Ceylon the Straits, Borneo, and Mauritius,—rather than be passed on to China, Japan, &c.

I would ask that the Colonial Office take such steps as may be necessary to safeguard our interest in the matter, and that from the first there may be no misunderstanding as to Ceylon's connection with a gold standard for India.

I am &c

THOMAS NORTH CHRISTIE

St. Andrew's, Mankolyn,
Ceylon

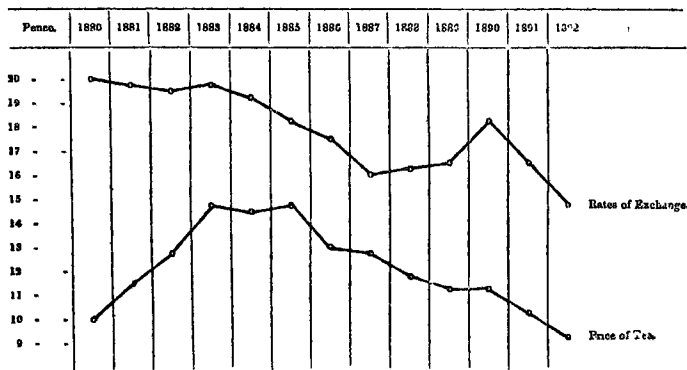
Sub enclosure

A

Years.	Imports. Grand Total	Price, Standard Common Ceylon in Bond	Duty	
			s d	s d
1836	50 121 000	1 0	3 25	
1837	52 377 000	1 0	3 25	
1838	35,051 000	1 24	2 52	
1839	35,224 000	1 24	2 52	
1840	18 224 000	1 3	3 25	
1841	31 213 000	1 106	3 25	
1842	11,670 000	1 11	3 25	
1843	46,824 000	1 116	3 25	
1844	46,824 000	1 116	3 25	
1845	51,283 000	0 98	3 25	
1846	57,572 000	0 98	3 25	
1847	48 54 000	0 78	3 25	
1848	63 134 000	0 78	3 25	
1849	63 134 000	0 81	3 25	
1850	42,300 000	0 108	3 25	
1851	1,120 000	0 108	3 25	
1852	56, 100 000	0 83	3 25	
1853	57 700 000	0 111	1 10	
1854	78,700 000	0 114	1 6	
1855	85,350 000	0 11	0 9	
1856	87 700 000	0 88	1 9	
1857	87 000 000	0 88	1 5	
1858	92 400 000	0 78	1 5	
1859	76 900 000	1 28	1 5	
1860	82 400 000	1 28	1 5	
1861	9 750 000	1 0	1 5	
1862	105 000 000	1 0	1 5	
1863	142 000 000	1 02	1 0	
1864	127 000 000	0 11	0 6	
1865	121 000 000	0 11	0 6	
1866	137 000 000	0 11	0 6	
1867	176 000 000	0 11	0 6	
1868	160 000 000	1 3	0 6	
1869	176 000 000	1 11	0 6	
1870	141 000 000	1 0	0 6	

B
PRICE OF CEYLON TEA AND RATES OF EXCHANGE 1880 to 1892

Years.	Price of Tea.	Rates of Exchange.	Tea.		Exchange	
			Rise.	Fall	Rise	Fall
1880 - -	d 10 5	d 29 93	—	—	—	—
1881 - -	11 75	19 89	1 26	—	—	0 06
1883 - -	12 75	19 52	1 09	—	—	0 87
1883 - -	15 35	19 38	2 50	—	0 01	—
1884 - -	14 75	19 30	—	0 50	—	0 28
1885 - -	15 25	18 24	0 50	—	—	1 06
1886 - -	13 25	17 43	—	2 03	—	0 81
1887 - -	13 00	16 08	—	0 25	—	1 35
1888 - -	11 50	16 27	—	1 50	0 39	—
1889 - -	10 75	16 56	—	0 75	0 9	—
1890 - -	10 75	16 09	—	—	1 33	—
1891 - -	10 00	16 70	—	0 75	—	1 39
1892 - -	9 50	15 10	—	0 50	—	1 60



The price of Ceylon tea has fallen 9½ per cent. in the last 12 years while Exchange has fallen 24½ per cent.

CHILE

Mr HERBERT C GIBBS, of Messrs Antony Gibbs and Sons to the SECRETARY TO THE INDIAN CURRENCY COMMITTEE

15, Bishopsgate Street Within,
1st December 1892.

DEAR SIR

REFERRING to our conversation of to day, I will set down a few reflections on Chilean currency in its relation to trade, in the hope that they may assist the Committee in taking my evidence.

The alterations in the currency have been as follows —

Before 1873 when the French mints were closed to the free coinage of silver both gold and silver were current in Chile, but after that date gold left the country.

In 1878, the Government made redundant issues of legal tender notes, and silver left the country. Since

that date to the present, the exchange has fluctuated between about 64 and 16½ per dollar.

I understand that the Committee desire to take evidence about the effect of a forced currency on the trade of Chile in order that they may be able to estimate the effect of closing the mints to silver in India while retaining the rupee as full legal tender money in that country.

But there are many circumstances connected with Chile which find no parallel in India, and it seems to me that the present state of affairs in India would be a more perfect guide to a study of affairs in Chile.

It is true that the present currency of India is not a forced currency but it fluctuates just as the Chilean currency fluctuates, in terms of gold and therefore I suppose the effect on trade should be the same in both countries supposing the fluctuations in exchange and the other conditions were the same. The only differ-

ones seems to me to be that whereas commodities have fluctuated more or less with silver, neither comms or prices nor wages have altered much in value as measured in rupees, whereas in Chile the case is different for other causes affected exchange besides the fluctuations of silver, and consequently a low exchange has benefited the producer and exporter and a high exchange has injured him, &c, copper mines

With regard to the importer I could give instances to show that he suffers when exchange falls, but doubtless the Committee have already many instances of this

I suppose the chief point that the Committee wish to elucidate is the effect on wages caused by the rise or fall of exchange, I might therefore say that for some time after the exchange began to fluctuate the labourer did not at all understand that exchange affected the value of his dollar nor, indeed did it produce much effect, as the native producer who supplied him with goods did not understand it either, and, moreover, in large industrial undertakings which are financed with gold capital the employers usually keep a shop to supply their men, and do not make much alteration in the dollar value of their goods so as not to attract the attention of the employe to the decreased value of the dollar. But later on this subject has been much better understood and if exchange falls there is usually an outcry on the part of the labourer for increased wages, when, however exchange rises, I need hardly say that it is very difficult to lower wages without strikes and riots

The effect of exchange on wages is much obscured by the fluctuations in the demand for labour in Chile, owing to wars and revolutions and also to artificial decreases or increases in the production of nitrate, but, speaking generally, one may say that, though wages do not fall or rise in an equal ratio to exchange and though they do not follow the fluctuations in exchange at all rapidly yet that they are affected by exchange to a much greater extent than formerly

This I fancy, is due to the following causes. The external trade of Chile is almost entirely in the hands of English and Germans, viz gold-using people, and consequently most of that trade has been done on a sterling gold basis by bills on London, and as the fluctuations in exchange increased, this became more and more the case so that more people (financially speaking) think in gold. Gold is sold for sterling, nitrate is now usually sold for sterling, and this preference for sterling is now so well recognized that an Act has been passed legalising contracts in any currency

Then again to take the greatest industry of Chile—the production of nitrate of soda the railway and maritime freights are paid in sterling or at a fixed exchange the export duty is paid in sterling, and the chief employes are paid in sterling, and the staff is paid for sterling so there only remains the labour which is paid in currency the labour is probably about one-ninth of the cost delivered in Europe, and even if wages rise or fall it matters but little in this case to the producer as nitrate is a monopoly, and the sole effect is the rise or fall in price and a slight fall or rise in the consumption. Then again, as far as the Government is concerned, it is able to remit sterling to meet its foreign debt, as the nitrate export duty is paid at a fixed exchange

In spite, however, of these alleviating facts the disadvantages to trade of a fluctuating exchange are so great that the Chilean Government now intends to make the dollar convertible at 2½ exchange, payable in gold.

If the Committee wish for evidence to show that a fluctuating exchange checks the development of a country I should find it very difficult to point out any particular enterprise that had been abandoned owing to the fear of exchange for in every proposal there are so many disadvantages that it is not possible to point to one as the cause of the proposal being abandoned. I might however except those cases in which the revenue is a definite amount in dollars, as in undertakings that do a certain work for the Government, such as drainage, waterworks &c, and where the Government recover the rates and pay the undertaking a fixed currency revenue, in these cases it would be difficult or impossible for the Government to be continually raising or lowering the rates in currency, so that either the undertaking loses by exchange if it falls, or, if

the Government agrees to pay the undertaking in gold, the Government loses

Another case is that of railways, the tariffs of which in most South American countries are usually fixed by law at a definite amount in currency

In the same way, I have seen the difficulty of placing railway bonds payable in silver guaranteed by the Mexican Government, when the Government did not wish to pay in gold and run the risks of exchange

In considering how far the case of Chile is a parallel one to that of India, no doubt the Committee will take into account the fact that Chile only contains about 3,000,000 inhabitants, and that its external trade is comparatively very great whereas India has a population of 280,000,000 who use the currency of the country and, as I imagine, its external trade is in proportion small as compared with Chile.

If this point is considered of importance no doubt you could get the figures and compare them, or I could do so as regards Chile, if you wish.

I have &c

ESKINET C GIBBS

CHINA AND JAPAN

MESSERS MATHEW & Co. to the SECRETARY OF
STATE FOR INDIA

3 Lombard Street,

11th February 1893

My Lord

In the "Times" newspaper of the 3rd instant there is given, in the telegraphic intelligence under the head of India a summary of the speeches made on the occasion of a deputation from the Currency Association being received by the Viceroy

One of the members of the deputation, Mr W Ball Irving who represents our friends Messrs Jardine, Skinner, & Co a firm which acts as agents in India of one of the two lines of steamers running between China and Calcutta, and which also represents our friends Messrs Jardine, Matheson & Co of China and Japan, is reported to have said that he did not regard the closing of the mints as likely to curtail the trade between India and China and, as we are informed that Messrs Jardine, Matheson, & Co, who are greatly interested in that trade hold views on the subject different from those expressed to the Viceroy on the occasion referred to we beg that you will make their dissent known to the India Council, before whom we presume the representations made by the deputation will be brought.

We have, &c

MATHEW & Co.

THE SECRETARY OF THE TREASURY to the SECRETARY OF
THE INDIAN CURRENCY COMMITTEE, 2nd March 1893.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward you a copy of a letter received by this Board from the China Association, on the subject of the closing of the Indian mints, expressing a hope that no such step is an immediate contemplation, and I am to suggest that you should communicate this letter to the Indian Currency Committee now sitting

I have, &c

R E WELBY

Enclosure

LETTER from the HONORARY SECRETARY OF THE CHINA
ASSOCIATION to the SECRETARY to the TREASURY

Sir,

A TELEGRAM has been received from the Shanghai Branch of this Association, expressing alarm at the agitation in favour of closing the Indian mints, and a hope that no definite action will be taken without considering the views of British merchants concerned in the China trade

It is foreseen that the variation between the values of the precious metals that result from the devaluation of silver in Europe, must be widened by a further extension of that policy, and that there must ensue a further violent disturbance of exchange which would have a disastrous effect on the great interests concerned in the trade with Eastern Asia.

The Committee of this Association fully appreciate the complexity and immense importance of the interests involved. Sharing, however, the grave apprehensions expressed in the Shanghai telegram, they concur in the hope that no definite action will be taken until the fuller representations of which it is a precursor have been laid before Her Majesty's Government.

I have, &c.
R B GUNDRY,
Honorary Secretary,
China Association

Telegram, dated Shanghai, 2nd February 1893

Committee (of China Association) alarmed at the proposed close of Indian mints. The consequences will be serious to China trade and Exchange on London and India. Strongly urge if it is possible prevent definite action. Will write fully concerned. Await mail, 11th February

THE SECRETARY OF THE CHINA ASSOCIATION to the
SECRETARY OF THE TABARUKI

China Association 21 Lombard Street,
SIB, 6th April 1893

In pursuance of my letter of the 9th February, I have now the honour to submit, for the consideration of Her Majesty's Government, a letter from the Shanghai branch of this Association, giving reasons for believing that the proposed close of the Indian mints would have a calamitous effect on the interests of British commerce, not only in China, but throughout Eastern Asia. For although the magnitude of the China trade gives it natural prominence, Japan, Hong Kong, the Straits Settlements, and every centre of British trade in the silver using countries of Asia, are equally concerned.

The question presents itself under two aspects,—
1st Trade between Eastern Asia and India.

2nd Trade between Eastern Asia and England and the rest of the Empire.

The Shanghai Committee invite special attention to the rapid growth in the import of Indian yarn, which has reached a total of 67,000 tons valued at nearly Tls 20,000,000 while the import of yarn from England remains nearly stationary at about 4,000 tons. Con siderations of this kind and analogy have doubtless had their effect in producing these results, but the steady level of exchange between two silver using countries has unquestionably been an important factor.

To close the mints of India to silver, or to establish a gold currency, would be to abolish the advantage which she now possesses, and to place her manufacturers at the same disadvantage of a varying exchange by which the Manchester manufacturer is already handicapped. One of two results would probably follow. Either China—which is a large grower of cotton and possesses ample area suited to its extended cultivation—would be encouraged to erect machinery and spin her own yarn or she would transfer her custom to Japan, which is rapidly developing a great manufacturing industry.

The reduction can hardly fail to suggest itself that the opium trade would be affected by similar considerations with the probable effect of stimulating production in China and Persia, and hastening improvement in the manufacture of Chinese opium to meet the luxurious demand for superior quality which the better prepared Indian drug at present supplies.

Neither must the consideration be lost sight of that the trade between India and China is remarkably extended. The exports of yarn and opium alone, from

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India to China exceed Tls 50,000,000. Exact statistics of the return exports from China to India are difficult to obtain, because they are, as a rule, exported first to Hong Kong, and merge in the general figures of the trade with that Colony. But it is notorious that they are trifling compared to the great value of the imports, and that they leave, consequently a large adverse balance, which has to be adjusted practically by the remittance of silver how much over the foot may be disguised by the intricacies of banking operations.

The same consideration applies to the trade between India and Japan, Japan being also a large importer of Indian raw cotton and yarn, for which she also has to pay in silver.

We should, in fact be setting up between India and the farther East the very barrier which is now embarrassing her financial relations with the West. Having made gold artificially scarce by demonstating silver in Europe, it is now proposed to make silver artificially scarce in India, with a view to redress the balance.

It is however, beyond the province of this Association to dilate on objections that present themselves from an Indian point of view to a policy that would contract her currency at home and disturb her commercial relations abroad. Our purpose is rather to urge that the question is one which must not be looked at exclusively from an Indian standpoint, for England is vitally interested in the trade and financial systems, not only of India, but of the whole East. It is not only the interests of India that are concerned, the manufacturing pre-eminence of Great Britain already seriously shaken by the growing difficulties of commercial intercourse with silver using countries, would be still more gravely prejudiced by the farther disturbance of exchange that must inevitably result.

While the mills of Lancashire have been lately idle, mills in Japan have been working the fullest time, and new machinery of varied character is being rapidly set up. The cotton industry of Japan is, in fact, advancing by leaps and bounds, and the purpose is evidently entertained of competing with Manchester in the production of the finest qualities of yarn. Possessing the same advantage as India in respect of cheap labour, Japan has the advantage over her of possessing cheap coal close at hand and though she has at present to import the greater part of her raw cotton she is at a less disadvantage in this respect than England and will obviously be favoured in her intercourse with China by every fresh variation of exchange between silver and gold using countries.

At a moment when efforts are being made by our diplomacy to extend intercourse with China and Japan, by obtaining freer intercourse with the inhabitants and removing fiscal obstructions—so as to extend the consumption of manufactures in the production of which our labouring population is so vitally interested—we should be neutralising these efforts by widening the gulf between the (gold) cost of producing our manufactures and the (silver) price for which they sell, to a point that would make our export trade to silver using countries almost impossible.

The Committee conceive that there is not ground for any conflict of opinion as to the certainty of this result. They have, therefore, less hesitation in associating themselves with the protest of their correspondents in China, because they find themselves in sympathy with the known views of the Government of India as to the remedy that would best conciliate all the various interests affected.

Experience and inquiry have convinced merchants and manufacturers that the depression in our trade with the East has been brought about mainly through the appreciation of gold in Europe, and the consequent divergence in value between it and silver that has resulted from the devaluation of the two between the two metals, and they are persuaded that a cure is to be found in the re-coinstitution, rather than in a further devaluation of silver.

It is held as a settled conviction, by the great majority of those concerned in Eastern trade, that the re-opening of the mints of the world to the coinage of both metals at a settled ratio, would at once obviate the financial difficulties of India, and remove the commercial disabilities which threaten to assume disastrous proportions if the opposite policy is pushed to a further extreme.

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But, if it is held to be impossible to entertain, at present, the recognition, internationally, of both metals as money on a fixed basis of relative value the Committee is convinced that a policy of non-interference would be less harmful than further partial and local legislation. Rather than such a policy, the Association would prefer a scrupulous non-interference with the natural laws of supply and demand. The operation of those laws would, in time, produce something like finality in the relative value of the precious metals, whereas local legislation would not only be non-conciliatory, but would interfere seriously with the internal prosperity of India (which has been stimulated by an increasing and abundant currency), and would be deplorable in its effect on the manufacturing industry of Great Britain, which is largely dependant for an outlet on the Greater East, outside of India, with which an immense commerce has been built up under more favourable currency conditions.

The creation of that commerce has, as our Shanghai correspondents point out, involved the employment of a vast capital, in banks, docks, industrial companies and all the various adjuncts of trade—capital which has been already seriously depreciated by the late currency disturbances in Europe, and which is still more gravely menaced by the further demoralisation of silver that would be the virtual outcome of exclusive currency legislation for the Indian Empire.

I have, &c
R S GUDDAY,
Hon Secy., China Association
The Secretary to the Treasury

Enclosure

The China Association in Shanghai,
10th February 1891

Sir, A general meeting of the members of the China Association in Shanghai was held on the 23rd of January, and among other subjects for consideration was the probable effect upon foreign trade in the Far East of the adoption by India of a gold standard, and the close of the Indian mints to further rupee coinage. In the result, the newly elected Committee was deputed to frame a resolution to be forwarded to you, with a short statement of the principal grounds upon which the Resolution is based. The Committee, realising the urgency of the matter, have given to it the consideration the limited time at their disposal permitted, and have agreed upon the following Resolution—

"That the Local Committee of the China Association in Shanghai request the China Association in London to watch all proposed legislation in connection with gold and silver, especially measures exclusively relating to India for the establishment of a gold standard there and the close of the mints action which, in the opinion of the Local Committee, must be highly prejudicial to commerce in the Far East.

In support of this Resolution, the Local Committee beg to lay before the Association the reasons on which they rely.

I. China, Japan and generally all countries east of British India are silver monometallic silver retaining its value as a standard for all commodities except those imported from gold monometallic nations.

II. With the opening of China to foreign commerce, British subjects acquired interests which appeal for protection to the Imperial Government equally with the interests of their fellow subjects resident in the Indian Empire. The settlement of British subjects in Treaty Ports and Crown Colonies has necessitated large expenditures in land and buildings, and the establishment of indispensable adjuncts of trade in the form of Banks, Insurance, Shipping Dock Wharf Warehouses, Land, Building and Industrial Companies of various kinds, employing a vast amount of capital all of which is supported by the threatened demoralisation of silver in India, which will virtually be the outcome of exclusive currency legislation for that Empire, legislation which must inevitably injure that portion of British enterprise and commerce founded and fostered under the treaties of trade and commerce made by Her Britannic Majesty's Government with the nations of

the Far East, which is dependent upon silver as currency.

III. Whatever may be the eventual results it is certain that trade which has taken years to build up, must be seriously disturbed without compensating advantages whereas if the ratio of the currencies in use in India be established by general international consent, instead of being confined to India, trade between China and India will not be disturbed, the quantity of silver will be always the same, while exchange will be governed by the usual conditions.

IV. The apprehension of gold in Great Britain has tended surely and steadily to divert the supply of certain cotton manufactures for Chinese consumption from Great Britain to British India, the variations in exchange between the latter country and China both silver using countries, being confined within a known range.

V. The preceding paragraphs point more especially to the injury which the isolated action referred to will entail upon British interests in China. Other results, affecting identical interests in India and China, must follow.

VI. An illustration of the growth of Chinese consumption of an article which now forms an important and valuable export from British India, the manufacture of which has stimulated the production of cotton, and led to the establishment of industries there in which considerable capital has been invested in cotton yarn. This trade has developed within the last ten years on a silver basis, the currency common to producer and consumer alike, and, if that common currency be disturbed, this important trade will for reasons shown in paragraph X be lost to India, probably without benefit to Great Britain.

VII. The statistics following are taken from the Chinese Imperial Maritime Customs Returns, the separation of Indian and English imported yarn not being shown prior to 1869.

TOTAL IMPORTS, 1852 to 1888

	Pounds	Yen
1852	184,629	4,203,099
1853	253,005	5,248,000
1854	221,457	5,284,000
1855	237,850	7,771,000
1856	254,682	7,680,000
1857	503,807	15,547,000
1858	653,468	15,427,000
From Great Britain		
1859	50,144	1,077,000
1860	83,240	1,777,000
1861	78,528	1,807,000
From India		
1859	628,413	11,664,000
1860	595,145	12,207,000
1861	1,158,083	18,870,000

These statistics show that the import of Indian yarn alone in 1891 exceeded the total import of all cotton yarn in 1862 by 51½ per cent in quantity and 381 per cent in value.

The value of the 67,000 tons weight of yarn imported from India into China in 1891 at the low rate of exchange of 220 rupees per 100 dollars is 653 lakhs of rupees, and there are indications of further increase year by year.

Japan is also a large consumer of Indian-made yarn.

VIII. Although the consequence of closing the Indian mints and establishment of a gold standard may be to raise in India the sterling equivalent of a rupee to 1s 6d 1s 9d, or 1s 10½d the purchasing power of the rupee within the Indian territory will be increased as a symbol of native value its quality will be unchanged.

IX While the rupee will remain as a coin in India with the general purchasing power as before, beyond India it will have an artificial value, ranging from 30 to 50 per cent to be made good in exchange. The effect will be the same as if an export duty of 20 to 50 per cent were levied on yarn, to be borne by the producer.

Example.—The Indian spinner can now sell 10 000 dollars worth of yarn for 22,000 rupees as the Chinese consumer is prepared to pay 10 000 dollars plus charges because he cannot manufacture for himself on equal terms. If the exchange value of the rupee be artificially raised to 1s 6d, and the spinner still receives 22 500 rupees as before, the Chinese consumer must provide 12 000 dollars, plus charges, to meet the fall in exchange between China and India. This difference of 20 per cent. enables him to supply his own wants by home manufacture and, if the Indian producer cannot compensate him for the difference in exchange in the price of his yarn, he must forego the sale to China.

X China is already a large producer of cotton, the cultivation of which can be considerably extended should the demand increase. A gold standard in India will most probably operate to close the China market to Indian made yarn by stimulating production of the raw material and the establishment of manufactures in China for the supply of domestic requirements.

XI The creation of a gold standard for the silver rupee currency is equivalent to the establishment by the Imperial Government of a bi metallic ratio within the boundaries of the Indian Empire while beyond, consequent upon the unwillingness of the Imperial Government to accept international bi metallism the rupee is merely silver bullion. This seems to be an admission by the Imperial Government, but confined to India only, of the bi metallic principle.

XII It is to be noted that the Indian producer seeks and receives no more for his yarn than 22 000 silver rupees that is, 7 562½ ounces of silver, and that can be made the cost to consumer, equally by international extension of the bi metallic principle involved in creating a gold standard for a nation having its currency in silver.

XIII From the foregoing paragraphs it has, the Local Committee believe been made abundantly clear that the trade between India and China will be greatly disturbed in the event of a gold standard being adopted in India solely on account of the relative effect such a radical change on the currency would have on exchange between the two places. It is equally certain that all other places further east than India would suffer in like manner in any exchange transactions between such places and India, while the effect generally on the value of silver and on the exchange between China and countries with a gold standard in the event of silver being practically demonetised in India, is too apparent to require any further remark in this letter, whilst under existing circumstances the advantages if any, would probably be entirely to the Chinese as against Europeans or European capital invested in China.

XIV Generally, the Local Committee believe that any exclusive action in relation to Indian Finances such as that supposed to be in contemplation, must affect most injuriously the trade which has been built up in China more especially in connection with Great Britain. Already the disturbance which has resulted from want of combined action, and as a consequence of spasmodic speculation in connection with the precious metals, has seriously discredited China trade. The tendency of late has been to withdraw funds from the Far East on account of the depreciation of the relative value of the local currency. Business is consequently hampered, and the ever widening difference between the cost of production of fabrics such as, for instance, those manufactured in Lancashire and Yorkshire and the price required in silver to meet that cost, threatens to make such trade impossible.

XV The effect of a marked further depression in the value of silver such as must inevitably follow upon Imperial legislation favourable to India alone will be seriously detrimental to the export trade to the Far East in cotton and woollen fabrics among other merchandise, and it deserves earnest consideration. For the reasons here given, therefore, the Local Committee request the China Association to take such action as

may seem to them expedient and prudent for the protection of British mercantile interests in the Far East, which at present are greatly imperilled.

We are &c
JOHN MACDONALD, Chairman,
R. M. CAMPBELL,
CHARLES DOWDALL,
O. J. DUNBAR,
J. W. HARRISON,
E. B. SKOTZOWA,
W. H. TALBOT, Hon. Secretary,
Forming the Committee of the China
Association in Shanghai.

R. S. GUNDRY, Esq.

THE SECRETARY OF THE TREASURY TO THE SECRETARY
OF THE INDIAN CURRENCY COMMITTEE

Treasury Chambers,
11th May 1893

SIR, I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for communication to the Committee now sitting to consider the question of the currency of India, the accompanying copy of correspondence respecting the silver currency of the East which has been furnished to their Lordships by the Secretary of State for the Colonies.

I am, &c.
R. E. WALBY

Enclosures

No 1

THE UNDER SECRETARY OF STATE FOR THE COLONIES
TO THE SECRETARY TO THE TREASURY

Downing Street,
3rd May 1893

SIR, I AM directed by the Secretary of State for the Colonies to transmit to you to be laid before the Lords Commissioners of the Treasury with reference to the letter from this Department of the 9th of March last, the enclosed papers, on the subject of silver currency in the East.

I am &c
R. H. BRADY.

Enclosure in No 1

THE GOVERNOR OF HONG KONG TO THE SECRETARY
OF STATE FOR THE COLONIES, 20th March 1893

MY LORD MARQUESS,

I HAVE the honour to transmit and recommend for your Lordship's favourable consideration the enclosed copy of a letter from the Hong Kong Chamber of Commerce, on the subject of the reported proposal to alter the currency of India or to restrict the free coinage of silver by the Indian mints.

I have, &c
WILLIAM ROBINSON

Enclosure in above

THE HONG KONG CHAMBER OF COMMERCE to the
COLONIAL SECRETARY

Hong Kong General Chamber
of Commerce

SIR, My Committee desires to bring to the notice of His Excellency the Governor the question herewith referred to, which they consider has a material bearing on the commercial interests of the Colony, and I therefore beg that you will be good enough to place this letter before His Excellency.

The Government of India is reported as is no doubt within the knowledge of His Excellency, to have for some time past had it in contemplation either to alter the standard of the currency or to restrict the free coinage of silver by the Indian mints.

The possible issues involved in either proposal are of the greatest importance to the trade of this Colony the exchange of commodities between Hong Kong and India being of considerable magnitude, and any sudden

alteration of the Indian currency could hardly fail to be detrimental to the reciprocal commerce of both.

The almost insurmountable difficulties that attend the alteration of a country's currency and the need of hesitating before taking action, perhaps cannot be better illustrated than by reference to the fact that, of all the many conferences (composed in a great measure of men who may be considered experts) which have met to consider the present position of silver, none have, so far, suggested any remedy that has at all met with general approval.

My Committee earnestly beg that his Excellency will be pleased to press upon the authorities at home the necessity of fully considering the interests of this Colony in any measures that may be proposed with regard to India, and I beg leave to enclose, for his Excellency's information, a copy of a resolution passed lately by the Singapore Chamber of Commerce to the same end.

I have, &c
F HENDERSON
Secretary

Sub Enclosure

RESOLUTION passed at SINGAPORE CHAMBER OF
COMMERCE, 28th January 1893

1 That, in view of the possibility of action being taken by the Indian Government to alter the standard of currency, or restrict the free coinage of silver, this Chamber strongly urges the Government to press upon the Home authorities the necessity for full consideration of the interests of the Colony.

2 And that, as it is doubtful whether any change in its currency will be to the advantage of the Colony, no final decision affecting the existing currency be arrived at, without previous communication with, and consent of, the Legislative Council.

No 2

THE SECRETARY OF STATE FOR THE COLONIES to the
GOVERNOR OF HONG KONG

Downing Street,
3rd May 1893

SIR, I HAVE the honour to acknowledge the receipt of your Despatch, No. 70, of the 30th of March last, forwarding a copy of a letter from the Hong Kong Chamber of Commerce, on the subject of the silver currency question, and I request that the Chamber may be informed that their wishes will be borne in

mind when the Committee, which is now inquiring into the question of the Indian currency, has made its report, and when its recommendations are being taken into consideration.

I am, &c
RUFOR

MEMORANDUM ON THE CURRENCY OF
JAPAN

The real currency of Japan, before the admission of foreigners into the country, consisted of a gold coin called kobang, supposed to weigh about 800 grains and a silver coin, called boo or ichibu weighing about 140 grains. The ichibu was reckoned worth one-fourth of the kobang, but on discovering their mistake, the Japanese altered the valuation reducing the kobang to about one-fourth of its former value. Since 1871, the legal money has been the yen of 100 sen, the basis of the new monetary system was to be the Mexican dollar whose equivalent the silver yen weighed 416 grains troy (26 9583 grammes, 900 fine but, as at the same time gold yens were coined of 800 fineness, containing 1½ grammes of fine gold the Double Valuation was established in Japan with a proportion of gold to silver as 1 to 16 173818. As this relation gave to gold a higher value than its market value for the time being the Government found it more advantageous to coin gold and in 1872 ceased to coin silver. The gold 20 yen piece weighs 33½ grammes, 900 fine, i.e. 30 grammes fine. Since 1872 gold has considerably risen in its value towards silver in consequence gold yens have been largely exported to Europe and the actual standard of Japan is now the silver valuation.

In 1875 the Japanese Government resumed the coinage of silver issuing a trade dollar weighing 420 grains troy the exact equivalent of the American trade dollar, and in 1879 they declared it legal tender, reducing the charge for coinage to 3 per cent. The Mexican dollar weighing only about 416 grains continued however to circulate on a par with the Japanese trade dollar. In 1879 the Japanese silver yen of 416 grains, was made legal tender to be received and paid on a par with the Mexican dollar, and it is the present monetary unit, having virtually supplanted the Mexican dollar.

Trade is to a considerable extent carried on in an unconvertible Government paper money styled *kiassas* the paper yens at present circulate at par. The course of exchange on London Paris and New York seems to vary with the price of silver.

The following is the weekly statement of the Japanese Treasury, from the Official Gazette for 25th March 1893.—

Reserves and Securities			Convertible Notes	
	Yen	Yen		Yen
Gold coin and bullion	31,606,200		Amount in hand	14,448,887
Silver "	68,793,979	85,600,179	Amount kept in Central Treasury for redemption of paper money	14,000,000
Government bonds	10,680,600		Amount in circulation	98,841,685
Exchangeable bills	—			
Government debts	23,000,000			
Deeds	—			
Commercial notes	9,006,868	41,690,968*		
Total	—	127,890,642		127,890,642
			Amount in circulation on the 18th instant	98,841,685
			" " 11th "	100,000,608
			Decreases	1,187,951

* Sic

SINGAPORE

THE SECRETARY OF THE TREASURY to the SECRETARY OF THE CURRENCY COMMITTEE, received 17th March 1893

SIR, I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for communication to the Committee now sitting to consider the question of the currency of India, the accompany-

ing copy of correspondence respecting the silver currency of the Straits Settlements, which has been furnished to their Lordships by the Secretary of State for the Colonies.

I am, &c
FRANK MOWATT

Enclosures
No. 1

THE GOVERNOR OF THE STRAITS SETTLEMENTS to the
SECRETARY OF STATE FOR THE COLONIES
Singapore.

Mr LORS,
I HAVE the honour to transmit to your Lordship the enclosed copy of a letter from the Chamber of Commerce, Singapore, on the subject of the silver currency of this Colony, which is likely to be affected by any alteration in the currency of India.
I need do no more at the present time than specially request that the interests of this Colony may not in so grave a matter be overlooked

I have, &c
Cecil G SMITH

Enclosure in No 1

THE SECRETARY TO THE CHAMBER OF COMMERCE at
Singapore, to the COLONIAL SECRETARY

SIR,
Chamber of Commerce Singapore,
28th January 1893

At the annual meeting of the Chamber, held at noon on 26th instant at which there were present 25 members, representing the various mercantile interests of the place, the following Resolution was adopted, with two dissentients —

- (1) That, in view of the possibility of action being taken by the Indian Government to alter the standard of currency or restrict the free coinage of silver this Chamber strongly urges the Government to press upon the Home authorities the necessity for full consideration of the interests of the Colony
- (2) And that as it is doubtful whether any change in its currency will be to the advantage of the Colony, no final decision affecting the existing currency be arrived at without previous communication with and consent of the Legislative Council

I enclose three copies of the shorthand report of the discussion and I am to request that you will be so good as to lay the matter before his Excellency the Governor, with a view of his bringing the whole subject to the notice of the Colonial Office by the earliest opportunity.

I have &c
ALEX J GOWN,
Secretary

No 2

THE SECRETARY OF STATE FOR THE COLONIES to the
GOVERNOR OF THE STRAITS SETTLEMENTS

SIR,
Downing Street,
9th March 1894
I HAVE the honour to acknowledge the receipt of your Despatch, No 27, of the 31st of January last forwarding a copy of a letter from the Singapore Chamber of Commerce on the subject of the silver currency question and I request that the Chamber may be informed that their wishes in this matter will be borne in mind, when the Committee which is now inquiring into the question of the Indian currency has made its report and the recommendations are being taken into consideration

I have, &c
RIFOX

FRANCE

CURRENCY IN FRANCE

NOTES BY SIR CHARLES FRENCHAMBLE

I am not aware of any authoritative estimate of the amount of the metallic currency in France

In the Report, to the President of the Republic of the Currency Commission for 1888 (' Bulletin de Statistique, tom 25 page 292) it is assumed that twenty franc pieces of the value of three milliards (or 120,000 000L) are in active circulation, no account being taken in this estimate of the coin in store at the Bank of France

The Commission does not attempt however, to estimate the total gold and silver currency, and it is pointed out that ' la statistique manque d'une base certaine pour chiffrer la circulation des monnaies ' d'or '

It is well known that coins of other countries of the Latin Union, and of Russia, Spain, Austria, &c, circulate in France, and these must greatly complicate the question On the occasion of the last inquiry into the composition of the currency, in April 1891 (see ' Bulletin de Statistique ' tom 30, page 121) these foreign coins formed 11.44 per cent. of the gold currency, and 39.82 per cent of the five franc silver currency

The same inquiry points to the conclusion that 70 per cent of the metallic currency is gold, and 30 per cent silver

Tables are given in tom 32 of the ' Bulletin ' (see pages 28-30), from which it appears that the total coinages from 1795 to the end of 1891 were 8 826 948 250 francs in gold and 5 534 675,134 25 francs in silver (five francs and subsidiary coins) After deducting trifling amounts withdrawn in recent years, the following sums are referred to as ' Reste en monnaies ayant cours ' —

	Francs
Gold	8 722 808 970
Silver	5,312,508,820 10
	14 035 375 790 10

If the estimate given by the Crédit Lyonnais of the total gold coin in hand (71,000 000L) be adopted and if as the last census indicates the gold coins constitute 70 per cent of the entire currency, it follows that the value of the silver coins does not exceed (78 x 171 000 000 or) 73 000 000L

If the Commission are to be trusted in their estimate of 120 000 000L as the twenty franc pieces in active circulation, the statement of the total gold currency given by the Crédit Lyonnais cannot be regarded as arising on the side of excess

C W FRENCHAMBLE

21st April 1893

CONVERTIBILITY OF THE NOTES OF THE BANK OF FRANCE
EXTRACT OF A LETTER FROM SIR CHARLES FRENCHAMBLE to
SIR THOMAS FAHNER 27th March 1893

As regards the obligation of the Bank of France to give coin for its notes I send a copy of a reply which I have had on the subject from Paris, and on the correctness of which you may rely

' La loi qui a établi la Banque de France lui a conféré le privilège exclusif de l'émission de billets, mais à la condition qu'ils seraient payables à vue en numéraire (or ou argent)

' La loi de 12 Août 1870 contient les dispositions suivantes —

' Art 1. A partir du jour de la promulgation ne la présente loi, les billets de la Banque de France seront reçus comme monnaie légale par les caisses publiques et par les particuliers

' Art 3 Jusqu'à nouvel ordre, la Banque est dispensée de l'obligation de rembourser ses billets avec des espèces

' Dans la loi portant fixation du budget général de Recettes et des Dépenses de l'Exercice 1876 (3 Août 1875) on trouve —

' Art 26. Lorsque les avances faites à l'Etat par la Banque de France au vertu des lois 30 Juin 1871 et 5 Août 1874, auront été réduites à 300 millions de francs l'Art 2 de la loi du 12 Août 1870 sera et demeurera abrogé, et les billets de la Banque de France seront remboursables en espèces et à présentation

' De ce qui précède il résulte que les billets de la Banque de France sont reçus comme monnaie légale au vertu de l'Article 1 de la loi du 12 Août 1870, mais qu'à même temps la Banque est tenue de rembourser en espèces à présentation à Paris et dans les succursales. Pour espèces il faut entendre l'or et les pièces de 5 fr argent

HOLLAND

LETTER from Monsieur PIERSON to Sir T. FARLER, dated 12th October 1892

You will find all about our currency in Fremantle's Reports. They are correct and exhaustive.

Since 1875 the mint has been permanently—since 1872 almost entirely—closed for the coinage of silver. By the Act of 6th June 1875 only the coinage of gold is permitted on the basis of 6 046 gram fine = fl 10. By the Act of 27th April 1884 our Minister of Finance is directed (or rather empowered) to sell silver, to the amount of fl 25,000,000, in case of redundancy. But the necessity for availing himself of this permission has never arisen.

There is one peculiarity, not in our system, but in its application, which explains why till now it has worked well. In France the Bank supplies gold freely for the

internal circulation, but not for exportation. Our Bank does quite the opposite. Whenever the rate of exchange rises above par (fall, you would say below par), gold is given (and no premium exacted) as much as is wanted. But for the internal circulation gold is not freely given, only small amounts; for that purpose silver and notes (we have fl 10 and fl 25 notes) serve just as well.

That is a great point not to be left out of consideration. When President of the Bank I laid great stress on it. Foreign bankers knew that gold, in such cases, would be always obtainable.

I may add that our system is the same for Holland and all its colonies. There is only one mint, however,—at Utrecht.

I am rather pressed with legislative business, else I would write more circumstantially. But by the aid of Fremantle's reports, you will easily understand what I have written.

EXTRACTS FROM THE REPORTS OF THE DEPUTY MASTER OF THE MINT
VALUES OF COINAGE OF GOLD AND SILVER at the UTRECHT MINT

Years	Gold		Silver subsidiary Coinage				Total Value
	10 florin Pieces	Ducats 5 75 Florins	10 Cents	5 Cents	Quarter Florins 25 and 20 Cents.	One-tenth Florins	
1879	£ 484 187	£ 9 638	£ 8,338	£ 628	—	—	509,956
1880	41,750	12 157	8 338	—	—	—	69,240
1881	—	—	16 666	—	—	—	16 666
1882	—	—	16 666	—	45 898	62 500	124,999
1883	—	—	—	—	15,686	—	15,686
1884	—	—	8 338	—	—	29 583	37,916
1885	55 912	38 911	16 668	—	86 458	6 875	154,828
1886	44 666	—	—	—	—	—	44,666
1887	38 665	—	18 216	418	25 cents	—	49,359
1888	39 896	—	—	—	4 180	—	39,395
1889	169 306	—	18 128	—	25 cents	—	186,564
1890	—	—	8 200	—	29 542	—	35,106
1891	—	—	—	—	3 304	—	—
					30 cents	—	—
					17 700	—	—
					8 360	—	—
					20 cents	41,302	75,682

1879

There has been no change during the past year in the position of the monetary question in Holland or its colonies, and, in consequence of the continued suspension of the coinage of standard silver pieces the amount of coin issued from the mint at Utrecht has been very small.

1880

The coinage of gold at the Utrecht Mint during the year 1880 has been unimportant and that of silver has been confined to a small amount of subsidiary pieces the law of 1877 which suspends the coinage of standard silver pieces, being still in force.

1881

There was no coinage of gold during the year at the Utrecht Mint, a considerable amount of coined gold having on the other hand been exported from the country. Nor has any change been made in the arrangements under which the coinage of standard silver pieces has been suspended since 1875.

1882

There was again no coinage of gold during the year at the Utrecht Mint and the coinage of standard silver pieces having been entirely suspended, by the law of 1877, the only coins struck were those of the subsidiary silver and bronze currencies. It should be mentioned that the pieces representing the quarter and tenth of a florin are current in the Dutch Asiatic Colonies while the 10 cent pieces are for home circulation in the Netherlands.

In reference to the monetary question in Holland an important step was taken on the 30th September last, when a report was addressed to the Minister of Finance by Messrs. Violits and Pierson, the Delegates of the Netherlands at the Paris Monetary Conference of 1881 recommending the conversion into bullion and sale of a part of the standard silver coin held by the Bank of Holland, and the purchase of gold ingots with the proceeds. The stock of gold in the Bank which at the close of the year 1880 was 56,924,000 florins, had fallen in October 1882 to 11,300,698 florins and in the middle of February 1883 was only 5,865,691 florins, while the stock of silver has varied between 91 and 94 millions of florins. The proposal for the sale of silver and the purchase of gold was made on the ground that, looking to the interests of the country in its commercial relations with neighbouring States in which gold is the standard of value and to the necessity of maintaining a normal rate of exchange, a stock of gold must always be kept in hand as whenever the Bank should become unable to place gold bullion at the disposal of the exporter, the gold coins would command a premium with the necessary result that the standard silver coins would become depreciated and the rate of exchange with London would rise to an abnormal height. The evident objection to adopting the course proposed which would in itself be efficacious lay in the fact that the sale of silver and purchase of gold could only be effected at a loss of about 15 per cent to the State, but in February 1883 a Bill was introduced by the Government into the Second Chamber of the States General authorizing the Minister of Finance to cause 2½ florin pieces of the nominal value of 25 millions of florins to be melted and the ingots to be sold. In order to meet the loss entailed by this operation, another

Bill was at the same time presented, fixing at 15 instead of 10 millions of florins the amount of Government paper money, and thus increasing by five millions the debt of the State bearing no interest. These measures have not yet been passed by the States General, and in the meanwhile the stock of gold in the Bank of Holland had on the 21st of April 1883, risen to more than 31,000,000 florins

1883

The quarter florins were struck for circulation in the Dutch Asiatic Colonies

This Bill passed the Second Chamber on the 4th of March last, and has since been also adopted by the First Chamber. The new law will have no immediate effect as the stock of gold in the Bank of Holland is at present large enough to enable it to meet in gold any demand for bullion which may arise. It is only when the stock of gold at the Bank is exhausted that the law is intended to take effect and in such an event only will the Government be authorised to melt silver coin of the value of 2½ millions of florins and sell it at its market price. Since the beginning of the current year the obverse Bill mentioned in my last report raising the issue of Government notes from 10 to 15 millions of florins, has also been passed by both Chambers. The object of this Bill is to meet the loss which may possibly be entailed by the measure above described, but it will not impair the monetary situation of the Netherlands, as all Government notes are redeemable at the Bank of Holland and constitute only a very small fraction of the currency of the country.

1884

The coins of the nominal value of one tenth of a florin formed part of a coinage required by the Dutch Colonial Government, consisting of 437,500 florins in pieces of that denomination and 437,500 florins in quarter florins. The coinage of the latter has been completed since the beginning of the current year. Since 1882 the silver required for the coinage of subsidiary token pieces has been obtained, not by purchasing ingots in the London market, but by melting a sufficient number of 2½ florin pieces the stock of the latter coins which is considerable in comparison with that of gold coins, being in excess of the requirements of the country. The purchase of bar silver would, of course, be the more profitable operation, but might lead to the exportation of gold which it is important to retain. In this respect the action of the Government has been in harmony with the policy recommended by Messrs Violis and Pierson, the Delegates of the Netherlands at the Paris Monetary Conference of 1861, and the latter now President of the Bank of the Netherlands. The recommendations of these gentlemen were embodied in the law passed in the early part of 1884 as shown in my last report, which authorises the conversion into bullion and sale should the necessity arise of a portion of the stock of standard silver coin in the Bank. The Government has for the first time during the past year, made arrangements for the withdrawal from circulation of worn silver coin of the divisional token currency and 174,421 pieces of 25 cents, and 212,356 pieces of 10 cents, were sent to the Mint for recoinage

1885

All the silver pieces struck were subsidiary coins required for circulation in Holland and its Asiatic Colonies, the 10 cent pieces being current in the mother country, while the quarter florins and one tenth florins are Colonial coins of a different fineness. The silver used for the coinage of the 10 cent pieces consisted entirely of worn 25 cent and 10 cent pieces withdrawn from circulation and of new standard pieces of two and a half florins, which were not required for circulation and had never been issued. The Colonial coins in the same way were struck partly from two and a half florin pieces and partly from old coins withdrawn from the Dutch East Indies. The stock of standard silver coins therefore has undergone some diminution, although it is still out of proportion to the stock of gold. During the past year the Government has had no occasion to avail itself of the provisions of the law mentioned in my two last reports, which authorise the conversion into bullion and sale of a portion of the stock of standard silver coin in the Bank of the Netherlands, the Bank having always retained a sufficient provision of gold in ingots or in coin to make its position secure

1886

During the year 1886 there was, as in the preceding year, a small coinage of gold at the Utrecht Mint. Nearly the whole of the amount coined was sent by the Handelmaatschappij (or Commercial Company) of Amsterdam, to whom it belonged to the Bank of Java in Batavia. A further gold coinage of the value of 400,000 florins has been executed for the same Company since the beginning of the current year, but no large coinage of gold is likely to be required

1887

A small amount of subsidiary silver coins was struck from pieces of the same kind withdrawn from circulation from defaced florins, and from new pieces of 2½ florins. It is to be remarked that no bar silver has of late years been used for the subsidiary silver coinage of the Netherlands the Government having in all cases obtained the metal required by withdrawing coins no longer current, and by melting a part of the stock of large silver pieces of standard fineness which still remains in their hands

1889

The gold coins were struck for the Bank of Java, for use in the Dutch Asiatic Colonies.

1890

There was no coinage of gold at the Mint of the Netherlands at Utrecht during the year 1890 and the number of the subsidiary silver coins struck was inconsiderable. Of the silver coins, 200,000 consisted of 30-cent, and 1,000,000 of ten cent pieces, a large part of which were recoined from worn pieces of the same denominations withdrawn from circulation. In the month of December last a coinage of 2,000,000 quarter florins and 5,000,000 tenths of florins for the Dutch Asiatic Colonies was commenced at the Utrecht Mint, in accordance with a law of the 21st July authorising the issue of divisional silver pieces of the nominal value of 5,000,000 florins for those Colonies. Of the above coins 1,140,000 quarter florins were struck before the close of the year

1891

No gold coinage has been executed at the Mint at Utrecht since 1889, but a silver coinage for the Dutch Asiatic Colonies was completed during the past year, and both silver and bronze subsidiary coins were struck for the home circulation

The twenty five and ten cent pieces were struck from worn coins of the same denominations withdrawn from circulation. New dies for the coinage of ten florin pieces in gold and of twenty five and ten cent pieces in silver, bearing the effigy of the young Queen of the Netherlands, have been completed, and it is proposed to issue a certain number of these coins with the new effigy in the course of the current year

NETHERLANDS INDIA

EXTRACT of a LETTER from M. VAN DER BEEK to Mr. MACCOLL, dated "Amsterdam," 9th November 1892, mentioned in Mr. MacColl's Evidence, Q 1817

With regard to the currency question, which at present is attracting more attention than ever I hold the same opinion as twenty years ago when I treated the matter for the first time. It is still fully correct that every Government, whether in Europe or elsewhere, is bound to neglect no reasonable means of keeping the currency in its own enforced at the standard value. If a system has been adopted in every other civilised country which has secured uniformity to a great extent and any Government by refusing to conform to that system, suffers its coinage to be depreciated, then, according to my views such a Government stands convicted of a plain neglect of duty

That has been the case with your Dutch Government, and, though I do not overlook the benefits reaped by the planters and exporters in India from the fall in exchange, resulting from the "masterly inactivity" of your rulers with regard to the currency question, it is still my intimate conviction that our Government did a good and honest piece of work in protecting the currency of Netherlands India against depreciation, by declaring gold to be its monetary standard for the future.

Instead of being wrong to day as seems to be your opinion, we certainly are in the right way, unless it may be a fact, as the 'Statist' of Saturday last will have it understood that 'the value of silver during the past twenty years has been far more stable than the value of gold.'

When this may be taken for granted then certainly we are in the wrong, but then of course the whole of Europe, and England in the first place is in the wrong, by adhering to its gold standard, and nothing better certainly can be done than to link gold and silver together by means of a metallic agreement, as proposed by Mr Balfour in his most excellent speech at Manchester a fortnight ago.

With regard to the question put in the postscript of your letter, I can inform you that all the silver shipped from Java to Holland (to an amount of F 21,000,000 in the course of the last 12 months) is taken up by the Netherlands Bank against bank notes or book credits, and that the holders of notes or book credits can get gold from the Bank when needed for export. As soon as an exchange is making the bullion point, the Bank's policy has ever been to put no restriction whatever on the export of gold, and, in this respect, our policy is much more liberal than that of nearly all the continental banks. The basis of our currency is a real gold basis, a law passed in 1854 having stipulated that, in the event of the Bank's stock of gold running short, Government is empowered to sell F 25,000,000 of silver money in the open market, in order to protect our currency against depreciation. At the present moment our Bank keeps a stock of gold of about F 40,000,000, besides an amount of F 30,000,000 in foreign bills on London and Berlin together, therefore, F 60,000,000, against F 84,000,000 silver.

NOTE on the present working of the GOLD STANDARD in JAVA, by Mr. KENNEDY, DEPUTY SECRETARY to the GOVERNMENT OF INDIA in the FINANCIAL DEPARTMENT.

During my recent privilege leave I spent three weeks in Java, and took the opportunity of inquiring into the working of the gold standard and its effects as regards the four principal classes of the country, namely—(1) the Government, (2) the native population, (3) the merchants, and (4) the European planters.

2 On the way to Java I read carefully the collection of papers written for the Government of India in 1886 by Mr Van den Berg, the then President of the Money Bank. These papers dealt with the financial and economical condition of Netherlands India during the previous 15 years and specially with the effect of the currency system as finally organised in 1877. In addition I had by me the book 'Java, or how to manage a Colony' written by Mr Money in 1861, and a slight sketch of the history and condition of the island entitled 'Some Notes on Java,' written by Mr H S Boys late of the Indian Civil Service, after a short visit to the island in 1860. Mr Money's book is still the standard English work on modern Java, though necessarily out of date in some important particulars, especially as regards the question of land administration. The sketch by Mr Boys does not go into so much detail but it substantially supports what has been said by Mr Money nearly 80 years before regarding the great prosperity among the native population. My own time in the island was too short for an extended tour but I visited several places in the western half of Java up to about 200 miles from Batavia, and saw much of the country and people in this section of the island. Beyond this, I had long conversations with Mr Leving, the Dutch Consul in Singapore, Mr Lankoster the English Consul in Batavia, and Mr Van den Berg, a merchant in Batavia and brother of the author of the 1886 papers. Mr Zeverijn, the present head of the Java Bank other Dutch, English, and Italian men of business whom I met in Java, the officers of the Dutch steamers between Singapore and Batavia; and planters from Sumatra whom I came across between Penang and Singapore.

3 The general impression from all sources of information was that the trade and plucking interests of Java are now in a flourishing condition and that the level of prosperity among the cultivating classes is remarkably high. The standard of comparison which I had constantly in mind was the condition of the agricultural and labouring classes in the richer of our English districts. I have no hesitation in saying that the comparison is, on the whole, distinctly favourable

to Java. There are fewer rich farmers, but on the other hand there is more all round prosperity. The people as a whole are better fed better clothed and better housed than the corresponding classes that I have known in India. There is comparatively speaking little or no debt among the agriculturists and the general air of contentment and absence of indications of equal poverty are simply astonishing. Much of this may be attributed to favourable conditions of climate and soil, and much to the easy going disposition of the native population, but much more, I believe, to the fact that the Dutch system of administration is in many respects better adapted than our own to the simple wants of an Eastern people. It is unnecessary to say more on this subject here than that my own observation, so far as it went, fully confirmed what has been already written by Messrs Money and Boys regarding the thriving condition of all classes of Javanese and Malays in the island notwithstanding a density of population almost if not quite, as great as we have to deal with in the congested tracts of India. The important point to notice is that I could find nothing to indicate that the currency system established in 1877 has in any way prejudicially affected the people of the country. The people do not seem to be aware that any change was made. Mr Zeverijn explained this by saying that the Dutch authorities in introducing a gold standard before the really serious fall in the price of silver took place. The explanation is reasonable enough. Silver prices have varied very slowly even in India and in Java the currency question was settled before the Java countrymen had made themselves felt by the people and a guide is still to them very much what it has been at any time within say, the last 30 years, that is since full effect was given to the measures adopted for Dutch India by the Netherlands Government after the consolidating legislation of 1854.

4 When Mr Van den Berg (who has now left Java on appointment as President of the Bank of Holland) wrote in 1886 the Colony was passing through a serious mercantile crisis. The two principal industries of the country—sugar and coffee—were threatened with extinction, and the general tendency of Mr Van den Berg's remarks was to convey a warning that the difficulties of both planters and merchants were directly attributable to the introduction of a gold standard. This warning was all the more impressive, as Mr Van den Berg had himself been one of the principal movers in support of a gold standard and had written much more hopefully of the success of his measure in his earlier papers of 1879 and 1884. The conclusion from his 1886 paper appeared to be that he had serious doubts whether the gold standard had not on the whole, done more harm than good to Dutch India, that if he refrained from advocating a return to a silver standard it was more from consideration of the difficulties attending disturbance of the monetary system of the mother country than from regard to the true interests of the Java community, and that, at any rate, he strongly recommended any Eastern Government which had stuck to its silver standard to hold fast and brave out the difficulties of a falling exchange. So far as I am aware information regarding Java in India has not advanced beyond the stage at which Mr Van den Berg wrote in 1886, and it has been a costly business of currency correspondents in the Press of India when referring to the experience of Java that Mr Van den Berg's somewhat gloomy anticipations have been necessarily fulfilled, and that in short, the country has been going from bad to worse. I took special pains to ascertain how far this was the case and arrived at the conclusion that the situation has been since again entirely changed. Mr Laakester Mr Van den Berg's brother and Mr Zeverijn alike assured me that the crisis of 1884-86 has been quite got over, that both the sugar and coffee industries have recovered and that it is a mistake to suppose that the difficulties of 1884-86 were primarily or even largely due to currency legislation. Mr Zeverijn's words were: 'When I was in England I had been sent to the Government of India in 1886 we said to ourselves, 'Van den Berg is playing with his fire.' The 'we' in this I understood him to refer to the authorities in Holland where Mr Zeverijn was at the time living and judging by results the Home Government appears to have been right and Mr Van den Berg wrong. The circumstances of Java trade in 1886 are briefly stated in Mr P F Tidman's evidence of the 18th February 1887 before

the Royal Commission on Gold and Silver, Questions 2900 to 2914 (especially Question 2912) of the First Report. There has been up to 1886 a series of bad years and calamities of a nature to account for general depression, and in addition the sugar industry the most important of all in the island, had been for the time almost destroyed by competition with the best beetroot sugar grown elsewhere. The trade of Java is at the best of times largely dependent on a very few principal items of export, and in a country so situated the sudden annihilation of the chief among these naturally reacted on the trade of the Colony as a whole. The advent of the crisis through which Java was then passing was not exaggerated by Mr Van den Berg but he seems to have been misled into attributing mainly to the permanent condition of the currency what was really due to a number of causes, some of them more or less accidental.

5. The Dutch planters, men of great resource, and with large capital at their backs, set themselves heartily to face the 1886 situation, reorganised their whole system of sugar planting and manufacturing cut down the expenses of manufacture from about 11 to 7 guilders a penul, and have now largely recovered from their temporary difficulties. Mr Lankester distinctly stated that the difficulties are now, looking back to the crisis, recognised as having been due to wasteful processes of management and not to the system of currency. The planters have learnt wisdom and have firmly re-established their business on a footing which enables them to cope with variations in price elsewhere caused by decline in the value of silver and what is more important to them, to defy competition with beetroot sugar. Mr Lankester indeed went further, and said that the change had actually benefited the native population engaged on the sugar estates. In order to assist in cutting down the cost of sugar manufacture, they have been compelled to work harder and have acquired habits of industry which a Malay or semi-Malay population is always slow to learn, so that their own prosperity has increased while they have at the same time aided in restoring the fortunes of the planters and merchants. I did not miss the sugar estates, which lie in the north and east of the island, but I came across a member of a large Scotch engineering firm (Messrs Watson LaIDLAY & Co. of Glasgow) who had been travelling for some months in the sugar country, pushing his business in the supply of machinery to the factories. This firm supplies machinery for sugar factories 'in all parts of the world, and one member of the firm is always travelling to supervise the working of the machines and establish new connections. Their business in Java is not yet fully developed, but this gentleman informed me that he was much impressed with the suitability of Java as a sugar-producing country with the prosperity of the business even under existing conditions when, for want of local mechanical skill the machines are not worked up to anything like their true capacity and generally with the flourishing condition of all that he had seen of the estates. This information was to the point, as bearing out what the Batavia authorities had previously said to me on the subject.

6. So far as I could make out the revival of the sugar industry has been followed by a revival of trade generally in Java. The information on this point was not so precise but I was struck with the change, coming from Singapore where (as in India) everyone was complaining of dull trade, breaking firms, and the turning of business into mere speculation, to Batavia where business of all kinds appeared to be going on steadily in even grooves. Mr Lankester the head of the English mercantile community in Batavia spoke well of the prospects of the place, and laid stress on the immense advantage of a stable currency. M. Zeverijn said the same. He declared that, with the experience of the Straits Settlements and British India before them the silver party in Java was now absolutely silenced and that he himself would never remain in the country if the gold standard should be given up. Both these gentlemen turned up the report of the Java Bank for 1891-92 and pointed significantly to a table contained in Appendix I showing the course of exchange monthly between Batavia, Holland, England, and Singapore, and again between London and Singapore and Calcutta. The variation between Batavia and Holland during the year was from 9½ to 10½ and in the next two months was there a greater variation than ½ per cent. Similarly the exchange on England varied only from 12 to 12 0¼ guilders to the

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11 while the variation on Singapore was from 1. 80 to 9 0½ guilders to the dollar, and between Calcutta and London from 1s 3½d to 1s 5½d to the rupee. The figures quoted are for bills in some cases at sight, in others at four months, and in others at six, but this difference in form does not affect the conclusion. Whether the total volume of the Java trade is large or small with reference to the size of the country is a matter on which I did not obtain any statistics, but there could be little doubt that the greater security attending business transactions was thoroughly appreciated, and that the Batavia people themselves are well satisfied with the way things are going. As regards the sugar trade especially, M. Zeverijn informed me that it would have been impossible for merchants and banks to conduct the business at all on present lines, if they had been exposed to the risk involved in fluctuations in the price of silver. This was explained by saying that much of the business depends on advances made months before the crop comes into the market. With a stable currency the financing agencies are able to control the exports and distribute the shipments of sugar evenly over a considerable period of the year, thereby avoiding a glut in the market and difficulties with the shipping trade, as well as the additional expense involved to themselves or the planters in insurance against exchange risks.

As regards the practical working of the gold standard in Java, it is interesting to find how little gold is either employed or demanded. Appendix G of the bank report for 1891-92 gives the details of cash in the bank on 31st March 1892, including the head office at Batavia, branches in five principal towns of Java, one each in Sumatra and Celebes, and a small branch in Amsterdam. The total cash accounted for amounts to 6,754,477l., divided as follows —

£	
3 608 898	These are the amounts
Silver - 2,778,080	expressed in sterling coin
Gold - 372,422	valued at the London rate
Other money - 107,157	of 12½ guilders to 1l.

The total gold stock in hand represents 5½ per cent. only of the whole, and this is lodged almost entirely in the head office at Batavia, which accounts for 82 per cent of the gold as against only 60 per cent of the total cash I understood from Mr Zeverijn that the gold in Batavia is practically lying idle and that it was either contemplated or had been actually arranged to remit three fourths of it back to Holland. I am not sure that I correctly understood M. Zeverijn on this point, and possibly he was referring to some transaction already carried out before 1891-92, but it is clear that gold is used rarely under any circumstances, and practically never in the interior of the island. M. Zeverijn mentioned that when travelling in the interior last year he had tendered gold pieces (ten guilders each) in payment of a charge for Government post horses and that the coins were actually refused. From curiosity I obtained a few gold pieces to try the result. I found that they were accepted at railway stations without demur, that they were accepted but with exclamations of astonishment at a Dutch shop in the principal street of Batavia, and that they were not accepted at all at a native shop in a bazaar at Garoet 200 miles up country though Java bank notes for ten guilders was at once taken without question. There seems no doubt that the great mass of the people neither know nor feel the existence of the gold standard in any way.

8. The silver coins used by the people are the six-dollar of 2½ guilders, the gulder, and half gulder and 25 and 10 cent pieces. The unit is the gulder valued as 1s 8d, weighing ten grammes 0.945 fine or 9.46 grammes silver fine, as against 10 and a small amount of Indian rupee. The whole of these silver coins are minted in Holland but only the six dollar, gulder, and half gulder are standard Dutch coins, the smaller pieces of 25 and 10 cents being minted especially for Netherlands India and marked in the native characters as well as in Dutch. Java bank notes pass freely everywhere, and there is the ordinary copper coinage for small payments, the only copper coins I saw being of ½ cent and 1 cent, though there may possibly be others current. The prices of European goods are rather high though not perceptibly higher than the corresponding prices in the Straits Settlements converted into sterling at current rates of exchange. Java guilders are accepted by banks and native money-changers in Singapore at the rate of 69½ cents to the 1l. for small sums. For larger transactions a better rate would no doubt be given. Banks in Java

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usually allow 12 guilders to the £ for small sums, independently of petty variations in the quoted rates of exchange.

The conclusion appears to be that the gold standard works well in Java as regards the trade and the people of the country. It has also on the whole, proved beneficial to the planters especially to those who avoid speculative crops. The Government is not so prosperous and, though there is difficulty in getting at the actual figures for recent years, I understand that annual deficits are still common in Netherlands India as a whole. This is however attributed not to the currency settlement but to the continued drain of military expenditure, especially in Aceh. There is much to admire in the successful administration of the country, and though unfavourable criticism of the Dutch Government is still common enough among the English of Singapore, and among certain classes of the Dutch residents in Java, it is doubtful whether the stock charges of oppression, over taxation and corruption, really rest upon solid grounds. If they did, it would be difficult to account for the general prosperity and obvious contentment of both Europeans and natives. The origin of some of the more serious charges against the Government is well known,

and statements of the kind may well be accepted with great reserve.

In discussing the possibility of a gold standard in India, many writers have suggested that the country would run a serious risk of being flooded with spurious silver coinage as soon as the rupee acquired an artificially high value. It has been repeatedly shown that this danger is imaginary, or at any rate that the risk is not serious. The experience of Java is interesting as showing that the latter is the correct view. With a silver currency there, based on a ratio of 15 625 to 1 spurious coinage seems to be unknown. In Singapore, on the other hand, where the standard coin is the Mexican silver dollar, varying in value with the market price of silver, bad dollars and the necessity for ringing every coin are a frequent trouble to travellers. This is a good illustration in support of the view that a strong and well organised government finds comparatively little difficulty in detecting and dealing with false coiners, however great the temptation may be to the latter.

21st September 1892

A. KENNINGTON

TABLE mentioned in paragraph 6 of Mr KENNINGTON'S REPORT, APPENDIX J
SURVEY of the COURSE of EXCHANGE at

	Batavia.					Singapore on London.	Calcutta on London.
	On the Netherlands		On England		On Singapore.		
	Bank Bills	Private Bills	Bank Bills.	Private Bills	Bank Bills.		
	100 Straits Indian Currency = florins of Netherlands Currency		21 = florins of Indian Currency		1 dollar = florins of Indian Currency		
1891							
April	100 to 100	100½ to 101	12 1/2 to 12 1/2	11 85 to 11 093	1 094 to 1 094	3 21 to 3 21	1 6 to 1 54
May	99½ to 100	100½ to 101	12 to 12 05	11 85 to 11 078	1 094 to 1 07	3 21 to 3 3	1 49½ to 1 5½
June	99 to 100	100½ to 100½	12 05 to 12 05	11 80 to 11 078	1 08 to 1 094	3 21 to 3 21	1 49½ to 1 51
July	99½ to 100	100½ to 100½	12 05 to 12 05	11 87½ to 11 078	1 08 to 1 094	3 21 to 3 21	1 51½ to 1 5½
August	99 to 100	100½ to 101	12 05 to 12 05	11 87½ to 11 078	1 08 to 1 094	3 21 to 3 21	1 51½ to 1 51
September	99 to 100	100½ to 101½	12 05 to 12 05	11 87½ to 11 078	1 07 to 1 094	3 21 to 3 21	1 51½ to 1 51½
October	100 to 100	100½ to 101½	12 to 12 05	11 87½ to 11 06	1 08 to 1 09	3 21 to 3 21	1 49½ to 1 51
November	99½ to 100	100½ to 101	12 05 to 12 05	11 87½ to 11 078	1 08 to 1 08	3 21 to 3 21	1 49 to 1 49½
December	99½ to 100	100½ to 101	12 05 to 12 05	11 87½ to 11 078	1 08 to 1 094	3 21 to 3 21	1 49½ to 1 49½
1892							
January	99½ to 100	100½ to 101	12 05 to 12 05	11 87½ to 11 078	1 07 to 1 094	3 21 to 3 21	1 49 to 1 49
February	99½ to 100	100½ to 101	12 05 to 12 05	11 80 to 11 09	1 08 to 1 094	3 0 to 3 0	1 51 to 1 4½
March	99½ to 100	100½ to 101	12 05 to 12 07½	11 80 to 12	1 08 to 1 24	3 21½ to 3 21½	1 5½ to 1 4½

TABLE mentioned in paragraph 7 of Mr KENNINGTON'S REPORT, APPENDIX G
JAVA BANK CASH ACCOUNT on 31st March 1892

	Bank Bills	Gold	Silver	Small Change	Total
Batavia	27 018 895	3,565,880	17 910 488 80	367 18	48 551 360 68
Samarang	6 605 653	884 550	6 078 705	48 86	13 609 355 86
Soerabaya	4 759 520	867,260	5,108 170	5 01	5 254 653 01
Peking	1,468 000	10 160	861 410	19 42	2 334,118 42
Macassar	1 791 640	10	1 631 448 50	65 58	3 399 159 08
Chanba	874,185	2 940	2 095,545	1 04	2 978 971 04
Sourakarta	230 000	2 250	702 213	831 47	925 294 37
Djogjarta	557 350	8,940	552 391 50	89 50	1 118,711
Amsterdam	41 425	—	938,755	1 02	977 181 02
	48,806,770	4,169,070	38,274,661 80	1,266 18	81 053,727 68

RUSSIA

COMPARISON of VALUES of RUSSIAN PAPER and METALLIC SILVER ROUBLE by MAJOR LAW

The questions of exchange and currency are complicated in Russia by the fact that there are no less than four different standards of value, all of which are

to be met with in the consideration of questions relating to public and general finance. There is the gold rouble, the metallic silver rouble and the bank note rouble, which is commonly spoken of as the "silver" rouble because when introduced it was convertible into metallic silver coinage. The value of the gold rouble is 37 89 pence, the value of the metallic silver rouble

and of the paper rouble continually decrease, and the paper rouble, based on the actual and daily varying exchange value has an arbitrary value fixed periodically for the purpose of Government accounting.

Since the complete disappearance of both gold and silver coinage as circulating mediums gold has become the real standard of value in Russia through the influence of the very large exchange operations in connection with the payment of interest on foreign loans and the settlement of exportation and importation accounts. The fluctuations of the gold values of both paper and silver have been very great, the paper depending on the credit of the country and other circumstances affecting the rate of exchange whilst the silver has been influenced also by the steady depreciation of that metal as compared with gold. Before the Russo-Turkish war the pound sterling was worth about seven roubles and thirty copecks (paper), in the spring of 1888 the exchange reached twelve roubles to the pound and it is now about nine roubles and sixty copecks. The silver rouble, some ten years ago, was worth about one rouble and forty, in paper, it is to-day worth only our rouble and six copecks.

The really curious and anomalous result of the depreciation of silver, to the value above quoted, is that it is now worth something less than the paper which nominally represents it, but with which it is unconvertible. The calculation is as follows:—The metallic silver rouble is 800 fine and its weight is 20 grammes, or 308.647 grains. Taking the price of silver to be to-day 38 pence per ounce, the intrinsic value of the coin is 23.774 pence whilst at the present exchange of 9.90 to the rouble sterling the paper rouble is worth 25 pence thus showing a difference in favour of the paper note of near 1½ pence.

The Russian mint has recently declined to accept silver from private individuals for coinage but formerly it used to charge six per cent for mintage. If this very high charge for mintage were maintained and free coinage again introduced, the cost of the silver rouble coin would be 25.1904 pence, but a very trifling fall in the price of silver would bring the cost of the coin (even allowing the high charge for mintage) below the 25 pence, which is the actual exchange value of the paper note.

E. FRISG. LAW

24th April 1893.

SWEDEN AND NORWAY

BANK OF SWEDEN

Query 1.—When did Sweden adopt the gold standard and enter the Monetary Convention with Norway and Denmark?

On the 30th May 1873 the gold standard was adopted and on the same day the Monetary Convention was concluded with Denmark, and on the 16th October 1875 with Norway.

Query 2.—What does the Bank of Sweden hold in gold and silver, and in what proportion of gold to silver?

Metallic stock must not be less than Kr 15,000,000, of which at least 50 per cent gold. During 1892 the average has been Kr 20,285,791.42, of which bars of gold and foreign gold coins Kr 3,936,025.92 silver coins under the Convention Kr 3,113,195.64 and other silver Kr 24,233.87. Out of the total metallic stock silver thus represents 15.347 per cent.

Query 3.—What is the paper circulation in proportion to coined and bar silver?

The paper emission during the year has been on an average Kr. 40,893,708.37, and the metallic stock thus 49,486 per cent. of the paper circulation.

In addition to the above the paper circulation of the Private Banks has amounted to Kr. 55,819,691. and thus the State Bank a metallic stock covers 20.953 per cent. of the total paper emission. By adding to the State Bank's bullion the metallic stock of the Private Banks viz., Kr. 7,280,506.76 in gold, it will be found that the grand total of the metallic stock would cover 23.476 per cent. of the paper circulation and the stock of gold of the Private Banks 13.043 per cent. of their paper circulation.

Query 4.—To what extent does silver represent a legal payment, and, if one should wish to buy gold from the State Bank for export, will the Bank sell it or stick to its reserve?

Silver is legal payment to the State Bank to any amount, to the Private Banks to the amount of Kr. 20.

The Bank of Sweden does not sell gold to any large amount.

Query 5.—Are they satisfied or do they find that the gold standard answers well?

Perfectly satisfied and fulfils expectations.

Query 6.—How are the accounts settled with Norway and Denmark, as we suppose the respective moneys circulate freely as if it were one country?

Gold coins of the three countries circulate freely and indistinctly in all three countries, but the silver coins under the Convention are only legal payment to the respective State Banks, and by them mutually exchanged and charged in account pro and con.

Query 7.—Will Sweden be represented at the Monetary Conference, or will there be only one representative for the Scandinavian kingdoms?

At the coming Conference Sweden will be represented by the President of the 'Kammarkollegium' Mr Hans Forsell late Minister of Finance.

Query 8.—What is the ratio between gold and silver coins?

No silver coins being struck in Norway except by the State for small change only (*vide* replies to queries 2 and 4), no ratio is fixed but the composition of the silver coins is as follows, viz. —

Krone piece	Fine Silver		Copper	Gross Weight.	Contents of Fine Silver
	Parts.	100	Parts	Grammas.	Grammas.
1	80	20	7.5	8	8
50-öre	80	40	5	5	5
25 "	60	40	2.625	1.425	1.425
10 "	40	60	1.425	0.85	0.85

194 30-kroner pieces, or 848 10 kroner pieces, are struck out of one kilogramme fine gold.

BANK OF NORWAY

Query 1.—When did Norway adopt the gold standard and enter the Monetary Convention with Sweden and Denmark?

1st January 1874.

Query 2.—What does the Norges Bank hold in gold and silver, and in what proportion silver to gold?

No silver allowed. On 31st August 1892 the stock of gold was—

Kr 38,478,980.07

Query 3.—What is the paper circulation in proportion to coin and bar silver?

On the above amount of gold the Bank was entitled to issue—

Kr 57,356,808.33

in the following manner:—

First fund—

Kr 10,009,273

5 to 2 - - - - - 25,023,182.50

Second fund—

Kr 2,500,000

3 to 2 - - - - - 3,750,000

Reserve funds—

Kr 5,227,193.69

8 to 2 - - - - - 7,840,790.43

Extra fund for the purchase

of gold—

Kr 20,742,830.40

1 to 1 - - - - - 20,742,830.40

In circulation - - - - - Kr 57,356,808.33

- - - - - 47,487,551.71

In hand - - - - - Kr 9,919,251.62

G g 2

On 1st January 1893 a new law of 23rd April 1892 will come in operation.

The Bank can then issue notes for Kr 24,000,000 above the stock of gold.

The Bank is allowed to have up to $\frac{1}{3}$ rd of its stock of gold with agents abroad and also Kr 5,000,000 in the State Banks of those countries with whom Norway has a monetary convention.

What is thus deposited abroad is considered, as regards the power of issuing notes, as being in the Bank itself.

On 31st August 1892 the Bank had deposited with its foreign agents Kr 11,830,459 21.

Query 4—To what extent does silver represent a legal payment and if one should wish to buy gold from the State Bank for export, will the Bank sell it or stock to its reserve?

Legal payment is 20 kroner in 2 and 1 krona pieces and 4 kroner in smaller coins.

There is no restriction to the liability of the Bank to pay its notes in gold, for whatever purpose soever it may be intended.

Query 5—Are they satisfied, or do they find that the gold standard answers well?

Extremely satisfied especially as the conversion from silver to gold was made without any loss to speak of.

Query 6—How are the accounts settled with Sweden and Denmark as we suppose the respective moneys circulate freely as if it were one country?

By private agreement between the three State Banks they may draw upon each other at sight for sums of Kr 5 000 and above to the extent of Kr 2 000,000 on each Bank on condition that repayment must be made whenever required and that a settlement be made once a year. No interests or charges of any kind are debited.

Query 7—Will Norway be represented at the Monetary Conference or will there be only one representative for the Scandinavian kingdoms?

I don't know, it is however likely that there will be a representative for Norway, if Sweden sends one.

UNITED STATES

REPLIES by Mr GIFFEN to the FOLLOWING QUESTIONS

1 Can persons holding silver require the Government or any National Bank to give them gold for it at the fixed rates with or without any and what premium?

Legally persons holding silver in the United States cannot require either the Government or the National Banks to give them gold for it.

The way in which the silver in circulation in the United States is kept equal to gold is, that the coinage is a monopoly, and the Government only issues the coins at the rate of 16 to 1 in gold. The Government also receives the silver at the same rate in payment of taxes and dues.

Practically little silver circulates in the United States, and it circulates as small change, so that no holder of silver is ever likely to require payment in gold.

2 Same question as to persons holding paper.

Mutatis mutandis the same answer may be given for all classes of paper in the United States, except gold certificates. There are four kinds of such government paper (or four principal kinds), amounting at the end of October, 1892, to 156,200,000 (excluding gold certificates) —

a The old greenbacks 68 400 000.

b Silver certificates (certificates of the deposit of silver plus a promise to pay in silver), 64 900 000.

c Currency certificates, 2,100,000, which are practically the old greenbacks in another form. They are only of small amount and are not to be added to the greenbacks if we count all the latter.

d The new Treasury notes issued against purchases of silver which have the same legal incidents as the old greenbacks, 22,800,000. They are both promises to pay in lawful money of the United States, i. e. gold or silver coins which are full legal tender.

The Government is under no obligation to pay this paper in gold, and part it is expressly obliged to pay in silver only, viz. the silver certificates.

Practically it is all kept at gold value because (1) it is a monopoly of Government which issues the paper only at the equivalent of gold (2) the Government receives it freely in payment of all dues and taxes as the equivalent of gold, and (3) the Secretary of the Treasury at different times has manifested his intention to provide gold for all comers, and does in fact pay in gold to all who ask it.

In addition, there is the paper of the National Banks which is only a small amount now (about 30,000,000). This paper is payable in greenbacks, Treasury notes, and silver certificates (query as to silver certificates), as well as gold and silver, but, as things that are equal to the same thing are equal to one another, it is payable in gold.

As to the gold certificates (\$2,000,000), they are certificates of deposit of gold coin and promises to pay in gold, so that the question does not arise.

3 If not, how do persons wanting gold for export procure it, and at what price?

As a matter of fact, gold has been found lately for export by the presentation of gold certificates which have diminished, not exhausted, their value, as gold in the Treasury has diminished. I could give exact figures if required.

4 How does the Government or National Bank procure and protect its supply of gold, and on what terms does it part with gold?

The Government has most of the gold when the National Banks hold it they hold it mostly in the form of gold certificates. The question has not practically arisen, as the Government has always had a surplus hitherto, and the paper has been redundant, but there is a reserve power to issue bonds with which to purchase gold upon which the Secretary to the Treasury has intimated his intention to act if necessary. At different times since 1890 the appearance has been that what is called free gold in the Treasury would fall below danger point, that is would become less than the amount of gold represented by gold certificates plus 20,000,000 specially provided many years ago to secure convertibility of greenbacks but the contingency has not occurred, though it has very nearly done so. I am obliged to add as a matter of legal opinion, that the power of the Treasury does not seem at all clearly expressed. Americans, however tell me that, law or no law the powers will be acted upon and that law or no law the purchase of silver will itself be stopped, if necessary.

UNITED KINGDOM

AS TO THE RIGHT OF THE PUBLIC TO OBTAIN TOKEN MONEY at the ROYAL MINT

EXTRACT OF A LETTER FROM SIR CHARLES FRANKLIE to SIR THOMAS FARRER.

Royal Mint 27th March 1893

ALTHOUGH I am not able to refer to any specific regulations which deny to the Bank of England the right of obtaining silver coin for gold and the Act of 1816 and the present Coinage Act are silent on the point I have no hesitation in saying that the Bank has no such right.

Some 40 years ago the Mint would only issue silver coin to the Bank under the express direction of the Treasury a fact which indicates that the Bank could not, as a matter of course, obtain it on demand, indeed, our records mention cases in which the application of the Bank was refused.

It would obviously be against the public interest to allow to anyone the right to obtain any amount of token coins, as a superabundance of token coinage would lead to much inconvenience, and possibly to its depreciation. To guard against an over-issue, the Government has an arrangement with the Bank of England, the Bank of Ireland, the Scotch Banks, and Colonial Governments, under which token coins are issued through those bodies who are in a position of responsibility, and who can best judge what amount of coin is actually required for circulation.

(b)—STATISTICS

INDIA AND THE EAST

EXPORTS OF MERCHANDISES FROM, AND IMPORTS OF MERCHANDISES INTO, INDIA, EXCLUDING GOVERNMENT STORES

Years.	Average rate at which Rupee on India were sold	Exports from India		Imports into India.		Surplus Exports.		Remarks
		In Tons of Rupees.	Equivalent in Sterling at average rate of Exchange.	In Tons of Rupees.	Equivalent in Sterling at average rate of Exchange.	In Tons of Rupees.	Equivalent in Sterling at average rate of Exchange.	
1868-69	23 1/2	53,022,165	51,285,723	33,531,274	34,723,170	17,150,751	15,657,223	
1869-70	22 2/3	53,477,275	50,868,213	32,479,543	31,275,444	19,291,733	18,955,269	Suez Canal opened November 1869
1870-71	24 4/5	52,321,234	51,855,049	33,343,340	31,227,033	21,223,179	20,895,025	Railway connection completed between Calcutta and Bombay and Calcutta and Lahore.
1871-72	23 1/2	52,132,548	50,894,850	32,315,775	30,683,750	23,315,072	21,104,080	
1872-73	22 7/8	55,330,226	55,335,011	35,473,009	33,891,000	34,735,226	35,477,028	Beginning of the great fall in exports of raw cotton
1873-74	22 3/4	54,350,730	51,134,523	31,023,407	30,406,556	23,332,280	21,729,126	Duty on exports of wheat removed, January 1873.
1874-75	22 1/2	52,313,261	51,985,002	34,846,263	31,983,261	21,656,090	20,022,231	First part of Nizam's railway opened.
1875-76	21 3/4	52,045,405	53,301,233	37,112,563	35,440,090	30,082,127	19,261,269	Duty on imports of cotton goods removed, August 1875.
1876-77	20 3/4	50,261,225	52,021,715	36,307,177	35,221,263	25,254,455	21,273,453	
1877-78	20 7/8	51,122,713	52,462,940	35,222,003	34,027,720	25,659,712	22,402,031	First part of Burma Railway opened
1878-79	19 7/8	50,223,011	50,223,000	35,655,124	33,157,963	24,227,417	20,904,027	India Valley Railway opened, Sep. 1878
1879-80	19 1/2	51,173,126	52,862,475	39,746,165	32,029,251	27,420,000	22,814,244	
1880-81	19 3/4	54,251,222	51,073,701	35,555,524	41,231,706	34,222,445	30,140,905	Rajpootana Railway completed.
1881-82	19 3/4	51,001,200	51,259,212	40,922,024	32,024,450	34,000,273	28,528,229	General duties removed on imports March 1882.
1882-83	19 3/4	52,400,265	51,250,072	30,009,041	40,270,257	33,227,264	27,170,221	
1883-84	19 3/4	52,121,200	51,720,725	32,722,221	42,000,267	33,417,402	28,222,702	
1884-85	19 3/4	52,200,222	50,624,222	31,401,211	42,722,021	30,021,217	24,172,204	
1885-86	18 2/4	52,227,245	52,722,022	31,211,222	39,402,221	32,012,204	24,221,207	
1886-87	17 4/4	52,422,000	54,221,244	32,221,222	42,222,222	32,722,222	22,722,222	Burma Railway, extensions opened.
1887-88	15 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	
1888-89	15 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	Nizam's Railway completed.
1889-90	15 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	Indian Midland Railway completed
1890-91	15 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	Bengal-Nagpur Railway completed
1891-92	15 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	
1892-93	14 3/4	50,227,222	52,022,222	32,222,222	42,222,222	32,022,222	22,022,222	

IMPORTS AND EXPORTS OF SILVER INTO AND FROM INDIA, AND COINAGE OF SILVER

Years	Imports	Exports	Net Imports	New Coinage	Old Rupees Re-coined	Total Coinage, New and Old Re-coined
	Rx	Rx	Rx	Rx.	Rx	Rx
1870-71 - - -	2 662,237	1,720 813	941 924	1,718,197	25 842	1,744,039
1871-72 - - -	6,007 525	1,487,209	6,520,816	1,620,224	12,510	1,709,204
1872-73 - - -	1 924,214	1,219,070	715,144	8,929 227	27,620	4 008 247
1873-74 - - -	4,148,726	1,647,202	2 495,224	2 270 007	20,023	2,400 040
1874-75 - - -	6 051 810	1,409 608	4,522,202	4,296,224	44 122	4 241,222
Quinquennial average -	4,552 202	1,496,220	3,022 222	2 221,222	29 222	2 260 222
1875-76 - - -	3 464 241	1 202,222	1 552,222	2,520 222	22 222	2,522,222
1876-77 - - -	9,922,222	2,222,222	7,122 222	6,222,222	21,222	6,222,222
1877-78 - - -	15,776,222	1 200,222	14,676 222	16,122 222	22 222	16,222 222
1878-79 - - -	5,222,222	1,222,222	3,972,222	7,222 222	22,222	7 222,222
1879-80 - - -	9 222,222	1,222,222	7 222,222	10,222,222	22,222	10 222,222
Quinquennial average	8 222,222	1,222 222	7,022,222	8,222 222	22 222	8,222,222
1880-81 - - -	5,222,222	1 222,222	3,972,222	4,222 222	12,222	4,222,222
1881-82 - - -	6,466,222	1,222 222	5,222,222	2,122,222	22,222	2,122,222
1882-83 - - -	6,222,222	277 222	7,422,222	5,222,222	22,222	7,222,222
1883-84 - - -	7,422 222	1,222,222	6 402,222	3,662,222	22 222	4,122,222
1884-85 - - -	9 110,222	1,222 222	7,222,222	5,722,222	22,222	6,042,222
Quinquennial average -	7,222,222	1,222 222	6,022 222	4,422,222	22,222	4,222,222
1885-86 - - -	12 222,222	772 222	11,622 222	10,222 222	422,222	10,722 222
1886-87 - - -	8,222,222	1 222 222	7 152,222	4,222,222	100,222	4,712,222
1887-88 - - -	10,222,222	1,222,222	9,222,222	10,722,222	62,222	11,442,222
1888-89 - - -	10 722 222	1,422,222	9,222,222	7,222 222	22 222	8 052,222
1889-90 - - -	12,222,222	1,422,222	10,222,222	8,222,222	22,222	9 170,222
Quinquennial average -	10,222,222	1,222,222	9,222,222	8,222,222	22,222	8,222 222
1890-91 - - -	15,422 222	1,222,222	14,172 222	12,122,222	22,222	12,422,222
1891-92 - - -	10,622,222	1,522,222	9 022 222	5,522 222	22,222	5 772,222
1892-93 - - -	15,222,222	2,222,222	12,222,222	12,222,222	-	-
Total of 22 years -	122 422,222	24 222,222	122,222 222	122,222,222	222,222	122,222 222
Yearly average - - -	8 222,222	1,222,222	7,122,222	6,222,222	22,222	6,222 222

* 22 years

BALANCE OF TRADE

The following is a statement of the principal points in the Balance of India's external Trade —

	1870-71 to 1874-75	1875-76 to 1879 80	1880-81 to 1884-85	1885-86 to 1889-90	1890-91	1891-92	1892-93
<i>Total Amounts</i>							
Merchandise Exports -	Rx 285,151 481	Rx 312,477,590	Rx 411,465 558	Rx 466,404 986	Rx 100,227,348	Rx 108 1,3 592	Rx 105 574 071
Imports, excluding Government stores -	160,906,849	188 114,206	228,157 161	305 988 250	69 034 900	76 587 45*	62 018 788
Net exports -	124 245 632	124,363,384	158,308 397	157 416 716	31,192,448	41,586 135	48 956,289
Remittances, net							
Rupree Paper enclosed to England -	- 2,187,992	5,370,613	1 298,101	968 154	5,187,810	598,720	- 4,321,920
Bills, &c., on India, drawn by the Government to defray Home Charges -	20,875,581	75,284,941	98,116 652	96,579,737	19,094,630	23,944,566	26,977,500
For interest on Rupree Paper -	3,221,000	8,403,000	4,276 000	4,186 771	891 233	1 069 726	960 260
Total -	20,808 589	84,058,554	103 692,358	101 734 669	2,124,878	25,017,014	28 615,840
Excess of net Exports of Merchandise over Remittances -	68 737,098	40,204,880	54,615 444	55 683,054	6,068,075	15 969,121	17,340 448
Net Imports of Treasure:							
Gold -	- 11,647 000	3,074,942	23,564 497	15,361,718	5 636,172	2 413,792	- 2,579,663
Silver -	15,837,488	85,270,998	30,402,632	48,175,673	14,175,186	9,039 184	18 868,569
Balance in favour of India -	86,762,610	1 958,890	648 315	—	—	4 533 711	6,289 562
Balance against India -	—	—	—	7,857 337	18,745,669	—	—
<i>Annual Average</i>							
Net Exports of Merchandise -	24 849 126	24 873 677	31,661,679	31,483,348	31,102 448	41,586,135	43,956,288
Net Remittances -	12,101,707	16,811,711	20,788,391	20,846 932	25 194,378	25,617,014	26 615,840
Excess of net Exports of Merchandise over Remittances -	12 747,419	8,061,966	10,873,288	11,136,411	6 068 075	15,969,121	17,340,448
Net Imports of Treasure	5,894,897	7,669,188	10 788,425	12 707,478	19,811,808	11,435 976	11,050 865
Balance in favour of India -	7,852,522	391,778	129,668	—	—	4,533,145	6 289,562
„ against India -	—	—	—	1,571,067	18 745,333	—	—

Note — Some small surplus in favour of India probably accrues on the Land Frontier Trade, but the statistics are too scanty for incorporation with the other figures

BRITISH INDIA

(In continuation of the Statement on page 112 of Appendix to Final Report of Gold and Silver Commission)

STATEMENT SHOWING IMPORTS AND EXPORTS OF MERCHANDISE (exclusive of Treasure) the IMPORTS AND EXPORTS OF GOLD the VALUE OF GOLD COINED, the IMPORTS AND EXPORTS OF SILVER the VALUE OF SILVER COINED the AVERAGE RATE OF EXCHANGE the SUMS RECEIVED FOR BILLS DRAWN BY THE HOME GOVERNMENT ON INDIA, and the VALUE OF CURRENCY NOTES in circulation.

