

- 1) Papers relating to Silver. 1885. (India).
X61.2.J8 B5
- 2) Despatch relating to Coinage of India 1806.
X61.2.N ABC
- 3) Correspondence respecting the proposals on
Currency made by the Govt. of India 1898.
X61.4.M98t: C9
- ✓4) Copy of the Despatch of the Secretary of State
to the Governor General on the Report of the
Indian Currency Committee (Howler Committee). 1898.
- ✓5) Report of the Indian Currency Committee 1898.
X61.2.M98t C9
- 6) Correspondence with the Bank of England & Messrs.
Montague & Co. relating to the purchase of
Silver in 1912.
X61.2.N1 E2
- 7) Papers relating to the establishment of Mint
for Gold Coinage in India 1913.
X61.2.N12 B3
- ✓8) Report - Committee on Exchange & Currency
(Battington Smith Committee) 1920.
X61.2.N19t FO

EAST INDIA (SILVER QUESTION).

RETURN to an Order of the Honourable The House of Commons,
dated 15 June 1885—*for*,

“COPY of EXTRACTS of PAPERS from HER MAJESTY’S REPRESENTATIVES
and CONSULS in FOREIGN COUNTRIES having reference to the SILVER
QUESTION (in continuation of Parliamentary Paper, No. 369, of Session
1879).”

India Office, }
15 June 1885. }

J. A. GODLEY,
Under Secretary of State.

(*Mr. Kynaston Cross.*)

Ordered, by The House of Commons, to be Printed,
15 June 1885.

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COPY OF EXTRACTS OF PAPERS FROM HER MAJESTY'S REPRESENTATIVES
and CONSULS IN FOREIGN COUNTRIES having reference to the SILVER
QUESTION (in continuation of Parliamentary Paper, No. 369, of Session
1879).

AUSTRIA-HUNGARY.

REPORTS by Consul *Nathan* on the Trade and Commerce of Austria.

1878.

THE most interesting event in 1878 was the progressive depreciation of the value of silver, which brought this metal to par with paper currency, an event unknown in Austria for the last 20 years. But this was certainly not owing to any exertions on the part of this country; and there is reason to fear that, as soon as the price of silver rises in London, the premium on silver will again make its appearance in Austria.

AUSTRIA-
HUNGARY.

IMPERIAL AND ROYAL MINT.

The specie coined in Vienna and Kremnitz in 1878 consisted of the following kind, viz. :—

A.—VIENNA.

	Pieces.	Florins.
Silver Coin—		
At 2 fl. - - - - -	147,258	294,516
At 1 fl. - - - - -	18,963,073	18,963,073
TOTAL - - - - -	19,110,330	19,257,589
Copper Coin—		
At 1 kr. - - - - -	15,892,000	158,920
Gold Coin—		
4-ducat pieces, at 19 fl. 20 kr. - - -	23,376	448,819
1-ducat „ at 4 fl. 80 kr. - - -	280,968	1,348,622
8-fl. pieces - - - - -	125,108	1,013,334
4-fl. „ - - - - -	6,820	27,621
TOTAL - - - - -	436,262	2,838,396
Coins for the Levant Trade—		
Levantine dollars, at 2 fl. 10 kr. - - -	1,831,271	3,854,515
TOTAL Coinage in Vienna - - - - -	37,269,863	26,109,419
Against 1877 - - - - -	16,519,584	19,468,353
Increase - - - - -	20,750,279	6,641,066

PAPERS RELATING TO SILVER.

AUSTRIA-
HUNGARY.

B.—KREMnitz.

	Pieces.	Florins.
Florins - - - - -	5,717,374	5,717,374
1 kr. - - - - -	4,478,164	44,781
Gold Coin—		
At 8 fl. - - - - -	307,756	2,492,816
At 4 fl. - - - - -	14,888	60,094
TOTAL - - - - -	10,518,121	8,816,064
Against 1877 - - - - -	3,039,114	4,922,703
Increase - - - - -	7,479,007	3,892,361

Both mints, therefore, produced 47,787,984 pieces, of the value of 34,424,483 fl.