Official Years	Average Annual Rate of Exchange.	Imports of Merchandise (exclusive of Treasure)	Exports of Merchandise (exclusive of Treasure)	Excess of Exports over Imports of Merchandise	Gold			Gold Coined.	Silver			Silver Coined	Sums received in respect of Bills drawn by Home Government on India.	Value of Government Notes in Circulation on the average of 12 Months of each Year
					Imported	Exported	Net Imports	Value of Gold Coined	Imported	Exported	Net Imports	Value of New Silver Coined		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1885-86 - -	s d 1 6 254	Rx. 55,655,865	Rx 83,881 264	Rx. 28 225,399	Rx 3 091 541	Rx 328 606	Rx 3,762,333	Rx 22 583	Rx 12 386 260	Rx 779,631	Rx 11,606,629	Rx 10,385 567	Rs 10 292 692	Rx 14 710 208
1886-87 - -	1 5 441	61 777,251	88 470 117	26 692,766	9,833 558	656 493	2 177 055	Nil	8 219 761	1 064,023	7 155,738	4 616 536	12 136 379	14,201 065
1887-88 - -	1 4 898	65 004 612	90 548 655	25 539 043	3,236 033	243 372	2,992,481	Nil	10 589 808	1 361 053	9,328 751	10 788 425	13 358,577	16 168 329
1888-89 - -	1 4 379	69 440 467	97,049 332	27 609,065	8 119,088	305 154	8 313 934	22,809	10 735,872	1 479 198	9 246 679	7,282,254	14 262 859	16 431 629
1889-90 - -	1 4 366	69 197 487	103,460 398	34 262,909	5,071,027	455 724	4 615,303	28,050	12 388 474	1 430 598	10 937 876	9 551 160	15 474,496	16 151,496
Average of five years - -	1 5 107	64 215 157	92 680 923	28 465 826	8,470 258	897,910	3,072 248	18,649	10 862 034	1,226 899	9,535,135	8 310 788	13 804 981	15,531 250
1890-91 - -	1 6 090	71,975,370	100 227 848	28 251 978	6 500 832	864 680	5,636 172	Nil	15 483 634	1 258,518	14 175,136	13 162,474	15,060,084	22 889 237
1891-92 - -	1 4 733	69 432 363	108 178 592	38 741 209	4,118 939	1 705 137	2 413 792	24 801	10 603 738	1 581,549	9 022 184	5 553 970	16,401 528	25,486 287
1892-93 - -	1 2 985	66,278 622	106 574 671	40 296 049	1,761 789	4 594,472	- 1 236 419 - 2 512 683	?	13 228 021	2 364 453	12 863 569	12 705 210	16,224,531	26 401 820*

* Amount in circulation on the 31st of March 1893

TABLE showing the PROGRESS of the TRADE of INDIA with the UNITED KINGDOM

Years	Average Rate of Exchange per Rupee.	Merchandise and Treasure together				Merchandise only	
		Figures for 1874-75 being represented by 100		Percentage of the Trade of the United Kingdom with India to the whole Trade of the United Kingdom *	Average Per-centage	Figures for 1874-75 being represented by 100.	
		Imports into India.	Exports from India.			Imports into India.	Exports from India.
1874-75	23 156	100	100	8 5	8 6	100	100
1875-76	21 626	96	101	8 5		104	101
1876-77	20 508	110	105	8 5		101	101
1877-78	20 791	152	110	8 9	8 9	110	107
1878-79	19 794	98	101	8 5		98	98
1879-80	19 951	108	99	7 8		108	99
1880-81	19 956	132	111	8 9	8 9	140	119
1881-82	19 695	197	135	9 2		181	136
1882-83	19 525	135	127	9 6		137	128
1883-84	19 586	145	132	9 9	9 9	146	131
1884 85	19 808	147	131	9 7		143	131
1885-86	18 254	146	134	9 8		143	134
1886-87	17 441	154	135	10 5	9 2	159	134
1887-88	16 898	166	126	9 7		167	126
1888-89	16 379	177	135	9 4		179	135
1889-90	16 566	182	142	9 2	9 2	171	141
1890-91	16 090	165	120	9 1		177	116
1891-92	16 788	164	130	8 7		164	125

* These figures are for the calendar years ended in the previous December

EXPORTS OF WHEAT from INDIA

Years ended 31st March	Quantity	Value.	Average Rate of Exchange.	
	Cwts	Rs	₹	d.
1877	5,567,000	1,958,000	1	8 51
1878	5,273,000	2,274,000	1	8 79
1879	1,057,000	520,000	1	7 79
1880	2,209,000	1,134,000	1	7 96
1881	7,444,000	3,578,000	1	7 96
1882	19,001,000	8,370,000	1	7 89
1883	14,194,000	6,089,000	1	7 52
1884	21,001,000	8,295,000	1	7 54
1885	15,851,000	6,516,000	1	7 31
1886	21,069,000	8,005,000	1	6 25
1887	22,264,000	8,626,000	1	5 44
1888	18,528,000	5,563,000	1	4 30
1889	17,610,000	7,523,000	1	4 28
1890	18,799,000	5,791,000	1	4 27
1891	14,320,000	6,049,000	1	6 09
1892	30,203,000	14,380,000	1	4 78

EXPORTS OF MERCHANDISE FROM INDIA TO GOLD USING AND SILVER USING COUNTRIES, respectively

Years.	Exports to Gold-using Countries			Exports to Silver-using Countries		
	Total.	Annual Average	Percentage on Figures of 1875-76	Total.	Annual Average	Percentage on Figures of 1875-76
1875-76 -	Rx - 87,317,494	Rx		Rx 20,827,711	Rx	
1876-77 -	88,855,423			22,105,210		
1877-78 -	42,111,743	38,916,098	100	23,073,970	23,540,811	100
1878-79 -	35,670,828			25,223,288		
1879-80 -	40,690,222			26,478,876		
1880-81 -	47,559,518			26,971,764		
1881-82 -	56,128,659			25,768,101		
1882-83 -	57,790,685	55,402,318	145	25,610,800	25,811,827	110
1883-84 -	62,618,795			25,421,344		
1884-85 -	57,913,851			26,286,677		
1885-86 -	57,325,424			25,832,416		
1886-87 -	60,029,717			23,322,943		
1887-88 -	61,206,055	68,176,863	163	23,265,397	23,442,736	125
1888-89 -	66,028,373			30,949,723		
1889-90 -	70,624,722			22,772,122		
1890-91 -	65,790,668			34,845,054		
1891-92 -	74,627,224	70,214,021	160	33,322,516	33,971,223	144

EXPORTS OF MERCHANDISE FROM INDIA TO SILVER-USING COUNTRIES (Opium excluded)

Official Years	Rx.
1875-76 -	9,687,000
1876-77 -	9,714,000
1877-78 -	10,702,000
1878-79 -	12,220,000
1879-80 -	12,151,000
1880-81 -	13,376,000
1881-82 -	12,326,000
1882-83 -	14,129,000
1883-84 -	14,127,000
1884-85 -	14,404,000
1885-86 -	15,027,000
1886-87 -	17,321,000
1887-88 -	19,128,000
1888-89 -	20,442,000
1889-90 -	22,856,000
1890-91 -	23,022,000
1891-92 -	23,822,000

TRADE OF INDIA WITH GOLD AND SILVER COUNTRIES, respectively, in 1890-91 (including Government Stores)

	Merchandise.			Gold.			Net Exports of Merchandise and Gold.	Silver			Final Balance, Merchandise due and Treasury Net Exports.
	Exports from India.	Imports into India.	Net Exports.	Imports into India.	Exports from India.	Net Imports.		Imports into India.	Exports from India.	Net Imports.	
Gold Countries.											
United Kingdom	Rx. 28,753,183	Rx. 63,101,698	-34,348,515	Rx. 8,614,111	Rx. 801,973	Rx. 8,796,084	-7,984,911	Rx. 7,840,884	Rx. 31,820	Rx. 7,869,978	Rx. 79,447,499
Continent of Europe, except Austria and Russia.	23,222,420	4,046,080	19,176,340	120,776	—	120,776	18,046,794	301,978	39,880	183,398	17,884,168
Asia Turkey and Java	606,744	420,961	185,783	28,708	30,887	8,018	277,728	104,809	1,475	198,517	-15,749
Africa Cape, Natal, St. Helena, and Egypt.	4,804,790	53,128	4,751,662	177,849	40	177,809	4,588,730	28,130	90	88,300	4,610,690
America Canada, United States, and West Indies.	4,174,320	1,682,281	2,492,039	9,300	—	9,300	3,649,248	—	—	—	3,649,248
Australasia	1,329,897	849,718	479,179	1,104,007	—	1,104,007	-1,045,669	648,823	—	548,823	-656,846
Total	65,790,647	68,228,289	2,437,642	9,870,688	803,860	4,066,828	2,808,273	8,077,218	73,704	8,053,511	-4,670,288
Silver Countries.											
Europe Austria and Russia.	3,695,006	393,732	3,291,274	8,418	4,316	8,897	9,900,810	975,848	19	978,930	1,377,899
Asia, except Turkey and Java.	97,988,890	7,613,339	90,375,551	1,170,823	3,239	1,174,062	10,109,287	5,899,781	606,041	4,898,900	14,308,297
Africa East Coast, Mauritius, and Madagascar	5,525,110	3,153,898	2,371,212	69,880	4,807	64,073	363,258	215,008	188,061	-76,469	465,181
America South	790,500	1,446	789,054	—	—	—	729,118	—	—	—	790,500
Countries unnamed	68,096	6,194	74,290	—	—	—	78,484	4,063	200	5,778	78,703
Total	104,968,079	10,206,514	94,761,565	12,608	12,000	1,217,784	22,830,777	6,993,789	1,806,814	6,798,996	16,780,893
Grand Total	170,758,726	78,434,803	92,323,923	12,620,296	825,860	5,284,612	25,639,050	15,071,007	1,828,528	14,772,507	11,959,514

TRADE OF INDIA WITH GOLD AND SILVER COUNTRIES, respectively, in 1891-92 (omitting Government Stores)

	Merchandise.			Gold.			Net Exports of Merchandise and Gold.	Silver			Final Balance, Merchandise due and Treasury, Net Exports.
	Exports from India.	Imports into India.	Net Exports.	Imports into India.	Exports from India.	Net Imports.		Imports into India.	Exports from India.	Net Imports.	
Gold Countries.											
United Kingdom	Rx. 24,641,918	Rx. 43,371,491	-18,729,573	Rx. 1,855,948	Rx. 1,653,641	Rx. 202,307	-1,576,265	Rx. 3,802,749	Rx. 97,091	Rx. 3,900,840	Rx. 11,121,507
Continent of Europe, except Austria and Russia.	25,416,234	4,697,797	20,718,437	199,746	16,839	183,907	21,538,571	66,187	38,088	25,033	21,563,600
Asia Turkey and Java	695,035	714,945	19,910	11,974	4,989	7,985	197,700	39,978	82,106	-42,128	192,898
Africa Cape, Natal, St. Helena, and Egypt.	7,253,549	94,587	7,158,962	168,118	—	168,118	7,293,094	8,415	1,200	8,013	7,298,700
America Canada, United States, and West Indies.	4,159,889	1,368,790	2,791,099	—	—	—	3,006,988	568,800	—	568,800	5,407,888
Australasia	674,909	397,315	277,594	623,263	—	623,263	124,681	593,697	—	593,697	-428,098
Total	43,070,304	49,630,825	-6,560,521	2,647,197	1,738,469	908,728	18,694,823	7,416,119	395,888	7,208,289	11,483,999
Silver Countries.											
Europe Austria and Russia.	3,491,420	639,421	2,851,999	28	401	373	1,268,468	97,289	19	97,269	1,465,181
Asia, except Turkey and Java.	97,463,399	8,447,959	88,915,440	1,655,310	1,367	1,656,677	17,304,900	8,006,283	1,325,256	1,981,018	15,323,882
Africa East Coast, Mauritius, and Madagascar	5,670,778	8,009,240	-2,338,462	85,641	—	85,641	400,295	84,855	90,888	34,976	468,420
America South	995,213	5,090	990,123	—	—	—	994,714	—	—	—	994,714
Countries unnamed	327	—	327	—	—	—	327	—	—	—	327
Total	108,586,817	11,946,419	96,640,398	1,743,789	1,768	1,745,557	20,340,489	9,188,631	1,345,263	1,916,065	18,427,456
Grand Total	151,635,041	61,581,244	90,053,797	13,374,086	1,770,137	3,494,185	45,979,542	24,260,648	3,170,791	9,123,554	30,411,571

COTTON MILLS IN INDIA, and EXPORTS of COTTON GOODS from INDIA.

Year	Number of			Exports of	
	Mills.	Spindles	Looms	Cotton Yarn	Cotton Piece Goods
				Thousands of Lbs.	Thousands of Yards.
1876-77	47	1,109,113	9 189	7,937	15,544
1877-78	58	1,369,706	10 658	15 600	17,545
1878-79	58	1,486 464	12 988	21,833	23,517
1879-80	58	1,470,830	13,307	25,583	25,800
1880-81	58	1,471,730	13,383	26 901	30,484
1881-82	62	1,550,944	14,366	30,726	29 911
1882-83	62	1 664,109	15 116	45,278	41,334
1883-84	74	1,895,384	16 951	49 277	55 565
1884-85	81	2,037,035	16,455	65 897	47,909
1885-86	89	2,198,545	16,548	78,242	51 578
1886-87	90	2,202,609	16 926	91,504	59,406
1887-88	97	2 376,789	18,840	112,421	69,486
1888-89	103	2 670,032	22,156	138,907	70 265
1889-90	114	2,984,637	29 078	141,230	59,436
1890-91	125	3,127,740	33 845	169 375	67 666
1891-92	127	3 272,988	34,670	161,233	73,284

Quantities of COTTON YARN and PIECE GOODS exported from the UNITED KINGDOM to CHINA, HONG KONG, and JAPAN

Year	Cotton Yarn	Cotton Piece Goods.
	Thousands of Lbs	Thousands of Yards
1877	33,085	394 459
1878	26,467	329 320
1879	36,951	525,921
1880	46,426	509,099
1881	47,479	587,177
1882	34,370	434,943
1883	33,499	415,956
1884	36,356	439,397
1885	33,061	523,339
1886	26,924	490,451
1887	33,354	613,148
1888	44,243	633,404
1889	35,730	537,004
1890	37,869	633,608
1891	37,971	525,333

VALUE OF TREASURY IMPORTED INTO BARTHE INDIA by Sea, distinguishing COUNTRIES whence IMPORTED, and also (in italics) the VALUE EXPORTED, in TENS OF RUPEES.

GOLD

Countries.	YEARS												
	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.	1898-99.	1899-00.	1900-01.	1901-02.	1902-03.
EUROPE United Kingdom	1,047,940	1,093,929	1,335,178	1,234,428	1,407,230	877,407	811,388	685,937	1,065,649	8,448,974	8,514,111	1,200,648	108,904
	<i>456</i>	<i>8,877</i>	<i>447,264</i>	<i>4,867</i>	<i>108,225</i>	<i>816,654</i>	<i>661,264</i>	<i>282,516</i>	<i>205,477</i>	<i>441,723</i>	<i>221,978</i>	<i>4,522,431</i>	<i>4,411,108</i>
Other Countries	25,276	68,859	1,64,159	130,221	226,778	31,242	113,237	80,189	85,282	1,60,435	139,127	109,777	40,878
	—	<i>1,841</i>	<i>9,083</i>	<i>707</i>	<i>1,235</i>	<i>1,976</i>	<i>6,750</i>	<i>6,222</i>	<i>6,181</i>	<i>4,222</i>	<i>6,010</i>	<i>249,076</i>	—
AFRICA*	218,214	284,820	279,875	303,804	328,000	278,203	220,403	272,113	129,738	137,541	223,728	224,639	127,678
	—	<i>444</i>	<i>541</i>	<i>76</i>	<i>102</i>	<i>1,220</i>	—	—	<i>447</i>	<i>722</i>	<i>4,227</i>	—	<i>24</i>
AMERICA	—	3,458	—	—	—	—	—	—	—	—	5,500	—	—
	—	—	—	—	—	—	—	—	—	—	—	—	<i>1,222</i>
ASIA: Aden	20,227	20,632	26,009	72,641	125,054	145,274	99,222	127,122	110,220	25,700	64,122	220,628	40,228
	<i>1,400</i>	—	<i>220</i>	<i>401</i>	<i>124</i>	<i>122</i>	<i>20</i>	<i>27</i>	<i>150</i>	<i>150</i>	<i>122</i>	<i>122</i>	<i>122</i>
Arabia	203,022	212,222	122,116	22,000	140,720	220,221	244,202	122,001	212,222	127,241	122,222	122,222	222,222
	<i>222</i>	—	—	—	<i>120</i>	<i>202</i>	<i>202</i>	—	—	—	<i>722</i>	<i>120</i>	—
Ceylon	22,222	22,712	21,222	22	142	2,222	2,722	22	2,222	1,722	1,222	1,222	—
	<i>1,222</i>	<i>6,122</i>	<i>4,100</i>	<i>122</i>	<i>1,222</i>	<i>620</i>	—	<i>1,122</i>	<i>2,200</i>	<i>4,120</i>	—	—	—
China	1,222,222	1,272,222	1,127,222	1,222,222	222,222	1,122,142	222,122	274,712	222,222	1,222,222	222,222	1,222,222	222,122
	—	<i>122</i>	—	—	—	—	<i>2</i>	<i>2</i>	—	—	—	—	—
Persia	1,122	1,212	24,222	70,722	22,022	22,222	22,021	2,110	4,241	4,122	2,242	12,212	22,212
	<i>220</i>	<i>1,722</i>	<i>1,200</i>	<i>1,200</i>	<i>22</i>	<i>222</i>	<i>700</i>	<i>222</i>	<i>1,100</i>	<i>222</i>	<i>222</i>	<i>222</i>	<i>22</i>
Straits Settlements	21,122	22,221	12,022	12,212	22,021	2,222	2,222	22,222	14,272	2,222	27,222	4,222	2,212
	<i>222</i>	<i>220</i>	<i>220</i>	<i>220</i>	<i>220</i>	<i>220</i>	<i>1,122</i>	<i>1,122</i>	<i>220</i>	<i>220</i>	<i>220</i>	<i>220</i>	<i>220</i>
Turkey in Asia	22,222	22,212	22,212	122,222	21,122	42,272	27,112	24,272	22,222	22,222	22,222	11,272	11,222
	<i>22,100</i>	<i>20</i>	<i>1,220</i>	—	—	<i>722</i>	<i>122</i>	—	<i>6,220</i>	<i>1,220</i>	<i>20,227</i>	<i>4,222</i>	—
Other Countries	22,222	22,221	—	221	21,422	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	<i>2,222</i>	—	—	—	—
AUSTRALASIA	22,212	1,221,222	1,422,221	1,222,222	1,272,222	247,222	222,222	242,242	511,222	622,222	1,104,222	222,222	22,222
	—	—	<i>20</i>	<i>20</i>	<i>200</i>	—	—	—	—	—	—	—	—
Total	2,272,222	4,222,222	5,222,122	3,422,422	4,772,172	3,021,241	2,222,222	2,222,222	3,119,222	5,071,222	6,000,222	4,112,222	1,221,222
	<i>1,122</i>	<i>12,102</i>	<i>1,122,122</i>	<i>6,222</i>	<i>1,102,222</i>	<i>222,222</i>	<i>222,222</i>	<i>249,272</i>	<i>222,122</i>	<i>422,722</i>	<i>222,222</i>	<i>1,222,122</i>	<i>4,222,122</i>

* Including Mauritius and Reunion

VALUE OF TREASURES IMPORTED INTO BRITISH INDIA BY SEA, DISTINGUISHING COUNTRIES WHENCE IMPORTED, AND ALSO (IN BRACKETS) THE VALUE EXPORTED, IN TENS OF HUNDREDS

SILVER

Countries.	YEARS.												
	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.	1890-91.	1891-92.	1892
Holland United Kingdom	2,884,654	5,707,978	4,380,884	5,467,918	6,883,418	7,880,072	6,090,885	6,877,250	5,888,030	6,770,128	7,540,284	6,308,748	12,579,931
Other Countries	1,840,203	4,661,448	1,845,282	611,200	290,268	630,013	108,270	508,229	410,019	328,289	1,174,718	163,018	370,033
Africa*	119,227	26,885	26,296	83,187	84,011	65,880	320,970	68,718	90,454	73,854	144,222	65,276	140,277
America	—	—	—	—	60,800	636,250	711,054	917,110	923,784	123,730	48,210	628,500	51,300
Asia Aden	68,000	71,833	10,000	32,000	48,500	44,824	67,235	13,008	17,700	78,223	29,000	29,287	21,221
Arabia	444,702	288,500	220,280	227,033	197,222	380,728	318,000	236,128	408,000	419,540	229,220	224,024	324,024
Ceylon	298,201	128,253	29,120	129,774	29,448	218,202	202,160	61,810	48,429	150,227	23,720	23,272	128,222
China	160,999	1,613,681	1,266,778	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424	1,126,424
India	41,355	51,380	127,274	128,240	128,240	70,890	64,007	73,748	124,005	124,005	124,005	80,112	80,112
Straits Settlements	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250
Turkey in Asia	110,222	119,409	128,274	86,222	218,250	74,004	80,149	68,800	68,000	128,250	124,222	29,272	14,222
Other Countries	10,120	5,740	5,424	13,208	141,123	8,000	30,880	5,121	1,300	43,270	111,012	2,345	1,204
AUSTRALASIA	2,700	11,200	2	—	840	9,000	8,400	—	82,008	11,812	600,213	259,227	631,422
Total	8,216,120	6,666,229	6,226,222	7,400,222	9,110,222	12,222,222	8,216,120	10,222,222	10,222,222	12,222,222	12,222,222	12,222,222	12,222,222
Grand Total, Gold and Silver	8,222,222	11,222,222	12,222,222	13,222,222	14,222,222	15,222,222	16,222,222	17,222,222	18,222,222	19,222,222	20,222,222	21,222,222	22,222,222

* Including Mauritius and Réunion.

IMPORTS INTO INDIA FROM THE EAST

Imports.	Hong Kong						China Treaty Ports.					
	1870-71	1875-76.	1880-81.	1885-86.	1890-91.	1891-92.	1870-71.	1875-76.	1880-81.	1885-86.	1890-91.	1891-92.
	Rx.* 5,069	Rx.* 15,850	Rx. 15,795	Rx. 17,540	Rx. 19,714	Rx. 18,808	Rx.	Rx.	Rx. 97	Rx. 210	Rx. 768	Rx. 169
Apparel	—	—	—	—	—	—	—	—	—	—	—	—
Coffee	—	—	—	—	—	—	—	—	—	—	—	—
Cotton Manufactures	5,103	1,940	840	134	319	468	—	—	—	—	1	—
Copper	33,775	78,775	69,738	125,897	103,715	306,217	—	—	—	—	—	—
Drugs	46,537	37,698	34,650	51,201	120,237	97,736	—	—	—	—	—	—
Glass	80,001	87,005	60,978	74,288	131,499	123,006	—	—	—	—	—	1,905
Provisions	1,444	7,633	15,988	9,073	13,514	15,701	—	—	85	4	170	323
Silk, raw	785,851	635,453	327,000	453,480	618,874	680,541	—	—	237,653	106,411	104,237	363,415
"manufactured	179,056	236,638	298,696	353,911	418,744	619,437	—	—	506	4,943	15,122	31,811
Spices	9,470	808	3,231	5,377	1,223	5,323	—	—	—	—	—	—
Sugar	131,263	110,074	233,977	341,598	361,321	310,740	—	—	—	—	—	—
Tea	163,729	390,887	61,205	74,750	35,225	44,893	—	—	174,047	187,171	230,135	597,867
Tin	5,030	340	337	226	108	234	—	—	—	—	—	—
Other Merchandise	70,734	300,355	164,955	130,971	203,228	222,019	—	—	281	354	1,070	1,123
Total Merchandise	1,337,139	1,617,284	1,257,170	1,693,745	1,908,230	2,241,928	—	—	428,222	290,028	461,455	936,587
Gold	1,605,353	1,329,222	184,643	455,803	726,227	909,530	—	—	594,041	900,283	227,163	340,230
Silver	1,247,254	349,597	163,329	1,937,942	2,294,453	1,729,823	—	—	1,122,945	1,383,218	755,320	755,320
Total	4,200,255	3,206,473	3,679,412	3,759,034	4,069,069	4,381,315	—	—	1,023,233	1,982,230	2,013,836	1,641,237

* The Imports from the Treaty Ports are included in these two columns

IMPORTS INTO INDIA FROM THE EAST—continued.

Imports.	Straits Settlements.						Japan					
	1870-71	1875-76.	1880-81.	1885-86.	1890-91.	1891-92.	1870-71.	1875-76.	1880-81.	1885-86.	1890-91.	1891-92.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
Apparel	3,375	13,469	25,977	37,097	50,330	51,829	—	—	—	689	2,311	5,335
Coffee	3,540	5,449	30,735	19,423	38,107	123,906	—	—	—	—	—	—
Cotton Manufactures	73,693	34,945	13,446	55,077	116,348	101,273	—	—	—	55	—	1,178
Copper	10,270	1,630	1,763	1,028	16,029	9,755	—	—	4,007	14,714	3,784	2,371
Drugs	36,230	32,751	32,544	41,360	73,674	64,984	—	—	67	—	338	240
Glass	1,094	990	1,176	1,444	6,409	3,785	—	—	—	—	—	—
Provisions	14,820	41,820	134,274	100,403	228,415	271,280	—	—	—	—	—	—
Silk, raw	70,261	108,219	126,625	128,033	275,094	335,113	—	—	761	—	16,412	14,683
"manufactured	9,241	46,023	108,069	71,715	46,897	10,738	—	—	—	—	1,903	7,739
Spices	125,736	196,990	273,343	378,201	425,721	473,714	—	—	—	—	—	816
Sugar	44,230	37,727	135,147	65,500	154,006	132,945	—	—	—	—	—	—
Tea	15,705	17,067	23,125	35,953	35,295	27,033	—	—	87	—	124	150
Tin	116,698	153,735	130,210	218,053	273,738	237,140	—	—	—	—	—	—
Other Merchandise	228,217	284,977	345,326	305,228	497,420	200,320	6,827	1,155	7,904	23,909	20,222	—
Total Merchandise	797,993	900,870	1,476,344	1,618,070	3,300,327	3,208,205	—	—	4,854	6,019	23,100	67,073
Gold	15,230	36,227	21,123	5,283	27,240	4,254	—	—	10,068	—	—	—
Silver	183,632	83,992	54,223	73,977	1,294,705	47,083	78,741	—	—	—	109,090	—
Total	956,828	1,071,429	1,651,690	1,696,321	3,328,221	3,410,464	78,741	5,284	25,668	23,100	169,723	67,746

INDIAN CURRENCY COMMITTEE

EXPORTS FROM INDIA TO THE EAST

Exports	Hong Kong						Treaty Ports.					
	1870-71	1875-76	1880-81	1885-86	1890-91	1901-02	1870-71	1875-76	1880-81	1885-86	1890-91	1901-02
Cotton raw	Rs * 2,117,845	Rs * 1,697,748	Rs 1,103,039	Rs 3,026,688	Rs 3,483,628	Rs 3,308,873	Rs	Rs	Rs	Rs	Rs	Rs
" manufactures	25,647	374	1,824	1,197	1,211	1,440			22,985	30,028	70,923	96,973
Drugs (excluding opium)	22,007	19,800	8,100	13,351	25,880	48,028			28	47		25
Hides and skins	—	—	—	170	2,616	1,833			—	—	—	—
Jade	—	—	500	500	480	—			—	—	—	—
Jute, raw	4,027	4,354	8,283	3,303	18,419	—			—	—	—	—
" manufactures	2,053	13,168	139,600	97,147	108,814	137,207			—	3,855	3,528	7,720
Oil	4,024	9,091	9,233	13,973	20,500	13,616			—	—	—	—
Opium	9,854,649	9,773,703	9,198,410	6,823,311	6,681,905	5,608,852		4,110,800	3,707,948	3,100,670	2,235,008	
Provisions	19,780	18,028	37,800	30,005	30,143	25,500		101	600	625	617	
Rice	38,718	540	628	18,996	1,774	728			—	578	450	165
Saltpetre	45,923	37,416	21,124	20,047	22,028	18,125			—	—	—	—
Silk, raw	—	—	1,208	—	—	—			—	—	—	—
" manufactures	1,536	1,905	1,543	3,508	1,400	1,254			—	—	—	—
Foreign merchandise—												
Cotton manufactures	37,337	3,440	5,423	9,128	2,804	2,467			—	31	3,201	3,745
Provisions	18,797	36,529	20,123	37,314	67,700	47,231			110	493	1,000	1,283
Other Merchandise	1,578,010	109,828	1,180,461	114,305	108,018	104,923			3,242	9,237	6,023	14,708
Total Merchandise	15,869,888	11,661,879	10,866,272	9,841,919	9,223,223	9,204,901		4,137,777	3,119,333	4,917,974	4,013,909	
Gold	44	—	—	—	—	—			—	—	—	—
Silver	5,427	14,631	37,000	23,750	400	—			—	—	33,821	—
Total	19,816,459	11,880,414	10,844,232	9,865,669	9,223,723	9,204,901		4,137,777	3,119,333	4,950,795	4,013,909	

* The Reports to the Treaty Ports are included in these two columns.

EXPORTS FROM INDIA TO THE EAST—continued

Exports	Straits Settlements.						Japan					
	1870-71	1875-76	1880-81	1885-86	1890-91	1901-02	1870-71	1875-76	1880-81	1885-86	1890-91	1901-02
Cotton raw	Rs 25,284	Rs 158,497	Rs 80,925	Rs 126,316	Rs 143,764	Rs 178,056		Rs 4,921	Rs 97,697	Rs 207,138	Rs 705,366	Rs 1,261,245
" manufactures	38,300	43,308	74,975	104,169	171,445	196,127			900	148	180	—
Drugs (excluding opium)	2,605	2,613	3,272	4,005	5,012	6,007		28	150	61	70	14
Hides and skins	36,743	39,005	63,728	104,933	90,340	88,205			963	—	—	711
Jade	52,780	41,280	70,990	49,523	60,870	53,122			—	—	—	—
Jute raw	—	—	—	—	303	353			—	—	4,070	10,450
" manufactures	20,428	113,100	124,226	110,294	241,990	273,252		20	—	2,264	12,274	13,295
Oil	6,545	15,490	20,700	25,478	45,330	38,239		—	—	60	828	125
Opium	886,430	1,261,280	1,261,280	1,261,280	1,430,200	1,777,297		—	—	—	—	—
Provisions	19,910	34,244	39,780	37,975	83,137	73,561		13	29	194	75	127
Rice	384,948	393,420	840,500	1,080,233	3,700,027	2,027,708		—	—	—	460,252	—
Saltpetre	4,656	8,020	6,314	7,130	6,835	10,063		—	—	—	—	—
Silk, raw	1,168	1,768	2	5,740	79	1,290		—	—	—	—	—
" manufactures	9,688	18,039	10,114	13,160	9,973	8,373		—	—	—	—	—
Foreign merchandise—												
Cotton manufactures	86,613	146,237	177,743	197,269	168,000	163,053		—	—	—	103	18
Provisions	—	5,913	9,119	15,476	31,762	15,012		—	—	—	—	—
Other Merchandise	688,007	384,854	206,454	338,500	207,471	233,890		1,128	7,023	5,054	9,464	19,684
Total Merchandise	2,072,741	3,591,297	3,161,747	3,284,938	5,719,266	5,944,107		6,120	107,264	315,803	1,213,195	1,293,204
Gold	—	8,000	626	380	1,204	307		—	—	—	—	—
Silver	—	48,810	20,917	9,288	39,009	33,140		—	—	—	—	—
Total	2,072,741	3,648,107	3,182,220	3,294,426	5,759,275	5,977,251		6,120	107,264	315,803	1,213,195	1,293,204

No figures available.

COMPARISON OF THE QUANTITIES AND VALUES OF THE PRINCIPAL EXPORTS FROM INDIA, with the RATES OF EXCHANGE, taking the FIGURES for 1863-69 as 100 in each CASE

10984 II

Year.	Average Rate of Exchange for Rupee on India.		Cotton Raw		Opium.		Seeds.		Rice.		Wheat.		Cotton Manufactures in Ending Year and Jan.	Jute, Raw		Tea		Indigo.		Hides and skins		Wool		Coffee.	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1863-66	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1869-70	100 80	79 85	94 85	118 81	109 58	109 60	116 74	89 08	71 72	88 50	88 84	90 94	89 03	104 80	111 10	100 88	98 87	100 83	123 15	184 69	65 35	73 54	75 50	77 23	
1870-71	96 67	82 70	68 90	114 80	100 82	109 00	170 07	104 62	89 81	90 21	105 14	109 84	111 07	180 34	115 85	219 65	104 01	110 58	146 50	161 29	85 29	104 40	70 73	73 88	
1871-72	90 60	116 90	105 87	184 05	124 95	128 63	180 79	118 58	100 84	231 50	233 00	88 94	128 30	217 63	163 09	120 07	116 34	198 05	180 03	201 61	118 95	141 37	118 80	123 14	
1872-73	98 00	70 84	65 50	110 61	105 68	89 79	76 61	181 40	180 81	146 05	180 80	810 61	218 08	138 10	101 73	115 83	118 42	207 10	228 21	108 10	134 35	88 00	102 35		
1873-74	90 85	72 84	65 57	118 98	108 04	111 80	118 88	121 00	135 00	637 41	688 00	110 07	182 16	181 62	100 35	178 38	116 91	182 81	178 78	208 38	102 89	130 04	80 65	78 70	
1874-75	95 61	80 91	75 72	105 45	111 70	105 40	105 21	113 11	115 17	280 74	467 05	181 76	103 33	171 63	180 85	100 64	88 18	85 05	105 07	218 75	105 15	150 60	73 88	110 67	
1875-76	93 82	80 46	83 91	117 87	104 23	208 70	278 63	182 77	150 13	611 41	617 71	187 28	164 70	148 58	219 03	221 00	111 89	89 88	175 14	225 05	118 87	172 01	87 83	143 70	
1876-77	88 41	78 17	58 29	176 47	118 98	540 21	309 60	120 40	188 20	2,097 00	1,862 22	244 44	154 77	135 35	565 25	230 34	101 10	128 88	170 35	225 40	180 87	171 81	71 88	120 74	
1877-78	80 65	65 66	46 87	123 83	115 00	305 87	268 08	119 84	106 00	8,213 47	2,909 85	171 30	163 03	185 08	253 17	811 54	121 37	180 73	206 45	300 90	115 70	130 64	69 38	119 95	
1878-79	87 85	67 89	50 28	121 07	181 40	180 00	234 78	180 10	216 83	385 60	283 07	19 70	178 05	208 70	203 13	322 23	100 80	108 01	191 17	247 83	186 58	178 00	80 21	138 13	
1879-80	80 05	65 89	52 31	140 76	125 02	181 48	230 00	144 15	109 85	790 15	1,138 88	204 35	168 61	220 60	284 44	312 20	101 74	101 65	210 00	228 38	140 87	155 07	84 61	140 07	
1880-81	86 03	78 01	63 72	122 00	187 10	230 49	220 45	177 32	216 00	2,708 22	8,310 10	281 97	179 73	207 94	408 00	818 11	117 81	123 46	210 78	208 16	180 25	188 39	88 88	146 00	
1881-82	85 77	90 38	74 16	110 18	116 24	202 08	204 01	187 87	107 50	1,268 00	8,850 08	245 94	228 28	256 63	480 81	508 87	101 87	155 82	229 36	312 87	131 91	102 30	80 40	130 30	
1882-83	84 17	88 06	79 68	122 47	107 85	229 97	201 92	203 38	201 29	1,654 88	6,166 25	228 13	207 87	700 03	607 25	880 06	148 17	135 28	289 01	254 77	120 90	150 25	53 21	123 60	
1883-84	84 23	98 12	71 47	122 69	103 00	485 63	205 39	176 85	186 38	7,222 94	6,007 00	239 85	208 64	242 75	280 78	480 35	100 54	100 58	283 71	373 48	125 74	138 16	83 40	121 15	
1884-85	88 83	81 89	63 58	116 61	101 75	468 87	280 02	148 41	170 80	8,783 89	6,828 83	248 38	248 79	248 80	507 48	480 87	108 67	140 61	222 62	384 01	125 10	154 88	80 21	116 90	
1885-86	78 09	67 89	53 51	110 30	100 37	464 08	200 05	183 84	216 00	7,648 00	8,104 84	270 84	231 37	220 21	000 86	646 38	135 05	150 75	291 72	420 31	185 63	187 86	88 29	121 74	
1886-87	72 10	87 87	50 88	127 88	109 57	290 38	462 38	174 80	200 85	5,081 73	8,784 29	480 95	240 90	237 40	701 70	400 38	180 00	127 07	280 94	417 00	101 40	200 82	87 85	126 13	
1887-88	72 83	80 20	71 68	120 80	94 13	468 00	471 10	125 35	220 00	4,614 37	5,638 91	518 40	256 70	230 25	775 00	538 00	150 76	154 45	276 00	387 68	172 04	238 91	64 60	127 58	
1888-89	70 61	85 60	74 67	117 13	98 25	330 81	499 44	100 31	167 07	6,295 87	7,417 74	611 87	318 24	417 42	858 31	550 35	148 00	180 40	231 88	278 80	172 81	247 47	88 12	166 89	
1889-90	71 41	101 21	98 69	113 08	94 38	306 40	488 74	170 25	180 10	5,010 23	5,800 95	689 90	304 00	466 08	610 04	638 54	198 57	184 40	278 78	361 11	187 69	277 21	80 64	128 61	
1890-91	77 08	95 18	88 06	114 41	80 89	371 41	468 30	227 37	280 07	8,198 25	8,119 20	768 88	300 34	401 82	630 87	630 66	119 87	105 90	284 87	373 03	107 25	248 91	59 08	126 07	
1891-92	78 13	78 94	38 27	116 88	80 40	480 96	612 03	220 36	217 05	11,031 44	14,202 88	600 10	383 66	361 08	1,078 75	688 78	120 38	111 07	—	418 22	174 84	280 87	74 11	180 28	

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APPENDIX II

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COMPARISON OF NET EXPORTS WITH RATES OF EXCHANGE & Co, MONTHLY
(Figures in thousands of Rs)
1889

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Merchandise Exports	11,108	9,910	10,644	9,174	9,000	7,721	7,418	6,707	7,048	8,198	7,851	9,017	108,794
Imports	7,185	8,300	6,077	6,093	6,123	4,718	5,383	6,074	5,097	5,905	6,050	6,940	69,671
Net Exports	4,013	4,610	4,567	3,081	2,877	3,003	2,035	1,633	1,951	2,293	1,801	2,077	39,123
Gold Net Imports	171	303	513	804	390	339	336	416	309	403	469	464	4,599
Silver Net Imports	735	1,193	2,197	1,151	638	699	600	787	665	746	855	861	10,118
Surplus of net Exports of Merchandise over net Imports of Treasure	3,107	3,113	1,867	1,240	3,330	1,174	1,304	-66	889	1,051	488	3,683	19,188
Bills sold in London on India	5,030	2,250	1,935	1,933	2,008	1,903	1,988	1,800	1,697	1,868	1,411	1,408	28,180
Price of Silver in London per oz.	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2	48 1/2 to 4 1/2
Rate of Exchange, per rupee	Highest 16 1/4	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Lowest	16 1/4	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Increase or Decrease of Paper Currency in Circulation	264	-449	908	97	-99	478	363	-243	-74	423	38	-1,369	814
* Other Liabilities in Banks of Bengal and Bombay at the end of the month	5,070	5,484	5,238	5,058	5,699	5,594	5,263	3,408	3,697	4,401	6,749	6,179	-

1890

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Merchandise Exports	10,433	9,997	11,170	11,570	9,943	7,108	7,401	6,847	6,378	6,970	7,148	8,082	108,748
Imports	6,128	6,365	6,407	6,454	6,803	6,396	6,133	6,504	6,023	6,882	6,598	6,907	71,413
Net Exports	4,305	3,632	4,763	5,116	3,140	822	1,268	333	355	1,088	550	1,175	37,335
Gold Net Imports	560	329	134	822	554	650	620	400	385	370	508	601	5,617
Silver Net Imports	1,204	1,808	1,861	1,819	790	108	992	1,064	2,400	1,713	313	1,465	10,174
Surplus of net Exports of Merchandise over net Imports of Treasure	2,340	2,400	2,014	2,705	2,586	81	947	-731	-1,025	-1,343	-815	833	9,338
Bills sold in London on India	2,178	1,640	2,942	3,096	1,651	1,377	1,478	1,150	748	1,161	1,308	1,450	30,068
Price of Silver in London, per oz.	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2	44 1/2 to 4 1/2
Rate of Exchange, per rupee	Highest 17 1/4	17 1/4	16 1/2	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4
Lowest	17 1/4	17 1/4	16 1/2	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4	17 1/4
Increase or Decrease of Paper Currency in Circulation	328	88	-604	1,048	227	398	1,340	1,210	8,471	3,653	883	497	11,574
* Other Liabilities in Banks of Bengal and Bombay at the end of the month	5,888	5,811	6,094	6,404	6,408	7,134	7,144	7,850	10,044	11,839	13,637	13,297	-

COMPARISON OF NET EXPORTS WITH RATES OF EXCHANGE, &c, MONTHLY—continued.

(Figures in thousands of Rs.)

1891

	January	February	March.	April.	May	June.	July.	August.	September	October	November	December	Total.
Merchandise Exports	8,437	8,840	10,609	10,217	10,179	10,000	8,480	7,019	8,098	8,808	9,877	8,280	108,467
Imports	7,238	6,970	6,982	6,155	4,941	5,787	4,059	5,248	6,286	6,121	6,288	6,093	70,198
Net Exports	1,199	1,870	3,627	4,062	5,238	4,213	4,421	1,771	1,812	2,687	3,589	2,187	38,269
Gold Net Imports	789	184	847	435	253	448	188	205	478	408	445	73	4,154
Silver Net Imports	792	1,105	919	5,144	759	-60	-203	-	645	153	877	1,244	8,258
Surplus of net Exports of Merchandise over net Imports of Treasure	718	2,560	3,101	1,588	4,984	3,870	3,807	1,281	709	1,708	-432	965	28,297
Bills sold in London on India	1,736	3,808	2,969	2,685	2,684	3,767	1,638	1,298	1,890	1,937	1,283	9,000	23,771
Price of Silver in London per oz.	46½ to 46½	46½ to 46½	46½ to 46½	46 to 46½	46½ to 46½	46 to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ average
Rate of Exchange per Rupee Highest	16	17	17½	17½	17½	17½	17½	17½	17½	17½	17½	17½	16½
Lowest	17	17½	18	18	18	18	18	18	18	18	18	18	18
Increase or Decrease of Paper Currency in circulation	613	-1,489	-737	51	400	528	225	-416	-568	-855	-144	-161	-6,757
Other Liabilities in Banks of Bengal and Bombay at the end of the month	18,688	10,841	9,601	10,015	11,208	13,046	13,040	15,682	13,300	12,062	12,595	11,267	-

1892

	January	February	March.	April.	May	June.	July.	August.	September	October.	November	December	Total.
Merchandise Exports	9,994	10,828	11,604	10,323	10,579	7,085	7,408	6,877	7,278	7,813	8,268	9,018	100,008
Imports	5,828	5,683	6,294	6,670	5,283	4,227	4,169	5,081	4,478	5,467	6,018	6,948	66,616
Net Exports	4,166	5,145	5,310	3,653	5,296	2,858	3,239	1,796	2,800	2,346	2,250	2,070	33,392
Gold Net Imports	-81	-448	-244	-378	-161	-288	-816	-450	-975	-816	-687	-770	-5,247
Silver Net Imports	383	1,083	3,265	1,773	1,203	307	1,300	1,200	1,240	610	589	610	11,698
Surplus of net Exports of Merchandise over net Imports of Treasure	3,985	3,962	2,801	2,275	4,094	2,570	2,423	1,346	1,825	1,530	1,563	1,360	31,744
Bills sold in London on India	2,628	3,208	3,329	2,489	3,810	3,075	2,076	1,394	2,411	2,708	1,974	1,377	25,617
Price of Silver in London per oz.	46½ to 46½	46½ to 46½	46½ to 46½	46 to 46½	46½ to 46½	46 to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ to 46½	46½ average
Rate of Exchange per Rupee Highest	16	16	16	16	16	16	16	16	16	16	16	16	16
Lowest	16	16	16	16	16	16	16	16	16	16	16	16	16
Increase or Decrease of Paper Currency in circulation	278	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Other Liabilities in Banks of Bengal and Bombay at the end of the month	10,670	9,118	8,307	8,685	8,878	9,761	10,546	10,771	11,679	12,062	12,595	11,267	-

COMPARISON of the NET IMPORTS of SILVER into INDIA monthly, with the INCREASE in the PAPER CURRENCY and the RATE of EXCHANGE

		Net Imports of Silver into India	Increase or Decrease of Paper Currency in Circulation	Rate of Exchange for Secretary of State's Bills	
				Maximum	Minimum
	1880	Rx	Rx	d	d
January	-	744,617	481,671	20½	20½
February	-	708,527	-947,470	20½	19½
March	-	485,932	-984,182	20½	19½
April	-	708,132	527,538	20½	19½
May	-	224,958	211,730	20½	20
June	-	680,065	548,281	20½	20
July	-	418,416	271,422	20½	20½
August	-	324,874	-162,297	20½	20½
September	-	271,417	-250,165	20½	20
October	-	181,125	86,075	20½	19½
November	-	158,759	828,710	19½	19½
December	-	142,165	-121,145	19½	19½
Total	-	5,058,026	529,544	20½	19½
	1881	Rx	Rx	d	d
January	-	298,629	-265,607	19½	19½
February	-	368,216	-571,690	20	19½
March	-	192,770	152,040	20½	19½
April	-	226,224	-355,907	19½	19½
May	-	122,119	154,020	19½	19½
June	-	250,797	710,412	19½	19½
July	-	245,547	322,452	19½	19½
August	-	97,689	122,812	19½	19½
September	-	322,324	-577,222	19½	19½
October	-	174,489	-156,522	19½	19½
November	-	340,294	-315,282	19½	19½
December	-	890,652	72,212	20	19½
Total	-	2,220,727	-1,179,441	20½	19½
	1882	Rx	Rx	d	d
January	-	574,649	243,222	20½	19½
February	-	1,074,550	350,285	20½	20
March	-	1,447,718	165,549	20	20
April	-	1,371,458	202,740	20½	20½
May	-	1,229,781	472,676	20½	20½
June	-	541,845	228,452	20½	20
July	-	410,004	277,752	20	20
August	-	641,214	-265	20½	20
September	-	602,222	-2,222	20½	20
October	-	522,425	522,714	19½	19½
November	-	415,222	436,421	20	19½
December	-	522,165	-22,222	19½	19½
Total	-	9,744,422	2,222,222	20½	19½
	1883	Rx	Rx	d	d
January	-	222,204	-722,222	19½	19½
February	-	107,270	-247,222	19½	19½
March	-	573,506	86,156	19½	19½
April	-	452,008	-1,657,669	19½	19½
May	-	526,720	-222,222	19½	19½
June	-	259,577	-22,222	19	19½
July	-	462,971	522,222	19	19½
August	-	222,114	222,112	19½	19½
September	-	614,522	602,721	19½	19½
October	-	652,714	87,625	19½	19½
November	-	222,222	-70,722	19½	19½
December	-	62,222	-1,022,222	19½	19½
Total	-	4,722,222	-2,222,222	19½	19½
	1884	Rx	Rx	d	d
January	-	422,222	-1,222,222	19½	19½
February	-	422,222	142,712	20	19½
March	-	1,722,222	302,712	19½	19½
April	-	222,222	-222,222	19½	19½
May	-	222,222	222,222	19½	19½
June	-	222,222	222,222	19½	19½
July	-	222,222	222,222	19½	19½
August	-	222,222	222,222	19½	19½
September	-	222,222	222,222	19½	19½
October	-	222,222	222,222	19½	19½
November	-	222,222	222,222	19½	19½
December	-	222,222	222,222	19½	19½
Total	-	7,622,222	1,622,222	20	19½

COMPARISON OF NET IMPORTS OF SILVER INTO INDIA MONTHLY, &c.—continued.

	Net imports of Silver into India	Increase or Decrease of Paper Currency in Circulation	Rate of Exchange for Secretary of State's Bills	
			Maximum	Minimum
	Rx	Rx	d	d
January 1885	545 186	-114,365	19½	18½
February	834 769	-436 145	19½	18½
March	803,963	43 135	19	18½
April	867,781	-1,259 037	19½	18½
May	2,029 946	650,085	19½	18½
June	1 244 696	1,324 941	19½	18½
July	604 935	-353,287	19½	18½
August	540 540	-139,593	18½	18½
September	1,244,375	1,184 015	18½	18
October	280 591	165,473	18½	18½
November	750 074	-76 038	18½	18½
December	1,091,555	-440,561	18½	17½
Total	10,736 841	118,579	19½	17½
	Rx.	Rx	d	d
January 1886	823 690	214 597	18½	17½
February	801 982	-853 778	18½	17½
March	1,428,865	-363,474	18½	17½
April	942 065	-393,878	18	17½
May	848 529	389 388	17½	17½
June	559 581	-387,289	17½	17½
July	440 491	483 636	17½	16½
August	429 255	180,097	16½	16½
September	431,196	-1,10,458	17½	16½
October	705 487	328 038	17½	17½
November	566 174	146 156	18½	17½
December	221 673	-866,640	17½	17½
Total	7,690 960	-765 369	18½	16½
	Rx	Rx	d	d
January 1887	378 452	-313 144	18½	17½
February	938 954	-24,068	18½	17½
March	395 891	-97,530	17½	16½
April	1 011 919	139 630	17½	16½
May	406 926	-173 214	16½	16½
June	795,283	174 019	18½	16½
July	664 093	1,398 983	17½	16½
August	572 668	182 375	17½	16½
September	811 590	1,124,611	17½	17
October	553 536	997 624	17½	16½
November	593 179	839 333	16½	16½
December	464,506	-917,644	17½	16½
Total	8,359,956	2,281 073	18½	16½
	Rx.	Rx	d.	d
January 1888	1,137,170	-616,333	17½	16½
February	1,050,407	-686,307	17	16½
March	1,167,606	-55,638	16½	16½
April	1 164 134	115 989	16½	16½
May	578 576	485 044	16½	16½
June	716 439	688 738	16½	16½
July	532 775	365 218	16½	16½
August	643 049	-263,595	16½	16½
September	378 802	-750,277	16½	16½
October	413 982	-304,209	16½	16½
November	289 179	-1,634,998	16½	16½
December	447,708	-352,038	16½	16½
Total	8,517,423	-2,540,333	17½	16½
	Rx	Rx	d	d
January 1889	784 568	123 938	16½	16½
February	1 152,412	-426,440	16½	16½
March	2 127 116	968 038	16½	16½
April	1 181,462	87 507	16½	16½
May	638 025	-53 756	16½	16½
June	589 023	476,441	16½	16½
July	639 866	236 108	16½	16½
August	726 610	-348 762	16½	16½
September	654 811	-14 262	16½	16½
October	746 119	491 721	16½	16½
November	829 939	37 850	16½	16½
December	580 886	-1 801,887	16½	16½
Total	10,114 010	314,160	16½	16½

COMPARISON of the NET IMPORTS of SILVER into INDIA monthly, &c — continued

	Net Imports of Silver into India	Increase or Decrease of Paper Currency in Circulation	Rate of Exchange for Secretary of State's Bills	
			Maximum	Minimum
1890	Rx	Rx	d	d
January - - - - -	1,234,282	822,922	17 $\frac{1}{2}$	16 $\frac{1}{2}$
February - - - - -	1,802,673	89,878	17 $\frac{1}{2}$	17
March - - - - -	1,881,102	-600,503	17 $\frac{1}{2}$	16 $\frac{1}{2}$
April - - - - -	1,919,240	1,647,789	18 $\frac{1}{2}$	17 $\frac{1}{2}$
May - - - - -	796,370	227,521	18 $\frac{1}{2}$	17 $\frac{1}{2}$
June - - - - -	105,988	229,002	18 $\frac{1}{2}$	17 $\frac{1}{2}$
July - - - - -	922,568	1,249,120	19	16 $\frac{1}{2}$
August - - - - -	1,669,522	1,214,750	20 $\frac{1}{2}$	19 $\frac{1}{2}$
September - - - - -	2,465,248	2,471,285	20 $\frac{1}{2}$	19 $\frac{1}{2}$
October - - - - -	1,715,698	2,684,809	19 $\frac{1}{2}$	18 $\frac{1}{2}$
November - - - - -	811,816	827,614	18 $\frac{1}{2}$	17 $\frac{1}{2}$
December - - - - -	1,464,670	497,142	19 $\frac{1}{2}$	18 $\frac{1}{2}$
Total - - - - -	16,274,225	11,574,232	20 $\frac{1}{2}$	16 $\frac{1}{2}$
1891	Rx	Rx	d.	d
January - - - - -	724,775	619,545	18 $\frac{1}{2}$	18 $\frac{1}{2}$
February - - - - -	1,164,426	-1,229,670	18	17
March - - - - -	916,266	-721,121	17 $\frac{1}{2}$	17 $\frac{1}{2}$
April - - - - -	2,149,765	24,224	17 $\frac{1}{2}$	16 $\frac{1}{2}$
May - - - - -	769,222	465,646	17 $\frac{1}{2}$	16 $\frac{1}{2}$
June - - - - -	-62,229	622,214	17 $\frac{1}{2}$	16 $\frac{1}{2}$
July - - - - -	-102,722	226,524	17 $\frac{1}{2}$	17 $\frac{1}{2}$
August - - - - -	89,622	-110,224	17 $\frac{1}{2}$	17 $\frac{1}{2}$
September - - - - -	640,175	-627,646	17 $\frac{1}{2}$	17
October - - - - -	152,217	-223,024	17 $\frac{1}{2}$	16 $\frac{1}{2}$
November - - - - -	577,672	-112,417	16 $\frac{1}{2}$	16 $\frac{1}{2}$
December - - - - -	1,244,126	-1,022,222	16 $\frac{1}{2}$	16 $\frac{1}{2}$
Total - - - - -	8,227,610	-2,190,627	18 $\frac{1}{2}$	16 $\frac{1}{2}$
1892	Rx	Rx	d	d
January - - - - -	225,247	-2,222,222	16 $\frac{1}{2}$	16
February - - - - -	1,022,222	271,222	16 $\frac{1}{2}$	15 $\frac{1}{2}$
March - - - - -	2,222,222	1,122,222	16	15 $\frac{1}{2}$
April - - - - -	1,772,222	-112,222	15 $\frac{1}{2}$	15 $\frac{1}{2}$
May - - - - -	1,222,222	1,222,222	14 $\frac{1}{2}$	15 $\frac{1}{2}$
June - - - - -	822,222	1,422,222	15 $\frac{1}{2}$	15 $\frac{1}{2}$
July - - - - -	722,222	1,222,222	15 $\frac{1}{2}$	15
August - - - - -	1,222,222	622,222	15	14 $\frac{1}{2}$
September - - - - -	522,222	-222,222	14 $\frac{1}{2}$	14 $\frac{1}{2}$
October - - - - -	612,222	-222,222	15 $\frac{1}{2}$	14 $\frac{1}{2}$
November - - - - -	522,222	-112,222	15 $\frac{1}{2}$	14 $\frac{1}{2}$
December - - - - -	722,222	-2,222,222	14 $\frac{1}{2}$	14 $\frac{1}{2}$
Total - - - - -	11,222,222	1,222,222	16 $\frac{1}{2}$	14 $\frac{1}{2}$

STATEMENT OF THE AFFAIRS OF THE BANK OF BENGAL.

For the Week ending	Liabilities										Assets																
	Capital and Reserve.			Public Deposits to Government			Other Liabilities			Government Securities and other authorised Investments			Advances Loans and Credits			Bills discounted.			Hullion.			Other Assets			Cash and Currency Notes		
	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.	Rs.	As.	P.
27th Jan 1880	2,22,80,090	0	0	2,01,84,976	2	8	3,81,57,016	5	2	1,14,60,745	0	0	1,31,84,826	4	2	1,50,85,057	5	8	37,848	4	0	21,30,588	9	8	3,87,34,047	0	9
24th Feb "	2,22,80,090	0	0	1,91,95,840	4	8	8,16,08,178	5	5	94,15,687	18	0	1,27,38,386	19	7	1,92,94,172	0	7	2,80,217	5	9	17,46,199	14	5	2,81,74,404	12	9
30th March "	2,22,80,090	0	0	1,43,54,259	4	6	8,12,32,328	2	4	77,03,145	0	0	1,31,55,829	2	10	3,18,86,457	0	8	25,840	1	8	17,10,418	8	4	3,56,92,907	14	11
27th April "	2,22,80,090	0	0	1,95,05,650	10	8	2,66,98,486	8	8	66,76,828	0	0	1,31,89,897	1	4	1,02,94,489	14	8	8,52,574	8	9	16,45,645	2	0	2,71,77,508	8	7
25th May "	2,22,89,940	0	0	1,99,73,880	2	9	2,78,18,230	10	8	69,09,924	0	0	1,65,56,309	15	6	1,88,50,914	1	4	8,779,148	8	9	17,47,123	8	6	2,70,14,199	12	0
29th June "	2,22,89,940	0	0	2,07,82,249	10	2	3,67,94,808	8	8	1,25,91,186	0	0	1,04,88,998	5	2	1,93,87,507	18	6	8,70,976	0	7	16,22,968	5	6	3,75,39,401	5	6
27th July "	2,22,89,940	0	0	4,07,95,037	9	5	2,94,47,029	10	2	1,35,44,872	0	0	1,15,10,445	8	11	2,03,68,792	15	8	62,860	7	8	18,95,858	6	0	4,59,18,491	8	11
24th Aug "	2,22,89,940	0	0	3,87,89,435	15	6	3,16,68,773	11	3	1,36,88,925	0	0	1,06,88,988	4	6	1,68,59,394	18	0	55,768	2	0	20,18,899	6	10	3,28,20,258	2	8
28th Sept "	2,22,89,940	0	0	2,48,42,824	15	5	3,26,94,038	7	6	1,27,65,281	8	0	1,13,40,588	14	7	1,18,73,010	9	2	31,975	11	9	18,78,421	3	5	4,19,28,408	8	8
26th Oct "	2,22,89,940	0	0	1,87,39,679	8	10	3,69,89,837	8	10	1,38,90,473	0	0	1,08,64,896	3	1	1,30,28,685	5	2	86,199	11	9	19,17,827	2	5	4,38,20,354	2	8
23rd Nov "	2,22,89,940	0	0	1,68,53,005	2	10	4,90,95,005	5	8	1,82,29,980	0	0	1,00,69,300	4	4	1,41,45,790	18	4	47,297	12	4	17,87,860	7	8	3,54,68,590	8	4
28th Dec "	2,22,87,808	0	0	1,84,68,886	6	4	4,85,68,384	8	4	1,47,48,978	0	8	94,48,477	13	5	1,71,85,628	7	7	10,21,788	7	4	20,86,791	11	8	4,69,45,371	1	10
25th Jan 1881	2,25,19,161	4	4	2,05,46,891	8	4	4,14,98,398	5	1	1,18,52,743	8	1	91,97,189	7	4	2,06,38,415	4	8	8,85,986	14	6	22,81,786	7	4	4,02,83,420	18	10
22nd Feb "	2,25,19,161	4	4	2,19,19,776	9	2	3,59,44,993	2	6	1,05,94,371	0	0	99,08,770	1	4	2,46,80,890	8	0	6,71,188	6	4	23,90,298	12	0	3,00,81,903	15	4
19th March "	2,25,19,161	4	4	1,91,85,197	3	7	3,85,60,672	5	11	1,31,14,397	1	0	89,98,284	0	9	2,48,80,398	7	1	3,62,749	0	4	23,70,878	5	10	3,00,81,850	14	10
26th April "	2,25,12,161	4	4	3,85,51,580	14	4	2,90,40,190	1	8	1,34,52,614	6	0	1,04,48,739	2	9	2,28,48,111	1	8	9,96,873	13	5	21,56,756	4	1	3,56,00,838	10	2
22nd May "	2,25,12,161	4	4	1,91,64,900	8	2	3,05,51,008	14	8	1,47,40,998	0	0	89,98,475	10	8	2,07,29,801	19	3	7,26,219	8	9	22,00,618	0	11	2,56,40,182	6	1
18th June "	2,25,12,161	4	4	3,04,80,798	3	6	3,24,38,879	5	6	1,47,49,961	2	0	73,92,869	11	8	1,67,27,586	5	0	3,446,393	10	0	20,98,001	14	0	4,48,22,474	0	0
27th July "	2,25,19,001	4	4	3,25,34,639	1	8	4,06,72,678	12	1	1,52,49,896	4	0	82,00,657	17	7	1,09,27,577	7	7	3,81,976	7	9	31,85,799	3	8	4,29,01,474	18	10
20th Aug "	2,25,12,001	4	4	3,15,34,621	0	10	2,98,45,148	10	2	1,67,66,586	7	0	1,05,28,641	2	5	2,85,00,428	18	1	1,08,041	3	8	28,81,888	4	9	3,01,06,284	18	10
20th Sept "	2,25,11,866	4	4	3,66,95,781	11	0	3,98,20,816	9	3	1,43,28,990	0	0	1,28,16,945	1	5	2,19,08,996	4	1	2,19,178	19	3	34,06,284	11	8	3,59,72,404	10	11
25th Oct "	2,25,11,866	4	4	3,14,68,465	8	11	3,67,91,252	7	8	1,42,20,971	0	0	1,58,86,606	18	5	1,51,04,781	18	7	3,64,082	11	0	21,49,192	14	10	2,99,63,106	8	8
29th Nov "	2,25,11,866	4	4	3,89,20,587	8	10	3,68,84,250	3	1	1,19,81,176	0	0	1,46,18,400	14	8	1,90,28,715	5	4	2,75,308	1	4	31,89,347	8	4	3,28,85,208	10	10
27th Dec "	2,25,11,866	4	4	2,97,18,739	0	8	3,61,48,222	2	3	1,09,28,604	0	0	1,74,56,468	10	2	9,93,05,149	4	4	8,04,845	0	10	23,98,050	10	8	1,95,96,514	8	10
23rd Jan. 1882	2,80,11,866	4	4	3,55,69,028	6	5	3,64,74,880	3	4	1,18,81,186	8	0	1,90,87,287	12	6	2,08,08,797	14	0	7,31,163	15	5	25,98,976	7	1	2,87,93,965	5	1
21st Feb "	2,80,11,866	4	4	3,80,82,992	13	3	2,88,98,241	4	6	1,18,70,071	0	0	1,46,63,338	8	10	2,39,02,544	8	2	6,58,950	4	4	28,17,682	6	8	3,20,61,048	10	9
23rd March "	2,80,11,866	4	4	3,28,61,149	19	6	3,66,81,844	10	6	1,03,10,831	8	0	1,96,98,914	11	5	3,30,69,188	4	8	11,15,929	15	3	23,24,888	2	6	1,80,54,508	1	6
25th April "	2,80,11,866	4	4	2,40,64,421	1	6	2,60,32,578	6	11	1,16,10,659	2	0	1,48,88,866	15	0	2,24,96,319	11	2	7,47,565	11	2	24,71,968	11	6	2,09,72,580	10	5
30th May "	2,80,11,866	4	4	2,15,11,897	10	6	2,49,1,907	6	1	1,23,27,199	4	0	1,31,06,591	0	1	8,21,249	8	1	9,15,479	6	11	28,07,628	0	0	1,96,33,779	4	10
27th June "	2,80,11,866	4	4	3,27,91,029	11	8	3,59,89,439	14	3	1,28,09,048	0	0	97,07,973	13	7	3,61,0,208	1	6	6,20,615	0	4	31,67,298	2	1	3,48,47,194	14	4
25th July "	2,80,11,866	4	4	3,91,81,426	10	10	3,71,05,974	13	1	1,32,30,372	10	0	97,04,627	14	8	2,57,99,640	18	6	4,89,230	6	0	20,82,984	15	4	3,89,92,760	10	8
29th Aug "	2,83,11,866	4	4	2,61,80,758	5	9	2,84,98,806	7	10	1,21,21,473	12	0	90,66,161	10	0	2,49,38,547	8	8	26,379	9	9	24,35,451	14	5	2,73,19,543	12	6
26th Sept "	2,83,11,866	4	4	3,28,99,972	6	2	3,13,36,319	15	10	1,06,89,799	14	0	89,87,154	18	8	2,30,51,559	3	2	6,80,668	8	11	26,76,018	14	0	2,28,33,115	8	5
31st Oct "	2,83,11,791	4	4	2,49,84,930	5	8	2,69,2,120	1	6	97,76,209	4	1	69,76,178	4	1	3,38,62,875	1	7	1,57,308	0	1	24,14,308	8	2	3,45,61,047	9	8
29th Nov "	2,83,11,756	4	4	3,17,54,314	1	1	3,62,20,914	5	10	1,19,31,778	4	0	99,87,189	7	8	8,87,968	15	9	49,841	8	9	29,52,610	11	0	2,83,78,918	1	0
22nd Dec "	2,83,11,746	4	4	2,46,92,164	5	2	2,46,95,263	2	11	1,33,85,788	13	0	1,35,35,905	2	8	2,15,60,770	9	7	8,276,974	9	9	22,58,891	15	8	3,28,44,846	11	2
30th Jan. 1883	2,85,11,745	4	4	2,49,98,875	5	9	2,18,98,284	13	10	1,48,59,868	8	0	99,89,829	5	8	2,10,05,898	2	8	37,477	16	9	28,81,610	10	6	3,18,25,178	10	6
27th Feb "	2,85,11,646	4	4	2,48,47,123	8	6	2,80,82,744	9	9	1,41,42,854	0	0	94,14,604	10	8	2,19,99,038	14	2	7,92,223	4	0	24,11,849	14	0	2,88,81,993	7	9

APPENDIX II

Coinage

	1870-71 to 1874-75	1875-76 to 1879-80	1880-81 to 1884-85	1885-86 to 1889-90	1890-91	1891-92
<i>Total Amount</i>	Rx 80 882	Rx 47 601	Rx 77,784	Rx 68 246	Rx —	Rx 24,801
Gold	14,656,411	49,469 404	29,409 040	41,558 941	18,168,474	5,553,974
Silver	167,667	51,118	277,885	674 797	178 809	166 817
Copper						
Total	14 804,960	48,682,188	29,897,709	42,236,984	18,341,783	5,745 092
<i>Annual Average</i>						
Gold	16,176	9 520	15 557	13,649	—	24 801
Silver	2,981,289	8,498 892	4,480,408	8,910,788	13 168 474	5,553 974
Copper	83 584	108,924	75 577	184,259	178 809	166 817
Total	2,980,992	8,606,435	4,571,543	8,456,986	18,341,783	5 745,092

Paper Currency

Amount of currency notes in circulation on the 31st of March —

	Rx
1871	10 437 291
1872	13,167 917
1873	11 135 061
1874	9 849 761
1875	11,286 438
1876	10,999 927
1877	11,617 811
1878	13,374 750
1879	11,423 645
1880	12,357 727
1881	13 401,736
1882	13,807,178
1883	14 508 408
1884	12,756 541
1885	14 576,804
1886	14 173,272
1887	18,876,836
1888	16 424,379
1889	15,737,813
1890	15,771,780
1891	25,690 449
1892	24,076 408
1893	26,401,920

On the 31st of August 1892 it was 29 065,039, the highest point yet reached

The fiduciary reserve was raised in 1879-73 from about 4 crores to 5½ crores, and in 1879-80 to approximately 6 crores at which point it remained until by Act XV of 1890 power was obtained to increase it to an amount not exceeding 8 crores. In 1891 the amount of securities held in the Reserve was raised to approximately 7 crores, and in March 1892 to the maximum of 8 crores permissible.

Paper Currency Reserve in India.

Silver Bullion in the Paper Currency Reserve

	Average
	Rx
1870-71 to 1874-75	1 468,771
1875-76 to 1879-80	1,319 060
1880-81 to 1884-85	793 693
1885-86 to 1889-90	1,005 994
1890-91	788,374

Constitution of the Paper Currency Reserve

	31st March 1890	31st March 1891	31st March 1893	Maximum, 31st Aug 1892	31st March 1893
	Rx	Rx	Rx	Rx	Rx
Silver coin	8 250,998	17 902 079	14 898 889	18,386,342	17,538,374
Silver bullion	1 431 484	788,374	1 777,569	2 678 697	868,246
Securities	5,999,998	6,999,996	6,000,000	6,000,000	8 000 000
Deduct, outstanding (received at Calcutta but not paid at Bombay)	—	—	—	—	-5,000
Total of notes in circulation	15,771,780	25,690,449	24,076,408	29,065,039	26,401 920

SALE OF BILLS AND TELEGRAPHIC TRANSFERS ON INDIA

Years	Value of Bills, Rs., sold	Sterling Amount obtained	Rates of Exchange			Exchange on Net Expenditure in England charged on the Revenues	Total Charge for Exchange, including Sums paid in India on Remittance Account, and for Additional Payment to British Sellers, and Amount incurred on Capital Expenditure in England
			Maximum	Minimum	Average.		
	Rupces.	£	s d.	s d.	s d.	Rs.	Rs.
1870-71 - -	8,00,85,000	8,445,509	1 11½	1 10½	1 10 486	In these years the figures en- tered cannot be properly compared with those shown in the present Accounts	
1871-72 - -	10 70 00,000	10,810,359	1 11½	1 10½	1 11 126		
1872-73 - -	14,70,33,000	13,939,095	1 11½	1 10½	1 10 754		
1873-74 - -	14,86,57,000	13,385,678	1 11½	1 9½	1 10 351		
1874-75 - -	11,74,37,000	10,841,614	1 11	1 9½	1 10 136		
Total - -	50,42,04,000	56,820,285					
Average - -	12,08,40,800	11,864,047					
1875-76 - -	13,75,00,000	13,389,613	1 10¼	1 9	1 9 626	1,377,428	1,516,607
1876-77 - -	14,69,00,000	13,625,799	1 10½	1 8½	1 6 508	2,255,611	2,563,467
1877-78 - -	11,69,85,000	10,134,455	1 10	1 8¼	1 8 791	2 193 080	2,447,124
1878-79 - -	16,91,28,612	13 948,555	1 8½	1 6½	1 7 704	2,891 902	3,265,028
1879-80 - -	18,25,00,000	15,261,610	1 8½	1 7	1 7 961	2,878 169	3,066,705
Total - -	75 06,08,612	64,480,249					
Average - -	15,12,01,723	12,886,048					
1880-81 - -	13,32,77,000	12,239,677	1 8½	1 7½	1 7 956	2,264,848	2,388,047
1881-82 - -	22,21 09,250	18,413,429	1 8½	1 7½	1 7 895	2,481 499	2,603,373
1882-83 - -	15,56,56,398	15,190,591	1 8½	1 7	1 7 525	3,050,928	3,804,788
1883-84 - -	21,63,15 462	17,599 805	1 8	1 7½	1 7 586	3,375,138	3 541,112
1884-85 - -	17,10,22,118	12,768,909	1 7½	1 6½	1 7 208	3,263 926	3,768,560
Total - -	97,24,50,438	80,131,341					
Average - -	19,56,96,105	16,026,268					
1885-86 - -	18,52,25,269	10,222,623	1 7½	1 5½	1 6 254	4,399 888	4,854,137
1886-87 - -	15,70,06,150	12,136,279	1 6½	1 4½	1 5 441	5,389,714	6,129,561
1887-88 - -	21,61,29,993	13,358,577	1 5½	1 4½	1 4 498	6,256,939	6,516,419
1888-89 - -	20,69,51,231	14,263,629	1 4½	1 4	1 4 379	5,917 599	5,789 887
1889-90 - -	22,41,26,628	15,474,426	1 5½	1 4	1 4 666	6,512,767	7,141,671
Total - -	95,86,20,271	67,524,908					
Average - -	19,07,26 074	13,504,981					
1890-91 - -	21,18,59,300	15,269 034	1 8½	1 4½	1 6 020	4,659,055	5,737,628
1891-92 - -	23,57,14,869	16,401,338	1 5½	1 3¼	1 4 723	5,293,209	7,604,700
1892-93 - -	25,09 97,298	16,224,221	1 5½	1 2½	1 2 922	9 811,400*	10,245,000*

* Revised Estimate.

INDIAN CURRENCY COMMITTEE

REVENUE AND EXPENDITURES of the GOVERNMENT of INDIA

Year	Average Rate of Exchange on Rupee drawn on India	In India.			In England		Final Result
		Net Revenue.	Net Expenditure, excluding Exchange	Surplus Revenue	Net Sterling Expenditure.	Exchange	Surplus or Deficit
	d	Rx	Rx	Rx	£	Rx	Rx
*1868-69	28 197	87,148,438	27,712,100	9 431,288	11,843 569	409 986	-2,824,277
*1869-70	28 267	88,617,866	26 346,788	12 268,583	11,805 756	371,888	90,589
*1870-71	28 496	39,099,198	25,160 127	14,433,056	12 870,066	827,794	1 284,306
*1871-72	23 196	40,329,071	24,371,884	15,857,687	13,304,590	46,030	3 088 067
*1872-73	22 754	40,376,761	23,568 694	14,993 077	12,536,118	586,568	1 770,391
*1873-74	22 851	39,265 776	27,927 039	11,288 787	13,266,394	904,374	-1,233,231
*1874-75	22 156	39 564,216	23,897 098	13 667,118	12 862,101	1,045,229	59 778
1875-76	21 626	40 058 419	24,541,928	15,511 496	12,544,813	1,377 428	1 589,355
1876-77	20 308	38,333,866	23,365,286	13,698 081	12,229 646	2,222,611	-2,524,476
1877-78	20 791	39,275,469	27,658,091	11 617,468	13,756,478	2,128,030	-4,262,240
1878-79	19 794	44,413,139	23,778 928	19 635,211	13 810 211	3 891 902	2 134 098
" †	19 794	44 413,139	23 178,819	19 286 320	13 584 101	2 875,730	3 826 489
1879-80	19 961	43 238 197	29 334,030	15 874,167	14,227 891	2 878,169	-1 227,539
" †	19 961	43 238,197	24,722 886	20 465,811	14 049 411	2,842,264	2,573 536
1880-81	19 956	44,091 119	34,880 434	9,870 685	11,177,281	2,264 648	-3,631,394
" †	19 956	44,091 119	24 185,116	20 506,004	13 801,668	2,796,639	3,907 927
1881-82	19 895	45 471 887	27 717,249	17 754 638	11 737 688	2 431 439	3 595 451
†	19 895	45,471 887	26,440 098	19,081,794	14 029,585	2 894,340	9 107 769
1882-83	19 535	42,526,173	25,500 437	17 021 736	13,229 976	3,050 923	674,337
" †	19 535	42,526,173	24 391,128	18 125 044	13,629 165	3,140,888	1 301 981
1883-84	19 536	43 561,278	23,566,391	20,024,892	14,770 257	3,375 158	1 879,477
" †	19 536	43,561 278	22 522,215	20 059,058	14,764,095	3 373 750	1 981,213
1884-85	19 308	41,985 847	24 763,779	16,231,568	13,844 028	3 363,296	-326,446
1885-86	18 254	46,635,958	27 852 133	15,888,621	13 755,659	4,239,388	-2,201 726
1886-87	17 441	44,304,774	25,124,355	19,680,423	14,179 293	5 329 714	178 427
1887-88	18 898	45,424,350	23 968,025	19,456,125	15,128 018	6 356 393	-2 023,529
1888-89	16 379	45,558,354	25,051 147	21 507,207	14,652 590	6 817 539	37 018
1889-90	16 366	50,005 810	26 367 855	23,687,055	14,313,155	6 512 767	2 612,083
1890-91	18 090	49,403,819	25,579 727	23 624,022	15,176 866	4 959 055	3 688 171
1891-92	18 738	50 023,142	27,019,618	23 009 524	15 716,780	6,225,909	407 585
Revised Estimates, 1892-93	18 000	51 620 600	26,448,900	25,091,700	16,253,200	5,811,400	-1 021 900
Budget, 1893-94	14 750	50 172 200	26 202,400	23 869,800	15,650,800	9,214 600	-1,525,400

* For the years 1868-69 to 1874-75 the figures relating to transactions in India are approximate, as the Accounts have not been re-cast with the present mode of reckoning exchange on transactions in India.

† Omitting expenditure and receipts on account of military operations in Afghanistan and Egypt.

INCREASE OF REVENUE (See paragraph 44 of the Report)

Since March 1882 when the great remission of taxation took place in India, the net revenues have increased to the following extent —

	1882-83	Revised Estimate, 1892-93	Increase in Ten Years
<i>Taxation proper</i>			
	Rs.	Rs.	Rs.
Salt - - - - -	5,875,000	8,149,000	
Stamps - - - - -	3,309,000	4,368,000	
Excise - - - - -	9,475,000	4,579,000	
Provincial Rates - - - - -	3,618,000	3,579,000	
Customs - - - - -	1,089,000	1,418,000	
Assessed Taxes - - - - -	484,000	1,666,000	
Registration - - - - -	100,000	218,000	
	16,545,000	24,247,000	7,602,000
<i>Other Sources of Revenue</i>			
Land Revenue - - - - -	18,749,000	20,845,000	
Opium - - - - -	7,316,000	6,371,000	
Forest - - - - -	857,000	729,000	
Tributes - - - - -	690,000	789,000	
Assignments and Compenations - - - - -	-1,195,000	-1,318,000	
	25,920,000	27,526,000	1,406,000
Total Net Revenue - - - - -	42,465,000	51,473,000	
<i>Receipts which are a set-off against Expenditure</i>			
Railways net traffic receipts, less payment of surplus profits to Companies	6,718,000	10,620,000	
Irrigation Major Works net receipts	891,000	1,422,000	
Post Office net receipt	-249,000	96,000	
Telegraph	-56,000	287,000	
Mint	95,000	231,000	
	7,368,000	12,656,000	5,288,000
Grand Total - - - - -	49,833,000	64,129,000	14,311,000

NET EXPENDITURE OF THE GOVERNMENT OF INDIA

[Note.—1875-76 is the earliest year for which the accounts were re-cast in the

IN

Heads of Expenditure	1875-76	1881-82	1892-93
	Rx	Rx	Rx
Interest (on debt other than that charged to railways and irrigation works, and on other obligations) Charges - - -	2,480,980	1,827,808	411,700
Receipts - - -	541,950	840,434	816,900
Net charge - - -	1,888,980	987,374	- 407,500
Post Office, Telegraph, and Mint Net charge - - -	160,658	123,835	- 542,500
Salaries and expenses of Civil Departments Net charge - - -	8,560,435	9,089,779	11,728,900
Miscellaneous Civil Charges Net charge - - -	1,845,947	1,667,904	1,864,000
Famine Relief and Insurance	601,379	1,367,687	1,186,100
Construction of Railways (charged against revenue, in addition to that under Famine Insurance)	29,680	74,175	297,500
Railway Revenue Account Charges - - -	1,020,524	5,306,740	11,891,800
Receipts - - -	4,575,619	10,889,448	19,079,200
Net charge - - -	- 8,552,993	- 5,575,709	- 7,167,900
Irrigation Charges - - -	1,666,895	1,987,802	3,006,800
Receipts - - -	574,742	1,479,235	3,338,200
Net charge - - -	1,091,654	508,567	667,900
Buildings and Roads Net charge - - -	4,074,771	4,351,412	5,271,800
Army Net charge - - -	10,786,800	12,125,229	14,706,700
Special Defence Works - - -	—	—	268,900
Total net Expenditure in India - - -	24,976,604	24,930,501	27,204,000
Deduct portion thereof defrayed from Provincial Balances - - -	- 494,691	—	- 211,000
Add portion of allotments to Provincial Governments which being unspent within the year, is added to their balances - - -	—	1,519,792	—
Total net Expenditure in India charged against Revenue - - -	24,541,928	26,440,098	26,493,500

in 1892-93, compared with 1875-76 and 1881-82

form now adopted 1881-82 as the year before the great remissions of taxation.]

DIA

Increase in 1892-93 over		REMARKS
1875-76	1881-82.	
Rx	Rx	
-2,295,480	-1,594,574	For the purposes of account the debt is divided into Ordinary Debt and Debt for Public Works. The amount of any new loans is added to the Ordinary Debt; and in each year an amount of debt corresponding to the capital outlay on railways and irrigation works is transferred from the Ordinary Debt to the Debt for those works the interest on the latter being charged under the heads of Railway Revenue Account and Irrigation. As the expenditure has not been entirely provided by loan, but partly by revenue and other balances such as Savings Bank Deposits, &c., the Ordinary Debt, and the interest thereon, has been greatly reduced.
-702,958	-666,435	All three branches, Post Office, Telegraph, and Mint, have now become in most years sources of revenue instead of expenditure. The chief part of the improvement has occurred in the Telegraphs.
3,178,465	2,639,121	The increase in 1892-93 over 1875-76 occurred in the following departments—Police, Rx 1,261,796, Law and Justice, Rx 585,799; Education Rx 884,770; Political Rx 359,480; General Administration, Rx 258,056; Medical Rx 299,274; Marine, Rx 79,640; Scientific and Minor Departments Rx 21,436; Ecclesiastical, Rx. 5,234. Of the total amount, Rx. 891,100 has been incurred in Upper Burma.
16,058	-303,904	The increase in Civil Superannuation and in Stationery and Printing is less than the saving in Political Pensions. Exchange on the capital transactions with Railway Companies, and Miscellaneous transactions.
584,781	-694,597	The charge in 1875-76 was for actual famine relief in Bengal. In 1881-82 the money was almost entirely divided between the construction of works calculated to protect the country against famine and the reduction of debt. In 1892-93 nearly the whole is devoted to protective works; and besides the sum of Rx. 1,136,100 there is under the Railway Revenue Account, a charge of Rx. 383,800 (making Rx. 1,500,000 in all) on account of the net charge for the Bengal Nagpur and Indian Midland Railways, which were constructed as Famine Works.
267,220	253,425	The payment in 1892-93 is mainly for the East Coast Railway and for a provincial railway in Madras.
		f
-3,624,905	-1,612,197	The charges in India include the working expenses of the railways, and the interest on their capital cost, except in so far as it is paid in sterling to companies in England.
-428,764	159,351	The charges in India include the working expenses and repairs of the canals, &c., the whole of the interest on their capital cost, unless the latter has been defrayed out of revenues, as in the case of the minor works, and the outlay during the year in the construction of small works.
1,197,099	930,888	The amount of the outlay on buildings and roads varies with the means which the Local Governments have of pressing them forward. In both 1875-76 and 1892-93 part of this expenditure was defrayed from the Provincial Balances.
6,919,800	2,581,411	Since 1883 the Army has been augmented by about 10,000 Europeans and 17,000 Natives. The detailed accounts for 1892-93 have not yet been received, but those for 1891-92 show an increase of Rx. 2,529,000 over 1881-82, thus composed—Regimental Pay Rx. 619,000 (of which about Rx. 223,000 was caused by the fall in exchange); Commissariat, Rx. 502,000; Medical, Rx. 394,000; Bazaar, Rx. 128,000; Ordnance, Rx. 147,000; Clothing Rx. 140,000; Volunteers, Rx. 100,000; other Effective charges, Rx. 856,000; and Non-Effective, Rx. 208,000.
268,900	268,900	The works for the special defence of the harbours and of the posts on the North West frontier were commenced in 1868-67. About 4 crores of rupees have been spent altogether in India and in England.
2,227,896	9,284,196	
-376,819	-2,330,798	In 1881-82 the Provincial Governments did not spend their full allotments and the unspent amount was added to their balances and charged on the Imperial expenditure. In 1875-76 and in 1891-92 they spent more than the amount allotted to them, and the excess was withdrawn from their balances and credited to the Imperial Government.
1,931,677	59,407	

NET EXPENDITURE OF THE GOVERNMENT OF INDIA IN 1892-93, COMPARED WITH 1875-76 AND 1881-82—continued.

Heads of Expenditure	1875-76	1881-82	1892-93		REMARKS	
			Increase in 1892-93 over			
			1875-76	1881-82		
IN ENGLAND						
		£	£	£	£	
Interest						
Net charge	2,125,116	2,456,656	2,405,800	281,685	-49,856	In 1882 the interest on a large portion of the sterling debt was reduced from 4 to 3½ per cent.
Post Office, Telegraph, and Mint						
Net charge	158,487	162,158	255,600	97,118	97,472	The principal part of the increase in the net charge is in the cost of stores, but, as compared with 1881-82, part arises from the reduction of receipts from the Indo-European Telegraph under the Common Fund arrangement.
Civil Departments						
Net charge	489,648	485,642	637,300	198,752	201,658	The increase is largely due to the construction of two new transports and a dredger in the current year.
Miscellaneous Civil Charges						
Net charge	1,369,961	1,657,546	2,068,300	498,339	411,854	The increase is in Civil Superannuation.
Famine Relief and Insurance						
	587	165	—	—	-587	-165
Construction of Railways charged against Revenue.	—	868,491	—	—	-868,491	In 1881-82 certain stores for frontier railways were charged under this head.
Railway Revenue Account						
Net charge	4,606,012	4,838,892	5,740,700	1,184,688	881,808	The increase is owing to the interest payable to the new companies, Bengal-Nagpur, Indian Midland, Southern Mahatris, Bengal Central, South Indian, and Assam Bengal Railway Companies.
Irrigation						
Net charge	49,981	50,027	1,600	-49,381	-49,487	Cessation of the interest paid to the Madras Irrigation Company, on the canal being purchased by the State.
Buildings and Bonds						
Net charge	76,884	82,882	106,400	29,516	24,018	The increase is in stores for military works.
Army						
Net charge	3,476,048	3,929,219	4,307,300	1,481,252	978,081	The principal variations since 1881-82 are increase in Contingent Rate paid to War Office 116,000l., and in deferred pay 146,000l. in 1892-93 also large arrears were paid, exceeding 300,000l. In Ordnance stores there was an increase of 578,000l., but in other stores a reduction of 154,000l. In Non Effective Charges the increase was 218,000l.
Special Defence Works	—	—	281,100	281,100	281,100	
Total net Expenditure in England	12,501,578	18,992,148	16,365,700	8,854,127	2,869,552	
EXCHANGE						
Exchange on net Expenditure in England	1,979,680	3,886,396	9,813,400	8,440,720	6,996,804	The average rate of exchange was 21 895d in 1875-76; 19 895d in 1881-82; and has been taken at 15d for 1892-93.
Total net Charge on the Revenues of India.	86,416,176	49,818,887	52,662,600	14,266,434	9,843,768	

TABLES Distinguishing the PAYMENTS of the GOVERNMENT OF INDIA in STERLING on Old and on NEW CONTRACTS

Table I.—Payments on old or fixed Contracts

(In continuation of Tables on pages 335-337 of the Appendix to the First Report of the Gold and Silver Commission)

	1874-75	1874-83.	1885-90.	1895-97	1897-98.	1898-99	1899-00.	1900-01.	1901-02
PAYMENTS ON OLD OR FIXED CONTRACTS									
Interest on debt	5,178,130	5,488,135	5,373,405	5,260,771	5,070,728	3,375,740	3,033,002	3,043,838	1,952,767
Home charges for service of British forces in India	820,850	1,448,846	740,533	651,138	620,809	1,058,076	1,366,544	1,506,541	1,107,058
Passage of troops to and from India	392,860	304,540	395,423	320,336	305,441	126,150	124,535	323,637	226,517
Pensions and furlough allowances at rates fixed in sterling (approximately)	2,659,408	3,182,037	3,225,317	3,333,466	3,429,423	3,473,030	3,493,050	3,466,689	3,013,479
Home administration	308,334	259,259	246,643	230,687	235,345	330,035	338,244	331,407	333,333
Miscellaneous	135,668	394,119	690,083	544,889	318,645	65,078	114,818	8,836*	222,333
Guaranteed companies	6,559,783	3,317,840	3,180,733	3,306,976	3,094,690	3,397,383	3,297,028	3,554,130	3,114,159
Guaranteed interest	—	1,373,506	1,300,150	1,346,749	1,333,527	1,330,390	1,349,380	1,535,074	1,360,540
Annuities and interest in respect of lines purchased	—	1,944,334	—	—	—	—	—	—	—
Net withdrawals	761,046	—	148,483	691,225	761,163	1,064,015	947,648	1,718,546	—
Deduct grants in aid of Afghan and Egyptian Expeditions	11,704,933	14,997,180	11,971,979	12,453,807	13,076,630	13,383,039	11,298,311	13,372,673	11,629,334
Net payments in sterling in each year	11,704,933	10,737,139	11,381,979	12,453,807	13,076,630	13,383,039	11,306,311	13,372,673	11,893,334
Net payments in sterling in 1874-75	11,704,933	11,704,933	11,704,933	11,704,933	11,704,933	11,704,933	11,704,933	11,704,933	11,704,933
Excess of net payments in sterling in each year over those in 1874-75	—	—2,966,800	—226,974	748,874	1,371,703	1,678,106	51,378	1,667,740	138,401
Average rate obtained for bills and transfers on India in each year	1s 10 1/2d.	1s 7 3/8d.	1s 6 3/4d.	1s 5 1/2d.	1s 4 3/8d.	1s 4 3/8d.	1s 4 3/8d.	1s 4 3/8d.	1s 4 3/8d.
Excess needed to provide for the net sterling payments of each year at the average rate of that year	13,07,88,737	17,15,73,855	14,95,53,141	17,13,75,543	19,43,50,742	19,01,48,155	17,23,14,061	18,40,47,733	17,05,64,329
Excess needed to provide for the net sterling payments of 1874-75 at the average rate of 1874-75.	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737
Total excess	—	4,07,85,118	1,87,64,404	4,05,86,806	6,35,62,005	5,93,59,418	4,12,85,324	5,32,59,000	3,97,85,600
Excess caused by fall in the rate of exchange —	13,07,88,737	17,13,73,855	14,95,53,141	17,13,75,543	19,43,50,742	19,01,48,155	17,23,14,061	18,40,47,733	17,05,64,329
Excess needed to provide for the net sterling payments of each year at the average rate of that year	13,07,88,737	17,13,73,855	14,95,53,141	17,13,75,543	19,43,50,742	19,01,48,155	17,23,14,061	18,40,47,733	17,05,64,329
Excess needed to provide for the net sterling payments of each year at the average rate of 1874-75	—	4,07,85,118	1,87,64,404	4,05,86,806	6,35,62,005	5,93,59,418	4,12,85,324	5,32,59,000	3,97,85,600
Excess caused by increase in sterling payments —	13,07,88,737	14,95,48,202	13,90,40,280	13,40,00,287	14,81,43,873	14,40,97,481	13,06,11,451	15,05,70,844	13,83,31,330
Excess needed to provide for the net sterling payments of each year at the average rate of 1874-75	—	1,87,64,404	—	—	—	—	—	—	—
Excess needed to provide for the net sterling payments of 1874-75 at the average rate of 1874-75	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737	13,07,88,737
Total excess	—	4,05,86,208	1,80,69,414	4,05,86,810	6,74,31,715	6,00,35,485	4,13,35,324	5,73,79,028	4,37,85,638

* Charge reduced by exceptionally large receipts.

Table II.—Payments on new or current Contracts

PAYMENTS ON NEW OR CURRENT CONTRACTS.	1874-75.	1884-85.	1889-90.	1899-00	1907-08.	1923-24.	1929-30.	1930-31.	1931-32.
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Interest on Debt raised since 1884-85, except that in connection with the purchase of Guaranteed Railways.	—	—	55,500	540,000	535,000	585,000	508,750	467,975	469,584
Stores for India	3,786,289	5,970,174	5,237,415	6,463,520	5,208,405	3,145,038	5,136,143	3,741,018	5,076,839
Pensions and Allowance allowances at rates fixed in Indian currency (approximately)	127,005	244,150	245,940	318,500	330,313	325,401	327,585	326,500	326,175
Remittance transactions	348,414	400,805	-5,644*	458,373	420,530	413,707	506,373	313,750	374,014
Railway companies under recent contracts—Interest	—	35,827	126,258	545,051	425,526	524,428	723,070	729,103	889,877
Stores, &c. for East Indian and other Railways charged in the Remittance Account	—	403,152	607,770	820,575	555,007	551,463	583,354	300,009	374,584
	5,539,998	5,183,128	6,231,074	6,076,103	4,158,526	4,136,241	6,151,754	4,559,489	5,097,800
Deduct net receipts from railway companies under recent contracts	—	1,437,423	4,943,070	1,375,430	5,100,424	946,235	-249,823	-299,823	-1,735,473
Net payments in sterling in each year	5,539,998	1,745,705	-711,996	4,700,673	1,058,102	3,289,716	4,944,577	5,259,312	6,731,009
Net payments in sterling in 1874-75	5,539,998	2,230,923	5,539,998	2,230,923	2,230,923	2,230,923	2,230,923	2,230,923	2,230,923
Excess of net payments in sterling in each year over those in 1874-75	—	-485,218	-2,828,000	-244,250	-1,172,821	540,748	1,263,654	1,828,389	3,411,071
Average rate obtained for bills and transfers on India in each year	1s 10 1/2d	1s 7 3/8d	1s 6 3/8d	1s 5 4 1/2d	1s 4 5/8d	1s 4 3/8d	1s 4 3/8d	1s 6 3/8d	1s 4 7/8d
Rupces needed to provide for the net sterling payments of each year at the average rate of that year	5,61,78,736	3,15,76,007	-4,12,00,000	5,85,11,828	1,50,40,878	5,69,65,404	6,75,47,351	5,36,11,497	6,58,37,023
Rupces needed to provide for the net sterling payments of 1874-75 at the average rate of 1874-75	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736
Total excess	—	-4,45,92,729	-4,09,80,750	33,38,078	-6,11,37,844	5,06,84,733	3,11,68,055	3,33,38,351	6,95,48,397
Excess caused by fall in the rate of exchange—									
Rupces needed to provide for the net sterling payments of each year at the average rate of that year	5,61,78,736	3,15,76,007	-4,12,00,000	5,85,11,828	1,50,40,878	5,69,65,404	6,75,47,351	5,36,11,497	6,58,37,023
Rupces needed to provide for the net sterling payments of each year at the average rate of 1874-75	5,61,78,736	1,26,01,393	-33,79,650	2,03,18,585	1,74,71,729	4,30,24,140	5,05,26,351	5,07,31,064	7,31,37,644
	—	37,78,614	-7,20,350	81,90,113	55,69,149	1,49,41,264	1,69,92,900	1,37,80,433	2,26,99,379
Excess caused by increase in sterling payments—									
Rupces needed to provide for the net sterling payments of each year at the average rate of 1874-75	5,61,78,736	1,26,01,393	-33,79,650	2,03,18,585	1,74,71,729	4,30,24,140	5,05,26,351	5,07,31,064	7,31,37,644
Rupces needed to provide for the net sterling payments of 1874-75 at the average rate of 1874-75	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736	5,61,78,736
	—	-4,35,77,343	-2,05,48,085	-35,69,151	-4,47,06,097	88,57,414	1,43,78,505	2,06,78,298	3,28,48,313
Total excess	—	-4,45,92,729	-4,09,80,750	33,38,078	-6,11,37,844	5,06,84,733	3,11,68,055	3,33,38,351	6,95,48,397

* Charge reduced by exceptionally large receipts.

Table III.—Comparison of 1874-75 and 1891-92

	1874-75.					1891-92.					Total Excess caused by Fall in Exchange in 1891-92 over 1874-75. (8 + 10.)	Total Excess in 1891-92 over 1874-75 by Increase in Net Gold Payments and by Fall in Exchange. (9 + 11.)
	Net Gold Payments.	Excess needed in 1874-75 for Net Gold Payments.	Excess needed in 1891-92 for the net amount of Gold Payments made in 1874-75.	Excess caused by Fall in Exchange on the net amount of Gold Payments made in 1874-75. (4 - 5.)	Net Gold Payments.	Excess needed in 1891-92 over 1874-75. (6 - 7.)	Additional Excess that would be due to 1874-75 have been needed on account of the Increase in Net Gold Payments in 1891-92.	Additional Excess actually needed in 1891-92 on account of the Increase in Net Gold Payments.	Excess caused by Fall in Exchange on the Increase in Net Gold Payments. (9 - 8.)			
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
PAYMENTS ON OLD AND FIXED CONTRACTS												
Interest on Debt	£ 2,176,120	Rs. 2,02,03,004	Rs. 2,18,40,129	Rs. 70,65,405	1,800,197	-27,29,979	-27,29,979	-60,49,777	-2,20,299	87,00,909	60,35,713	
Homes charges for service of British troops in India	299,630	28,28,111	1,17,00,000	23,80,075	1,127,028	236,682	23,64,467	46,25,005	11,51,128	40,08,015	77,05,683	
Passage of troops to and from India	299,630	31,74,970	60,00,000	10,58,105	236,617	-26,648	-2,07,061	-2,28,204	-1,05,748	8,51,528	8,24,801	
Pensions and furlough allowances at rates fixed in sterling (approximately)	5,026,403	5,05,90,108	5,78,55,004	69,80,798	5,018,476	1,00,00,000	1,00,00,000	1,40,40,403	34,97,105	1,37,02,904	5,25,00,000	
Homes administration	203,504	22,02,128	20,00,000	7,25,477	24,004	24,004	2,23,880	20,274	3,19,201	10,26,208	10,26,208	
Miscellaneous	123,258	12,28,713	17,73,075	4,25,255	223,558	60,250	10,70,105	14,84,940	5,48,775	7,89,008	12,26,208	
Guaranteed Companies	4,569,750	—	—	—	—	—	—	—	—	—	—	
Guaranteed interest	—	5,04,74,755	6,26,26,121	1,23,28,288	—	—	—	—	—	—	—	
Annuities and interest in respect of lines purchased.	—	—	—	—	—	—	—	—	—	—	—	
Net withdrawals	781,548	84,00,255	1,18,10,884	27,64,092	—	-24,66,252	-1,29,74,927	-1,27,29,221	-22,22,204	-11,21,255	-6,21,250	
	11,704,985	12,07,28,727	10,78,79,725	4,10,91,020	11,502,226	128,271	20,46,018	97,04,908	6,61,091	4,17,23,020	4,87,26,083	
PAYMENTS ON NEW OR CURRENT CONTRACTS.												
Interest on Debt raised since 1894-95, except that in connection with the purchase of Guaranteed Railways.	—	—	—	—	459,084	459,084	40,72,174	66,20,000	10,11,650	15,11,656	65,28,209	
Stores for India	4,760,280	5,01,88,280	2,59,04,124	07,81,808	2,076,880	-10,000	-11,000,000	-11,70,128	-2,25,214	23,24,224	20,00,000	
Pensions and furlough allowances at rates fixed in Indian currency (approximately)	127,000	20,24,800	26,85,000	6,26,704	804,178	117,113	12,80,970	12,70,707	4,11,120	10,07,800	25,50,421	
Remittance transactions	390,214	20,70,101	22,85,775	13,88,074	374,614	61,940	1,07,200	20,220	18,12,008	15,24,548	15,24,548	
Railway Companies under recent contracts Interest	—	—	—	—	829,277	829,277	20,06,450	1,20,43,173	22,47,748	20,47,748	1,20,43,173	
Stores, &c. for East Indian and other Railways charged in the Remittance Account.	—	—	—	—	374,096	374,096	40,26,520	25,70,000	12,16,200	33,16,200	26,75,000	
	5,280,908	3,81,78,726	4,70,03,010	1,17,26,164	5,097,201	1,097,201	1,28,25,400	5,48,08,288	5,98,479	1,10,50,603	3,20,24,772	
Deduct net receipts from Railway Companies under recent contracts.	—	—	—	—	-1,726,470	-1,726,470	-1,20,00,000	-2,42,42,221	-20,40,210	-20,40,210	-2,42,42,221	
	5,280,908	3,81,78,726	4,70,03,010	1,17,26,164	3,370,731	3,823,671	8,90,45,219	4,95,52,715	1,10,76,726	2,86,20,293	5,00,48,297	

STATEMENT showing the DIFFERENCE between the SUMS in RUPEES, at the BUDGET RATE of EXCHANGE and at the RATE realised, needed to provide for the net STERLING PAYMENTS in ENGLAND in each year, and the EQUIVALENT of that DIFFERENCE in STERLING at the RATE realised

Year	Net Sterling Payments			Rupees needed to provide for Net Sterling Payments				Additional Rupees needed owing to Exchange falling below the Rate assumed in the Budget and their Equivalent in Sterling at Rate realised	
	On Old or Fixed Contracts	On New or Current Contracts	Total.	At Budget Rate of Exchange		At Rate realised		Rs.	£
				Budget Rate s d	Rs (a)	Rate Realised s d	Rs (b)		
1874-75	£ 11 704,958	₹ 3,859 988	15,044,921	1 10 875	16,18 75 889	1 10 156	16,39,67 483	15 91 784	146 946
1875-76	18 181,735	3,286,898	15,468 133	1 9 875	16 97,07,516	1 9 628	17,16 65,433	19,57 917	176 485
1876-77	13,207,657	3,410 248	16,617,899	1 8 5	19,45 51,013	1 8 508	19,44 74,277	-76 736	-6,557
1877-78	18 508,179	3 603,737	16,110,506	1 9 28	18,21,29 884	1 8 791	18 59 72,594	38,48 520	332 590
1878-79	18 401 225	3 292,022	15,789 297	1 8 4	18,58 03,494	1 7 794	19 14 90 828	56 87 139	468,046
1879-80	11,108,243	3 773 186	13,880 431	1 7	17,58,81,760	1 7 961	16,68 91,028	-8,40 737	-708 263
1880-81	19 521,493	3,694,744	16,146,286	1 8	19,87 54 712	1 7 956	19,41,79,484	4,24,732	85 316
1881-82	16,084,682	3,052,781	16 147 468	1 8	19 87,69,656	1 7 395	19 47 87 088	10,17,482	84,345
1882-83	11,704,805	1,043,898	13,747,503	1 8	15,49 70,086	1 7 825	15,67 16,936	87,46,890	304,835
1883-84	18 081,818	3,285 124	16 066 947	1 7 5	19,77 47,040	1 7 386	19 73,84 138	-3 66 908	-29,540
1884-85	13 787,159	1,735,786	15,523,895	1 7 5	19,10,51 015	1 7 308	19 89 46,332	18,97 307	156,688
1885-86	11,831,979	-874,996	11 009,983	1 7	23,90 73,469	1 6 254	14,47,56 107	56,88,638	433,213
1886-87	12,458,807	2,798 682	15,259,489	1 6	20,28,68 530	1 5 441	20 98 84,241	65,17,781	478,449
1887-88	18,676,886	1 059,000	14,735,896	1 5 5	20,20,82,238	1 4 698	20 92,80 814	71 88 325	506 145
1888-89	13,885 959	3,880,716	17,266,675	1 4 9	24,62,07,219	1 4 379	25,20,05,619	77,98 400	533,311
1889-90	11,056,311	4,448,897	16,604,968	1 4 38	24,23 96,284	1 4 566	24,05,64,343	-27,81 892	-168,569
1890-91	13,876,573	5,289,223	19,119,805	1 4 559	27,71 81,054	1 6 09	25,25 79 310	-2,25,51 744	-1 779 144
1891-92	11,898 584	6,751,089	18 644,663	1 5 25	25,94,02,618	1 4 733	26,74,11 982	80 09,865	558,431

TABLE showing the EXCESS by FALL in EXCHANGE over that for the year 1874-75 year by year, in RUPEES, and in STERLING at average RATE of EXCHANGE, on OLD and NEW CONTRACTS.

Year	Average Rate obtained for Rupee, &c	On Old or Fixed Contracts		On New or Current Contracts.		Total.	
		In Rupees	In Sterling at Average Rate of Exchange	In Rupees	In Sterling, at Average Rate of Exchange	In Rupees.	In Sterling at Average Rate of Exchange
1875-76	1 9 636	32,29,711	231,925	8 74,012	78,756	41 13,723	370,681
1876-77	1 8 508	1,14,99 136	933 601	29 69,098	238,710	1,44 63,234	1,326,311
1877-78	1 8 791	88 98 376	770 677	25,69,322	221,978	1 14,58,670	928,553
1878-79	1 7 794	1,78,34,877	1,428,628	30,93,241	305,041	3 04 16,718	1,683,869
1879-80	1 7 961	1 39,34,859	1,100 739	38,03,855	374,700	1 63 37,294	1,375,429
1880-81	1 7 956	1 49,58,742	1 243 404	43,28,240	269 948	1 92,82,589	1 608,847
1881-82	1 7 935	1,51,06,643	1,235,174	37,70 145	312 530	1 98,76,735	1 647 793
1882-83	1 7 526	1,71,10,945	1,229 047	15,24 292	124 007	1 86 35,337	1 516 054
1883-84	1 7 536	1,90,08,493	1,547,292	43,37,543	353 076	2 26 46 040	1 902,568
1884-85	1 7 808	3,20,29,968	1,779 317	37,78,464	298,125	2,48,09,437	1 945,436
1885-86	1 6 254	3 69 17,811	1,994 088	-7,22,484	-24,960	3 54 95 337	1,939 133
1886-87	1 5 441	3,64,72 186	2,650 469	81,95,118	595 619	4,46 88 290	3 246 088
1887-88	1 4 898	4,60 91,464	3 245,399	35 69 073	251,306	4,36,60 537	3 496 703
1888-89	1 4 379	5 11 44,674	3,490 430	1 48,27 394	1 011 909	6 59 71 998	4 902,339
1889-90	1 4 666	4,37,05 610	3,016 775	1 89 92,860	1 178 828	6 06 98 370	4,189 798
1890-91	1 6 09	3 37 59 409	2 546 703	1,27 59 893	991 740	4 65 48,202	3,808,443
1891-92	1 4 738	4 17 58 020	2 911,114	3,26,99,379	1,623,416	6,54,92,999	4,563 330

CHANGES IN TAXATION SINCE 1867-68 (compiled from the ANNUAL BUDGETS)

MELTINGS OF ORNAMENTS IN TIMES OF SCARCITY
EXTRACTS from the Resolutions of the Government of India on the Mint Reports

	Estimated Net Increase.	Estimated Net Emission
	Rs.	Rs.
1868-69 Substitution of a tax on trades and professions (Ordinance tax for the License Tax)	—	500,000
1869-70 Income Tax at 1 per cent. substituted for Certificate Tax	550,000	—
During the year the rate was raised to 2 per cent. for the second half year	850,000	—
And the Salt Tax was raised in Madras and Bombay from Rs. 1.5 to Rs. 1.18 per maund	350,000	—
1870-71 Income Tax raised to 2½ per cent. or six pias in rupees. Estimated increase over the 1 per cent. rate	1,480,000	—
1871-72 Income Tax reduced from six to two pias in the rupee, and minimum income liable to the tax raised from Rs. 500 to Rs. 750	—	1,475,000
1872-73 Minimum income for Income Tax raised to Rs. 1,000 a year	—	255,000
Provincial rates levied or about to be levied	754,000	—
1873-74 The Income Tax expired and was not renewed	—	850,000
1874-75 Tariff revised rates generally reduced from 7½ to 5 per cent. a few increased	—	308,000
Excise Duty on spirits raised from three to four rupees per gallon	No estimate	—
1877-78 Pass duty on Malwa opium raised from Rs. 600 to Rs. 500 a chest (10th July 1877)	No estimate	—
1878-79 New License Tax	760,000	—
New local rates	448,000	—
Salt duty raised in Madras and Bombay and reduced in Bengal and North West the increase being equal to the reduction	—	—
Duty on coarse cotton goods remitted	—	90,000
1879-80 Inland Customs line abolished sugar duties, &c. given up	—	165,000
Further remission of octoon duties	—	300,000
Pass duty on Malwa opium raised to Rs. 700 (10th September 1879)	No estimate	—
1880-81 License Tax amended	—	840,000
Export duties on indigo and lac abolished	—	51,000
1882-83 Patweel Cess remitted (North West)	—	241,000
Octoon and general Import duties abolished	—	1,313,000
Salt duty reduced to Rs. 2 per maund	—	1,400,000
Pass duty on Malwa opium reduced from Rs. 700 to Rs. 550 per chest (28th January 1883)	—	No estimate
1885-87 Income Tax substituted for License Tax	765,000	—
Duty on Petroleum imposed	100,000	—
1888-89 Salt duty raised (10th January 1888) from Rs. 2 to Rs. 2.5 per maund	1,725,000	—
1889-90 Negroad Tax reimposed (North West)	250,000	—
1890-91 Pass duty on Malwa opium reduced from Rs. 550 to Rs. 500 a chest in July 1890	—	No estimate
Extra duty on imported spirits, and on Indian beer	100,000	—
	7,425,000	6,004,000

In transmitting the accounts for 1876-76 no reference was made to the quantity of "country silver and silver ornaments" tendered for coinage by native merchants. This was because the quantity tendered was not so excessive as to render any special remarks necessary. It may not, however be interesting to show what was received during each of the 12 months of the year 1876-77 as the statement probably indicates, with a certain accuracy, the commencement, progress and severity of the present famine, and the effect it has had upon those influenced by it. During the year they were received as follows —

	Rs.
1876 April Country silver and silver ornaments estimated at	10,995
May Country silver and silver ornaments estimated at	1,161
June Country silver and silver ornaments estimated at	7,986
July Country silver and silver ornaments estimated at	—
August Country silver and silver ornaments estimated at	1,825
September Country silver and silver ornaments estimated at	—
October Country silver and silver ornaments estimated at	8,855
November Country silver and silver ornaments estimated at	69,609
December Country silver and silver ornaments estimated at	1,04,232
1877 January Country silver and silver ornaments estimated at	1,29,686
February Country silver and silver ornaments estimated at	2,15,548
March Country silver and silver ornaments estimated at	3,06,848
Total during year	8,51,799

From the above statement it will be observed that this class of silver steadily increased from December last to the close of the official year since which time there has been a still further steady monthly increment in the amount tendered, the figures up to the close of last month standing as follows —

	Rs.
1877 April	6,08,740
May	8,37,034
June	11,61,515
July	15,33,212
	41,30,501

which brings the total amount tendered under the pressure of famine since last November to about half a crore of rupees

1877-78
A distinguishing feature of the year's work was the enormous number of small country silver tenders.
Before 1876 the tenders of native silver may also be said to have been nil, but towards the close of that year the silver began to pour in, in November, ½ lakh was tendered, in December, 1 lakh, in January, February, March, April May and June 1877, 1, 2, 3, 6, 8, and 11½ lakhs respectively were tendered, until in September the maximum of 19 lakhs was reached.

1879-90
Besides imported silver, the following amounts of bullion in the form of native ornaments, &c. which had been thrown on the market by sufferers from famine in Western and Southern India, were received for coinage in the Bombay Mint

1877-78	-	-	-	Lakhs
1878-69	-	-	-	134
1879-80	-	-	-	118
	-	-	-	92

WHOLESALE PRICES OF STAPLE COMMODITIES AT CALCUTTA

The articles for which quotations are given are as regards exports, Castor Oil, Hides Indigo, Jute, Lao Dye, Shell Lac Seeds, Rice, Saltpetre, Silk, Sugar, Tea, Tobacco and Wheat, and, as regards imports, Grey Shirtings, Mule Twist, Copper, Iron, Spelter, and Gold.

Average of quotations, those for the year 1873 being taken as = 100

	Exports	Imports.
1873, March	100	100
1874, average from June 1873 to Dec 1874	102	102
1875	87	100
1876 average	87	101
1877	102	95
1878	95	91
1879	99	85
1880	110	90
1881 January	98	83
1882	88	87
1883	83	83
1884	93	88
1885	79	78
1886	88	78
1887	85	81
1888	85	93
1889 average of January and July	100	95
1890	100	91
1891	92	88
1892, January	105	85

PRICES OF FOOD GRAINS IN INDIA

No of Districts on which Average is taken	Wheat	Rice	Jowar	Bajley	Bajra.	Average of the five kinds of Grain.
	90	90	95	54	85	
1861-65, 5 years	21.26	21.63	25.78	35.60	24.27	23.78
1866-70 "	25.46	17.42	21.95	28.61	19.00	19.97
1871-75 "	19.46	19.14	23.80	29.84	23.38	23.98
1876-80	16.85	15.20	20.43	28.64	18.71	19.28
1881-85 "	19.58	18.21	27.64	30.46	24.25	24.11
1886-90 "	16.03	15.41	21.17	24.25	19.40	19.28
1891, 1 year	14.05	13.21	18.44	30.30	15.67	16.65

WAGES OF SKILLED AND UNSKILLED LABOUR, RUPEES, &c, PER MONTH

Summary for all Districts

	Able-bodied Artisan's usual Labour		Syce or Groom.	Percentage of Common Men's, or of unskilled, or of illiterate.	Percentage.	
	Percentage if 1873-76 be 100	Percentage if 1873-76 be 100				
1873-76	R. A. P. 6 11 1	100	R. A. P. 6 7 3	100	R. A. P. 14 9 3	100
1877-81	6 7 11	97	6 7 2	100	14 11 11	101 8
1883-86	6 6 8	97 7	6 11 11	104 5	13 11 10	103
1891-91	7 1 8	100 1	6 15 8	108 1	15 14 5	115

PRICE OF INDIAN GOVERNMENT SECURITIES

Years.	4 per cent Rupee Paper				Rate of Exchange for Secretary of State's Bills on India		Sterling India Stock (Average Mean Quotations)					
	In Calcutta (Selling Price.)		In London (Average Mean Quotations.)		Highest	Lowest	4 per cent.		8 1/2 per cent.		3 per cent.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest	Highest.	Lowest	Highest.	Lowest	Highest.	Lowest.
1873	105	101 1/2	97	94 1/2	d	d	108	101 1/2				
1874	104 1/2	99 1/2	98	94 1/2	23 1/2	21 1/2	103 1/2	101				
1875	101 1/2	101 1/2	94	91	23 1/2	21 1/2	103 1/2	103 1/2	103 1/2			
1876	101 1/2	98 1/2	89 1/2	78	22 1/2	18	104 1/2	101 1/2				
1877	98 1/2	92 1/2	88 1/2	81	22 1/2	20 1/2	104 1/2	102 1/2				
1878	98 1/2	92 1/2	82 1/2	75 1/2	21 1/2	18 1/2	104 1/2	99				
1879	94 1/2	91 1/2	80 1/2	77 1/2	20 1/2	18 1/2	103 1/2	100 1/2				
1880	100	92 1/2	81 1/2	77 1/2	20 1/2	19 1/2	105 1/2	105 1/2				
1881	104 1/2	100	86	81 1/2	20 1/2	19 1/2	106 1/2	103 1/2	103 1/2	100 1/2		
1882	103 1/2	93 1/2	85	81	20 1/2	19 1/2	105 1/2	103 1/2	101 1/2	99 1/2		
1883	101 1/2	97 1/2	82	79 1/2	19 1/2	19 1/2	104 1/2	103 1/2	103 1/2	101 1/2		
1884	100 1/2	95 1/2	81 1/2	79 1/2	19 1/2	19 1/2	104 1/2	101 1/2	107 1/2	101 1/2	98 1/2	91 1/2
1885	98 1/2	92 1/2	77 1/2	72 1/2	19 1/2	17 1/2	103 1/2	98 1/2	102 1/2	97 1/2	91 1/2	88 1/2
1886	98 1/2	97 1/2	75	65 1/2	18 1/2	16 1/2	103 1/2	101 1/2	102 1/2	98 1/2	90 1/2	85 1/2
1887	94 1/2	89 1/2	80 1/2	71 1/2	17 1/2	16 1/2	102 1/2	100 1/2	103 1/2	100 1/2	92 1/2	85 1/2
1888	100 1/2	97 1/2	69 1/2	66 1/2	17 1/2	16 1/2	102 1/2	102 1/2	107 1/2	106 1/2	98 1/2	95 1/2
1889	100 1/2	97 1/2	69 1/2	66 1/2	16 1/2	16 1/2			109 1/2	106 1/2	101 1/2	99 1/2
1890	103 1/2	96 1/2	87 1/2	83 1/2	16 1/2	16 1/2			106 1/2	105 1/2	100 1/2	93 1/2
1891	107 1/2	104 1/2	80 1/2	74 1/2	16 1/2	16 1/2			109 1/2	105 1/2	99 1/2	94 1/2
1892	108 1/2	103 1/2	74 1/2	69 1/2	16 1/2	14 1/2			109 1/2	106 1/2	98 1/2	94 1/2

BENGAL AND NORTH-WESTERN RAILWAY
STATEMENT of yearly PERCENTAGE on CAPITAL, the
NET EARNINGS being converted at 1s 8d*

Year	Net Gains (or Losses)	If from revenue at 1s 8d.	Percentage on Capital.	Percentage actually paid.
1884	Rs. 36,227	£	—	4 (out of capl tal)
1885	5,992,000	40,100	3 23	4 "
1886	8,901,199	67,423	3 96	4 "
1887	5,37,028	63,750	3 17	3
1888	9,88,248	85,404	3 74	3 55
1889	10,83,994	87,830	3 69	3 63
1890	12,83,897	104,923	4 74	4 40
1891	16,83,993	133,323	6 75	4 73
1892 (1st half)	10,76,500	83,944	4	3

* 1s 8d. was approximately the rate of exchange in 1888, when the capital was subscribed.

VARIOUS COUNTRIES.
TRADE OF UNITED KINGDOM (excluding Treasure) with
Silver using Countries.

Years	Total Trade of the United Kingdom.	Trade with Principal Silver-using Countries via India, China, Japan, Ceylon, Straits Settlements, Mauritius, Mexico, Central America.
	Millions £	Millions £
1873	623	94
1874	655	94
1875	650	98
1876	622	94
1877	647	103
Average	627	96
1878	616	90
1879	613	85
1880	622	104
1881	624	104
1882	730	109
Average	627	98
Compared with previous period	+ 1 53 per cent.	+ 2 1 per cent.
1883	722	110
1884	680	104
1885	649	99
1886	619	99
1887	645	99
Average	654	103
Compared with previous period	- 0 45 per cent.	+ 4 96 per cent.
1888	655	103
1889	745	123
1890	740	127
1891	745	123
Average	721	124
Compared with previous period	+ 10 60 per cent.	+ 1 91 per cent.

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ABSTRACT of the STATISTICS in M OTTOMAR HAUPT'S
'MONTHLY QUARTER', in 1892
Total Stock of Money (pages 163-171)

Countries.	Gold.	Silver	Fractional Currency	Uncovered Paper Money
	£	£	£	£
Latin Union	100,000,000	140,000,000	10,000,000	97,000,000
France	100,000,000	140,000,000	10,000,000	97,000,000
Algeria	9,000,000	1,500,000	—	—
Belgium	11,000,000	10,000,000	1,400,000	10,400,000
Italy	22,000,000	4,000,000	6,800,000	24,800,000
Germany	104,000,000	168,000,000	18,200,000	71,500,000
Holland	24,000,000	21,000,000	23,200,000	26,000,000
Dutch Colombia	5,000,000	13,000,000	600,000	5,000,000
United States	200,000,000	16,000,000	—	—
Austria	120,000,000	46,000,000	15,000,000	64,900,000
Russia	8,000,000	13,000,000	3,800,000	40,500,000
Spain	26,000,000	1,000,000	7,600,000	23,600,000
Turkey	18,000,000	17,000,000	7,200,000	15,100,000
Japan	13,000,000	10,400,000	3,900,000	—
Total for countries using gold and silver	612,500,000	294,000,000	72,100,000	271,500,000
England	110,000,000	—	21,500,000	12,000,000
Canada	3,000,000	—	—	—
Australia	23,000,000	—	1,600,000	—
Cape of Good Hope	6,000,000	—	—	—
Portugal	9,000,000	—	5,000,000	1,000,000
Scandinavia	8,000,000	—	3,200,000	2,800,000
Egypt	27,000,000	—	160,000	—
Cuba	4,000,000	—	—	—
China	—	120,000,000	—	—
India	—	120,000,000	—	—
Straits Settlements	—	20,000,000	—	—
Mexico	—	10,000,000	—	—
Other countries	3,500,000	8,500,000	4,240,000	8,400,000
	708,000,000	678,200,000	111,000,000	298,900,000

MANNER IN WHICH THE STOCK OF MONEY WAS HELD IN
VARIOUS COUNTRIES AT THE BEGINNING OF 1892

From M Haupt
 FRANCE (page 130)

	Francs	Francs
Gold coin and bars at the Bank	1 338 000,000	
Gold coin in circulation	2 600 000,000	
French five franc pieces at the Bank	914,000,000	3,938,000,000
Foreign five franc pieces at the Bank	340 000,000	
French five franc pieces in circulation	1 800,000,000	
Foreign five franc pieces in circulation	160 000,000	3 214 000 000
French fractional currency	250 000 000	
Foreign " "	30 000 000	
Bronze money	65 000,000	
Uncovered Bank notes	—	345 000 000
		8 069 000 000
		=2322,700 000

Equal, for 33,000,000 inhabitants, to 212 francs, or 81 6s per head.

M m

ITALY (page 144)		UNITED STATES (pages 156-7)		Dollars
	Lire	Lire	Dollars	
Gold in the Banks	- 371,000,000		Gold money in the Treasury	159,000,000
„ Treasury	- 114,000,000	465,000,000	„ „ in circulation	408,800,000
Silver in the Banks	71,000,000		„ bars in the Treasury	74,700,000
„ Treasury	10,000,000	81,000,000	„ additional November and December 1891 (not specified)	17,500,000
Fractional currency	- 150,000,000		Silver dollars in the Treasury	347,300,000
Bronze coin	- 75,000,000	225,000,000	Silver dollars in circulation	62,100,000
Uncovered State notes	691,000,000		Silver bars in the Treasury	48,400,000
„ Bank notes	236,000,000	927,000,000	Silver additional, November and December 1891 (not specified)	89,300,000
		1,638,000,000	Fractional currency	77,300,000
		=285,000,000	Billon money	18,000,000
				95,300,000

Equal, for 30,000,000 inhabitants to 55 lire or 2½ 4s per head

GERMANY (page 135)		UNITED STATES (pages 156-7)		Dollars
	Marks	Marks	Dollars	
Gold in the Banks of issue	778,000,000		State notes	346,700,000
„ in Spondaus	120,000,000		Treasury notes, against silver	68,700,000
„ in circulation	1,600,000,000	2,498,000,000	Gold certificates	156,800,000
German thaler	- 350,000,000		Silver certificates	323,700,000
Austrian vereinsthaler	- 78,000,000	428,000,000	National Bank notes	172,800,000
Fractional currency	457,000,000		Small state notes	11,100,000
Nickel money	- 46,000,000			1,079,300,000
Bronze money	- 11,000,000	514,000,000	Of which uncovered State notes	247,000,000
Uncovered Bank notes	330,000,000		Bank notes	173,000,000
Treasury notes	120,000,000	450,000,000		419,000,000
		8,888,000,000		1,750,000,000
		=2,194,400,000		=230,000,000

Equal, for 50,000,000 inhabitants, to 78 marks, or 31.18s per head.

HOLLAND (page 139)		AUSTRIA (page 114)		Florins
	Florins	Florins	Florins	
Gold at the bank	- 40,000,000		Silver in circulation	80,000,000
„ in circulation	- 24,000,000	64,000,000	Fractional currency	40,000,000
Silver at the Bank	- 80,000,000		State notes	378,844,000
„ in circulation	55,000,000	135,000,000	Bank notes	455,232,000
Fractional currency	7,600,000			834,066,000
Bronze coin	1,800,000	9,400,000		904,066,000
State notes	15,000,000			=275,300,000
Uncovered Bank notes	88,000,000	98,000,000		
		306,400,000		
		=225,500,000		

Equal, for 41,000,000 inhabitants, to 92 florins, or 11 18s 7d. per head

HOLLAND (page 139)		UNITED STATES (pages 156-7)		Dollars
	Florins	Dollars	Dollars	
Gold at the bank	- 40,000,000		Gold money in the Treasury	159,000,000
„ in circulation	- 24,000,000	64,000,000	„ „ in circulation	408,800,000
Silver at the Bank	- 80,000,000		„ bars in the Treasury	74,700,000
„ in circulation	55,000,000	135,000,000	„ additional November and December 1891 (not specified)	17,500,000
Fractional currency	7,600,000		Silver dollars in the Treasury	347,300,000
Bronze coin	1,800,000	9,400,000	Silver dollars in circulation	62,100,000
State notes	15,000,000		Silver bars in the Treasury	48,400,000
Uncovered Bank notes	88,000,000	98,000,000	Silver additional, November and December 1891 (not specified)	89,300,000
		306,400,000	Fractional currency	77,300,000
		=225,500,000	Billon money	18,000,000
				95,300,000

Equal, for 4,500,000 inhabitants, to 68 florins, or 81 14s per head.

UNITED STATES (pages 156-7)		UNITED STATES (pages 156-7)		Dollars
	Dollars	Dollars	Dollars	
Gold at the Bank of Eng	hard	22,300,000		
Gold in Scotch Banks		4,300,000		
„ in Irish Banks		3,100,000		
„ in English Banks		8,300,000		
„ in circulation		80,000,000		118,000,000
Silver in Banks and in circulation		36,000,000		
Bronze money		1,900,000		27,900,000
Uncovered notes				
Bank of England		5,300,000		
Private Banks		1,000,000		
Joint Stock Banks		1,200,000		
Scotch Banks		1,700,000		
Irish Banks		3,600,000		
		10,800,000		
		2158,700,000		

Equal, for 38,000,000 inhabitants, to 41 2s 7d per head.

RUSSIA (pages 147-149)

	Roubles	Roubles
Gold at the State Bank	- - -	410,000,000
Silver	- - -	1,125,000
Fractional currency	- 88 000 000	
Bronze coin	- 10 000,000	
Uncovered notes	- - -	93 000 000
		513,000,000
		1,015,125,000
		=£119,400,000

Equal, for 116,000,000 inhabitants, to about 11 per head

[The gold roubles seem to be converted at 88 pence, and the credit roubles at 24 pence.]

SPAIN (page 153)

	Pesetas	Pesetas
Gold at the Bank	- - -	100 000,000
Silver at the Bank	- 106,000 000	
„ in circulation	- 540,000,000	
Fractional currency	- 190 000,000	646,000 000
Bronze money	- 170 000,000	
Uncovered Bank notes	- - -	247,000,000
		646 000 000
		1,601 000,000
		=£64,000,000

Equal, for 17 000,000 inhabitants, to 94 pesetas, or 3s. 15s per head

RATIO ADOPTED IN AUSTRIA-HUNGARY

(ABSTRACTED FROM CHAPTER V of 'THE MONETARY QUESTION IN 1892' by O HAUFF)

From time immemorial the country has had nothing else as means of circulation than paper money, accompanied by a sort of base fractional currency struck on the basis of a ratio of 1 gold to 10½ silver, equal to a price of 86½ per ounce standard.

The Austrian florin has been hitherto represented by the 2½th part of one pound of fine silver. As long as the coinage of the metal in the mints of the country had been open to the public, the price of silver there had, as a matter of course, depended entirely upon the quotation of London, translated into florins at the exchange of the day. If the metal had been quoted at 50s. 1 to 21. But in 1879 the Austrian Government had suspended the coinage for private parties. The striking of silver florins was continued on account of

the Government, which from 1880 to 1891 coined not less than 125½ million florins.

The basis chosen for the conversion has been fixed at 2 francs 10 centimes as the value of the future gold florin, the actual current exchange when the decision was taken in April last. It represents also about the average exchange from 1879 the year which marked the suspension of the coinage of silver for private parties down to 1891, which comes to 119.75 florins paper for 100 florins gold, or 82½ kreutzers per gold florin, or, still more clearly expressed, to 2 francs 5.75 centimes.

At the rate of 2 10 francs, the equivalent of 101, at the parity of 25.22½ to the pound sterling, would be 120 10 florins, and the ratio between the two metals thus adopted for the new gold standard would be as 1 gold to 12 22 silver. In other words, 18.22 times 45 florins, the actual mint price per pound of fine silver in Austria, that is to say, 820 florins, would in future have to be struck from one pound of fine gold, or 1 540 florins for one kilo fine.

In point of fact silver has been valued at 51½

The future unit of the Austrian monetary system will not be the florin, but the half florin or the crown (*Krone* in German and *Korona* in Hungarian), divided into 100 heller. The amount to be coined from 1 kilo of fine gold will, therefore be 3,280 crowns, and 100 crowns will be equal to 105 francs, to 85.08 marks and to 50.42 Dutch florins, while the theoretical parity of the pound sterling will be 24.62 crowns.

The creation of 20-crown pieces will be pushed as rapidly as possible. Ten crown pieces will also be struck, but only later on in order to give room to silver money, which will figure as fractional currency, and of which pieces of 50 heller and 1 crown will be coined. The ratio adopted for this fractional currency comes to 1 gold to 13.68 silver, representing a price of 68½ per ounce standard, against 1 to 14.29 in England, 1 to 13.95 in Germany, and 1 to 14.38 in France.

Besides, there will be a nickel coinage of 10 and 20 heller, and a bronze coinage of 1 and 2 heller pieces.

The amounts to be issued have provisionally been fixed as follows:—Silver money for Austria at 140 million crowns, for Hungary at 60 millions, nickel money for Austria at 42 millions, for Hungary at 18 millions, bronze money for Austria at 18 000,000, for Hungary at 7,600 000 crowns. This would give about 5 crowns in silver, 1½ crowns in nickel, and 65 heller in bronze money per head of population.

The legal tender force has been fixed for silver at 50 crowns, for nickel at 10 crowns, and for bronze at 1 crown, in each payment, the Government, as a matter of course, accepts these coins in full up to any amount.

The old silver florins will for the present at least remain in circulation at the rate of 2 crowns per florin, the old fractional currency will be demonetised as soon as possible, and withdrawn from circulation.

FRANCE

STATEMENT showing the IMPORTS and EXPORTS of GOLD and SILVER BULLION and SPECIE, the VALUE of the GOLD and SILVER COINAGE, the AVERAGE AMOUNT of BULLION and SPECIE held by the BANK of FRANCE, the AVERAGE RATE of DISCOUNT, and the AVERAGE AMOUNT of the NOTE CIRCULATION in the under-mentioned YEARS (General Imports and Exports taken throughout.)

(In continuation of table in the First Report of the Gold and Silver Commission, Appendix, page 110)

Year	Gold Bullion and Specie.				Silver Bullion and Specie.				Totals				Gold Coinage	Silver Coinage	Total	Bullion held by the Bank of France			Notes of the Bank of France in Circulation.			Average Rate of Discount.	
	Im- ports	Ex- ports	Excess of Im- ports	Excess of Ex- ports	Im- ports	Ex- ports	Excess of Im- ports	Excess of Ex- ports	Im- ports	Ex- ports	Excess of Im- ports	Excess of Ex- ports				Max- imum	Min- imum	Ave- rage.	Max- imum	Min- imum.	Ave- rage.		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	Thand. £	£	£	£	Mil- lion £	Mil- lion £	Mil- lion £	Mil- lion £	Mil- lion £	Mil- lion £	Per cent £
1885 -	10,882	9,184	1,698	—	11,808	7,882	3,926	—	22,185	16,516	5,669	—	11,876	—	11,876	91 3	80 8	86 05	122 6	108 8	116 7	—	
1886 -	12,104	9,692	2,412	—	9,845	7,278	2,567	—	21,449	16,870	4,579	—	943,888	6,175	949,763	101	88 8	94 9	119	108 8	112 65	8	
1887 -	4,894	11,494	—	6,600	8,609	6,920	1,689	—	18,408	18,414	—	5,011	986,728	856,428	1,843,151	96 1	92 6	—	117 9	109	—	8	
1888 -	4,888	8,502	—	3,614	7,499	5,293	2,206	—	12,827	18,795	—	1,468	22,205	230,545	252,751	98 9	89 7	—	115 6	100 7	—	2½ to 4½	
1889 -	14,868	6,585	8,283	—	6,828	6,566	262	—	41,716	18,101	8,615	—	699,112	15	699,127	108 2	89	—	124 9	104 7	—	3½ to 3	
Total, 1885-89	47,581	46,287	2,294	—	48,509	33,489	16,070	—	91,040	78,696	12,844	—	2,666,210	598,158	3,264,368	—	—	—	—	—	—	—	
Average	9,506	9,051	455	—	8,702	6,688	2,014	—	18,208	16,789	2,468	—	538,642	118,989	651,274	—	—	—	—	—	—	—	
1890 -	5,287	10,893	—	5,606	7,581	6,818	1,918	—	12,798	16,905	—	4,107	824,112	—	824,112	108 7	94 4	—	120 4	115 7	—	8	

NETHERLANDS INDIA
Exports and Imports

Year	Imports						Total Imports.	Exports						Total Exports.	Surplus Exports
	Merchandise.			Treasure				Merchandise.			Treasure.				
	Government	Private	Total.	Government.	Private	Total		Government	Private.	Total	Government	Private	Total.		
1875	f 8,774,817	f 108 178 228	f 111,948,040	f 4,245,000	f 9,475,218	f 18,724,218	f 155,672,258	f 41,474,490	f 180,766,924	f 172,248,414	f —	f 4,622,552	f 4,822,552	f 177,075,266	f 51,403,718
1876	f 4,408,988	f 102,177,424	f 113,581,869	f 715,000	f 7,216,888	f 7,930,888	f 191,511,700	f 61,168,108	f 154,239,864	f 208,297,429	f —	f 8,129,276	f 8,129,276	f 212,519,768	f 92,008,088
1877	f 9,671,954	f 118,595,804	f 122,267,258	f 17,966,000	f 18,871,168	f 31,897,158	f 153,704,416	f 57,116,672	f 161,868,448	f 218,980,121	f —	f 1,529,916	f 1,529,916	f 220,509,336	f 66,804,920
1878	f 12,579,585	f 108,891,060	f 116,970,594	f 10,000,000	f 14,478,735	f 24,478,735	f 140,449,869	f 38,290,204	f 184,200,112	f 172,490,216	f —	f 7,477,205	f 7,477,205	f 179,967,621	f 89,518,262
1879	f 8,640,089	f 128 156,654	f 135,806,638	f 6,500,000	f 11,844,920	f 17,844,920	f 154,651,618	f 87,828,722	f 134,491,584	f 171,874,816	f —	f 8,869,950	f 8,869,950	f 178,744,266	f 21,092,828
1880	f 12,514,860	f 145,298,819	f 157,818,179	f 8,425,000	f 12,175,741	f 15,600,741	f 173,418,920	f 87,177,478	f 188 898,840	f 171,070,818	f —	f 3,579,089	f 3,579,089	f 174,649,837	f 1,285,937
1881	f 8,260,754	f 189,848,716	f 148,109,480	f 850,000	f 10,200,889	f 10,550,889	f 158,860,819	f 82 180,804	f 149,890,545	f 175,871,349	f —	f 1,254,411	f 1,254,411	f 177,125,760	f 18,465,441
1882	f 8,564,875	f 141,677,075	f 150,243,050	f 1,699,500	f 11,020,529	f 12,720,029	f 168,962,079	f 99,811,785	f 166,974,074	f 196,785,869	f —	f 8,074,968	f 8,074,968	f 199 800,827	f 86,898,748
1883	f 6,001,385	f 180,462,770	f 138,464,255	f 420,000	f 8,908,580	f 7,928,580	f 145,828,885	f 20,721,409	f 148,080,119	f 198,801,528	f —	f 759,978	f 759,978	f 199,561,501	f 23,788,616
1884	f 11,815 168	f 187,864,066	f 149,979,228	—	f 78,789,708	f 12,789,708	f 163,018 927	f 34,323,221	f 154,347,866	f 188,631,127	f —	f 1,084 610	f 1,084,610	f 189,715,727	f 27,696,860
1885	f 4,215,579	f 119,153,116	f 128,268,695	f 920,000	f 14,579,088	f 15,499,088	f 128,867,768	f 16,379,870	f 162,749,349	f 185,129,219	f —	f 2,242,469	f 2,242,469	f 186,071,689	f 49,238 905
1886	f 2,204,526	f 112,829 718	f 116,627,811	—	f 10,049,116	f 10,049,116	f 126,786,427	f 35,185,293	f 136,070,821	f 182,256,021	f —	f 2,964,145	f 2,964,145	f 186,220,166	f 59,483,739
1887	f 2,274,397	f 116,881,561	f 119,655,958	—	f 6,928 442	f 6,628 442	f 128,279,400	f 19,802,907	f 168,019,227	f 186,422,294	f —	f 726,493	f 726,493	f 187,162,727	f 60,879,227
1888	f 4,141,871	f 119,226,104	f 123,477,275	—	f 16,122,075	f 16,122,075	f 129,620,030	f 20,288,278	f 189,070,228	f 188,428,617	f —	f 668,616	f 668,616	f 186,097,428	f 44,467,228
1889	f 5,009,445	f 129,914,805	f 144,924,250	f 8,000,000	f 20,460,521	f 28,460,521	f 173,284,771	f 38,079,175	f 164,181,047	f 197,202,222	f —	f 459,222	f 459,222	f 197,662,614	f 24,277,243
1890	f 5,802,851	f 141,222,027	f 146,924,428	f 4,000,000	f 9,249,279	f 13,249,279	f 160,173,717	f 17,148 178	f 158,747,222	f 175,825,700	f —	f 658,920	f 658 920	f 176 549,620	f 16,275,208

UNITED STATES.
(Information obtained from Mr. Giffen.)

	Dollars
Total paper currency	896,000,000
Of which, Gold Certificates	121,000,000
Silver "	327,000,000
Currency "	16,000,000
Treasury Notes	107,000,000
Greenbacks	322,000,000
	893,000,000

Besides this, the banks have issued about \$150,000,000 of their own notes

STATEMENT showing the EXCESS of IMPORTS over EXPORTS (+) or EXPORTS over IMPORTS (-) of SILVER into or from CHINA, in TRADE with UNITED KINGDOM, FRANCE, BRITISH INDIA, and the UNITED STATES, in the under-mentioned YEARS

(In continuation of Statement on Page 315 of the Appendix to the 1st Report of the Gold and Silver Commission.)

(Note.—No official statistics of the bullion and specie imports and exports of China are published. The particulars have been extracted from the Official Trade Accounts of the under-mentioned countries.)

Years	United Kingdom.	France.	British India.*	United States.†	Total Excess Imports (+) Exports (-)
	Thousand £	Thousand \$	Thousand \$	Thousand \$	Thousand \$
1884	+771	+40	-327	+1,281	+4,108
1885	+374	+423	-1,011	+2,948	+4,256
1886	+327	-129	-9,780	+5,080	-412
1887	+328	+0	-1,128	+2,928	+1,297
1888	+146	{ No data anglicized }	-1,308	+1,970	+1,273
1889	+406	+1,807	-1,900	+2,264	+1,219
1890	+301	+1,071	-808	+2,006	+1,223
1891	+378	+2,271	-5,568	+840	-2,279

* Years ended 31st March

† Years ended 30th June.

‡ For these years the imports of silver from China into France are not separately stated, but they are believed to have been small. The excess given in the table may therefore require a slight correction.

§ Exclusive of France.

¶ Provisional figures, and subject to rectification.

Note.—Foreign moneys have been converted at the following rates:—Prouis at the rate of 15, roubles at the rate of 10 and dollars at the rate of 45 to the £ sterling.

ANNUAL PRODUCTION OF SILVER IN THE WORLD

Year	Kilos	Kilos
1851-55	—	886,113
1856-60	—	904,200
1861-65	—	1,101,150
1866-70	—	1,339,085
1871-75	—	1,669,443
1876	2,329,779	—
1877	2,888,612	—
1878	2,531,364	—
1879	2,507,507	3,430,252
1880	2,479,939	—
1881	2,592,639	—
1882	2,769,085	—
1883	2,925,230	2,812,908
1884	2,957,232	—
1885	2,840,995	—
1886	2,909,471	—
1887	2,021,585	—
1888	3,885,606	34,59,201
1889	3,842,100	—
1890	4,144,233	—
1891	—	4,423,100
1892	—	4,780,647

Note.—The amounts from 1851 to 1884 are estimates of Professor Seeber published at page 147 of the Appendix to the Final Report of the Gold and Silver Commission, and quoted at paragraph 12 of that Report.

The amounts from 1885 to 1892 are from the Reports of the Director of the Mint of the United States.

For the years from 1889 to 1892 M. Ottomar Haupt, a recent newspaper article gave the following figures.—For 1889 kilos 3,801,000; for 1890, kilos, 4,180,000, for 1891, kilos 4,480,000, for 1892, kilos 4,900,000

The silver production of the world in 1890 was estimated at 4,144,233 kilogrammes

Taking 32.15 ounces as equivalent to a kilogramme, this represents an annual production at that time of 143,237,091 ozs

Under the Bland Act of 1876, the United States Mint purchased 24,000,000 dollars' worth of bullion in the year, each dollar containing 412½ grains of standard silver, which gives the consumption during the year for coinage as equal to 20,825,000 ozs

Under the Sherman Act of 1890 the purchases were raised to 84,000,000 ozs annually. Therefore from the date of the passing of that Act, the Mint took off the market an amount of 33,375,000 ozs annually more than before, or more than 28 per cent. of the total production of the world at that date.

SALE OF INDIAN OPIUM IN CHINA

Years.	Bengal Opium							Malwa Opium.					Exchange on India st	
	No of Chests sold in Calcutta.	Patna Opium Price at			Benares Opium Price at			Rate of Duty per Chest.	No of Chests passed for Export.	Price st			Hong Kong, per 100 Dollars	Shanghai, per 100 Taels.
		Calcutta.	Hong Kong	Shanghai.	Calcutta.	Hong Kong	Shanghai.			Bombay	Hong Kong	Shanghai.		
1869	44,915	Rs 1,269	Rs 1,338	Rs 1,381	Rs 1,284	Rs 1,301	Rs 1,256	600	85,040	Rs 1,438	Rs 1,478	Rs 1,597	Rs 226	Rs 208
1870	48,000	1,184	1,316	1,388	1,075	1,164	1,208	"	61,269	1,438	1,457	1,506	227	205
1871	59,000	1,281	1,280	1,408	1,300	1,354	1,278	"	39,727	1,438	1,446	1,480	226	208
1872	46,900	1,483	1,485	1,460	1,389	1,448	1,447	"	49,251	1,347	1,375	1,386	227	210
1873	49,000	1,305	1,269	1,350	1,239	1,298	1,292	"	44,772	1,336	1,300	1,395	228	206
1874	45,000	1,242	1,200	1,268	1,200	1,260	1,277	"	49,108	1,308	1,320	1,377	228	206
1875	45,000	1,269	1,220	1,229	1,212	1,270	1,284	"	42,005	1,266	1,279	1,323	228	206
1876	47,000	1,209	1,250	1,250	1,244	1,285	1,205	"	49,552	1,265	1,297	1,340	227	210
1877	48 000	1,300	1,228	1,262	1,280	1,290	1,211	600-650	45,808	1,266	1,275	1,446	226	208
1878	54,000	1,258	1,297	1,223	1,197	1,240	1,278	650	59,185½	1,712	1,689	1,775	229½	210
1879	80,000	1,189	1,228	1,236	1,118	1,158	1,170	650-700	44,123½	1,652	1,668	1,723	228	205
1880	56,400	1,281	1,408	1,411	1,201	1,229	1,248	700	85,744	1,792	1,712	1,750	225	208
1881	56,400	1,258	1,280	1,401	1,245	1,279	1,297	"	37,728	1,616	1,596	1,685	224	208
1882	56 400	1,260	1,225	1,214	1,220	1,236	1,288	700-650	22,622	1,428	1,425	1,418	228½	207
1883	55,150	1,264	1,299	1,208	1,216	1,264	1,266	650	29,570½	1,228	1,225	1,227	224	208
1884	47,550	1,208	1,222	1,225	1,223	1,214	1,222	"	42,247½	1,244	1,221	1,257	225	207
1885	49,999	1,221	1,218	1,227	1,221	1,256	1,284	"	37,554	1,198	1,201	1,224	224	206
1886*	54,000	1,169	1,202	1,208	1,129	1,156	1,124	"	48,222	1,197	1,197	1,225	222½	209
1887	57,000	1,091	1,127	1,122	1,044	1,079	1,028	"	37,917½	1,199	1,124	1,210	222½	207
1888	57,000	1,102	1,140	1,128	1,077	1,102	1,118	"	21,220	1,225	1,205	1,217	222	207½
1889	57,000	1,177	1,206	1,204	1,142	1,120	1,128	"	22,442	1,211	1,224	1,217	222	209
1890	57 000	1,022	1,025	1,029	1,047	1,074	1,021	650-600	28,842½	1,172	1,158	1,124	221	207
1891	57,000	1,027	1,026	1,020	1,019	1,052	1,064	600	21,250½	1,126	1,122	1,124	221½	207

* Chefoo Convention.

† Approximately

COMPARISON OF THE PRICE OF BAR SILVER WITH THAT OF GOLD, AND WITH THE RUPEE

Price of Bar Silver per Oz.	Rate of Silver to one part of Gold.	Cost of a Rupee	Cost of a Rupee.	Price of Bar Silver per Oz.	Ratio of Silver to one part of Gold.
<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>
63	15 073	23-748	24	63 663	14 918
61	15 820	23 868	23½	61 586	15 186
60	15 575	23 980	23	60 052	15 561
59	15 332	22 597	22½	59 747	15 907
58	15 118	22-214	22	57 441	16 268
57	16 395	21 821	21½	56 186	16 647
56	15 688	21 448	21	54 880	17 043
55	16 991	21 065	20½	53 535	17 459
54	17 808	20 688	20	52 219	17 895
53	17 652	20 399	19½	50 914	18 354
52	17 971	19 916	19	49 608	18 837
51	18 333	19 538	18½	48 305	19 346
50	18 690	19 150	18	46 997	19 884
49	19 052	18 757	17½	45 692	20 452
48	19 469	18 384	17	44 385	21 043
47	19 886	18 001	16½	43 081	21 691
46	20 315	17 618	16	41 775	22 369
45	20 766	17 235	15½	40 470	23 090
44	21 239	16 852	15	39 164	23 851
43	21 733	16 469	14½	37 859	24 683
42	22 250	16 086	14	36 554	25 584
41	22 793	15 703	13½	35 248	26 513
40	23 363	15 320	13	33 943	27 531
39	23 953	14 937	12½	32 637	28 633
38	24 562	14 554	12	31 332	29 825
37	25 197	14 171			
36	25 858	13 788			
35	26 540	13 405			
34	27 255	13 022			
33	28 013	12 639			
32	28 803	12 256			

APPENDIX III

MISCELLANEOUS LETTERS, &C, LAID BEFORE THE COMMITTEE

[None—Published papers are not reprinted.]

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INDIAN CURRENCY SCHEME OF MR H F ASTON, BOMBAY CIVIL SERVICE

1 The existing Indian Coinage Act is based upon a fallacy. It acknowledges gold as an ideal of value, but it adopts silver as a legal standard of value with an underlying false assumption that the then existing ratio of values of gold and silver would not materially alter. It fixes the standard weight of the rupee on the assumption that the said ratio would remain about 15½ to 1.

It has maintained that coin as a standard of value long after that ratio has seriously altered and has thus encouraged a false sense of security in silver-dominated mints, removed from the influence of gold as a test of value.

Conclusion.—When gold is accepted as a standard of value then, if the ratio of the values of gold and silver cannot be fixed, the weight of silver of a silver standard coin cannot be fixed for indefinite periods. The silver-using country ought to have periodical recognitions to maintain the gold value of its standard silver coin by increasing its weight.

2 Further depreciation can at once be arrested by a sliding seigniorage proportionate to the decline in the market value of silver. When this decline is shown to be established, the inflation of the currency must be cured by increasing the weight of the rupee. If the coinage law makes it necessary to add the seigniorage value in silver to the rupee, after it has reached a certain level or been taken for a given number of years, instead of erecting the seigniorage to Government, the curv becomes antisensuous.

3 If the currency is appreciated up to a decided limit by closing the mints or a tax on silver, or seigniorage, or other device, then at a certain limit the old coins which become practically light coins ought to be recalled, and a new coinage issued of heavier rupees.

4 India can arrange with say America, to take 10,000,000 worth of silver, with option to repeat another purchase of the same quantity, at the same price, if wanted, and arrange a gold loan to pay America, and thus recall its silver coins and issue heavier ones. The rate in the gold exchange value of the rupee, in which India gathers its revenue will more than recompense the Indian Treasury. The taxpayer will not suffer any more than if copper coins were recalled, and plated ones of greater intrinsic value substituted for them.

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5 If the Indian Government fears to enter on such an operation then it need not undertake the cost of a recall of the tola rupee and re-issue of heavier rupees. It can fix a date after which the tola rupee will be legal tender only for certain amounts to cover all transactions in local markets ruled by a silver standard and not influenced by gold. The new and heavier rupee to be then coined as legal tender for larger amounts, and restrictions on coining the heavier rupees removed.

This can be accompanied by issuing paper currency notes, expressed in gold moutars or English pounds sterling, exchangeable at the currency office into gold, but valid rupees at the foreign exchange rate of the day.

6 There will then be a gold standard in India, and a silver coin and silver standard of value kept corrected by a gold standard, and therefore more reliable as a standard of value.

H F ASTON, I.C.S.

Ratnagiri: 15th December 1892

Notes sent for the consideration of the Indian Currency Committee by Mr. ASTON, formerly Financial Under Secretary to the Government of Bombay

THE CURRENCY OF INDIA

At some stage or other in the fall of silver, if silver continues to fall, the Government of India will be compelled to repudiate either its gold debt or its guarantee to landholders unless it effects in good time, a sufficient change in its currency. This is virtually an axiom and I need not attempt to prove it. The practical question is, What change in currency should be made?

Universal bimetallism is I believe correct in principle. But I fear we shall not get it for several years to come, and in the meantime the United States of America may take action which will positively render India bankrupt. A gold currency for India has some advantages but also some serious disadvantages. I do not propose to investigate these as the scheme has already been, and will continue to be, discussed thoroughly by those who have made it their speciality. My object is to suggest a paper currency, which, I think, possesses

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some of the principal advantages of a gold currency without entailing some of the disadvantages of it, and which at the same time will offer no hindrance to the introduction of bimetallism in the future.

The leading idea of this paper currency scheme is very similar to that underlying the article on "A Common Sense Currency" in the "Westminster Review" for October 1892. National credit instead of metal hoards, would be the basis of the paper money. But my proposed paper money instead of being merely secured by Government stock deposits would actually consist of Government stocks. The unit note would be a pound share in India gold stock. Let us for convenience call this unit a 'Bon'. There would be notes for a Bon, ten Bons a hundred Bons, and a thousand Bons, and the last three might respectively be termed "Dekabons," "Hektobons," and "Kilobons." "Hektobons" and "Kilobons" would bear (gold) interest in exactly the same way as India gold stock does at present, but, for purposes of practical convenience it would be desirable to pay no interest on 'Bons' and "Dekabons," though these would be freely changed by Government for notes of higher denomination, and *vice versa* Government taxes in India would be at once converted from rupees into Bons at the rate of 16 rupees to a 'Bon' and Government fixed payments in India would be similarly converted into Bons, and payments in both India and England being arranged for in 'Bons.' Persons in want of 'Bons' would have to buy with gold or silver India gold stock in the market, and this stock they could convert at Government treasury into Bons of any denomination they chose. Silver would be treated, as in England as merely token currency, there being a fixed limit to its use as legal tender. This restriction would not appreciably, I think, affect India's demand for silver.

Now let us turn to the India Office gold payments. The Secretary of State instead of selling silver Council Bills for gold would sell India gold stock for gold. Except at the very commencement (when his sales would be virtually confined to a few lots) the stock sold by him would consist of the 'Bons,' &c. received by him from India, and obtained by the Government of India in payment of revenue. The Secretary of State would thus exchange his rôle of Exchange jobber broker for the rôle of stock jobber-broker. There is, however, I think, why not this scheme the market price on India gold stock should be lower, on an average than it is at present for there would be the same demand as at present on the part of investors and, in return for the increased "supply" of stock in the market, there would be an at least equal increase in the demand, the new demand being on the part of persons requiring to make trade remittances to India. The latter would be forced to buy for they would not have their present alternative of remitting silver bullion to India, inasmuch as a 'Bon' would presumably have as high a gold or silver value in India as in England. If the balance of trade continued as seems probable, to be in favour of India there would be a tendency for India gold stock to rise in price (on account of the increased demand) in the English market and to find its way to India even faster than the new 'Bons' were issued by the Secretary of State.

Now suppose after this scheme was in full working order bimetallism were generally adopted. All that would be necessary would be to declare that a certain weight of gold or silver should be treated as the equivalent of a 'Bon'. The Government of India, either in India or in England, would then have the alternative of making its payments in gold or silver or Bons just as at present it has in England the alternative of paying in gold or gold notes, and in India the alternative of paying in silver or silver notes. Private individuals also, in making payments either to one another or to Government, would have the same alternatives.

My scheme would, I suggest save India from the financial perils which, in the event of no currency reform being made, would certainly follow a large drop in the rupee consequent upon the successful adoption of the United States or even of some European nations. It is more sure to attain this object than the scheme for closing the Indian mints. It would secure more public confidence than a scheme for introducing a gold standard without a gold currency. Lastly, it would not entail the enormous cost of a real gold currency combined with the unfortunable dangers of immense appreciation of gold and depreciation of silver, and of a

gold famine in the money markets of the world, which are by some persons anticipated as the result of India attempting to set up a real gold currency. To these dangers no prominence is given in Mr. Chamant's Daniell's gold currency scheme. But that gentleman, unfortunately seems to stake his all on the somewhat sanguine expectation that the Indian gold hoards would promptly be drawn forth from their hiding places converted into coin, and put into circulation.

J. DE COURCY AINSIE
Bombay Civil Service

31st October 1892

GOLD CURRENCY

LETTER from the Rev G T CHAPMANS, formerly
Chaplain in Bengal

3, Marine Park,
New Church Road West Brighton,

December 23 1892

In the event of its being decided by your Committee that no advantage can be obtained by disturbing the present relations between silver and gold, it will probably be necessary to increase the taxation of India.

May I suggest that the most popular form of taxation would be the payment of a tithe or tenth part of the sum to be collected in gold. Thus let the Rex be a gold coin similar to the sovereign and of the same weight and fineness but having a nominal value of 10 rupees. Then a tax of 100 rupees would be collected in the form of 1 rex and 90 rupees, a tax of 200 rupees would be collected in the form of two gold coins and 180 rupees, and so on.

The value of the rex might be fixed from day to day in terms of silver until there is enough gold in the country to enable a sufficient number of 'Rexes' or 'Reges' to be accumulated for the purpose of paying the taxes. If the value at which the gold would be issued from the mint in terms of silver should exceed the market value, there would, of course, soon be a sufficient quantity of gold presented for coinage by the people, but to prevent 'jobbery' the English sovereign might be permitted to be presented as the equivalent to the rex in taxation, so that the price of the sovereign in the market would be the same as the price in silver at which the rex would be issued from the mint. When the quantity of gold in India becomes so great that the tithe can readily be collected in gold, the Government would cease selling gold for silver, and would supply coin whatever bullion is presented to it.

The people whose tax would produce a tithe amounting to less than a rex or 10 rupees would still be dependent on the formal rate of exchange between silver and gold proclaimed from day to day by the Government, but as they could give a rex and ask back the change they would not necessarily be cheated.

I remain, &c

G T CHAPMANS
Chaplain (retiree)

The Chairman of the
Indian Currency Commission

MONETARY STANDARD OF INDIA

MEMORANDUM by Mr R E CHAPMAN, C.S.I. Secretary
to the Government of India in the Department of
Finance and Commerce from 1889 to 1891

Every civilized country recognises some substance as its standard of value, in terms of which all commercial exchanges and contracts are made. The complicated transactions of the most backward of such communities would be impossible without this device.

The standard money of a community consists of portions of this substance, of certified weight and purity and its intrinsic value is that of the standard substance. The intrinsic value of standard money must not be confounded with the value of money in the money market, which means the rate of interest at which it can be borrowed. In fact, the value measured in other commodities.

Instruments of credit such as bank notes cheques bills of exchange, &c., have no intrinsic value, their

value depends upon their convertibility into standard money and varies from that of standard money only when there is some uncertainty or delay in their convertibility. Subsidiary coins, in the same way are valued, not intrinsically, but by their convertibility into standard money.

Although made of necessity a fluctuating attribute, and is therefore, not susceptible of precise definition like the material attributes of weight or space, length or breadth, &c., yet every exchangeable object occupies, at any given moment, a definite place in the general scale of values. The places in this scale of some objects are subject to much more violent fluctuations than those of others. It is essential to the efficiency of a standard of value that its own place in the scale of values should fluctuate seldom and within the narrowest possible limits, for, from its every fluctuation injustice automatically results to every one in possession of the money of the standard or under engagements measured in this money.

Among civilized nations, gold, silver and gold and silver yoked together are the only recognised standards of value. Till 1873 the third of these standards, silver, was commonly known as the metallic standard. It has in fact for long been the standard of the civilised world, its use by the Latin Union and in other European States governing the relative value of the two metals, even in countries where, as in England, gold or as in India, silver, was normally the sole standard.

Bi-metallics (so called) advocates the rehabilitation, and, if it may be the universal adoption of this standard, because they believe that, owing to its compensatory character its value must be indefinitely more stable than that of either of the two precious metals independently. Despite all arguments to the contrary they know that this composite standard is practicable from the fact that it prevailed, in some form from time immemorial, and, in a recognised form, in western Europe as the metallic standard, from the nineteenth century, during which period it bore, undisturbed the strain of the unprecedented discoveries of gold in 1849 and 1851. They believe that the economic consequences of the fall in the value of gold which followed these discoveries were far less serious than they must have been had gold been then as it is now the sole recognised standard of value in Europe (excepting Russia) and America and, now that the commercial world is threatened with the much greater danger of a progressive rise in the value of gold, and even of the more recent metals combined, they see the more urgent that the evil may be as far as possible mitigated by the re-establishment of the system whose efficacy has been thus recently signally experienced.

The grounds of the apprehension that there is likely to be a progressive rise in the value of the precious metals, which would be disastrously aggravated if one of them should be disestablished and which cannot be wholly prevented (though it may be much mitigated) even by the best possible combination of the two may be briefly stated. Even though the production of the precious metals should be as abundant as argyrophobes fear, still their supply must be strictly limited. The ultimate residual demand for these metals, that which governs their position in the scale of values is in order to hoard or store for future use the value of the surplus or unconsumed produce of human industry. Now the growth of this surplus already immense is practically unlimited. The consequence must be an ever increasing pressure upon the precious metals their equivalents in industrial produce must continually grow in other words, the outlook is for a progressive fall in prices which is likely to go on if unchecked till production is discouraged and commerce paralysed. The question whether this forecast is or is not well founded ought not to be lightly dismissed, whether or no there seems enough reason in it to make it appear something akin to madness to take any step calculated to narrow the base of the standard of value and so to hasten a catastrophe which is at all events possible.

The position of a commodity in the scale of values is the outcome of a comparison between the demand for it and its supply. Which of the two contributes the larger share to its value depends chiefly, upon the nature of the commodity. The value of a perishable commodity, such for example, as fish or even grain, the demand for which varies within narrow limits, fluctuates in prompt accord with the fluctuations of the supply. When like the precious metals, a commodity

is practically imperishable, its stores act as a distributing reservoir, and its value fluctuates away the level of the reservoir, and is but slightly, if at all affected by the supply the volume of which bears a constantly diminishing proportion to the reservoir which it feeds. In these cases it is the demand which chiefly governs the value the supply being always an overplus, as ordinary circumstances practically free from fluctuations.

The ultimate demand for the precious metals is for the purpose of storing value, whether in the shape of coin or bars or ornaments, or as an ore. This use of them is which constitutes their preciousness, if either of them should be generally rejected for this function, it would cease to be 'precious'.

Standard money is accepted, and engagements are made in terms of money, subject to the inevitable natural fluctuations of its intrinsic value, but in the faith that it will not be intentionally and willfully, disturbed. A State which interferes purposely to change the intrinsic value of money incurs a responsibility the weight of which can be measured only by the far-reaching consequences of such interference. Every increase to the intrinsic value of money increases the money obligations of every member of the community, every decrease diminishes them. A certain unjust steward once arranged for a surreptitious reduction of the debts due to his lord it would have been a more cruel injustice if he could have done so capriciously to increase them. Yet this is exactly the effect that must be produced by an increase in the intrinsic value of money, as surely so as if an edict were issued (and obeyed) for the addition of a per centage to every debt in the country. The most powerful government that ever existed would fail to enforce such an edict and an order for the increase of the value of the standard money would, if its effects were understood, produce a revolt. It would not be understood, but, to a conscientious Government, this is only a powerful reason for taking no such action, except under the overwhelming sense of responsibility and compulsion.

It is not meant to affirm that under no circumstances should the State take any measure affecting the value of the standard money for it is its prerogative to guard the value of the standard against attack and, conversely, if possible any extraordinary influence adverse to its stability, but it should be prepared with an unanswerable justification of its interference, more particularly when such interference has for its object not the relief of debtors by a reduction of the intrinsic value of money, but an enhancement of their burdens by its increase.

One of the most calamitous results to the civilised world, of the Franco German war of 1870 was the demetallisation of silver by Germany, consummated in 1873 which led to the abandonment of the composite standard by the Latin Union and Western Europe generally and the United States of America. Since then gold has been left to discharge comparatively alone throughout the greater part of the commercial world the whole duty which had, till then, been borne by gold and silver conjointly. The consequence has been a progressive increase of the pressure on gold and a continual rise of its position in the scale of values. All are familiar with the disastrous fall of prices and dislocation of trade in which this increase of the value of gold has manifested itself. There is too much reason to fear that the evil impulse which originated 30 years ago is far from being exhausted, and that it has, perhaps permanently overthrown the equilibrium of values the want of which paralyzes trade. Had Germany understood the monetary revolution she was initiating she would surely have paused even in the intoxication of her great victory, and had the other nations perceived it, they would have abstained from rashly following in their panic the example of Germany and would have instead been more than justified in endeavoring to neutralise its evil influence by any practicable means, not neither Germany nor the rest perceived what they were doing, and so the mischief was done.

When two countries use the same standard of value it is bad or good these can be no important variations in the relative value of their moneys but, when they use different standards every fluctuation in the value of either is shown, at once, in the exchange between them, and if the values of the two standards move in opposite directions, the fluctuations of the one may be considerable, there is indeed nothing to connect them together. There has been a disconcerting

illustration of this in the course of the exchange between Great Britain and India since the abandonment, in other lands, of the composite standard which however little either country recognized its influence, effectually linked their standards together. The immediate result of the demonetisation of silver in 1873 was the violent disturbance of the equilibrium then existing between gold and silver which has not yet been replaced by any fresh equilibrium, and unless the composite standard is restored never will be since then, the relative value of the two precious metals has been utterly unequal, the prevailing tendency being, to the widening of the interval between their separate values, which is now a full third greater than it was. An ounce of standard silver which, before 1873, was worth 60d., or one fourth of £1, is now worth only 39d., or less than one sixth of £1.

The inconvenience has gradually become so acute that a committee has been appointed to investigate and report upon it. Simultaneously an international conference has been convened to discuss the whole question in its general bearings.

In order that the phenomena may be rightly understood, it is essential that there should be no false diagnosis of their causes. What has induced the divergence of the values of the two metals? Has the value of gold increased, or has the value of silver decreased or is the divergence due partly to the one cause and partly to the other? The right answer to these questions will prevent an empirical treatment of the evil which would indefinitely aggravate the disease, while possibly, for a time, hiding it from superficial observation.

There are indeed, several reasons for caution in dealing with the evil as affecting India, in that the present trouble is felt, not by the people of India as a whole, but only by those interested in the foreign commerce of India, and by foreign sojourners, represented chiefly by the British officers of the Government, none of whom ever relinquish their British domicile.

The sufferings of these important classes must not, indeed, be disregarded or undervalued. By the use of the telegraph and other devices the inconvenience to trade, of a fluctuating and untrustworthy exchange, can be minimized and, as affecting current transactions, to a large extent even neutralised, for the duration of such transactions is usually so short for them to be seriously affected by exchange vicissitudes. Even, however, from those whose interests are confined to such current transactions, grave complaints have arisen of the uncertainty of the present exchange and merchants engaged in extended operations, and bankers, cannot possibly keep their assets thus liquid. Large amounts of British capital are being continually locked up in trade or otherwise invested in India, a process the development of which is most desirable in the interests of India. The owners of such capital are alarmed, and the healthy expansion of such investments is discouraged, by the progressive fall in the gold value of the rupee. Such capitalists will not console themselves with the assurance, however well founded, that, though their silver capital represents an ever dwindling amount of gold, yet the value of their gold has increased and is increasing equivalently. However true this may be, and it is largely true, it is impossible to convince foreign capitalists, who are suffering, as they believe, from the decrease in the sterling value of their rupees, that they obtain any practical compensation from the corresponding increase in the value of sterling money and, in at least one sense, they have at first sight, good reason for their prejudice. The owners of gold possess a property to which, at present, there is no practical access an unearned increment which is sacrificed when they exchange their gold for silver in which form their property is seriously threatened with an undesired decrement, if indeed this decrement have not already begun. It is not readily perceived that the appreciation of the gold of a capitalist involves this grave disadvantage, that it makes it difficult for him to obtain a safe profit from his capital because, the more the value of gold is enhanced, the less the interest obtainable for its use for lenders as well as borrowers, in the money market a steady standard is really the most advantageous. At all events, most capitalists will under present circumstances, prefer to have their capital stored in gold, will be anxious if it is stored in silver, and will require burdensome inducements before they will consent to transfer capital from gold to silver.

As regards the foreign sojourners such compensation as they obtain for the shrinkage in the sterling value of their incomes, from the decrease in gold prices great

as this decrease has been, is to a large extent, concealed, if not counteracted, by the fact that, such, perhaps most, of their sterling expenditure takes the form of customary or contract payments, such as school bills, servants' wages house rent, &c. which do not, immediately or obviously, respond to an increase in the value of the standard, and even less, when they do benefit by the prevailing cheapness, such persons are apt, foolishly it may be but naturally, to take advantage thereof, rather to extend their comforts than to curtail their expenditure. Hence the familiar rejoinder to the suggestion that they should be compensated is, "Yes, but the mode of living is more costly."

The sufferings, therefore, of the foreign sojourners in India and what is, economically, of far greater importance, the discouraging losses of those engaged in the foreign commerce of India or in the development of India by British capital, are real and serious and must, indirectly, entail loss upon the whole of India, because the importation of capital is impeded, and because foreign residents must be compensated. In many cases, such compensation has, long since, been conceded, for years past no European merchant has been willing to accept service in India, except upon condition that a substantial part of his wages be paid in sterling money at the rate of two shillings per rupee. In short the English in India obstinately decline to acknowledge any but the sterling standard, nor are they alone among their countrymen in their inveterate assumption that, all evidence to the contrary notwithstanding, the value of gold is an immutable standard, the efficiency of which admits of no discussion.

The chief evils which have led to the appointment of the Indian Currency Committee have already been set forth without palliation or reserve. But the pressure of the interests which bear the brunt of these evils must not obscure the fact that they do not, directly affect the body of the people, or touch the myriad transactions of the 200 millions of India which are settled by the silver standard, and that the whole sterling standard does not in any way enter into the monetary standard of this vast population, for the sake of what is relatively a small and mainly a foreign, interest would savour of selling another person's house on fire to raise one's own stock in the world, indeed, be something like the betrayal of a national trust, a trust all the more weighty and binding in that Great Britain does not in its discharge, take the people themselves into council, but reserves the whole undivided responsibility to herself.

So far as the indigenous interests of India are concerned, it is absolutely certain that but for the fluctuations of the sterling exchange, Great Britain would be no more aware than the people themselves actually are, that there is any defect in their standard of value at all, and would not entertain the idea of interfering with it. There is, in fact, no evidence whatever that, as yet, the Indian standard has lost efficiency. Doubtless, it was to be expected, *a priori*, that the transfer of pressure in Europe and America in 1873 from gold combined with silver, to gold alone, while it increased the value of gold, would have decreased the value of silver, disturbing the equilibrium between the two metals by a double process. There is, however only one method of detecting fluctuations in the value of one of the precious metals—namely, a comparison of their value with that of silver is not found to have lost stability yet. Hitherto, there has been little or no diminution of the purchasing power of silver rather till lately, was there some increase of such power. And no distortion exists in this respect, between India and the rest of the world, value is cosmopolitan and observes no geographical or political boundaries it is as inconceivable that value in India can be independent of value in Europe, or vice versa, as that water should not seek its own level. The statement may be supported with accuracy, but it is a fact that silver exchanged for gold has, still, as much purchasing power in Europe, as it had before the monetary revolution of 1873, the fall in gold prices being fully equivalent to the rise in the silver price of gold.

It is not asserted that no silver prices have risen, or even that no gold prices have risen, but the fluctuations cannot be discerned in such simple fashion. Many silver prices have risen for example the wages of skilled labour, the demand for which has happily increased with the growing wealth and prosperity of India. What is asserted is that, in the whole scale of values is impartially surveyed and its present condition compared with its condition in 1870 the position of silver therein will not be found to have fallen, such,

at least, was the fact recently. At the same time, it is certain that there are renewed apprehensions that silver will soon lose value and it is possible, indeed, that the fall is actually begun, the agitation for the abandonment of the silver standard in India being most detrimental to the value of the metal.

The alarm and the anxiety, expressed as the prospect of a decrease in the value of silver, contrasts strangely with the apathy and equanimity with which the rise of gold which has actually occurred is viewed a rise which, as compared with 1870 probably exceeds 30 per cent. Yet, in the value of a standard, which unjustly benefits creditors at the expense of debtors, and paralyzes industry and enterprise, is indefinitely more mischievous than a fall in the value of a standard with converse effects. The supreme desideratum is stability, but a falling standard is incomparably preferable to a rising standard. Can it be that the present ruinous rise in the value of gold creates no apprehension among capitalists, but is rather approved, because oblivious of the adage about the goose that lays golden eggs, they instinctively, however erroneously, feel that the burden will be borne by the debtors alone, to their own gain? In any case, it is little creditable to the commercial intelligence of what should be the most intelligent commercial community in the world that in this matter, Great Britain lags behind the other nations and has hitherto barred the road to reform.

It is assumed then, that but for the disturbance in the exchange with Great Britain, no alteration of the Indian standard of value would or could have been thought of on any other ground, than that the purchasing power of silver had undergone some violent change, and it is maintained that no such change has, in fact, taken place. If there is any doubt on this point, the first step to take is a public enquiry, such that the results may plainly appear to all the exchange difficulty, generally, is, sufficiently serious to justify an interference with the Indian standard on any less specific and defensible grounds? On the contrary, does not the apparent conflict between the interests of the general community and those of the chiefly alien foreign traders and residents, dictate special caution as to any measure affecting so delicate a part of the commercial machinery of all India as the standard of value?

It is necessary however to observe that there can be no real conflict between the interests of the foreign community and those of the country generally. On the one hand the intelligence of that community may be trusted to perceive that any relief which it might, apparently obtain by a measure injurious to the general interests, such as an otherwise unjustifiable enhancement of the standard of value, would be too dearly purchased. On the other hand, the whole country is so closely concerned with the prosperity of the foreign trade and the contentment of the foreign residents, that it might, wisely consent to some sacrifice for their relief from unbearable adversity.

There is only one remedy for the fluctuations of the exchange between Great Britain and India, namely, the assimilation of the monetary standards of the two countries; the latter, in either case, the preferable method. It is of the utmost importance that there should be no illusions about this. Various schemes are suggested for the cure of the evil without an avowed and complete identification of the standards, it should be clearly understood that, in so far as any such scheme falls short of an actual unification of the standards, it is foredoomed to fail.

A common feature of all such schemes is that silver shall continue to be the money of India, but that instead of depending upon its intrinsic value, it shall be artificially estimated at an extraneous value based upon the value of gold as if in fact, it were gold. Such a device literally bristles with unsoundness and dangers it would not, if it proved efficacious avoid one of the fundamental objections to the introduction of a simple gold standard, namely, for example, produce a disastrous fall of prices and destroy the value of the vast uncoined silver stores of India, and it would have the special disadvantage of leaving India without standard money its currency being degraded to the status of tokens as exposed to the dangers and deprecations to which 'soft' money is subject. Let not the example of France be adduced in order to lull these apprehensions. The ancient silver standard money of France has undoubtedly been added to the rank of tokens and is a tremendous evil there as in France, but France is fully supplied with true standard money,

and its degraded silver legal tender money is largely kept out of sight as if ashamed to show its face locked up in the cellars of the Bank of France—gold and notes chiefly circulate. The same is believed to be true of America, where even the dollar of our fathers hides its diminished head and is safely warehoused, and in Germany. All these countries have dammed up great reservoirs of silver which constitute a constant danger not to themselves alone, but they are, for the most part stagnant, not current and even if, under those circumstances, they have hitherto been protected from the deprecations of false coins, the same security can by no means be expected for the vast and active silver currency of India, if once it is made a field for the industry of such gentlemen.

The Indian Government currency notes are designed and manufactured with the highest attainable skill, their circulation is strictly limited, and is practically confined to especially intelligent classes. But we hear, from time to time, of their being ingeniously forged. What hope would there be for silver tokens circulating by crosses among the ignorant masses of the population, with no motive, but to detect fraudulent coin which might have the same intrinsic value as the genuine token?

Nor should the experience of the token silver currency of Great Britain tempt India, for this currency is strictly limited in amount, and by no means, even so, free from attack, it is, moreover, a source of great uneasiness to the financial authorities.

Removes the example of Netherlands India, the monetary system of which is believed to be exactly that which is under suggestion for British India, how far it has escaped from depreciation is not known, but the whole volume of its silver coinage is not believed to be excessive, and cannot probably amount to a twentieth part of that of India. Moreover, it must be borne in mind that the demonstration of silver in India, involved in the adoption of this device as truly as in the straightforward introduction of a gold standard, would enormously depress the value of money and increase the vulnerability of all such inconvertible token currencies, which are, essentially, no sounder or safer than an inconvertible paper currency, in many respects indeed not so defensible.

The one advantage of such inconvertible currencies over full valued standard currency, is that they are *honestly* managed, on which point suspicion is not easily allayed is the saving of the cost of the first outlay of the standard currency and of the excess in its waste over the current cost of its substitutes. Now there is every reason to believe that the active circulation of metallic standard money is governed by the laws which regulate a sound banknote or subsidiary token currency, the volume of which is automatically ascertained and fluctuates within narrow limits, so that the cost would not be unduly limited, it would be serious, and might even not be too much to pay, in order to escape from the evils of an inconvertible token currency.

Moreover an inconvertible currency whether it be metallic or paper is efficient only if limited solely to the volume which, if the currency were valued inconvertible or convertible to standard, would settle itself, without administrative interference. By what process the proper volume of an inconvertible currency is to be ascertained is not known, but, till it is practically ascertained, the device will be ineffective. An inconvertible token will not be equivalent in nominal value to a standard coin, and, in the present case the fluctuations of the exchange will not be fully corrected. In this connexion it is pertinent to remember that the stock of coined rupees in India is well known to be in excess of the amount needed for the current transactions of the country. As in France so in India, there has always been a habit of hoarding coined money. There is therefore, much reason for thinking that the only effect of closing the mints to silver coinage would be to call out these sleeping hoards, and that it would be long indeed before the device with all its objectionable features, would be fully effectual. It is probable that it never would be so.

Indeed, when it is remembered that the laws governing the volume of a standard money currency, which is freely hoarded differ altogether from those regulating the volume of an inconvertible token currency which cannot be hoarded, and that the closure of the mints to silver would destroy the precousness of this metal and change the present full value currency of small intrinsic value, inconvertible token currency of small intrinsic value,

it is, at least, conceivable that the measure might result in an actual reduction, not only of the intrinsic but of the nominal value of the rupee, truly an alarming possibility.

The assimilation or unification of the standards of the two countries might be effected in three different ways—

- I Great Britain might abandon her gold standard and adopt the silver standard of India.
- II India might abandon her silver standard, and adopt the gold standard of Great Britain.
- III Both countries might adopt one new standard, which practically, must, doubtless, be a bimetallic or composite standard.

The first plan though it would be certainly less injurious than the second, and, probably, even than the present monetary chaos, is not within the range of practical politics and not, on its own merits, desirable, it need not therefore be discussed.

The second plan (including all the devices suggested to veil its true character) would thus be every reason to believe, entail disastrous consequences to India to Great Britain and to the world. It would inflict upon the value of silver the greatest blow which it has yet suffered. Silver probably retains its "preciousness" only in virtue of its use as the standard of value in India. If it should be deprived of this function, it would be *ex facto*, dethroned from the rank of a "precious" metal, and it might possibly prove that once thus finally discredited it could never regain its rank. Thus the mischief done might be found irreparable, confidence in a debenture plan which, if rudely injured, cannot always be revived.

The store of silver coined and uncoined, in India is estimated at 500 or 600 crores of rupees and may be even larger. It would be a sanguine man who would count upon its retaining its great value when, the principal demand for it being destroyed, it ceased to be "precious." The rest of the world contains probably between two and three times as much silver as India. Could a measure be justifiable, could it be wise, which would involve the sacrifice of so immense a property?

We constantly hear sneers, emanating sometimes from those who ought to know better, at the suggestion that the value of the precious metals can be regulated by any human action. Yet what can be more certain than that the suggested final degradation of silver would destroy its value, and in what respect would this completion of its degradation be less a human contrivance, less artificial—than its restoration to the functions which, till recently, it always discharged, and which constituted the demand which gave it its value?