The FLUCTUATIONS of the PREMIUM ON GOLD and SILVER.

In 1877 the premium on gold and silver was influenced by the divers phases of the Eastern Question and by the course of the Russo-Turkish war. In 1878 the political situation and the rising and falling of the price of silver in London caused the fluctuations of the price of specie.

That the political situation influences the higher or lower state of the premium is proved by looking to the respective dates and rates. In this way we find that the premium on silver varied between six and seven per cent. from the end of February 1878, until the first days of May of the same year, and that it reached its culmination on the 29th of March, on which day it was apprehended that England would be forced into a war. On this day also the premium on gold reached its maximum, *i. e.*, 22·6 per cent. But in the second half of the year 1878, after the conclusion of the Treaty of Berlin, in spite of the Bosnian occupation, the silver market in London showed a continual depression, and on the 30th of August the premium on silver in Austria had entirely disappeared, and, with very trifling exceptions, it remained the same until the 31st of December 1878.

That the political events also influenced the fluctuations of the premium on gold is made clear by the daily rates of exchange, and their average in the months of March and April, and the influence of the fall of the price of silver on the premium of gold may be judged by a comparison of the average of the monthly prices of both metals, by which it will be seen that the difference increased as soon as silver approached or reached par.

The monthly average of rates of the premium on precious metals was the following, *viz.* :—

	Silver.	Gold.	Difference.
January - - - - -	103·64	118·74	15·10
February - - - - -	104·88	118·60	13·72
March - - - - -	105·67	119·39	13·72
April - - - - -	106·57	122·12	15·55
May - - - - -	106·33	121·43	16·10
June - - - - -	102·80	117·74	14·94
July - - - - -	100·92	116·47	14·55
August - - - - -	100·61	115·72	15·11
September - - - - -	100·08	116·53	16·45
October - - - - -	99·98	117·84	17·86
November - - - - -	100·00	116·82	16·82
December - - - - -	100·02	116·66	16·66
Year of 1878 - - - - -	102·54	118·05	15·51
1877 - - - - -	109·36	123·19	13·83

This list shows that the average of the difference of the rate of premium on gold

gold and silver was, in 1878, by 1.68 per cent. higher than in 1877. Now, as the difference was at the highest during the past four months, when silver nominally was under par, it is clear that the price of silver was directed by the fluctuations of the London market, whilst the premium on gold has risen in consequence of the political horizon, which, in the last four months of 1878, seemed clouded through the Bosnian occupation.

AUSTRIA-
HUNGARY.

1879.

The abundance of money in Austria must be attributed to the large import of silver. At the end of 1878 the circulation of Bank and State notes amounted to 652,000,000 fl.; at the end of 1879 only to 620,000,000 fl., showing a decrease of 32,000,000 fl. According to calculations, however, the coinage of silver amounted to 80,000,000 fl. and more, which proves that money resources had increased by about 50,000,000 fl.

1880.

The traffic of precious metals was as follows:—

Import of Silver:—		Florins.
1879	- - - - -	41,358,971
1880	- - - - -	6,965,217
TOTAL		48,324,188
Import of Gold:—		
1879	- - - - -	21,355,000
1880	- - - - -	21,129,900
TOTAL		42,484,900
GRAND TOTAL		90,809,088

against an export to the aggregate amount of 26,605,679 fl. This proves that the stock of precious metals increased by about 64,000,000 fl. within the last two years.

The import of precious metals fell off considerably from that of 1879; adding, however, the sums of both years, a considerable increase of the means of circulation can be noted.

The Import in 1879 amounted to—

	Florins.
In gold	21,129,900
In silver	41,358,971

In 1880 to—

In gold	21,355,000
In silver	6,965,217

TOTAL 90,809,088

The Export in 1879 amounted to	7,985,428
In 1880 to	18,620,251

TOTAL 26,605,679

which shows that a sum of 64,203,409 fl. in precious metals was retained in this country.

AUSTRIA-
HUNGARY.