But far more mischievous even than the degradation of silver would be the further imposition given to the appreciation of gold. Already, if the facts were understood, it would be perceived that gold has ceased to be fit for a standard of value, by reason of the constant increase of its own intrinsic value. It has, even now, lost all stability, and lost it in the direction most injurious to its use as a standard of value, to adopt a measure so calculated to aggravate the evil as the demonetisation of silver in India, would be, to say the least, not wise.

What would be the full effect in India can only be surmised, but there is no doubt that the result of all contracts would be undermined that for example, all land revenue settlements would collapse, and a general insolvency, such as we are witnessing already among some of the most important interests in Europe, would but too probably, supervene. During these 20 years, India with her silver standard has economically prospered, and borne with unexpected ease the heavy burden imposed upon her in respect of her gold debts, by the rise in the value of gold. It would be a calamity for her indeed, to have this burden further aggravated by the action of her own Government, and all her other debts enhanced also, to say nothing more of the immeasurable injury entailed upon the working members of her community.

Mr Arthur Balfour is, probably quite right in attributing to the progressive appreciation of gold or to describe the same phenomenon in a form more popularly intelligible the progressive fall of prices the perpetually recurring and ever lengthening depression of trade. Nor does it seem to be any longer of necessity while the process continues unbroken, will less if a fresh and formidable impulse be given to it by the substitution of gold for silver as the standard of India,

a country whose monetary policy is likely, owing to the hoarding habits of her vast population, to exercise an influence in such matters out of all proportion to her political rank. Yet our leading statesmen, financiers, and publicists are for the most part, blinded and can not read the signs of the times or understand what is going on under their very eyes, and those who call attention to the facts, like prophets crying in the wilderness, are met with scorn and contumely as quacks, faddists, protectionists, in a word "bimetal lists." God forbid that those responsible for the interests of India should be smitten with the same blindness, and be induced, by any clamour or any pressure, to entangle India, needlessly in the prevailing disorder, and to deal, at the same, a fresh crushing blow to the many classes in Europe who are already staggering under a burden too heavy to be endured.

The fluctuations of the exchange between Great Britain and India must not, then be cured by Great Britain adopting the silver standard or by India adopting the gold standard. There remains the third alternative, namely that both countries should adopt a bimetallic or composite standard.

Now Great Britain was the first country to demote its silver and adopt, as she supposed, a sole gold standard. If by a sole gold standard "is meant the value of gold unaffected by the competition of silver, her purpose has never, even yet, been accomplished, and will not be accomplished while silver occupies any part of the field. When if ever monometallism banishes silver altogether from employment as standard money, and gold reigns alone then and then only will a sole gold standard be realised in unadorned and unobstructive form. Meanwhile, no country can "live to itself" in this matter, the advantages of the composite standard have been to a large extent, sacrificed by the wholesale demonetisation of silver in 1873, and the stability of the composite standard has been rendered terribly for the worse by the change in the proportions in which the two metals are combined, but, little as it is understood, they are, even now, still combined, though in uncertain and unstable proportions, and exercise an irresistible influence upon the world. The real question now at issue is, whether this combination shall continue in its present proportions, or be restored to its former long established proportions or be finally and completely severed.

Till 1873, Great Britain although she used only gold and India although she used only silver, for standard money, enjoyed alike the full advantages of the then prevailing composite standard. Unhappily, neither country contributed anything to or took its proper share of responsibility for, the maintenance of this standard, but the values of their gold and silver were, of necessity, those of gold and silver throughout the world and their stability was maintained by the composite standards of the Latin Union and America. Great Britain does not yet perceive that the demonetisation of silver in 1873 has deprived her of the inestimable services of a stable standard of value, still less does she perceive that the whole catastrophe is directly due to her own action in having taken, long ago, the lead in the issue of silver standard money, and in an innovation on which she continues to congratulate herself. In truth it was not only a selfish defection from the international compact for the maintenance of the common standard of value a compact now the less binding because it was neither formed nor even understood, but, as all selfish actions are, it was singularly improvident, because, as our present experience shows it was sure to entail other detestable, and to destroy, at least the common equilibrium and preservation of which no other nation was nearly as much interested. The curse is come home to roost.

Other nations are awaking now to the consciousness of what all have lost and are believed to desire its restoration, but Great Britain strangely refuses to co-operation. It is true that the rest of the world might act, and act effectively without her, and it is greatly to be hoped that they may do so, but, in international relations, sentiment counts for much, and it is hardly to be expected that the other nations will consent thus to pull Great Britain's chestnuts out of the fire, even though it be against her will and they recover their own chestnuts at the same time. It is, in truth, ungenerous and unfair, if it is not simply perverse, of Great Britain to stand aloof and benefit by the unwise, unimproving activity of the nations holding on hers, if to the exclusive use of gold, which exclusive use others are prepared to surrender for the sake of the general weal.

And now, in retribution for her want of foresight, Great Britain is faced to face with five years of misery peculiar to herself and India, and scarcely shared at all by other nations, a difficulty the only possible remedy for which is the restoration of the general compensatory or composite standard, the deposition of which Great Britain herself long ago organised.

The adoption of this standard by the two countries would revive the stability of the exchanges, as effectually as their common use of either the gold or silver standard. Its operation would be to lower the standard of Great Britain and raise the standard of India, until the two met at a common level, or, to state the same thing in popular form prices in India would fall and prices in Great Britain would rise to a common plane.

Doubtless, the adoption of measures for this purpose might justly be challenged and indeed, ought to be challenged. It is fully admitted that the whole *onus probandi* lies upon a Government which intentionally changes the standard of value. No such change can be justified, except upon the plea of something like imperative necessity. Does the present emergency constitute such a plea? As regards Great Britain, it is believed that there is an urgent need for interference to check the progressive appreciation of gold, in other words, the progressive fall of prices, which has already produced disastrous results and must if it continues, lead to such widespread ruin as will command attention to the evil. It is only because that cause of the phenomena has not been recognised, that it has not been long since confronted. Let it not be said that the suggestion here implied is for "protection", it has nothing in common with such folly. The suggestion is that an effort be made to restore to our standard of value all attainable stability; for serious instability of the standard of value is ruinous to a community especially when it oscillates upwards.

As regards India it must be plainly admitted that, in the abstract no such remedial and general need of interference exists. But the powerful classes who are suffering from the fluctuations of the exchange are clamouring for relief which can be effectually afforded them in no other way, and the interests of the country, generally are so bound up with the welfare of these classes as to justify substantial sacrifices on their behalf. Moreover although silver may not, as yet, have actually lost value there is ground for grave apprehension that such loss is imminent if it be not begun so much so that it might even be prudent to forestall such a disturbance. Lastly if, as believed, it is ultimately inevitable, the civilised world should be forced to restore the more stable standard deposed in 1873, India ought no more to block the way in the separate interests of her sole silver standard real though they may be than ought Great Britain in the suppositions interests of her sole gold standard. In truth, it would be impossible for either country thus to isolate itself the ancient standard, if resuscitated would dominate, as of yore, the gold of Great Britain and the silver of India. It would be a happy result of our present difficulties if Great Britain should, at length discover her true interests and take now a beneficial lead in restoring the dethroned standard, as she took, formerly, a mischievous lead in its deposition.

For the immediate purpose of restoring steadiness to the British Indian exchanges the proportion in which the two metals should be admitted to power is a matter of comparative indifference but, for the attainment of the greatest attainable stability in the standard, it would be of the utmost importance to ascertain the proper proportions as yet. This paper is already too prolonged for any detailed discussion of this point to be admissible, but it is believed that no more suitable proportion can be discovered than the proportion of 1 gold to 15½ silver, formerly used by the Latin Convention.

The conclusions suggested by this review are as follow —

- I The true practical and complete remedy for the fluctuations of the exchange between Great Britain and India is the restoration to power of the composite standard dethroned in 1873.
- II Any other remedy while it might hide away this particular evil would like all empirical devices generate evils far worse than that which it pretended to heal. The fluctuations of the exchange are not, indeed so much an evil *per se* as a symptom of evils far more serious, widespread, and deep-seated.

III. In particular, the adoption of the gold standard in India would entail disastrous consequences to India and throughout the world. If such a measure were masked by the retention of an inconvertible silver currency, the evil consequences, inevitably grave, would be mitigated only to the extent to which the measure failed of its purpose, namely the restoration of the stability of the exchange.

IV The degradation of the standard money of India to the status of an inconvertible token currency of vast dimensions, is an expedient to be condemned and abjured as wholly unjustifiable and inadmissible.

V The true policy of India, until the old established standard shall be re-established is to endure, as best she may, the ills with which she is familiar, rather than to fly to those she wots not of. The course for the moment is an attitude of "masterly inactivity," accompanied by an expression of readiness to adopt the ancient composite standard whenever Great Britain makes up her mind to take this course. The rest of the world would presently fall into line.

VI The grievances of the British officers of the Government may and should be met in the meantime, by the concession of favourable rates of exchange for *bona fide* family remittances the amount of such remittances to be limited to a moderate sum both absolutely and proportionately to salary.

VII The difficulties of other foreign sojourners, and especially of those interested in India a foreign trade, are not, failing the re-establishment of the old general composite standard, successively removed by any State action, whether legislative or executive. This is a disappointing conclusion, and will be resented by these important interests, but if it is a true conclusion, it must be faced, alternative empiricisms could only compound the sequences still more deplorable. What these interests have to do is to continue to use every influence to bring about the acceptance by Great Britain of the only possible solution of their difficulties.

Such a solution may seem far off, if so, this is owing to the complexity of the problem, and the difficulty of inducing influential persons to grapple with the facts underlying it. The fluctuations of the exchange between Great Britain and India have, for years past thus compelled a few individuals in the discharge of their official responsibilities, to investigate the economic malady of which these troubles are a superficial symptom. This memorandum contains the diagnosis of one such investigator who has pondered the facts for more than 20 years. It is believed that, when once the commercial nations, and in particular Great Britain, shall be aroused from the lethargy which has left this pressing problem too long practically unassailed and investigate it, no longer with invincible prejudices and foregone conclusions, but with open minds bent on finding a way of escape from the evils pressing upon them, the adoption of the only possible palliative (not, alas, itself likely to be a complete or permanent cure) will swiftly follow.

In the meantime, India must wait, not indeed with a light heart, but with the assurance that she is on sound ground. It is impossible to foresee how or how far the appreciation of gold may go, before Great Britain discovers the mischief and takes measures to arrest it,—and therefore, how low the gold price of the rupee may fall, but it is probable that if once confidence is felt that silver will not stand in India, its intrinsic value will be maintained and its demand from Asia and the other countries which use silver may be expected to secure this. If the enhancement of gold proceeds to intolerable lengths before Great Britain unfolds her arm, not a few debtor countries will follow Argentina and Portugal into insolvency, and the power of even India to meet her gold debts may be brought into question.

If little reference has been made in this paper to the financial difficulties of the Government of India arising from the progressive fall in the gold value of the rupee, it is not that their extreme urgency is not recognised, or their danger under-estimated, but they can only be aggravated by the application of an inappropriate remedy. If it is the fact that these difficulties are due only to the appreciation of gold, then, clearly, they cannot be lightened or removed by a measure calculated to give a fresh and most powerful impulse to this

approach, they can only, alas! be met by taxation. But there is no general form of taxation so tax-chevrons so indiscriminating and so burdensome, as an addition to the value of the standard of value an immediate effect of which would be to increase much of the public expenditure, and to imperil much of the public revenue.

R B CHAPMAN

Torquay, January 1893

MONETARY STANDARD OF INDIA

SUPPLEMENTAL Note by Mr. Chapman, to the first paragraph (adding "truly an alarming possibility") on page 286

It is feared that the danger is stated much too modestly in the text.

Scientifically the reasoning is as follows—

- (1) A full value or standard currency can never be inflated or redundant, any excess in such a currency over the amount required for active purposes simply becomes passive, or dormant,—is, in short, hoarded.
- (2) In like manner a token currency convertible at will into standard money can never become inflated or redundant.
- (3) An inconvertible token currency is inflated whenever its volume exceeds the amount that would remain in circulation if it were convertible at will into standard money.

To close the Indian mints to silver must—

- (1) Cause a fall in the value of silver, to what extent who can say?
- (2) Give a fresh and formidable impulse to the already dimensionous rise in the value of gold to what extent who can say?
- (3) Convert the present full value coinage of India into an inconvertible token currency of vast dimensions and low intrinsic value.

It is certain that the existing rupee coinage is four or five times its full value, that it may be ten times, the amount that would remain in circulation if it were a convertible token currency.

If therefore it should be changed from a standard or full value coinage into an inconvertible token coinage, its volume would be indefinitely redundant or inflated.

It is vain to imagine that the value of a token coinage in such a condition can be made to exceed the value of its substance, by any device which does not provide for its free convertibility into money of the intrinsic value with which it is intended to endue the tokens. Unless there is some flaw or fallacy in this reasoning it is certain that the closure of the Indian mints instead of raising the gold price of the rupee, would produce a financial catastrophe of the first magnitude.

R B C

EXTRACT of a private letter from Mr. FREDERICK CLAR ROAD to Mr. COURTNEY, dated 21st November 1892

There is another point within my own experience. As a planter I employ on three or four small estates in India close upon a thousand native labourers during the year, in cultivating land and picking crops. The average margin of profit (and this, I believe, is the general experience) depends very largely, and often entirely, upon the state of the exchanges. Cheap silver has not to any appreciable extent increased rates of wages in the planting districts, the rupee's purchasing power in paying for labour and in buying food remains practically the same. Thus the planter, paying silver and receiving gold for his crops in Europe can afford to open land and hire workpeople (men and women) who would otherwise be earning nothing.

Why should the Government discourage the outlay of capital by Englishmen in India and prevent the employment of natives, in famine crises or at any time, by trying to bolster up artificially the price of a commodity which is depreciating through the natural process of over production?

One is sorry for the Indian civilians and officers who suffer, but there are much larger interests at stake, and their wrongs, if any, should not be righted at the expense it may be, of the mass of the Indian people. You are probably familiar with these views, but I shall like to know that they are in your mind, to be weighed and tested as I am sure they then will be, if you think them worth consideration.

SPEECH by Mr. Cox, Accountant-General at Bombay at the Meeting of the Bombay Branch of the Indian Currency Association 10th August 1892, to which Mr. THORNTON referred in his Evidence, Questions 322, &c

Mr. A. F. Cox, Accountant-General, Bombay who was received with loud applause, moved: "That the fluctuations and fall in the gold value of the rupee have been prejudicial to the interest of India, and that, as there seems no immediate prospect of an international agreement in favour of a double standard, it is desirable that the Government of India should be granted liberty to close the mints against the free coinage of silver, and declare a gold standard or adopt some other method of giving a stable value to the rupee." He said: I suppose that most of those who have come to this meeting this afternoon have done so because they have been pinched either by the fall or the fluctuations in the value of the rupee. But I think that there is no one so foolish as to imagine that a very serious change in the currency laws of this country will be introduced for our benefit if we are in a minority, and this is the first point upon which the resolution touches. It asserts that we are not in a minority, but that what has happened to exchange during the last twenty years has been prejudicial to the interests of India in general. Now this is a proposition which, as I believe, very generally accepted not only in India, but also in Europe. And yet there are some who deny it, and of those who deny it probably there is a larger number in Bombay than in any other city in India. We learn from Calcutta that two-thirds of the European firms there belong to the Indian Currency Association. Unfortunately we can not say the same of Bombay. It is not long since I heard one of our leading European merchants state gravely and I suppose seriously, that a falling exchange is advantageous to India. That struck me as a rather startling statement, for like our Chairman I have always been taught to believe that if there is one quality which is necessary for a good standard of value and medium of exchange, it is stability. However those who take a different view appear to argue much in this way. They contend that there has been a very remarkable increase in the trade of India since the rupee began to fall, and they point to the depression in trade which have occurred when there has been any considerable rise in exchange and to the activity of trade which has followed a fall. I do not think that it can be denied that these results have followed these causes, but what I do deny is that the results are permanent. It is, I think very much as though someone should place an embankment across the bed of a stream. The immediate effect is that the flow of water is arrested but if the embankment is strong enough to resist the pressure of the water the level of the stream must eventually rise to the level of the embankment, and the water will then flow over it with the same volume as it flowed before. This seems to me very fairly to illustrate what happens to trade when exchange rises and remains fixed, there is a temporary depression but trade soon adjusts itself to the new circumstances, and then goes on as though nothing had happened. Or it may be that this embankment of ours will be unable to resist the pressure of the water, and will be swept away. The immediate result of that is that the stream will flow for a time with greater speed, with increased volume, and this represents very much what happens when exchange having risen gives way. Exports are for a time stimulated, but the industry of India is no more increased than the capacity of that stream to carry water to the sea has been enlarged by the destruction of the embankment. Another argument which is used by these admirers of the depreciated rupee is this. They assert that, although the gold value of the rupee has fallen the gold value of India's products has either not fallen or not fallen

so much so that the Indian producer now receives a larger number of rupees for the same amount of iron commodities, while his expenses have remained the same. He pays the same number of rupees for his land assessment, the same number for his cattle and other instruments of agriculture and the same wages to his daily labourers so that he has the benefit of a larger net profit upon the transaction. And thus it is argued, stimulates him to increased industry. He takes up more land for cultivation, and sends more produce by railway to our ports, so that Government derives a very considerable advantage from his increased industry. I shall attempt to prove to you that it is altogether untrue that a larger quantity of silver money is now recovered for the same commodities than before the rupee began to fall. But even if it were not so, our opponents' arguments would surely amount to this, that, if Europe had not been so kind as to debase silver, it would have been a wise policy on the part of the Government of this country gradually to debase our coinage by adding from year to year more and more base metal to the silver which it contains until at last it would have been able to return to the person who tendered 10 rupees weight of pure silver at our mints but only ten standard rupees but fifteen debased rupees which he would be able to pay over to the producer and, taking advantage of the simplicity of our law to increase the quantity of an invention which he is to believe that it can be possible in any circumstances whatever that a Government can debase its own coinage with advantage, and I do not think there is any one here simple enough to believe it. This picture of the Indian producer's remarks of an invention which is discredited I think by Mr. Mack Tswan the ingenious inventor to whom he refers proposed to work a sewing machine in a very easy and economical way with the assistance of a cat and a mouse. The machine was to be actuated by the revolutions of a perpendicular spindle. This spindle was to have two arms upon opposite sides one rather low down and the other higher up. To the lower arm he proposed to harness a cat and from the other arm to suspend a mouse in such a way that it could always get out of the reach of the cat, and his idea was that the cat upon catching sight of the mouse would immediately dash forward and continue tearing round and round in vain efforts to secure the little animal. This I think is very much like the picture the Indian gentleman has drawn upon the assumption that he receives a larger number of rupees for his products and is thereby rendered more industrious. India is the cat which is expected constantly to pursue the mouse—wealth—though she never actually secures it. But these gentlemen are theorists, let us submit them to the test of statistics. I fancy that most of you have read the very interesting speech delivered by Mr. Mackay the President of the Indian Currency Association. I do not mean to travel over the same ground over which Mr. Mackay travelled, but I should like to recall to your recollection one point which he made in that speech and which will be useful to my argument. Mr. Mackay had collected together the figures which represented the aggregate trade of India during the last 25 years, and he divided that period into five groups of five years each. He showed that the aggregate trade of India during the five years which immediately followed 1871 showed not an increase of trade, but a small decrease of 4 per cent as compared with the five years which immediately preceded 1871. In the third period of five years a very satisfactory advance at the rate of 25 per cent was made, and there was a so an improvement visible in the fourth and fifth periods. But the ratio of increase gradually fell from 25 per cent to become 22 per cent and then from 22 per cent it fell to 19 per cent. If the increase of India's trade proceeds in this decreasing ratio it will only take about 30 years for our commerce to cease to make any advance at all and then slowly to decline. Being anxious not to touch upon these points which Mr. Mackay has dealt with I have had recourse to a very useful volume of statistics published last year by Mr. Giffen of the Board of Trade. It is called the Statistical Abstract for the Colonial and other Possessions of Great Britain, and it contains a number of figures relating to population, exports, imports, river shipping, railways, and the like. I first examined the figures relating to exports, and I find that the exports from India in 1871 amounted to fifty seven crores and a half. By 1880, which are for the last year for which Mr. Giffen gives figures for India's exports, they had increased to one hundred and five crores showing an advance of about 80 per cent. I compared these figures with

those relating to the Straits Settlements, Ceylon, Mauritius, the Australian colonies and the Cape of Good Hope. I found that the increase in exports for the Straits Settlements had increased during those 20 years by 190 per cent as against India's 80 per cent. Ceylon had only advanced by 30 per cent, while the unfortunate Island of Mauritius had declined by 10 per cent. These countries enjoy together with India the supposed advantage of a depreciating currency. Let us now compare them with colonies which are without that advantage. I have here all the figures relating to each individual Australian colony but I will not trouble you with them. I will merely give you the figures relating to the exports from the whole of Australasia. These were valued in 1871 at 444 million sterling and had risen in 1890 to 644 million sterling, showing an increase at the rate of 90 per cent. The exports from the Cape of Good Hope had increased during the same period from 34 millions to 104 millions, and that is at the rate of 180 per cent. I next examined the figures relating to imports and here I would remark that the same argument, based upon an increased silver price of India's products which leads to the conclusion that her exports are encouraged leads also to the conclusion that her imports are checked. But Mr. Giffen's statistics show that such has not been the case. India's imports have risen from a very 40 crores in 1871 to 804 crores in 1890, showing an increase of 120 per cent while we have seen that her exports increased only at the rate of 80 per cent during the same period. The imports of the Straits Settlements have advanced by 200 per cent. Those at Ceylon have been stationary, while those of the unfortunate Mauritius have decreased by 30 per cent. The imports into Australasia have risen by 120 per cent, that is at the same rate as India's. The Cape of Good Hope, however has doubled the value of her imports from the foreign countries. I now give you the figures representing the gross revenues of these dependencies of Great Britain. The gross revenues of India have increased from 51 crores in 1871 to 85 crores in 1890, or at the rate of 60 per cent. The gross revenues of the Straits Settlements have advanced by more than 1,000 per cent. Those at Ceylon and Mauritius had advanced by 330 and 335 respectively for Australasia the increase has been from 10½ millions to 294 millions, which is at the rate of 180 per cent. While the revenues of the Cape of Good Hope have risen in the same 20 years. And lastly I would ask you to observe the progress which has been made in the construction of railways. In 1871 there were 5,077 miles of railway opened in India while the mileage in 1890 was only four miles short of 17,000 the increase being at the rate of 230 per cent. In Ceylon the increase was 160 per cent and in Mauritius 50 per cent, while in Australasia the advance had been at the rate of 650 per cent and in the Cape of Good Hope at 2,800 per cent. The inference which I draw from these figures is that there has been no very remarkable improvement in India's trade or in her gross revenues while her railway system has not been enlarged as rapidly as has been the case in countries with a gold standard. There is no doubt here a satisfactory improvement in all these heads but I think you can discover causes to account for it without giving credit to a falling exchange in the last place I would point to the increase in India's population. In 1871 it was found to be 210 millions in 1891 it had risen to 280 millions which means that there are now in this country four persons who are able and willing to work in the production of commodities for export to foreign lands when there were only three persons able to do this in 1871, and where in 1871 there were but three persons requiring to be supplied with foreign produce imported into India, there are now four needing to be supplied. This enormous increase of population alone accounts for one-third of the increase in India's trade during the last 20 years. Another cause for the improvement in our commerce is to be found in the opening of the Suez Canal which took place just at the time when silver began to fall in value. I need hardly say much to show you that this direct and quick route to the markets of Europe must have a very considerably stimulated trade. But I should like to draw your attention to the great reduction in freightage since the Suez Canal was opened. A mercantile friend in this city who is among our opponents has nevertheless been kind enough to furnish me with a statement, showing the freight price in the year 1871 to the year 1891. In January 1871 freights were at 58s 9d. In April of that year they were at 62s 6d. In July the quotation is nominal. In

1873 the rates were 68s 9d, 48s 9d and 46s 3d. In subsequent years freight has gradually fallen, and in 1890 they were as low as 30s in January, 21s in April and 15s 6d in July, and last year the figures for these three months are 16s 9d, 20s 6d and 20s. I understand that in this present year they have been as low as 12s 6d. But the general case for India is an advance in commerce must, I think be looked for as the extension of her railway system. I have already mentioned that the mileage has increased from 5,000 to 17,000 within the last 20 years, but, as the mind grasps so much more easily facts which are expressed in the shape of a picture than those given in the shape of numbers, I have prepared a rough map showing the lines of railways now opened in this country. The red lines in this map represent the railways which were opened in 1871. The black lines show what has been added since that year. It appears from this that there was through communication between Bombay and Madras but I remember very well that having landed in Bombay towards the close of 1871 and having despised of my sovereign as the ruler of the 10th of each I made my way to Madras, and had to travel by country cart and boat across a gap which separated the two systems of railways. Through communication with Calcutta was in that year quite a novelty, the first railway system was altogether in its infancy. This map shows what an immense advance has been made since then. India has begun to be covered with a network of railways, which act as feeders to the main trunk lines which were at first constructed, and these trunk lines have been so judiciously fed that they have had to be enlarged into double lines, where at first they were single. And besides the increase in the mileage, I was informed a few days ago by the agent of one of our greatest Bombay trading houses that the rates now charged for carriage by railway are very much less than they were in 1871. In these three cases, then, it appears to me that we find enough or more than enough to account for India's 80 per cent advance in exports, 180 per cent in the value of her manufactures, and 60 per cent in her revenue. (Loud applause.) I now proceed with the question of whether rupee prices for India's products have risen or not, and fortunately I am able to illustrate my remarks by diagrams instead of groups of figures. The first diagram to which I will ask your attention is one which I have borrowed from Sir David Barbour's most valuable little book upon the Theory of Bimetallism. He carried it down to the year 1885. I have extended it up to the present year. But, before explaining the method of construction, I think it would be well if I were to explain as shortly as possible, for the benefit of those who have not studied this matter very closely, the history of the circumstances which led to the fall in the gold value in silver which is illustrated in the diagram. For some hundreds of years both gold and silver have been used in Europe for the purposes of currency. They were also used in India until 1835. Their value relatively to one another for some two hundred years varied but slightly in Europe. The Royal Commissioners appointed in 1837 to inquire into this matter reported to Her Majesty that from the middle of the seventeenth century up to the year 1871 gold and silver had not varied more than three per cent either side of a ratio of 15 1/2 silver to 1 gold. The first country to discard silver was England. In 1816 she became gold mono metallic. Fortunately no harm resulted even to herself because no other nation followed her example. But in 1871 Germany became possessed of an enormous mass of money, which she had forced France to pay to her as an indemnity to cover the cost of the Franco-German War. It then occurred to Germany that this was a favourable opportunity of following England's example and becoming gold mono metallic because she imagined that England had become rich in consequence of being gold mono metallic, and it did not occur to her that England had become gold mono metallic because she was rich, which seems more likely to be the truth. Germany's intention to imitate silver mono metallic was thwarted, and all the countries of Europe were set upon with the alarm that their silver money would become bad. When therefore in 1873 Germany gave effect to her intention the three Scandinavian nations, Sweden, Norway, and Denmark, did what she did—they discarded silver. In 1874 Holland did the same and a final blow was struck at silver when the Latin Union nations brought their agreement to an end. The Latin Union consisted of five countries, France, Belgium, Switzerland, Italy, and Greece, who since the year 1865 had joined with France in carrying out a currency system which had been in

force in France since the beginning of the century. According to this system the money of France were freely opened to the coinage of both gold and silver, and it was enacted by law that both metals were full legal tender at a ratio of 15 to 1, that is to say, that anyone owing a debt of one ounce of gold could discharge it by paying 15 1/2 ounces of silver, and vice versa. In 1865 the other four nations which I have named agreed to adopt the same monetary law as France. In that year a fear was prevalent in the world which was very different from the fear which prevails now. Gold had been produced in such enormous quantities in Australia and California that people began to apprehend that it would become too common to be a good standard of value. In order to maintain its relative value with silver the Latin Union was formed. But when in 1873 the mine of the Latin Union became gorged with the silver which had been discarded by other European countries, the Latin Union feared that they would lose all their gold and become a reservoir for debased silver. They therefore, mutually consented to terminate their agreement, and from that time the gold value of silver has continued steadily or rather fitfully to fall. Now, gentlemen, I will proceed to explain Sir David Barbour's diagram. The upper and dotted line represents the gold value of silver which begins at about 15 1/2 in the year 1850. It then rises slowly in consequence of the large discoveries of gold to nearly 62 in 1857, and continues at that price until 1866 which is the last year in which our rupee was generally worth 2s. In 1866 it fell towards 60 1/2 an ounce and continued at that price until 1871. In 1871 its full value, and from 60s an ounce its gold value has gone below 33s. The lower and continuous line represents the gold value of English commodities generally. They rose rapidly from 35s 0d to 15s 0d in consequence of the gold discoveries, but partly also in consequence of the Crimean War. After that war was over they fell and then rapidly rose to their highest point in 1865 which is again the time of the American Civil War, when many of you will remember that our commodity prices were in this country. After the conclusion of the American War prices declined more rapidly than they had risen and then rose again until 1874. From 1874 you will observe how strangely the silver line and the commodity line follow one another. In the year 1885. After that the gold prices of commodities increased in England while silver has continued to fall. The inference to be derived from this diagram is this, that from 1873 to 1885 India has not upon the whole had to pay a larger number of rupees for what she has imported from England. During the last five or six years however it appears she has been paying a higher rupee price. This diagram refers only to the prices of English products and in order to illustrate the movements the rupee prices of the products of India I have prepared another diagram which is in one respect constructed on a different principle from that of Sir David Barbour. Here the horizontal straight line indicates the steady value in silver. There it indicated a fixed value in gold. This exhibits the appreciation of gold, that shows the depreciation of silver. The top line in this diagram indicates the changes in the price of India's general products. The prices of some 30 commodities have been considered. In the next two lines taken, and you will see that if there has been any change in the silver price received for our exports it has been to the disadvantage of India. She has upon the whole received a smaller number of rupees for the same amount of commodities. The next two lines illustrate the movements in the rupee price of wheat and cotton, products in which this city is more particularly interested. The general result is the same, and it appears that for both wheat and cotton India has received a smaller rupee price than she did in former years. The bottom line shows how the price in gold as measured in silver has increased. These diagrams, I think will convince you that one of the arguments which is used by our opponents is based upon an erroneous assumption. So far then it appears that India has neither benefited nor lost, but there are some circumstances which have not yet been considered. She has undoubtedly suffered in consequence of European capital not seeking investment in India. Her trade has also been hampered by the daily fluctuations in exchange. And when we consider the position of the Indian product we must remember that he does not deal only on his own account. He is a shareholder in a large company with an established ability on the Government of India, and this company has in years long passed entered into contracts which render large

payments necessary every year in gold. The loss on this account has been and is so great that there seems a danger that the company before long will have to go into liquidation or to make large calls on its shareholders in which case I leave you to imagine what indignation meetings will be called together and what considerations will prevail. Reasons as to the loss by exchange have been to Government during the last 20 years it will be much more serious in the future, because the fall of a single penny now increases the burden of paying our gold debt by much more than the fall of a penny when the rupee was close upon 160 shillings in value. The fall from 342 to 332 increased the burden by only 44 per cent. A fall from 312 to 262 increased it by 5 per cent on account of the fall of one penny and the recent fall from 174 to 162 increased the burden by 64 per cent on account of that penny's fall alone. It is something like a stone falling through space with increased velocity and increased momentum for every moment of its fall. We seem now to be standing upon the edge of an abyss into which there is a danger of our being precipitated, and out of which escape will be impossible (I am, of course, in a playful mood). Having done my best to convince you that the first part of my resolution is one which you can adopt, I now come to the second part which declares that it is desirable that the Government of India should be empowered to employ any possible remedy for the evil which exists. The question is what shall that remedy be? The resolution begins by recognizing, what I believe to be true that bimetalism is the best and safest remedy. But there seems to be no immediate prospect of any international agreement in its favour taking place, and we can hardly afford to wait any longer. There have already been three international conferences regarding bi-metalism which led to nothing practical. There has been a Royal Commission in England the report of which was more favourable to the scheme than I think most bi-metallists expected. A fourth International Conference is about to assemble in America, but the general impression seems to be that it will not lead to any early action which would be of use to us. It remains therefore necessary that we should seek if possible some haven of refuge in which we can rest until we are invited to join other nations in accepting a double standard.

The Suggested Gold Currency

My resolution suggests that such a haven of refuge may be found in a system based upon the closing of our mints against silver, and the declaration of a gold standard that is to say of a fixed value for our rupee expressed in the money language of those countries which have a gold currency and with whom we principally deal. And here we are often asked both by friends and opponents to give a full and detailed account of how such a scheme should be worked. It appears to me, however, to be unreasonable to expect complete details at the present time. The subject requires very full and careful consideration before these details can be decided upon. I will, however, to give you a general idea of how it may be worked, if the scheme could be worked. You are aware that the balance of trade has always been, and as far as we can see always will be in favour of India. India requires less of the products of other countries than other countries require of the products of India, so that when from time to time the balance is struck it is found that something is due to India, and, since India requires no more of foreign commodities than she has received, it has to be paid to her in the precious metals. It is at present paid both in gold and silver, but chiefly in silver. During the year ended 31st March last our imports of gold amounted to 24 crores, while our imports of silver came to 9 crores. The gold has been used for hoarding or for manufacture of jewellery, the silver mostly for the purposes of currency. The English merchant, or the banker to whom he transfers his liability, is therefore, generally under a necessity to become possessed of rupees in India, and he has to present two modes in which he can procure them. He may apply to the Secretary of State and learn at what price he will sell his ready coined rupees in India. And, if he thinks the Secretary of State's price is too high he can turn to the silver market and purchase silver bullion which he can ship to India, and have converted into rupees at our mints after some little delay. The consequence of this is that the Secretary of State and the silver merchant

are constantly bidding against one another. But if the Indian mints are closed to the free coinage of silver, this competition will cease. If I would, I think, be necessary to exclude silver bullion from India by imposing a prohibitory import duty, otherwise there would be a risk of bullion circulating as a medium of exchange and a bullion price existing together with a rupee price. If this were done, the Secretary of State would have command of the rupee market and could demand from the merchant or banker any price within reason which he chose to ask. Every one, of course wishes to know what price he will ask, but there is a detail which cannot now be decided. A little while ago the general impression seemed to be that, though 2s was out of the question, a 1s 6d rupee would probably be productive, on the whole, of gold. Since then, however, exchange has fallen still further, and when this question comes to be settled it may be decided that the value of the rupee must be fixed at something lower than 1s 6d. And, after all, it is very important for us to remember that it is not so much a high rate of exchange as that India requires as a fixed rate. The question, then arises, as to what extent should the Secretary of State sell his rupees. Should he limit himself to securing only so much gold, as is needed for paying India's home charges? If so the banks will be so far as to export gold to India. It is, of course, as it occurred at our Indian mints. But as such a procedure would make it difficult for the Government of India to accumulate a reserve of gold, I anticipate that the Secretary of State will continue to sell his rupees for gold as long as the demand for rupees lasts, and if we are really to have a gold currency, that he will remit to India, to be coined into Indian money, all the gold he himself does not require. What then will be done with the gold coinage? I do not think that it will be at once put into circulation. It may be objected to this that such an arrangement would contract our currency and be productive of inconvenience but there is a very simple method of avoiding such a difficulty. There is a very large amount of paper money circulating in India. On the 31st of March last currency notes representing upwards of 24 crores were in circulation. In exchange for them Government had received upwards of 24 crores of silver rupees. Of these eight crores are permitted to be invested in Government primary rupees and thus to be returned to the market. The balance of 16 crores is securely locked up in our currency vaults and is useless for purposes of trade, its place being taken by the currency notes themselves. As gold was received from the Secretary of State, it could easily be placed in the currency vaults, and an equivalent value of silver issued in order to replenish the money market. It would, I imagine take some two years to replace our silver currency reserve with a reserve of gold, and during this time the Government of India, if it had not yet decided upon a settled scheme, would be carefully considering what course should be eventually pursued in introducing the gold coin into the market. This doubt would I think probably be whether silver should continue to be circulated legal tender, and I must confess that I am disposed to think that, if India is to have a gold currency, it would be necessary, before issuing gold coin that she should become gold monometallic as England is, and to make silver legal tender only up to some certain limit, as high limit, no doubt, as Rs 500, possibly Rs 1,000, that would be a detail for careful consideration. Without such a precaution, I cannot help fearing that in accordance with the law of physical economy, which is the basis of the Law and the trade of which has I believe, never been disputed our gold currency would disappear from sight. This law declares that bad coin turns out good from circulation and it might operate in India in this way. The native Indian merchant possesses large hoards of silver money and he might be tempted to convert this into gold by passing it into the market and hoarding in its place all the gold coin he can acquire. The volume of our currency would not by this be restricted, but it would become all nearly all silver, and the hoards would become golden hoards. Gold could probably be caused to circulate by making silver a legal tender only to a certain amount, but this is a matter which is rather perplexing and upon which I cannot now say anything of great diffidence. At present my own impression is that perhaps it would be best not to think of introducing a gold coinage into India. I am, aware from a memo

rumour by Sir David Barbour which has lately been published in the papers that the very high and very low does contemplate the introduction of gold coinage but he seems also to recognize the probability of gold coins commanding a premium and of the necessity arising that Government should buy up the redundant silver coins at a considerable cost to the State. It seems to me that the cost of this would be very great indeed for all the hoarded rupees would be offering themselves for sale at our buying centres. I am therefore, rather inclined to think that India may have to content itself with what Java now has, a silver currency and a nominal gold standard and if such a scheme was adopted it would I think, have this advantage, that the Government of India would make profit out of its silver coinage which might be very usefully employed in the interests of this country. The suggestions which I throw out on this point are these—The Secretary of State might in the first place with a portion of the gold which he receives purchase just enough silver bullion, say 300 an oz. as could be coined into the same number of rupees as he has sold at, say 45d an oz. The balance of gold he could use in reducing India's gold debt. Or he might invest the whole of his surplus gold in silver bullion and have it all coined into a larger number of rupees than he has sold, the excess being available for the construction of reproductive public works. You will gather from what I have said that I am as yet by no means settled in my views regarding details, and I very much doubt whether there is anyone in India who has fixed ideas on these points. I fully believe, however, that the Government of this country will be able to devise a scheme which is an enormous improvement upon our present system of restricted silver coinage. (Loud applause.) Such however, is not the expectation of Mr. Simson a Calcutta merchant who has recently expressed his views of the situation in a Calcutta paper called "Capital." Mr. Simson is altogether opposed to the proposals of the Currency Association. He believes that their scheme would prove as fatal as he supposes a similar system has been in the Dutch Colony of Java. Java, according to an authority upon whom Mr. Simson relies, has suffered great loss through its silver coinage exports which he thinks India has enjoyed. He seems not to believe that this stimulus is a temporary one and that it will end when silver finds its level, as I presume he like others of his school believes that it eventually will. And when it does settle down to the level of parity at 5d per rupee the stimulus will cease to act while the loss by exchange which will by that time amount to 20 crores a year will unfortunately become permanent. I regret to be obliged to say that I have not as yet been able to learn very much about Java and its trade. But a friend of mine who is a Manchester merchant, writing to me a few days ago remarked that Java was one of the best customers that Manchester had which does not suggest that Java is in such a very bad way after all. The only other information which I have been able to obtain about this Dutch Colony is derived from the evidence of a Mr. Tidman, one of the witnesses who was examined by the Royal Commissioners in 1887. He is a member of the firm who carry on an extensive trade with Java, and thus is the evidence which he gave before the Royal Commissioners. He says that "one of the results of the currency system" which prevails in Java has been that over a very long period the fluctuations in Java exchange with "England and Holland have not varied appreciably," by which I mean to say that they have not varied "by two or three per cent sufficient to be a serious drawback to any commercial operation on an extended scale for a long period, whereas during the same period the fluctuations in the Straits Settlements have varied to the extent of 20 to 25 per cent." And he proceeds to point out what an advantage Java has enjoyed in being a country where European capital has been safely invested. He says that, if the Java system were in force in the Straits Settlements and the Malay Peninsula, we should be able to get one hundred million sterling of money enough to cover the needs of the Peninsula and Malacca. The Royal Commissioners specially drew Mr. Tidman's attention to the opinions of Mr. Van den Berg the authority upon whom Mr. Simson of Calcutta so strongly relies upon that subject. Mr. Tidman on this point stated as follows: "The fact is that during the last five years Java has been subjected to a series of most fearful natural calamities. They had cattle

"plagues which destroyed almost the whole cattle in various parts of the island. They were cholera. They have had earthquakes of an unprecedented character" (Mr. Simson gentleman tells us nothing of all this) "and they have had further an extraordinary fall in the values of their principal exports which are sugar and coffee owing in the first place to the competition of beetroot sugar in Europe and in the second place to the fact that the silver used in the country of South America has been able to import coffee more favourably than from Java and to his extent you can trace the loss of 15 million pounds sterling annually in these two articles. That has been the result in the last five years of natural causes, without any question of currency at all. This also is a different picture of the colony to that which has been drawn by Mr. Simson, and seeing Mr. Tidman against Mr. Simson, I decline to admit that the troubles of Java have been due to her currency system. Finally Mr. Simson objects altogether to accord his approval to any currency scheme which may be devised by European officials who received a fixed salary payable in rupees. Being an official myself I do not want to say anything harsh of this sentiment. I will only say that it appears to me to be an ungenerous suggestion and I will ask you to believe that the European officials of India in dealing with this question will not be so base as to betray the interests of the country committed to their charge in order to secure their own personal advantage.

SKETCH OF A PLAN FOR RESTORING A GOLD CURRENCY IN BRITISH INDIA by CLAREMONT DANIEL B.C.S., Retired

MONETARY

In order to the circulation of gold money in British India it is proposed to coin a piece identical with the 1/4 sterling of the Realm to leave the silver money of India exactly on its present footing, to cruise to the public in India supplying the metal for both currencies, as they now supply silver for the silver currency. The magnitude of the gold treasure thus dealt with and extracted from use as money is now well known.

As there cannot be two standard monies in the same currency it is proposed to adopt gold as the standard being for obvious reasons more suitable for that purpose than silver. To secure this position to gold the gold sovereign to pass as legal tender (1) in the payment of debts exceeding 5,000 rupees in value at the option of the party making the payment (2) the debtor, who remains the right under all circumstances to pay a silver debt with silver money (3) in the payment of any taxes or money due to Government in rupees, without minimum limit, at the option of the party making the payment (3) in payment of debts of any amount without limit either way which are contracted to be paid in gold, (4) in payment of revenue or other kind of State income now payable in silver which may be made by law payable in gold, either by conversion of silver payments into gold payments or by direct assessment in gold.

The rate at which silver payments can be legally discharged with gold money to be declared from time to time by a Notification of Government such rate to follow strictly the market rate of exchange for gold money into silver money. This market rate to be ascertained by information collected from the principal commercial centres in India as well as from all foreign countries where information about the gold price of silver is obtainable. This information to be certified in the most public manner by qualified persons, such as e.g. the Chambers of Commerce in order to secure the confidence of the trading classes in the actual correspondence of the official with the commercial rate of exchange.

The results to be obtained by this scheme are as follows. It gives India a gold standard for the valuation of her industrial productions which is the most constant obtainable, and being identical with the standard in use in those countries with which the most valuable part of her trade is carried on it establishes a common measure for the valuation of every commodity exchanged in this vast commerce. As the standard and circulation of silver money in India will remain unaltered, the actual value of the present standard in the trade with silver-using countries will continue unimpaired.

It promotes the acquisition of commercial capital by the people of India in security to investors in Indian enterprises) residing either in gold using or in silver using countries their returns in money which holds a definite metallic parity with the money of every nation they may belong to. By this means the foreign exchanges will no longer be subject to variations in the metallic values of either kind of money used in the trade and alterations in the rate of exchange will be reduced to the narrow range occasioned by the demand and supply of foreign bills.

The proposed system offers all the inducements to trade which a silver standard now holds out and all the additional inducements of a gold standard and therefore the annual additions now made to the silver currency may be expected to increase very largely especially as the capital supplied by investors in gold using countries must, before it can be applied to production in India take the form of silver money. Thus the silver currency which must always form the popular money of the country will greatly increase in volume and at the same time an additional inducement to the circulation will be obtained in the amount of any gold money which the necessities of the wholesale domestic trade as well as of foreign commerce may demand.

As the activity of all kinds of industrial production depends in the last resort on an adequate supply of money this enlargement of the circulation may be expected to give an unexampled and continuous impulse to the material prosperity of the people.

The money metal for the whole currency of both kinds being supplied by the voluntary action of the people and from considerations connected with their own interests its supply will consequently be sufficient and no more for the current purposes of business. Although prices may rise no indication that is to say, no artificial enhancement of prices will ensue. The whole volume of the combined currencies will from the manner of a supply tend gradually to appreciate in its purchasing power and a rise in prices will indicate a rise in real (as contrasted with apparent) values.

As an effect of the two moneys passing into one another at their commercial values, the price of any article under sale, whether stated in terms of gold or of silver will express one and the same value and no one will gain or lose by using either money in preference to the other. The choice of the money used will depend on the convenience of the customer, not on the acquisition by the dealer of a larger quantity of the article by the payment of gold rather than of silver or *vice versa*. Thus the supply of either kind of money will be commensurate with the needs of each class and, therefore, with the aggregate needs of all classes of traders. As silver money will under no circumstances avail to purchase more than its own market value of gold or of which is the same thing of goods valued by the gold standard, there will be no inducement to speculators to supply the cheaper metal to the currency in the hope of obtaining in the exchange more than its value either in goods or in gold. Such an inducement is one of the defects of a system of exchange at a fixed ratio of which the bimetallic theory of the Latin Union pretends to be the basis and the silver legislation of the United States in 1890 afford examples.

Payment of silver debts in silver money being in all cases a legal acquittance, neither the State or any individual will, under this plan ever be required to pay gold (except by express stipulation), and, therefore no such contingency as 'a run on the gold supply' or a 'corner in gold' can arise. Those who choose to transact their business in gold rather than in silver and make contracts accordingly must be presumed to have gold money at their command which an adequate circulation of gold money will, as is the case in every gold using community place within their reach. The use of gold money in transactions below the legal tender limit (its 5,000) may be expected to take place on a large scale, by voluntary agreement as to the rate of conversion for silver into gold payments.

COMMERCIAL

Under this arrangement there will always be in circulation a volume of gold money which will serve as a standard of value and be all the more reliable in that capacity from being brought into daily use in the exchange with silver money, silver bullion and commodities alike. This will serve as the basis for a

good deal of the domestic wholesale trade, and exclusively for the foreign trade with gold using countries. Against the bills of exchange will be drawn and as this money will always exchange for an equal weight of metal of like quality in the currency of every other gold-using country that particular kind of loss by exchange which now occurs from the use of a silver standard in India will be avoided.

Goods will be sold to some extent in the domestic trade, and exclusively in the foreign trade in India itself for gold and therefore exported goods will (as far as gold-using countries are concerned) be brought to the Eastern market and sold in the Western market with the same money. So, in the case of silver using countries the rupee being full value money and its supply being unrestricted in amount, China, Japan and other silver-using countries, will be on exactly the same and as favourable a footing as they are now in their trade with India.

As a currency constituted on these principles gives to every class of trader every kind of advantage which any system of currency can provide there need be no apprehension that the people will withhold from use as money any portion of the stock of gold bullion now in India which they can profitably employ in that way. On the whole gold can be put to no more remunerative employment than its use as money. Up to the beginning of this century, about one-seventeenth part of the money in use in the East India Company's territories was certainly gold and probably a larger proportion as much of the money issuing from the mints of the Native Powers was in circulation in British districts. Since that time, on the conditions of trade which are in favour of the use of gold money in India have greatly increased in importance, and the risks and drawbacks incidental to the use of gold money are correspondingly diminished. There is therefore reason to expect that if gold money is made legal tender in British India, its use will be much more popular and the supply much more abundant than it was at the end of the last and during the early part of this century.

The only experiment of the kind under discussion has failed from two causes one that gold was designed to pass at a fixed valuation in silver, which besides being fixed was an improper valuation, and the other that no plan for constituting a revenue in gold and so maintaining a circulation of gold metal was devised that originating with the requirements of commerce, has ever been tried. A gold currency without a gold revenue and a circulation of gold money, would be an unmeaning term. Up to this time the Government has never, as far as I know done more than invite the public to convert its silver payments to the State into gold payments, without offering to replace the specie on the market, or return it to those parting with it, in any way. The Government of India has never, I believe proposed to the public to take the lead in establishing a gold currency in the interest of the industrial commercial classes nor introduced any measure for keeping gold money in circulation as legal tender and thereby constituting the money metal provided by individuals a public possession in which the ownership would be secured to them to any extent in that they might use the gold currency for their own purposes in the ordinary course of their business. If fifteen millions of gold sovereigns of the Indian mints are collected as revenue and kept in the Treasury for the encashment of Conical drafts and by payment of other State obligations in India, that amount at least would be always current. In addition there will come into the market another supply which will certainly be much larger and may be indefinitely greater, called into existence by the necessities of the foreign trade of India with gold-using countries. A complete scheme of this kind has never been contemplated (at least within my knowledge), much less has any attempt to put it in practice been made.

Under a system of exchange at market rates, the capacity for mutual substitution which gold and silver money possess, will be drawn out to its fullest extent, and those forces which attract money into circulation will have free room to act. Gold and silver will flow into and flow out of the currency exactly in such proportions as may ensue with the prospects of profit from the use of either. The supply of each kind will therefore be automatic. It follows that the whole volume of the combined currency will be as great as the circumstances allow or trade requires. Accretions to the currency will grow only gradually, and in amounts and values small in proportion to the whole circulation.

Prices will therefore be exposed to the least possible disturbance and their tendency will always be towards a rise rather than a fall. For this reason, such a system compares favorably with any other under which the volume of the currency is limited from the whole supply of the material for money falling below the demand made upon it from many quarters at once in which case prices fall, or at the best are stationary. A limitation similar in effect though not in form, was experienced in the bimetallic system, which provided for the volume of money growing, but the increase was obtained at the expense of its purchasing power. A rise in prices, that is to say, rise because the value of money fell, it was the cheaper metal which was added to the currency and therefore additions made to the circulating medium were rather additions of quantity than of value, and the real was much less than the apparent increase in the circulating medium. An increase in price is only an increase in profit when taken in the money which is rising in value, and, when two kinds of money are circulating with their rate of interchange fixed by their common currency, gains made either in terms of one or of the other are equally profits. Thus the primary qualities of good money—stability as a measure of, and certainty as an indicator of, value, are obtained more effectively under this plan than under any other. A disadvantage of a system as opposed to the monetary usages of Western nations, it must not be forgotten that we are dealing with India whose people in common with all Oriental nations know no other for keeping two kinds of money in use together, and that the country is so habituated to it by the force of immemorial custom that, if it is to obtain that supply of money which is absolutely necessary to the natural growth and expansion of every kind of industry, there is no other form of dual currency which has the least probability of being generally understood and accepted. And this is an antecedent condition of success in any scheme of currency reform in India for we can do nothing effectual in this direction unless we carry the people with us.

The foreign exchanges with gold using countries being (as already stated) in terms of gold variations in the gold price of silver will not affect them at all. As for the internal trade and production of the country, which will continue to be carried on with silver money as it is now, and the exchanges with silver using countries they will remain on their present footing. In the case of produce raised for the export market and sold for gold the amount of silver money which may have been expended on it will be taken into account in the gold price. Silver money will in this case take its place as one of the materials of manufacture. If a weaver has to spend 21 worth of silver money in buying yarn to make into cloth or an indigo planter to spend 10,000 worth of silver money in buying plough and paying coolies for beating it in his vale and so forth each will reckon that value irrespective of the tale of rupee, as 21 or 10,000 which he has to recover in the price of the manufactured article. The variations in the tale of rupee so applied will affect each manufacturer in exactly the same manner as and to no greater extent than, variations in the price of yarn or of hundreds of bundles of indigo plant, or in the wages of cooly labour, affect each of them at present.

Of all the causes which act in restraint of industry and trade and therefore hinder the material progress of the people, the insufficiency of current money in India is perhaps the greatest. I computed the circulation of metallic money to amount to nearly 3,900 millions of rupees in the year 1880, which would allow 144 rupees per head to the population of British India, and this proportion will not be found, I believe to have altered materially since then. It is, as is evident from the economic condition of the country, very insufficient. From the circumstances of the people, and the rudimentary methods of production which prevail in India additions can only be made, under the most favourable view of the case, but slowly to the coin in circulation, which is found indispensable to the maintenance of prices at the level we have long, long accustomed to. I contend that the use of both kinds of money on the plan proposed is that which will hasten this desirable consummation more quickly than under any other competing scheme, because it secures, the

pricing of goods at their exact commercial equivalent in gold and silver indifferently and thereby secures to traders the best returns obtainable and with the best track of miscalculation, than which there exists no greater incentive to industry or more certain means of attracting capital to investment.

Such a system places no limitation on the supply of money, but, on the contrary, it has the effect of coin and mitigates the evil effect of low prices, it tends to lower the rate of interest, and reduces the indebtedness which, among the agricultural classes, is widely prevalent, and this makes the land revenue more secure by facilitating its collection. It provides a general diffusion of wealth by making all the money-metal scattered throughout the land in the possession of hundreds of millions of people, available as money while the concentration of the money supply in the hands of a comparatively limited number which is an inevitable consequence of its being inadequate in amount puts the working class at an enormous disadvantage to the capitalist and the middleman. It is the prevalence of such a partial distribution of money in India which depresses the value of labour and all that labour produces and sustains the competition of India with English produce both in our own and in foreign markets. As prices depend on the relation existing between the supply of money and the mass of the commodities which it circulates, as no money under this system can get into circulation except at its commercial equivalence in goods a convenient abundance of money, rising prices and higher values will go together. It reforms the store in the currency system of the country which tends to raise values by promoting a sure and gradual increase in the capital fund available for industrial purposes can not but prove to be an unqualified benefit to the whole community.

FINANCIAL

The proposed system provides for a gradual alteration of the standard with the least change of sense or dislocation of business and secures as a standard a vast currency of both metals which being interchangeable at market values is practically homogeneous and therefore possesses, as nearly as may be the same kind of efficiency as a currency composed of one metal only. An increase in the currency is obtained by the voluntary contributions of those who find their profit in supplying bullion for coinage and a gold currency is thus established without the taxpayer being put to any cost in the matter at all. The currency leaves contracts wholly unaffected by any causes connected with the relative values of the precious metals. Its constitution protects it from variations in value by rapid appreciation or depreciation, because its greatest increase or decrease in the course of any considerable time can bear but an insignificant proportion either to its whole volume or to the mass of commodities in commerce. It possesses a metallic parity of value with the currencies of all gold using countries on the one hand and of all silver-using countries on the other, and because in international trade the values of imports and exports are expressed in the metallic prices of things, and they exchange on that basis it operates to keep fluctuations in the foreign exchanges within the narrowest limits and greatly reduces their frequency.

It will tend to reduce the imports of gold into India by giving readiness to the point of equilibrium for the values of the precious metals and so makes it little or no profit to import gold in preference to silver apart from the coinage demand which will itself be met from gold now stored in the country. These importations during the last 20 years have averaged over 2,700,000 a year in value.

India being included in the country of gold using nations will return to the West any surplus of gold she may draw therefrom in the ordinary course of trade and the gold store of India, to any extent to which it may be increased, will be as money incorporated in the gold supply of the world and constitute an increase to the gold resources of Western nations, upon which the Indian demand now forms a continuous and irreversible drain.

The encouragement which this plan gives to the circulation of either kind of money, indifferently, avoids one of the principal defects of bimetallism. By securing a correspondence between the currency value and the commercial value of both metals, because not re-valued in the exchange, and no necessary arises for

taking the cheaper metal into use and discarding the dearer. It was the peculiarity of the system which introduced the more or less limited employment of one kind of money without the value of the other being raised in the exchange with goods and this amounted to a virtual restriction of the volume of metallic capital applied to trade.

The extended use it will give to the li. sterling of the realm in a commerce extending through half the globe, from Great Britain to her Antipodes, will promote its use as an international unit of value. At the same time, the Indian currency of both metals will serve as an equilibrating machine for certifying the exact weights of equivalent values of gold and silver, by a multitude of transactions taking place every day at a close adherence to billion values. In this way it will serve as a powerful moderating force over the course of the foreign exchanges throughout the whole of the Empire and doubtless exercise a similar influence in other parts of the world to which our commerce may be carried.

It gives the State a means of raising a gold revenue tentatively and moderate in its amount as a commencement. Taxes levied in gold are a lighter burden than when raised in silver because when gold is rising in value, the taxpayer parts with less and less of the produce of his industry in order to pay the same sum of money. For this reason it may be possible in the future to extend it to the limits of the administrative requirement for gold with an actual diminution of the present imposed value for value. When the finances of India cease to rest on silver and are laid on a foundation of gold her credit abroad will be even more secure than it is now, and the serious risks which the country at present runs from the depreciation abroad of her silver money and which any day land it in disaster will be finally averted.

In conclusion I may be allowed to remark that the system which I have thus described (summarily and with many omissions) can if adopted in India be followed by no results or consequences in themselves undesirable. It creates a gold circulation (which those who dislike it can leave alone) concurrent with that of silver money, without impairing the efficiency of the latter as legal tender or placing any restriction on the coinage of rupees while the principle of the exchange is that to which the people of India are habituated and which a prescription of centuries recommends to them as most salutary. In respect for the opinions of those who favour other schemes of this kind, that, if it is proposed to make trial in India of any plan which is intended to act on the foreign exchange by cutting off from the country its natural and indispensable supply of money then any limitation on the coinage and circulation of full value money will, for every one of the advantages which I have pointed out, create a specific counteracting evil in its place and inflict upon India all the results of an artificially depreciated currency which in this country and at this moment we suffer from, and regard as a great public misfortune, but from which we are nevertheless completely at a loss to find any means of extrication.

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CLAREMONT DANIEL.

REFERENCES to the "Industrial Competition of Asia" in which the arguments for the foregoing proposals, and some other points, are stated at length.

Alteration in rate of conversion will seldom occur, pp 395 to 398.

Attraction of silver to India arising from use of gold money, p 307.

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NOTES ON THE EFFECTS OF A LIMITATION ON THE SUPPLY OF SILVER MONEY IN INDIA, BY CLAREMONT DANIEL, B.C.S. Retired.

The Indian Currency Association propose that, in India, an artificial value should be given to the silver money of the country in excess of its market value by a limitation on the supply in order that thereby the growing divergence of value between rupees and sovereigns may be arrested. They no doubt justify this course to themselves in the belief that the established value which the rupee is thus to acquire will become its market value. This assumption however, ignores certain elementary facts which have an important practical bearing on the results of such an experiment.

All exchanges of money as between nations proceed on the basis of metallic equivalents and—temporary oscillations apart—at values regulated by the quantity of gold or silver of the same quality in the different coins under exchange with one another, and in the exchange of silver coins for gold coins by their metallic equivalence of value as ascertained in the open market. This circumstance would prevent the desired convergence of value between the over-valued silver money of India and the gold money of England. The currency valuation of the rupee and its market value would not go together. Also, it is the case that trade consists in the exchange of goods for one another, and that these exchanges are made at equivalent values, which values are expressed in terms of money—commonly called price. Price depends upon value, not value upon price, therefore, no depreciation of price which is artificially contrived can lower the value of anything and no inflation of prices can bestow a higher value on commodities. That remains just what it would have been if no manipulation of prices had been attempted. Good money, that is to say, full value money in unrestricted supply has an intrinsic value of its own arising out of the same causes which give value to goods. The relation of value between two kinds of money when used for pricing goods is settled by the quantities of either which are used to purchase the same article in the same market, because things which are equal to the same thing are equal to one another. Prices in terms of gold and silver money only correspond with the values of goods when ascertained in this manner in markets free and open both to the unrestricted sale of commodities and the unrestricted circulation of money. From this it follows that any given sum of money becomes an equivalent in the exchange with any particular quantity of any kind of goods. It is also a standard for measuring their value, for reasons connected with a supply provided by the voluntary contributions of the public who make use of the currency. They will certainly not put their gold and silver into circulation when their intrinsic commercial value, and the mass of money so constituted becomes, from the nature of the case the best ma-

chinery for measuring the relative values of goods in one another that is to say the least regulated standard. When however money comes under the influence of legal or other arbitrary conditions directed to enhance its value by making it more scarce than it otherwise would be the equilibrium of value between money and goods is disturbed, and prices in the regulated currency cease to be a true expression of value. In a trade between a silver using and a gold using country served by a currency thus managed merchandise would be exchanged through two intermediaries, one the rupee without value which would hold the scale of relation of value to commodities and the other the sovereign commercially valued quite another. As the values of the two kinds of money would no longer rest upon their ascertained value in the same kind of goods, but partly upon that and partly upon the legal or arbitrary valuation they could not exchange into one another at their metallic, which is their commercial equivalence. At present the money of India and the money of England although they have no common metallic basis have a common commercial basis in virtue of which gold serves as the standard for goods and for silver alike. Even this, under the plan of the Indian Currency Association, would be lost, and a State valuation of the kind proposed so far from improving the mode of exchange would make it more irregular than ever because it would have no necessary connection with the actual value of the money concerned, as reckoned at the market.

One among those merchants and planters in Bengal who object to any limitation being put upon the exchange of rupees is quoted by the Calcutta correspondent of the Times (12th December 1892) as expressing himself to the following effect: "That the rupee affords at present a stable currency in respect of the internal requirements of the country and that artificial devices for increasing its stability as a medium for external liabilities will shake its stability as a medium for internal obligations and for internal production and commerce. That that conclusion none could be more true for that which is radically vicious from the point of view of the foreign exchanges must be equally so from that of the native industries."

The Indian Currency Association proposes in effect to take the Government out of the position of a monopolist and argue it to deal with the currency as the monopolist deals with the article he offers for sale when he values a large part of it in order to enhance the value of the remainder. The Government having at its command an artificial supply of silver to the value of about 7,000,000 sterling for exchange in the contribution to the currency which the Indian public are accustomed to make is urged to dispense with a portion of this supply by putting a limit on the coinage of rupees below that which experience has proved the commerce of the country to require. As it is intended that the silver metal thus diverted from use as money should become comparatively valueless to its owners (for it is only on this hypothesis that the portion coming under coinage would obtain the desired appreciation of value) the course of action thus recommended to Government goes so nearly as possible to a destruction of a large part of the money supply of the country—and this in face of the fact that there is no country in the world which having regard to its commercial importance is so inadequately supplied with money as India.

But it is only in the event of the Government becoming really and practically a monopolist of coin that it would be in a position to enhance its value artificially in the manner proposed. Unless it acquired complete control over all the money in circulation it is evident that its monopoly would break down. The issue of money from the mints in India having been regulated in quantity there would still remain the outside market to be reckoned with and a valuation of silver which, as will be shown, would be wholly beyond the influence of the rupee or of gold. Such a monopoly of the coin supply would be intrinsically in many ways. As in a resistible temptation has been often observed) would be held out to owners of illicit money to manufacture abroad and import into India imitation rupees of perfectly good standard and full value and it would not be possible to prevent their circulation in considerable numbers.

There are also in India several semi-independent Native States who coin their own gold and silver money. These coins circulate not only within but without the borders of these States that is to say, in

the British districts at their bullion or market value. The supplies of such coins would necessarily increase in the expectation that they would share in the artificial enhancement which the purchasing power of the unaltered money is assumed to have received. But because the volume of money in circulation in British India being open and increasing arrangements far too small for its commerce, any amount of coin within the capacity of the Native States to issue would be eagerly taken up in order to fill the vacuum in the circulation occasioned by the reduced coinage of the British mints.

But in addition to this latter supply of substituted coins, imitations of them of full weight and value would be provided by the mints by coins in India itself. Such coins could be fabricated with the greatest ease and with the readiest implements for the originals are at best very roughly made, and therefore easily imitated at a cost probably not exceeding a penny an ounce. This would make the business a very profitable one. It is not in the present state of the law illegal to make imitations of coins which are not issued from the mints of the Indian Government, and if it were made illegal the proscription could be easily evaded for imitations of the obsolete coins of extinct dynasties which have in the market a recognised value would be intrinsically of equal value, pass from hand to hand as money. Such imitations of ancient gold coins are to be met with in India, fabricated to meet a demand for gold in a convenient form. So it would be with these spurious silver coins.

Here we have three kinds of good full value rupees which if the British currency were raised only 10 per cent above its metallic value would be supplied at a considerable profit and with little or no risk of legal penalties. With three or four silver currencies in circulation of which one and that the one in favour would be by law rated above its value two prices for goods in the markets would come into existence, and the illicit coin would be everywhere more acceptable and therefore increase in circulation because a heavier weight of metal (that would be the case in favour of the authorised coin) would be given for any particular quantity of goods. So far as they were used for the daily petty trade of the bazaar, their circulation would be stable, that elevation of value which the Indian Currency Association hope to bestow on the currency of the future, and the influence of the currency on the regulation of values would be nowhere.

Little able as the Government would be to secure a monopoly value to its own coin it would be still less able to raise the value of silver in the currency market. Who for instance having gold money in England and offering it for sale in India by means of a draft on this country would sell it for a farthing in the rupee below its market value in silver as quoted in Europe? The argument that such persons require rupees in India for the purposes of their business and therefore must buy the Government coin or go without money altogether, assumes that gold thus held in England cannot by indirect means be used as money in India. It could be transported to India and go to increase the drain of gold which India makes on the gold stocks of the Western world to a still greater extent than at present. In India this gold bullion would be used as it is now to some extent as a reserve against which private documentary money would be supplied to trade, or with it, silver bars would be bought and exported for a similar purpose or for manufacture into spurious coin. It is no improbable conjecture that the mercantile classes, apprehensive of loss from dealing with these competing silver currencies would set up a system of their own based on gold and silver bullion exchanging by the transfer of warrants, or in some such way at market values alongside of the State currency. It would certainly be probable and by no means difficult to do so as the people of India recognise no other method for the exchange of gold and silver money but by the rates prescribed by the open market. But, short of this gold money such as sovereigns the value of which is recognised and accepted in all mints in the daily papers would in the state of confusion into which the currency would be thrown be taken in preference to any other kind of money in the payment of debt, and thus become the basis upon which much of the internal and all the foreign trade of the country would be conducted.

It is impossible to make a forecast of all the effects on the trade and finances of India which an abandonment of silver as its natural money for silver as an artificial valuation as the standard money of the country may

produce. In any view of the case, the limitation of the coinage of silver money in India will have no influence on the silver market and will fail to raise the value of silver in India as little as that of silver coin, and the intended action of the Indian currency on the foreign exchanges will prove abortive. At present the Secretary of State for India makes no attempt to "rig" the market, but the best gold prices can get in England for the rupee he has to sell in India. It is however, part of the proposal that comes from India that he should use the machinery of 'Council Bills for improving the exchanges. This, in order to enforce the artificial valuation of the rupee in India, some gambling of this kind in the exchanges would become necessary appears evident from what a writer in the 'Fortnightly Review' for January last says on this subject:— "The exchange operations of the Indian Government" he says "require close study." "If the Indian harvests were deficient, and those of America abundant, the price of Council drafts would require to be reduced notwithstanding pressure from Lancashire. The export trades would also, in his opinion, 'require to be closely watched, for if the exchanges were used too rapidly and considerably, exports would be checked and the flow of silver to the East arrested. The Government of India should also buy silver liberally, and coin it whenever the Indian bank rates denoted a money stringency. Again, if the bullion price of silver rose so high that silver and the rupee go up together, and if the export trade of India shows no diminution, gold prices in London having risen, then the experiment will have succeeded, if, however silver falls while the rupee advances, then the Indian mints should be promptly opened again or the revenue from the opium sales to China may suffer, and England's exchanges with China, Persia, Chili and perhaps Russia may suffer,' and a good deal more to the same effect. This however is a kind of business which no Secretary of State or no Viceroy in India is ever likely to undertake, and that it can be thought even remotely necessary is sufficient to condemn the whole scheme.

The treasure which now goes to India every year or rather has on the average gone there during the last 30 years is gold and silver taken together, valued by present prices worth within a few pounds of 9½ millions sterling. Of this, silver constitutes a value in rupees of nearly 72½ millions (Rs.), almost all of which is destined for India, and money worth the present value of the despatch of India with England are such that this 9½ millions of treasure must be taken to be payment of goods supplied to foreign countries by India through her external trade. There is little or nothing else on account of which India has to receive payment from abroad. When the silver portion of this annual importation of treasure can no longer be used freely and fully as money, how will the balance of debt due to India be paid? Assuming, for the sake of argument that the Government of India could succeed in suppressing every form of money except that supplied by its own mints, this annual importation of silver would be greatly reduced, and the business which, during 20 years, it has sustained must be carried through with a contracted circulation. In such an event prices would fall, the exchanges of commerce from dearth of money would correspondingly diminish which in itself would be a serious restraint on trade. At the same time falling prices would discourage production, and tend to reduce wages and throw men and women out of work by the million. Capital would be driven from India instead of being attracted to the country as it should be, and the rate of interest and discount would rise. As the produce of every kind of labour, handicraft manufacture or goods in trade, would command less money than before, debtors would find greater difficulty than they do now in discharging their liabilities and this condition would affect for the worse the financial position of Government no less than the pockets of its subjects. The revenue would, for the same reason, be collected with difficulty and deficit would become every year a more prominent feature in the Budget of the Indian Exchequer. The taxation which has become necessary to meet the loss by exchange" on the Home charges if apparently less amount would be no lighter burthen on the country for the taxpayer in order to pay a slightly lower tax, would be compelled to part with as much of the produce of his industry as was used to be taken from him when higher prices prevailed. If the 100 millions of rupees which are now raised by taxes to meet the 'loss

by exchange" were reduced to 90 or to 80 millions, not an anna of the difference would go into the pockets of the producing classes. Government would be obliged to be paying less for the gold it might buy in England, but the real purchaser—i.e. the Indian taxpayer, ryot, manufacturer or merchant, would contribute just as much as before. In metal or in male the market equivalent of the gold in silver rupees, which India buys in England, must be paid in full. No possible manipulation of the currency can turn the flank of this difficulty, or drive it off the field.

Whatever course may be taken to enforce an artificial valuation of the rupee currency it will prove to be nothing short of a continual tampering with the standard money of the country, that by which the proceeds of the industry of 230 millions of people are paid. It will be opposed to the interests, the convenience, and the well being of every class. All men can adapt their bargains to the rise and fall of rupee prices which, if left alone are at least regulated by conditions connected with their own daily labour and daily wants. At present these variations are so gradual and so slight that they distress no one, but for the Government to undertake to adapt the standard to variations in its own value against another metal, by alternately lengthening and shortening it would derange every relation existing between money and the daily life of the whole community. Such a scheme is fated to be doomed to failure. No Government, especially one so situated as that of the English in India, could afford to enter on a contest of this kind with the whole population of the country. So far as it might be attempted and persevered in, it would result in widespread confusion and financial disaster.

CLARENCE DANIELL

CURRENCY OF INDIA

LETTER from the ROY J. P. V. D. BASHAR, D. D., formerly Roman Catholic Chaplain in India to the LORD PRESIDENT and the MEMBERS of the ROYAL COMMISSION ON INDIAN CURRENCY, London.

MR LORD AND GENTLEMEN,

The actual currency of India (rupee half quarter one eighth rupee, half anna pice and pie) completely meet all the wants of India for daily use and internal trade. For Indian currency, notes and rupees are high enough for trade and for the rate of the pice and price are small enough for the low prices of living and the frugal wants of the masses. Both silver and bronze are plentifully supplied for the needs of circulation. Cowries, though still in use are steadily dying out of the active circulation. India is very conservative. India needs therefore no change in her currency, except perhaps on two trifling points: 1. A silver coin of two rupees equivalent to the English double florin, to be in frugal India, what the half sovereign is in England—the small coin of the rich and the big coin of the poor, and, 2. A bronze anna piece for, as yet, the anna is a mere name without a corresponding coin.

A change however, in the currency is absolutely needed to enable India to hold her own in trading with the rest of the world and I take it that the Indian Currency Commission has been appointed to report what change is necessary and practicable in the interest of the trade of India considered as the out-put of the entire nation.

This is a matter above and beyond all questions affecting special classes or local interests. In exchange by Government officials by European merchants and residents and even by Native merchants engaged in foreign trade. Not only are these losses small to the individuals as compared with the loss by the State, but we must also remember that they themselves by their vast transfers partly create the very evil of which they complain and that they actually reap much profit even where they incur loss. The real point for the Commission is how to deal justly with India as a nation; to protect the trade of India against outside interference; to give her a currency which may steady her rate of exchange fairly without exposing her compulsorily to loss in all her transactions. Such a loss can be, and ought to be, at once prevented by England, which proposes (and really tries) to rule in the benefit of her own teeming millions and not for the advantage of certain classes only, much less for the profit of certain English merchants.

India, at present, needlessly loses 40 per cent not only on her monetary transactions with England,—

which might, perhaps be borne as a set off against good government but even on her transactions with the rest of the world to whom India is under no obligation at all, *e.g.* China. Last year's balance of trade was against China—a silver paying country—to over 7,000,000, yet the exchange was kept against India and 1 dollar was Rs 225, instead of being below Rs 2. This is only the *outcome* of letting the rate of exchange be arbitrarily fixed in London, instead of letting it follow the conditions of trade. It is against this arbitrary fixing of the Indian exchange in England, and through England with the entire world that your Commission has to find a remedy by modifying the Indian currency in the interests of India as a nation. These interests are not the same, and in fact, are opposed to the interests of bankers and English merchants in India, and of purchasers of Indian produce in Europe, yet it is only men of these interested classes who—so far as the names have been published in the papers—have been examined by this Commission.

The latest figures to hand (Imperial Institute Year Book 1892) give for 1890-91 a net import into India of 5,639,172½ in gold and 14,175,136½ in silver—a total in specie of 19,814,308½, counting the *Rx* as at par.

This shows that India is a silver paying country, and her productive powers how enormous is her trade. After squaring her imports against her exports—after paying 17,000,000 for the Home Charges—and after losing 24 per cent on these transactions, India still had to receive from the rest of the world the immense sum of nearly 20 millions to balance her trade!

Had the Indian mints been closed to private *coinage* of silver, the whole of these 20 millions would have had to be paid in gold. Hence it follows, that the closing of the mints to the free *coinage* of silver for private persons is the first step needed to settle the Indian exchange. It will stop the present extravagant import of silver, and compel the import of more gold. Let the minting of silver be resumed from 1st April 1893, to the Government alone, which should continue to coin freely as much as is actually needed, and not more. At present rupees are coined so abundantly that they overflow the frontiers into China, Tibet, Tartary, Afghanistan, Persia, Arabia, Egypt, and even make it necessary, in distant Germany, Africa, to impose restrictions for preventing the rupee from ousting the German mark out of the market. Messrs Curzon, Hockhill, and Gilmour, besides other travellers, *vouch* for this omnipresence of the rupee in Asia. Last year, China took over 10,000,000 in rupees and Tibet some besides what flowed in at her eastern ports and southern frontiers.

Here is proof positive of an extreme redundancy of rupees caused by allowing India's debtors to flood her with cheap silver, which the Indian Government coins into more rupees than India needs, thus swamping and deprecating its own currency for the benefit of out siders by extreme over-production. Stop then the free *coinage* of silver, rupees some slight but efficient duty on its import, and half the difficulty of the Indian currency question vanishes at once.

If, after paying all her dues all over the world—England and the Home Charges included—India still had to receive nearly 20,000,000 in specie this is proof positive that her exports are so vast that she does not need to send out one single coin or one single ounce of the precious metals, others have to send to her. Hence, for India's interest, the sums needed for the Home Charges should be put up for sale in India by the Indian Government, and not in England. The periodical flooding of the London market with Council Bills on Indian treasures instead of a call in India for drafts on India's debtors in Europe and elsewhere has, for years fixed a false and unjust rate of exchange against India. This is all the worse for India because it is done, not in open market, but by *secret tender*, confined to a few. Thus, for the profit of these ten dealers in London not only is India's exchange fixed at a ruinously low rate with England, but the Home Charges but through that it is unjustly lowered for all English monetary transactions with India, and through England it is lowered also with the rest of the world. This causes a dead loss of 40 per cent on all her transactions.

No wonder the suspicion is abroad that this sale of bills in England has been invented, and is continued, expressly for the purpose of lowering the Indian exchange, to the advantage of English merchants and financiers at the cost of the Indian producer of the overwhelming India for the advantage of England. The matter is too clear to have escaped the notice of any thinking

man, and, if it has been done otherwise than passively, it shows a phenomenal degree of ignorance in the Government of India and at the India Office. This opinion is gaining ground in India.

As India need not export money or bullion, and can meet all her debts by her own drafts on her debtors the sale of the Council's Bills in London is as unnecessary as it is disastrous to India's interests. It in no way benefits the Imperial Government or the recipients of the Home Charges. It is merely a source of enormous profits to some English merchants, financiers and bankers. How dare we sacrifice the interests of India to the unholy profit of a few Englishmen?

Hence it is absolutely necessary for India that these sales of Council Bills in London be stopped concurrently with the closing of the Indian mints to free *coinage* of silver, from the 1st April 1893.

To the question: How then are the Home Charges and balance of trade to be met in England by India? the reply is simple. Let the balance of trade settle itself on purely commercial lines, as everywhere else, this needs no governmental or legislative enactments. India need not fear for the result if not actively over-weighted. To meet the Home Charges let the Indian Government send the required amount of rupees to India where its purchase will entail no more loss than buying it in Europe. When the suicidal sale of Council Bills is stopped in England and the free *coinage* of silver in India the balance of trade may be left to settle itself on the rate of exchange individually with each country. As the former is annually in favour of India to an enormous extent, the latter would very soon rise in favour of India, till it even passed the par of exchange.

Here, however we are confronted with the cry of depreciation of silver, and consequently of the rupee. But the depreciation of a metal and the depreciation of a coin of that metal, are very distinct and different things.

Silver may be depreciated (or gold appreciated, or any other such alibi which may be used) still we find that the English florin, the German mark, and the French franc retain a permanent value subject to only a fractional variation from temporary balance of trade. If the depreciation of silver as a metal does not succeed in depreciating the florin, mark, and franc, so no more could it, by itself, depreciate the silver rupee. Coins are much more than mere metal. They are metallic tokens of a fixed value guaranteed by the solvency of a nation. India is as solvent as England, France, or Germany, and, therefore, her coins should be considered not as mere metal (as are those of poor fraudulent, and bankrupt States), but as tokens of value secured by the honesty, solvency, and richness of India.

What, therefore, the mere depreciation of silver could not effect is produced by the difference that India has not as Germany, France and England have, a standard of gold of which their silver coins are fractional tokens current in consequence above their market price as mere metal. This, however, is a difference ousted by England, and which can be easily eliminated by returning to a gold standard in India, and this is precisely the change abolutely needed in the Indian currency.

It is quite unnecessary to go to a gold standard in India for it is not 60 years since we made the rupee the standard coin of India, and only 30 years ago Lord Lawrence caused gold sovereigns, a measure which had it been continued by his less far-seeing successors would have entirely obviated the untold losses by India through exchange.

A gold standard, however does not necessarily imply a gold circulation. The latter India does not at all need, and the former she requires solely to meet the interested cry of 'depreciated silver' or 'her external trade, far from having to send money out, she can square her accounts all round, and still stand to receive nearly 20,000,000 in specie. Her gold *coinage* need not be great in amount. It must, however, be so guaranteed and safe guarded as to keep it out of actual circulation, till it gradually and slowly comes naturally into use with the increasing prosperity of the country. What India needs is a gold reserve against her currency notes gradually accumulated in place of the present silver reserve. This, with a gold *coinage* of gold sufficient to fix the value of her silver and paper rupee as tokens

against gold. Even 3 000 000L in gold would amply suffice, thus used, to steady the rupee, all the more because its present depreciation of 40 per cent is not a natural result, but has been industriously brought about by —

- 1 The free coinage of silver in India,
- 2 The sale of Council Bills in England and
- 3 The jockeying of the Indian exchange all over the world through the unjust rate purposely produced in England.

It so happens that in fineness and weight the rupee and its fractional silver coins are almost exact representations of the English form, shilling, sixpence, and threepence. In future let them be precisely the same, except the design and name. Let India also coin sovereigns in fineness, size, weight and design, precisely the same as the English sovereign. On all these Indian coins, *Indus Imperatoris* should be added after *Pro Def.* As India has a traditional gold *Mohar* of about this value, let the next gold coin equal in amount $1\frac{1}{2}$ l, and to round off the Indian gold coinage with an English equivalent let there also be $2\frac{1}{2}$ pieces in gold. I have already suggested a new coin, the double rupee = the double shorn, and a bronze anna piece.

The proposed coinage for India would thus be as follows coins already in use or once coined being marked * —

	Gold	
	Rupces.	Florins.
Do-shahi	= 30	= 20
Darb-shahi*	= 15	= 15
Shahi*	= 10	= 10
Silver		
	Rupces.	Florins.
Do rupee	= 2	= 2
Rupia*	= 1	= 1
Ath-anny*	= $\frac{1}{2}$	= $\frac{1}{2}$
Chav anny*	= $\frac{1}{4}$	= $\frac{1}{4}$
Do anny*	= $\frac{1}{8}$	= $\frac{1}{8}$
Bronze		
	Rupces.	Florins.
Ann	= $\frac{1}{16}$	= $\frac{1}{16}$
Adh ana*	= $\frac{1}{32}$ or $\frac{1}{64}$	= $\frac{1}{32}$
Paisa or pice*	= $\frac{1}{64}$ or $\frac{1}{128}$	= $\frac{1}{64}$
Pa or pie*	= $\frac{1}{128}$ or $\frac{1}{256}$	= $\frac{1}{64}$

This coinage, differing only in the highest grade of each metal from that in current use would not to any appreciable degree affect the internal trade and daily requirements of the people. Yet it would suffice to steady the exchange by having a common coinage with England, which, in conjunction with the extent of India's trade would fix that exchange where it should justly stand according to the principles of political economy—above par.

The special interests—European residents, bankers, merchants, planters and the rest, must be left to arrange themselves according to the rules of economy, in subordination to the State interest. All those, though numerous, are but a small fraction of the population of India.

At present, England allows an unjust profit to be extracted from India, to the tune of many millions a year which find their way into the pockets of certain merchants and financiers. This must stop. England must do justice to India. It is only in just dealing that can be founded that feeling of loyalty and friend ship which all who love both countries are desirous of seeing established between India and England. This feeling your Commission has the noble duty of fostering, by taking *Justice to India* as your first and sole consideration. This is all the more necessary because by settling this question as justice requires all the special interests will likewise be safeguarded and helped while only those will lose who at present make an unholy and unjust profit out of India.

My suggestions, therefore, are as follows —

1 From the 1st April 1893 reserve the coinage of silver to the Indian Government alone for what amount the country needs, and no more.

2 Put an import duty of 10 per cent on all silver, coined and uncoined except rupees, brought into India.

3 When silver has to be coined for private persons, deduct, as royalty, 50 per cent of its market value in addition to the duty.

4 Coin gold in 40s, 30s, and 20s pieces, not any half sovereigns, because it is an object at present to have a gold standard and yet to prevent gold from coming at once into active circulation.

5 Put an export duty of 40 per cent on gold, bullion, coins and jewelry.

6 Open the mints for free coinage of gold, as it now is for silver.

7 Let silver continue to be legal tender for all payments in India up to any amount.

8 Payment in gold to be only by mutual consent, but gold coins to be received at all treasuries for their full value in silver coins, as in the table. Let them be issued only in rare cases.

9 After 31st March 1893 abolish the sale of Council Bills in England.

10 For the quarter 1st April to 30th June 1893 let the Indian Government first call for drafts in India on India's debtors in Europe, buying them in the open market in India, in order to meet the Home charges for that quarter. The balance between 5 000 000L and the amount of the drafts procured should be purchased in India, by the Government in gold—prices being the same everywhere—and sent in the treasuries to England. The drafts changed into English gold, and the bullion coined into English sovereigns at the mint, should be given to the Secretary of State to pay in full as now all India's dues in England by salary, pension, and interest.

The immediate and inevitable rise in exchange will then render the next quarter's remittances easier and lighter, and, before the end of the year, there will be no need to do more than remit drafts which will then have risen to par, and probably even higher.

Having thus placed India on a fair field, with unfettered hands by the 1st 4th, 9th, and 10th of these suggestions, let India's exchange everywhere stand or fall by the ordinary rules of political economy. India's immense production and enormous trade need no grandmotherly precautions or legislative enactments. Let her fight her own battles, but do not hamper her with sales of bills in England and an open mint for silver in India. On a fair field her exchange will again soon top 2s to the rupee.

Consequently, any and all arbitrary fixing of a special rate between gold and silver for India (I care not whether suggested by Sir David Barbour or Mr Mackay, or the *Times*, who all represent *English views*) is simply unjust. The rate in India must be the same as it is in England, France and Germany not the mere ratio of metallic prices, but that of token-coinage.

If there is any truth in political economy the exchange must and will rise in favour of India. Once the rupee = $\frac{1}{4}$ shahi = $\frac{1}{16}$ l, all arbitrary fixing of exchange, be it at 1s 3d 1s 6d 1s 9d or even 2s 6d, is unjust to one or other party. Put both, therefore, on a footing of equality by a gold standard, and let scientific principles regulate the result; do not interfere. If that result, by an impossibility were had for India (worse than at present it cannot be), India will grin and bear it. What now renders the burden intolerable is the injustice actually done to India as a nation in the interests of aliens, by the present policy of Council Bills and open mints.

Wishing to be brief, I omit much and have little room for proposing and answering objections. If the Commission wish it, I can give facts and figures for all my statements. I need only add a few lines in conclusion.

1 This scheme demoneses no silver and merely monesees a small amount of gold.

2 It does not therefore, depreciate silver more, or injure the rupee.

3 It forces no silver into the market, but leaves it hoarded as it is, neither more nor less.

4 If hoarded silver be at all depreciated, it is not forced into sale and can await future chances. Hence there is no loss.

5 The scheme does not appreciably affect the present internal circulation, finances, and trade of India, or the daily requirements of the people, especially of the masses.

6 It will not lead to any export of the precious metals to upset the present balance, but it will stop the excessive import of silver.

7 It will not upset trade, or lessen export, people will still, for instance, drink just as much tea when India has a gold standard as they do now.

8 It will not in the least affect the purchasing power of the rupee and its fractional coins in India.

9 It will merely rectify Indian exchange, on scientific principles, and not an arbitrary artificial and unjust to a national and fair rate, to the advantage of India.

10 It will fix that rate not by any arbitrary interference, but according to natural laws, at a definite point subject only to the slight necessary variations of the temporary balance of the account.

11 It will leave a free field for the action of the correlative laws of supply and demand, which are now violated, of set purpose, by the forced sale of bills when they are not wanted.

12 No one will accrue to anyone, and no injustice be done. But the present unjust profits of English merchants financiers, and bankers, will be reduced to just limits and the systematic exploitation of the Indian exchange, all the world over for the profit of a few in England, will cease and in its stead there will be a fair and honest exchange.

13 It speaks volumes for the patience and ignorance of India, that its millions have for so many years borne in patient silence this ever increasing burden which the more it is considered, the more unjust and intolerable it looks. Not one British Colony ever the most loyal, would have tolerated this systematised injustice for a second year. A far less matter separated America and England.

In conclusion let me urge on your Commission the necessity of justice to India. Banks European mercantile firms, and planters are in a great measure, interested parties. The "Times"—always unjust and one-sided—and English merchants and producers are interested parties. All these have interests in direct conflict with those of India. Even when they like Mr. Metchay and the "Times" call for an improvement on the present exchange, it is only to fix another arbitrary sum for good, which will be less unjust indeed to India but still will be certainly unjust. All their special pleading and specious arguments you must reject, if you would be just to India. Not in their interest are you appointed to report but in that of India.

The interest of India requires you to consider and to condemn—

1 The sale of bills in London, where there is no market.

2 Their sale by secret tenders.

3 The flooding of India with cheap silver bullion (not even European coins) owing to a free mint for silver.

4 The active destruction of a gold standard for India caused by ourselves 60 years ago, and repeated after Lord Lawrence's retirement.

5 The poverty of the masses in India, who need no gold for currency purposes.

6 The richness of India as a nation, to whom all the world owes money in exchange for produce and in whose favour the exchange must, therefore always lie, if not actively depressed, as now, by unjust action on the part of India's masters.

7 The ease with which the matter can be rectified whose difficulties are exaggerated by theorists and interested parties.

I am &c

J P V D'HERMANS D D.

Late Chaplain and Missionary in India.

Working the Oriental Institute,

17th January 1893

LETTER to MR. GODFREY from MR. W. DOUGLAS author of "The Currency of India," (published by Simpkin, Marshall, & Co.)

Leamington, Glasgow,

20th October 1892

SIR, I enclose to trouble you with the enclosed pamphlet on the currency of India, a reprint of an older one which has been recently a good deal inquired for by the Indian mercantile community.

What I try to bring out is that the oversight made by the Indian Government lies in that they have not distinguished between a depreciating currency and a fall in "exchange proper," the latter, see table on page 16 of my pamphlet, not having taken place in India at all.

What has taken place in effect is exactly the same as a paper currency at an increasing discount would have caused, and it seems to me that both the honour and the honesty of the Government are involved in this question. The artificial legal standard silver, comes in the way of the actual standard, gold, and, by its fluctuations, causes unnecessary derangement in all transactions and often much injustice.

Should Lord Herschell's Committee see their way to recommend that the Indian mints be closed against silver from all comers (as the French mint was in 1874) and gold declared legal tender then it seems to me that the balance of equitable considerations would be in favour of restoring the old ratio of 18 rupees to the gold mola. This point is a very important and difficult one and can only be decided by a responsible Government on the balance of equitable considerations. But the points that make for the old ratio are,—

1 That the rupee debt was mainly contracted under the old settled ratio, and that it is for the honour of the Government that it should be restored.

After the Peninsular wars during which Consols were at a heavy discount, and the Bank of England 5l. note worth only 3l. 10s in gold, the Government and the Bank when gold payments were resumed did not seek to reduce their liability to the previous low price of Consols or to 3l. 10s for 5l. notes. It seems to me that the same honesty and honour should rule the action of the Indian Government.

2 That under the permanent settlement by being able now to pay their rent in depreciated rupees the Bengal landowners have been relieved of 40 per cent of their land rent at the expense of the Government.

3. That the token currency of India should be as high at least as those of the Latin Union or the Dutch East Indies.

4 That the Indian Government should now do their utmost to save as much as possible of the currency in the hands of our Indian fellow subjects the returning power of which has been so seriously affected by the keeping open of the mints to coin silver for all comers.

I cannot see that these considerations can be outweighed by any on the other side, in favour of a lower ratio.

I do not know that I can add anything further to what is contained in my pamphlet and this letter, but should be very much gratified if they are of any service to Lord Herschell's Committee of which it has been announced that you are to be a member.

Yours &c

WILLIAM DOUGLAS

LETTER from MR. WILLIAM DOUGLAS, of Messrs James Finlay & Co (author of "The Currency of India with a letter on Bimetallism"), dated Leamington, Glasgow, 24th December 1893

SIR,

You were good enough, on 21st October, to acknowledge receipt of a letter I sent on 20th to each of the members of Lord Herschell's Committee along with a copy of my pamphlet on the Currency of India.

So far as I have seen in the papers of the kind of men that are being examined by the Committee it does not seem to me that their evidence is likely to be on the side of justice being done to the people of India in this matter. It has happened to me in business and otherwise during the past 20 years to come across all the types of men who are anxious to prevent the removal of this 'silver torment' from our great dependency and they may be classed as—

1 Bank managers, who have assets in China and Japan as well as India, and who are afraid of the effect of the introduction of a gold standard into India on their assets in China and Japan, who also like losing gamblers, seek to continue the speculative working in exchange which at present characterises all the Eastern banks, and which has deservedly ruined two or three of them.

2 Merchants who largely export produce from India, and to whom the falling exchange often gives a fortuitous extra profit on forward contracts.

3 Tea and other growers of Indian produce who rejoice in being able to pay their liabilities in depreciated rupees, also expecting thereby a fortuitous extra profit, which, however the competition to sell usually deprives them of.

4 London city men under Stock Exchange influences who want to keep up the price of Indian securities other than Indian, and who think, on the whole, that it is better that the gold realised on the Indian balance of trade should go to America to buy silver, than that it should go direct to India, to which it properly belongs.

5 Bimetallists, who, like the beekeeper with the drunkard, want to keep India as the shocking example of the evils of depreciating silver.

The baneful influence of these short-sighted types of men on the Indian currency has now continued far too long and it will be for the lasting credit of Lord Herschell's Committee, if it shows itself superior to views so narrow and so much against the true interests not only of our great dependency but of the United Kingdom as well. Millions on millions of sterling money that might have been profitably employed in developing India, if she had had a whole and sound currency, have gone to the United States and elsewhere instead.

Might I request, of your kindness that this letter be put before the Committee? If you think it necessary, I would send a copy to each of the members.

Yours most obediently,

WILLIAM DOUGLAS

Henry Waterfield, Esq

SUSPENSION OF FREE COINAGE OF SILVER AND COINAGE OF GOLD

Mr ALEXANDER DREW to the SECRETARY to Lord HERSCHELL'S COMMITTEES

Treggundarroob Blainmore, by Greenock N.B.,
4th March 1883

Sir, For the information of the Committee on the Indian Currency and in the hope that what they contain may be useful and suggestive, I enclose some papers which show the way in which the question has been presenting itself to my mind for several years past. For many years I have been a large trader with India, as well as with other silver currency countries, so that the question in all its bearings has come before me not only theoretically but practically.

It is I think becoming more and more evident to all concerned in the welfare of our Indian Empire, that my views of seven years ago as to the closing of the mints to silver from the public and the coinage of a gold standard, point to the right solution of the difficulty, and it will bring a feeling of relief and a sense of stability to the trade if Lord Herschell's Committee reports in that direction, and if that report is given effect to.

Yours faithfully,

ALEXANDER DREW

Enclosures

No 1

LETTER TO SIR ARCHIBALD OBER EWDIN

Sir, I HAVE thought for some time of writing to you on the subject of the Indian exchange. We have to day, for the first time, a remittance from Calcutta under 18d which brings strongly before me the need for continuing something that will prevent the constant fall I don't say anything as to the general question of the alleged scarcity or appreciation of gold but try to direct attention only to the excessive supplies of silver and how to meet this best for us in India. I was glad to hear you say at the meeting in Glasgow a few months ago on bimetallism that if it were not for the difficulty of supplying a gold currency you would prefer that to any other for India. From all the inquiry and thought I can give the subject I am inclined to think in that direction lies the true remedy and would hope the difficulty in the way would not be so great as what at first appear, as the change would be likely to be very gradual.

I would not suggest anything very new or experimental, but would follow the example of the French at home and of the Dutch in Java. These two nations have the highest reputation, both for skill and caution in finance and that is further shown by the success of both in the way they have met the fall in silver.

It is simply to stop or suspend the free coinage of silver, and to take that exclusively into the hands of the Government, but in esse this should make money scarce for purposes of trade, they should at the same time, allow the free coinage of gold as a legal tender for a specified quantity of coined and uncoined silver, then the Indian Government decreed to cease coining silver, both for the public and for themselves, the question arises, is there sufficient gold in India, or available

soon for India, so that the community there could have it coined as the needs of trade required?

From all I can learn there is notwithstanding some 14,000,000 sterling of the balance of Indian exports being retained in London, still there is 6,000,000 sterling beyond that yearly to be sent to India of that balance. This 6,000,000 is now, and has for years, been sent in silver, and, as far as we are concerned, might as easily be sent in gold, as we must abstract the amount from the stores of the world, whether in silver or in gold, by giving something for it, as we have neither the one nor the other by nature.

This balance, along with hoards of gold already considerable in India, would, I trust, be sufficient to supply the comparatively slow process of money requirements for the growing trade or population of India, in addition to the large silver circulation now in use and which would not be interfered with in any way. The remittance of the yearly surplus of 6,000,000, or so, due to India requires no attention. It would be sent in silver or gold as the owners of it found best for themselves, but naturally would go chiefly in gold, as the easier carried and most steady in value. This gold, however, need not go in any fixed quantity from London. It would go from anywhere in the world where it could be cheapest got. Further, the stores of gold now in India would come out freely I would think as soon as the owners could get it coined into legal tender money, which they cannot get done at present.

If it is asked what number of rupees would you make, say an Indian sovereign, same as ours, equal to I would first consider what would likely be the value of rupees after the Government had given notice had actually stopped coining rupees and thereby cut them (the present circulation) off from touch with falling silver bullion. It might likely raise the coined rupees all to 20d, which they stood at not very long ago. That is, the new Indian sovereign would be equal to a legal tender for 12 rupees which would cover also 12 shillings. I am in great doubt as to the value of silver remaining as at present or even near it. I have seen estimates of the cost of mining and refining silver in America that would make one shilling. Some authorities speak of as low as 1s 6d per oz but passing that as an exaggeration, it does not seem extravagant to suppose it may come to 3s or even 2s 6d. Another fear is that there are great stocks of it above ground in America and elsewhere, only kept back by skillful holders so that they may clear it without too serious loss. It will fall must come some day. I hope you can help to keep India out of it.

Yours faithfully

ALEXANDER DREW

No 2

149, West George Street, Glasgow,
DEAR SIR ARCHIBALD 27th April 1886

I FULLY concur in what you say as to Imperial and Colonial currency generally, and it is a strong support to the practicability of that view that in our great self governing colonies our gold standard is already in use. You are quite right in saying that the French and Dutch method mentioned in my former letter is bimetallism in a way, but it is not the bimetallism of the extremists of that doctrine which would require the mint to be kept open equally for the free coinage of gold and silver. This I conceive would never work under the great variation in silver now to be looked for, and I therefore entirely differ with the supporters. It is to the merit of France that she saw the fall 12 years ago, and of herself quietly dropped pure bimetallism.

The results would be as follows -

- (1) There would be an outflow of gold from the hoards of India for coinage into sovereigns of weight and standard same as at home, legal tender for gold debts, also for rupee debts at the rate of rupees per sovereign at the option of the debtor.
- (2) There would be no restriction of currency by the mint being put exclusively under the control of the Government, as the new gold free coinage would gradually supply that and the rupees already in circulation would increase in value or purchasing power.
- (3) Those persons choosing to have their gold stores coined into new sovereigns could not suffer less the obsolescence of coinage is very small and the two reigns are of the same value as the gold bullion,

and the owners would coin gold only at their own option

- (4) The gradual increase in the value of the rupee under Government coinage would be a great boon to the innumerable holders in India and ultimately, at no distant time it would become a token of money of account for one tenth of a sovereign in the same manner as we have the shilling equal to one twentieth.

In conclusion, we would then have a gold standard currency in India same as in Australia, quite free of silver fluctuations and a very large silver circulation as in Holland, Java, and France

Very truly yours

ALEXANDER DREW

No 3

GLASGOW CHAMBER OF COMMERCE

On Monday, 23rd February 1881 a meeting was held of the Special Committee of the Chamber of Commerce on Indian currency Mr David Bannerman presided

Mr Drew, who introduced the subject, said he presumed they might take for granted the disadvantages of a currency fluctuating in value were acknowledged, and that it was needless to go into details as to how such fluctuation affected prejudicially the trade of India. His object in bringing the subject of Indian currency before the Chamber was rather to call attention to a matter giving that currency a more stable value by which those disadvantages might be reduced or removed. The means he referred to were the introduction of a gold standard with free coinage—these as we had at home and as our great trading colonies—accompanied by the silver currency now in use in India but the latter so regulated in supply that the silver coin would be maintained at an approximately constant relation to the gold standard. To effect this, the coinage of silver would necessarily be confined to the hands of the Government, but, to obviate any fear of an unduly restricted currency, the coinage of gold as legal tender must, at the same time be made free to all coiners, as it is in this country. Assuming the sovereign as the gold coin, and the rupee as the silver one, the question arose how many rupees were to be equal to the sovereign. This might be left open for further consideration, but, as a suggestion or example he would say 12 rupees, that was making the rupee equal 20d. which was the rate it had stood at for some time during the past year. This rate of 20d was higher than for the past few years, but was usual for a considerable period immediately before that also, it was the medium between the older rate of 24d and the lowest rate which had yet been touched, 16d. It might be expected that the silver coinage being entirely in the hands of the Government the value of the rupee would rise, and be maintained about the assumed rate of 20d. Still as before said some other rate might yet be considered. There were various advantages in having the rupee value moderately above its bullion value such as that the Government would have a profit in coining and, therefore not likely to restrict unduly the silver currency and further that the rupee would not be exported from India to countries where it would only fetch its bullion value. On the other hand if the rupee by restricted coinage were raised above 20d there would be an immediate inducement to the public to coin gold, in order to pay debts or to supplement the currency. This is the method at present in use in Holland and its colonies, also in France and nearly all continental Europe. We know the successful results obtained in maintaining the silver currency of these important countries at a practically stable value to their gold standards. We also know and he would like the Chamber to acknowledge that, were any one of these countries now to allow free coinage of silver the stability would not last a day. Confusion and stoppage of business would promptly ensue and yet we persisted in imposing such free coinage on India. Even the United States with their strong silver interests, had just shown that their common sense, in regard to the permanent value of their currency, was still strong. A Committee of the popular sense of their Legislature, appointed to consider the question of free silver coinage, had reported by a majority of two to one, that free coinage of silver ought not to be allowed. In regard, then to the fitness of India to make the change requisite to assimilate her currency more nearly to that of the civilised countries he had mentioned, as well as to this

country and our colonies, which, it should be noted, had all got a restricted silver coinage he would point out, firstly, that India has abundant material for doing so. The produce of India exported was of much greater value than of articles imported. There had been, for a considerable period a balance over 10,000,000 yearly, having to be paid to India in gold or silver. He found that during the 10 years 1880 to 1889 the importation of precious metal into India was—gold, 38,000,000 l., silver, 75,500,000 l., of which, by the account of the Indian mint, was coined—gold, 10,000,000 l., silver, 65,051,000 l., the difference no doubt being used in the arts, or hoarded during that time. During the preceding 40 years, there had been imported—gold, 102,000,000 l., silver, 326,000,000 l., distributed probably in about the same manner. Of the silver imported, it would be noticed that every year by year, six sevenths was coined, and went into the ordinary circulation of the country say to the amount of six and a-half millions sterling yearly. This fact would necessarily be kept in mind in any future coinage regulations for silver. Of the gold a mere trifle was coined leaving the important amount of over three and a-half millions sterling to disappear in hoarding or ornaments every year. This showed that wealthy natives had no confidence in their silver currency and felt that of their gold or silver or that if they could not know the value when afterwards wanted. It was to be noticed also that his preference for gold in India was bringing about now every year, an effect which was dreaded by some people as a dangerous consequence of adopting a gold currency in India, viz the withdrawal of large quantities of gold from the trade of the western world. This very absorption had been going on for years and was going on now every day in spite of all opinions. Whereas if allowed to be coined legal tender it could be lent at interest with the certainty that, when repaid the lender would find his capital unimpaired. More likely then that gold currency would bring out rather than absorb gold. To sum up, his proposal was, that the Chamber memorialise the Government to adopt a gold currency in India with the silver as a subsidiary currency the gold coinage free and the silver currency so regulated by taking it entirely into the hands of the Government, that its increase will be provided for to such an extent as to maintain the value of the rupee approximately at 20d., or 12 to the sovereign. This he said, avoided any depreciation of the present silver currency and also provided for its gradual increase and benefited the people by an improvement in the purchasing power of their money. He repeated that the proposal had made was neither new or original so far as he was concerned. His attention was first called to the evils arising from free coinage of silver by a pamphlet published by his friend Mr Douglas in 1880 and in which he pointed out that so long ago as 1876 the Bengal Chamber of Commerce petitioned the Viceroy Lord Lytton to limit the coining of rupees, but did not propose gold as a substitute and the subject therefore dropped. In 1878, Lord Lytton himself proposed to the Home Government to sanction a gold currency for India but the scheme was burdened with conditions which would have depreciated the then existing silver currency and for that or other reasons the proposal of Lord Lytton was also rejected. He was glad to see however that this month the Honorable Mr Mackay Chairman of the Bengal Chamber of Commerce had asked his Chamber to appoint a committee to approach the Government as to some method of continuing the silver currency, but giving it a gold standard. This was very like or, he might say was exactly the same as, what he was aiming at and it was satisfactory to find that the motion was supported unexpectedly by influential people on the spot.

Mr James Bean seconded Mr Drew's motion

Mr Donald Graham proposed that the motion be not adopted, and said that although the fluctuation of the Indian currency had its evils any change might have greater evils. He mentioned France as in a bad position as to silver, and strongly objected to the agitation of bimetalists.

Mr Paul Rottenburg said that the motion did not embody the French method, as he understood it.

Mr Ross stated that, in his experience gold and silver in Holland and Java were used in a permanent ratio the coinage of silver being confined to the Government.

Mr W Douglas gave a sketch of the introduction of the silver currency into India, and in reply to Mr Rottenburg said that the object of the silver mint in France in recent years was the chief feature of the

French law to be taken notice of in regard to their present currency system.

Mr G. E. Davis seconded Mr Graham's rejection of the motion and spoke of wider arrangements, apparently favouring bimetalism, but at the same time he acknowledged the great steadiness of exchange in Java, and said it favoured trade there.

Mr W. Ross said that merchants could transact in sterling in India as well as in rupees and that contracts should be shortened.

Mr Duncan thought that gold could not be obtained without great difficulty and disturbance in other countries to enable that metal to be used as a standard currency in India. He also feared the lowering of the price of silver generally if its import into India was restricted.

Sir James Bain asked if the steadiness of exchange in Java was not an advantage to importers and exporters.

Mr Ross replied that there was an advantage all round, and a great benefit to traders in general as they could estimate the prices of goods pretty accurately, owing to the non fluctuation of the standard.

Mr Gilbert Beeth opposed the motion, on the ground of a reduced importation of silver into India affecting its price generally, and hence lowering exchange with China and Japan, to the detriment of our trade with these countries. He favoured a wide international agreement for the increase of the currency of the world.

Mr Drew having shortly replied to the various remarks made, Mr Balloch suggested that the motion should meantime be withdrawn which, with consent of his second, Sir James Bain, Mr Drew agreed to, and this was accordingly done.

CLOSURE OF THE MEETINGS

Further Letter from Mr. DREW (of ALEXANDER DREW and SONS, MANCHESTER), 23rd March, 1893

Sir,

I use to thank you for your kind acknowledgment of my letter of the 6th instant, and for your clear expression of the purport of my enclosure.

The silver crisis has since been increasing in intensity, and the further fall in exchange this week is seriously stopping business in Lancashire, owing to the uncertainty in the value of rupee sales to be in future remitted, and the risk of still lower exchanges.

I hope you will excuse me in suggesting that, with out going the length of recommending at once a gold standard a temporary remedy towards steadying exchange may be afforded by merely closing the mints to the free coinage of silver.

This would probably raise exchange to 1s 4d. or 1s 5d., at which rates, with the Government regulating further coinage, it might be maintained fairly steady without a gold standard, and business might be carried on with some certainty of result.

I trust I may be allowed to point out that the proceeds of sales of imported goods are lodged in banks in Calcutta in rupees and the proceeds of sales of Indian produce imported into London are lodged to credit of these same banks in London. The banks desire to get the use of the rupees lodged with them for the purpose of making new advances to the produce growers, and, having no power of coinage in the event of closed mints will find it their interest to give drafts on their London credits in exchange for rupees, and the latter fund being always greater than the former, there will be a competition of the banks to sell drafts on London at a higher and higher sterling price per rupee.

It may also be noted that, with any advance in exchange on its present low rate, a gold standard when decided on would be the more easy of introduction; but the difficulty of its introduction will be aggravated so long as free coinage gives the power of procuring rupees at balloon values.

I remain, &c.,
ALEXANDER DREW

INDIAN CURRENCY further Letter from Mr. DREW to the SECRETARY

Oreggandarroch, Blairmore, Argyllshire,
16th May 1893

You may have noticed that the Chamber of Commerce of Glasgow came to a decided vote against bimetalism in November last, by 53 to 19, but it did not follow that the 53 monometalists were, as regards Indian currency all of one mind.

The question still remained, whether gold or silver monometalism would be best for India, and it must be acknowledged that monometalists as regards that country, are divided into a gold party and a silver party. The first are chiefly importers of goods into India and have no desire but for a currency equally stable to what we have at home. The silver party maintain however, that a depreciating currency, such as silver has been for several years past confers a benefit on India by reducing the cost of Indian produce and thereby stimulating the demand for such produce and for Indian agricultural labour.

They also maintain that the wages paid for such labour have as great a purchasing power of the necessaries of life as these wages ever had, and they therefore believe that the labourer is as well off as he can expect or have any right to be and consequently that the depreciating currency does him no harm.

This appears to involve both an error in fact, and an economic fallacy. Firstly as to the facts, the articles he buys with his wages cannot possibly be supplied so good in quality and so plentiful in quantity with rupees at 15d. as at 18d. and 20d. And, secondly, bearing in mind that improved means of manufacture and conveyance make supplies available at lower prices than formerly, it follows that this world, with a stable currency have enabled the wage-earner to purchase more than formerly with the same wages.

Thus the contention in favour of a depreciating currency falls to the ground as it necessarily admits that the labourer does not receive the same supplies as he would have received with a stable currency or, in other words, he is deprived of the benefit naturally flowing from improved means of supply.

While that is the case, there must always be a heavy drag on the social progress of the agricultural labourer in India on whom the general prosperity of the country so greatly depends.

Considering the corresponding state of things in this country it will be seen that wages are higher than they have been, arising from improvement in machinery and convenience and from the profitable employment of capital. By these improvements the cost of the necessaries of life has been greatly reduced. Every shilling of wages earned can purchase more commodities, but no one would therefore venture to argue that wages may be reduced here until they would purchase no more than they would have done before these improvements took place.

We have here in fact, not only an increased rate of wages, but the wage earners have also an increased purchasing power in these wages, and this condition would also have obtained in India had there been there a stable currency given to the great body of labourers the natural benefits of cheapness in their supplies resulting from improvements referred to.

I beg now to call attention to a new consideration on Indian currency, arising from the facts of the Australian banking crisis. There can be no doubt but that the large deposits of capital sent from this country to Australia have been so sent by numerous people, merely because Australia is a gold standard country, and the capital lent there of course assumed to be repayable in the same currency.

It also seems evident that the deposits so sent have been much more than the wants of Australia could profitably or safely employ. I think it highly probable that if India had been a gold standard country the greater part of these deposits would have gone there, the improvements required by the wants of so vast a population affording room for the safe use of all loans that might have been sent.

The result, however, of the fear of depreciation of capital in a silver loan has been, that these savings have been over supplied to the wrong quarter and have been largely lost for want of safe use while India has been deprived of supplies of useful capital because of the uncertainty of a standard of repayment.

You were good enough to say in your last letter that my letter of 23rd March would be submitted to

your Committee on the Indian Currency I shall be happy if anything I have written above be thought worthy of similar attention

I am, &c
ALEX. DEW

LETTER from Mr DONALD GRAHAM O.T.E. to the Right Hon. LORD HERSCHELL dated Arrbroy Castle, Broughshaire, 12th November, 1892

My Lord,

I venture to call attention to one aspect of the proposed gold standard for India, which so far as I have observed does not seem to have received much notice and yet which appears to be of the very greatest importance. I refer to the position which the uncoined silver in the shape of ornaments &c would take under a restricted coinage. This uncoined silver, which is generally believed to be of enormous amount, is now of full value weight for weight, with the coined rupee and is in the nature of a reserve available for time of emergency. I remember well that, during the great Madras famine 1877, large quantities of such silver found their way to the Mint, and must have greatly helped the people in struggling through that crisis. From figures quoted on page 338* of the First Report of the Gold and Silver Commission I find that, in three years which may be said to have been affected by that calamity about $\frac{1}{4}$ crore of rupees' worth was not turned into money. No one can tell to what extent the uncoined silver would be relatively depreciated by the closing of the Mints to free coinage, but it is not too much to say that in times of emergency it would be practically unuseable, and I need not point out how greatly this would add to the distress of the people and to the difficulties of the Government.

I did not mean to do more than bring this one point before your Lordship's notice, but perhaps it may not be thought presumptuous of me as one deeply interested in India and the representative of one of the principal firms there, if I venture to make a few further remarks on this gold standard proposal.

If I am not mistaken, the Government of India is apt to look too exclusively to the so called loss on exchange and its effect upon the budget and on the other hand too lightly upon the momentous character of the change which it is sought to introduce. In the first place the loss is enormously exaggerated being based upon the assumption, obviously wrong, that the difference between the actual rate of exchange and Rs on the full amount of the Council drafts is all loss, without making allowance for the payment for stores on which there is no loss whatever, nor for the large portion of the sterling debt which was incurred at various lower rates. In the second place there is no thought of what would have happened if exchange had not fallen namely, that in that case rupee prices of commodities must have fallen, which surely would have caused far greater loss in the falling-off of land and railway revenues besides the indirect losses which depressing values must have brought upon the people. As a matter of fact, India has been exceedingly prosperous as independently of statistical evidence, every one connected with it will know though of course it is a misfortune that it will know though of course it is a misfortune that, under what may be called a deviation from sound principle, a large debt has been incurred in gold, while the revenues are paid in silver.

By an artificial restriction of the currency, the Government may certainly force up exchange and so escape loss on the home remittances, but at what risk of loss, and even disaster in other directions? It is difficult to see in what way a gold standard without the support of a gold reserve can really be of any benefit to either the Government or the country. Nor is it clear how a rate of exchange arbitrarily fixed can be more than nominal. It is easy to fix an arbitrary rate (as easily as is set) but the actual rate must still depend upon supply and demand. A forced silver currency may differ in kind, but it cannot differ in principle from a forced paper currency. It can have no definite intrinsic support, and its nominal value can only be made effective by a restriction of the supply. In France and America there is a large forced silver currency which passes without apparent inconvenience, but that is because there is behind it in each case a large gold reserve as well as a firm belief that, in case

of need the Government is responsible for the full gold equivalent. This has been put to the test in France, where the excess of supply has found refuge in the Bank of France, while as for America it remains to be seen what will happen when the forced monthly increase reaches the point of redundancy.

The Indian Government is in a very different position. It has no gold reserve, nor the possibility of getting such a thing, and of course there could be no belief in its power or intention to withdraw any excessive supply of rupees. Nor can it gauge to the slightest degree what the effect would be throughout the length and breadth of the land of severing the connection between coined and uncoined metal.

India is a country of seasons. During the first half of the year what the crops have to be marketed there is a great demand for money, and discounts, even under the automatic relief of opium mintage are some times at 12 or 15 per cent. In the latter half it is the other way and money can scarcely find employment at, perhaps, 1 $\frac{1}{2}$ or 2 per cent. No one can tell how far the redundancy is relieved by melting into ornaments, nor on the other hand can any estimate be made of the injury that might be caused to trade during its most important period by artificial restriction in times of scarcity. If the Government met the latter by fresh coinage it would have to relieve the former by a redundant coin off the market otherwise the exchange could have no stability. It is just one of these cases where a departure from a sound basis may lead to unknown difficulties and dangers. I speak from personal knowledge when I say that Portugal, which a few years ago was supposed to have its paper currency fixed on a gold basis and at a fixed exchange was suddenly weakened up to the delusion and has since suffered far more from fall in exchange than India has done.

I do not see what difference there would be in principle between the paper of Portugal and its nominal gold basis, and the silver of India upon its nominal gold basis.

One point more. I do not think the Government has any support in the country. Ninety nine per cent of the people have no knowledge that there is such a thing as an exchange question. What support there is, is among the official classes and certain of the European and Native traders. My information is that, almost without exception, all the reliable and independent opinions are against what is believed to be a dangerous tampering with a currency, which whatever has been its effect upon the budgets of the Government, has proved a good one for the people of the country.

Perhaps I should apologise for intruding upon your Lordship this unasked for communication, but my interest on the subject must be my excuse. No one has more reason than I have to regret the troubles and inconveniences of a fluctuating exchange, or to welcome any proposal which would give real and permanent stability. But I cannot think that the proposed scheme can give any such hope.

I am, &c,
DONALD GRAHAM

NOTE respecting the MINTING OF ORNAMENTS in Time of Scarcity

Evidence of Mr D M Barbour before the Royal Commission on Gold and Silver

1140 (The Observer.) You tell us that in times of famine hoards are invaded?—That is certainly the case.

1150 Have you any estimate of the amount which was extracted from these hoards in any given district during a period of famine?—It is quite impossible to say. All that we know is that certain amounts were brought to the Bombay Mint for coinage a certain amount in the form of ornaments, but that must be very much less than the amount that was brought out of the hoards because the men who drew silver from his hoard would ordinarily pledge it in the first instance with the Native banker or money-lender, and the Native banker might either sell that silver again if he obtained final possession of it, or he might send it to the Mint. (See Appendix Y.)

1151 And that excludes gold altogether?—The return for the Bombay Mint excludes gold, but we know that, in years of the great famine in Madras and Bombay, a large amount of gold was sent from India to

* See Note at the end of this Paper

England and I think Sir H. Hoyle said he received a quantity of gold from India which was evidently composed of ornaments melted down.

1159 (See P. 7, Form 1) And this does not include boards in the form of rupees?—Certainly not.

STATEMENT showing the amount of Native Coins and Ornaments tendered for Coinage in the Bombay Mint from 1854-55.

Years.	Native Coins	Ornaments	Total
	Rs	Rs	Rs
1854-55	15,81,000	4,89,000	30,50,000
1855-56	10,56,000	2,31,000	12,87,000
1856-57	8,18,000	2,28,000	5,36,000
1857-58	2,93,000	50,000	2,32,000
1858-59	4,48,000	15,000	4,53,000
1859-60	2,25,000	2,24,000	4,49,000
1860-61	1,27,000	2,49,000	3,76,000
1861-62	1,18,000	12,23,000	13,75,000
1862-63	49,000	47,000	96,000
1863-64	37,000	1,68,000	2,09,000
1864-65	2,000	—	2,000
1865-66	74,000	—	74,000
1866-67	3,26,000	—	3,26,000
1867-68	12,13,000	1,53,000	21,29,000
1868-69	10,23,000	1,65,000	20,88,000
1869-70	20,18,000	1,76,000	31,21,000
1870-71	20,74,000	78,000	21,46,000
1871-72	10,88,000	12,20,000	23,38,000
1872-73	11,75,000	28,80,000	44,33,000
1873-74	22,26,000	12,17,000	36,13,000
1874-75	7,90,000	3,63,000	11,33,000
1875-76	7,10,000	75,000	2,85,000
1876-77	20,000	8,52,000	8,72,000
1877-78	—	1,24,00,000	1,24,00,000
1878-79	67,00,000	1,18,00,000	1,93,00,000
1879-80	45,00,000	22,00,000	1,47,00,000
1880-81	85,50,000	10,00,000	95,50,000
1881-82	1,00,000	4,00,000	5,00,000
1882-83	15,50,000	50,000	16,00,000
1883-84	1,25,000	50,000	1,75,000
1884-85	16,25,000	18,75,000	35,00,000
1885-86	2,00,000	3,55,000	5,25,000

INDIAN BILLS AND CURRENCY by Mr JAMES A. GRAHAM, of Grahams & Co., 15, EAST INDIA MERCHANTS.

SILVER

1 The entire amount of Council drafts for the financial year with dates distributing them over the year to be offered on or about the 1st January at a fixed rate. This rate so realized shall be the official rate for that year.

2 So long as the rate of exchange does not exceed the official rate by less than 5 per cent the free coinage of silver to be suspended. On sufficient evidence that the current rate of exchange is higher than the official rate by 5 per cent, or more the Government of India may either throw open the mint for free coinage until the rate has gone down again, or may invite tenders of bar silver for delivery at the mint.

(There would be no difficulty in getting evidence as to the rate of exchange from impartial sources.)

GOLD

1 Coins of equal value to sovereigns to be coined under such regulations as may be thought desirable.

2 The Indian Provinces to accept these coins or sovereigns, if tendered in payment of taxes, at the official rate.

3 The Indian Government to reserve the option of paying the Council drafts in sovereigns, &c., at the official rate.

JAMES A. GRAHAM

26th April 1893

A SCHEME to steady and strengthen the price of INDIAN SILVER LOANS and to afford a means of placing them by deposit upon a GOLD BASIS by JAMES GRAHAM, of Messrs Grahams & Co., and Connal, Chartered Accountants and Stockbrokers, Glasgow, 10th December 1892

1 This paper being of date 10th December 1892, all prices and quotations must be taken as those of that

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day, India 3 per cent sterling loan and India 4 per cent unfinanced rupee paper being alone used for occupation and illustration.

2 Whereas, calculated at the present sterling exchange price of the rupee, viz 1s 2½d India 4 per cent rupee paper at 64½ (which may be taken as its present market price) yields a purchaser a sterling return of 3l 16s 3d per cent per annum.

3 And whereas India 3 per cent sterling loan, if purchased at 97½ (which may be taken as its present market price), yields a purchaser 3l 6s 6d per cent per annum.

4 And whereas the sterling exchange value of the rupee would require to fall from 1s 2½d to 11¼d per rupee before the sterling return upon 4 per cent rupee paper (if purchased at 64½) fell below 3l 1s 6d per cent.

5 And whereas when the rupee (containing 165 grains fine silver) fell to 11¼d, the ounce of standard silver (containing 444 grains fine silver) would have fallen from 3s 2½d per os as at present to 2s 8d per os.

6 And whereas as before shown, the difference between the sterling return at present (owing to the unstable condition of the price of silver) upon the purchase of the identical obligation of the Indian Government when expressed in gold and when expressed in silver is no less than 14s 9d per cent per annum in favour of the purchase of 1,000 rupees of 4 per cent rupee paper at 64½ as compared with the purchase of 1,000 India 3 per cent loan at 97½. There fore—

7 It is suggested that this great difference of sterling return, with the contingencies (in both directions) of the course of silver values should be seized, economised, adjusted and applied the larger portion thereof (say 75 per cent.) as a sinking fund against any future fall in silver value and the smaller portion (say 25 per cent.) against any future rise in the gold value of the rupee.

8 It is suggested that 3s 9d of the 1s 1½d of difference per cent should be applied to the benefit of the rupee paper and that 11s thereof should be applied to the benefit of the revenues of India upon the following conditions and in the following manner.

(a) For the purpose of this scheme it is assumed that the rupee cannot fall below 11d sterling, and that standard silver cannot fall below 2s 3½d per ounce which are the respective values of their respective fine silver contents.

(b) It is however assumed that such a condition has arrived so as thereby to reduce the sterling value of the rupee to 11d and consequently to reduce that of the 40 rupees payable per annum on 1,000 rupees 4 per cent rupee loan to 1l 16s 8d and thus to reduce the sterling return upon 1,000 rupees 4 per cent loan if purchased at 64½ to 2l 16s 10d per annum as at present.

(c) If to the above sum of 1l 16s 8d be added 3s 8d (as suggested in paragraph 8) these would together amount to 2l 10s 6d and thus sum it is suggested, should now be fixed as the minimum sterling return to be guaranteed on the 4 per cent rupee loan.

(d) That the Government of India should engage to give at any time after a certain date, (say 1st January 97) 6s 8d of India 3 per cent sterling loan (1948) in exchange for every 1,000 rupees of 4 per cent silver paper which would yield as nearly as possible 2l 0s 5d per annum be worth at present price 65l 15s 6d, and yield a sterling return of 3l 2s 8d per cent per annum upon the cost of each 1,000 rupees 4 per cent loan (if purchased at 64½) for which it was exchanged. This would be tantamount to issuing the (1948) 3 per cent sterling loan (55 years to run) at 96l 10s 5d taking redemption into account. This loan was placed with 84 years to run in 1884 at an average of 94l 4s 3d—yielding including redemption 3l 4s 4d per cent—consequently as a conversion process, the proposal now made seems economical and advantageous.

9 It is considered that such a step would encourage the purchase and holding of silver paper, by securing the holder against any possible fall of the rupee below 11d and by placing it in his option and power to receive in its stead 67l 6s 8d of 3 per cent loan worth at present 65l 13s 6d for his holding of 1,000 rupees (which now stands at 64½) and with an assured sterling return of 2l 6s 5d.

10 In all cases where the exchange was made, and in the event of silver not falling further it would produce

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a sinking fund of 11s per cent per annum to the Government and with any rise in silver this would be suggested, while on the other hand there would be a risk of 3s 9d per cent per annum, and that only to its full extent in the event of the rupee going down to 11d and silver to 2s 5½d per ounce, a fall which would involve a drop of more than 25 per cent upon the present depreciated price of 30 rupees, and nearly 30 per cent upon the present depreciated price of silver.

It is further suggested that, by thus placing the rupee paper upon a low but secure sterling foundation a means would be provided whereby (by exchange or purchase) the whole loans and credit of India would really be placed upon a gold basis without any violent remedy and without the necessity of absolutely renouncing the chances of a possible, and (owing to the gold developments in Africa, India, and elsewhere), a probable, improvement in the gold value of silver.

A Scheme for the GRADUAL INTRODUCTION of a GOLD BASIS for the CURRENCY of INDIA, by JAMES GRAHAM & Co. Messrs Graham, Oxm, and Connal, Chartered Accountants and Stockbrokers, Glasgow, 10th December, 1892

SOME years ago, I formulated a scheme for the gradual introduction of a gold basis of payments in India, and, having mentioned the fact and being invited to submit the scheme for consideration, I beg to offer the following suggestions.

I must premise that at the time when my scheme was first formulated the circumstances were comparatively simple because the rupee was then fairly steady at 1s 7d to 1s 8d, and the chief if not the only disturbance, proceeded from the demonstration of silver by Germany after the end of the Franco-German War.

The situation is now much more complex and critical, the rupee has fallen below 1s 3d and is steadily even at that low price, owing to the enormously increased output of silver to the east and rapidly of its transmission as compared with former times and to its production being unduly stimulated by the monthly purchases of silver by the United States Treasury resulting in a great accumulation of the metal in the hands of the American Government, which they must dispose of somehow.

In addition to this we are reasonably apprehensive of an early demonstration of silver by Austria. All these circumstances forbid a sudden and complete attempt to substitute a gold currency for the existing silver currency of India, and enjoin as gentle and gradual a process in that direction as is compatible with due consideration for the maintenance of commercial activity and credit, and for the manifest hardships inflicted upon commerce and individuals by the violent alterations in the relative values of gold and silver currencies in exchange.

In dealing with the currency of India and any change in its character, it is impossible to dissociate from it, in our consideration, the subject of the public debt of India so far as represented by its silver loans, or the subject of the stated silver payments made to servants and others by the Indian Government, both of which have been seriously affected by the same conditions which make the currency question of India a vital and critical question for that great dependency and our commerce with it.

I must therefore respectfully request that this paper on the currency may be read side by side with another communication by me of the same date,* intitled "A Scheme to steady and strengthen the price of Indian Silver Loans, and to avert the menace of placing them by degrees upon a gold basis."

As in that paper I suggest that a limit should be placed to the amount of silver represented in the silver loan paper of India so in this communication I suggest that a similar limit should be placed upon the amount of silver offered as legal tender for payment of debts over a certain amount.

But with this qualification that at first the legal tender of silver should be proportionately the largest part of the payment, and be gradually reduced year by year until it became the smallest part thereof.

A very low limit is not in this proposal suggested for the maximum legal tender of silver, because in a silver

using country such as India, with an enormous and comparatively poor population with small wages and small expenses there must be an intermediate class who from the loss of a comparatively free use of silver as a currency up to a certain point would be a disaster to them, and to those both below and above them in the social scale.

When it was suggested the other day at the Monetary Conference at Brussels that Great Britain should raise the legal tender of silver from 2½ to 5s. as an ease to the silver market (she being a rich and gold using country) it would be absurd to fix anything but a comparatively high legal silver tender for India whose population is comparatively poor and to whom the free use of a cheaper medium of exchange than gold up to a certain amount is a matter of necessity.

It is therefore suggested that the lowest maximum legal tender of silver should be fixed ultimately at 500 rupees and that this limit should be reached over a course of nine years by making the maximum legal tender of silver in payment of all sums above 500 rupees, 90 per cent in the first year 80 per cent in the second year and so on, until it fell to 10 per cent in the ninth year after which all debts must, to the extent of 500 rupees, be paid in gold or in State gold notes.

In dealing with the value of a rupee as embraced in a gold standard, it is suggested that it should be treated as the silver stilling is treated viz, as a token valued at two shillings, or one tenth of a pound sterling.

For example, under such a system a debt of 100,000 rupees could be paid starting from this date—

1893	90 000	in rupees and 1 000l	in gold or gold notes
1894	80 000	"	" 2 000l "
1895	70 000	"	" 3 000l "
1896	60 000	"	" 4 000l "
1897	50 000	"	" 5 000l "
1898	40 000	"	" 6 000l "
1899	30 000	"	" 7 000l "
1900	20 000	"	" 8 000l "
1901	10 000	"	" 9,000l "

after which payment would only be legally tendered in gold except to the extent of 500 rupees.

And as an example of a smaller sum, say a debt of 10,000 rupees it could be paid—

1893	9 000	in rupees and 100l	in gold or gold notes
1894	8 000	"	" 200l "
1895	7 000	"	" 300l "
1896	6 000	"	" 400l "
1897	5 000	"	" 500l "
1898	4 000	"	" 600l "
1899	3 000	"	" 700l "
1900	2 000	"	" 800l "
1901	1 000	"	" 900l "

after which payment would only be legally tendered in gold, except to the extent of 500 rupees.

It is suggested that by such a course governing all debts the great internal business of India dependent upon silver as a currency would not be affected but that the large commercial dealings between India Great Britain and other countries, would be placed upon a basis of increasing certainty since in every year and more so as the years advanced every one would know more precisely the gold value of his transaction apart from the silver portion and further be instructed as to the precise amount of the gold to be held either receive or require to provide in payment of debts.

It is suggested that salaries and pay fixed upon a higher silver value than obtains at present should be treated on the same principle with a provision to compensate by a mean sterling payment to begin at once.

Two evils are to be provided against the first undue and unnecessary supply of gold coin, and the second, the danger of hoarding small sums of gold, which would, from the habits of the people be likely to occur in India.

These it is suggested could be met by making the only gold coin a comparatively large one and by issuing special State gold notes for smaller payments.

It is suggested so far as the gold coin is concerned, that this might be achieved by the substitution for the gold mohur of 15 rupees an Imperial coin of 40s or 20 British sovereigns, and that no smaller gold coin should be issued.

The State it is suggested should issue State gold notes against gold for the usual larger amounts (which could be convertible at any moment into gold), but that no such convertible note should be issued for a lower sum than 10L., or 100 rupees, and that it should issue smaller gold notes of 20s., or 10 rupees and of 10s., or 5 rupees, which could not be convertible into gold unless offered in an aggregate amount of not less than 50l., or 500 rupees.

These smaller notes it is suggested would serve the purpose, and relieve from the necessity of a subsidiary gold currency but, being convertible into gold in aggregates of 50l. would take the place of the medium class of payments now made in silver. Being inconvertible, except in the aggregate above mentioned, they would prevent the hoarding of small quantities of gold coin and from their convenience and aggregate intrinsic value remain in circulation it is believed for a considerable time, to the advantage of the State and to the ease of gradually effecting the introduction of a gold basis of a payments in India.

THE STOCK OF SILVER IN INDIA

Notes by Mr F C HARRISON

In a paper which may be hereafter printed in the "Economic Journal" I have treated this subject at length and given in considerable detail the grounds on which the conclusions, here stated, have been based.

It is convenient to separate the history of silver in India into five periods

- (1) 1835 to 1852
- (2) 1850 to 1855
- (3) The discovery of America to 1800
- (4) The Christian era to the discovery of America
- (5) Prehistoric times

The dates are given inversely so that the progression may be from the more known to the less known.

(1) 1835 to 1852. The data for this period are fairly complete. Up to 1855-56 the details are based on returns submitted to Parliament and onwards from statements furnished by the several local governments. From 1875 the figures are more reliable. The gross import is 40,926 lakhs the export 6,043 lakhs and the net import 34,883 lakhs = 1,178.54 million ounces = 36.65 million kilogrammes.

(2) 1800 to 1835. For this period the records of the Calcutta Custom House are available whilst there exists considerable fragmentary information relating to the Bombay and Madras statistics. After a careful study of these figures I am inclined to think that the gross import into Calcutta and Bombay was 6,119 lakhs, and the export 1,340 lakhs, and including Madras, I should estimate the net import at 5,353 lakhs = 184.19 million ounces = 5.72 million kilogrammes. W. Jacobs (cf. page 319 and 409 of his history) figures although they include the movements of gold to India and of gold and silver to China, would work out to a somewhat higher figure. The information, however, in my possession is more complete, and, I think more reliable. It can be demonstrated, on the other hand that my figures are not too high. The silver ounce for this period in India (cf. a long article of mine in the "Calcutta Review") was about 110 ounces of rupees or 75 crores after deducting reckoning. This total has to be further reduced on the fact that part of this ounce must have been of silver existing in India prior to 1800 in the form of coin bullion or ornament. My estimate, therefore of 6,119 lakhs (61.19 crores) is seen to be reasonable *à priori*.

(3) The discovery of America to 1800. A servant of the old East India Company, Milburn by name, published in 1813 a book giving considerable information relating to oriental trade. That book gives, amongst much other interesting detail, the value of the Dutch cargoes from 1614 to 1719 the proceeds of French sales at Port L'Orient in 1760, 1769, 1771-73, and 1791, the receipts of the Hooghly Custom House, from 1768 to 1770 from the French, and with a few gaps the exports from England from 1600 to 1800. On the whole, I am inclined to place the net import for this period at 15,108 lakhs = 519 million ounces = 16.20 million kilogrammes. Before going further, it will, I think, be best to tabulate

the above side by side with Soestbeer's and the American estimates of the world's production

Period.	In Millions of Kilogrammes	
	Production.	Absorption by India.
1498-1800	117*	16.8
1800-1855	21.9	5.72
1835-1859	98.7	36.65
	238.6	59.57

A glance at this table will I think, show the probability of my estimates being a fair approximation. The proportion of silver going to the East between 1498-1800 must have been low, owing to the trade being less opened up. From 1800 to 1855 the proportion might have been expected to have been greater. It was not so, because Indian trade was in a state of transition. In 1818 the trade was thrown open and Manchester piece goods poured into India. Had not cotton become an export the balance of trade must have turned against India for several years. It did actually do so in 1825-26, for the only time in India's history, so far as I am aware. America, in that year, was at peace, and, having acquired Carolina from Spain, regained command of the cotton trade.

(4) and (5) I must now hark back to the periods antecedent to the discovery of America. Two points relating to these times are, I think, clear: (a) that Jacob enormously overrated the abrasion of silver, and (b) that in consequence he was obliged to exaggerate the production so as to arrive at a reasonable residue in 1493. I am disposed to believe after weighing a considerable number of reports that the annual loss suffered by silver owing to abrasion must have been less than 0.3 per cent., and that the annual loss suffered from this and other causes can hardly have exceeded 0.6 per cent. annually. It is known that in the dark ages silver was not extensively mined, and that the stock in 1493 cannot have been very large. Gregory King, whose estimate was accepted by Neumarch thought that the European stock of coin bullion, and plate, was then 45,000,000l. I think this estimate errs on the side of caution, and that 40 millions of silver existed in Europe. If so, India probably held at least as much. Akbar's net revenue (A.D. 1593-1605) was then estimated at 40 millions. Much of this was no doubt collected in kind, and in copper, and somewhat in gold. On the other hand Akbar did not rule the whole peninsula. As a conjectural basis, I therefore take the stock in India of silver in 1493, to have been 40 millions sterling = 290 millions of rupees = 99.68 million ounces = 3.1 million kilogrammes.

It is after making an allowance for the existing stock held in Europe and elsewhere out of India prior to 1493 that the table below recapitulates my results—

Period.	Millions of Kilogrammes.	
	Production	Absorption by India
1493-1852	232.6	59.57
Pre-existing stock	11.78	3.1
	244.38	62.67

III It will be noted that I have taken no account (a) of the production within India, (b) of any export or import by land after 1800 A.D., and (c) of the waste since 1500.

It is known that silver is not produced in India. The export of rupees in recent years across the border I have estimated to be about a crore of rupees (cf. "Economic Journal") for December 1891; this export is however, of recent growth, and, on the other hand, silver has entered and does now enter India from Ladakh, Muttra and Tibet. Account has also to be taken of the silver carried away in the trade of Nadir Shah and Ahmad Shah Durran. Taking everything

into consideration and calculating the waste at 06 per cent annually, I am led to the conclusion that the silver in India is about 510 crores of rupees = 54.55 million kilograms.

Note.—In a similar way I have estimated the gold in India to be about 44.33 million ounces = 180 millions sterling.

26th May 1893

F O HARRISON

PEASANTS HOARDS AND COOLIES SAVINGS

NOTE by Mr F O HARRISON

It is often urged that a successful attempt to raise the value of the rupee by making it scarce will seriously injure the peasant in that his bullion will be depreciated. I have not the time to write at length upon this aspect of the question, but I may point out some facts which are of some importance in this connexion.

(a) The coinage at the Calcutta and Bombay mints during the last 20 years does not fall much short of 130 crores, whereas the receipts into the same mints of country silver and ornaments are less than 5 crores of rupees. In other words, such receipts do not form 4 per cent of the total.

Too much stress must not be laid upon the smallness of this percentage. The amount of country silver and ornaments tendered varies from year to year, and the percentage to the receipts is considerably greater in some of the years, e.g. in Bombay in three years, 1877-78 to 1879-80 about 3.30 crores were tendered in Calcutta, for the last 30 years, the largest amount tendered in one year was 6½ lakhs.

(b) In my first memorandum I have estimated the silver in India to be about 510 crores. Of this about 163 crores is in active circulation, 348 crores remain to be accounted for. Of this considerably less than 50 crores is hoarded in the form of rupees. Roughly speaking, it may be said that 300 crores may be held in India in the form of bullion, obsolete coin, and ornaments.

In Madras 1832-23 was a famine year, and the country bullion (silver) brought to the mint was 92½ lakhs. 1832-33 was also in Madras a year of distress, and 1833-34 a year of famine. I give below the figures for gold and silver in decimale of a lakh —

	Country Bullion and Ornaments	
	Gold	Silver
1831-32	45	6
1832-33	7.89	14
1833-34	38.48	55

26th May 1893

F O HARRISON

The average number of coolies according to the Ceylon Blue Books, who return annually to India is over 64,000. This average is for the 14 years ending 1869. The majority of these migrants return after the season and I imagine they would bring back women children and all an average of 12 rupees a head = 7½ lakhs a year.

2 The Mauritius coolies on their return (they stay longer) declare annually about 50,000 rupees, and probably bring back another 30,000 undecorated.

3 The Mauritius Government estimate the circulation of rupees in the Colony at 65½ lakhs. The manager of the new Oriental Bank there, who had that estimate before him, would raise it by another ten lakhs.

27th May 1893

F O HARRISON

LETTER from Mr A M LINDSAY to the Secretary of the Indian Currency Committee.

Bank of Bengal Calcutta
9th November 1892

Sir, Before leaving London, on 7th ultimo, I took the liberty of sending a copy of my pamphlet entitled 'Ricardo's Exchange Remedy' to Lord Herschell and expressed the hope that the scheme proposed therein for

establishing a gold standard in India would receive the consideration of the Committee appointed to advise on the desirability of amending the Indian Coinage Act.

The scheme is framed in accordance with arrangements devised by Mr Ricardo in 1819 for establishing in England a safe and economical currency. The proposal is to establish in India a gold standard without gold coinage by making the rupee currency expand and contract automatically at fixed sterling rates with the aid of the gold reserve provided by the silver clause of the English Bank Act. Since my return to India, a second edition of the pamphlet has been issued. Several important additions to the text have been made in the new edition, and I send under separate cover by this mail two copies of this edition for the use of the members of the Committee. In doing so, I would invite attention to the fresh arguments adduced to prove that the gold reserve of about 5,000,000, now available under the silver clause of the Bank Act will suffice to maintain the convertibility of the rupee currency into sterling to the extent that convertibility is desirable according to opinions expressed by Mr Ricardo Lord Sherbrooke, Professor Marshall of Cambridge, and other authorities that have advocated the establishment of a gold standard without a gold coinage. Additional reasons are also given in the new edition of my pamphlet in support of my contention that the adoption of this scheme in India will remove the chief monetary cause of the fall in gold prices, and will also facilitate under all possible circumstances the raising of the sterling money required by the Government of India to defray its Home charges.

I may mention that the scheme continues to receive support from the public press. The leading weekly financial organ in India, 'Capital', had a leading article in its last issue (2nd instant) reviewing the main features of the proposals in a favourable and effective manner. A copy of this article is annexed for the information of the members of your Committee.

I have, &c

A M LINDSAY

Enclosure

EXTRACT from 'Capital' 2nd November 1892

Ricardo's Exchange Remedy

We have received a pamphlet under the above title by Mr A. M. Lindsay, in which the author embodies the proposals made by him at various dates, from 1876 downwards, in the pages of the 'Calcutta Review' and elsewhere for the application with certain modifications to this country of Ricardo's scheme for a currency based on a gold standard without a gold coinage and at a minimum cost for the gold necessary to safeguard its convertibility. Mr Lindsay's scheme is in fact identical with the most feasible of the schemes for a stable standard currency for India put forward during the present discussion with the addition of a special provision to secure the convertibility of rupees into sterling in case of their becoming temporarily redundant and his pamphlet is especially valuable owing to the fact that in it he meets *seriatim* all the objections of whatever weight which have been urged against the proposal.

The arrangements which he suggests are that open coinage at the Indian mints should be definitively stopped, the Secretary of State (through the Bank of England) selling Council Bills at a fixed sterling price calculated to yield a profit over their bullion value, and settled after due consideration of all the interests concerned, care being taken in raising the rate from the current figure to the fixed price that it is done gradually by small gradations so that trade may not be disturbed, and no encouragement given to 'speculate in exchange for a rise' in the value of every 10,000 of Council Bills sold in excess of the sum required to meet the Home charges, the Bank should purchase and ship to the Indian mints sufficient silver bullion for coinage to meet such Council Bills. The proposal for securing convertibility in case of necessity, that is, when rupees in this country become redundant and seek export is that the Bank of England in consideration of the profit which it could derive from its monopoly of the sale of rupees under the scheme should undertake to re-purchase at a penny below the fixed rate any rupees that might be offered for conversion into sterling. To enable it the more readily to do this Mr Lindsay suggests that the Bank should devote the sum of about 5,000,000 held in the Home department in order, as explained by Sir Robert Peel, to 'give

' facilities for rectifying our exchange with India " to be the legitimate purpose, by treating it as a fund to be utilised in the purchase and re-sale of silver in connection with the conversion part of the scheme. The *modus operandi* of conversion would be that the Indian mints would be prepared to purchase rupees tendered for the purpose by granting drafts on the Issue Department of the Bank of England at the rate named, i.e. a penny below the fixed Council Bills rate, the rupees thus re-purchased being re-saleable at a corresponding profit on the revival of the demand for Council Bills and the writer further suggests that, with a view of obtaining the best and most satisfactory of terms between this country and the Issue Department of the Bank the Bank Act might be amended so as to admit of the silver portion of the note reserve being held in the Indian mints. Such a change he adds would be independently beneficial to the London money market by enabling the Indian banks during pressure in England to place large sums in silver in the Indian mints at the disposal of the Bank of England and thus set free a corresponding amount of gold in London that could not otherwise be used as loanable capital.

Under this scheme the difference between the price obtained for Council Bills and that paid for the bill would be soamed would be the seigniorage earned by the Indian mints or rather the profit of the State and it would of course be increased by any further fall in the price of silver that might occur after the fixing of the rate, while the difference of a penny between the price at which rupees would be accepted for the conversion into sterling and that at which they would be sold would be the remuneration of the Bank of England. As we have said the special feature of the scheme is the provision for the conversion of rupees into sterling on occasion. It would cost nothing excepting in the highly improbable case of rupees becoming permanently redundant and such being the case it would no doubt be worth adopting for the sake of the additional security it would afford, but we are of opinion that in practice the probability of rupees becoming redundant and seeking export would be remote. The scheme would hold out no temptation to the banks to purchase bills largely in excess of current trade demands and so to create a redundant currency of rupees and any such violent and extensive oscillation in the trade demand as would lead to the ejection of rupees once absorbed in such quantities as to make it worth while to export them at a penny under the fixed rate, are highly improbable while as to the fear of a permanent inversion of the balance of trade we believe that as far as the near future is concerned, it is wholly chimerical. The only way that we can see in which the fixing of the gold price of the rupee—provided, of course that no attempts were made to raise it suddenly above the level to which local prices generally have adjusted themselves—would exert a markedly adverse effect on the balance of trade would be by giving some small temporary advantage to silver standard countries which compete with us in our export trade. But we are convinced that any slight check to our export trade which might arise from this cause would be far more than counterbalanced by the effects of the increased stimulus which a stable exchange would impart to investment in India.

SPROKEN BY MR. JAMES MACKAY AT THE MEETING OF THE
INDIAN CURRENCY ASSOCIATION IN THE TOWN HALL,
CALCUTTA, 13th July 1892 to which Mr. Thorburn
referred in his Evidence, Qs 386 &c

The Honourable James Mackay of Messrs Mackinnon Mackenzie & Co., the President of the Association, in opening the proceedings said—

Gentlemen, a period of four weeks has elapsed since the Indian Currency Association launched itself its aims and objects upon the world, and I am happy to say that we have no reason to complain of the support which we have so far received. The memorial to Parliament has already been numerously subscribed by representatives of all branches of commerce and trade, all the professions services, and many leading Native noblemen and gentlemen.

CONSISTENCY

Gentlemen, I am averse to taking up your time with remarks on a subject personal to myself but when you hear what I have to say I hope you will consider that in the interests of the cause which I advocate I am justified in detaining you a moment. In its issue of

21st June, a Calcutta weekly paper accuses me of a change of front on this currency question and in support of its statement it quotes from my address to the Chamber of Commerce of 26th February 1891 on the fluctuations in exchange, the following words 'I am not by any means qualified to suggest a remedy' but it omits the remainder of the sentences which was, 'but it is found unpracticable to bring about comparative fixity in the relative values of gold and silver perhaps some way might be found to continue our silver currency but to give it a gold standard.' Then in quoting from my address to the Chamber of 26th February 1892 on the same subject, the paper reports me of having said, "for my own part I am not well enough up in the great currency question to be capable of expressing an opinion" but it leaves out the remainder of the sentence, which was, "but I must confess to a feeling that in India we are necessarily selling our produce and our labour for a metal which is rapidly losing its value all over the world, and I see no reason why this country should not be as prosperous and its trade as active were we to insist on being paid in gold instead of in silver as the Western nations do."

I will leave you to judge between the fairness of the newspaper and my consistency.

OPPOSITE OPINIONS

Gentlemen when the Currency Association was first started I stated that we would welcome the opinions of those who hold views differing from our own and that we would answer their arguments when the proper time arrived. Well four weeks having elapsed since the publication of our memorial there has been ample time now for hostile criticism but of this we have really seen very little and I am glad to say that what has appeared almost without exception has been perfectly fair and has been written in the best possible taste and spirit.

In some quarters, views contrary to those which we hold have been expressed, and these I shall endeavour to answer. In other quarters we have been told that we have not made it sufficiently clear how the gold standard which we advocate failing the remedy of international concert for the free use of silver is to be introduced or how it is to be maintained, and on these points I shall also speak to day.

THE WHEAT TRADE

One newspaper a leading and respected paper tells us that to take up the petition in detail would occupy too much time, and that it must, therefore confine its attention to one or two of its accuracies. We are then told that we are wrong when we assert that the exporter is no gainer by a low exchange, because we have overlooked that the supply from silver using countries is not the only factor in determining the gold price. The newspaper admits that where a commodity is mainly supplied from silver using countries there is a tendency to lower the gold price in proportion to the fall in exchange but it proceeds to say that in the case of the majority of India's exports other factors must be considered. But Gentlemen though this newspaper speaks of the majority of India's exports it mentions only one and that one is wheat. It tells us that, if there should happen to be a good wheat harvest in Russia and America India's wheat export will be reduced by a high rate of exchange that the rupee will be less prosperous the railway receipts will be diminished, the Government will suffer and the English manufacturer will have the demand for his products reduced in consequence of the poverty of the rupee.

Gentlemen a good deal of sentiment exists on the subject of our Indian wheat trade and its competition with America and Russian wheat in the markets of Europe and there is a not unnatural disposition to avoid doing anything which might have the effect of shutting out Indian wheat from European markets.

But on this subject I would like to quote from a letter addressed to me by Mr. Bell Irving of Messrs Jardine Skinner & Co a gentleman largely interested in the commercial prosperity of India. Mr. Bell Irving writes 'That an exchange of 1s 6d per rupee would permanently curtail the export of grain seed, cotton, jute &c &c I do not for a moment consider sooner or later the surplus stocks over and above India's internal requirements would find their way to the seaboard and if India with her cheap labour cannot with an exchange of 1s 6d complete success fully with other producing countries was a gold

standard, her outlook from a mercantile point of view, is far from bright."

Gentlemen, I agree in those remarks and I think, if you will look to the returns of the wheat trade of India, you will find that it has risen and fallen in relation to the harvests in America, Europe, and India, and has not been affected by exchange.

How often in our own experience have we seen ocean freights at 40s. exchange at 1s 8d and an active export of wheat proceeding, while at other times with 1s 5d exchange and freights at 20s scarcely a bushel could be placed on the European market?

But, Gentlemen, the reference to the wheat trade is inappropriate. The circumstances of last year were so abnormal that it is to be hoped they may not recur for a generation at least. But for the accident that the United States and India had had abundant crops there would have been a famine of intensity all over Europe. India, wheat was in demand and it would have gone forward whether exchange was high or low, and the rupee price paid to the cultivator would have been the same. If you exclude 1891-92, when the European demand was altogether abnormal and unprecedented, you will find that the exports of wheat from India were larger in 1861-62, when exchange was about 1s 8d, than in any of the last five years.

They were also larger in 1863-64, and in 1865-66 and in 1866-67, when exchange was at 7s 4d, 1s 4d and 1s 5d than they have been since with exchange ruling at lower rates.

The following have been the wheat exports from India for the past eleven years in tons:—

	Tons
1881-82	983 176
1882-83	707 203
1883-84	1 047 824
1884-85	791 538
1885-86	1 053 025
1886-87	1 113 166
1887-88	876 808
1888-89	880 504
1889-90	689 961
1890-91	716 034
1891-92	1 515 349

Then, Gentlemen, that a low rupee does not give larger returns to the cultivators is plain from the record course of prices of wheat at Calcutta and Bombay.

Taking the price of 1873 as representing 100 the courses of values has been as follows:—

	Calcutta.	Bombay
1873	100	100
1880	81	115
1885	72	74
1890	81	84
1892	108	108

We know well that the increase of 3 per cent in the price this year is not due to the low rupee.

The wheat trade has benefited mainly from the facts that railways, steamers and the Suez Canal have enabled us to enter markets which twenty years ago were absolutely closed.

VOLUME OF TRADE.

It is said in "Capital" that trade has flourished on a low rupee and in support of the statement is pointed out that in fifteen years—the editor tells us he declines to go back twenty years, being content with fifteen—trade has nearly doubled. Well I think it would have been better if he had gone back twenty years, for the fall in the gold value of silver brought twenty years ago. I will do what he has not done and I will go further back still to twenty five years ago. I will not go back thirty years. If I did my case would be apparently stronger but only apparently, for thirty years ago was the time of the American war and it might be said that I was comparing a period of abnormal trade with a period of normal trade. Now, the editor of the paper to which I am referring compares the trade of the first year of his period of fifteen years with that of the last year. Such a comparison is insufficient for the conditions in one or other of the years may have been exceptional, and a correct view of the progress made can be obtained only by looking at

the figures over the whole of the considerable period involved. This is what I propose to do. Now I will divide my twenty five years into five series of five years each so that there shall be no exceptional element such as often arises in dealing with a single year, and I will give you the aggregate of the trade of each series of five years. These are the figures:—

	Rx
1 From 1867-68 to 1871-72	511 748 986
2 From 1872-73 to 1876-77	510,254,549
3 From 1877-78 to 1881-82	639 729 342
4 From 1882-83 to 1886-87	781 281 490
5 From 1887-88 to 1891-92	939 977,417

You will say at once that this is a clear view of progress. So it is but if the trade of India had not made progress it would have been a bad look out for all of us. But mark the rate of progress in the second of these periods of five years—a period which was marked by the sudden commencement of the depression from which we are suffering—there was no progress as compared with the first five years there was a decline. Then, comparing the third period with the second, the fourth with the third and the fifth with the fourth we find the rate of advance to be as follows:—

2nd period	-	0.3 per cent decline.
3rd	-	25.35 " increase
4th	-	22.14 " "
5th	-	19.53 " "

Thus the first fall in the gold value of the rupee was accompanied by a restriction of trade values. Prices having adjusted themselves trade began again to move on but in each succeeding period at a slower rate of progress. This is the point I wish to impress upon you. I say that but for the conditions of one currency system, the rate of progress might have been more rapid. As between the last of these periods and the first of them the whole increase has been 82.5 per cent and if instead of taking the increase by periods I take the first and the last years (1867-68 and 1891-92), the rate of increase is 95 per cent, say 36 per cent which is equal to an annual average of 3.84 per cent. That is the most that we can claim in twenty-five years even on the method adopted by "Capital." Well, a rate of less than 4 per cent annually is not much of an increase, I believe that it may be taken to be the normal rate of increase in any country which possesses fully developed facilities for trade but it is a small rate of increase for a country which is in process of being furnished with such facilities. You must remember that unless a country is going backward altogether the rate of increase must be materially larger than the rate of increase in the population. Our population has increased at the rate of 2 per cent annually, taking into account the new territories added to the empire in the last twenty five years, and some of the increase of trade must be attributed to that.

It should also be borne in mind that this has been a period during which we have been year after year increasing our facilities for trade or indeed I might say creating facilities where none existed before. Five and twenty years ago not four thousand miles of railway had been laid in India. In the interval we have exchanged sailing vessels going round the Cape for steamers going through the Suez Canal. And yet while this revolution has been in operation, conditions and more favourable conditions for progress each year our actual progress has not been greater rather less than might have been expected if the conditions had been previously existent, and moreover the progress is being made with diminishing speed.

TRADE OF CALCUTTA.

But Gentlemen, what better evidence can you have that the trade of Calcutta at any rate has not advanced by leaps and bounds than is to be found at your very door. Fifteen years ago it was expected that the trade of your port would make such strides that docks would be necessary to receive accommodation and a dock accordingly has been built and what is the result? It is now found that the jetties which have not been added to for the past ten years are sufficient to meet your trade requirements. You consequently have no anomalous spectacle of a dock which has cost three crores of rupees, provided with all the best appliances for the rapid discharge and intake of cargo, with sheds unequalled for their convenience and capacity by any in the world connected by railway with all parts of India lying vacant and unemployed, evidently built at a loss of its time. Let India's currency now be

put on a permanent stable and moderate basis, and I venture to predict that a few years hence you will find the dock at Kaddapore filled to the limit of its capacity while an irrepressible cry will be heard for the construction of dock number two.

INDIGO AND TEA PRICES

The "Times of India" says that the indigo and tea planters, and the Bombay millowners may have some thing to say about compensations. Well the planters know what they are about and they know what has happened to their tea and indigo in the European markets, what has happened is evident from the prices of tea and indigo in Calcutta. Taking as the case of what the average in 1873 as equal to 100 these are the variations —

Year	Tea (good Soucheong)	Indigo (good)
1870	—	131
1873	100	100
1880	83	113
1885	65	103
1890	40	86
1893	41	74

Some tea people will tell you that the fall in the price of tea is due to over-production, not to low exchange. But can they point to any glut of markets in support of this theory? Or can they say that low exchange has done anything to keep up prices?

BOMBAY MILLS

And how about the Bombay millowners? Taking the price of No 20s yarn in 1874 (we have no record of 1873) to be 100, these are the prices —

1874	100
1880	81
1885	73
1890	74
1892	65

Where is the compensation?

Gentlemen the granaries of India will not become African deserts, nor will the slaves of China tea be preferred to that of India though we insist on our produce being paid for in gold. If it be to the advantage of India's wheat-growing districts that the country should continue to have its currency on a silver basis why does wheat growing America not adopt a silver standard too? The manufacturers of England do not find that they have it all their own way as they used to have they are closely pressed by the competition of other countries such as Belgium, Germany, and America. If the silver standard is such an advantage where competition comes in, why does England not adopt it?

OUR MONOPOLIES.

Then, Gentlemen, the newspaper to which I refer admits that in the case of commodities supplied mainly from India, the gold price is lowered in proportion to the fall in exchange and presumably the converse will also hold good. What, then, about our indigo our rice our numerous other products which India practically alone supplies? Are we to continue to give these away for a metal which is falling in value every day because some men in India continue to hold a theory that our silver standard gives us an advantage over America with her gold one?

PERSPECTS OF SILVER

Gentlemen the same newspaper to which I have been referring denies our statement that silver left to itself may fall to any level below a shilling. It says: "But we question if much silver could be produced at the equivalent of tenpence exchange. Natural causes would operate long before that point could be reached. In fact, even with the low prices now ruling, there are masses unable to work at a profit." Now the cost of producing silver is but a small factor in the determination of its gold value. Even the supply is not a relatively large factor in the determination of the gold value, what chiefly determines the value is the demand, and the demand for

silver, unlike the demand for gold, which is extensively consumed in the arts is almost entirely for currency. The decreasing demand for silver for currency (outside of the United States and India) during the last twenty years has driven down its gold value by 33 per cent, but the reduction in demand has had no effect on the supply. On the contrary, as the demand has declined, so has the supply increased. In the last fourteen years the production has almost exactly doubled. In 1878 the production of the world was 75,478,000 ounces; in 1891 it was 140,886,000 ounces. Nor can it be said that the production fluctuates, rising and falling with the rise and fall of the gold value. During these fourteen years there has been a steady increase year by year, with one exception in 1884, and it would seem that whenever the gold value fell heavily the production was stimulated. To anyone who reflects on the matter this is not surprising. If a manufacturer sees the gold value of his silver rapidly depreciating, it is natural that he should hasten to get out as much as possible, so as to get rid of the metal before the depreciation becomes more acute and his profit smaller. Silver holders other than moneymen, do the same thing. They thus aggravate the depreciation, but the consideration to each of them is that if he does not put his silver on the market another man will be before him and will take away his profit. A falling gold value is thus followed by increased production and increased production when there is a falling demand, is followed by a falling gold value.

COST OF PRODUCING SILVER

Where then, is the process to stop? The "Times of India" says long before an exchange value of 10s is reached. We may ask how long? The present exchange value is about 15s, with the gold price of silver at about 40s. In his evidence before the Royal Commission on Gold and Silver, Mr Puxley said the mines would shut down when the price reached 42s, because they could not then work at a profit. But the mines have not shut down when the price is materially below that figure, and instead of shutting down they are increasing their output.

It was held at the time that Mr Puxley was mistaken, for Professor Roberts Austen F.R.S. Chemist and Assayer to the Mint and Professor at the Royal School of Mines contradicted Mr Puxley's evidence, and stated the facts as follows —

- (1) Silver may be extracted from gold as a by product at a cost of 2½d per ounce
- (2) Silver is separated from lead in the American mines at a cost of 2½d per ounce and that is twice the cost of the operation in the European lead mines.
- (3) Silver is separated from copper at a cost of 2½d per ounce
- (4) Silver is refined from silver ore in any typical American mine at a cost of 12d per ounce
- (5) The mean cost of the production of silver by these four different methods may be taken at 20d per ounce

Now if the rupee is worth less than 16d when the gold price of silver is 40s per ounce, it is not difficult to see that its exchange value at 20d per ounce will be less than 8d.

In a recently published work on the Future of Silver by Dr Süss, a distinguished German geologist he places the average cost of production at 50 cents per ounce, there is a margin between this and the 40 cents which is the present market value in New York. If the price fell by one third there would still be a fair profit and a fall of one third in the exchange value of the rupee would bring it down to between 10s. and 10½d.

I think we may ask at what point "long before 10s" is reached the "Times of India" believes that the gold price of silver will cease to fall. It must be borne in mind that it is a shorter reach from 16d to 10d than it was from 24d to 16d.

But, Gentlemen, I would not lay so much stress upon the cost of production or the increase of production as on the decline in demand, and as the demand declines so will the gold price of silver decline and we are not able to assign any limit to the decline of either.

It is said that the demand will be so stimulated by a fall in price that there must be a recovery, but a fall in price of 33 per cent has not stimulated the demand, and except for currency the uses of silver are trifling. We have seen from our experience of the last two years that even India has a limited and well-defined propensity for the absorption of silver. Where is the demand to

come from and on what grounds it is supposed that it will be likely to arise?

Gentlemen, we sometimes hear a reference made to the "natural level of the value" of silver. But the value of silver in the past has been determined by the action of communities and Governments in making it a standard of value. The value of silver in the present is being mostly in rejecting it as a standard of value. For other purposes the use of silver is insignificant and nothing is clearer than that its value is and always has been determined by legislation. Rejected by legislation as a standard of value the metal has practically little value in itself, and the sooner we get Government to give it as coinage a gold value in India, the better will it be for the country.

THE TEA INDUSTRY

Gentlemen, some people interested in tea tell you, when they sell their tea at home if exchange is low, they are able to buy more rupees with the proceeds, and that the rupees so far satisfy their tea garden coolies and their managers and assistants just as well as 1s 3d as at 1s 6d, and that, therefore they rather favour a low rupee. They admit frankly enough that it may be a little hard on the coolie and on the Euro- pean staff to give them the same number of coins when these coins have declined in value, and they also admit that the time will come. if the rupee goes on depreciating when the cost of labour and management will be bound to rise. But in the meantime they say it has not done so.

Now Gentlemen a mis take is made when it is thought that as good a sterling price is got for tea with exchange at 1s 3d as with exchange at 1s 6d. The course of prices proves that such is not the case.

But, even if the sterling price did not decline, and exchange went down to a shilling and coolies' wages did not rise, and the European staff could be got to work for the same rupee salaries, what about the value of tea property? Suppose a man brings out 10 000 lbs. at 1s 6d and puts it into a tea garden, that tea garden costs him a lakh and thirty thousand rupees. He goes merely on helping the rupees in its downward course, because "it is good for tea" and the rupee goes down to a shilling. By and by the time comes when he has had enough of India, and he wants to gather his assets under his own eye in England and he sells his garden. Now, suppose he gets his own money back again, a lakh and thirty thousand rupees when he comes to transfer that money to England, instead of his old original 10 000 lbs. he finds he is the happy possessor of only 6 500! Now Gentlemen, this is what has happened in the past, as numerous indigo and tea planters can tell you and the sooner the remedy is established the better it will be for everybody.

In some quarters we are told that, if China retains a silver standard while India adopts a gold one China will get the better of India in tea. Well Gentlemen, Mr. Bell Irving who is largely interested in Indian tea and knows something about China tells us that it is questionable if the difference of exchange will in the face of the heavy leakt duties and low range of prices in China lead to a material increase in tea exports from that country. But Gentlemen, I would venture to go further than this and I would say that China a silver standard, then we have adopted a gold one, will materially tend to drive her tea lands out of cultivation altogether for this reason, that the value of the silver which she will get in exchange for her tea will not be sufficient to pay for the clothing and food of her labourers.

FALLING EXCHANGE MERELY A TEMPORARY STIMULANT

Gentlemen, I readily admit that a sudden fall in exchange may in some cases give a temporary rise in the price of tea just as a sudden rise may give a temporary fall, but both effects are temporary, and no authority on public economy (I am not one) will be found to say that this question of exchange has any permanent effect on production. Nor will you find any who will tell you that production depends upon anything beyond comparative costs in different countries. For example, India exports tea and imports rice-goods because she finds that by devoting capital and labour to tea she can produce tea which she can exchange for more rice goods than she could produce by devoting the same amount of capital and labour to making rice goods. The advantage which India possesses for the production of tea rather than rice

goods is not in any way affected by exchange, as it depends on soil and climate and human labour, and nothing else. Gentlemen it is as hopeless to expect prosperity from a continually falling exchange as it is to expect health in the human body from continually increasing the use of stimulants. In both cases the reaction must sooner or later come.

METHOD OF ADOPTING GOLD STANDARD

The 'Times of India' again tells us that the public are kept in ignorance regarding the ways and means "by which the Indian Currency Association hope to establish a gold standard in India, and that the "preliminary question where and how the gold is to be obtained has not been answered." Gentlemen in my remarks on the 13th of last month, I made a brief allusion to ways and means, but it may be an advantage if I now go into these in detail, and thus with your permission I shall try to do to-day.

It is not considered necessary, nor would it be practicable or suitable to have only a gold currency in India. The bulk of the payments made are too small to require a gold coinage, and silver which will continue to form the bulk of the circulation must, as at present, remain unlimited legal tender.

To establish a gold currency in India, and to limit the legal tender of silver to say Rs 20 it would be necessary to withdraw a large amount of silver from circulation and to replace it with gold, and that which it would be impossible for this country to embark upon owing to its costliness. But as I have said before even if the cost were not prohibitory the scheme is both unstable and unnecessary. What we want in India is a silver currency with unlimited legal tender, but with a gold standard fixed by the Government. France for example has a silver currency of five franc pieces with unlimited legal tender but with a gold standard of value for each coin equal to a fourth of a Napoleon. Java too has silver guilders, with a gold standard of value of the twelfth part of an English sovereign, and in both these countries as well as in several others the silver coins are freely exchangeable for gold coins practically at par. The same system exists in the other countries forming the Latin Union. It has also been adopted in Japan.

The steps to be taken by the Government of India to establish the gold standard will be to settle the rate to close the mints to the free coinage of silver, and at the same time to establish the standard of gold. They will have to open the mints to the free coinage of gold in pieces of 10 and 20 rupees each and declare these coins to be legal tender. As regards the rate at which the gold standard should be fixed that of course is a matter for the careful consideration of Government, but at the present moment I should say, as I said before that a rate of 1s 6d would probably be found to be the best, all things and all interests considered. In discussing the matter with an old friend here, a broker in exchange, I was told that it would be a risky thing to empower the Government to fix a gold standard for the currency of India, because they might adopt the rate of 2s, and thereby dislocate trade and ruin the revenue. But this argument possesses no real force, as even if they desired to do this, they could, the Government of India after all are subject to the control of Parliament and public opinion and I think my friend's objection may with safety be set aside.

Instead then of the banks and the public purchasing silver for gold in England and bringing it out to this country as now they will bring their gold to India and buy rupees either from the Government or from any one else who is willing to sell them. To facilitate the ready interchange of gold for silver and silver for gold Government as I have said will require to coin gold for the public free of charge in coins of a value of 10 rupees or 15s each and 20 rupees or 30s each and at the same time they will doubtless declare the English and Australian sovereign to be a legal tender for 13s rupees.

Thus, Gentlemen, later on in order that the gold standard may be effectively maintained and to prevent those who want gold for silver being overcharged by the money changers it will be necessary for Government to be prepared to give gold coin in exchange for silver without premium at the various treasuries throughout the country as required and thus of course they will eventually arrange to do. Until this is introduced the gold standard will not be thoroughly effective and occasionally the value in relation to it may be something less than the standard fixed, but the fluctuations will be very slight.

indeed and it will take but a short time to establish the sterling value of the rupee on a par with the franc. We never hear of the five franc piece in France fluctuating in its gold value though that country has a large number in circulation and legal tender to any extent and in India it will take but a short time to place the rupee in the same position.

AMOUNT OF GOLD REQUIRED

The "Times of India" tells its readers that a gold standard for India would be no doubt a very desirable one. We "Where is the gold to come from?" Gentlemen some grave misapprehension must have led to this remark and inquiry. If the Government were to accumulate a sufficient stock of gold with which to start operations it would of course be necessary to raise a sterling loan. But this process will not be adopted. The mints, as I have said before will be closed to the free coinage of silver and gold instead of silver will have to be imported by the banks and made over to Government in exchange for silver currency. The process of accumulation will be gradual and will probably cost the Government little or nothing.

SILVER HOARDS

The question of rupees coming out of hoards, and getting into circulation when the gold standard is established is one that has to be considered and Government must be prepared to face it. It is not possible to predict with certainty whether rupees will come out of hoards in large numbers or not, but there is no reason to think that they will. If they do no doubt it will take longer to establish the free exchangeability of gold and silver, but apart from this there will be no inconvenience. It will be the business of the Government of India as it is the business of the Government of France and of other countries with a gold standard to regulate the currency in circulation so as to maintain the equilibrium. For instance if it were found that gold was not readily exchangeable for silver that would show that there was too much silver in circulation and the amount would require to be reduced, say by Government raising a loan and locking up the rupees till there was a demand for them.

PRACTICABILITY OF THE SCHEME.

Gentlemen I see that my friend the editor of the "Indian Daily News" says that my remarks, in advocacy of a gold standard for India, seemed to him very much of a dog barking for the moon and he proceeds to throw grave doubts on the practicability of the scheme. Well gentlemen all that the Currency Association wish to see established in India is what is actually in operation in France and the other countries of the Latin Union and what has been successfully in operation there for 20 years where silver is full legal tender and has circulated side by side with gold which has been the standard since the free coinage of silver was suspended in 1873. Although the silver is largely overvalued no difficulty has been found in maintaining the circulation of gold. So successfully has the system been maintained that France is able in regard with tranquillity the prospect that the obstruction of England will prevent the restoration of the more perfect system which prevailed before 1873.

BAGEHOT'S OBJECTION TO ACCOUNT OF FALSE COINING

Gentlemen, the proposal to introduce a gold standard into India is not new. It was suggested as far back as 1876, and if you will refer to the "Economist" of 13th November of that year, you will find the proposal discussed and condemned by Mr. Bagehot, chiefly because "a currency of silver coins circulating much above their own value would be likely to cause them to be gery." The "Economist" of that date then states that "the risk is as certain as that a high tariff will cause smuggling," and it proceeds to say "If silver should fall enough to make this scheme worth thinking of the gain in coining rupees in India, or importing them into India, would be very great and we may depend upon it capital would go into the business. Some of the shrewdest people in the world—the American producers of silver—would have an interest in making it, and we may be sure they would manage it. The moral objection to such a currency is very great for it is an incessant temptation to diffuse fraud and this evil would be fastened on India for ever."

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For these and other reasons the "Economist," writing in November 1876, says "We cannot think that the suggested plan for a new Indian Currency would be a good one, even if it could be shown that silver was more to be permanently excessively depreciated. And, as the preponderating probability seems at present to be that it will not be so depreciated, we are well of opinion that it would be unwise to begin a policy on the face of it, and almost admittedly, so anomalous."

Well, gentlemen, as I stated on a previous occasion, France, with her large circulation of over valued silver currency of unlimited legal tender has not found herself flooded with forged silver coins though the temptation she has offered to 'the shrewdest people in the world' is greater than India would offer by the establishment of a gold standard as is the case per rupee. Mr. Bagehot's forecast of the course of the silver market has proved an unfortunate one silver having fallen since 1876 from 54d to 40d per ounce. I think, gentlemen the moral objection put forward by the "Economist" may safely be put aside and I do not apprehend, as the "Economist" did, that capital would go into the false coining business. A few false coins would doubtless be made but they would do no harm, even if they were so well coined as to escape detection which I think is doubtful. The coining of many false coins would require the erection of a mint, the purchase of machinery, and the investment of a large amount of capital. Now gentlemen capital as you know is proverbially timid and besides all this, no country would allow coins to be manufactured within its limits in violation of the coinage of a foreign country for example, if any shrewd person were to start coining French five franc pieces in India he would find that there was a section of the Penal Code applicable to his case. It stands to common sense that there must be a law of this sort in every country, the country of nations requires it.

The answer to those who advance the false coining danger as an impediment to the gold standard, there fore, is—

The coining of a few coins would do no perceptible harm.

The coining of many would require a mint, and nobody would be so foolish as to spend his money on such a mint, in the first place because its existence could not be kept secret and in the second place because the laws of the country in which it was erected would put a stop to it and probably give the enterprising and ingenious owner from 10 to 20 years imprisonment.

ALTERNATIVE SCHEMES

Gentlemen, one of the newspapers pronounces the scheme which I have just endeavoured to describe a radically vicious one inasmuch as it will be practically useless, and will cost money. The same paper states that the scheme would have the effect of forcing the banks to import gold irrespective of the requirements of the country, merely that it may pass through the mints on its way to the stocking of the melting pot as a preliminary to its being re-exported and it asserts that such an arrangement would be worse than wasteful because it would have the effect of keeping a quantity of gold in limbo and would thereby tend to a further appreciation of gold, and would consequently aggravate the loss incurred on India by the fall in sterling prices. The newspaper then tells us that the arrangement proposed is absolutely superfluous since the same object might be attained by levying a seigniorage on a sliding scale on the amount of the silver imported by the banks.

HOARDING OF GOLD

I must confess, gentlemen that I am unable to follow the newspaper in the objections taken. In the first place if people want to put gold into a stocking or to re-export it, they can do either of these things just as easily while India has no gold standard as they will be able to do after her gold standard is effectively established. In fact the continuous appreciation of gold which goes on under the present system gives people an inducement to hoard gold which would cease to exist under the proposed arrangement. If a man desires to hoard one of the precious metals now, he naturally prefers gold to silver for he calculates that the gold piece which he buys to day for say 15 rupees will probably be worth 17 or 20, when necessarily requires that he should again part with it. When the relative values of gold and silver in India are fixed the incentive to the hoarding of gold will be diminished, and it is even

probable that some proportion of the existing hoards may come into circulation.

APPRECIATION OF GOLD.

As regards the argument that the withdrawal from the Western moneys by India of a quantity of gold would have the effect of reducing sterling prices still further, and thereby aggravating India's loss, I think that a slight fall in gold prices would not be an unmitigated evil. The appreciation of gold which would result from India having her fair share of it might tend to reduce the price of English manufactures, English machinery, railway plant, &c. but it seems to me that such a reduction would be to the benefit and not to the injury of India.

But the fact is, Gentlemen, that we are to have silver currency to a very large extent, and we shall want comparatively little gold, and consequently our demand on the stock of gold in the world will be trifling, and will produce no appreciable effect on gold prices. For instance we shall want less than Austria-Hungary, and our demand will come gradually on the market and when the standard has once been established the extra yearly demand will probably be less than the quantity of gold which is being produced by the Indian mines alone.

QUANTITY OF GOLD REQUIRED.

Gentlemen it is estimated that the gold standard can be effectively maintained in India by Government holding a reserve of fifteen millions of gold, and I am not at all sure but that the adoption of a gold standard by India will do much to stay the appreciation of that metal. There are a good many evidences that the people of India are beginning to waken up to the fact that the rupee is not what it once was, and this is not to be wondered at if you reflect on the circumstances. The native who twenty years ago bought a gold mohur for sixteen rupees and stowed it away has realised that he can only get one now for twenty three, and if you will look at the imports of gold into India for the last few years, you will find that they have been immense. For the period of three years ending 31st March 1890 the gold imports were under eight crores while for the period of three years ending 31st March 1892 they were over ten.

NATIVES BEGINNING TO DISTRUST SILVER.

If distrust of the rupee once takes possession of the minds of the natives as you may be sure it eventually will do when they realise that it has lost half its old value in relation to gold, we shall see an increase in the importation of gold into India for hoarding purposes, which will do more to appreciate the value of that metal than the establishment of a gold standard. With the gold value of the rupee fixed once and for ever, the distrust of silver which is now appearing would vanish and the hoarding of rupees would probably continue or be resumed, and the hoarding of gold would probably not increase. It appears to me, therefore, that it is as much in the interests of those who hold monometallist views in England as in the interests of India that a gold standard should be adopted without delay for the silver currency of this country.

SEIGNIORAGE ON SILVER.

As to a seigniorage on a sliding scale being levied by Government on the coinage of silver, such an arrangement would so far as I am able to understand the proposal be unworkable. With the daily fluctuations in the value of silver the seigniorage would have to be altered daily to establish the rupee at a fixed sterling value, and the complaints to which such a sliding arrangement would give rise would prevent any Government from attempting to undertake it.

CONTRACTION OF COINAGE.

Gentlemen, I have heard it objected that the proposed gold standard will involve an inconvenient contraction of our coinage, and that rate of interest and discount will rise, but this will not be the case. We shall have no more contraction of coinage than is to be found in all countries with a gold standard. As regards the rates of interest and discount, these depend on the demand and supply of capital and have nothing to do with currency. On this point you will find that all economists are agreed.

NO PROFITS IN BUSINESS.

Gentlemen my experience of Calcutta dates back a little under twenty years, while that of a number here goes back much further but I will confine my remarks to the last 19 years. Well if you will look at the names of the European mercantile firms which were in Calcutta 19 years ago, you will find that out of 83 as many as 36 are now out of existence, that number having either failed or wound up because they found business unprofitable. And research will also show you that at least 20 other European mercantile firms have appeared and disappeared in Calcutta within the past 19 years. Again, Gentlemen, can you give me the names of twenty men who have retired from Calcutta in the past twenty years having made a competency not to say a fortune, in doing a general import and export business? I venture to think you cannot. Now this is Calcutta's record, and from what I know of Bombay, I think that if inquiries were made there the results would be found to be no better. Now Gentlemen all this means a considerable loss of money and I would be afraid to estimate what the exchange banks alone have gone out in the past twenty years through mercantile failures in India but the figures must, I think, be pretty large.

For my own part it was not a desire for change of air that brought me to India, nor is it the salubrious climate that keeps me here and I fail to see wherein the merchant's advantage rests if he not only makes no money but loses his capital into the bargain. The fluctuations in exchange, I was told by two of the leading bank managers in Calcutta the other day have accounted for many of the failures in India within the past few years. They both also remarked to me (they see here and can hear me) that it would be in the interests of European banks if a stable exchange such as they have in Australia or Java, could be secured, an exchange which does not fluctuate more than one per cent or so in a year.

ENGLISH INVESTMENTS IN RUPEE SECURITIES.

Gentlemen, one man tells us that India rupee securities are favourite stocks at home. Now Gentlemen, how can this be? It is true that a considerable amount of rupee paper is held in England, but look at the shrinkage in value it has undergone in the past 20 years. In 1874 a per cent rupee paper sold in London at 96, while to day its price is 69 roughly a fall of 33 per cent. Many of the people who held it 20 years ago probably hold it still, dreading to face the loss. As regards the English holding of rupee paper being on the increase it is true that there was a considerable amount purchased in England in 1890 but this was a speculation in silver. That people in England have again got sick of silver securities may be judged by the fact that, within the past three months no less than 100 lakhs of paper have been returned to the country. I see the same gentleman in his pamphlet says that the assurance companies in Britain are now investing freely in Indian rupee paper. Well I can speak for one of them with some authority and I can say that it has lately adopted just the contrary course.

RECENT INCREASE OF TAXATION.

Gentlemen, one of the newspapers, in noting our petition, writes as follows—

"If the 'loss by exchange,' which causes more rupees to be paid for the home charges, also tends to make India as a whole—we do not refer to salaried officials merely—more prosperous, it surely largely minimises if it does not eliminate the 'loss on exchange.' This is a point which the promoters of the Indian Currency Association have evidently overlooked." The Secretary also, at the last St. Andrew's dinner, referred specially to the 'elasticity of the revenue' which was consistent with a low exchange, and did not despair of making both ends meet without additional taxation. This view was also corroborated by the figures in the recently published Budget Statement.

"We have a large and increasing foreign trade, our railway returns are extremely satisfactory, we have had little war thrust upon us, we have done much by way of adding to our defences." All this has been done without any increase of taxation and it has been accomplished under a low rupee.

Now Gentlemen if the loss by exchange made the country prosperous and only made some officials poorer the case would be one calling for more than that compensation of some kind to the suffering officials. But it does not make the country prosperous. It is true

that the Viceroy spoke seven months ago of an elastic revenue, and it is also true that the Budget was framed to make ends meet without additional taxation. I sincerely trust that His Excellency meant, as the news paper evidently supposes, that the revenue was elastic in consequence of the fall of exchange.

INCREASED TAXATION.

As for the statement made by the newspaper that we have done a variety of things without additional taxation and with a low rupee well, gentlemen here's our record. Since 1857—just as you mean—we have had first the income tax, next an increase of 20 per cent in the import duty on spirits, next an 'import duty on petrol, and next an increase of 25 per cent in the salt tax. These additions to our burdens last year alone resulted in the transfer of at least four crores of rupees from the taxpayer to the State and yet the "Times of India" tells its readers that, notwithstanding the low rupee we have done many exemplary things "without any increase of taxation."

But the rupee has gone lower since the said taxation was imposed to meet the additional expense of administration, and two crores have within the past three years, been added to the burden, which in all probability will be further increased before the end of the year. The additional expenditure must be met and how? The country is not to be heavily taxed. What the "Times of India" say from what sources further revenues are to be derived?

WAR RATE OF TAXATION

Some people say we do not want any remedy we want the rupee left alone we want silver to find its natural level. They point to our increased volume of trade and they honestly believe it has resulted from our depreciated currency. But, if it be necessary to have a depreciating currency to increase the volume of a country's trade how is it that England, France, America, and many other nations with an immovable gold standard have been able to make steady progress even although with the exception of England, their progress has been impeded by protective tariffs. Mr. Puxley told us some years ago that the silver supply would stop when the price came to 42d per ounce but instead of stopping it has increased. New and cheaper chemical processes for extracting silver are being discovered every year and as I have said before a high authority has put the cost of producing silver now at something like over 20d per ounce or 8d. per ounce. If 8d per rupee proves to be the natural level of silver and if the rupee is left alone till that figure is reached our Home charges will then stand at something like 36 crores instead of 24 as at present or an increase of 12 crores assuming that there will be no increase in the actual Home charges meanwhile. The change in the emoluments of the Europeans in the public services which will be forced upon us if the rupee goes much lower will add another eight or ten crores to the cost of administration. Now gentlemen where is the money to come from? Our land revenue will increase but slowly. Your opium is not likely to give much more. Salt might yield an additional crore or two if the tax were increased; stamps might yield another crore in the course of a few years, customs might yield another crore if the import duties were re-imposed. Income would scarcely yield another crore and a half if the income tax were doubled because there would be few incomes left; but here you only have five or six crores to meet a certain 20. And to increase taxation even to this extent would be in effect to impose a war rate in time of peace, and of what ought to be progress accompanied by the remission of taxation. Supposing, these increases of taxation made in time of peace, where shall we find resources to meet the cost of war if that should come upon us, as it may do any day.

AIMS OF ASSOCIATION.

Gentlemen, our true remedy is an international agreement for the free coinage of silver and gold and fixed ratio but that seems almost impossible to bring about. Failing that the only remedy so far as we can see is the introduction of a gold standard for our coinage, and, believing in its efficacy as we do, our object, looking at international agreement for forwarding this, is to press for its adoption. To help to forward this object the Currency Association will send its petition to Parliament. The petition may do good or it may not, but asking us to go without silver, gold, and an elastic standard is the

unintendedness of the English people will come to our rescue and that, when all the facts of the case are before them, if they will not alter their currency to suit us, they will at least allow us to reform our currency to suit ourselves.

NOW OR NEVER.

Gentlemen I have been told by an old friend—I see him here—that it is now too late to think of establishing a gold standard for India, that the time for this went by many years ago. Gentlemen, I admit that the time for attempting to establish a gold standard of 2s per rupee went by many years ago, but, if many years ago it would have been possible to establish a gold standard of 2s for the rupee, it is surely just as possible to day to establish a gold standard of 1s 6d. If a gold standard is not established now when is 6d. feasible then, gentlemen, when is it to be established? Are we to continue to wait and let things drift, as the Government did 20 years ago and as they have done ever since till the rupee is worth 10d., or probably less than that? Are we to continue to be bludgeoned by the sophisms of those who, doing an export business and operating for the fall, tell us that the prosperity of India depends on cheap silver? Gentlemen, let India have cheap silver by all means, but not a degraded currency. The more civilised country in the world will look at. Let us fix a gold standard for our currency now or never and let silver as a metal go to 20d. an ounce as it probably will do when we close our mints. Then, gentlemen the wish of those who say that cheap silver is an advantage to the natives who use it for ornaments will be gratified, and we shall see it availed of not only for bangles and necklets as at present but for cooking pots, drinking vessels, and sundry other domestic requirements.

THE BALANCE OF TRADE

One friend has expressed himself afraid of the trade balance going against India if we fix our exchange at 1s 6d because the appreciation of gold might lower the price of our produce in Europe. But gentlemen if the price of our produce dropped in Europe the price of European manufactures would drop correspondingly, and the trade balance in favour of India would be maintained. But, suppose the trade balance were to go against us in the present day, to what country could we export silver? Who would take it?

A COMMON STANDARD

Gentlemen none of the recognised authorities on political economy will tell you that the rise or fall in the price of silver does in itself in the long run affect either exports or imports and, I think, no one in Calcutta will deny that the great fluctuations in exchange are a serious hindrance to trade, commerce, and financial transactions between England and India. What we require is a common standard of value between the two countries. There may be a difference of opinion as to how that common standard is to be attained, but as to its desirability there can be no dispute.

THE DOCTOR'S REMEDY

"I notice one man in writing to the 'Englishman' of 1st July, suggests that exchange might be elevated to 1s 6d, by raising a loan in England of 66 millions sterling. With this amount he would pay the home charges for three years and wipe off the Indian loans. As it happens the home charges are not 23 millions sterling for the current year they are 16 millions sterling. This however, is a question of detail the Indian silver debt would, be cleared off in four years, not in three. At the end of four years India's total indebtedness would then be 10½ millions sterling. This arrangement, we are told, would raise exchange to 1s 6d and would give breathing time to enable us to get our house in order. I rather think the 'Englishman's' correspondent must be somebody who has retirement with his savings in view, and who would like to put his house in order at its own expense. The arrangement, if we could induce a combing British public to lend us 66 millions sterling, would suit me as well as the correspondent as I too would get home my few hundred rupees at a decent exchange, but what about the Government and the people who come after us? And at what rate do you suppose could the Secretary of State borrow between 60 and 70 millions sterling? Probably 'at not less than 4 per cent, perhaps at 5, perhaps not at all.' The interest would

be between $\frac{1}{4}$ and 3 millions sterling yearly and at the end of the four years this amount would have to be added to the loan charges and would sink exchange still lower than it is now. It would be suicidal policy for Government to do anything to increase home charges in the present precarious state of the currency in which they receive their revenues, and the paying off of 102 crores of Indian silver debt in four years would be a serious matter. We know that capital is cheap in India at present and the addition of 102 crores to it would have an effect we cannot calculate. My belief is that most of this capital would take wings to itself and fly out of the country at the very comfortable exchange of 1s 9d *par* to return! I am afraid the torquet of our medicine man while it might suit his own book, would run the country's

BORROWING IN STERLING

Gentlemen we must look the question of borrowing in sterling plainly in the face. To borrow largely for the purpose of meeting the home charges simply means an alleviation of early burdens by transferring them in an aggravated form, to the future. This is a course so full of danger to the country and so unfair to those who come after us, that I am sure it will never be adopted. The proposal to put more silver in the rupee is almost as objectionable as the proposal to borrow in sterling. When you once begin to add to the quantity of silver in the rupees where are you to stop? Above all adding to the weight of the rupee will in no way tend to prevent these fluctuations in exchange from which we have all suffered and from which we must continue to suffer until we have the same standard as the mother country. That and that alone, is the true remedy for the disease and quick remedies are worse than useless.

PARLIAMENTARY INTEREST IN INDIA

Gentlemen you saw in the public telegrams the other day that the Under Secretary of State for India reviewed the divergent opinions on the complex silver question but suggested no remedy. You also saw that during the discussion on the Indian Budget Statement in the House of Commons as many as six out of the 600 members were present to listen to it. Gentlemen, this is the attention which Indian affairs receive at the hands of the British House of Commons, our complex currency question is alluded to, but no remedy is suggested, and no wonder, when there is no one present to listen.

TWO COURSES

To sum up Gentlemen, the position is this. If the Conference fails to settle an agreement for the extended use of silver as coinage, India has a choice of two courses. She can either continue her present arrangements or she can stop the free coinage of silver and adopt a gold standard for her currency. The first course will mean that we shall go on for some years longer labouring under the disadvantages of a depreciating rupee, we shall in fact, continue to serve as the silver sink of the world. The other course will mean that we will take our place among the great nations of the earth with a standard similar to theirs and that English capital, which is pining for investment and which has hitherto been given to countries like Chili, Peru, the Argentine, Russia, Turkey, Russia, and Egypt, will find an outlet in the English dependency of India. The country in a few years will be covered with a network of railways, and its trade, instead of increasing as it has done for the past 20 years at the rate of something under 4 per cent per annum, will take far larger strides.

SINKING PETTY DIFFERENCES

Gentlemen one or two of my friends have told me that they are altogether agree with some of the reasons set forth in our petition for the adoption of a gold standard. They think some of our statements might with advantage have been modified, some have not been sufficiently forcibly put, while other good reasons have been omitted altogether. They admit however, that it would be an almost impossible task to frame a petition on this complex question, every word of which admits every statement in which would satisfy everybody. They rightly say that the only way to get something done is to sink all petty differences, to place their signatures to the petition as it stands, and thus they intend to do.

RUPESSE REMAIN RUPESSE

I see a letter in the "Englishman" to day asking for my opinion on some remarks which are reported to have been made by a gentleman regarding the possibility of being able to discharge a debt of Rs 18 000 when silver falls to the equivalent of 1s by a payment of Rs 12 000, after the gold standard has fixed the value of the rupee at 1s 6d. Gentlemen all I can say is that I scarcely believe the learned speaker if he was so reported, can have been correctly reported, but if he was, his remarks, I think you will find, were intended to have a different meaning.

POSITION OF THE GOVERNMENT

Gentlemen, how often in the past 12 months we have heard men say, in discussing the currency question "Government must do something they cannot allow" "things to go much further." We may feel perfectly sure that the Government of India feel the difficulty just as strongly as we do and that it comes home to them with increasing force year by year and week by week. It is impossible that they should not be alive to the extreme gravity of the situation or that they should be unprepared with or unready to adopt the remedy, if unremitted so to do by the Home authorities.

In these circumstances, therefore, I think, Gentlemen we ought to give the Government of India all the support in our power, and this we can do to some extent by signing the memorial of the Indian Currency Association. If anything is to be done, it must be done within the next few months. If these are allowed to slip by till the question has become stale years may elapse again before there is a disposition to tackle it, and it will be more difficult to establish the remedy then than it is to day.

Gentlemen, I feel that I owe you an apology for detaining you so long on this July night and I also thank you for the most considerate hearing you have given me and for the interest you have displayed in the question by taking out in such large numbers to attend this meeting. I have now to propose that the Humble Petition of the Indian Currency Association to the House of Commons be adopted.

GOLD CURRENCY FOR INDIA

LETTER FROM MR (R C MERRIQUET formerly of the Bengal Civil Service, to the SECRETARY of STATE FOR INDIA.

Chipping Hill, Wilsam, Essex

14th December 1892

Sir, I beg leave to bring to your notice a short paper I addressed four years ago to your predecessor in office on the Indian monetary question.

I urged the utter impracticability of the bimetallic scheme, which were then being pressed forward by Indian officials, and the inability of any drastic means for meeting the difficulty. I submitted that the only way of steadily improving the position was to begin at once and advance the Native public up to a sovereign gold currency.

It is well known there are large supplies of hoarded gold throughout India. There seems no reason to doubt that were a sovereign gold currency now issued the coins would very shortly disappear from circulation. They would be used up in hoarding. There is generally amongst the Natives a kind of majesty attached to the pure metal, apart from its intrinsic value, that prevents them from bringing it into common every day use. Thus the reverence for gold is overdone, it would be useless to attempt a sovereign gold issue. The first step then in the educational process would be to vulgarise the metal.

For this purpose I suggested the issue of a convenient coin made of mixed metal, a piece of 24 rupees for instance. Three parts of the coin's actual value is in gold two parts in silver. That is — if the actual value of the coin is 56 — it contains three shillingsworth of gold and two shillingsworth of silver at current prices. This would give a coin not appreciably larger than an ordinary rupee.

Now this proportion of admixed silver would be quite sufficient to keep the coin in circulation since no Asiatic will hoard a mixed metal and it would never pay to smelt the coin. Besides the great convenience it would serve the most important educational purpose of acquainting the Native public to the free use of gold in their every-day business transactions,

since no oriental will forget it is gold he is receiving or passing when he ornaments the coin.

There should be a free coinage of this coin for parties supplying their own gold and silver in the stated proportions whatever they might be.

After five years say the Native public would be prepared for an issue containing four parts gold value to one part in value of silver, and the next step, might be a sovereign gold issue.

But all this is the educational force of the measure is working its effect, and gold is gradually coming out from hiding places and becoming less estimated. There will be a natural and sure movement towards a gold standard, and this standard will eventually come of itself. It seems most probable there would be an immediate tendency towards non fluctuation in the exchange value of the rupee.

Supposing the mint were closed to the coinage of pure silver, but all applicants bringing the due proportions in value of three fifths gold and two fifths silver could have the amounts coined into mixed metal rupees. This would give a coin a trifle smaller than a shilling. It would not be a refusal to coin silver nor would it be a tax on the applicant, since he gets back full value but it would put a wholesome restraint upon silver speculation and tend largely to stop the fluctuations in the value of the rupee while providing a more convenient coin.

Supposing there is no serious objection to the scheme which I fail to perceive, I would submit there is no measure yet proposed to meet the present Indian situation which is less expensive, or which interferes less with trade or would be less harmful if it failed or which promises better returns immediate and eventual than an educational measure on these lines. It seems more than merely probable that if some similar educational plan had been taken in hand by the Government four years ago the present unfortunate condition of Indian finances matters would not have been realised.

I have &c
L. E. O. MARINCOW
Cate Bengal Civil Service

MEMORANDUM ON THE PRESENT STANDARD OF VALUE IN INDIA, BY THOS B MOXON

An essential of a standard of value is that it should itself possess stability. How to test its stability is difficult but it is much safer to assume its depreciation from a comparison with general prices than to assert its appreciation from a like contrast. For whilst from improved processes and economies in a period of active competition it is quite possible that the intrinsic cost of all commodities may be reduced quite apart from any variation in the standard it is almost impossible that all other materials can at one and the same time become reduced in supply or that universally the cost of production will be increased. Whilst then a general fall in prices does not prove an appreciation of the standard, a general rise in prices may with some probability be attributed to a depreciation of it. It should however, be remembered that Mr Hume remarked that it was not the quantity of money which fixed prices but prices which fixed the quantity of money required. As Mr Macleod says "the quantity of money in any country bears no necessary relation whatever to the quantity of other goods &c, in it, nor to their price."

At present however these axioms do not receive general credence and we are asked to believe that the quantity of the precious metals is the great factor in fixing prices though Mr D A Wells the American economist, published in the New York Commercial Chronicle a few years ago some powerful statistical arguments controverting this theory, far as it affects the appreciation of gold and in the United States themselves we have an example of an enormous increase in the currency without any rise in prices.

Accepting however, the popular notion, what do we find to be the position of the rupee as the standard of value in India? There has been no fall in the price of the most general products from which to assume an appreciation of the standard, and no rise in them to demonstrate its depreciation. In fact the friends of silver point to the steadiness of silver prices as a proof of its stability.

It would appear, then that in India, measured by this popular test, silver has since 1873 proved to be

a perfect standard, and, if so, should not be subjected to any artificial control.

It is true that the low gold price of silver has enabled Western merchants to purchase large quantities of Eastern produce which but for cheap silver could not have been brought into competition with that of Western lands. Has this been anything but an advantage to India? It is an accepted fact that it has not caused a depreciation of the currency, what, then has it done for India? A country exporting its surplus production and reaps a profit thereon. Were it not able to export it, the surplus weighing on its home markets would reduce the price of the whole to an unprofitable basis. If the agricultural produce of India were reduced in price to the cost of production what would be the effect upon the land tax? Would it not press with much heavier weight upon the ryot? Of course, in a population containing such a large percentage always on the verge of famine, it is desirable that food should be as cheap as possible, but taxes are paid out of the surplus after the cost of production is provided for, and would it not be infinitely more difficult to get in the land tax during a range of unprofitable prices than it is at present?

Moreover the crux of the present question is not the material benefit of India but how to enable her most easily to provide for what may be correctly described as her yearly tribute to England. This must of necessity come out of her surplus production her profits. How then, would it benefit her to do anything which would prevent her from realising the best price for these products?

It is said indeed, that the weight of this tribute would be lessened by raising the exchange value of the rupee, but, as we have pointed out the tribute is payable out of the surplus, and if you reduce the surplus, or, worse still, wipe it out altogether, a tax higher normally may be much more onerous. Thus if with an income of 500, and necessary expenses of 400 I have an income tax of 10 per cent to pay that 50 I only take half my surplus, but, if you reduce my income to 450, my expenses remaining the same, a tax of 7 per cent amounting to 31 10s, would swallow up 68 per cent of my surplus.

Moreover of this tribute a large portion is not at all increased by the low price in silver. Thus stores purchased here cost India in rupees no more, but even less than formerly. When the rupee was at 3s steel rails would cost say 12 per ton, or 130 rupees, at the new rate are, say 8r or 7r per ton, which with the rupee at 1s 2d, still only works out at the higher sterling price to Rs 120 as before. And so of most, if not all the stores imported either on Government or private account.

With respect to the interest on the sterling loans the weight has undoubtedly increased for the older issues but for the later issues the increased weight depends upon the fall of exchange since the same for though with exchange at 1s 2d it would take Rs 51y to pay the sterling interest on 100 at 3 per cent yet if exchange stood at the same rate when the loan was issued each 100l of principal would produce Rs 174 so that the cost to India would still be no more than 2 per cent.

This payment then, on account of old debts is the only item which presses more heavily upon India through the fall in the rupee and as we have shown, cheap silver has enabled her to develop her trade and more easily deal with the burden.

With respect to the remittances of pay and pensions our sympathies go with those who are asked that their country so faithfully and so well, and few would grudge them relief from their loss but as a matter of calm discussion it must be remembered that living is much cheaper in England than when the rupee was at 1s 10d and although school bills are heavier it is because the quality of the education and the surroundings of boarding school life are on a much more liberal scale than formerly. India could very much better afford to double these pensions than to allow the trade to be disorganised by any interference with her currency.

The export trade of India would be seriously affected by any tampering with the onerous in the way of increasing the exchange value of the rupee, either by the adoption of a gold standard (on other grounds an impossibility), or by bolstering up the price of silver, either coined or uncoined. We have pointed out the effect of low silver on purchases by the West; but India would be put at a disadvantage in competition

with China and Eastern countries, were able to give a fictitious value to the rupee.

At present we import more tea from India than from China. China cannot be affected by any agreement made for increasing the exchange value of the rupee and any such agreement would handicap the Indian producers and probably retransfer the major portion of the tea export trade to China.

It is true that an international bimetallic agreement, so long as it limited would put China and India on the same terms but it would also raise the gold price of their productions to the consumer which could not have a stimulating effect on their trade.

Probably it will be said that bimetallic only wish to secure a steady exchange value. This would best be obtained by once and for all ceasing these agitations to do something for silver as they can be statistically proved are the cause of the most violent fluctuations we have seen.

Moreover steadiness of exchange, say 1s 2d would not relieve the Indian Government from its supposed difficulties through exchange. No doubt the aim of the agitation is to raise the rupee. What advantage is it supposed pensioners would obtain thereby? Bimetallists tell us that the depreciation of the bimetallic has caused the fall in price in England. They will hardly maintain that a restoration of that law would not affect prices here, according to Gresham's law the effect would be not to raise silver but to depreciate gold and this is declared by some to be the actual end in view. Where, then would be the advantage of receiving in England 2s for a rupee if the 2s would go not farther than the 1s 3d does at present?

It is quite clear that, in Mr Gladstone's words, nothing, but mischief can arise from referring distress to causes which are not its real source, and any search for industrial relief from legislative alteration in the basis of our exchanges would be a barren and hopeless quest diverting men for the time from ending after practical thrift and improvement, and affording a substantial perhaps in bitter, disappointment.

THOS B MOXON

Manchester,
17th November 1892

GOLD STANDARD FOR INDIA

NOTE BY MR L C PROBYN, FORMERLY ACCOUNTANT
GENERAL IN THE PUNJAB AND AT MADRAS

I am very sorry to find that the proposal which I made before the Institute of Bankers in December, for introducing a gold standard into India was accidentally not laid before Lord Herschell's Commission.

Believing the proposal to be absolutely sound (a belief in which I am confirmed by the fact that my competent critics though generally opposed to any plan for drawing gold into India were unable to detect any flaw in the details of the scheme) and that it affords the best and safest plan yet put forward for introducing a gold standard into India I am anxious that even at this date, it should be considered by the Committee.

My plan is to fix the rupee at 15d., that is something like its present rate to aim at making it a perfect representative of this nominal gold value and not to encourage the use of gold in India as current money. The closure of the mints to silver would be supplemented by authority to receive gold (not for coinage purposes), either (a) in exchange for silver rupees to be given from the paper currency reserves, or (b) in exchange for special large gold notes.

In the case of (a) the gold would gradually accumulate and if the balance of trade remained in favour of India and the ordinary note and rupee circulation increased, a reserve of gold would gradually be acquired by the currency department which would enable the Government at some future date, to give gold in exchange for all its current money presented for the purpose. I have provided also for what I understand has since been suggested in America viz an "equivalent fund," i.e. a fund to represent the difference between the intrinsic and nominal values of any new coinage proposed.

In the case of (b), the gold would be as free for the world's use as the gold in the Issue Department of the Bank of England. This point, which was not clearly put in my paper I have endeavoured fully to explain in a letter published at pages 56 and 57 of the Journal of

the Institute of Bankers for January, in reply to Mr. A. S. Harvey a important criticism.

It would be a great mistake to close the Indian mints to silver without giving the public the option of using gold at the rate which it may be determined to adopt, and without making the most of the gold so used. If the public had this option, the currency would expand automatically in accordance with trade requirements (instead of being determined by the action of the Government), and it would probably in time lead to a sufficient gold reserve being built up to admit of complete automatic contraction as well.

Under the scheme the demand on the gold stock of the world would be really very small, and being regulated as it would be by the merchants and banking community in accordance with trade requirements would cause much less interference with the money markets than purchases of gold by the Government.

L C PROBYN

13th March 1893

HOW TO RESTORE THE RUPEE'S VALUE

By OWEN C D ROSS, C E

In the transactions between India and this country the functions of the rupee are no longer those of a circulating medium and its value is determined to a certain extent to what its weight in silver represents in exchange for gold. The value of a thing is what it will exchange for and therefore for the purposes of international currency, there is only one way in which it can recover its par value, namely by returning to the former practice of issuing Rs 10 from silver worth one sovereign. This would be effected by increasing the weight of the new rupee from 180 grains to 300. The depreciation in its commercial value would never have occurred if the former practice had always been adhered to and would disappear if this policy were now adopted, while the gain to the Indian Exchequer would be enormous.

The drafts of the Secretary of State for India which, at the price of 144s. per rupee, have now to be met at the rate of Rs 18,686 rupees for each 1,000l., would require a payment of only 10,000 of the new rupees, and—supposing that a sufficient number of such coins could be made available at once—the drawings for the current financial year, which it is estimated will amount to 18,700,000l., would be met by payments by the Treasuries of Calcutta, Bombay and Madras at a cost of Rs 18,700,000 in new rupees, instead of Rs 30,982,000. All international bills of exchange should likewise be made payable in new rupees of 10 to the gold sovereign.

In India the existing coins would continue in circulation as heretofore, but there would be one additional silver coin weighing 300 grains worth in international transactions the tenth part of a sovereign, or exactly what it had cost, while circulating temporarily in India as the "Great rupee" or "Imperial rupee," of 26 or 27 annas, side by side with the lesser rupee of 16 or 17 annas which might possibly replace at some future period. For all other transactions to the contrary the new coin should therefore be used also in common honesty, satisfying the requirements of civil and military officers in the service of the State. Ten such rupees having issued from the mints at a cost of one pound sterling, the State could not possibly object however to re-establish the salaries of those officers on their former footing by so simple a device thus avoiding the payment of any special sum as compensation such as is now contemplated.

The question requiring special care would be the arrangements necessary for meeting the drafts of the Secretary of State against the Indian Treasuries amounting in the aggregate to a maximum of, say 400,000 a week. These Treasuries would have to be provided by the mints with the corresponding amounts in "Imperial rupees," coined as it has been said with silver acquired by specific financial arrangements at its market value of, say, 2s. 2½d. per ounce. That is to say, they must be provided weekly with four millions of such rupees produced at a cost of 400,000l. The drafts of the Secretary of State, when sold to merchants in London, importers of Indian goods, are remitted by them to India, and drafts entitling them to receive from the Treasuries of Calcutta, Bombay and Madras, 25s. worth of Imperial rupees, would at a grossly increased value to them as if drawn for 6,666,666 of the new

current rupees, because both classes of coin would be interchangeable in India at their corresponding values. The gain would be to the Indian Exchequer.

FURTHER NOTE ON THE RUPEE PROBLEM.

Two proposals have been hitherto under consideration—

1. A gold standard for India, fixing the price of the rupee by proclamation at 1s 9d or 1s 10d.
2. A suspension of the free coinage of rupees, so as to raise their price in India through the coinage scarcity.

Memorandum.—This would not raise their international gold value by one single penny, while it would cause much inconvenience and injury to the people of India.

My suggested 'imperial rupee' of 800 grains would practically be a recognition of a gold standard for international transactions (which already exists), but without a gold currency in India. At the same time it now coinage would involve an increased demand for silver which would tend to raise its value and probably occasion a rise in a premium in the price of the new coin.

The internal trade of India in articles of daily consumption cannot be less than 20 times the amount of her external trade.

SEIGNIORAGE ON INDIAN CURRENCY

By Major General SAXTON

The standard currency now in use, under present circumstances needs no modification, neither has the Indian Government of its own volition, the power of making any alteration in it which would in any way end to the amelioration of the evils due to the depreciation in value of silver. Anything that may be attempted with prospect of benefit must be sought for outside a mere change in currency, and the form of current coinage is fixed, with reference to what the Indian Government cannot do. International bimetallism is, by many very able economists, considered the only remedy for the world wide evils above alluded to. It may be here remarked that in no instance has any opponent of this theory advanced any suggestion of other remedy. It is stated (especially on the authority of the "Times") that the best thing is to save silver to find its own level value and stability will be reached. The complete answer to such argument is, that ever since 1873 silver has been unfortunately so left but as yet the process has given the most unpromising results. The Indian Government appears to be absolutely powerless as regards initiating anything in promotion of international bimetallism.

The proposal recently made from India on which the Currency Commission is now deliberating, appears to be a hopeless effort of despair. If carried out, there would be a kind of bimetallic currency and a gold standard quite different from anything anywhere else in the wide world. The direct means (if found practicable) must be the introduction of gold money into Indian currency with of course a corresponding decrease of as much silver money, which under the ordinary law of supply and demand can only mean increase of amount and appreciation in value for gold and the reverse for silver, exactly what is not wanted. These gains, the change to a gold standard would necessitate, amongst other revolutionary changes, a reassessment of all Government taxes and customs. The more than confusion everywhere, during the transitional period of unknown extent, is beyond contemplation. Advantage of any kind in no way appears. In fact, India must dispense with the action of the Imperial Government. The object of this paper, however, is not altogether negative one.

It has recently been proposed, I think by Sir John Lubbock, that an increase of the mint seigniorage for unlimited silver coinage in India would appreciate the value of the rupee in India. On the face of it, this appears worth consideration. Without closer examination I should not like to give any positive opinion, but he case has I think the following bearings:

If the Indian mints were entirely free, like the gold mints of other countries, then the mint price (I am

aware that this expression has been objected to by Dr Giffen I think but I defy the objector to supply another English word as substitute) of a rupee would, like the mint price of a sovereign in London, and like the mint price of a 20 franc piece in Paris, and so on elsewhere, correspond with the value of a similar weight of the uncoined metal. This is not so. A rupee in money in India is worth 2½ per cent more than 180 grains of standard silver. A draft on India, drawn in London, costs 180 grains of fine silver per rupee plus the above 2½ per cent and plus the charges for freight insurance &c. Why then should not a larger seigniorage charge carry with it an enhanced value to the coined legal tender money rupee? I am open to argument, but as yet do not apprehend any new in the idea. Contracts would be disturbed and trade in and production of commodities interfered with if any sudden change of this kind were made, but that apprehension would be removed if the change were made gradually and prospectively.

In considering this question I am led into the facts connected with the sale of India Council bills. The rate at which India Council bills are sold measures the value of the Indian rupee more closely than does the market price of silver.

The merchant in London tendering for the purchase of India Council bills makes his calculation thus,—I can buy silver for say, 40s an oz. If I do so and remit to India, I must incur the further cost of freightage, insurance interest &c. and then pay 2½ per cent seigniorage before I get the rupees to pay my debt. The Secretary of State for India offers no bill which will cost me no more than this, in fact I shall be only paying the 2½ per cent seigniorage to him in London instead of paying it through the mint to the Government in India. He buys the bills.

I am unable to discover any reason why this train of consideration would become fallacious, if the seigniorage were raised one per cent say every month or so, due notice of the same being given India Council bills would surely rise. Demand for them would increase in anticipation of the monthly rate. This would cause no embarrassment, as tenders need not be accepted beyond the Council's convenience. Remittance of silver to India would be made in excess of immediate requirements, but that would cure itself as far as can be seen.

G. H. SAXTON, Madras Staff Corps, retired

Embleigh, Exeter,
21st November 1899

INDIAN EXCHANGE

Notes by Mr M. SCHLIZKI

If the Indian Council were to fix, every three or six months a minimum rate at which it will sell its drafts on the presidencies, and the Indian Government were to levy a duty on all imports of silver—such duty being equal to the difference between the daily official quotation of bar silver in London and the relative price of silver to the fixed rate of the Council bills—the Indian Exchange would attain a degree of stability such as has not been seen for years confidence would be restored, the exchange would become independent of the fluctuation in the prices of the white metal, and the obvious disadvantages of the closing of the Indian Mints to the public, or driving India to adopt a gold standard, would be avoided.

Illustration.—Fixed price of Council bills = 1s 2½d. The relative price of bar silver to 1s 2½d the rupee is 38½d. Assuming the official quotation on a given day to be 35d. silver bought on that day will be subject to an import duty of 3½d. per ounce, and will cost, laid down in India, 38½d.

Such silver if taken to the Mint will produce as many rupees as a Council draft bought at 1s 2½d would produce.

Should such a plan as this be adopted before the abrogation by the United States, of the Sherman Act of 1890 a disastrous fall in Indian silver securities will be averted to a great extent, and trade will not get disorganised.

The abrogation of the Sherman Act will, in course of time bring about a reduction in the world's production of silver and its price will settle down to the parity of the Council drafts. This will minimise the possibility of rupees coined abroad being smuggled

into India, and reduce the temporary disorganisation of the trade of India with China and Japan.

The originator of this plan does not profess to find a solution to the silver question, he simply offers this suggestion in spite of its shortcomings, as a means of studying the gold value of the rupee for the time being and of averting, if possible, impending disasters

THE SILVER RUPEE QUESTION

By Mr. Wm. SOMERSET C. F. G. S., &c., to which he referred in his Evidence Q. 2641

The object of the Committee.—The purpose for which this Committee has been appointed is to inquire into the best means of adjusting the currency of India, so that the present great difference of exchange between that country and England may be neutralised.

The only means of accomplishing this is by assimilating the currencies of the two countries.

Not only should this be done with regard to the Indian Empire but also it should be applicable to every other colony or country under British rule.

The best standard to adopt is the present standard in gold, for the simple reason that gold is the metal liable to a very limited fluctuation. Most other metals are liable to considerable fluctuation in value and are, therefore, unsuited as standards though silver and copper are very useful as subsidiary coins for currency purposes.

The advocates of a bimetallic currency seem to have an idea that by combining gold and silver as standards of value in definite proportions the fluctuations in price would be neutralised in the same manner that the combination of two metals differently acted upon by varying degrees of temperature neutralises the tendency to expansion and contraction and thereby enables us to fix an approximately accurate standard of length. But the variation in the cost of obtaining gold and silver is very great.

Gold, as a rule seldom pays more than the cost of winning that is to say if anyone owned the whole of the gold mines of the world and had to pay the cost of working them the world would be on the adverse side of the account. Hence the fluctuations in value must necessarily be very limited though at times there have been such fluctuations on the discovery of new gold fields. 88 per cent of the gold of the world is obtained from alluvial deposits and only 13 per cent from quartz veins, and it is stated that only 30 per cent of the gold is recovered from the alluvials. The same remarks do not apply to silver mining, though, of course there are unprofitable silver mines. Any combination of these metals as currency at a fixed proportion, could, therefore, only be maintained by regulating the relative and proportionate production of the metals. It has been suggested to adjust the relative weight of the coins from time to time, according to the changing value of the metals by reducing the weight of gold coins and enlarging the silver coins, but this would be a most difficult operation, and practically impossible. The present rupee and shilling are already heavy enough for all purposes.

A sliding scale of royalties might be imposed by the various Governments of the countries where the silver and gold mines are situated and the prices might thus be regulated, but it might, and probably would also limit the amount of production and prevent the working of poorer mines, as has heretofore been the case in the gold mines of North Wales &c.

There is a continual fluctuation in the value of other metals besides gold and silver. This is partly due to extended mining operations, and increased production by improved methods of the reduction of the ores, especially low grade ones and also, partly to a decreased or increased utilisation and application for industrial purposes. This applies especially, to copper lead zinc, iron, steel and other metals, the two former copper and lead having been produced in greater quantities and at less price, while zinc, which was formerly looked upon as a waste product, has now, from its extended use, taken the place of lead, at least in price. Lead was formerly 31½ a ton and is now 10½. Zinc was of little or no value it is now 26½ a ton. Copper which was formerly 120½ a ton is now 60½ to 60½, while steel was 15½ a ton and is now only 4½ to 6½. This latter is due entirely to improved methods of production and manipulation, and it is, therefore, not used as a purpose, such as rails for rail-

ways &c., which would have been impossible by the old modes of production and at former prices.

The same remarks apply to a great extent to gold and especially to silver, and experts have for some time been directing their attention to the recovery of the ultimate particle from both gold and silver ores, with considerable success. The old Roman miners who worked the Golden Gravel beds in Northern Spain worked more skilfully and quite as extensively as the modern miners have worked in California and Australia, for they did not leave a particle of gold in the dump or waste.

So also, with silver. Many lead mines, especially those in Spain are only worked for the sake of the silver in the galena, which varies from 60 to 600 ozs per ton, the lead being regarded as a by-product only.

A ton of copper which costs 60½, is made into 100,000 penny pieces worth 450½ yet how much is done with these, from match boxes to penny news papers and postage stamps to penny omnibus fares and automatic machines, besides a thousand other things.

The causes which have operated to reduce the value of the silver, and therefore the value of the rupee, are not difficult to discover or trace. The standard of silver as a standard of currency first by Germany and then by other Continental countries, was the first great cause. The Germans were enabled to take such measures after the acquisition of large sums of money as indemnity from the French war, and the French discontinued the free coinage of silver, at a previously stipulated ratio between gold and silver because they were afraid of being overburdened with silver from other countries, and liable to lose their gold bullion.

Then the rupee in India became depreciated not only from the same causes as above but also from the partial but extensive issue of silver for currency purposes, and the substitution of currency notes as explained in my pamphlet, where it is shown that the carrying about of treasure from place to place or sending it up country in large quantities for payment of produce has been discontinued and the rupee currency notes, or cheques and drafts, substituted the Native merchants willingly and freely accepting these notes &c. which they can carry about in their purses, whereas previously they had to be weighed, whereas payment in hard cash would need a coolie or two to carry it and they probably only want cash for remittance to the large towns for the purchase of goods, and notes are more readily transmitted than cash.

Large quantities of silver are now less frequently hoarded than formerly, rupee paper being preferred as being so easily put away, and also yielding a profit while hoarded coin does not. The quantity of silver rupees thus dissipated must be enormous.

In a poor country like India where millions of the inhabitants are in a condition little better than on the verge of pauperism the currency must of necessity be of the lowest possible denomination, rupees annas pies dimes dubs, and courses have been for generations the customary currency, and are probably still so to day. There are millions of the population who hardly ever see coins of any kind, and in any future currency, the same low standard of denomination must be maintained.

When I was in charge of works in India and large numbers of labourers had to be paid small sums daily, and the money for paying them had to be brought 40 miles, I paid them in embossed tickets, which were freely taken by the shopkeepers, and when a number had been so taken corresponding orders on the Treasury were given and issued, and this would be exchanged for an order on some distant Treasury—Calcutta or Bombay, much trouble was thus saved.

In India there are several kinds of rupees current in different States. The Halli Sica rupee in the Nizam's Territory, which is a mere circular chunk of silver, about 5 per cent being aptuous and their 'dubs' bits of copper of no particular shape or weight but answering all the purposes of daily life.

It is therefore of very little consequence to the mass of the population what the currency is provided it has an understood value and it is readily exchangeable, and that there is plenty of it.

The money changers in India invariably exact a discount, or discount, upon the smallest sum changed.

When we leave the question of the lower denomination of currency, and come to those where larger transactions are to be provided for it is, therefore, a heavy metallic currency, whether of gold or silver, is

extremely inconvenient and totally unsuitable for the purposes of commerce.

In England there is not only a bimetallic currency, but a trimetallic, and in addition to that there is a vast paper currency in the shape of bank notes, bills of exchange, drafts, cheques and postal orders. But there is said to be a legal limit to payments in silver and copper: there is also a limit to gold and bank notes, because of the amount of silver that is available; but there is no limit to cheques, drafts and bills of exchange, and it is through the medium of these that the vast commerce of the country is carried on. This is proved by the enormous amount of 17 millions sterling passed through the Bankers Clearing House daily which if it had to be settled by means of a metallic currency only could not be accomplished and the tendency of modern commerce is to make a paper currency, which is the great medium of all commercial transactions.

The gold in the Bank of England and that in the various National Banks abroad, merely act as regulators counterbalancing weights or like the heavy fly wheel of a piece of machinery. Gold and silver merely represent an amount of accumulated labour. Gold is the most convenient because there is little or no profit upon its production.

Silver has a large profit added so it is not so good a representation of labour *per se*, but labour and profits.

The amount of bank notes that may be issued is limited by the amount of bullion in the cellars of the Bank plus the amount due by Government to the Bank; the bank note is therefore merely a gold certificate; this is proved by the destruction of the note when paid for in gold at the Bank. The other notes not so covered are mere accommodation bills, shin plasters issued at the instigation of the Government to cover their debt to the Bank.

The lowest amount of a Bank of England note is 5*l*. and the highest legal payment in silver being 2*l*., the 3*l*. difference must be of gold.

Whether the bank note should be prudently lowered to say 1*l*., or even less, as proposed by Mr Goschen, is an important question, but there is no doubt but that the postal orders which are now issued to an enormous amount are really currency notes for small sums. This clearly indicates that there is an active and continuous demand for notes of much lower denomination than those which are at present issued. Lately the postal authorities have, by mere official caprice, tried to restrict the circulation of these postal orders by printing on them "not negotiable," but very many do not understand the meaning of this, and your grocer, butcher, baker, &c., not only obligingly, even takes these postal orders in payment of their bill and give change for them, and there is no doubt whatever that bank notes of lower denomination than the 5*l*. note would displace a large amount of gold and silver from circulation.

This is exactly what has taken place in India and the issue of currency notes has disestablished an immense amount of silver currency, more especially as these notes are issued for so small a sum as five rupees.

The issue of such currency notes now amounts it is said to about 280 million rupees (28 millions sterling). It is also supposed that these are chiefly held by the Indian banks in India. These currency notes resemble and in fact are the same as silver certificates in America, just as the sterling Bank of England notes which are gold certificates given in exchange for gold and silver. There may, however, be considerable amounts in notes paid out by the Government for the payment of its indebtedness and these resemble the Bank of England notes issued on the basis of the Government debt at the Bank of England which the Americans call "shin plasters." The silver in India is not necessarily coined into rupees as the rupees are not wanted for the purposes of commerce, notes, as already stated being more convenient for large transactions, whether in country or in the chief cities.

The course of trade is this: Silver, or its equivalent, is sent to India and produce such as cotton, grain, &c., is purchased and then shipped to Europe where it is sold for gold and thus, silver producing countries ultimately convert their silver into gold, not, however, always for the merchandise sent to India but to be sold for silver and this is again used for the payment of produce brought in India and shipped to Europe and there sold for gold.

When we come therefore, to large transactions, the currency notes or drafts, cheques &c. are more convenient than bullion or specie, no matter whether it is

gold or silver, and hence the tendency to disuse or disestablish the silver rupee in large transactions. But, in addition to the ordinary trade of the country, there is the transmission of about 17 millions sterling to England on Government account and this must be remitted in sterling. The Government obtain this by the sale of their drafts on India, but, as these drafts are payable only in silver rupees or rupee currency notes there is owing to the depreciated value of silver, a heavy loss on the exchange: this is to the disadvantage of the Government of India because all its revenues are paid in silver rupees, or an equivalent. On the other hand it has been argued that the withdrawal of such a large sum continually must act seriously on the equilibrium of the exchange. The natives owing to the increased number of rupees they are enabled to obtain for their produce (the purchasing power of the rupee for labour &c. having remained more or less stationary when used for circulation amongst the labouring population), can now pay their rates, taxes, &c. more promptly and are also enabled to bring larger tracts of land under cultivation just as a large reservoir, costing 100,000 would supply water to one million acres—a reservoir double the size, but costing the same, would irrigate two millions of acres at the same expense. The purchasing power of the rupee of reduced value must in time become reduced, even amongst the labouring population though it may take a much longer time because millions of the population have never previously seen or possessed a single rupee.

The reason therefore of the difficulties between England and her vast dependency being so great, is clearly owing to the standard of currency being different—the one being gold which fluctuates but little, and the other silver, which from various causes fluctuates greatly and the only remedy therefore is to make the standards of value the same, and the best and only standard must be gold. The ounce of gold is made into four sovereigns, of an exact weight, but not of any fixed value, gold coins are merely tokens like all other coins.

But the apprehension is that, in order to do this, a very large amount of gold would be required in India—is this really so? Gold as a circulating medium would never be required by the mass of the population in India, they are too poor for that nor would it be actually required in large transactions for its transmission would be difficult and risky, though not quite so much so as silver, owing to their respective bulk a considerable quantity of gold would be required to meet the demand, but not an exorbitant quantity.

The value of silver was 5*sh* 6*d* 0*z*, and it took about 16 *oz*. to be equal to an ounce of gold. It is now 3*sh* 2*d*, and it takes 24 *oz*. of silver to equal in value an ounce of gold.

The actual cost of silver at the mines is 20*d* only, and the mine owners expect 38*d*.—or 90 per cent profits but 25 per cent profit is a fair profit on a mine—paid every 1*l*. above 20*d* is five per cent profit so that silver might be sold at 26*d* per ounce and where would the value of the rupee be then? In Australia silver is said to be costing only 3*d* per ounce.

The various Governments might put on an import duty of 50 per cent which is practically what the British Government does when it turns 15*sh* 4*d* worth of silver into 20*sh*.

Were the various Governments to agree to buy five millions worth of silver at 5*sh* an *oz*., when its actual cost was only 3*sh* as suggested at the Silver Conference, this would be a transmutation of metals with a vengeance.

It is true that the various Governments where mines are worked might put on a royalty of, say 50 per cent, which would bring up the price to 5*sh* or more production.

But the probability is that silver will become utilised more freely than heretofore and one may live to see Mr Maple advertising his brass mounted bedsteads as mounted with silver and Mappin selling real silver spoons &c. at the present price of plated ones; just as steel is now used for railways instead of ordinary wrought iron.

The change from the rupee system might be now easily arranged by retiring the rupee currency notes and issuing sterling notes taking the rupee of 16 annas each at 1*sh* pence. Government securities (rupee paper) should also be redeemed and sterling issues issued at a similar rate, but the revenue would also have to be converted into English equivalents on an equitable basis and official salaries the same. Rupees should be gradually redeemed into silver tokens in England but made legal tender up to 5*l*., beyond that would be

involvement, owing to its bulk it is nominally a legal tender here but as a matter of fact no tradesman would refuse 5l or even 10l in silver in payment of his bill. The profits on recoinage would be very considerable.

There is practically no reason why the rupee should not remain one tenth of a pound sterling like the florin—the trifling difference in weight being less than a well-worn British coin. The 'florin' is a modern coin with a German name introduced by Prince Albert, the rupee would have the advantage of a name honoured name.

It is a great mistake on the part of Governments to become quiescent. Every banker should be allowed to issue his notes, after providing suitable security in the shape of Government paper to within 90 per cent of its issue, as in America leaving him to provide the needful specie to meet the daily demands of his customers. This should especially apply to India, the Government, of course retaining the power of coining.

The accumulation of large masses of gold in treasuries as at the Bank of England and more especially in Paris, is most dangerous, for were a revolution to break out one of the first things the Anarchists, Communists, or Socialists or whatever they call themselves, would do, would be to attack the treasury to obtain the 600 or 700 tons of gold lying there, and the result would be most terrific. The carnage the world has ever witnessed, they might not capture the treasury as they did the Bastille, yet the cost to France would be more than the value of the gold and it is as great, if not a greater, danger than would be 600 or 700 tons of gunpowder, or were a war to break out the Germans, who know their way to Paris, would make a tremendous effort to capture the treasury full of gold. The same hardly applies to England where the people are more law-abiding and sober but the hoarding up of so much gold renders it as useless as if it had never been taken out of the mazes and the question has been asked is it really there and who has ever counted or weighed it? Was the three million pounds of gold recently borrowed from the Bank of France ever sent over here, or only remitted by drafts, or if sent were the boxes ever opened, or actually sent back again with the seals unbroken. I am told that the latter was the case.

As to the Indian gold mines they should be worked by Government or contract labor as the Romans worked their gold mines in Spain on the most stupendous scale, and they never lost a grain of gold.

I believe the extent of the Indian gold mines is much greater than at present supposed. There is a steadily increasing supply of gold come from Africa where there are also rich silver mines. India is not a silver producing country.

Silver need not be demonetised however but used for large transactions at its weight and price in the shape of plaques, bars, and ingots as at present in China (green silver).

Mr. Chaplin the late Minister of Agriculture has been supporting a bimetallic currency as a panacea for depressed agriculture. Was there ever such a strange idea? The remedy for a better system of cultivation. An old Indian gentleman who has been experimenting for several years has by a system of thorough cultivation produced seven times the average crops of English farmers and every crop better in quality. This shows how much behind the age agriculturists are. Were one hundred millions of silver given to Mr. Chaplin as a free gift it would not improve English farming but might do harm.

Suppose the banks were allowed to issue their notes in India, many of them would be paid into the treasuries for revenue accounts and then sent on to head quarters and when taken to the banks they would give their drafts upon London banks, which would be remitted to the Indian Government here and, to meet them they would buy mercantile bills (document bills mostly), paying for the latter their ordinary notes or specie, thus instead of Government in London selling their drafts the Government in India would buy drafts to be sent here, reversing the order of exchange as at present.

Companies would be formed here for public works in India, probably to a larger extent than the present 17 million pounds remitted annually to England, a great part of the capital of such companies could be paid here to the Government of India and corresponding credits given in India at a fixed rate of exchange, thus saving the Government a great amount of loss.

The latter is a very important question greater facilities must be given for obtaining information on Indian public works here at the India Office and for negotiating concessions at home instead of having to go to India to get the information and obtain concessions. Parties wishing to embark upon such enterprises would then more readily enter them and they would become popular. At present everybody shirks them owing to the difficulty and cost of acquisition frequently ending in vexatious disappointments. So the public take up schemes in the Argentina and other impetuous States. Indian projects it is now known, are safe and profitable investments under a stable and reliable Government like that of India and its vast law abiding population. When the Government here is applied to parties are referred to India with the remark that it is no use coming here to ask for concessions or guarantees for the Indian Government is practically bankrupt when the only guarantee that would be required would be a guarantee that the Government would not interfere with the prosecution of the works but would be satisfied on completion that the works were properly done. Twenty millions sterling annually might be profitably spent upon Indian public works alone.

GOLD PRODUCTION OF THE WORLD IN 1891

	Ozs	Value
United States	1,597,346	= 5,749,379
Russia	1,023,064	= 3,718,032
Transvaal (mines only five years old)	829,238	= 3,005,988
Queensland, Victoria, and New South Wales	1,311,808	= 4,769,804
Columbia	72,224	= 261,312
Venezuela	45,368	= 155,184
British India	322,46	= 116,928
Total	4,918,104	= 17,617,637

W. GOVERNAT

January 1893

RUPEES OF MIXED GOLD AND SILVER

LETTER FROM MR J C STALKART

I submit "a bimetallic coin to be called the Imperial "Horn or rupee, made of the value of 2s and contain 4 per cent weight in gold and the balance "silver—this is taking gold at 31 1/2 lbs of par ounce, and silver at 382 par ounce, leaving a small value of 5.2d for alloy.

	£	s	d.	q.
That is 4 oz gold at	3	17	6	= 4720
96 oz silver at	0	3	2	= 3648
Alloy				= 52
				7420

which, coined into Imperial rupees of the value of 2s, would make 409 Imperial rupees or 300 Imperial rupees and 9 Imperial rupees cent of mintage.

The yearly production of gold is 25 million stowling pounds, and of silver, 35 million pounds sterling. The advantage of this method would be that if silver depreciated the gold half would rise, and vice versa.

That without the gold the silver could not be coined. That if silver fell it would not affect the standard, and the surplus of silver would be available for arts, &c. even at a lower price.

The mints must be thrown open to the free coinage of the bimetallic coin, and free coinage of silver rupees be stopped.

That to coin 25 millions into silver would take 25 millions gold, that the public would find the precious metals, and the Government would not have to give gold in exchange to maintain the standard.

There would be no expense to the Indian Government one million would be enough to form a reserve. Current drafts would be sold in London at 10 Imperial rupees, but they would be paid for in India's

present rupee at, say, present standard 17 to the pound, or any other standard fixed.

That the present rupees now current would meet India's internal wants and be the token in circulation, and would not need for export.

If silver rises in price, the public would not coin Imperial rupees unless gold fell, and one metal would balance the rise and fall in the other.

Exchange with China would be on the basis of the Imperial rupee or florin a tangible coin as standard, instead of a paper coin.

That as soon as the standard was fixed the law of supply and demand would have no effect on it.

The chief flaw is that it cannot be defined except one-tenth of a pound, and, as the sovereign and gold coins are both bought in gold, it is I submit, impossible to define.

If Russia, for war purposes, chose to pay a premium for gold, gold might rise to 161 per ounce, and the sovereign would appreciate, but I submit that as long as India had Council drafts for sale, they could maintain the standard at 10 Imperial metallic florins for the sovereign.

Therefore considering everything and retaining silver as a precious metal, and that there is not enough gold in the world to supply India in addition to the European nations, I submit the plan I have here put submitted is well worth consideration and is the key to the solution of the question, without disturbing the existing conditions of trade.

I have &c
J C STALKART

Ghoosey Hooyrah
1st February 1893

INDEPENDENT STANDARDS

LETTERS FROM LIEUTENANT COLONEL F S TERRY

24th December 1892.—I come now to my scheme. Every country has its currency established, and the desire is not to change, but there is also a feeling that something has gone wrong in silver and there is a desire to add that metal in any possible natural commercial manner. The natural method of giving this aid is by opening the Mint to unalloyed coinage of silver and this can be done by providing for it a coinage of its own with its own denominations quite distinct from the gold currency established. Thus our new second currency might be similar in every respect to the Indian, but having our own stamp and denominations. This silver currency would be legal tender for prices in its own denominations—silver prices for silver as gold prices are for gold. Say 1,000,000 ounces of silver were sent to the Mint by anyone, this would be coined into say 'albas' or 'unions' similar to rupees and on being deposited in the Bank of England the latter would have authority to issue notes of 10, 20, 50, 100, 500, 1,000, or 10,000 albas value. These could be dealt in and although in internal trade except in very special markets it would not be required yet in international trade with silver using countries the case would be different. Besides that the silver metal market in bars would be greatly helped by the silver coin denominations and the response of mintage near when desired. Loans could be contracted in silver without resort to foreign money. The new second currency in this country would be the first step towards a universal international currency. For other gold-using countries could adopt the same system and the same weight and fineness of coin. In silver-using countries similarly a second currency of gold choosing the English sovereign and fractions for their standard, might be adopted. Thus the two metals might be kept separate like two broad trade rivers—the White River and the Yellow River—without channels of ratio between other than the natural daily market quotations.

This completes my scheme of independent standards, and I would add that the adoption of it would lead towards commercial enterprise as against the financial misadventure of the dealers in money. In times of stringency or panic, the option of the two independent medium standards would help to alay excitement by offering additional resources of credit.

15th January 1893.—I have the honour to acknowledge receipt of your reply, 12th January, to my proposal to appear before the Indian Monetary Commission as a witness, and regret the decision not if

possible, to take any further oral evidence, as my scheme, being entirely new, more especially requires to be explained in reply to questions by those of the greatest experience in monetary matters in order to confine the details to points of possible misunderstanding.

However availing myself of the request to put my views in writing, I will supplement the printed matter already submitted to you with a few remarks, with a view to anticipate possible objections which the shortness of the paper sent may leave open to suggestion.

We have in history the sound economic currency "by tale" succeeded by the equally sound independent currencies by coin, running parallel in the same countries.

Therefore we see silver established in the principal currencies of the world, with gold pieces fluctuating in value in terms of silver running parallel in the same countries and independent.

It has through these periods of history been established that there cannot be two independent standards in one country without one being the fixed standard and the other fluctuating with the market.

Now taking an illustration in English history as being more familiar for my purpose it will be found that with a silver currency fully established in 1170, the reign gold guineas were introduced without fixed ratio and remained so till a ratio was recommended by Newton to check the export of silver then prevailing.

During this period then, there were two independent currencies current in England—silver ruled prices, and gold fluctuated.

It will be observed that silver currency was deficient in pieces of large value and the gold was so in fractional pieces.

It must also be noted that the modern perfect note issue system which might have served for pieces of large value to the silver currency was absent.

Under these circumstances a commingling of the two currencies took place necessitating inconvenient calculations.

The next point of history in the above period is the rising price in shillings of the gold guineas, due to the wearing and clipping of the silver money.

Then, in Newton's time, came a fresh course of silver fat shillings replacing less strongly established.

In the disturbance of prices which followed custom placed a drag on the due advance of value of the shilling and in consequence they were melted and exported. The gold remained because its full metallic value, I think a little more, was recognised.

Without waiting for the fat shilling to right itself by scarcity, Newton was called upon to suggest an expedient for checking at once the outflow of silver.

A ratio between the gold guineas and the silver shilling was then fixed and our currency became bimetallic as a single country by itself.

From time to time under this system, as confined to a single country, the action of Gresham's law necessitated alterations in the fixed ratio and the inconvenience to business of these necessary changes led naturally—since the gold coin was strongly established in popularity—to refining the metal of the shillings, and thus making them workable as fractional tokens of gold in connexion with the fixed ratio.

Had silver been the stronger established metal undoubtedly it would have led to legislation practically excluding gold from the currency as happens now in India.

Thus bimetallicism leads naturally into monometallicism, through its necessities of legislation in counteraction of natural laws.

In the Latin Union when several countries were in agreement, bimetallicism lasted longer, but has led towards the same end.

It is still larger number of nations came into a bimetallic agreement, it may justly be inferred that the double standard would be of still longer duration, but the prospect presented in the future would be similar.

I now come to my proposal which may be described as a revival of the principle of our currency in Charles II. reign plus tokens (fractions) for the gold, and plus all the aid of notes excellent coinage, and banking systems for both.

The principle involves two independent currencies and open mintage for both precious metals, but inasmuch as both currencies would be under my scheme, so complete and independent of and from each other, they would in practice work differently from the two currencies of past history.

We have seen that one of the currencies would be the fixed currency of usage—in this case gold,—and the other would fluctuate in the market.

We may see also that the completeness of our gold currency would exclude the silver currency from all prices in this country, so that the new silver currency would not affect or inconvenience our gold currency usage.

If a retailer were asked to receive the new currency in payment for his gold prices, he would treat the matter as a retailer in Paris would if asked to take payment in English sovereigns. The retailer's charges for such accommodation entirely on an obligatory would deter buyers from making such use of the new silver.

Now, as regards the uses of the new currency we have in England notwithstanding all disadvantages a large and important market in silver metal in bars; and this market, being benefited by the convenience of mintage resources and silver bank notes, might be expected to expand and increase its demand for silver metal.

Then the advantage of silver notes would make more practicable dealings with India in the one metal on paper, differences only being settled in the metal and this would apply also to dealings with other silver using countries.

The free use of silver in this way might be expected to increase the demand and appreciate the metal. Indian Government loans in silver would be more easily floated in England if occasion arose, and such loans would be less speculative than loans in the fixed metal of that country.

The above train of reasoning is applicable for the establishment of a second currency in gold in India which I now recommend.

Finally, I submit that no change should be made in the currency of India against the trade interests of England unless such change should be of the nature of an invitation to a reciprocal change, restorative to such interests, such as that which I recommend.

GOLD STANDARD FOR INDIA ON THE HAMBURG SYSTEM

LETTER FROM MR WARREN OF MESSRS JONES, SIMONSON, & CO

5, DOWGATE HILL, CANNON STREET, E C,
LONDON, 26th January 1898

SIR,
THE Brussels Conference was disappointing in so far as it did not give the coup de grace to humeralism. In order not to offend against International courtesy the members adopted the ways of consulting physicians who, even in the most desperate cases, like to add the consolation that while there is life there is hope.

One thing, however, the Conference did prove namely, that, unless England could be persuaded to join in an arrangement to force silver up far beyond its value, humeralism would soon be resigned to the limbo of problems like the squaring of the circle, the perpetuum mobile, &c.

England's chief interest in silver centres in India and its standard and rarely have opinions on a matter of fact question differed so diametrically as on this whether it would benefit or ruin India to keep its silver or adopt a gold standard.

For a gold standard clamour, among others—
The authorities who have to make taxes recoverable in silver balance outgoings which to a great extent are payable in silver. (This is one of the usual difficulties attending depreciated currencies, and not only the River Plate but many European countries furnish examples thereof.)

The farmers and manufacturers of England who believe that the fall in silver is the chief, perhaps the only cause of the abnormally low prices and of a declining trade and that all would be changed and remedied if India had a gold standard and currency. (To a slight extent this charge is right, but only to a very slight extent, as they persistently shut their eyes to many other causes which work in the same direction.)

On the other hand, we are told by many influential and serious men of business that India—thanks to silver—has prospered immensely, that her trade has increased enormously, and so on.

Which side is right?

Is this apparent contradiction not identical with what we witness everywhere when currency is declining?

When, for instance, the Russian or Austrian exchange declined suddenly many articles could be exported and yielded a good profit, in depreciated currency," that, up to such a period, could not compete.

The same has happened in India and in many other countries from time to time but in more developed countries all prices—including wages—soon rose and put a stop to an unnatural export.

In more stagnant or barbarous countries the internal rise does not fully come up to the depreciation of the currency, and the workers of the soil and the factory suffer by the difference and have to be satisfied with a more wretched existence.

In India this has not been the case because by a curious coincidence, the fall in the value of silver has occurred, *pari passu*, with the fall of most articles which go to make up the chief wants of the working population. Hence the former wages have sufficed to procure the same medium of comfort and no more has been demanded.

In other words the "wages" in India have decreased by about the same percentage as the value of silver has fallen, and not only this the cost of transport by rail or water to the seaboard has probably also fallen by a similar amount. Hence the exports which probably were originally stimulated by the fall of the rupee have continued aided also by the actual rise of wages in England up till the end of 1890.

If, in future the fall in silver should become more accentuated than the fall in commodities required by the Indian working population then we may witness in India the same effect as elsewhere *viz.* a rise in wages commensurate with the fall in the purchasing power of the rupee.

If this occur the competing power of Indian produce would be arrested and would rarely go further than at present but it would also mean increased difficulties for the Government to make both ends meet.

There can therefore hardly be any doubt that it would be beneficial alike to India and England if a gold standard could be established and that for the general fear of not being able to obtain the necessary quantity of gold it would probably already have been decided upon.

Is this difficulty really so very great?
At the Brussels Conference Mr Freeman Currie expressed the opinion "that a gold standard need not necessarily also mean a gold currency" and history shows us the truth and possibility of this proposition.

In 1619 Hamburg (following the example of Amsterdam in 1609) established a bank which originally aimed at protecting the mercantile community against the constantly depreciating or debased coin.

This bank had to encounter many difficulties, but survived down to our own days (1870). It was however, not till 1768, when it was reorganised, that it served as a proof of the possibility of Mr Currie's proposition.

In 1768 all sorts of runces were proposed among others humeralism (the relative value of silver was then about 184 to 1 of gold) and it was only (according to Soetbeer's "History of the Bank of Hamburg") by an expression of a well known architect—Sonnin—made while discussing the question over a glass of beer, that the Senate and Elders found the right way.

Sonnin said the Chinese are, after all a clever people they do not care for the shape or impression of a coin they take all bullion (silver) at its value, according to its weight and fineness.

The bank of Hamburg was reorganised on the basis of silver bullion only and no coin and one mark of Cologne weight was declared synonymous with 27½ Hamburg Banco.

By degrees every price was fixed and quoted in marks Banco, every merchant of any importance had his account with the Bank and either deposited silver bullion himself or got it transferred by some body else and the entire trade of Hamburg and a not unimportant part of the trade of Germany was regulated by and through the Bank and by transfers not unlike the cheques which now do the work with us.

The circulation was less rapid the formalities of transfer greater and the Bank charged a certain fee for every transfer so as to cover its expense, but looking back it is wonderful to see what a small amount of bullion sufficed for the very considerable amount of work done.

Meanwhile, the retail trade was carried on by coins, those issued by the Hamburg mint were called "current mark" and were of about 26 per cent lower value than the metal and the silver mark Banco, but besides German or other coins circulated at a more or less fixed exchange (compared to Banco). All wages rents and retail purchases were made in such coins, but the wholesale and foreign trade was carried on by transfer, and at a time when debasement of coins was nothing unusual, this was a great convenience and security.

A similar arrangement is perfectly suitable in India, and in gold and what is more, the merchants of the large centres, like Calcutta, Bombay and Madras, are perfectly able to inaugurate it themselves.

Whether the imaginary divisions of an ounce of gold of a certain fineness be called gold rupees, pounds or simply fractions of ounces, matters nothing as long as all the pieces agree on the same denomination.

Were this started, all wholesale prices both for import and export, would soon be quoted in this standard, and would greatly facilitate business while a very small amount of bullion would suffice for the transfers and this quantity which would have to be procured by the merchants themselves would probably not offer greater difficulty than does the balance which every man of business keeps at his bankers.

Considering that the flow of bullion has been for many years to India, and is likely to continue so the bullion is likely to be more easily obtained there than elsewhere.

It is perhaps, also not improbable that some of the gold "hoarded" in India may find its way into such banks, in exchange for silver rupees with a face value, and the present time before the purchasing power of the rupee compared to commodities in India, has fallen further, seems a very favourable moment.

If such a step were introduced, it would pave the way for future and more thorough legislation and it might presumably induce the English Government as a temporary measure to close the mints against private coinage in fact to follow in the footsteps of the Latin Union. Such a closure would not be essentially correct in a country which still has a silver standard, but, under the unusual circumstances called forth by the Sherman Bill, it would for the moment, and to a certain extent consolidate the present value of the rupee and enable the Government to watch the future of American legislation and its influence on silver, and it would pave the way for either adopting a gold standard and currency as in England, or a gold standard as in Hamburg while using the present silver currency as "tokens, at a fixed value for the internal trade, or to leave the present silver currency unaltered.

I remain &c

F E WARREN

MEMORANDUM submitted by Sir Raymond West to Lord Herschell's Committee on the Indian Currency, to which he referred in his evidence, Q 2788

In making up its mind on such important measures as a change of the monetary standard or the closing of the mints the Government of India has to face a complicated problem. There are several questions connected with the proposals brought forward which have gold and silver and are both debated. I cannot claim any authority for my own views on these points yet I must state them and the reasons for them, as well as I can, in order that his suggestions I have to make may be the better appreciated by men more versed in economic science than I can pretend to be.

The first of these questions is this: Is silver as compared with gold, likely to rise or remain stationary, or to fall in value? I have been reluctantly driven to the conclusion that it will certainly not rise and that it will probably fall. The causes of the great relative decline as operating still and may at any moment be brought into operation on an enlarged scale. The vast hoards of silver held by the United States and by France may at any time be let loose on the market. Silver exists in practically unlimited abundance, gold is scarce, and fails to respond in quantity to the demand for it. Even should new gold fields be discovered the history of past discoveries teaches almost as a principle of mineralogy that the quantity easily won will be comparatively small. Peru, Brazil, California, Australia, all read the same lesson. When the first effluence has been swept off the production of gold for the market becomes, like that of silver, a

mixed work of winning the ore and extracting the metal from it. In the case of gold the former, involving human labour on a large scale is an element of greater consequence than in the case of silver and it is the one the necessary cost of which cannot be materially reduced. If we suppose silver to be produced ready for the market at 32 pence an ounce, and gold at sixteen times that price, then, as 16 ounces of silver is at least sixteen times the bulk of a like value of gold, every improvement in machinery and arrangements for reducing the ore will operate much more largely on silver than on gold of equal value but much smaller bulk. Unless the quantity of ore to be reduced for one sixteenth of an ounce of silver is equal to that which yields an ounce of silver in a great improvement in the process will lower the cost of the silver more than that of the gold. It is on such elements that the market price of gold and silver must depend in the last resort, rather than on the discovery of new gold fields. The question always is at what relative cost are the last portions produced that the market will take up from the mine owners and improved scientific processes will apparently do more to cheapen the bulkier metal in production and consequently in market price.

An increased and cheaper production of gold may tend to drive down the price of silver, but the comparative cheapness of gold may induce a State which has hitherto used silver for its coinage to use gold. Gold may not be brought quite up to its former level, but the silver superseded by it will be thrown on the market, and depress it, so that the primary effect of the increased supply of gold is transferred wholly or almost wholly to its rival. The inclination of the principal States towards a gold standard and currency is so strong that the adoption of it may be expected whenever and wherever such a step can be taken consistently with economy.

A high organisation of business an increase in distant commerce and in transactions on a large scale, tend naturally to augment the use of gold relatively to silver, and so to enhance the comparative value of the former. In the last three centuries silver has pretty constantly though slowly, fallen in price as compared with gold, in spite of the great drain of silver to the East. In the sixteenth and seventeenth centuries, when the transport of the precious metals was expensive, gold was relatively higher in value in the great commercial centres than elsewhere. The larger scale of the transactions created a greater demand for it in such places than elsewhere. Now, in the present day, commerce constantly becomes not only greater in quantity but far reaching and more concentrated. As business transactions are on such a large scale, the most valuable metal becomes more and more convenient as the medium for settling balances. This tendency is likely to increase, and to lead to the use of gold, wherever it can be used, in preference to silver.

The historical associations connected with silver inducing a universal distrust of its stability, will always, or for a long time, give gold a preference in the case of investments for profits to be realised after a considerable time. Contracts will be made in gold that the profits may be reaped in gold.

Such considerations seem to lead almost necessarily to the conclusion that gold must rise and silver fall, in the future as in the past relatively to each other. In the century between 1540 and 1640, the value of both gold and silver relatively to other commodities, sank to about one third of what it had been. This occurred in spite of the vast extension of enterprise and commerce during that century. It was rather the invention of improved means of obtaining the precious metals from the ores than the discovery of the mines of Potosi which led to the great increase of prices. In our own day science and machinery have been brought to bear on the production of the precious metals in a marketable state in a way quite analogous to the introduction of Mexico a quicksilver amalgam process permanently with the accession of Queen Elizabeth. At the same time the enormous growth of capital and the organization of the means of dealing with it in large masses combined with improved facilities in transport and communication have led to dealing at much lower profits and with much less bodily movement of the precious metals, than in former generations. As between the great *entrepreneurs*, a much smaller quantity of coin serves as the medium of transactions than before. As between individuals on account of the greater concentration and bulk of their property and of the need of economy, gold has become far more convenient than silver as a material for settling balances

The consumption of both gold and silver, but chiefly of gold, in articles of luxury has increased along with the aggregate of middle class incomes. The monetary opinions of Germany and the Latin nations have absorbed gold and rejected silver. Thus although the total supply of the precious metals has been equal to the aggregate increased demand, this demand has fallen in such a proportion on gold as to materially enhance its value, all its excess supply over its demand and over demand at the previous rates has been in silver. There is no apparent reason why this should not go on and silver fall to one third or one fourth of its value 20 years ago.

Next arises the question of bimetalism. Whether gold and silver can by a general agreement be made to circulate together at a valuation of 15 or 16 to 1 is a question on which different views have been maintained by very able men. If the principal nations would agree wholly to discontinue the use of gold as coin until the market became overstocked with it and its relative price consequently fell, then this contract strictly carried out might depress gold to the requisite extent. That would apparently depend on whether the demand for gold for other purposes was so increased by a slight fall of its price in comparison as to absorb the whole quantity thrown out of circulation. Anything short of the disuse of gold would apparently fall since people would always use the money that was cheaper when measured against goods. The alternate disappearance from England of gold and silver as each was by royal regulation undervalued in relation to the other affords the strongest practical proof of Gresham's law. A bimetalist will ask where is the expelled gold to go to? The answer English history gives is, that it need not go anywhere outside the country or group of countries hitherto using it. The known artificial low price of gold would cause hoarding to be made in it as happened in England under Henry VIII and Edward VI until an increase proclaimed of one third in the relative value of gold brought the hoards speedily into circulation. For purposes outside coinage gold is esteemed many times higher than silver and if the estimation of silver were such that 20 ounces were valued as one of gold for purposes of taste and luxury, gold would be employed in preference to silver until it could no longer be procured at less than 20 to 1. The tastes of mankind would be more powerful than the decrees of Governments. Thirty shillings in silver would be given as it has been given before for the gold contained in a sovereign, and Governments would have to buy at the market price or cease to buy at all. Supposing the existence of a popular demand for gold of any elasticity the slightest fall in its relative value would not only diminish the supply through the smaller quantity of commodities to be obtained for it but would increase the consumption so as to raise its market value almost to the former level. People would bring plenty of silver to be coined but who would bring gold on terms of receiving 15 times its weight of silver when in the market he could get for it 20 times its weight of silver, or commodities worth 20 times its weight of silver? Gold would be disused as money and would be hoarded or melted, until various ingenious ways of using it at its true value were invented and Governments were thus forced to allow natural laws to operate as exactly as well as directly.

Instead of a bimetalism of silver and gold we may consider the case of a bimetalism of silver and copper. Silver being worth for weight worth 100 times as much as copper we may suppose it enacted that copper coins shall be freely minted and pass current at three tenths of the value of silver coins of equal weight. The effect would be that an immense quantity of copper would be presented for coining but no silver. Prices would rapidly adjust themselves to the value of copper relatively to commodities, and silver bullion would share in this rise of nominal prices so that if the Government should endeavour to supply the deficiency of silver circulation by its purchases, it would have to pay in copper, not according to its own standard, but according to the real market relation between the metals.

As silver bullion would be more valuable than silver money not only would silver be exported, but it would be hoarded through the general feeling of its excess of value. Such an effect has at different times been experienced in England in the case both of gold and of silver. The disuse of silver as money lowers its price but this again would increase the use of it for other purposes and if the demand thus created were considerable, silver bullion would still be worth more

than silver coin of equal weight. No one under such circumstances would bring silver to the mint, nor could it really circulate as coin, unless the demand, and a continued demand, should bring it down to one tenth of its former value through the excess of supply. The extended use of silver for industrial purposes, and the closing of mines would postpone this result indefinitely. So as between gold and silver, silver prices would cause gold to be disused and would be produced in smaller quantities and as it was excluded from coinage, it would be employed for other purposes and absorbed without any great decline in value relatively to commodities generally and to silver.

It would appear then that silver cannot recover that bimetalism would be *inefficient* and that stability requires a gold standard as the basis of the currency.

It may be said that a change from a silver to a gold standard by discrediting silver still further and throwing the exchange of commodities on gold as a medium, would drive silver down most seriously and would greatly lower prices in gold through the increased need for that metal. And this would undoubtedly be the case under a system which demonetised silver. But under a system which, with a gold standard, should make silver coins unlimited legal tender, the primary disuse of silver would be masked by the small difference between the metal in the new coins and that which would have been in the old ones during the same year. Add to this a liberty at any rate for several years to contract in the old rupees and the result would be that the diminution of silver in use would be extremely small. Silver would so far as affected by the proposed operation gradually go down in price to a limited extent, but this process, going on side by side with the general use of coins representing gold, would be an encouragement and stimulus to the productive classes. They would be in a position to pay their interest, mortgages and leasehold rents with an ever decreasing quantity of produce converted into old rupees without a surplus of palpably less value than before. The inevitable effect of a diminishing pressure of obligations would thus be strongly felt throughout the country. The Government also, as it would discharge its silver obligations somewhat more easily would have so much the opportunity to impose burdensome taxes. Her Majesty's subjects. Other causes, it is almost certain must ere long bring about a descent of silver, which stands at its present height in a state of unnatural tension. Then the foresight of the Government and the necessity of its action would be brought to bear on all. The next classes would suffer, but the paying and producing class there would be a relief and an expansion analogous to what history presents in the latter years of Queen Elizabeth.

Whether the view here expressed can be fairly refuted or not, so much is clear, that any general agreement in favour of bimetalism is not practically to be looked for. No one asserts that bimetalism can be instituted by a single State and the long equilibrium which subsisted through half the present century was in fact an unstable equilibrium such as had previously long subsisted and then rapidly ceased in the seventeenth century. A gold standard is that of England and her colonies. It is this which the civilised nations one after another are adopting. Its increased adoption tends to prevent sudden fluctuations through the great mass of gold in use through the ready absorption of any superfluous and through the great variety of interests involved. At the end of the 17th century while gold rose about 36 2/3 per cent silver bullion rose but 2 2/3 per cent, as expressed in silver coin, the difference of more than 12 per cent in favour of gold was ascribed by an able writer of the time to the danger and vexation which the people had experienced from every money transaction of the clipped and deficient coins (*Lord Liverpool*, p. 59). And so at present the Indian Government can borrow at 4 per cent in gold, while it has to pay 3 3/4 per cent more a 1/4 per cent for a loan raised and payable in silver. The universal feeling of the instability of silver thus depresses it by one third in general esteem for long investments. The same feeling operates to the same extent to check the investment of British capital in India. The capitalist dreads that his profits even if nominally high, may come to him as a continually declining medium, that his invested capital may eventually be recovered only at a loss in gold of 50 per cent. There is no doubt something to be said in favour of a high rate of interest and profit in India, as an inducement to people there to save, instead of consuming their gains, but those who

carry on industrial enterprises less through the excess by which the lenders gain and the aggregate wealth of the country is probably increased by much more than that it has to pay for the extra capital brought in at a comparatively low rate of interest. As lower profits may thus be accepted a larger share of industrial produce is left for distribution in wages, and the field of employment being widened the pecuniary condition of the working class is improved all round. Many English capitalists find it difficult in clearly realising their position as investors under a silver standard, and there can be little doubt that a great additional influx of capital would follow the adoption of a gold standard. If this should elicit silver there would be grave incon- veniences of another kind, but these consequences may be avoided.

Then as to the probable effect of a change of stan- dard on trade and production. It is commonly con- tended and not wholly without reason, that the decline in the value of silver, while it has greatly increased the silver payments of the Government of India, has at the same time made the commerce possible through which these payments have been made. What occurs appears to be this. There is both an appreciation of gold and a decline of silver as measured against the rupee in general. A bill on Liverpool payable in gold there exchanges for more rupees than formerly in Bombay or Calcutta. The rupees are taken into the local market and they purchase grain or hides or cotton, at what to the holder of a stock appears a fair profit on his own outlay. He has in many cases little or no regard to the interminable decline in value of the rupee. This is so much the case that even the shareholders of the Presidency banks cheerfully vote dividends of 10 per cent, when their whole capital including the reserve has gone down more than 50 per cent in the year. The rupees paid by the wholesale buyer to the ryot appear a fair price to the latter, judging by a standard of former transactions. His own debts to the Sowkar and the fise can be discharged in the rupees that he receives. He would like to see that no competing prices for ward and prevent any rise in the market price. But if now the merchant went to the Native trader with gold, or with silver notes convertible into gold itself capable of being immediately used to purchase silver the trader would be readily ready to receive the gold or the improved rupee representing gold as he would receive silver. The ryot, on finding imperial rupees convertible into old rupees would take the one as readily as the other at the market rate. Should old associations or natural obstacles create a difficulty the trader, necessarily an intelligent man, would exchange some imperial rupees for old ones and would then meet the ryot on his own ground. The inducement to cultivate held out to the ryot would be precisely the same as before. The inter- mediate profits would be precisely the same, though ex- pressed in somewhat different terms, and trade would go on under the one standard substantially as under the other. An unfavourable exchange is a premium on exportation but whether at a given moment the ex- change is or is not favourable depends on what it is likely to be afterwards. If the rupee is thought likely to fall in value the merchant in Bombay naturally tries either to bargain for a future delivery and payment or to postpone buying, or to buy on credit hoping thus to get more rupees for his own bill drawn on England against the goods to realise a larger result. The Native trader in so far as he shares the general opinion and yet practically takes silver as ultimate desires to postpone selling until the expected decline of rupees, which to him signifies a possible rise in price, comes about. Thus a repeated experience of unfavourable ex- change operates sometimes not to encourage but to discourage trading. The apparently capricious and in- calculable fluctuations in the value of the standard coin exclude from business a large number of men of more or less capital who shrink from extreme risks, but who would find the means of developing commerce were it placed on a reasonably stable footing. A very large proportion of the export business is, no doubt, done by telegraph but enterprise in any new form of trading can seldom avail itself of this aid. It is at least a ques- tion then whether on the whole, and over a considerable period the unfavourable exchanges have not checked Indian commerce rather than stimulated it. Checked it, that is as compared with the working of a monetary system in India resting on a gold basis with prices pre- cisely reflecting those of European markets. Now that the fall in the value of silver is gradually coming home to the consciousness of every trader in India, tran-

sactions will be more and more checked by the general uncertainty. Either cash dealing will be insisted on or else gold prices will be stipulated for by the Native brokers and wholesale traders as the general basis already of the extensive purchases made up country by some of the European firms. In either case, there will be a reference express or implied, to a gold standard. No illusion will long be possible and the Government will promote the general convenience and welfare better by adapting its coinage regulations to the natural movement than by endeavouring to pre- vent it.

It may be objected that there would be an incon- venience in reorganising two mediums of exchange side by side and that it would create confusion and give opportunities for fraud. These objections have some weight but not much weight. The Native bankers and traders in India are familiar with different currencies. The Nizam has a currency of his own. In Guyarat the Gaikwad adheres to his own currency and the Bahabha rupees, about 9 per cent lower in value than the stan- dard rupees, circulate freely in the Native dependencies and in the neighbouring British districts.

The question is often propounded why as silver has fallen 35 or 40 per cent in value prices in India have not risen in the same proportion? Some part of the dif- ference in value of silver as measured in gold, must be ascribed to a general enhancement of the latter as com- pared with all commodities. In some respects, as for instance, the rents of dwelling houses, prices seem to have manifestly risen in India in some places quite in proportion to the fall in the value of the rupee. Ser- vices have not materially risen in price, because the wage fund has not increased. There has not been an increase of demand for servants at higher wages except in factories and on railways. The extension and also the intensification of agriculture have been achieved without great addition to the number of hired labourers. India is a country of *petite culture*. The farmer cultivates his holding by his own labour and those of his family. When more profit is to be made by improved culti- vation, he puts more work into the land, but except casually and temporarily the work is his own. He toils now more strenuously and with more enterprise than before, but as yet his industrial system is not radically altered. Tradition and custom govern as still and they govern, too, the measure of his expenditure on the soil as he is contented with the established prices for his pro- duce, the rupee being to him an ultimate fact, beyond which his speculation hardly extends. Yet, in the re- motest villages all over the country, the improved means of communication and the opening of available sale dealers have, in fact, very materially raised the prices of grain as well as made a market for inertible produce which did not formerly exist. In thousands of out of the way places, the prices formerly below the general level have been brought up to that level and the grain and seeds pouring from those sources into the great central depôts have thus prevented a rise of prices by an effectual competition. There is a continuous in- crease in agricultural produce and of the cultivated area in India. This might be thought impossible without a rise of prices, which has not taken place, but the open- ing up of new fields by the new facilities has thus far- been like a new area of fruitful soil added to an estate by alluvion, enabling produce to be placed on the market at a diminished real cost. And for some years more this perpetual secretion to the practically available cultivable area will cease, and then an increase of price will become necessary to stimulate intensive agricul- ture or the tillage of second and third class lands. If more capital is introduced into the country and the subsidiary operations, such as loans and advances and the dealings of middlemen, are thus made possible on a basis of reduced interest prices may be kept down with- out a decline of progress and prosperity for many years to come. More of industrial profit will go to the small proprietor and less to the landlord, but the more ad- vance will be possible. Now, the change from a silver to a gold standard would almost certainly bring a vastly in- creased capital into the market in India, and, prices even remaining the same the ryots, who could profit by the increased facilities, would prosper more and more, at least until their land tax should become a rack rent on some new revision of the assessment.

One great reason why agricultural produce in India does not rise in proportion to the fall of the rupee, is the necessity of discarding of the crops as soon as they are ready for the market. The great bulk of the cul- tivators are extremely poor and are kept poor by national customs and the family system. Their crops

are often sold in advance. Even when this has been avoided, the land revenue has to be paid, and debts have to be defrayed out of the crop. It must therefore be sold promptly, and in parcels with, as soon as the ryot can see his way to relying so much as will enable him to live and pay his way. Custom, tradition, and ignorance, as well as poverty thus make for the middlemen profiteers, but they again compete with one another as to the price to be offered. They compete with great European firms prepared to accept very small profits on an outlay turned over quickly. Thus the European buyer ultimately takes the advantage realised by the toil of the ryot, working for profits so small as just to raise him above poverty. No one, of course it is to be censured for this. But a distinct change in the standard would bring the ryot's prices into direct relation with the European prices, and enable him to realise more easily and clearly the continuous decline of silver, and which he would have had to provide had the currency remained unaltered. It would not prevent the competition of Indian fields newly opened up, but, as soon as this process had been exhausted it would in due time with a clearer view of the circumstances to stand out for higher prices, so far as the competition of the world would allow.

If it were not for the higher rate of interest that has to be paid on silver loans, it would be to the advantage of all owners of productive land in India to raise money, borrowed and repayable in silver, on their estates in order to buy more land. It is temporary causes which keep silver up relatively to produce must by-and-by become exhausted and when the consequent fall of silver took place, the incumbrances could be paid off with a much smaller quantity of produce than the original loans were worth, even at a comparatively high rate of interest on capital (which yet on good security does not exceed 6 per cent). The present is a time at which every Indian landowner great or small who sees a way to a profitable investment in improving his property, ought to hasten to make it.

Whether the Government of India formally adopts a gold standard or not commerce will be driven eventually by a natural craving to seek out a way of using it, and as silver becomes more and more a dog-bargain will take place even in India, as gold alone affords a stable basis of calculation. Professor Boinsey writes, "The essence of the action of money lies in the guarantee it gives for purchasing other goods of equal value with those given for it, a guarantee which breaks down in its most vital quality." Every contract, every debt supposes that the value understood at the time shall be paid when due. "Absolute certainty on this point" is not obtainable, because value is expressed in a commodity, and there is not a single commodity which is not liable to some fluctuation of value. But the money which is made of the steadiest commodity is incomparably the best" (Currency and Banking page 16). Gold has the quality of steadiness of value in beyond silver. Silver never recovers, except temporarily from a material decline, and now very great fluctuations must end in placing it lower relatively to gold, after a series of mischievous intermediate variations. At the same time there is an enormous mass of silver current and hoarded in India. There is a large debt payable in silver. Banks, mills, and factories have large capitals invested and engaged in terms of the existing rupee. The people accustomed now for generations to the rupee as the chief medium of exchange will not readily understand the necessity for a change or adapt themselves to it.

On the one hand the Government requires a larger and more steady revenue, commerce needs a more trustworthy monetary basis for its operations. On the other hand the interests and convenience of the mass of the people would be injured, and the credit of the Government would be shaken, by a sudden and complete demotion of silver. Apart from special circumstances and political considerations a simple substitution of gold for a silver standard would be the best course. The reason for it is analogous to those which support of a gold standard for England by Lord Liverpool and now confirmed by nearly a century of trial. But the reduction of silver coins to mere tokens, legal only for insignificant sums, would derange business throughout India and would probably give rise to a dangerous discount. If a means can be found by which for some years silver and gold may stand side by side, and be used each according to the convenience of the people, the transition from silver to a gold standard will be freed from the worst mischief that would attend a sudden change. The monetary history of

England shows that a double medium may be in use for a lengthened period without any attempt to enforce relative values by law, and without serious injury to the material progress. For India this purpose it is to obtain the solidity and security of a gold standard, while still finding a use in circulation for the enormous mass of silver held by the people and regarded by them generally as the only universal medium of transactions. It appears to me that with the aid of many subsidiary arrangements, the desired end could be obtained by the scheme which I proceed to outline.

An Act to be passed constituting an Imperial rupee as 0.75, i.e., as equal to 1s. 6d. in British currency. Authorising Indian pounds to be issued in exchange for gold bullion. They should be coined as Rs. 10 pieces, exactly equal in fineness to the British sovereign pieces on the same terms as in London.

Authorising silver to be received and for a small royalty issued in pieces stamped by Government and containing 180 grains of silver eleven twelfths (i.e. the present rupee) or such other weights as Government may deem expedient.

Authorising the issue by Government on its own account, only of silver pieces of a weight of 200 grains, eleven twelfths fine as Imperial rupees.

Such rupees and kindred minor silver coins to be legal tender for any amount but for every 100 presented at the Presidency Treasuries a gold Indian pound to be claimable.

Government to be at liberty to meet such a demand by a payment either in gold or in silver at the exchange fixed for the day and notified at the Presidency Treasuries at noon. Old rupees* thus paid to be computed simply as bullion at 165 grains each.

New Government Currency Notes to be issued on the basis of the Imperial rupee. Old notes to be payable in old rupees until eventually called in.

Government's gold coins to be legal tender, each for the number of Imperial rupees indicated thereon and British sovereigns of full weight to be legal tender each three for 40 Imperial rupees.

Gold coins and Imperial rupees should be supplied to Native States on the same terms as to private persons, in return for gold indigo, the Treasury and a device of the Native State might be impressed on each coin thus issued on terms similar to those prescribed by Act 9 of 1876. The Act might still be applied to the coming of old rupees for Native States, which would in effect be merely stamping such pieces as containing 165 grains of silver. New copper coins of small denominations to be issued by Government having the same relations to the Imperial rupee as the present copper coins to the present or old rupee. The present copper coins to be exchangeable for their equivalent in old rupees but cancelled to a convenient extent as they come into the hands of Government. As long as the old rupees remain useful and popular a copper coinage for fractions of them will be necessary. Both may be eventually called in.

Salaries payable by Government to be eventually settled in Imperial rupees but in the meantime to be payable at the option of Government in Imperial rupees counted each as 0.75, in such numbers as shall be at least equivalent in value to the salary in existing gold or old rupees computed according to the rate of exchange notified on the day on which the salary fell due and on the basis of each old rupee being 165 grains of silver.

Future contracts by Government to be made as to their monetary elements in Imperial rupees. Outstanding contracts between Government and individuals to be convertible as to money from terms of the old rupee into terms of the Imperial rupee by agreement of the parties immediately interested. Completed pecuniary obligations of Government to be optionally discharged by payment of Imperial rupees, at least equivalent to the old rupees according to the exchange notified on the day of payment or tender. A tender within two per cent of the exact equivalent to be, for this purpose, good, but subject to supplement or correction.

The public debt in the shape of loan notes and book entries to be payable in old rupees, but conversion into Imperial rupees to be allowed on the agreement of Government and the immediate holder of any loan note, either at the rate of exchange notified for the day or at such rate as may be proposed and accepted by the parties. Instances of all funds held for public purposes or for beneficiaries of any category to be at liberty to agree to the commutation.

*By old rupees I mean those now used.

An addition to the present weight of 180 grains in coining the new Imperial rupee would for many purposes be desirable. It would be a manifestation in the first instance that the new coin is not only made for the use that the old but is intrinsically worth more. On the other hand the tola is the most familiar of weights in India, and the basis of the larger weights in use amongst the Natives. It weighs 180 grains and thus the rupee serves as a universal standard of weight in common transactions. It might be thought necessary to preserve this convenience either a small quantity (about a gram) of gold might be put into each Imperial rupee, and the weight kept at 180 grains or silver tenths of a rupee might be issued one of which placed in the scale opposite to the ordinary standard of weight of 200 grains would cause a tola \approx 180 grains, to balance it.

A possible arrangement would be to coin the new Imperial rupees in the first instance of 180 grains of fine silver. They would then be one eleventh more valuable intrinsically than the old rupee and this superiority in value would be tested and advertised by every village soucar in the country. The identity of weight and greater purity would recommend the new coins very strongly.

This proposal ought to be easily distinguishable, in order to prevent confusion with the old rupee.

Existing contracts and obligations amongst private persons and corporations should be subject to settlement as now in old rupees. But on notice given by either party and accepted of both unreserved, the account and payment obligations between them should be commutable into terms of the new Imperial rupee at the notated rate of the rate mentioned in the notice. In case of dissent to the proposed commutation the *status quo* to be maintained.

New contracts to be expressed at the choice of the parties in terms either of the old rupee or of the new Imperial rupee. The old rupee in all such cases to be taken as equivalent to 16/3 grains of silver authenticated as in the now current coin, or in such other manner as Government may direct.

Decreases and orders of courts and officers for the payment of money on liabilities primarily dischargeable in old rupees to be expressed at the discretion of the judge or officer in Imperial rupees and to be payable in that form at the exchange of the day as settled.

The effect of this system would be to allow the present rupee (which I call the old one) to continue to circulate as a medium of exchange and measure of value amongst private persons side by side with the new Imperial rupee at the same time that a steady, though gentle measure would be brought to bear in favour of the universal adoption of the latter. The general change would probably take several years. It would be effected most slowly in the remotest districts, and this would be an advantage. Bankers and merchants on a large scale, would probably lose no time in placing all their accounts and obligations, once for all on a gold basis. This done, they could use silver in the shape of the Imperial rupee far more freely and largely than they can now use the current rupee being secured by its gold basis against the risk of extreme fluctuation which now attends the use of the rupee. They would buy and sell in gold values with reference to European markets where gold values are the standard. If for the markets of China and the East dealings in silver and silver issues should appear desirable, they could bargain still in the old rupee but this practice would speedily decline. In Austria as I was informed when recently travelling there the transformation of the currency being carried out in this way. A holder of "gulden" or silver notes the old paper currency can exchange them for notes payable in gold or silver, at the rate of about 11/80 to 10, or 118 to 100. The new notes are payable in gold or silver and are received in payment of customs and taxes. Thus the taxpayers have in some cases to bear a charge of about 18 per cent. on their previous burdens. As the gulden notes are brought in and cancelled, it is intended to receive them at a smaller and smaller discount, until finally only so many are left in circulation as will readily pass at par. Thus the subjects and the Government in getting rid of the embarrassments caused by the decline in the gulden notes, and by their non-circulation outside the country. The process I propose for India is analogous to this as I will presently show. A small stock of gold in addition to a large stock of silver of the old and new currencies should be kept at the several Presidency treasuries. For public convenience small repayments should, when desired be met in gold at a minute premium to be called commission. This would cause silver Imperial rupees to be taken instead. On larger sums a higher commission should

be charged resort being had to payment in old rupees only, as silver bullion whenever there was a prospect of serious depletion. This would be an application of the method followed by the Bank of France by which its gold reserve is kept up. The practical effect would be to make note-holders take payment in other Government currency notes and in Imperial rupees of silver for internal traffic and old rupees for purposes of export. A very small quantity of gold would support the paper and silver note circulation, as it supports the bank note and negotiable instrument circulation of the United Kingdom. Silver, however in the shape of Imperial rupees being made legal tender for an unlimited amount the working stock of gold might be kept far lower in proportion than in England. At the same time by a judicious use of the commission or premium the stock of gold could be gradually augmented if that should be found desirable seeing that some gold would continually be imported in the shape of English sovereigns or would be presented for mintage. The people of India having been accustomed for many generations to the use of silver money for all their ordinary business transactions they would continue to use it to a considerable extent even when the relative prices of silver and gold as used in the market were adjusted by the higgling of the market. This would be so for a certain number of years, as in the converse case in England of the gold coins after the legislation of William III. But the superior exchangeableness and certainty of value of the new Imperial rupees would gradually induce their changing to the old rupees. The people would still use silver, and with most of the traditional associations but with a steadiness of value which would restore their shaken confidence in it, both for remote payments and for hoarding. There is even now an importation of silver into India. This is partly due to waste loss and conversion partly and in a great measure, to ever remoter recesses of the country being opened out to commerce. The augmented traffic requires an increase of the vehicle silver, money rents, and money payments on account of the land and more and more superadded payments in shares. Produce agents of Bombay thus come with offers of rupees to villagers who find them almost as tempting as an African finds beads and nails. Thus there is a perpetual demand for silver as mercantile life becomes more active and more highly organised. But it is not whether by hiding or by making ornaments is more and more effected by the withdrawal of gold from commerce. And this tendency will increase, unless silver is somehow rehabilitated. The land revenue and kindred dues should be debited to all debtors and contributors in new Imperial rupees instead of the present old standard rupees. But to soften the transition to the heavier eventual payment, a remission should be made in the first year of 2 annas in the rupee. This would reduce the actual payment to 1s 24d which would be close on the present amount as paid in rupees of the existing standard. In the second year the remission should be 2 annas. The payment would then be 1s 6d, \times 1/4, or 1s 6d — 1/4 of 1s 6d, \approx 1s 3 3/4. In the third year the remission should be 1 anna, \approx 1s 2 1/2. The payment would be 1s 4 1/4. In the fourth year the full 1s 6d would be levied. We may take the gross land revenue as affording 25 millions Rs. If an imperial rupee of the value of 1s 6d, or 0/75d were levied for such rupees now paid, the result would be an addition to the income of Government of nearly or quite 5 millions Rs.

Settlements made within the last five years should be excluded. They should be re-valued in Imperial rupees with a deduction of 8 annas in the rupee. Those made within 10 years should be re-valued with a deduction of two annas in the rupee. Tributes from Native States should be put on the same footing as land revenue. The sums annually or periodically due should be debited to the payers or contributors in Imperial rupees but with it 1s 2, and 1 anna in the rupee for the first three years.

The amount of tribute is over Rs. 750,000, and an addition of 1/4 would yield Rs. 150,000.

Provincial rates should be expressed and settled in Imperial rupees. The whole system should be re-vised by the Local Governments, with a view to following wherever possible the analogy of the land revenue. But in many cases the amounts realizable would depend on real values and would diminish in number of rupees just as the rupees increased in value. The amount levied being Rs. 3 1/2 millions an increase of not more perhaps than Rs. 200,000 could be looked for though changing claims and debts to the new denomination.

The duty on stamps should be levied in Imperial rupees. This, however, would not produce any

material increase of revenue. The stamp duties are already heavy, and they are mostly *ad valorem*. The sums on which duty had to be levied being expressed in Imperial rupees, would be represented by figures lower than by the old scale, in the same proportion as the new rupee exceeded the old rupee in value.

The assessed taxes are *ad valorem* or *quasi ad valorem*, and would in most cases produce no more or less through any change of monetary denomination. There is room for a great increase in the amount raised by Income tax, but it is the same in real value, whether the rupee should have a value of 1s 6d or 1s 3d.

Customs duties are mostly levied *ad valorem*, and would produce no more through any change of the monetary denomination—no more than is in real value. The produce of the Customs is almost ludicrously small for a country with such a population as India, and might easily be doubled or trebled, but the requisite modifications are independent of the valuation of the rupee.

The duty on salt should in each province be levied experimentally at a rate substituting the new Imperial rupees for the old rupee with gradually decreasing deduction, as in the case of the land revenue. If the existing rate of consumption could be kept up, the present Rs 8½ millions would be increased by Rs 1,700,000. There would possibly be a small decline in consumption even permitted as to necessitate some partial readjustments, but Rs 1 million of increase might be counted on with reasonable certainty.

Excise should follow the analogy of salt. The accounts should be made out and kept in Imperial rupees. The amount of duty should be levied and the amounts that could be obtained for licences for sale, would not be very much greater in real value than at present. The number of rupees realised would tend to decline as the value of each rupee increased. But contractors, being obliged to bid and pay in rupees, would through the force of habit go nearly up to the accustomed mark. On a revenue of about Rs 5 millions, an increase of Rs 500,000 might be looked for, i.e. the number of Imperial rupees realised would not be diminished in proportion to the increased value of each, there would be an excess over the net equivalent, amounting to half a million of Rs.

The opium revenue would not be affected by the change. It depends on what can be got for the drug in China and this would be substantially the same whether expressed in terms of the new or of the old rupees. The Inland Revenue or excise on opium produce, comparatively, but a small sum, although still considerable, i.e., about 600,000.

The rate is already made as high as is compatible with non-encouragement of smuggling. Nothing more, therefore, could be obtained in real value by a change in the monetary denomination. A considerable amount of smuggling goes on now, especially on the roads and railways passing in and out of Native States. A reduction of duty on opium supplied for consumption would discourage smuggling, and would greatly increase the consumption so much so as to add a substantial sum to the revenues. Part of this would be merely a set off against a decrease of liquor duties as many men now drink who would take opium in preference were it cheaper.

There might be some difficulty in getting the remote villages supplied with enough of the new Imperial rupees to pay the instalments of land revenue in the first month of the new system. This might be overcome (1) by selling Imperial rupees at a price (in old rupees) slightly below that corresponding to the market rate of exchange, (2) by accepting old rupees for Imperial rupees at a price difference, to be called compensation, below their market value in Imperial rupees, (3) by taking half the first two instalments of land revenue (January and March) in old rupees (4) by sending to the several villages a supply for sale of the Imperial rupees, and also of one Imperial rupee notes which would be sold for old rupees, accepted in payment of revenue and gradually cancelled, unless afterwards found specially convenient.

If the proposed change of standard should be carried out on the lines suggested, it would probably be possible to convert the whole or nearly the whole of the outstanding public silver debt into a debt of 3 per cent., payable in Imperial rupees, i.e., substantially in gold. Such a conversion would be called compensation, and also of one Imperial rupee notes which would be sold for the whole financial system on the new basis, and it would silence future reclamations founded on the continued decline of silver.

There would, of course be some entry at a change from payment of the land revenue in rupees of the

old into rupees of the new standard. The temporary alterations I have proposed would not prevent the real final increase of the burden from being felt. To ally discontent it should be explained frankly to the people that although there may appear to be an increase in the exactions of Government yet in taking 1s 6d for a rupee it substantially takes 6d less than was contemplated in fixing the settlement rates and that the money is absolutely needed to carry on the work of Government in providing for the welfare and progress of the country. The return to cash payment in England added heavily to the burdens of all debtors whether to Government or to private creditors. The withdrawal of the forced paper currency in Italy added materially to the burden of the revenue land tax levied in that country. The reform of the currency in Austria is attended with a similar inconvenience. In each of these cases the taxpayers recognise that the really, though not nominally, increased demand made on them is in fact a return to what was originally intended, not a mere wanton increase of their burdens, and such with proper explanation, would be the feeling in India. The additional sums levied by Government would be a mere trifle, compared with the increase of the debtors' burdens that would be caused by a sudden and enforced substitution of 1s 6d for 1s 3d, or 1s 2½d as the value of a rupee, by a change of standard without any qualification, or even by a contraction of the currency. The proposal is clearly indented and it should be demonstrated that the alternative to the change actually adopted was a considerable and varying increase of the land tax, which would have deprived the ryots of the benefits of the settlements.

There would be found many persons in India as there would in the like circumstances in England to complain of the proposed changes in the taxes as oppressive, to dwell on the increase from 15s to 18s, rather than on the decrease from 3s to 18s. But with good management these persons would be opposed by the host of Government servants of every grade drawing, in many instances, only starvation wages in old rupees, and looking for material elevation relative to the change of standard. Recipients of rent annuities, and pensions would hail the change. To these may be added the class of well disposed rational thinkers who would look at the whole subject without prejudice and admit the necessities of the situation. Yet, after all, particular alterations would not do more than be possible in many special cases. Of the 5½ millions of increase of land revenue which a first view suggests as practicable perhaps not more than 3½ millions Rs would be easily realised, nor I think, might more be counted on as the effect of the proposed change.

As directly springing from the change of standard, we should then have increases in—

	Rs
Land Revenue	3 600 000
Tributes	150 000
Provincial Rates	200 000
Salt	1 000 000
Excise	500 000
	5,350,000

But Customs would readily yield Rs. 1 600 000 more than at present. A tax on cotton and woolen cloths of moderate amount would yield the other 500,000. It would be paid, in a great measure by persons in easy circumstances and by Natives of the Feudatory States.

Incomes derived from land are exempted from income tax. The reason assigned is that the recipients of income thus derived pay land tax and are warranted by Government against an increase of it. True, but they pay land tax whether they gain or lose by their lands. The tax implies and springs from a part proprietorship of the State in the lands and the ability of a landowner with a net income of Rs. 1,000 is not less than that of the merchant or banker with a similar income. The levy of a house tax or of stamp duties on negotiable instruments is not held to furnish the payers with a ground of exemption from income tax levied on them in another character. Neither should payment of land tax exempt a landowner from income tax any more than from Customs and Excise duties for which income tax is *pro tanto* a substitute. There is an immense number of incomes drawn from land in India which are too small to be touched by the income tax, but by placing landowners and occupiers on the same footing as other persons Rs. 1 000 000 might be added to the present produce of the income tax. It may be a question whether this extension should be

made concurrently with that of the levy of the land revenue in Imperial rupees, but it is a reserve that may fairly be looked to in case of urgent necessity, and which might be at least partially introduced on grounds of mere expediency.

But, without any extension of the incidence of the income tax the relief needed for restoring the Indian finances may I believe, be found in the measures I have proposed. They would bring in nearly Rs 7,000,000 a year, in addition to the present revenue, and would enable the Government to relieve its suffering provinces at an early date from some part of their present penny.

Apart from the augmented resources to which I have pointed, a material relief may be obtained by the Government of India, through transferring to local bodies some of the burdens now borne by the Imperial and provincial exchequers. The municipalities and local boards should, in order to provide means to be given enlarged powers of local rating and, the duty of enforcing the police and goods being laid down as essentially a local obligation, the contributions still to be made by Government should appear merely as aids. The powers now nominally possessed by municipalities are very strictly controlled. They have to be exercised through bylaws, and these bylaws, requiring the ratification of the Local Governments, are made to bend to whatever doctrine or formula about taxation has taken possession of the mind of a Governor or a Lieutenant Governor. Greater indulgence should be shown to people who are willing to provide ways and means such as an indulgence, for example, with regard to octroi duties as is allowed to cities on the continent of Europe.

India is a lightly taxed country. But it is a poor country and a great deal of its taxation cannot be enhanced except at long intervals or else without producing a diminution of consumption that would defeat the purpose. New taxes of a very onerous character would cause much discontent. The necessity for them would be denied, as it is denied now in the case of the existing taxes. It is not unlikely that resort would be had prematurely to representative assesses as a means of raising revenue. Then instantly would arise a contention on the question of military expenditure and interest on the public debt. Untal political wisdom is greatly increased in India, and an imperial spirit for more deeply infused representative institutions would be full of peril. They would indeed be found incompatible for any long time with the present system of government dependent on the supremacy of England. New burdens cannot by any process be made altogether palatable, but if they must be imposed, it is for many reasons best that they should take the shape of local payments for local benefits of a plain and palpable character. The immediately realised *quid pro quo* would make the tax or rate more like purchase money. The local discussion of the means of raising funds for local purposes would bring home the necessity of the rates to the consciousness of the ratepayers. The odium of exacting the money would rest on the local bodies more than on the Government. The expectations of things to be done by or through public authority would be diminished, and the tendency to discontent increased. Representation and self-government would be to be regarded not chiefly as a means to gratify self importance and vanity and fussiness, but as involving grave duties and heavy burdens. A practical turn would thus be given to the political education and thought of the people, which without their investiture with enlarged powers must prove dissensions to the Empire. If it should be determined that a certain portion of the charges borne by Government are to be made not only provincial but local, the following suggestions may be offered.

The cost of police is about Rs 2,500,000. Of this Rs 1,500,000 might be made local, leaving the general Government to bear one million. This latter sum would pay for reserves and for the superintending staff.

Public education in India appears to cost about Rs 3,000,000 a year. A share of the total burden is already borne by municipalities, but the principle should be definitely adopted that provision for primary education is properly a duty of the town or locality, Government only being under an obligation to aid to the far as its means allow. To secondary and higher education, as the benefits are more widely diffused, Government should contribute more liberally, but still only in response to local contributions. To the Universities no

large contribution is needed, but a small one should be given in return for a representation of Government on the syndicate or managing board. By good arrangements Rs 1,000,000 might be transferred from the Government's budget to the local budgets.

The maintenance of jails and the cost of administering criminal justice are charges which without any obvious unfairness the localities immediately concerned might be called on to defray instead of Government. But if the reverts already suggested were afforded to Government, there would probably be no need to press its claims any further.

Should the Local Boards and Municipalities be required to provide for Police and Education in the way suggested, it would be necessary to provide them, besides the contributions of Government with new sources of income, these should if possible, stand clear of the sources from which Government draws its revenue. Two have at various times occurred to me as available in case of need a licence tax on marriages and one on domestic servants. There must be 5,000,000 marriages at least every year in India. Every marriage is notoriously an occasion for lavish and wasteful expenditure. Impose for local purposes a licence and registration fee graduated so as to amount to an average of Rs 5 for each marriage and the produce would be Rs 25,00,000. This sum could I believe be levied without any serious difficulty. *Quæz conjugal* associations should be taxed equally with marriage, in order to discourage immorality.

Domestic servants kept in large numbers are a favorite form of luxury and display in India. Actual needs can be satisfied by two domestics for a family, and for all in excess of that number a licence should be required as for a male servant in England. The fee payable for the licence might properly be graduated, so as to increase in the rate paid for each additional member of the staff of a master. If this should lead to a reduction of overgrown establishments, the country would gain by it both from an economic and from a moral point of view. By the rate here suggested Rs 500,000 might readily be raised without any harmful pressure on the well to do classes of society.

Provided with a ready means of raising Rs 5,000,000, the local bodies could of course relieve Government to the same or a somewhat less extent. Such relief would not avert altogether a continued decline of silver, but in case of need and combined with other measures, it would be a material aid to the Government.

RAYMOND WEE

SUPPLEMENTAL NOTES

As to raising the value of rupees by closing the Indian mints against silver, if you artificially raise the price of rupees by simply making them scarce, the first result is to cause produce to exchange for fewer rupees. This is in other terms a fall in prices. The cultivators getting lower prices would have to be satisfied in paying as many rupees as before to Government. They must sell produce too, for other needs than the need of paying their land tax, this does not absorb more than one sixth of their gross produce of which they may actually sell about one half. The rest, which is less than $\frac{1}{3}$, is a one-half, of their produce in order that Government might gain, in an equal proportion, on the other $\frac{1}{3}$. The gainers of the other $\frac{1}{3}$ or $\frac{1}{4}$ would be the present holders of rupees and their successors in the capitalist class as against the producing directly industrial class.

If prices fell in this way the purchaser of the Sec retary of State's Bills on India would give proportionally more for them as more goods could be had for the same number of rupees. His position would be made so much easier, but at a cost to the taxpayer of many times his gain.

Suppose that along with a suppression of mintage, you declare that a rupee shall in future be defined as $\frac{1}{16}$ of a pound sterling. Prices in India will still be regulated by those obtainable for its produce in foreign markets. If then the silver in a rupee falls to $\frac{1}{16}$ th of the value of a pound sterling, goods exchangeable for a pound sterling will buy the silver contained in 20 rupees while, if the Government raises the value of a rupee to 16 rupees, the Government rupees will thus be made inconvertible silver notes circulating at more than their true value. For all external purposes they will hold only their intrinsic

value, and no more Silver and gold whether coins of Native States or sovereigns, will have their real value. Anyone then, who wants to get silver and to keep it will take Baroda coins, even at a small premium for his goods in preference to British rupees at a high premium. He will prefer gold worth 20 rupees intrinsically to rupees worth 10 rupees intrinsically. He will prefer the Baroda silver coins for which he gives 16 rupees worth of goods to British silver of equal weight for which he must give 20 rupees worth of goods.

But it is the tastes and desires of those who are prepared to retain things which ultimately fix their value, as we see continually in the produce and stock markets. As against gold coins and Native coined rupees, British rupees cannot maintain an artificial premium, if they contain $\frac{1}{16}$ th of a pound a worth of silver, they will continue at a discount taking the name of a premium on Native States rupees containing $\frac{1}{16}$ th of a pound's worth of silver just as against $\frac{1}{16}$ th of a pound sterling. At equal weights Baroda rupees being cheaper will supplant British rupees. The circulation of foreign rupees not covered by Act IX of 1873 and of sovereigns may be prohibited, but the use of them as merchandise cannot be prevented, and, from the very motives which make the precious metals valuable the Native producer will prefer the mass of rupees containing, and known to contain more silver to the mass containing less, however designated. He will prefer the gold exchangeable into the silver of 20 rupees to 16 actual rupees. Unless then you can prevent the intrusion of foreign coin, your British rupee will be at a real discount on their nominal value whenever the silver content is less than their nominal value, unless they are actually convertible into gold. They will sink as did bank notes during the Napoleonic war but to a discount—through a nominal rise of commodities—such as to make them exchangeable at the new raised prices for goods, so as to give sellers what they can get for their goods in silver or equivalent gold of other currencies. If the currency of small coins is restricted to the needs of small change, it cannot fall to a discount, and if you can prevent the exchange of goods in India for anything but British rupees, you may gradually raise the value of those in British India as measured by commodities but the thing does not seem possible. Its first effect would be to draw the richest silver mines for the good being from Native States and other sources. So also as to silver intended for use in the arts. Twenty rupees in bullion or Native coin would for those purposes be preferred to 16 rupees in silver called by the name of 20 rupees. Thus the present withdrawal from the great stock in India would not take place, and our silver coin could discharge its functions for an indefinite time without material rise of value. The smallest rise would of course prevent any exportation of silver coin, as the metal would buy more goods at home than abroad. Imported goods of all kinds having to be paid for in exported goods the latter, including silver bullion would be forced on the market and sold at rates corresponding to the gold rates abroad. If rupees had been enhanced in relation to gold the goods would have to be sold at relatively lower rupee prices and these prices governing the market the producer would lose or seem to lose all round in order that Government might make a gain of one sixth or one tenth as much in kind revenue.

As the trade prices between British and the gold using countries would be regulated by gold, so as between it and Native States and silver using countries the prices would be regulated by silver for the value of silver as against gold. If the British rupee were artificially but really enhanced goods would be sold at their lower prices as would ensue a profit when they were resold for silver at its real value over the frontier. For every small rise in the British rupee there would be a corresponding fall in rupee prices, and it would appear an intolerable hardship to the British ryot that he receive 1 but 10 or 15 rupees for the same grain which brought his neighbours over the frontier 20 rupees for the same result. He too would seek the 20 rupees, and in some shape he would get it even if without the British impress.

Large quantities of British rupees are now annually exported to Afghanistan Central Asia Africa and the Persian Gulf. If a security value should be established the exportation would of course cease. Native coined rupees would be bought at their real value and exported instead of British rupees and thus the general progress of our rupees would be facilitated to the

small extent requisite to prevent any material rise above bullion value unless conversion into gold were warranted.

If Government defining a rupee as $\frac{1}{16}$ th of a pound sterling undertakes to give a pound sterling for every 16 rupees that of course fixes a gold value, but it also binds the Government to accept for revenue, or for exchange two or three hundred millions sterling of rupees at 16 $\frac{1}{2}$ each though their market value may have gone down to 10d. Should the Indian Government cease to count this fall is not at all unlikely to take place. Gold having been made the standard silver in excess of the demand for purposes of small change would not circulate at more than its bullion value. Rupees as representing so much gold would buy gold on the Secretary of State's bills without loss by exchange but the gold payment or its equivalent having to be provided at 16 $\frac{1}{2}$ a rupee out of a revenue paid in the actual present rupees at 16 $\frac{1}{2}$ a rupee, the Government of India would have to get $\frac{1}{16}$ rupee of revenue for every rupee of the Home drafts. This would go on until the existing mass of British rupees had been so reduced as to barely suffice as a medium of traffic at the declared value of 16 $\frac{1}{2}$ each. This commutation would be long delayed by natural causes and by devices for the use of a cheaper medium of exchange than Government silver at a premium of 20, 30 or 50 per cent.

R W

NOTES ON THE INDIAN CURRENCY SYSTEM, AND ITS CONNECTION WITH POLITICAL FINANCE, BY MARTIN WOOD formerly Editor of the 'Times of India' and the 'Bombay Review' at Bombay

I

Having had the subject before me almost continuously since 1865, it is possible that I may be able to state a few notes on it that are likely to be of assistance to the Committee of which Lord Herschell is Chairman. It will be my endeavour in so doing to avoid the current controversies as between some and Unitarists, which have been treated to the point of exhaustion, and to draw attention to some aspects of the subject that have been overlooked or only touched upon.

For instance it is desirable to recall the situation presented in 1865-66 which was the exact reverse of the present. Then, gold was comparatively scarce and silver scarce so that many Anglo Indian authorities fearing that silver might become more costly in relation to gold, considered that the Indian silver currency would become inflated thereby causing a fall in prices and serious inconvenience. Hence they deemed it desirable to seize the opportunity to adopt a gold standard and currency though retaining silver largely in circulation and extending the issue of notes. Much earnest discussion arose which resulted in specific inquiries directed by the Government of India, if not the appointment of a Commission to formulate proposals. (As to the latter point my memory does not quite serve.) The minutes and correspondence that ensued were collected and printed as an official book, copies of which are no doubt, in the library of the India Office, and would be serviceable for reference. The most prominent personage in that discussion was His Excellency Sir William Mansfield (the Lord Sandhurst) then Commander in Chief and Member of the Supreme Executive Council. He treated the subject with his notable dialectical skill so that under the then position—gold supplies increasing and silver relatively diminishing—his arguments carried conviction with many that the time had come for the restriction in India both of gold standard and currency. But the civilians who entered into the controversy including the then Financial Secretary, were loth to disturb the long accepted silver standard. There were a few—including the Secretary of the Bombay Chamber of Commerce and myself*—who while desiring to maintain silver as the standard also as the bulk of currency thought that gold might be largely introduced into the circulation not as standard but as legal tender subject to periodical readjustments. Some weak attempts were made in the direction by declaring English

* See Things of India made Plain Section 5, Finance p. 324 and footnote.

† In the Government of India a Despatch of November 1878 some such proposal was cordially considered but hampered with the foregoing consideration that a gold standard should be well established in 41. But this and the whole Despatch was stamped upon in the Treasury Minute of 24th November 1879. See "Correspondence Silver Question 1881-C 4628."

sovereigns as legal tender for Rs. 30 but this was revoked three or four years afterwards on its being found that the coin fetched more in rupees. That white book contains one or more minutes by James Wilson the eminent English Minister, but his object was chiefly the introduction of the currency note system too tardily accepted by the Indian authorities.

3. It is not intended here to found any argument on the sharp contrast presented between the former period and the present, that is, when gold and silver in 1863-66 and dear gold with cheap silver in 1878-92 but this contrast in the conditions of the problem challenges careful attention. If the introduction of gold either as standard or largely into the currency of India was thought desirable and seen to be feasible in 1865 special arguments will have to be established to prove that such course is desirable or feasible now when the conditions are diametrically different. It might be, and may be, argued that the relative conditions of gold and silver production or the relative effective demand for each have absolutely and irrevocably changed since the former period, and herefore it is needful to remodel the world's currency systems and especially that of India, *de novo*. Amidst the skillful and forcible contentions on both sides in the current controversy it is scarcely to be admitted that the above proposition has been proved with sufficient clearness to warrant an absolutely new departure, to say nothing of the difficulty of devising means to obviate the uniform strain of political and other contracts and the disturbance of prices during the transition stage.

4. Here in passing as to this question of providing means so far as India is concerned it may be well by way of illustration, to mention what has been strongly put by an Anglo-French friend of the present writer who from his Continental standpoint being free from the qualms and inequitable limitations that influence our public men on Indian financial questions is free to express an entirely disinterested opinion. He remarks to the effect—in view of the very great political advantage or injury, and above all the immense pecuniary profit that possession of India has yielded to the United Kingdom the least that should be done in the present difficulty would be for the British Treasury to provide by raising its own loan of need by thirty millions sterling hitherto to start India afresh with a gold currency. As to this it is not for me to express an opinion except to remark that this counsel of perfection on the financial side of the question strikes down to the very bed-rock of the subject. Unfortunately the same counsel hitherto has been under such tough traditional bonds—which might be described in the dictum, 'India must pay all England nothing'—that they can scarcely comprehend such a proposition, though some day the conception inevitably embodied therein may come to be recognised as pertaining to the first volume of the *Syllabus* books presented to us on behalf of India.

II

5. There is one mistake of fact, that runs through all the discussions on the fall of the gold price of silver which it is necessary to point out, as it indicates an inadequate perception of the India factor in the group of causes. It has been almost constantly assumed that the fall in silver has been due to the demonetisation of that metal by Germany in 1871-73 and the assumed consequent diminution of its use in France and the Latin group. That was the fact "seen" by European writers on currency, what they did and do "not see" is the far larger cause, scarcely concealed, in the immense increase which set in at the same period in the constant and ever rising volume of the Indian Secretary's weekly sales of Council bills. That this huge factor should have been so permanently overlooked is not creditable to the writers on this subject for the report of Mr. Goschen's Silver Commission in 1878 left them without excuse. It was demonstrated in that report (as it had been previously in an invaluable treatise by Mr. R. H. Hollingbery Assistant Financial Secretary Government of India) that the influence of Council bills in keeping down the market price of silver (and in adding to the Government of India a year's loss by exchange) is far more weighty and persistent than the effect of the increased production and partial demonetisation of silver. In Mr. Goschen's report it is pointed out that the supply of a different form of remittance, that "namely Government bills, has operated to a great extent the necessity of remitting bullion;

"the effect of this substitution has to be measured in very large figures. To the merchant and banker remittances in these Government bills are equally, if not more convenient than a remittance of silver, and it will be seen that the total amount of treasure and bills together remitted to India during the last four years (1872-76) has but slightly declined the proportion between the two has been entirely reversed. Then, after owing 15,000,000l. as the then average sum of the Home charges due from the Indian Government the reporter remarks 'This is the sum which was to be paid annually by India (on State account) to England, and this sum *pro tanto* displaces the despatch of bullion. Now as the aggregate amount of the Secretary of State's bills in the twelve years ending 1893-98 has been over 170 millions sterling it will be seen what a comparative bagatelle was the German demonetisation the force of which has long since been expended, and that we have in this enormous politico-financial supercession of imports of silver into India the one huge overpowering cause of the fall in the gold price of that metal. It is scarcely needful to point out that these Council bills convey nothing to India, but are only orders to pay out silver already in the Government Treasury there. The amount of the withdrawals represents the main portion of that immense gap between the total exports and imports of India which has few parallels in commercial history, and goes so far to explain the adverse industrial and economic condition of that Empire, a topic which is not to be discussed here.

6. It may be worth while to recall the circumstances, scarcely sufficiently dwelt upon in the Silver Report of 1876 which was the proximate occasion of the rapid increase in the volume of Council bills at that period. This was the session gradually from about 1871 to 1874—thus synchronising with the German demonetisation—of the sterling sums paid by the great guaranteed Railway Companies into the Treasury of the India Office here. These payments were *pro tanto* a set-off to the Home charges and kept down the amount of the Council bills. In the four years ending March 1871, those payments amounted to 137 millions, and the amount paid had been considerably more on a previous period. After 1873 this set-off almost ceased, though it has since been partially renewed by payments on behalf of certain railway extensions on different terms. The effect of these former set-offs and then their cessation serves to sharply indicate the period of the leap taken at the period in the amount of the Council bills. In Mr. Goschen's report it is mentioned that whereas in the four years ending 1872 the annual average of Council bills had been only 7,400,000l., while the import of treasure into India had been ten millions per annum in the four years ending 1876 Council bills had bounded up to an average of 12,800,000l. and the imports of treasure, chiefly silver, had declined to 4,100,000l. yearly, or less than half. In face of this financial revolution and supercession of silver it is matter for surprise that the fall in the market price of the metal was not more rapid than was the case.

7. The question whether a low or high exchange value of the rupee affects the profit on mercantile transactions, may be treated very concisely thus—merchants being *voluntary* agents, and under no compulsion to export or to import unless they see their way to a margin of profit, make their own calculations (ought to do so) on each transaction in doing so, they take into account all the items that make up the cost of their shipment or indent one of those items especially in Anglo-Indian commerce, is that of exchange, that being duly taken into account whatever it be 1s 3d or 9s, it makes no difference on their margin of expected profit any more than does carriage freight, or any other of the items that go to make up the cost of the venture.

8. It is an answer to this, to speak of the fluctuations in exchange that may occur during the process of a transaction these relate to the usual chances of commerce such as the rise or fall in the market price of commodities, and as business between India and the outside world is now usually conducted under telegraphic advice those chances are reduced to a minimum and especially so as to the exchange rate which is embodied in the bargain each time, it is only one of the counters and the rupee rate is thus fixed during each transaction.

9. This was very clearly worked out, with figures and examples, in certain letters by Mr. Dadabhai Naoroji which appeared in the 'Times' and 'Daily

News" in 1866, afterwards republished (Foulger & Co 13 Paternoster Row)

In the same series was one letter showing the entirely essential difference in the effect of the Government of India's remittances these being obligatory and continuous, and mainly founded on conditions when the rupee was near the par of 10 = 1 the lower exchange value of the rupee represents a greater strain on the Indian finances which presses on the whole Indian community

11 Here one general remark may be permitted on public works finance It has often been too hastily assumed sometimes in official Minutes and despatches that for India to borrow in England is necessarily to incur loss and additional burden There are two cases in which this assumption does not apply (a) when funds are raised from the cheap capital of Europe — which they can be for 3 per cent or lower, and applied to the construction or up-keep of really productive public works more especially water storage, which increases production and saves the enormous cost of famine relief thus the return to the whole country and the (landed) Government will much exceed all charges for interest and remittance As to the latter item there is an immediate gain—as already illustrated by the example of the railway capital—in entirely obviating the 'loss by exchange' by the sum of sterling amounts paid into the India Office Treasury This can be shown by due calculation including interest on that saving, to defray the whole cost of remitting interest during the currency of the loan, while if these funds are wrongly laid out the profit in the whole transaction would be nullified, even for the cost of repaying the loan in England Meantime the relief to industry and commerce in India would be felt in every direction Even the outlay on railways up to date though much of that has been extravagant and ill-timed, is not net traffic receipts, to keep the Indian revenues going It is true that as a matter of strict account the Indian railway system entails a certain loss in cost of remittance but such loss would not appear were it not for the vast amount of military and other expenditure which has had most to do with the rapid growth in 'loss by exchange' The other case is (b) that which arises when by reason of famine or war expenditure debt must be incurred Then it is more advantageous for India that funds should be drawn from the cheap and idle capital of Europe than that it should be raised from the scant reserves in India, at a higher rate of interest and adverse terms as to principal If such loan were raised just now the transaction would afford large relief in the present 'loss by exchange' and this not only to the amount of the loan but by raising the rate that the India Office would obtain for the rest of the bills

12 Much instruction as to the financial dynamics of India may be derived from considering the apparent anomalies presented by the large figures of the period of the Mutiny and the years immediately succeeding Amidst and after such a convulsion and whilst such imperfect communications as then existed were so greatly dislocated, and internal trade disorganised it might a priori be expected that the financial and economic condition of the whole peninsula would be in a dismal plight Yet the contrary was the case The figures of the years 1856-57 were rapidly and aggressively of 48.89 millions in 1856 to 123.82 in 1866 It is true that in the later years of this period the figures were enhanced by the high price of cotton and that was on both sides of the foreign trade account but the netal drawback for India was absent, there was not only no excess of unrequited exports but the imports actually exceeded the exports—in the year 1860 showing 11.70 millions as excess value of imports Treasury flowed in abundantly even reaching the normally impudens calculator 'prices rose trade was brisk and active stimulation was given to enterprise in every direction Of course exchange was affected so that the rupee rose to two shillings and more Now that is the financial explanation of this monetary and industrial crisis? It is that not only were the Cotton oil bills nearly suspended but sterling losses raised in England were devoted directly to Indian purposes, for, though the cost of munition of war and freight was defrayed in this country millions were expended in India in connection with military operations and embasements on all sides that stimulated trade and industry amazingly The debt in England which in 1856 stood at 50.85 millions rose to 96.53 millions in 1866. At the same period, the railway payments into

the India Office Treasury, which up to 1856 were only 9.89 millions, had, by 1863, reached 36.46 making upwards of two heads over many times cost of European capital transferred to and spent in India. The railway payments rapidly went on as already explained in paragraph 6 up to 1873 with the effect of financial relief from the pressure of the Home charges after which these latter increased by leaps and bounds until now when we have on us the deluge of India's international deficit, and consequent financial destitution and monetary embarrassment

III

13 It will thus be seen that it must be difficult, not to say impossible to deal with the currency system of India as can be done in the case of a self-contained and self-governing country To check or apparently curtail the automatic course of silver and to enact a gold standard with or without a gold currency—even if certain ingenious proposals to that end could be carried through without very serious internal commercial confusion—might possibly disguise the figure of loss by exchange but could not by one iota affect the one dominating fact in Indian finance that a transfer of revenues or produce has to be made to this country without any monetary or commercial return Unfortuately our public men and even our responsible statesmen refuse to recognise this situation in the Anglo-Indian closet But it is there and its busy hands are making themselves felt Public writers have drawn attention to this portentous subject such as Mr Dadabhai Naoroji (whose unanswerable rejoinder to Sir M. B. Grant Duff in the Contemporary Review comprises the statistical evidence of the whole matter) and Mr A. J. Wilson, who long since wrote in the "Fortnightly Review" journalsists also such as the late Robert Knight and myself have given line upon line of expositions of the contemporary factor in India's economic and monetary condition, but as yet without practical result Probably the present currency and financial exigency may induce a few competent and influential men to look below the surface and go to the root of the difficulty As it is men of that class knowing how slow the British public are to rise to the appreciation of the claims of political equity where finance is concerned instinctively shrink from formulating those demands for sacrifice on the part of the dominant country in which alone an effective solution can be found

14. Amongst many other writings on this subject of the financial relations between England and India and the effects thereof on the latter country one may be suitably mentioned here namely an article on India's 'Unadjusted Trade Balance' in the December 1887 number of the Political Science Quarterly (New York London Henry Frowde, Amen Corner) In this the facts of the foreign trade of India are set out on the principle laid down by Dr R. Erfen in his essay on the proper use of Import and Export Statistics This had, indeed often been done before by the three writers already named but the special reason for referring to this article is that it is so set out two extracts from writers whose authoritative diction do not only define the depressing and impoverishing effect of obligatory payments made by a subject to a dominant country, for which there is no commercial return One of these is by Major W. G. G. as one of the founders of the Bombay Economic Survey was closely and directly acquainted with the effect produced on the cultivators and the people generally by the withdrawal from the country of funds or produce instead thereof, which is spent on the other side of the globe without return or monetary compensation He went further, and pleaded earnestly on behalf of financial equity being applied to the case in a manner presently to be mentioned The other extract in the article here referred to is a quotation from the concluding paragraph of J. Stuart Mill's chapter on 'The Distribution of the Precious Metals' In this passage that clear-sighted economist characterising this class of obligatory payments as a tribute, proceeds to demonstrate that the effect of such a tribute is to inevitably depress prices and profits in the subject country, and per contra raise them in the dominant country Mill does not then mention India but his abstract reasoning is so the more telling as we trace its exact fulfilment and its impoverishment and dis-aggravated of late years by the magnitude of the tribute which has brought about the ruinous loss by exchange 'change' as indicated in the fall in the gold value of the rupee At the time these men wrote, the tribute'

paid by India was trifling compared with its figure at the present time, which appals all who have the insight to see what is meant thereby.

15 One misconception is constantly being overlooked when it is said, as generally admitted, that prices in India have not appreciably risen since the heavy fall in silver and in the exchange value of the rupee, has occurred. This is contrary to the axioms of money very anciently being assumed that as the circulating medium is cheaper it must have flowed into the country so as to raise prices rapidly and largely. The late Bombay Press in a discussion with the present writer insisted on this axiom very strongly and could not understand why prices had not gone up — why capitalists did not rush silver into India, to take advantage of the presumed large profit in coming it there (he forgot that they have to get the proceeds back again). The explanation is that silver has not gone into India in proportion to the fall in its gold price because its flow has been suspended to so large an extent by an increased supply of Council bills, as is paragraph 6 and Mr Goschen's Report of 1876.

The broad fact that the cause of prices not having risen in India in accordance with the cheapness of its currency stands in that the demand for the rupee of silver has been checked by the extraneous financial demand represented by the increase in Council bills is strikingly shown by comparison in these two respects, between the eleven years ending 1873 and the similar period ending 1883, as thus set out —

Council Bills drawn from 1822 to 1872 (both inclusive)	Rs 71,61,56,776
Council Bills drawn from 1873 to 1883 (both inclusive)	175,40,45,677
Annual average of former period	6,51,05,160
" " " " " " " "	15,94,58,368
Net imports of treasure during corresponding periods 1863-72	₹158,660,000
Net imports of treasure during corresponding periods 1873-82	82,180,000
Annual average of former period	14,510,000
" " " " " " " "	7,480,000

As it is only silver that affects currency and prices in India the gold included in the total of net imports of treasure does not count in this particular comparison, which is therefore all the more striking.

IV

16 The question remains what can be done towards alleviating this intolerable pressure on India's resources, and by so doing raising the exchange value of the rupee which would be the serious indication of some recovery in her industrial and commercial condition? There is first the direct financial method in some large and determined reduction of the present extravagant military expenditure, due to a wantonly aggressive policy followed during the last fifteen years and which has largely increased the "loss by exchange," but, as that rests with political authorities, it cannot be discussed here.

17 Next, there is one method of detail in the firmer and more business like management of the Secretary of State's current financial transactions. He is the largest dealer in silver and as such could to a certain extent control the market. Instead of that the practice of the India Office has long been to weekly follow the market, instead of leading it and to offer its bills, without stint or discrimination, to the lowest bidder or speculator. This suits the City while there seems no one at the India Office to stand up against that influence on behalf of the Indian revenue and taxpayer. The City broker says in effect "the Secretary of State must sell his bills so we will give as low a rate as we can get them for." The answer to this is, that though the whole of the year's drawings have to be made according to the Budget, the India Office is not compelled to sell any particular amount in any week or month whereas the merchant or banker must make his purchases for remittance at the dates that are due. Thus so long as the Secretary of State keeps a considerable cash balance—often larger than there is any need—he can hold back portions of his drafts and decline to sell under a minimum, which should always be above the parity of silver. On some occasions when this attitude has been taken by the India Office the price of the rupee has stiffened and a higher rate has been obtained. Although there is necessarily a limit to this course, it could be adopted to such an extent as would make a considerably better result on the enormous sums which the Secretary of State has to sell for remittance.

18 After all the one effectual and permanent remedy is, that the British Treasury should sustain as proposed by Wingate 40 years ago some appreciable portion of the Home charges, which represent the cost of that control over India and its resources that is yielded to the United Kingdom millions on millions of national wealth, to say nothing of political prestige. With one notable exception, England has not contributed a single pound to the cost of maintaining her sway over the weak and dependent country though she has spent millions on her Colonial Empire. Every consideration of political equity and even on light-headed self interest, prompts to this course and it was yet time to act for virtue's sake before compelled by necessity. The announcement of a contribution of from two to four millions annually from the British Treasury to this truly Imperial object would at once relieve the present tension the crushing cost to India of its obligatory remittances would be largely reduced, and there would be hope for the prosperity of that country, so that the currency difficulty, if such there really be could be dealt with deliberately, and without incurring such unmanageable risks as are comprised in many of the rash and some desperate proposals of the present hour.

W M W

LETTER from MR WOODHOUSE to the Right Honourable the LORD HIGH CHANCELLOR of ENGLAND, the LORD HERSCHELL.

16, Lambfield Road, Criklewood,

London, N W

23rd November, 1892

Mr Lord,

Your Lordship is so well known as an expert in Indian currency matters that I venture most respectfully to submit the following remarks (the result of much discussion with others interested in the matter) for the favour of your Lordship's consideration in connexion with the Conference now sitting.

1 I am a creditor of the New Oriental Bank Corporation, Limited, which bank's private Bill in Parliament for the issue of silver capital, was not long ago passed by your Lordship's house.

2 Owing to the general discredit caused by the so called Baring crisis, the bank was not able to take full advantage of the powers obtained by the Act to raise silver capital, and in June last the Bank suspended payments and put itself into voluntary liquidation.

3 At the first creditors meeting the liquidator held out hopes of resuming business at an early date and I for one was glad to think that there was only to be so much "winding up" as would set the clock going again.

4 Reconstruction, however, seems to be out of the question, now that the scarcity of retail current money has through the general want of credit, made itself to be more felt.

(This perhaps is not to be wondered at if it be true that the country is losing its small stock of gold at the rate of 7,000,000 a year. Mr Childers told us in 1884 that there was 120,000,000 of gold coin in the country, and last year Mr Goschen told us we had 70,000,000 of gold coin left. At this rate all our gold will be gone from us in 10 years more, unless we set our neighbours the example of using some silver.)

5 The main causes for the Bank's suspension are said to be—

(a) The speculative character of all trade with India and China now that the fluctuations in silver render it impossible for merchants to forecast even for 24 hours the value in sterling of the rupee or dollar and vice versa.

(b) The depreciation of the silver rupee and dollar in which the Bank's capital and sterling deposits had from the nature of its business, to be employed.

(c) The heavy withdrawals of deposits during the last twelve months from Eastern firms working with borrowed sterling money as well as from all the Eastern banks in consequence of the alarm of depositors in Scotland and England at the continual fall in the sterling value of the rupee and at the failure caused thereby in the Eastern trade.

6 Now I venture most respectfully to submit for your Lordship's consideration, whether it would not be possible to persuade it of the Bank's creditors in this country, like those abroad, being paid their dividends from the

liquidation in rupees instead of sterling "dividends in specie rupees being the specific assets of the Bank ?

7. Secondly I would ask whether it would be as the law now stands not be possible to allow the Queen's rupees to circulate in the country as a two shilling piece even to a limited extent like the form 11e rupee contains more pure silver than the form and no public objection need be feared to its proclamation, I should imagine.

8. Thirdly, I would ask whether, as the law now stands there is anything to prevent the Indian Government paying its *soi rante* and *pensions* residents in this country in rupees notes if the public here choose to accept them. If there be no objection to the Indian Government's notes ought certainly to acquire and enjoy as good credit as the notes of usany a small English country bank.

9. My reason for putting forward these queries and my apology for doing so at the present time are as follows.

10. The liquidator of the New Oriental Bank has publicly stated that the assets of the Bank which are chiefly in rupees now worth, say 16s. each, cannot be relied on to pay in all dividends of more than 15s in the pound, though they may realise 16s to 17s in the pound.

11. It would seem therefore fair to suppose that, if the Government would *freely* permit the introduction of the rupee here in the form of a coin (as they did for a long time with the French penny) or *officially* sanction it (as they did with the Spanish dollar about 70 years ago) not only might the assets of the Bank pay 24s in the pound, but many public troubles might be averted thus water such as the continuance of the Lancashire Strike and the impending want of employment for the working classes through lack of trading and farming capital and enterprise.

12. Any loss occasioned to our Mint by the use of the rupee here might well and will probably be made good by the Indian Government in consideration of the advantage it would obtain by paying its home disbursements in rupees at two shillings each. The simplest form of compensation and the best for India would be to make the Indian mints branches of our Royal Mint.

13. The India Office might have a banking department in London for the issue and encashment of its notes of 5 10 50 and 100 rupees (if, as is probable the Bank of England saw difficulties in the way of issuing its own notes against deposits of silver and having perhaps to meet the notes in gold a difficulty that could not arise if the Indian Government issued its notes here through the India Office). The Oriental Bank's premises in Threadneedle Street could not doubt be rented with the same and would form a suitable place for the storage of the rupees and for the issue of Indian Government notes against them, as well as for the payment of pensions to retired Indian officials in Indian Government notes.

14. If the public were willing to make use of Indian Government notes there would not probably be much difficulty in proclaiming them legal tender.

I have &c

J STANLEY WOODHOUSE

PETITION OF THE INDIAN ASSOCIATION TO THE HOUSE OF COMMONS

The humble petition of the Indian Association consisting of the main and the branch and affiliated associations established all over India, respectfully sheweth.

That your petitioners have learned with deep concern that the members of the Indian Currency Association lately established at Simla and Calcutta and the British officers of Her Majesty the Empress of India serving in or connected with India have lately applied to your honourable House for establishing a gold standard in India with the consequent stoppage of free coinage of silver in India.

3. That your petitioners submit and trust that, while they do not overlook the difficulties caused by the falling value of the rupee in relation to gold to Her Majesty's servants serving in or connected with India, specially those in receipt of moderate salaries no measure may be adopted by Her Majesty's Government for the amelioration of their position which will throw additional burden on the people of India, including the domestic Europeans and create unnecessary difficulties for the various agricultural, planting and manufactur-

ing interests of India; and they pray that Her Majesty's Government will not introduce any change in the present currency system of India without having first considered the interests of the people of this country.

3. That your petitioners have learned that the Indian Currency Association is urging the Government of India and it appears from its reply to the "Darjeeling Planters" Association and dated the 12th of October 1893 and from the reply given by the Viceroy to the addresses from the combined Planting Associations of Mysore and from the planters of Coorg on the 12th of November 1893, and from other public utterances of the Government of India that the Government of India is anxious to establish a gold standard in India by closing the Indian mints to the free coinage of silver, and thereby to raise and fix if possible the exchange value of the rupee in relation to the sovereign. Your petitioners submit that at present India and the United States of America are the only largest consumers of silver, and that if the Government of India stops free coinage of silver it is only too probable that the United States, which have failed to raise the price of silver in spite of purchasing 54,000,000 ounces of silver every year, will stop any further purchase of silver and that in consequence silver will fall still further in relation to gold and that silver which has yet deposited but very little if at all will depreciate in relation to commodities and that the difference in value between the rupee and uncoined silver of the same quantity will follow.

4. That your petitioners are aware that it has been proposed to stop coinage of silver on account of private persons but that the Government will continue to coin silver as much as it likes, and thus the demand for silver for coinage will remain the same as before but your petitioners submit that, if any attempt be made to raise the value of the rupee at present based on the free coinage of silver it will be necessary to stop or limit the total coinage of silver as the value will depend on the total quantity in circulation, and that it will not make any difference in the result as soon as rupees come whether on account of the Government or private persons are available for purposes of circulation for the monopoly of coinage will not give to the rupee any value the Government please unless the rupee is made absolutely scarce. Your petitioners therefore further submit that owing to the stoppage or limitation of coinage all the savings of the people held at present in uncoined silver in the shape of ornaments or otherwise that are used by them in times of hardship will become of less value, and thus a grave injustice will be done to the people, while the rupee supplemented here and there by silver coins will form the inconvertible token coinage of the country changing in value from time to time and place to place and thereby burdening the entire people with uncertainties of exchange in all their daily internal transactions such as are now experienced in the foreign commerce of this country with gold standard countries.

5. Your petitioners submit that, out of the total Indian produce now annually exported from India about seven tenths thereof represent the real commerce of the country and are exported in exchange for the raw materials, and that the remaining one-tenth (which is the present surplus of Indian exports over her imports) represent the remittances made by the Government of India and Anglo Indian officials and others to England meeting the annual foreign obligations of India, that this surplus produce of India will be continued to be sent abroad solely in consequence of remittances made from India whatever be the value of the rupee or of the Indian commodities in relation to gold but that the quantity of the surplus export will depend on the gold value the Indian exports may fetch abroad and on the amount of the foreign obligations of India. As regards the other seven tenths of Indian exports, your petitioners further submit that if the rupee be raised in value actually in relation to gold the prices of Indian commodities will be raised abroad as it will take some years to adjust the wages and the retail prices prevailing in this country; and, while the import trade may be correspondingly benefited it will lead to serious competition in the foreign trade of the country until the imports again balance the exports made on account of trade by a fall in the value of the commodities exported. Your petitioners further submit that in the meantime the tea industry of this country which has just gained an immense increase in the tea industry of China, after a prolonged trial, and the cotton industry which has just developed in Bombay will undergo serious competition at a dead loss in Luzon

and Japan, the principal markets for Indian cotton goods, which have also recently commenced their own spinning and weaving industry and where the depreciated silver will continue to form the standard of the currency.

Your petitioners submit that, while the immediate result of the stoppage of free coinage will be a disturbance in the foreign commerce and internal transactions of the country, the ultimate result will be a general fall in prices in this country. Your petitioners further submit that, while there is so much agitation on account of the fluctuating exchange, as affecting the Indian trade, the total imports and exports of India have gradually risen from Rs. 34,496,985 and Rs. 55,749,774 in 1872-73 to Rs. 78,046,496 and Rs. 109,989,124 respectively in 1891-92 (exclusive of silver) which shows that fluctuating exchange has not materially affected the foreign trade of India.

6 Your petitioners submit that, while the income of the bulk of the population of India, who depend directly or indirectly on the produce of land, will diminish their expenses, the rents, taxes and wages, will continue nearly the same as before for some years to come and that the debts incurred in rupees in which a great majority of the peasantry and the lower classes of the people are indebted will increase on account of the burdensome owing to the artificial appreciation of the rupee.

7 Your petitioners submit that during the last five financial years India imported on an average Rs. 10,522,138 net worth silver, by the greater portion of which has been coined into rupees. The rupees thus coined or the currency notes issued in exchange for bullion tendered by the Paper Currency Department of India go to the local banks and form the nucleus of capital seeking fresh investment in this country. This is the cause attributed by the Government of India in its reports issued from the Paper Currency Department for the low rate of interest lately prevailing in India for some time. Eminent political economists have also held that, during the process of the appreciation of the currency, the rates of interest may hardly be owing to the reduction in the currency available. It therefore, follows that, as the imports of silver will diminish, owing to the stoppage or limitation of silver coinage, the rates of interest and discount will rise and will thus throw additional difficulties in the way of Indian trade and commerce and thus interfere with the material prosperity of the masses.

8 Your petitioners beg to observe that the chief ostensible ground shown for the agitation to close the free coinage of silver is that the Indian Government suffers at present from serious losses in its remittances to the Secretary of State. Your petitioners submit that the expected saving owing to the depreciation of the rupee will be more than swallowed up by the deficiency in the total receipts of the Government as soon as the free coinage of silver is stopped for, the Government of India being the greatest landlord in India, and the largest part of the receipts of the Government arising from the land revenue (Rs. 24,000,000), the receipt from the income of land, as in the case of private landlords, is sure to diminish the price of opium measured in rupees will fall, the proceeds of several taxes and impost (such as income tax, the stamps, cesses &c.) are also likely to fall and it is a matter of question as to whether the Government will be placed in a better or worse position after the stoppage of coinage.

9 Your petitioners further submit that this very measure (closing the Indian mints against private silver) was once recommended to the Indian Government by the Bengal Chamber of Commerce, in accordance with its resolution passed on the 15th of July, 1876. The Government of India in its reply dated the 31st day of January, 1877 (Financial Department), to the Bengal Chamber of Commerce made, amongst others, the following observations—

“8 The value of no substance can serve as a standard measure of value unless its use as the mutual of legal tender currency is freely admitted. If therefore the free coinage of silver on fixed conditions were disallowed in India, silver would no longer be a standard of value of India, but another standard would be substituted, namely, the monopoly value of the existing stock of rupees tempered by any additions made to it by the Government or thence. If no such additions were made, the value of the rupees will gradually but surely rise.

“9 The stamp of a properly regulated mint, such as the Indian mints adds nothing except the cost of manufacture and seigniorage to the value of the metal on

which it is impressed, but only certifies to its weight and purity.

“10 A sound system of currency must be automatic or self-regulating. No civilized government can undertake to determine from time to time by how much the legal tender currency should be increased or decreased, nor would it be justified in leaving the community without a fixed metallic standard of value even for a short time. It is a mistake to suppose that any European nation has rejected silver as a standard of value without substituting gold.”

Your petitioners submit that no explanation has yet been offered by the Indian Currency Association as to any one of the five objections with reference to the difficulties suggested in the last paragraph of the remarks of the Government of India which have just been quoted.

10 Your petitioners are aware that the examples of France and Java are held out by the President of the Indian Currency Association as arguments in favour of the stoppage of free coinage of silver. Your petitioners submit that in France both gold and silver were in circulation as currency and that, owing to the demand for silver in India the currency of France by the end of the year 1866 consisted almost entirely of gold coins, and that subsequently, owing to the demand for silver by Germany in 1873, France stopped coinage of silver from 1874 and now by the end of 1891, the total gold and silver in circulation as currency are estimated at 187,500,000 and 145,833,000, respectively, the silver coins circulating in France have become only token coins but the principal transactions and the foreign commerce of France are conducted in gold. It is because France holds such a large quantity of gold in currency and the credit of France stands on a high footing that she is able to circulate such a large quantity of silver coins. On the other hand, India does not hold any reserve in gold currency, and as comparatively a very poor country. To maintain the silver currency of India on a gold standard will require a very large quantity of gold the cost of which the Indian Government is not in a position to meet.

As regards Java, she has got no separate mint, and the same currency system prevails both in Holland and her foreign territories, the Dutch coins being imported into and exported from her foreign territories according to circumstances. Before 1874 the gold was the standard with silver currency was in vogue in Holland and her foreign territories. On silver falling in value in relation to gold she stopped her silver coinage and the result was that her silver coins rose in value, but her transactions with her foreign countries were unsettled and dangerous owing to the fluctuations of silver prices, her balance of trade was threatened the commercial community took fright, and, in consequence, her mint was opened in 1876 to gold, and a gold standard established and since then her currency consisted of gold coins with the former silver coins used as token coins. The relation between Holland and her foreign territories as regards the currency as very different from that prevailing between England and India, and therefore a similar result cannot be expected to follow in the case of India on the stoppage of her free coinage of silver. Moreover the population of Holland and Java is insignificant in comparison with that of India. The internal condition of Java and her foreign trade, as described by Mr. Van den Berg the President of the Bank of Java &c., as in a very different position at the end of 1891 Holland was supposed to hold 5,208,300, and 13,541,700 in gold and silver respectively, while India has no gold at all her total silver coins in circulation are estimated at 187,500,000. Your petitioners therefore submit that the examples of France and Java afford no sufficient ground or encouragement to the Indian Government to undertake to establish a gold standard.

11 Your petitioners submit that the only persons who will gain by the proposed modification in the Indian standard of currency will be the Anglo Indian officials serving in or connected with India, and the creditors of India who hold the promissory notes of the Indian Government issued in rupees, the great majority of whom are foreigners. Your petitioners submit that, apart from a consideration of the present general fall in prices in England and of the comparatively greater convenience and cheapness of the passage from England to India, and *vice versa* &c., now enjoyed by the Anglo Indian officials and considering the poverty of the country and the level of wages prevailing in India (due in a great measure to her foreign indebtedness) in comparison with that prevailing in England and the content of Europe, the

pay pension, and other emoluments drawn by the Anglo Indian officials at present are sufficiently high not to require any further adjustment on account of the low exchange value of the rupee. Your petitioners further submit that if the proposed change in the Indian standard of currency be carried out a further ultimate fall in the wages level prevailing in India is likely to ensue and thereby a further injustice will be done to the people of this country while the officials will be further benefited by the general fall in the level of prices in India. Your petitioners moreover submit that by the artificial raising of the value of the rupee, a perpetual temptation will be held out to the poor people of the country and that precautionary measures and prosecutions will be rendered necessary to maintain the value of the rupee requiring the Government to incur further unnecessary costs thereby.

12 Your petitioners are aware that owing to the rupee falling in value in relation to gold the Government of India has been put to serious difficulties to meet the bills drawn by the Secretary of State for India against India every year but your petitioners submit that, by the proposed modification in the Indian standard of currency the Government of India will not be placed in a better position at all as the saving that may be effected in the instances made to the Secretary of State at present is likely to be more than swallowed up by the deficiency in the total receipts of the Government that the only way to improve the financial position of the Government of India lies in the greater economy in the military expenditure of the Government of India in the reduction of gold obligations of India (including the purchase of the Government stores in India with Indian currency &c.), in the greater employment of the people of this country in place of the Anglo-Indian officials consistently of course with the main tenance of the supremacy of the British Government in India and if necessary by the imposition of a small import duty on all articles imported into India which are neither produced nor secured by the mass of the population of India nor for the development of the country.

13 Your petitioners lastly submit for the consideration of your honourable House the accompanying memorandum* on the silver question drawn on behalf of the Indian Association in which the most important points connected with the present agitation on the silver question have been discussed.

Wherefore your petitioners pray that your honourable House will be pleased to direct that the Indian mints be not closed against the free coinage of silver and your petitioners as in duty bound shall ever pray

RAJENDRANARAYAN
President
SURENDRAKANTH BANERJEA
Honorary Secretary

MEMORIAL of the INDUSTRIAL ASSOCIATION of WESTERN INDIA 1892

To the Right Hon. Lord HARCOURT, the Lord High Chancellor and Chairman of the Indian Currency Committee

MAY IT PLEASE YOUR LORDSHIP

Your memorialists have learned with unfeigned delight through the public press that a Committee of which your Lordship is President has been appointed by Her Majesty's Government to inquire into

* Not printed

the working of the Indian Currency Acts and to advise the Secretary of State for India regarding them.

2 Your memorialists believing that an unstable rate of exchange is disadvantageous to this country owing to the speculation thereby imputed into trade with foreign countries, and to the discouragement afforded to the legitimate employment of British capital in India, rejoice to learn that such an inquiry is about to take place.

3 Your memorialists are prepared to welcome any legitimate relief that may be suggested in order to minimise the losses suffered by those who while earning fixed rupee salaries in India have to remit large sums to England for the education of their children.

4 They however cannot conceal their alarm at some of the proposals commonly advanced in influential quarters for the remedy of those evils, or at the arguments urged in their support.

Thus it is well known that the Government of India is being urged to sustain the gold value of the rupee artificially by closing the mints to the private minting of silver money. And one of the chief reasons alleged for this departure from long established practice is that the Government may be saved from further loss in the sale of its Council bills.

5 Whether the proposed remedy is adequate to suppress the evils under which the Indian currency system is assumed to be labouring, your memorialists dare not pretend to say. But they are fairly entitled to say that, if the cessation of private minting causes a fall of prices of agricultural produce the effect upon the producing agricultural classes may be disastrous.

6 The steadiness and even the rise of rupee prices and wages in India concurrently with the fall of gold prices and exchange during the past 20 years, is a very remarkable feature of the situation to which the attention of your Lordship's Committee cannot fail to be directed. Such a feature may be well understood to justify an inference in favour of a considerable improvement in the position of the peasant proprietary of India during the last 20 years.

The heavy inherited immemorial burden of ancestral debt of the Indian peasant cultivators is another and older feature concerning over 90 per cent of the tax paying population which cannot escape your Lordship's observation and the consideration of your Lordship's Committee.

7 Your memorialists observe that the large volume of the gold obligations of the Government is advanced to justify a departure from free trade in rupees. But they humbly suggest that the silver obligations of the peasantry are twenty-fold greater and more important than the gold obligations of the Government, so that, while removing a minor evil a greater one of the same nature but the results of which it is quite impossible to foretell, would be substituted.

During the last 20 years the burden of the obligations of the peasantry appears to have pressed more lightly on them, a favourable result which your memorialists consider has been due to the operation of an expanding export trade in which India has had the advantage of an unrestricted supply of cheap silver.

8 Your memorialists beg your Lordship's pardon for trespassing on your Lordship's time, but if the subject matter of this petition be fully considered by your Lordship's Committee from the point of view suggested by your memorialists they feel sure that the advantages of cheap silver will be made manifest, and the danger and hardships likely to be entailed by restricting its supply will once for all become clear to the Secretary of State.

And Your memorialists will ever pray

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I N D E X

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UNPUBLISHED PAPERS

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- Gold as to power of demanding or obtaining App 205 213, 224 230 it is available for export and for settling wholesale transactions *Hardie 22* *Schmidt 1724* *West, 2724* it is largely used *Chapman, App 285*
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- Results of closing of mints of Latin Union to free coinage of silver, App I 416, *West, App 325* difficulties arising from the agreement, App 213 *Wood App 333*
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- Prices not affected by change of standard App I 16
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Remittance to England for payment of home charges, *D'Eremer*, App 298

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GOLD COINAGE

Has always existed to some extent in India, and natives are fond of it *Rep* 100 if a gold coinage on a proper basis were introduced gold would come to the mint 101-3, natives are accustomed to *Thorburn* 427-8, unsuited to India, would only be required for hoarding, ornaments and export App I 3 would be hoarded and not go into circulation *Hardie* 142-4 *Gardiner* 537, 548; *Murray*, App 316 should not be issued for some time after silver coinage has been stopped, App I 3 34 *Thorburn* 235, Mr. Lund says a scheme gold to be obtainable in London on demand *Macdonald* 579-84 580-93 586-8 601 should not be coined in India 578 is necessary *MacKay*, 946-8 1068 1147 1220, it is necessary but mint should be opened freely to gold coinage *D'Eremer* A 1 29 30 31 32 40 A 293 301 A 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000

Gold Coins

Seigniorage should not be charged, App I 3 it was allowed in the United States in 1873, but abolished the next year, *Giffen* 2052

Coins The lowest should be 10 rupees even 5 rupees would not be much used, should be 10 and 20 rupees pieces App I 3, *MacKay*, 1147 1309; lowest should be of high value say 31 *West*, 2649; of 16 rupees, *West*, App 328 weight and fineness should be such as to regulate fixed exchange with sovereign App I 3 authority should be given to make sovereigns legal tender for not less than 124 rupees but power need not be used unless necessary App I 32, *West* App 328 sovereigns would be imported 328, *West* App 328 sovereigns would, to be issued as legal tender in sums above Rs 5 000, or under any regulations thought desirable extended use throughout the world *Dumell*, App 292, *Orinham*, App 305 might be made legal tender but identical coinage unnecessary *MacKay* 1310-21 *West* App 328 Should be coined in India, for 11 14 16 or 21 but not half sovereigns *D'Eremer* App 197, and erroneously to have been coined in India by Lord Lawrence 260 sovereigns of mixed gold and silver to be issued, natives would not hoard *Murray*, App 316 export duty of 40 per cent to be imposed, *D'Eremer*, App 298

GOLD OBLIGATIONS AND GOVERNMENT HOME CHARGES

GOLD STANDARD

Would not remove all the disquieting causes but lessen the risk *Rep* 26

Scheme of Government, closure of mints, with a view to the future free coinage of gold, English sovereigns being in the meantime legal tender in India, 47, *Carrie* Note p 211 not meant to supersede the use of silver *Rep* 60 39 Sir D. Baring's arguments for his scheme 50, it would perhaps, be necessary to accumulate a gold reserve *Furber* and *Walby* Note p xxxix. This plan would be too expensive, *Rep* 50

Imports of silver has been nearly a quarter of the value of the produce, nearly all absorbed by currency demands 54-60 an cessation of these and substitution of a demand for gold silver would fall further in relation to gold, 60-3, the rupee might ultimately be raised to 1s 6d, and remain there as metallic 64-5

Practicability of the proposals comparison of systems of different nations not direct precedents, but afford useful experience 66-38

Natives said to prefer silver which would remain the subsidiary currency. Gold has never been entirely out of use in India 100, natives fond of gold 101-2 amount of gold required, *Furber* and *Walby*, Note p xxxviii

It is objected that to fix the currency at the present rate would stereotype the loss incurred, but it would insure against future falls *Rep* 107 also that it would convert the rupees into a token currency not differing in principle from an inconvertible paper currency only that it could not be expanded so easily, 108 to maintain it, the Government should be prepared to give gold for silver by the aid of a reserve, so as to secure convertibility *Furber* and *Walby* Note p 21

If the ratio be not fixed too high the currency would be automatic *Rep* 109 and it could not be called an arbitrary alteration of the burden of taxation by the Government, 111 but the Government contemplate raising it to 1s 6d, which would be too high, 130-3

To close the mints in order to raise the value of the rupee is more objectionable than to do so to prevent a further fall 131, *Furber* and *Walby* Note p xxxviii

Modifications of Government's plan to avert the danger of a sudden rise in exchange Government might fix a ratio of 1s 4d at which they would coin rupees in exchange for gold *Rep* 150 150 this should be omitted a proclamation of closure of the mints to silver would be enough at present *Carrie* Note p 21 Government to accept gold for the same ratio in payment of dues, *Rep* 152 156 to reserve the right on occasion to raise the ratio 151

Government should be allowed to declare English gold coins legal tender in India as proposed *Carrie*, Note, p 21

Arguments for the Scheme—Was formerly the standard *Furber* and *Walby* Note p 21

more stable than silver, *West* App 328 advantage over silver as it can be regulated for a long period, *Soverey*, 2647 2649-41 App 320 increased adoption prevents violent fluctuations, *West*, App 328 was recommended in 1823-6, from fear that gold was becoming too cheap *Wood* App 332 and repeatedly at other times App 1

Introduction of Sir D. Barbone's scheme App L 3 6, draft of Bill App I 3 4 Government of India should have power to act at once *Su A* Miller's view App I 4 India should not wait till all other countries have supplied themselves with gold App I 6

Memorial to Parliament by Currency Association, App I 4 8, 16 protest, App I 43 little opposition in India to the scheme though the majority of the manufacturers object, *Mackay*, 1265-9 1269-53, public opinion is in its favour, *Mackay*, 1293-4 App I 4 12 16, 22 24 deputation to Viceroy, App I 36 38 speech of Mr *Mackay* at Calcutta, App 309, of Mr *Cox* at Bombay 288

Danger not greater than those arising from inaction, App I 6, an inconvertible currency would not be worse than present condition App I 3 danger from it in prices less than from abnormal taxation *Lyall* 2827 2830 2879-89 *Bliss* 2923-5 2946 *Bliss* 2968 73 the risk is great but if nothing is done bankruptcy results, 296

Advantage to Government and to taxpayers, from a common standard between the United Kingdom and India *Macdonald*, 662 *Mackay* 992-3 997 1187-9 1274-7 1286 1294-5, 1339, App I 6, would not perceptibly increase the burden of taxation and nations would be little affected *Mackay* 1079 1303-7, 1319-45k, *Bliss* 2927-31 2935 2942-5 if no violent alteration of the rate of exchange were made *Lyall*, 2792-4 2797-800 2824 2860 *Bliss*, 2920-7

Is the only remedy unless an international arrangement is made, *Thornburn* App I 3 4

No reason to doubt that gold is a satisfactory measure of value for deferred payments as a medium of exchange would be satisfactory if supplemented by silver coin and notes, App I 6

Silver currency must remain full legal tender to any amount a purely gold currency would be impossible App I 3 but gold should be issued in London in exchange if demanded *Macdonald* 398, gold should be freely coined, *Mackay*, 1028 1146 not as soon as convenient issued in return for silver 1117a-9 rupees would be retained as token coinage with unlimited legal tender *Mackay*, 924, 1088-99, 1138 1142 1146-9 gold standard essential for stability but silver should remain unlimited legal tender *West* App 329 as much silver as ever would continue to be required *Mackay*, 1233-7 1278 as a token currency *Soverey*, 2638 App I 3 *West* App 329, scheme for gradually limiting legal tender of silver, *Graham*, App 396 amount must be limited App I 3 must be convertible into gold coin *Hardie*, 17 26 when practicable App I 3 Government should not be bound to pay gold, *Macdonald*, 601, *Mackay*, 1117a 1141 better not to have a gold currency *Macdonald*, 576 583, 599 as first, *Slough*, 1844-5 gold should be given in exchange for silver when practicable *Mackay* 1117a-9 1141

With unlimited legal tender of both gold and silver, danger of India losing her stock of gold App I 3

Need not involve holding mass of gold *Thornburn* 320-9 436-41 *Mackay* 1121 1220-6 1235 1287, *Slough*, 1838, *Soverey* 2634, App 321 *West* 2798 App 329, App I 3 16 *D'Ermer*, App 297 *Warburg*, App 325 doubtful point *Fowler* 1679-81 paper would be used for large transactions *Soverey* 2638 Declaration of total stoppage of free coinage of silver should be the first step *Thornburn*, 326, 364-40 *Macdonald* 602-9 *Mackay* 1191-3, App I 3, *D'Ermer*, App 297 *Warburg* App 325

Would give the Secretary of State command of the market and raise the gold value of the rupee by making them scarce, *Thornburn* 323, *Mackay*, 1213-9 *Coke* 2674-81, 2 285 *Graham* App 304 it might force up the rupee to any fixed ratio, and make exchange with gold stable, *Jackson*, 2908-10 2910 Notice should be given *Thornburn*, 344-447, a month is sufficient, *Coke* 2611-4, three months requested, App I 6, it would not unduly affect silver *Mackay* 1117a 1141

18, *Coke*, 2560, 2823 *Macdonald*, 605-11, 641-6, *D'Ermer*, App 297, they would not be likely to be in excess of requirements *Mackay* 1175-90, if they added a fixed amount each year, it would be difficult to get the coins into circulation, 1238-55

Ratio between silver and gold none should be declared at first App I 3 doubt as to practicability, leaving the computation of the market to fix the ratio, *Thornburn* 343-7, 359-62, this would not relieve trade, *Coke* 2-82-4, rate would be fixed by the competition of the banks for Council Bills, *Macdonald* 591-5, 598-646 *Mackay* 1200-5, should be raised gradually to some fixed point, but that point should be once determined and should not be too high *Thornburn*, 328, 332 336-7 853-8, *Mackay* 1191-1201 1216-9, what is needed is a fixed rather than a high ratio *Thornburn* 323, *Slough* 1825-8 1866-9 some fair rate could probably be maintained, *Thornburn*, 329-7, *Mackay* 1105-7 *Slough* 1837 doubt as to this, *Fowler* 1605, it must not be raised too high, and only gradually, *Thornburn* 344-6, must be declared, and gold coined at once *Mackay* 995-6, 1221-6, otherwise the effect would be mere speculation, 1195-9, a ratio without gold is a fiction, and shows want of confidence in gold *Campbell*, 154 181-3, *Gardner* 1520-3, 625, *Beith*, 685-8 697-9, 851, *Fowler*, 1556-9 1592-4 1607-8 1624 *Schmidt* 1725-8, *Adams* 1969 *Graham* App 304 *Thornburn* would not greatly differ from the market rate of the day App I 6, market rate would cause least dislocation of trade, but it must be above the intrinsic value of the silver coin *Mackay* 1202, 1209 it would not affect prices, App I 16, people would know nothing about it, unless from agitators or newspapers *Baines* 2977-9, *Bernard*, 3210-1, must be fixed above present market rate, *Slough* 1825 should be fixed tentatively, and gradually raised, *Coke*, 2-67-8 2588 2691-11, fixing it at or near the market rate would lessen, but not remove, the evils *Beith* 874-5 *Schmidt*, 1747-3, would be of little use *Fowler* 1613-4 *Moosa*, App 317 should not be the very lowest or even necessarily the market rate of the day, but should be based on the average price of silver for some limited period previous to its adoption, is 4d the rupee taken hypothetically App I 3 1s 6d, or I 3 20 probable India would then avoid the evils of past appreciation, App I 34, a suitable rate, *Thornburn* 443 *Mackay* 1104-4, 1127 1202, 1256-71 1339-43f, *Slough*, 1832 would not affect prices or wages people would not be aware of it would benefit Government by giving more sterling for bills *Bliss*, 2926-7, 2938 profit of Government *Mackay* 1187-8 it should not be lower *Macdonald*, 585-8 gradinal rise even beyond 1s 6d would not hurt the people, *Bliss*, 2900-3 16 rupees to the gold mohur, *Douglas* App 300, 1 to 15d is not to be thought of App I 3 2e per rupee impracticable *Thornburn*, 338 if sudden, might have a serious effect in the interior by checking the demand for the surplus produce, *Bliss* 2934 2960-3, it is practicable by making rupees scarce, *Mackay* 1197-8, 1221-37, but it would not be real *Graham* App 304 demand in the East, it would not result in a smaller volume of trade, *Schmidt* 1749 any ratio except that of the token value of silver to gold is unjust, *D'Ermer* App 298 would vary if the price of silver were to rise *Macdonald* 589-93 sixty can be maintained without stopping the coinage of silver altogether, as India a demand for small coin is exceptionally large *Slough* 1840-52, value of rupees would be maintained by limiting the quantity *Mackay* 1135-7 1213-9 App I 3 doubtful whether India can maintain it unaided, *Slough*, 1833

Has been adopted in most European countries and in Java with good results App I 6

Stoppage of coinage of silver should precede free coinage of gold by some interval App I 3 4

Gold required for reserve, 15 000 000 with annual addition of 200,000 App I 3 3 000,000 sufficient, *D'Ermer* App 297 30 000 000 might be raised by England by loan *Wood* App 328 not much needed, *Thornburn* 320 323 438-41, *Mackay* 1121, 1220-6 1255 1297, *Slough* 1838 *Soverey* 2634, App 321 *West* 2773, App 329, App I 3, 16, *D'Ermer*, App 298, *Warburg* App 324 means of acquiring Secre-

- to buy rupees, *Thorburn 484-7, Mackay, 1110 Slough, 1832-9, 1834-3* might be made in the market for exchange for rupees *Slough, 1838-60*, doubt whether bar silver or gold would go to India *Coke, 2886-8* could not be sent to India to a great extent, until gold coinage were adopted, *Mackay, 1220-8*, would come to the mint for coinage, *Thorburn, 422-4*, would not come to the mint or get into circulation, *Campbell, 251-3*, Indian product would be returned in India *Thorburn, 441* if it disappeared or ceased to be brought Government must take measures to contract the redundant supply of rupees, by raising a loan, App 1 3, *Mackay 1108-19 1149-57 1175-90, Slough 1849-48*, after such a loan, the currency would be regulated automatically by public demand *Mackay 1109, 1115-7* It can be obtained by merchants from China, when required, *Coke 2869*, if it accumulated it could be passed into the paper currency reserve, and thence sent to England, if necessary App 1 3
- Imports would be discouraged under scheme for a gold currency, *Daniell, App 293, 294*
- If required for export some premium might have to be paid *Mackay 1139-45*, either gold or silver might have to be exported if the balance of trade turned against India, *Beith, 694-8*
- Public creditor would have no reason to complain *Thorburn, 447-452*, holders of rupee debt in England would be relieved at the expense of the Indian tax payer *Hope 2227-9*
- Alteration would be little noticed if the form of the rupee were untouched, *Lyall 2880-3*, peasants do not understand or care for fine markings but would feel the effect generally if times were hard, *2891-4*
- Objections to the scheme—Gold standard would create a considerable demand for gold, *Harise 11, 15-17, Gardner 538 Fowler 1624-5, 1633, 1680 Beith 652-73 Schmidt 1725-9 1735-41 Slough 1834-6 Chapman App 284*, and add to the burden of India a great amount of gold obligations *Harise 10, 98, Gardner 538* not much force in this argument App 1 6
- Would reduce the price of silver *Campbell, 158, Thorburn 332-3, Beith 700-3, Schmidt 1729, Slough 1830-1 Jackson, 1891 2013, 2018*, and cause a great fall in exchange *Beith 847-50* and enormously depress the value of the rupee *Chapman, App 285*
- Would be costly to the producing classes *Beith, 700, West, App 331*
- Would inflict enormous injury on individuals *Gardner 5 9 Beith 1630-5 Hope 2237 2238-44, West, App 331*
- India would not have and could not get sufficient gold to maintain it *Harise, 28, Campbell, 181 191 250, Fowler, 1624 Graham App 334* gold would not come to the mint, or get into circulation *Campbell 271-3*, would not give stability, *Beith, 1522-9* part of exchange between gold and silver countries would not be secured *Beith 876-8* ratio cannot be maintained even for a day *Schmidt, 1748* it depends on supply and demand, *Graham App 304*
- Would contract the amount of currency and cause great distress, *Beith 807, 814-20 Naoroji, 2417-22 Daniell, App 297*, risk would however, be lessened if Government continued coining *Beith 810* if they caused a fixed amount annually it would be difficult to get the rupees into circulation *Mackay 1238-58*
- Would injure the cultivators and the enormous internal trade *Naoroji 2417-21, Graham App 304* would injure the people *Beith, 807 814-20 Fowler, 1633-43 1689, Hope 2225-26* remove objections *Campbell, 309 313 1869-73 1869-91, 1811-2 Naoroji 2417-22 Chapman, App 283*, enormous importance and absence of necessity for the measure, *Adam 1874-7, 1880*; might cause popular agitation, if the rupee were raised comparatively say to 15 pence *Lyall 2801-3, 2824 2828 2889*
- Would cause a fall in gold prices *Gardner, 538 Beith 852-73, Hope 2244* civilised nations should oppose it, owing to the injury it would cause to other countries, *Gardner 545-8, Fowler, 1624-5 1628*
- Would alter prices and check export trade, *Slough, 1891-5 West 2768-7, West, App 331, Beith, 1536-8 1553-4* might cause two sets of prices for gold and for silver *Fowler 1606-7 Ferry App 323*
- Would not raise the purchasing power of the rupee, *Jackson, 1899-2007 West 2675-6 App 236*, would
- power to import *Beith, 900-3, Adam, 1878* if in favour of trade of India, must be injurious to England *Adam, 1878*
- Would cause gold to be hoarded, *Harise 41, Gardner 538, Beith, 822-8* all gold is at present hoarded there being no circulation of it as currency *Harise 155-44*, these hoards would not come to the mint, 38-9
- Danger from the existing hoards of silver, *Beith 822-8 832, 875, 909, Chapman App 288* Government might have to pay the enhanced value on the whole accumulated stock *West 2686-7, 2674 2720-1 2735-6, 2749 2772-5 2782-4, App 332* silver currency would have to be made exchangeable for gold as in Austria and Germany, *Harise 17 26, Gardner, 520-3 525-6 528, 535*
- If without a gold currency would show that Government had lost confidence in silver *Fowler 1392-4 1605*, natives would get rid of their rupees *Fowler 1-84-8* would exchange their rupees for gold and prevent gold from circulating actively *Harise 24, 35 39 142-4 Campbell 271-3 Gardner 537 548*
- Might cause capital to be remitted from India to Europe through bank bills *Campbell, 191-8, Beith 678a-83* would give the Government the power of manipulating the exchange by coining or not, as it pleased, *Beith 704 Fowler 1573 Adams 1961*
- Traders would deal in gold or silver talion, *West 2676-7, 2706, 2713-7 2721 2770-1*
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INDIAN CURRENCY

CORRESPONDENCE

BETWEEN THE

GOVERNMENT OF INDIA

AND THE

SECRETARY OF STATE.

Presented to both Houses of Parliament by Command of Her Majesty.



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**CORRESPONDENCE BETWEEN THE GOVERNMENT OF INDIA AND
THE SECRETARY OF STATE**

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INDIAN CURRENCY

CORRESPONDENCE

BETWEEN THE

GOVERNMENT OF INDIA

AND THE

SECRETARY OF STATE.

No 1

The GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA,
Calcutta, 23rd March 1892, No 68

MY LORD,

We have the honour to forward, for your Lordship's information, a copy of the correspondence noted on the annexed schedule,* with the Bengal Chamber of Commerce, in which the Chamber inquires what we propose to do with reference to the heavy fall in the value of the rupee which has followed on the fall in the price of silver in the United States

2 Your Lordship is aware of the anxiety with which we regard this question, and of its high importance in our estimation as affecting the interests of India. We have, at various times, for instance in our letters No 45 of the 2nd February 1886, and No 277 of the 4th September 1886, fully expressed our views on the subject, and it is unnecessary to repeat them here. But we desire to say that the violent oscillations in the price of silver since 1890, and its rapid decline during the last year to the lowest point yet reached, cause us, as they have caused the mercantile community, the gravest anxiety for the future.

3 We are desirous, as we have always been, of aiding in the settlement of the silver question by international agreement, and, if proposals should be made by the United States or by any other Government for the holding of an International Conference, we trust that your Lordship will lend those proposals your strongest support.

4 In our opinion it is not open to question that, if international agreement is not arrived at, the United States Government will sooner or later be driven either to the adoption of a silver standard or to the abandonment of its purchases of silver. It is certain that the cessation of the purchases of silver by the United States could not fail to depress still further the price of that metal, and the policy to be followed by India in that event deserves the most serious consideration on an early date.

5 The stoppage of the coinage of silver by the United States will probably, if it should come, come suddenly, and, if we defer, until it has taken place, the consideration of the measures which in that event it may be expedient to adopt, we shall find ourselves unprepared and left with no time for due consideration.

6 We are, therefore, of opinion that the subject should be considered in all its bearings beforehand, and we recommend that, in view of the possible action of the United States in the future, Her Majesty's Government should now take into consideration the question whether any, and if so what, measures can be adopted for the protection of Indian interests against the further decline in the gold value of the rupee to which, for the reasons which we have given, we may be at any moment exposed, and the violent fluctuations in the relative value of gold and silver to which, under present circumstances, we cannot assign any limit either in time or in amount.

We have, &c ,

LANSDOWNE
P P HUTCHINS
D BARBOUR,
A E MILLER
H BRACKENBURY

No 2

The SECRETARY OF STATE FOR INDIA to the GOVERNOR-GENERAL OF INDIA IN COUNCIL,
2nd June 1892, No 92

Fall in the gold value of silver Monetary Conference

MY LORD MARQUIS,

ON the receipt of your Excellency's letter, dated the 23rd of March, No 68, respecting the fall in the gold value of the rupee which has followed on the fall in the price of silver in the United States of America, I caused copies thereof to be laid before Her Majesty's Government, in order that they might be fully aware of the importance of the question to the interests of India

2 Your Excellency will have observed with satisfaction, from a reply given by the Chancellor of the Exchequer on the 11th ultimo to a deputation which had an interview with him and the Prime Minister on the subject, that Her Majesty's Government have decided to accept an invitation from the President of the United States, to take part in a Conference which is about to be assembled, in order to consider by what means, if any, the use of silver can be increased in the currency system of the nations

3 A copy of a letter addressed to the Treasury on the 13th of May is enclosed for your information

I have, &c
CROSS

Enclosure in No 2

The UNDER SECRETARY OF STATE FOR INDIA to the SECRETARY OF THE TREASURY,
13th May 1892, F 1420

SIR,

I AM directed by the Secretary of State for India in Council to transmit, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of a letter* received from the Government of India on the subject of the very heavy fall which has recently occurred in the value of the rupee as measured in gold

Their Lordships are well aware of the extreme importance of this question to the Government of India, whose views have been from time to time expressed in despatches published in the documents mentioned in the margin † Viscount Cross does not desire at the present moment to discuss the question of the measures that it may become necessary to adopt, but he feels sure that the Government of India will peruse with satisfaction the report of the Chancellor of the Exchequer's speech on the 11th instant, in which he stated that Her Majesty's Government had decided to accept an invitation to take part in a Conference assembled to consider whether any means can be adopted for increasing the use of silver in the currency of the nations.

As illustrating the enormous difficulty in adjusting the taxation in India to the expenditure, which arises from the great fluctuations in exchange, I am desired to mention the following facts.—In December 1890 the rate of exchange was, with the concurrence of the Treasury, fixed for 1891-92 at 1s 6½d the rupee, in agreement with the gold value of silver at that date, in about four months the rate for selling bills on India had fallen to 1s 4¾d the rupee, causing an increased charge in the remittances from India, estimated for the year then commencing, of Rx 2,168,000. From the middle of February to the 18th March last, when the Budget for 1892-93 was under consideration, the value of the rupee ranged between 1s 4d and 1s 3¾d, and the Government of India adopted the higher of those two rates, within 11 days from the publication of the Budget, the market rate in India had fallen below 1s 3d, at which rate the drop of a penny in the rupee would cause an additional charge for remittance in 1892-93 exceeding Rx 1,700,000

Thus, within a few weeks, the Government of India is liable to find itself exposed to the necessity of providing a sum greater than the whole of its receipts from either the customs duties or the assessed taxes, or from the recent increase of the duty on salt, and this result ensues from causes over which neither the Government nor the

people of India have any control, but which arise for the most part from legislation, either actual or threatened, by other nations

Nor is it only to the Government that this most serious inconvenience is caused. The disadvantage to trade in India is shown by the letter from the Bengal Chamber of Commerce, which the Government of India have forwarded, and there can be no doubt that it is equally felt by the merchants in the United Kingdom who have transactions with India. Any measures, therefore, which can bring about a comparatively stable rate of exchange, are to be cordially encouraged in the interests of the people of India, and of the mercantile community trading between this country and our Eastern possessions.

The Secretary, Treasury

I have, &c

A. GODLEY.

No 3

The GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA,
Simla, 21st June 1892, No 160

MY LORD,

In our Financial Despatch, No 68, dated 23rd March 1892, we requested your Lordship to lend your support to any proposals that might be made by the United States of America, or by any other country, for the settlement of the silver question by international agreement. At the same time we called attention to the probability that, failing an international agreement, the United States would be forced to stop the purchase and coinage of silver, and we requested that Her Majesty's Government, in view of this contingency, should now take into consideration whether any, and, if so, what measures could be adopted for the protection of Indian interests.

2 Since that Despatch was written, we have learnt with satisfaction that Her Majesty's Government have accepted the invitation of the United States to take part in an international Conference to consider measures having for their object the more extended use of silver as currency, and that your Lordship agrees with us in the importance of Indian interests being properly represented.

At the same time, we cannot overlook the strong opposition to the introduction of the system of double legal tender into Great Britain that has been manifested in certain quarters, and we observe with regret that the Conference has been summoned to consider the question of the more extended use of silver as currency, and not for the purpose of considering the adoption of an international agreement for the free coinage of gold and silver, and the making of both gold and silver coins legal tender at a definite and uniform ratio.

3 We fear that a refusal on the part of Great Britain to adopt the system of double legal tender may be fatal to an international agreement for the free coinage of both gold and silver, on a sufficiently wide basis, and we believe that a limited increase of the quantity of silver used as currency will exercise a very trifling influence (if any) in raising, or preventing a fall in, the gold price of silver, while it will be wholly without effect in the far more important matter of preventing fluctuations in the relative value of the two metals. We greatly regret this state of affairs, both because we believe that no other country is so deeply interested in, or would benefit so greatly by a uniform standard of value throughout the civilised world as Great Britain, with her vast system of trade and the great extent of her finance, and because the final rejection of an international agreement for free coinage of both gold and silver will leave this country face to face with a problem of the greatest difficulty.

4 If the forthcoming international Conference fails to arrive at a satisfactory decision regarding the silver question, we apprehend that it will very soon be necessary for the United States to decide either to accept a silver standard, or to abandon the purchase and coinage of silver on a scale in excess of what is required to keep up the necessary subsidiary coinage.

If the United States abandon the attempt to maintain the use of silver as standard money, there must be an immediate and complete re-arrangement of the

The recent fall in the rate of exchange has already imposed upon our finances a burden which we shall have some difficulty in meeting, and we cannot contemplate without dismay the prospect of another fall of indefinite amount, attended no doubt with great and sudden fluctuations in the gold price of silver, and to be followed possibly by further falls in the future.

It must also be remembered that, if the present conditions continue, the pecuniary difficulties of the Government of India will not be limited to the loss by exchange. The fall in silver causes distress to a very large number of our European officers of all services, but especially of the Army, who have to remit money to their families in England. This distress is rapidly becoming acute. It has been borne hitherto with great patience. But, in the case we have just supposed, we shall, unless the efficiency of the services is to suffer, find it necessary to satisfy, in a reasonable manner, claims involving compensation to a large amount.

5 We have carefully reviewed all the circumstances of the case, and we desire to place on record, for your Lordship's information, our deliberate opinion that, if it becomes evident that the international Conference is unlikely to arrive at a satisfactory conclusion, and if a direct agreement between India and the United States is found to be unattainable, the Government of India should at once close its mints to the free coinage of silver, and make arrangements for the introduction of a gold standard.

In arriving at this conclusion, we have been mainly influenced by a consideration of the fact that the abandonment of silver by the United States of America would involve the perpetuation of all the evils from which we have suffered during the last 20 years, and possibly their perpetuation in an aggravated form, unless steps are taken for the establishment in India of a gold standard.

We believe that public opinion in India is ripe for the adoption of decisive measures, that the stoppage of the free coinage of silver would be generally approved, and that we might safely count on receiving every reasonable assistance from the commercial and banking classes in the attempt to introduce a gold standard.

6 We forward as an enclosure to this Despatch a Minute by our honourable colleague Sir David Barbour, which gives an outline of the method he would propose to adopt for the introduction of a gold standard into India if such a measure should become necessary. It will be seen that he does not support the proposal to stop the free coinage of silver if the Conference fails and a direct agreement between India and the United States is found to be unattainable, but that he would adopt that measure as soon as it is evident that the United States will not adopt the free coinage of silver.

7 Our honourable colleague, Sir A. Miller, fears that, if all action be deferred until it is known to what conclusion the Conference will probably come, the effect of such knowledge on the silver market will be such as to make it then too late to act with effect. Failure on the part of the Conference to arrive at a satisfactory conclusion will find the Government of India in a very much worse position for introducing a gold standard, if it has not in the meantime taken steps to prepare the way by an alteration in the terms on which it coins silver for the public, than it is at the present moment. He thinks that measures ought to be taken at once which would enable the Government of India to close its mints against silver at any moment, and to introduce a gold standard if and whenever, from the course of proceedings at the Conference or otherwise, they may deem it desirable to do so.

8 It may, perhaps, be desirable to make known at some stage of the proceedings of the Conference our views regarding the introduction of a gold standard into India. But this question, as well as the question of the expediency of India negotiating directly with the United States of America, as suggested in our telegram* of 19th May, may stand over until the Conference has assembled, and the representatives of India

* We desire to call your Lordship's attention to para. 133 of Part II. of the Final Report of the Gold and Silver Commission, and to suggest that, failing an international agreement, it may be possible for India and the United States to come to a direct agreement as to coinage of silver. We are of opinion that it is not a merely academic discussion of the problem is past, and urge that a determined effort be made

are in a position to report what the prospects are of a satisfactory solution being attained

We have, &c.

LANSDOWNE
ROBERTS
P P HUTCHINS.
D. BARBOUR
A E MILLER.
H BRACKENBURY
C H CROSTWALTE

Enclosure in above

Minute by the Honourable Sir DAVID BARBOUR, K C S I

In dealing with the currency of British India, it is necessary to draw a distinction between the active rupee circulation and the total number of rupees in existence. A large proportion of the rupees issued from the mints and not melted down are kept as permanent hoards, and fulfil none of the functions of money. This distinction cannot, however, be sharply drawn, as rupees are always liable to pass from hoards into the active circulation and *vice versa*. What I call the active rupee circulation may be held to include all the rupees which at some period of each year are used as money.

The total active rupee circulation has recently been estimated at Rs 115,000,000.

Without accepting these figures as more than an approximation to the truth, they are sufficient to show that a gold standard with a purely gold currency is impossible in India. To establish a gold currency in India with a full legal tender currency composed entirely of gold, it would be necessary to withdraw from circulation about 1,150 millions of rupees, to melt them down, and sell them for what they would fetch as silver bullion, and then to replace them by about 77,000,000*l* worth of gold.

In the present conditions of India and of the silver and gold markets, this would be an impossible operation.

Moreover, a gold standard with a purely gold currency of full legal tender coins would not suit India (even if it were possible to introduce it), because the gold coins would in practice be of too great value to suit the vast majority of Indian transactions.

2 It follows, from what has been stated in the preceding paragraph, that, if we are to have a gold standard in India, a large proportion of the circulation must consist of silver coins, and these coins must be a legal tender to any amount. The example of France and other countries shows that it is possible to have a gold standard although a large per-centage of the circulation consists of overvalued silver coins which are legal tender to any amount.

In order that the gold standard may be effective, a limit must, however, be placed to the number of such coins, and they must be convertible into gold coins, either without payment of premium or on payment of a trifling premium, whenever any person wishes for gold coins in exchange for silver coins.

So long as the silver coins are freely exchangeable for gold coins in accordance with their face values, the gold standard is effectively maintained.

3 I have no doubt that even with a gold standard the people of India would in almost all their transactions prefer to employ silver rupees. It is improbable that a gold coin of less than Rs 10 in value would be issued in India, and such a coin would be quite unsuited for ordinary Indian transactions. Rs 10 represents, generally, much more than a cooly's wages for a month, and if a cooly received his wages in the form of a single coin he would immediately exchange it for smaller coins. We could not pay our soldiers or police in gold coins. Payments to the opium cultivators could not be made in gold, neither could the ryots pay their rents in gold.

This would be the case, I believe, even if gold coins of the value of only Rs 5 each were issued

4 It may, then, be taken for granted that with a gold standard the great bulk of the Indian currency must continue to be silver rupees, and that, for monetary purposes, there would ordinarily be no considerable demand for gold coins in exchange for silver. On the contrary, the demand for monetary purposes would rather be for silver coins in exchange for gold coins. Gold coins would only, as a rule, be required in exchange for silver coins, when gold was required for hoarding, for export, or to be melted down for ornaments.

It follows that with a gold standard India would require, and would use, a very large amount of silver rupees, and would neither require nor use a large number of gold coins.

Any gold coins that were put into circulation, and were not melted down or hoarded, would very quickly find their way into the hands of bankers and dealers in bullion, into the Government Treasuries, and into the Paper Currency Reserve.

5 For the purpose of introducing a gold standard into India, we might stop the free coinage of silver, adopt measures for accumulating a store of gold, and, when what was considered a sufficient stock of gold had been obtained, we might open the mints to the free coinage of gold, make gold coins a legal tender, and guarantee by means of our accumulated stock of gold the exchangeability of silver for gold coins according to their face values. I do not recommend this plan, the accumulation of a sufficient store of gold would be a measure too expensive for a country situated as India is, and, when it had been accumulated and the exchangeability of the silver coins for gold coins had been guaranteed by means of it, there would be a very great risk of the whole stock of gold being drawn away in exchange for silver rupees. If this should happen, and I think it would happen unless our stock of gold was very large indeed, the gold standard would cease to exist, and we should find ourselves exactly where we started.

6 The only measures for the introduction of a gold standard into India which seem to me feasible are the following —

- (1) The first measure would be the stoppage of the free coinage of silver. Government would retain the right of purchasing silver and coining it into rupees.
- (2) The next measure would be to open the mints to the free coinage of gold. Any man bringing gold to the mints would be entitled to have it coined into gold coins, which would be legal tender to any amount. It would be desirable to stop the free coinage of silver some time before opening the mints to the free coinage of gold. It would be a valuable guide to us in subsequent proceedings to know exactly what effect the stoppage of the free coinage of silver had on the gold value of the rupee.

The new gold coins might be a 10-rupee piece and a 20-rupee piece.

7 The weight and fineness of the gold coins to be issued from the mint would be such that the par of exchange between them and the sovereign would be the exchange which it was desired to establish between India and England.

For example, if we wished the rupee to be worth 1s 4d, the 10-rupee coin would contain as much gold as was worth (1s 4d) \times 10 = 160 pence.

The quantity of fine gold in the 10-rupee piece would be $\frac{1}{4}\frac{2}{3}$ ths or $\frac{1}{3}$ ds of the quantity contained in the sovereign.

8 The question of the ratio at which we should change from the silver to the gold standard would require careful consideration.

We ought not to think of going back to the old ratio of 1 to 15½. Neither ought we to adopt the very lowest price to which silver may have fallen at any time, or to consider ourselves bound to accept the market ratio of the very moment at which the change was made. A ratio based on the average price of silver during a limited period before the introduction of the gold standard would probably be both the safest and the most equitable.

9 We may be quite sure that, on the introduction of the gold standard, bankers and bullion dealers away from the Presidency towns, and, perhaps, in the Presidency towns, would charge something for changing silver coins for gold ones. The general

Government Treasuries were required to give gold coins for silver coins whenever it was possible for them to do so, there could not be any considerable premium on gold coins so long as there were such coins in the public Treasuries or in the Paper Currency Reserve, and the gold standard would, subject to the above condition, be effectively maintained.

10 After the above measures had been carried out, it might happen that no gold was brought to the Mints to be coined and put into circulation, and that the rupee fell in value below 1s 4d.

Or, it might happen that though gold was brought to the Mints for a time and the rupee was worth 1s 4d, yet subsequently gold ceased to be brought to the Mints, the gold coins disappeared from circulation, and the rupee fell below 1s 4d.

If gold were not brought to the Mint to be coined and put into circulation, or if gold coins disappeared and gold ceased to be brought to the Mints, it would be a sign that the rupee currency was redundant, or, in other words, that there were too many silver rupees in circulation, that consequently their value had fallen below 1s 4d each, that gold coins had been driven out of circulation, and that the gold standard was no longer effectively maintained.

The remedy in such case would be to contract the rupee currency, and to adopt any feasible measures for improving the general financial position of the country. An improvement in the general financial position would give increased confidence, and the reduction of the rupee currency, if carried far enough, must ultimately restore the value of that coin.

11 The greatest danger from the cause just indicated would arise immediately after the first introduction of the gold standard, and would be brought about by silver rupees being returned into India from foreign countries, and by their being thrown into the active circulation from Indian hoards. I think that Indian rupees would certainly be returned to India from abroad when their value in India became greater than their bullion value, but I now doubt very much if Indian rupees would be largely brought out of hoards. It is more likely that existing hoards of rupees would practically remain unaffected. I formerly held a different opinion on this point, and believed that rupees would be largely brought out of hoards when they were given a value exceeding that of the metal contained in them.

12 The reduction of the rupee currency in the manner just indicated, if it became necessary, might or might not prove a very expensive measure. It could of course be spread over a number of years, but until it had been carried out to a sufficient extent the gold standard would not be effectively maintained. When the rupee currency had once been sufficiently reduced, I should not expect any serious difficulty in the future.

Looking to the increase of population in India, to the rapid opening out of the country, and to the comparatively small part which credit plays in Indian trade, it may fairly be held that even with a gold standard an increase of the rupee currency would be required every year, and that increase I place at not less than Rs 1,000,000 yearly. It might be considerably more, twice or three times as much. When the coinage of rupees was stopped, any redundancy of the silver currency would be diminished yearly by this amount without any action on our part. It is also not impossible that rupees would continue to be withdrawn from the active circulation to be hoarded as at present, they would certainly be hoarded by persons whose savings were small. This cause would still further reduce any temporary redundancy of the silver currency at first starting. Of course while the reduction of the rupee currency was in progress we would not have an effective gold standard, but even during that period of uncertainty I should expect the exchange with England to remain much steadier than it has been during the last few years. It would cease to be blown up and down by every breath of speculation, and, if we could establish confidence in our measures, the rate of exchange would tend strongly towards the rate we had decided to maintain, and would only diverge from it under the pressure of real economic forces.

A nation that possessed a fairly satisfactory standard of value might well hesitate to expose itself even temporarily to the evils of an inconvertible standard, but no such argument arises in the case of India. We already have a standard of value which can

13 It is also possible that under certain conditions of trade there might be more gold brought to the Mint and put into circulation than was required for ordinary use as currency.

In that case the public would get rid of the gold coins by paying them into the Government Treasuries. Gold might accumulate in these Treasuries, and the Government could not, in practice, relieve the Treasuries by forcing gold coins on persons who preferred to receive payment in silver.

The proper remedy for any such accumulation of gold would be for the Treasuries to pass the gold coins into the Paper Currency Reserve, which could absorb several millions without difficulty, and the Paper Currency Reserve could be relieved, when necessary, by remitting the gold to England in payment of debts, its place being taken by silver rupees.

No serious difficulty arising from an over-supply of gold coins need, therefore, be feared.

14 It is important to consider what the additional demand for gold would be, owing to the establishment of a gold standard in India.

Taking the active circulation at Rs 115,000,000, I think that gold coins to the value of one-fifth of that amount would be an ample proportion of the active circulation for the purpose of maintaining the gold standard. This would be Rs 23,000,000 worth of gold, or, say, 15,000,000*l* sterling. I believe that the gold standard would be maintained effectively with a smaller amount of gold, and that gold in excess of 15,000,000*l* in the active circulation would be unnecessary and might be a source of positive inconvenience. When we had arrived at normal conditions, the yearly additions of gold required for the active currency would be small, and would probably not exceed 200,000*l* yearly.

15 It is more than probable, however, that the substitution of a gold standard for a silver standard would lead to an increased use of gold instead of silver for hoarding. On the question of the extent to which this substitution of gold for silver would ultimately be carried I am unable to offer any opinion.

Silver is at present used for hoarding (as a store of value) and for ornament. When it ceased to be the monetary standard of India it would be less suitable for hoarding, but it might continue to be largely hoarded in the form of rupees, and, on the other hand, silver bullion would fall considerably in value and price, and its greater cheapness would tend to increase its use for purposes of ornament. It must be uncertain to what extent gold would begin to take the place of silver for hoarding and ornaments after the establishment of a gold standard, but in the first instance, at any rate, the extent of the change would probably not be considerable.

It is held by some that if a gold standard were established in India a great deal of the gold that is now hoarded or held in the form of ornaments would be brought to the Mints, coined, and put into circulation. I have never been able to accept this theory. Why should a native of India give up his habit of hoarding, or an Indian lady cease to take a pleasure in the wearing or possession of gold ornaments, merely because the Government of India had established a gold standard?

There is, however, a large amount of gold imported into this country every year, and there must always be a considerable amount of gold in the hands of bullion dealers. I think that if we had an effective gold standard it is very likely that all this gold, which is, as it were, waiting till the time for absorption arrives, would be coined and become part of the circulation for the time. To facilitate this result, I would propose not to charge any seignorage on gold coins.

16 In this paper I have dealt with the question of a gold standard for India from a practical point of view. Many objections, founded on considerations not of an immediately practical nature, may be raised to the introduction of a gold standard into India. Some of these objections appear to me to possess weight, others I believe to be imaginary. I have no hesitation in saying that an international agreement for the free coinage of both silver and gold, and for the making of them full legal tender at a fixed ratio, would be far better for India and all other countries than the establishment of the single gold standard, even if the latter course be possible.

Under the former system the worst result that could happen would be the disappearance of one of the metals from circulation, but this would only happen by the

The general adoption of the system of double legal tender would be a perfectly safe measure, and would be a final settlement of the question. The attempt to establish a general gold standard is not free from risk. History affords instances of the establishment of a gold standard in one or more countries, but sooner or later the standard was changed. It may, however, be that the conditions of gold mining have so greatly changed that a gold standard can now be maintained for an indefinite period.

17 With regard to the question of the expediency of attempting to introduce a gold standard into India, I do not go further than saying that, if a general agreement for the free coinage of both silver and gold at a ratio cannot be obtained, and if the United States does not adopt free coinage of silver, I think an attempt should be made to establish a gold standard in this country.

I believe that a perpetuation of the difference of monetary standards between England and her Indian Empire would be a source of incalculable mischief to both England and India, and that such a state of things should not be accepted until it has been proved by actual experiment to be absolutely unavoidable.

D BARBOUR

21st June 1892

No 4

TELEGRAM from the SECRETARY OF STATE to the GOVERNMENT OF INDIA,
24th July, 1892

With the view of my being in a position to judge of your proposal respecting a gold standard, I wish for your opinion regarding the probable effect of such a change upon prices in India, and also on the trade both as regards imports and exports, on industries, on the land and the opium revenue, on the railways, and on the debt contracted either in gold or in silver. Tell me also whether the claim of the officers for compensation would be affected by your proposal?

No 5

THE GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA,
Simla, 2nd August 1892, No 205

MY LORD,

We have the honour to acknowledge the receipt of your Lordship's telegram of 24th July, quoted in the margin,* requesting our opinion as to the probable effects of the introduction of a gold standard into India.

Any discussion of the probable effects of such a change must, from the very nature of the subject, be of a somewhat speculative character, and we would suggest for your Lordship's consideration that a more satisfactory judgment on the general question of the probable effects of a change from a silver to a gold standard can be formed by examining the actual working of the gold standard in England, France, Germany, and other countries where that standard prevails rather than by a consideration of any theoretical arguments which we may be able to bring forward.

From the fact that Roumania has recently adopted a gold standard, and that the Austro-Hungarian Empire is making arrangements to follow the same course, we infer that the working of the gold standard has been found by experience to be not unsatisfactory in Europe, and, if we are right in this view, we see no reason to doubt that gold would prove to be equally satisfactory as a monetary standard in India. In Java also we understand that the system we propose has not been injurious to the interests of that country. Six years ago it was held by a few persons that Java had suffered by comparison with the neighbouring countries which have a silver standard, but we believe that fuller experience has demonstrated this view to be erroneous, and that the change of standard has in no way arrested the development of trade and industry. Your Lordship, however, is in a position to obtain much fuller and more accurate information on these points than is at our disposal, and we will confine ourselves to stating the views which we hold on the specific questions which have been

2 It is generally recognized that money is required to perform four separate and important functions, according as it is employed as (1) a medium of exchange, (2) a store of value, (3) a common measure of value and (4) a standard of value for deferred payments

We see no reason to doubt that, as a medium of exchange, gold, supplemented by silver coins and notes, would prove thoroughly satisfactory in India, while it is well suited for the purpose of storing value, since it possesses great value in little bulk and appears less likely to depreciate than any other metal which could be adopted as the standard

As a common measure of value, gold would possess the inestimable advantage of giving India the same measure of value as England, the existence of a common monetary standard in England and in India would facilitate both the import and export trade, by preventing excessive fluctuations in exchange, would encourage the flow of English capital to India, and would consequently facilitate the construction of railways by private enterprise and stimulate all industries, with gold as the Indian standard, the rate of interest payable on the present silver debt of India could also be largely reduced

3 It is only with regard to the possible results of adopting gold as the standard of value for deferred payments, that there can be any room for doubt regarding the expediency of the introduction of a gold standard into India

On this point we have already said that your Lordship is in the best position to form a judgment If gold has proved to be a satisfactory standard of value for deferred payments in Europe, we see no reason why it should not be equally satisfactory in India

It is of course possible for those who hold that there has hitherto been no appreciation of gold, to argue that there might now be appreciation if India adopted a gold standard We are not disposed to attach much force to this argument, unless it can be shown that there has already been an injurious appreciation of gold in Western countries If the adoption of a gold standard by Germany and the United States and other countries of less importance, and the closing of the Mints of the Latin Union to the free coinage of silver, have not caused an injurious appreciation of gold, we do not apprehend that the adoption of a gold standard by India would be attended with serious results We understand that the Austro-Hungarian Empire is preparing to adopt a gold standard, and that this example will probably be followed by other nations, and we see no reason to suppose that worse results would attend the adoption of a gold standard by India than have followed the change of standard in Germany or the United States, or than would now follow in the case of the adoption of a gold standard by Austria-Hungary or any other country of equal extent It will be obvious to your Lordship that, if the gold standard is to be universally adopted, India will be placed at a disadvantage, if she is not allowed to make the change until every other country has supplied itself with the gold which it requires for this purpose

4 Apprehensions have been expressed in many quarters that the introduction of a gold standard in India would involve a serious disturbance of existing contracts and financial obligations, and a dangerous derangement of the course of trade We desire, however, to have it clearly understood that, if it were decided to adopt a gold standard in India, we should propose a rate for the transfer from silver to gold which did not greatly differ from the market ratio of the day We are of opinion that in such case the adoption of a gold standard would not have any serious effect in lowering prices, or reducing the rate of growth of the land revenue, and that it would not materially affect either the opium revenue, or the burden of our gold or silver debt

5 Even if we assume that there has been, or may hereafter be, some appreciation of gold, your Lordship will not fail to observe that India, after substituting a gold standard for a silver one, will be in a better position to withstand the possible effects of any future appreciation than the countries which have always had a gold standard, or which have adopted a gold standard at the old ratio of 1 to 15½ or 1 to 16 In the present day we should propose a ratio for conversion probably not greatly differing from 1 to 20, and India would consequently escape the effects of any appreciation of gold which may have, wholly or partially, led to the alteration of the ratio of value from 1 to 15½ to 1 to 20 Such countries as England, Germany, France, and the United States, would have to bear the cumulative effects of both the past and the

not afford sufficient reason to justify any modification of their standard, *à fortiori* such possibility of appreciation does not afford a valid excuse for preventing a change of standard in India on the conditions we have proposed

6 In the telegram which we have quoted in the opening paragraph of this Despatch, your Lordship inquires how our proposal would affect the proposed claim for compensation. We understand your Lordship to refer to the remark in paragraph 4 of our Despatch, No 160, dated 21st June last, in which we stated that the distress of large numbers of officers of our European services owing to the fall in exchange is rapidly becoming acute, and that, unless the efficiency of the services is to suffer, we may be compelled to satisfy claims involving compensation to a large amount. In reference to this matter, we desire to explain that, if the ratio at which we pass from the silver to the gold standard approximates to the ratio now prevailing, the question of compensation will stand approximately where it stands at this moment, and that in any case there could be no further fall after the gold standard was effectively established, and consequently no claim for compensation on account of future falls in the exchange value of the rupee could arise, such as we must expect if the exchange value is not fixed

7 We take this opportunity of again calling your Lordship's special attention to the extreme gravity of the present position—a position so fraught with danger that inaction involves at least as great risk and as much responsibility as would the undertaking of an enterprise even more hazardous than the introduction of a gold standard into India

A great fall has already taken place in the value of the rupee as compared with the pound sterling, and sudden and violent fluctuations have been far from unfrequent. Nevertheless, we have neither as yet seen the end of the fall, nor are we able to look forward to any time at which the fluctuations may be expected to cease

On the contrary, if the approaching International Conference does not arrive at a satisfactory settlement of the question, we shall probably experience very shortly a still greater fall in value and more violent fluctuations than any that have occurred in the past. Without a change of standard, we can never hope to secure any guarantee against further falls and continual fluctuations

It is under these circumstances that we have, after full consideration, proposed to your Lordship that, on the occurrence of a certain contingency, immediate steps should be taken to introduce a gold standard into India, and we trust that our proposals will obtain your Lordship's full support, and will be pressed on Her Majesty's Government in view to a prompt and final settlement of the question

8. It would, we submit, be wholly unreasonable if, in face of the calamities which we are now experiencing and of the still greater calamities which are likely to come upon us in the future, and of the fact that our difficulties must continue until England and India have the same standard of value, Her Majesty's Government were to prevent the Government of India from making an attempt to introduce a gold standard into this country on the ground of the actual or possible appreciation of gold, and were at the same time to refuse to support the proposal for a general system of double legal tender, on the ground that there had been no appreciation of gold in the past and that there was no likelihood of any such appreciation in the future. If Her Majesty's Government are not prepared to accept the proposals which we have advocated for more than ten years as the best remedy for our difficulties, we consider that they ought not now to refuse to let us adopt the only other remedy open to us, namely, the adoption of the same monetary standard as that of the country with which we have our most intimate financial and commercial relations, that standard being, as we understand, considered by Her Majesty's Government to have worked so satisfactorily in England that they are not prepared to encourage any hope of a departure from it being approved by them

We have, &c,

LANSDOWNE
ROBERTS
P P HUTCHINS
D BARBOUR
A E MILLER,
H BRACKENBURY
C H T GROTHWALT

No 6

THE SECRETARY OF STATE FOR INDIA to the GOVERNOR GENERAL OF INDIA IN COUNCIL,
2nd June 1893, No 106

MY LORD MARQUIS,

I ENCLOSE, for the consideration of your Excellency's Government, a copy of the report which I have received from the Committee which I requested to advise me upon the question of the currency of India, and I shall be glad to receive your opinion upon it at the earliest possible date

I have, &c
KIMBERLEY

No 7

✓ TELEGRAM from the SECRETARY OF STATE to the VICEROY, 7th June 1893

The purport of the Currency Committee's recommendations is as follows—They accept your proposals for closing the mints and adopting a gold standard, but they recommend that a simultaneous announcement be made that the mints, although closed to the public, will be used by the Government in order to coin rupees in exchange for gold at the ratio of sixteenpence to the rupee, and that gold will be received at Government treasuries at the same ratio. The object is to guard against a sudden and considerable rise of exchange, but the Committee think that hereafter the ratio might be raised, if circumstances should make it advisable. They do not feel themselves able to indicate any special time or contingency when your Government should take action, but they think it should be in the discretion of your Government, with the approval of the Secretary of State in Council, to take the requisite steps if, and when, it appears to them and to him necessary to take action. The Chairman, while otherwise signing the Report, abstains from joining in the recommendations, because the final decision must rest with the Cabinet, of which he is a member. The other six members concur in the recommendations, but four of them add separate notes, to the following effect—Mr Courtney would have preferred bi-metallicism. Sir Thomas Farrer and Sir Reginald Welby urge the formation of a gold reserve. Mr Currie objects to any announcement of a ratio, and would merely close the mints, leaving in other respects full discretion to your Government to act subject to my approval. Her Majesty's Government think it advisable that you should not telegraph your opinion until you have the Report in your hands, but would be glad that you should telegraph it as soon as possible after you have received and considered the Report of the Committee.

No 8

TELEGRAM from the SECRETARY OF STATE to the VICEROY, 7th June 1893 ✓

(Extract)

The draft report which was sent to you on the 26th of May is virtually identical with the report as signed. Perhaps, after considering the draft you may be able to telegraph your opinion, without waiting for the arrival of the signed copy.

No 9

TELEGRAM from the VICEROY to the SECRETARY OF STATE, 15th June 1893

The draft Report of Lord Herschell's Committee has been received and considered by us. The proposals stated in my telegram of 22nd January last, and embodied in the draft Bill subsequently forwarded, were—To close the Indian mints to the free coinage of silver, while retaining the power of coining silver rupees on account of Government, and to take power to declare by notification that gold coin which is legal tender in England shall be legal tender in India at a rate of not less than 13½ rupees for one sovereign. We understand from paragraph 155 of the draft Report that the Currency Committee accepts our proposals, but that it further recommends that the closing of the mints to the free coinage of silver should be

accompanied by an announcement by the Government that, till further notice, gold will be received at the mints in exchange for silver rupees at the ratio of 1s 4d per rupee, and also that sovereigns will be received in payment of public dues at same rate. This modification we accept, considering that on the whole, sufficient reasons are shown for preferring it to the proposal which we originally made, that free coinage of silver should be stopped, and the course of events awaited before dealing in any way with the question of rate of exchange. We concur in the Committee's opinion, expressed in paragraph 135, that the object of resorting to the closing of the mints is to prevent a further fall, rather than to raise the gold value of the rupee, the proposal made in our telegram of the 22nd of January was intended to fix a maximum limit beyond which exchange should not, under any circumstances, be allowed to rise, and we should have been prepared to accept a lower ratio if the results of closing the mints should have shown the expediency of such a course. We therefore think that the announcement proposed in paragraph 155 of the Committee's Report is desirable, and we attach much weight to the arguments in support of the proposal contained in paragraph 150. Its adoption will probably occasion less apprehension and inconvenience to commercial interests than our own recommendation. Compared with the fluctuations which trade has experienced during recent years, a rise from the present rate to 1s 4d will not be serious. The arrangement for giving out gold in exchange for silver rupees, and for receiving gold coin in payment of Government dues, could either be brought into effect by executive order, or the necessary provision might be made in the Bill, but we prefer the former course. As soon as your Lordship has arrived at a decision, we trust that if you concur with the Committee you will authorise us immediately to take the necessary action. If the scheme is supported not only by the weighty authority of the Committee, but by the concurrence of Her Majesty's Government, the Government of India, and the influential commercial interests which have declared themselves in favour of this policy, we submit that effect should be given to it at once without further discussion. Suspense would be injurious, and it is unlikely that any information at all comparable in value with that already before your Lordship will be elicited here. Sir Philip Hutchins and Sir Alexander Miller prefer the original proposal made by the Government of India, but are willing to accept the Committee's modification.

No 10

TELEGRAM from the SECRETARY OF STATE to the VICEROY, 20th June 1893

We have considered your letter of the 21st of June 1892 and your telegram of the 15th instant respecting currency. Her Majesty's Government have decided to approve the proposals of your Government to close the mints to free coinage and to make arrangements for the adoption of a gold standard, subject to the modifications recommended by Lord Herschell's Committee which your Government have accepted. You are therefore empowered forthwith to take the necessary steps.

INDIAN CURRENCY

FURTHER PAPERS:
CORRESPONDENCE AND PROCEEDINGS

OF THE

GOVERNMENT OF INDIA.

Presented to both Houses of Parliament by Command of Her Majesty.



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No. 1.

TELEGRAM from the VICEROY to the SECRETARY OF STATE FOR INDIA,

Simla, June 26, 1893

COUNCIL has passed an Act which takes effect at once to carry out plan recommended by Lord Herschell's Committee. Act provides for close of Indian mints to free coinage of silver from and after date of passing. Arrangements will be made to issue rupees from the mints in exchange for gold and sovereigns at the rate of sixteenpence per rupee until further notice, and to receive sovereigns and half-sovereigns at public treasuries in payment of Government dues at the same rate. It is intended to introduce a gold standard into India, but gold will not be made legal tender at present.

No 2

The GAZETTE of INDIA EXTRAORDINARY, Simla, Monday June 26, 1893

LEGISLATIVE DEPARTMENT

Simla, June 26, 1893

The following Act of the Governor General of India in Council received the assent of his Excellency the Governor-General on the 26th June 1893, and is hereby promulgated for general information

ACT No VIII of 1893

AN ACT to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882

WHEREAS it is expedient to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882, it is hereby enacted as follows

Title and commencement I—(1) This Act may be called the Indian Coinage and Paper Currency Act, 1893, and

(2) It shall come into force at once

2. The enactments specified in the schedule hereto shall be repealed or modified to the extent and in the manner mentioned in the third column thereof, but no such repeal or modification shall affect anything already done or any right or obligation heretofore acquired or undergone under the said enactments or any of them.

Repeal of existing enactments

XXIII
1870
XX of 1882,

THE SCHEDULE

Number, Year, and Short Title	Sections.	Extent of Repeal or Modification
Act XXIII of 1870 (the Indian Coinage Act, 1870)	19 to 26, both inclusive.	The whole to be repealed
Act XX of 1882 (the Indian Paper Currency Act, 1882)	11	Clause (b), clause (d), and the proviso to be repealed
	12	The word and letter "clause (b)" to be omitted
	13	The words "to an extent to be specified in the order not exceeding one fourth of the total amount of issues represented by coin and bullion as provided by this Act" to be omitted
	14 and 15 21	The whole sections to be repealed For the proviso to sub-section (1) the following shall be substituted— "Provided that any coin or bullion so received and appropriated may be sold or exchanged for gold or silver coin of the Government of India of the like value, which shall be so appropriated and set apart instead of the coin or bullion sold or exchanged."
	28	Sub-section (2) to be repealed. Sub-section (1), clause (f), to be omitted

No 3

FINANCE AND COMMERCE DEPARTMENT

NOTIFICATIONS

ACCOUNTS AND FINANCE—MINT

No 2,662

Simla, June 26, 1893

The Governor-General in Council hereby announces that, until further orders, gold coins and gold bullion will be received by the mint masters of the Calcutta and Bombay Mints respectively in exchange for Government rupees, at the rate of 7 53344 grains troy of fine gold for one rupee, on the following conditions

- (1) Such coin or bullion must be fit for coinage
- (2) The quantity tendered at one time must not be less than 50 tolas
- (3) A charge of one-fourth per mille will be made on all gold coin or bullion which is melted or cut so as to render the same fit for receipt into the mint
- (4) The mint master, on receipt of gold coin or bullion into the mint, shall grant to the proprietor a receipt which shall entitle him to a certificate from the mint and assay masters for the amount of rupees to be given in exchange for such coin or bullion payable at the General (Reserve) Treasury, Calcutta or Bombay. Such certificates shall be payable at the General Treasury after such lapse of time from the issue thereof as the Comptroller-General may fix from time to time

No. 2,663

In supersession of the notification by the Government of India in the Financial Department, No 3,287, dated the 23rd October 1868, which is hereby cancelled, the Governor-General in Council is pleased to direct that, from and after the date of this notification, sovereigns and half-sovereigns of current weight coined at any authorised Royal Mint in England or Australia shall be received in all the treasuries of British India and its dependencies, in payment of sums due to the Government, as the equivalent of fifteen rupees and of seven rupees and eight annas respectively

ACCOUNTS AND FINANCE—PAPER CURRENCY

No 2,664

June 26, 1893

In exercise of the powers conferred by the Indian Paper Currency Act, 1882, as amended by the Indian Coinage and Paper Currency Act, 1893, and of all other powers enabling him in this behalf, the Governor-General in Council is pleased to direct that currency notes shall be issued by the Head Commissioner of Paper Currency, Calcutta, and by the Commissioner of Paper Currency, Bombay, on the requisition of the Comptroller-General, in exchange for gold coin or gold bullion, at the rate of one Government rupee for 7 53344 grains troy of fine gold. Sovereigns and half sovereigns of current weight coined at any authorised Royal Mint in England or Australia shall be taken as the equivalent of fifteen rupees and of seven rupees and eight annas respectively

J F FINLAY,

Secretary to the Government of India

No 4

LEGISLATIVE DEPARTMENT

ABSTRACT OF THE PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR-GENERAL OF INDIA, assembled for the purpose of making Laws and Regulations under the Provisions of the Acts of Parliament 24 & 25 Vict cap 67, and 55 & 56 Vict cap 14

The Council met at Viceregal Lodge, Simla, on Monday, the 26th June 1893

PRESENT

His Excellency the Viceroy and Governor General of India, G C M G, G M S I,
G M I E, presiding

The Hon Sir P P Hutchins, KCSI.
 The Hon Sir D. M. Barbour, KCSI
 The Hon Sir A. B. Miller, Kt., Q.C.
 The Hon Lieutenant-General H. Brackenbury, C.B., R.A.
 The Hon Sir C. B. Pritchard, K.C.I.E., C.S.I.
 The Hon J. L. Mackay, C.I.E.
 The Hon A. S. Lethbridge, M.D., C.S.I.
 The Hon W. Mackworth Young, C.S.I.

NEW MEMBER

The Hon. Mr Young took his seat as an additional member of Council.

INDIAN COINAGE ACT, 1870, and INDIAN PAPER CURRENCY ACT, 1882, AMENDMENT BILL

The Hon Sir David Barbour said—"I have an important Bill to introduce which affects the Indian monetary standard, and as it is essential that the Bill should, if approved, be passed at the present sitting of this Council, I beg that the standing orders may be suspended."

His Excellency the President declared the rules to be suspended.

The Hon Sir David Barbour said—"I now move for leave to introduce the Bill, which is intended to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882, with the object of altering the Indian monetary standard from silver to gold. It is not intended to do more at present than stop the free coinage of silver at the Indian mints, and, as a provisional arrangement to provide for the issue of rupees at those mints in exchange for gold at the rate of 1s 4d per rupee. The making gold coins legal tender, the settlement of the permanent rate of exchange between gold and the silver rupee, and the other measures necessary for the final and effective establishment of a gold standard in India, will be provided for by future legislation and in the light of future experience.

"If it had fallen to my lot to introduce this Bill some twenty years ago, I have no doubt that it would have been received with some surprise, and would have met with considerable opposition. It certainly would have been necessary for the mover of such a Bill to explain at great length the nature of a monetary standard, the dangers which might be expected if India maintained the silver standard, and the advantages to be gained by substituting gold for silver, and it would have been difficult at that time to have brought forward arguments in support of so momentous a change which would have commanded general assent.

"The events of the last twenty years and the discussions to which they have given rise have, however, greatly simplified my task. We are only too familiar with the evils from which we have suffered in recent years, and the gloomy prospects before us, if we retain the silver standard, are fully recognised.

"Nevertheless, the question of the monetary standard is surrounded by so many difficulties, and the change which it is now proposed to make will have such far-reaching results, that I must trespass on the patience of the Council, while I review, as briefly as may be, the history of the use of the precious metals as money, and show in what way, and under what circumstance, we have arrived at our present position, what lies before us if we retain the silver standard, and why it is that Her Majesty's Government and the Government of India have come to the conclusion that we must attempt the formidable task of altering the Indian monetary standard from silver to gold.

"Very many articles have been used as the standard of value in different countries and at different times, but for reasons which will be found in any work on Money, and which I need not enumerate, gold and silver were soon discovered to be the best materials for use as a standard of value and medium of exchange in countries which had any pretensions to civilization, and they came to be known, in a special sense, as the precious metals. There is no doubt that in the first instance they passed from hand to hand by weight, as they still do in many parts of China.

"In countries where both metals circulated in this manner trouble and confusion arose, as they have arisen in the present day, from variations in the relative value of the two metals. The rulers of such countries found it necessary to declare the ratio

the persons who collected taxes and those who paid them, and no doubt, also, to get rid of the risk of fraud on the part of the tax collectors. The fixing of a ratio had, as we now know, a remarkable influence under certain conditions in preventing or limiting fluctuations in the relative value of the two metals and producing comparative stability, and the practice to which I have just referred is the origin of what has been known in recent years by the somewhat awkward name of bimetallicism—a system which has prevailed, in a more or less imperfect form, from the earliest times up to a very recent period.

"I shall have occasion to refer at a later period to this system of using both metals at a ratio declared by authority, but for the present I pass to the next great step in the development of the standard of value and medium of circulation, namely, the introduction of the practice of coining. I need not enlarge on the advantages which resulted from the introduction of this reform, as the convenience is obvious of having the weight and fineness of the pieces of metal in daily use as the circulating medium certified by authority.

"One invention leads to another, and from the introduction of the practice of coining and of the issue of coined money by authority sprang the idea of legal tender.

"In very early times a creditor could demand his shekel of fine silver, but subsequently he became entitled under the law only to what the ruler of the country or his officers certified to be a shekel of fine silver.

"The most valuable inventions are liable to be abused, and the invention of coined money issued as legal tender has not proved an exception to the rule. As rulers in early times were subject to little restraint, and not usually more enlightened than their subjects, they were readily induced to make a profit by certifying, as (say) a shekel of silver, a coin which contained less than the full quantity of metal. It was an easy transition from a debased coin to a coin made of a totally different metal, and from that to something which was neither coin nor metal.

"The best example of proceedings of this nature with which we are familiar in the present day is the issue of what is called inconvertible paper money, or, in other words, pieces of paper which the Government of the day declares to be legal tender, but which are not convertible into coin, and which depend for their value partly on the limitation of the quantity issued and partly on the hope that they may some day be made convertible into coin on demand.

"I have now shown that the progress towards a monetary standard, as the phrase is understood in the present day, has consisted of a few simple steps which, however, required thousands of years for their accomplishment and for the general recognition of their utility.

"Among these steps was the fixing of a ratio, or rather the declaring by authority of the existing ratio, between gold and silver with the object of facilitating monetary transactions in countries where both gold and silver money circulated. This practice had an important secondary effect in tending to maintain stability of relative value, it has only been generally abandoned during the last twenty years, and it is the abandonment of this system which has plunged us into our present difficulties in India. It is useless for us to discuss at the present time whether that change of practice was or was not a beneficial reform, or whether or not it could have been avoided. There are those who hold that the change was, or will be, beneficial, and that it was an inevitable step in the progress of the world towards a perfect monetary standard. There are others who hold that it was a rash and dangerous innovation, and that the sooner we retrace our steps the better.

"I express at the present time no opinions on this question, it is sufficient for our purpose to note the fact that the change was made; that serious consequences have flowed from it which were not foreseen, and that it has plunged India into a sea of monetary troubles.

"The Government of India have failed in their efforts to induce the great nations of the world to establish the old system, and it is not the business of practical statesmanship to waste time in vain regrets for what might have been in the past, but rather to accept the inevitable and devote attention to making the most of the present and the future. As, however, this important departure from the old system of double legal tender has had such serious consequences during the past twenty years, as the consequences of the change are not yet exhausted, and as it is this change which has led to the present proposal to alter the Indian standard from silver to gold, I consider it necessary to note, as briefly as I can, the course of events which led up to it and

"In the middle ages the monetary standard of England was silver, and it was not till the reign of Edward III that a successful attempt was made to put gold coins into circulation, but from that time both gold and silver coins continued to circulate in England, the ratio of exchange between them being declared from time to time by Royal authority. The legal standard of the country continued to be silver, but coins of both metals were in circulation and were frequently debased, and the ratio of exchange altered.

"What I have just said of England might, I believe, be said with equal truth of most European countries at that time. The inconvenience and loss to honest traders must have been enormous, and such as would not be borne for a day at the present time. Business was, however, conducted on very different principles from those which now prevail, the margin of profit was larger, and those who made their living by trade and commerce had to take things as they found them, since they possessed no means of applying a remedy. Our gigantic modern system of manufacture, trade, and finance would have been simply impossible under such standards of value as the traders of former times had to accept.

"Among other fallacies which prevailed in those days, it was commonly held that the wealth of a country depended on the quantity of gold and silver money which it contained. The measure of wealth had come to be mistaken for the wealth itself. It was quite a common practice for a ruler to deliberately overvalue the gold coins with the intention of attracting gold from foreign countries and great surprise was experienced when it was found that the over-valuation of gold necessarily involved the under-valuation of silver, and that, though gold was attracted by this device, silver was exported to an equal extent, and no alteration was effected in the aggregate quantity of gold and silver contained in the country. Laws were passed against the export of both gold and silver, but such laws were, of course, easily evaded.

"It is difficult to imagine a more exasperating state of things than that under which both gold and silver circulated in different countries at rates fixed independently by the ruler of each country and altered from time to time with the object of attracting gold or silver from neighbouring countries. These evils appear to have reached their climax in England in the reign of James I. There is no doubt but that the large influx of silver from America after the year 1545 tended to lower the value of that metal, but it has always seemed to me that the great alteration in relative value which took place between 1620 and 1650 was largely due to the meddling with the legal ratio which took place in England and adjoining countries at that time. There was no such alteration in the relative production of the two metals during those years as would suffice to account for it.

"After 1660 there was no serious fluctuation in relative value down to comparatively recent times—a fact which I ascribe to the growing recognition of the futility of attempting to attract the precious metals from other countries by altering the legal ratio.

"In the reign of William III, however, events occurred which have had a most important influence in shaping the monetary policy of Europe in the present century, and which require special notice. In that reign the currency of England fell into the most extraordinary state of confusion owing to the fraudulent clipping of the silver coin, and the gold coins commanded a very high premium for a time. When the debased coins were called in and new and full-weight coins were issued in their place, great trouble was experienced in reducing the premium on guineas. This premium was gradually brought down by executive order, but the final order left the guinea overvalued as compared with the silver coins, with the inevitable result that the new and full-weight silver coins were exported, and the currency of England became gold coins, supplemented by light weight silver coins which it was not profitable to export. The legal standard of the country continued to be silver.

"This state of things lasted till 1798, when the value of silver fell relatively to gold, and it once more became profitable to bring silver to the mint to be coined. By this time the English people had become accustomed to the use of gold, and an Act was passed expressly prohibiting the free coinage of silver. In the beginning of the present century the currency of England was composed of nonconvertible and depreciated paper, and when, after the close of the great war with Napoleon, a return was made to specie payments, the legal standard of England was declared to be gold, mainly, I believe, on the ground that by their use of gold instead of silver for over 100 years the English

tomed to use gold because gold had been overvalued in the first instance, and, not, as has been sometimes said, because they were originally so strongly attached to gold that debtors preferred to pay their debts in gold at a loss to themselves rather than use silver. There never has been in the history of the world, and there never will be, until human nature ceases to be what it is, a case in which of two sets of coins circulating side by side the dealer will drive out the cheaper.

"The formal adoption of the gold standard by England had no appreciable effect on the relative value of the two metals, because the majority of nations still adhered to the silver standard, and the system of double legal tender prevailed extensively, especially in France, where there has always been a great store of the precious metals.

"This state of things lasted till the year 1873, and, notwithstanding the great increase in the production of gold owing to the discoveries in California and Australia, the disturbance in value was comparatively slight. So great was this stability that its continued existence came to be accepted almost as a law of nature, which would never be broken, and an eminent economist—Professor Cairnes, of whom I desire to speak with the greatest respect—actually placed the following opinion on record in the year 1872:

'I may now say (1872) that I am disposed to assign much less importance to this question of a change in the monetary standard of India than I did when the above passage was written. The reasoning assumes the probability of a serious divergence in the relative value of gold and silver, but I now believe that such a divergence is practically out of the question.'

"I call special attention to the fact that this opinion was placed on record by one of the ablest economists of the present century in the year 1872, or in other words, just before the beginning of those fluctuations in the relative value of the precious metals, and of that depreciation of silver as compared with gold which have brought this country within a measurable distance of bankruptcy. We can now see that in reality the position in 1872 was full of danger. Gold and silver were both used as standard money, and divided the monetary work of the world between them, for a long period there had been comparative fixity of relative value between the two metals, but the causes of this steadiness, the importance of maintaining it, and the readiness with which it could be destroyed were, practically, unrecognised and unknown.

"On the other hand, the eminence which England—the sole gold using country of any importance—had attained in manufactures, commerce, and finance had unconsciously led many people to believe that there must be some special virtue in the gold standard; and as there seems to be a prejudice in favour of the metal which contains most value in little bulk, and gold had become relatively much more abundant than in former times, the monetary system of the world was in what may be termed a state of unstable equilibrium, and we were on the eve of changes which have produced a monetary revolution which is still in progress, and the force of which is far from being exhausted.

"We all know how the change was brought about. Germany altered her standard from silver to gold. France and the other States of the Latin Union closed their mints to silver. The United States, where the currency was for the time inconvertible and depreciated paper, abandoned the system of double legal tender, a change which had the most serious results when a return was made to specie payments.

"Other nations followed in the same direction, and in India we were suddenly brought face to face with the great currency problem in the most disagreeable form by finding that the gold prices of silver fell, while the exchange on England went down and became subject to excessive fluctuations.

"It so happened that I was employed in the Finance Department of the Government of India at the time, and my recollection is that, in the first instance, the general impression was that the mischief was due to the great Comstock Lode, which was supposed to be pouring out unlimited quantities of silver. Discussions and inquiry followed, and gradually it came to be recognised that probably the most momentous currency change that has ever taken place had been carried out with, I may say, the most complete failure on the part of the civilised world to recognise the nature of the change or to appreciate the consequences that must follow. The question has been investigated by a Special Committee of the House of Commons and by a Royal Commission. It has formed the subject of three International Conferences and given rise to a flood of currency literature. I will not say that no progress has been made in the education of the public mind, for I am satisfied that very much light has been

years But, I am sorry to say, increase of knowledge has not led to unanimity of opinion, and, what is more to be regretted, it has not led to the application of any remedy

"The disputants may roughly be divided into two camps—those who urged that the world should return to the old system of double legal tender, and those who maintained that financial salvation was not to be found outside the pale of monometallism. The thorough-going monometallists advocated the gradual extension of the single gold standard to the whole civilised world, silver having become, in their opinion, a discredited metal, no more worthy to be treated as a standard of value than cowries or cockle shells. Another, and I believe a larger, section of the gold camp favoured the adoption of the gold standard by one-half the world, and of the silver standard by the other. The latter proposal always appeared to me to be wanting in the elements of finality. It would have left the civilised world exposed to the evils of a break of monetary gauge, and I was unable to discover any good principle on which it could be decided what countries should adopt the gold standard and what countries should adopt the silver standard, or how a country could be prevented from deserting from one standard to the other with all the attendant monetary disturbance which necessarily results from such changes.

"It was said at one time, and I believe quite seriously, that all the rich countries should choose gold and the poor ones silver. It is instructive to form a mental picture of the proceedings of an International Conference assembled for the purpose of settling the monetary affairs of the world in accordance with this remarkable principle. Unanimity of opinion would, for the first time in the history of such conferences, be secured, but it would be secured by the representative of every nation declaring that he appeared on behalf of an undoubtedly wealthy and solvent community, and one that was determined to march in the van of civilisation. If by any accident a nation could have been found willing to admit that it was too poor to enjoy the luxury of a gold standard, it would have been necessary for it, in order to maintain the currency equilibrium, to admit not merely that it was poor in the present, but that it intended to remain poor in the future, as any access of wealth at a future date would have involved the adoption of the more fashionable standard.

"For my part I have always recognised that there was no permanent halting place between a return to the old system of double legal tender and the gradual extension of the gold standard to all civilised countries.

"In the very first financial statement which I had the honour to deliver in this Council, I made the following remark—

"It is needless to say that the question of the future relations between the gold and silver standards is one of great importance for India. The present condition is not one of permanent equilibrium. Either there will be continuous progress in the direction of demonetising silver and substituting gold, or the world will revert to the old system of double legal tender.

"In the twenty years during which the Battle of the Standard has raged no practical measures have been taken for the purpose of restoring the old stability of value between the precious metals, and the only measure that has been adopted with the view of maintaining the value of silver is the purchase of that metal by the United States. That country has made a great effort to maintain the value of silver, firstly, by large purchases under what was known as the Bland Bill, and latterly by still larger purchases under the Sherman Act. As it happens the purchase of silver by the United States have latterly been contemporaneous with one of those great increases in the production of that metal of which the history of the precious metals affords several examples. The Government of India have also kept open their mints, and in recent years India has absorbed a very large amount of silver. But the crisis to which I called attention in March 1889 has at length arrived. No international agreement has been obtained, Austria-Hungary and Roumania have definitely adopted the gold standard, and Russia is known to have accumulated large quantities of that metal. When I explained the financial position of the Government of India at the beginning of the current year, I had to point out that in two years the fall in the rate of exchange had added Rs. 4,142,000 to the Indian expenditure. Gloomy as was the account which I then rendered to this Council, I am far from suggesting that the case was hopeless if only we could have secured some stable rate of exchange. On the contrary, I am satisfied that if exchange did not fall below the very low figure taken

would not fall below the very low figure of last March, and that there was, and could be, no guarantee against frequent and excessive fluctuations. Above all we were exposed to the risk that the United States might suddenly cease to purchase silver. I estimate that, if these purchases were suddenly stopped, India would have to absorb a further sum of about Rs 8,000,000 worth of silver yearly, and an additional burden of this magnitude suddenly thrown on India's trade with Europe would have a depressing effect on exchange, the extent of which it is impossible to foresee. The additional expenditure imposed on India by this cause would have brought us to national bankruptcy or within a measurable distance of it.

"It has been urged upon me by an authority upon questions of Indian currency, and one whose opinions I highly value, that even in the case I have supposed, it would be better for India to repudiate her obligations, and accept bankruptcy rather than attempt to change her standard. That opinion I do not share, although I have been a bimetalist for years, am still a bimetalist, and am by no means certain that the Battle of the Standard will be finally closed by any measure this Council may pass to-day, or even by the cessation of her silver purchases on the part of the United States of America. For weal or woe, India has entered the ranks of civilisation. Her territory has been opened up by railways, the progress of human invention has brought her into close and daily contact with the great countries of the West, her trade and commerce increase year by year, and the tide has so far turned in her favour that she has made a most promising beginning in the export of manufactured goods. The adoption of the same standard of value as that of the countries with which she maintains intimate financial and commercial relations, and whom she hopes to rival, is a necessity of further progress, and the discredit of national bankruptcy cannot and will not be accepted on her behalf.

"The Government of India have striven long and earnestly for such a settlement of the currency question as would leave India in possession of the monetary standard to which she has been accustomed, and they have striven unsuccessfully. In the opinion of Her Majesty's Government, the time has come to take a new departure.

"A recital of the efforts which have been made by the Government of India during the last twenty years for a settlement of the monetary question would be a dreary catalogue of repeated failures. No practical purpose would be served by recalling them to mind at the present time, but it may not be uninteresting to the general public to call attention to the recent proceedings which have led up to that decision to establish a gold standard in India which I am now explaining to this Council.

"In the beginning of 1892 the Bengal Chamber of Commerce called the attention of the Government of India to the fluctuations in the relative value of gold and silver, and, with reference to the fact that the United States had invited the different Powers to a Conference for the purpose of considering the monetary question, the Chamber urged that the Government of India should promote an International Agreement for the free coinage of gold and silver at a fixed ratio, and that, failing any such agreement, steps should be taken to have the question of a gold standard for India carefully and seriously considered by competent authorities. The Government of India practically accepted the views of the Chamber, and recommended to the Home Government, firstly, that if the United States of America or any other Government should make proposals for the holding of an International Conference for the settlement of the silver question, the strongest support should be given to those proposals, and, secondly, that if it became evident that the International Conference was unlikely to arrive at a satisfactory conclusion, and if a direct agreement between India and the United States was found to be unattainable, the Indian mint should be closed to the free coinage of silver and arrangements made to introduce a gold standard.

"An International Conference was duly held, and the representatives of India took part in it, but no conclusions, satisfactory or otherwise, were arrived at, and no separate agreement between India and the United States was concluded. In the meantime, and before the International Conference met, a committee was appointed under the presidency of Lord Herschell to advise as to whether it was expedient that any steps should be taken to modify the Indian Currency Act. This is the Committee which has attracted so much attention in India, and which has recently made its report to the Secretary of State.

"It will be understood that the attention of this Committee was not directed to the question of the expediency or feasibility of obtaining a remedy by means of a settlement or by means of an agreement between India and the

a gold standard in India, that being the remedy which the Government of India had advocated in the last resource, and failing the other suggested remedies. The question referred to the Committee is thus stated in the first paragraph of their Report —

The question referred to the Committee by your Lordship is whether, having regard to the grave difficulties with which the Government of India are confronted through the heavy fall in the gold value of silver it is expedient that Her Majesty's Government should allow them to carry into effect the proposals which they have made for stopping the free coinage of silver in India with a view to the introduction of a gold standard. And if we are of opinion that there is no sufficient ground for overruling the Government of India, but that the measures by which they propose to attain their object require modification we are asked to offer any suggestion that we think fit for the purpose.

“The practical measures which the Government of India had proposed for the introduction of a gold standard into India, assuming that the other suggested remedies had failed, were the following—

- 1st, the stoppage of the free coinage of silver at the Indian mints by legislative enactment,
- 2nd, the grant of power to the Government of India to declare by notification that sovereigns were legal tender in India at any rate not exceeding 1s 6d per rupee

“It was not proposed that the mints should be opened to the free coinage of gold as soon as they were closed to silver or that a ratio should be declared at once between gold and the rupee; but it was intended that the effect of closing the mints should be watched for some time, and, if it were found that the rate of exchange was rising to an extent which was injurious to the welfare of the country, that the Government should interfere at once and check the rise by declaring the sovereign to be a legal tender at a certain rate. The highest rate which the Government of India were to be authorised to declare under any circumstances was 1s 6d per rupee.

“The Committee discussed the question of a gold standard for India in all its bearings. Their report will be published to-day in India and to that report I must refer those who wish for full information on the subject. They came to the conclusion that, although there are objections which possess weight to any attempt being made to introduce a gold standard into India, yet, in view of all the circumstances of the case, this is the course that should be adopted and they proposed one modification of the scheme put forward by the Government of India. The Government of India had proposed to close the Indian mints to the free coinage of silver, to take power to declare the sovereign to be a legal tender at a rate not exceeding 1s 6d per rupee, and to await the result of closing the mints, and be guided by the experience thus obtained in deciding on future action.

“To these proposals objection was taken on the ground that, if the mints were simply closed and no further steps taken there might be a sudden and considerable rise in exchange which would have injurious consequences and excite apprehension in the public mind.

“For these reasons the Committee recommended that, as soon as the mints were closed to silver arrangements should be made for the issue of rupees at the Indian mints in exchange for gold at the rate of 1s 4d the rupee, and for the receipt of sovereigns at the Indian Treasuries in payment of Government dues at the rate of fifteen rupees per sovereign. These proposals have been accepted by the Government of India and approved by Her Majesty's Government, and the Bill which I now propose to introduce is intended to give practical effect to the scheme.

“The Bill which I am about to introduce provides for the closing of the Indian mints to the free coinage of silver Government retaining the power to coin silver rupees on its own account.

The arrangements for the receipt of gold at the mints at a ratio of 1s 4d per rupee will be made by executive order, and so will the arrangements for the receipt of sovereigns in payment of sums due to Government at the rate of fifteen rupees for a sovereign.

“Gold coins will not for the present be made a legal tender, and consequently nobody will be compelled to receive them instead of silver rupees unless he is willing to do so.

the rupee at which gold shall be made legal tender, are matters which must be settled hereafter by legislative enactment and in the light of future experience "

The motion was put and agreed to

The Hon Sir David Barbour said — " I now introduce the Bill, and move that it be taken into consideration at once. The provisions of the Bill are extremely simple, and the only change of any importance that it is intended to effect by means of it is to provide for the stoppage of the free coinage of silver at the Indian mints

" As, however, the Bill, though so simple in itself, is intended to carry out a most important change in the Indian currency, I will explain its provisions in detail

" In the first place, the Bill repeals sections 19 to 26 (both inclusive) of the Indian Coinage Act 1870. These are the sections which provide for the coinage of all gold or silver brought to the mints by private persons. The quantity of gold brought to the mint for coinage is quite trifling, and as the gold coins now coined at the mint are not legal tender, and as they will doubtless be superseded altogether when gold is made a legal tender, it is undesirable that any more of them should be coined. This is the only change which is made in the Indian Coinage Act, 1870

" The Bill also repeals clauses (b) and (d) of section 11 of the Indian Paper Currency Act, 1882, and the proviso to that section

" Clause (b) refers to silver coin made under the Portuguese Convention Act, 1881, and as that convention has come to an end, the clause is no longer required

" Clause (d) provides for the issue of notes by the Department of Paper Currency in exchange for silver bullion or foreign silver coin, and if it were retained, it would permit of rupees being obtained for silver as at present

" The stoppage of the free coinage of silver at the Indian mints necessarily involves the repeal of clause (d), and the proviso ceases to have any meaning when clause (d) is repealed

" In section 12 of the same Act an allusion to clause (b), which is now repealed, is struck out

" Section 13 of the Indian Paper Currency Act provides for a portion of the metallic reserve of the Paper Currency Department, not exceeding one-fourth being held in the form of gold. As the standard of India will in future be gold, the limitation of one-fourth is no longer required, and so much of the section as limits the proportion of gold to one-fourth is repealed. Sections 14 and 15 of the Act are entirely repealed. They refer to bullion or foreign coin tendered under section 11, clause (d), or section 13, and they are no longer required because clause (d) of section 11 will now be repealed, and because it is not intended for the present that private persons should be allowed to tender gold for notes under section 13.

" Certain alterations are also made in sections 21 and 28 to bring these sections into accord with the Act as now proposed to be amended

" I may here mention that a notification will be issued under authority of section 13 of the Paper Currency Act, 1882, as now amended, providing for the issue of notes by the Paper Currency Department in exchange for gold on the requisition of the Comptroller General. The object of this notification is to enable that officer to pass gold into the Paper Currency reserve if it should accumulate to an inconvenient extent in the Government Treasuries

" A notification will also be issued under executive authority authorising the public treasuries to receive sovereigns of current weight in payment of Government dues at the rate of fifteen rupees for one sovereign

" Another notification will be issued under the same authority authorising the Masters of the Mints at Calcutta and Bombay to issue, under suitable conditions, silver rupees for gold at the rate of one silver rupee for 7 53344 grains Troy of fine gold. This corresponds to an exchange of 1s 4d per rupee

" These three notifications will be issued as soon as the Bill is passed

" Before calling on the Council to pass the Bill, it will be well that I should notice briefly some of the objections which have been taken to the introduction of a gold standard into India. These objections have been very fully discussed by the Committee of which Lord Herschell was President and the arguments for and against the proposal to introduce a gold standard into India will be found stated at length in their Report

" It has been said that the divergence in the relative value of gold and silver is due to the appreciation of gold and not to the depreciation of silver, and, if this

"With regard to this argument, I have a preliminary observation to make. The words appreciation and depreciation as applied to the standard of value are ordinarily used without a precise meaning being attached to them. They are words which I would rather not use at all if their use could be avoided, but in answering the argument to which I have just referred I must employ them, and I wish it to be understood that for present purposes I attach to them the somewhat indefinite meaning which is usually given to them. In other words, by appreciation or depreciation of the standard of value I intend to denote a rise or fall in value due to causes primarily affecting the metals themselves rather than the commodities of which the price falls or rises as the standard appreciates or depreciates. Using the terms in this sense, I have to remark that when gold and silver alter in relative value, it does not necessarily follow that the whole change is due to the appreciation of the one metal or the depreciation of the other. There may be simultaneously appreciation of one metal and depreciation of the other. Or a metal may appreciate at one time and depreciate at another. I must say that it does appear to me that there was appreciation of gold after 1873 rather than depreciation of silver. There was a greatly increased demand for gold at that time, while the production was rather falling off, and there was a very great fall in prices. These facts seem to me to point very clearly to appreciation of the gold standard, and there are other arguments leading to the same conclusion which I need not enumerate at present. On the other hand there is equally good evidence that silver has depreciated during the last few years. Notwithstanding the fall in the price of that metal, the total production has continued to increase rapidly, and, notwithstanding the fall in exchange, the imports of silver into India are larger than before. There has also been a distinct tendency during the same time towards a rise in Indian prices, and many complaints have been heard from persons on fixed incomes.

"The introduction of a gold standard at the present time may, therefore, be more correctly described as a measure intended to stop the present process of depreciation rather than as causing appreciation.

"It may, of course, be argued that there is likely to be an injurious appreciation of the gold standard in the future, and here we enter on a very debatable and speculative ground, and there is really no means of coming to a positive decision either one way or the other. The question appears to me to resemble those problems that certain people are so fond of putting forward, such as what will happen when all the coal in the world is used up. It is not possible to arrive at any conclusion on such questions, and from a practical point of view they possess little interest for us. If it is the case that the entire store of coal will in time be exhausted, we possess no means of averting that result, and we had better leave the problem to those who will be affected by such a calamity. At present the production of gold is increasing, and there appears every prospect of its continuing to increase for some years at any rate. Whether in the long run demand will outstrip supply to such an extent as to cause an injurious appreciation of the standard is one of those questions affecting the future which we have no means of deciding, and with which we need not concern ourselves.

"If gold does appreciate, we shall at any rate be no worse off than the other nations which have adopted that standard, on the contrary, we shall be better off, for we shall have escaped any appreciation which may have occurred in the last twenty years.

"Another objection is that with an overvalued rupee there will be great risk of false coining. I do not say that there will be no risk of false coining, but the experience of countries in which the silver currency has been overvalued for a number of years shows that this danger has been exaggerated. False coining on a small scale is not very profitable, and would not be productive of much mischief so long as the coins were made of good metal. False coining on a larger scale could not be carried on without the use of expensive machinery, and is practically impossible. In any case, if there is to be false coining, it will affect other countries long before it becomes common in India. The inducement to manufacture and issue false coin is the amount of profit to be made, and the amount of profit will be much greater in America, France, England, and other countries than it will be in India, because the silver coins will be overvalued to a greater extent in those countries than they will be in India.

"It has also been said that if India has a gold standard, the countries which retain the silver standard will have an advantage over India in the production of commodities.

international trade rest on a totally different basis, and it seems to me an obvious truism that our manufactures and our commerce will advance more rapidly under a system which gives India the same standard of value as her principal customers than they could possibly do under a system which give us one standard of value and our chief customers a different one the two standards varying in relative value from time to time in a manner which defied calculation

"There remain certain objections which appear to me to possess weight

"There is no doubt that the making of the rupee a token coin will be a source of loss and inconvenience to persons in India who possess uncoined silver, and that the adoption of a gold standard by India will injuriously affect to a greater or less degree our trade with silver using countries beyond sea, our trade with the Native States of India, and our frontier trade with Foreign States

"The answer to these objections is that the question of the adoption of a gold standard must be decided not with reference to any one consideration, or to a limited number of considerations, but after a careful examination of all the circumstances of the case, and that we must decide where the balance of advantage lies and act accordingly. It is true that persons who hold uncoined silver will lose, but, on the other hand, the same persons generally hold rupees also, and in respect of their coined silver they will gain. If our trade with silver-using countries will be injuriously affected, our trade with gold-using countries will be beneficially affected in a corresponding degree and the latter branch of our trade is much larger and more important than the former. It is more than probable that some of the silver-using countries with which we trade will also adopt the gold standard, and as time goes on the tendency will certainly be in that direction if we succeed in establishing gold as the standard of India. It is also quite possible that some or most of the Native States of India may decide to adopt the gold standard, and our land trade with foreign countries is not very important, and is subject to so many drawbacks already that a difference of standard will be anything but an insuperable obstacle

"There is one difficulty connected with the introduction of a gold standard into India which requires special notice. When the Indian mints are closed to the free coinage of silver, the currency of India will become a token currency of unparalleled magnitude without a reserve of gold, and this currency will be liable to have additions made to it by rupees by being returned to India from the various foreign countries in which they now circulate, and by rupees being transferred from the hoards in which they are now held

"Under such circumstances it may well be asked whether it will be possible for us to make the gold standard effective at once. In other words, will the rupee be worth as much as 1s 4d from this day forward?

"To this question I cannot give a confident answer, and I do not believe that it is possible for any one to do so. I have no doubt but that rupees will be returned from foreign countries, but I do not think the amount so returned will be excessive. There is some risk of large quantities of rupees being thrown into the circulation from hoards, and I was formerly of opinion that the probability of this course being followed amounted to a serious danger. In recent years I have attached less importance to this aspect of the question. I think that the process of bringing rupees out of the hoards in which they lie would in any case be slow, that it might never take place on any considerable scale, and that the risk would be greatly lessened if the business of establishing the gold standard be so managed as to maintain confidence and prevent panic. It may be that the gold standard can be made effective from the first, though it will not be secure until there is a considerable amount of gold in our treasuries and banks. Or it may be that the making of the gold standard effective, and the establishment of it on a secure basis, will involve a long and arduous struggle and necessitate heavy sacrifices. Time alone can show which view is correct. But whatever the sacrifice and trouble of attempting to establish a gold standard may be, they must be faced, and the object we have in view is one which would, I submit, justify us in running even greater risks. Our present position is not such that we can avoid risk and loss by avoiding action, and an attempt on our part to permanently maintain the silver standard under present conditions would, in my opinion, involve peril to this country of the most serious character."

The Hon Mr. Mackay said — "I have had occasion to say a good deal on the subject during the past year or two, and I do not consider it

" I am completely in accord with the provisions of the Bill just introduced by the Hon Sir David Barbour, and with the greatest deference I venture to congratulate your Excellency on having succeeded in bringing forward a measure which will have the effect not only of restoring the finances of the country to a satisfactory condition, but which will also impart to trade and commercial transactions that legitimate amount of certainty of which they have been deprived for the past twenty years. The measure at the same time relieves the country of that dread of additional and seriously disturbing taxation which has been weighing upon it for some time past. I look forward to a new era of prosperity and progress for India, and also to a great development of the resources of the country through the attraction which will now be given to British capital, and I look upon the assimilation of the English and Indian standards of value as a removal of the only barrier which has hitherto prevented India from taking her place amongst the great commercial and industrial nations of the world. It would have been well for India had the step taken by your Excellency's Government to-day been adopted fifteen years ago. In the interval not only has the natural progress of the country been retarded, but actual and serious injury has been inflicted on many important interests. However, it is useless to look back with regret on what might have been. We are content to accept the benefit, late as it is, which is now at last being conferred upon the country, and we look forward to the future with renewed hope and confidence."

The motion was put and agreed to.

The Hon Sir David Barbour said—"I now move that the Bill be passed and in so doing I wish to add a few words, by way of caution and advice, to what I have already said. It is impossible to exaggerate the importance of the step which Her Majesty's Government and the Government of India have taken in deciding to establish a gold standard in India, but that step has been taken after the fullest discussion and with a deep sense of the responsibility which has been incurred. It is the intention of the Government of India to carry the measure to a successful issue if it be within their power to do so, and I trust that they will receive the unwavering support of the Indian public in the course which they have adopted—a course which was adopted in the belief that it was essential to the welfare of the whole Indian community.

"If it should happen, as it may, that the gold standard is effectually established in India from this day, I desire to urge that no undue elation should be exhibited, and that no precaution should be relaxed. The change of the Indian monetary standard is a measure which will have far-reaching and possibly unexpected results, and the gold standard cannot be considered to have been securely established in India until it has stood the test of time, and borne the shock of those financial storms which sometimes arise in the clearest skies. On the other hand, I would equally urge that we should not give way to alarm and despair if we should find ourselves confronted with serious and unexpected difficulties. The measure which we are engaged in carrying out has been adopted both with a full knowledge that serious difficulties might be encountered, and with a firm determination to overcome them if it be within our power to do so. The secure establishment of a gold standard in India may be a work of time, and may involve heavy sacrifices, but what other road to safety is open to us? We all know the troubles that have been brought upon this country during the last twenty years by the difference of standard between India and England. Are we prepared to face another such period, and are our troubles likely to be less if we go back to the old state of things after hastily abandoning the attempt to establish a gold standard?"

"It has sometimes appeared to me that there were persons who held the opinion that the establishment of a gold standard would be a source of endless wealth to the Government of India. I know no good foundation for that belief. I hope and believe that the establishment of a gold standard will relieve the Government of India from an ever-growing cause of expenditure and from harassing fluctuations, and that it will promote the general welfare of the community. But the gold standard is not in itself a source of income, and it will be as necessary under a gold standard to practise the old fashioned virtues of economy and prudence as it was under the silver standard, and the neglect to do so will involve the same consequences in both cases. I will even go further and say that economy is specially incumbent on the Government of India.

difficulties of establishing and maintaining the gold standard will be enormously increased

"There are two lines of policy by which I think it is possible to promote confidence, and I earnestly commend them to those who may be entrusted with the management of the Indian finances during the next few years. The first is to take care that each succeeding year shall close with a substantial surplus, and the second is to avoid at all hazards any increase of the home charges

"I am afraid there is not much originality in these recommendations, but they are the best which one-and-twenty years' experience of Indian finance enables me to offer "

His Excellency the President said —"I should like to say a few words before I put the motion to the Council.

"We shall not, I trust, be considered open to criticism because we are disposing of this question—one of the most important which has ever come before the Legislature of this country—without going through the usual forms of our legislative procedure, and in the absence of those additional Members of Council who do not happen to be in Simla. It will be obvious to every one that, for reasons upon which I need not dwell, the decision which has been arrived at must be carried out forthwith, and that a prolonged discussion of this Bill, or even its amendment in any essential particular, would not be admissible

"We may, however, fairly contend that, if the question is being dealt with at this stage as if it were a matter of executive administration rather than one for the deliberate consideration of the Legislature, no question has ever been subjected to more thorough discussion out of doors than that with which we are concerned this morning. No debates in Council could be so instructive or so exhaustive of the subject as the discussions which have been proceeding in the public press and at public meetings upon the currency question during the last year or two

"There is therefore, I venture to think, no occasion for travelling again over the old ground, or for arguing at length whether it was, or was not, safe to leave this country at the mercy of a fluctuating exchange, or whether the alleged advantages accruing to certain branches of our trade under a falling exchange were, or were not, greater than the troubles and difficulties which have already overtaken us, or than those further troubles and difficulties which would have beset us had exchange been allowed to fall to a still lower level

"It was, I think, pretty well understood that the Government of India had some time ago arrived at a conclusion both as to the extent of the danger and as to the proper means of encountering it. The scheme, however, which we are laying before you does not rest upon our authority alone, and we are relieved from the necessity of justifying it, as we should have been expected to justify it, if it had been accepted by the Secretary of State merely upon our unsupported recommendation. We are in this position, that the proposal which we had laid before Her Majesty's Government a year ago is now accepted not only by them, but by that Committee of experts for whose verdict we have been waiting so impatiently during the last few months

"When the composition of that Committee is considered, when we remember how many different schools of economical science were represented upon it, when we recollect how confidently it was predicted, even up to the last moment, that its members could not possibly agree in their conclusions, the fact that they have found it possible to sign with practical unanimity the Report which will be published in to-day's Gazette, shows, I cannot help thinking, conclusively how strong our case was, and gives to the recommendations of the Committee a weight and a force which may be described without exaggeration as overwhelming. I feel, therefore, that I should be merely wasting the time of the Council, without contributing anything to the information which will shortly be accessible to the public, if I were to attempt to add to that which will be found within the limits of Lord Herschell's Report. I will, therefore, merely venture to call the attention of those who will read that remarkable State document to one or two of the conclusions which it has established. And here let me, in the name of the Government of India, and I hope, I may say, in the name of the people of this country, express our obligation to Lord Herschell and to his colleagues for the patience and thoroughness with which they have investigated this intricate problem, and for the thoughtfulness with which they have taken into their consideration aspects of a question in which so many interests and classes are

"The Report of the Committee will, in the first place, I think, render it no longer possible for any one to tell us, as we have sometimes been told, that this currency question was merely a grievance of the Indian services, or that the Government of India was interested in it only because we desired to extricate ourselves from the embarrassment occasioned by the instability of our finances. The Report of the Commission has, once and for all, shown that far wider issues than these are involved—issues affecting not merely certain interests and certain classes of the community, but every interest and every class throughout the Indian Empire.

"Upon the question of the effects of fluctuations in exchange upon the commerce of India the Committee speak with no uncertain voice. They report that there seems to be a common agreement amongst those who differ in their views upon almost all other points that trade is 'seriously harassed' by these fluctuations, and after a careful examination of the arguments adduced in support of this view, they express their opinion that 'it cannot be doubted that it would be well if commerce were free from the inconveniences of fluctuations which arise from a change in the relation between the standard of value in India and in countries with which her commerce is transacted'. And with regard to the deterrent effect of these fluctuations upon the investment of capital in India, they observe that 'there can be no doubt that uncertainty as to the interest which would be received for the investment, and as to the diminution which the invested capital might suffer if it were desired to retransfer it to this country, tends to check British investments in India'. That is precisely the view which has been again and again urged with great ability by the Association over which our hon. colleague Mr. Mackay has presided, and which has done such excellent service in familiarizing the country with the details of the currency question. It is a view which, as I have on more than one occasion publicly said, has always seemed to me indisputably sound, and it is satisfactory to find that this view is unreservedly accepted by Lord Herschell and his distinguished colleagues.

"In another passage of the Report the Committee mention that the evidence before them points to the conclusion that during recent years the silver price of Indian produce has risen, and they add that 'if, as experience shows wages respond more slowly to the alteration in the value of the standard, this rise in the price of produce must have been prejudicial to the wage-earning classes'. They sum up this part of the case in these remarkable words:

"The above facts give reasons for believing that the recent fall in silver, coupled with the open mint, has led India to import and coin more silver than she needs, and the worst of the evil is that it is a growing one. Every unnecessary ounce of silver which has been, or is being, imported into India is a loss to India so long as silver is depreciating in gold value for it is *ex hypothesi*, not needed for present use, and it can be parted with only at a sacrifice. So far as the open mints attract unnecessary silver to India, they are inflicting a loss upon the people of the country, and benefiting the silver-producing countries at the cost of India.

"While these are the effects which have been produced by fluctuations in the rate of exchange up to the present time, the Committee leave us in no doubt that the evils which we have hitherto experienced may be as nothing compared with those still in store for us if we are content to allow matters to drift.

"The Report dwells upon the large purchases of silver made by the Government of the United States under the Blanc and Sherman Acts, and upon the fact that, in spite of these purchases, the price of silver has fallen to its present low level. They go on to express their opinion that even if no change were to be made in the currency arrangements of the United States, the experience of the past would forbid the conclusion that the price of silver would be stationary at its present level. It would, they say, under these circumstances be imprudent to act on the assumption that no further fall is possible or even probable. It is, however, as we are all aware, a matter of notoriety that the early repeal of the Sherman Act is possible. The Committee dwell upon the heavy further fall which would certainly follow upon the repeal of the Act. They express their opinion that such a fall would not necessarily diminish the production of silver, and that under such circumstances 'it cannot be regarded as otherwise than within the reasonable bounds of possibility that the repeal of the Sherman Act might lead to a fall in the price of silver of even 6d per ounce or more, and that there might be no substantial reaction from the level thus reached.' 'It may,' the Com-

' last year, namely, £18,530,000 sterling, while the payment of £19 370,000 sterling, which is the present estimate of the drawings for 1893-94, would, at 1s 3d per rupee, require Rs 30,992,000, and at 1s 0d per rupee Rs 38,740,000, involving an increase of Rs 7,748,000'

" These are not the gloomy vaticinations of harassed and querulous Indian officials, but the deliberately expressed anticipations of such men as Mr Leonard Courtney, so well known as Chairman of Committees of the British House of Commons, and a recent convert to bimetallicism, Sir Thomas Farrer, for many years the distinguished Secretary of the Board of Trade, and an eminent political economist and free trader, and Sir Reginald Welby, the Secretary of the Treasury, an official of exceptional experience, who had, moreover, previously been a member of the Committee which in 1878 issued an unanimous report against another proposal founded upon the closing of the Indian mints to the free coinage of silver

" With these prospects before them, the Committee find themselves face to face with that dilemma to which reference was made in the discussion upon the financial statement at Calcutta in March of the present year. It is recognised that the Government of India has to choose between a change in its currency arrangements and the imposition of increased taxation, which, if the figures which I have just cited are to be taken as a guide might be of the most formidable and onerous character. The possibility of increasing our revenue by means of additional taxes is examined by the Committee in a series of paragraphs which I earnestly recommend to the attention of those who would have us leave the currency alone and restore equilibrium between income and expenditure by means of additions to the burdens of the country

' The Committee say that they are not in a position to determine whether the apprehensions which have been expressed to them that increased taxation cannot be resorted to without grave mischief are exaggerated or not, but they add this very significant observation

" 'It is not easy to see how the burden of the added taxation which would be requisite to counterbalance the fall in exchange could be made to rest on those who might with the most justice be subjected to it, or how the added revenue could be provided, except in a manner opposed to sound principles of taxation'

" I think, then, that I may sum up this part of the case by saying that it has now been established almost beyond controversy that to leave matters as they were meant for the Government of India hopeless financial confusion, for the commerce of India a constant and ruinous impediment, for the taxpayers of India the prospect of heavy and unpopular burdens, for the consumers of commodities a rise in the prices of the principal necessities of life, and for the country as a whole a fatal and stunting arrestation of its development

" My honourable financial colleague has explained to the Council the precise nature of the proposals of the Committee—proposals which we have thought it our duty to accept—and wherein they differ from those which we had ourselves submitted to the Secretary of State

" The scheme of the Committee may be described as being not so much an alternative to our own as a modification of it. It is our scheme with the addition of safeguards and precautions—safeguards and precautions which appear to us to be wisely conceived. The feature which both schemes have in common is the essential feature of both, both are based on the closing of the mints to free coinage with the object of eventually introducing a gold standard into India upon terms as equitable as can be devised in the interests of all concerned, and with a minimum of disturbance to the business of the country

" I may say, too, that both schemes have for their main object the prevention of a further fall in the value of coined silver rather than the enhancement of its value greatly beyond the present level. The difference between the Government of India and the Committee may be said to lie mainly in this, that the Committee have given more prominence than we had given to this aspect of the case. The keynote, so to speak, of the report is to be found in the opinion recorded in paragraph 135, to the effect that 'to close the mints for the purpose of raising the value of the rupee is open to much more serious objection than to do so for the purpose of preventing a further fall'

" It is then mainly with the latter object that the Committee advocate putting a stop to the free coinage of silver. That is a view which will, I cannot help thinking, be generally accepted as a just and reasonable one. The step recommended by the

words of Messrs. Farrer and Welby, 'not materially alter the present relations between debtor and creditor, but, on the contrary, prevent those relations being altered in the future by a further fall.'

"It has also this further advantage, that it provides an automatic means whereby it will be possible to prevent the closing of the mints from leading to a sudden and violent disturbance in the rate of exchange. I refer of course to the provision that any person may hereafter bring gold to the mints and obtain for it rupees at the rate of 1s 4d per rupee, and that gold may be tendered in payment of Government dues at the same rate, which is equal to one sovereign for Rs. 15. I need scarcely explain that the effect of this will be that, should exchange show a tendency to rise in the open market beyond the rate originally fixed, should it, for example, rise to a ratio giving, let us say, 1s 4½d as the equivalent of the rupee, or something less than Rs. 15 for the sovereign, it will at once become advantageous to bring gold to the mint, and to exchange it at the full rate of one sovereign for Rs. 15. In this manner, by a self-acting process, a rise beyond the level which has been provisionally indicated will be rendered impossible so long as that limit remains in force.

"These precautions, will, I hope go far to allay the apprehensions of those who mistrust the idea of any attempt by Government to increase artificially the value of its currency. Upon the other hand, the provisional ratio which the Committee has recommended, and which may, should circumstances hereafter require it be raised, is sufficiently high to afford the Government of India immediate and substantial relief from its most pressing difficulties. Had the ratio been fixed lower in the first instance I do not see how it would have been possible for us to avoid adding to the taxation of the Empire.

"I would venture to ask those who take exception to the enhancement of the gold value of the rupee from the rates prevalent lately to 1s 4d upon the ground that such a fluctuation involves a disturbance of the markets whether this small fluctuation is comparable in its importance with those to which we have had to submit during the last few years, and to which, if we were to leave matters alone, we should, no doubt, still be exposed.

"I will only add for the benefit of those who may not have leisure to study the report that there should be no mistake as to the following points.

"First, although we propose to introduce a gold standard, no attempt is to be made to get rid of the silver currency to which the people of this country have been so long accustomed. The experience of other countries, as to which the report has much to say, [and there is no part of it which is better worth reading] has, the Committee tells us, shown that it has been found possible by the adoption of different systems to maintain a gold standard and a substantial parity of exchange with the gold-using countries of the world without a gold circulation, without a large stock of gold currency, and even with a silver currency not legally convertible into gold. The Committee admit, with the fairness which characterises their report that in no one of the countries of which they have cited the example has silver been so largely and so exclusively used as in India, and there can be no doubt that, as Sir Thomas Farrer and Sir Reginald Welby have put it in their separate report, the effect of this measure will be to give us a token currency of unparalleled magnitude. The Committee sum up this part of the case by the very reasonable observation that, although the cases of Scandinavia, Holland, Canada, the Dutch East Indies, and the countries of the Latin Union are not in all respects applicable as precedents to the case of India, the experience derived from the currencies of those countries is not without value as bearing on the questions which we have to consider.

"In the second place, it will be observed that for the present no attempt will be made to fix the legal tender price for gold. In this respect also the proposals of Lord Herschell's Committee differ from ours for reasons which have been explained by the honourable financial member.

"Thirdly, it will be seen that the ratio recommended by the Committee is fixed provisionally and not permanently, and that the provisional ratio is well within the limits of recent variations.

"I might say more, but I feel that I cannot add usefully to what has been already said with an authority to which I cannot pretend in the Report of the Committee. I will make one other observation only. It is true that our responsibility in this matter

very deeply the gravity of the step which we are about to take. For myself, I may say that I hold very strongly that all attempts to give a fictitious value by legislation to money or commodities are upon principle to be deprecated. The less Government has to do with such enterprises, the more we can trust to the ordinary influences of demand and supply, and to the open traffic of the markets, the better for all concerned. But a time may come when inaction is no longer possible, and when a Government would be unworthy the name of a Government if it were to stand aside and leave things to take care of themselves. We believe that such a time has come in India, we believe with Lord Herschell's Committee that a further fall in the gold value of silver is probably imminent, and that such a fall would have disastrous effects for this country if we were still to allow its mints to remain open for the receipt and coinage of any quantity of a depreciated and discredited metal. We know that other countries have discarded that metal and have prospered, and we see no reason why we should be precluded from following their example. We have borne long enough with a state of things which is becoming more intolerable with every year that passes, and which in all human probability would have become more intolerable still. We feel that, holding these views, we should be culpable if we did not attempt to place the finances of India on a more stable basis. We admit the immense difficulty of the problem and the uncertainties by which it is surrounded, and we offer this solution not as one which is ideally perfect, but as the best which can be devised.

"We are hopeful that it will afford relief not to ourselves merely to our employes, but to the country as a whole. We are however, far too well aware of the intricacy of the problem and of the risks attending such an experiment as that which we are about to try to take this momentous step with a light heart. In a case of this kind, the most obvious economic and scientific laws do not always prevail. You may provide for all the known factors in your calculation only to find that there are others which you have overlooked or been unable to estimate. But, in spite of these misgivings, we earnestly hope that our proposals may be fruitful of good, that the commerce of India may be relieved from an impediment which has retarded its progress, that the Government of India may be enabled to meet its obligations without adding to the burdens of the taxpayer, and that capital will flow more freely into this country without the adventitious stimulus which we have hitherto been unable to refuse. We trust finally, that in process of time sufficient reserves of gold may be accumulated to enable us to render our gold standard effective, and thereby to complete the great change towards which we are taking the first steps to-day."

"Time only can show whether all these hopes will be fulfilled or be disappointed. In the meanwhile, I earnestly trust that even those who regard this measure with most suspicion or reluctance will give us credit for having had the courage of our opinions, and for having taken the only course which seemed to us likely to relieve this country of a burden which has, we believe, seriously affected its welfare in the past, and which would, unless we had intervened, has still more seriously paralysed her energies and retarded her advance in the future."

The Motion was put and agreed to

The Council adjourned to Thursday, the 20th July 1893

S HARVEY JAMES,

Secretary to the Government of India,
Legislative Department.

Simla, the 26th June 1893