The premium on gold was, for the same time, as follows:—

At the end of—					
January	-	-	-	-	17.12 per cent.
February	-	-	-	-	17.68 "
March	-	-	-	-	18.50 "
April	-	-	-	-	18.37 "
May	-	-	-	-	17.00 "
June	-	-	-	-	17.00 "
July	-	-	-	-	17.06 "
August	-	-	-	-	16.93 "
September	-	-	-	-	17.37 "
October	-	-	-	-	16.81 "
November	-	-	-	-	16.87 "
December	-	-	-	-	17.00 "

AUSTRO-HUNGARIAN BANK.

The stock of precious metals on the 31st of December 1880 amounted to 65,010,261 fl. in gold, showing an increase of 6,378,389 fl. against 1879, and in silver to 108,291,351 fl., showing an increase of 2,677,561 fl. against the preceding year, or a total increase of 9,055,950 fl. against 1879. The increase of the stock of gold was accomplished by remittances from London in gold against bills on London, that of silver by payments into the bank and by silver deposits.

Against that an amount of 11,000,000 fl. in silver was placed by the bank at the disposal of the Austrian Minister of Finances, and of 9,000,000 fl. of the Hungarian Minister of Finances. Since the 31st of August 1878 larger amounts of silver were paid into the bank, in consequence of which the increase of the stock of silver amounted to 38,213,867 fl.

On an average the stock of silver amounted to 168,559,000 fl. The bills on foreign places payable in gold amounted to 14,222,097 fl. at the end of 1880, showing a decrease of 6,381,856 fl. against the preceding year. The total amount of foreign bills negotiated in 1880 was 196,933,917 fl. The profit realised thereby and on precious metals amounted to 355,840 fl., or less by 39,789 fl. than in the preceding year.

SMELTING PRODUCTIONS.

	Quantity.	Value.	Difference.
	<i>Kilos.</i>	<i>Florins.</i>	<i>Florins.</i>
Gold - - - -	17	20,689	+ 814
Silver - - - -	29,534	2,631,539	- 22,815

1883.

MINING.

	Value of Production.	Per Cent.	Number of Workmen.	Per Cent.
	<i>Florins.</i>			
Silver Ores - - - -	3,030,297	6.78	5,623	6.58

FURNACES.

	Value of Production.	Per Cent.	Number of Workmen.	Per Cent.
	<i>Florins.</i>			
Silver* - - - -	2,794,111	10.95	444	4.37

The

PAPERS RELATING TO SILVER.

The yield of the mines and furnaces, compared with that of 1880, was as follows:—

AUSTRIA-
HUNGARY.

A.—MINING.

ORES.	1881.	Against 1880.
	<i>Met. centners.</i>	<i>Met. centners.</i>
Gold - - - - -	7,842	+ 6,662
Silver - - - - -	123,885	— 1,897

The following figures represent the total mining and furnace products, viz., the quantities and values compared with 1881:—

A.—MININGS.

QUANTITIES.

ORES.	1882.	Against 1881.
	<i>Met. centners.</i>	<i>Met. centners.</i>
Gold - - - - -	3,547	— 4,295
Silver - - - - -	118,414	— 5,421

VALUES.

ORES.	1882.	Against 1881.
	<i>Florins.</i>	<i>Florins.</i>
Gold - - - - -	16,839	+ 4,029
Silver - - - - -	8,048,935	+ 13,638

The quantities and the values of the smelted ores were as follows:—

B.—FURNACES.

QUANTITIES.

ORES.	1882.	Against 1881.
	<i>Kilos.</i>	<i>Kilos.</i>
Gold - - - - -	16,464	— 2,207
Silver - - - - -	81,094.74	— 264.86

VALUES.

ORES.	1882.	Against 1881.
	<i>Florins.</i>	<i>Florins.</i>
Gold - - - - -	21,642	— 4,404
Silver - - - - -	2,770,509	— 23,602

AUSTRIA-
HUNGARY.REPORT by Consul General *Gosling* on the Trade and Commerce of *Hungary*,
for the Year 1880.

COINAGE.

The quantity of metal coined at the Royal Hungarian Mint at Kremnitz in 1880 was much smaller than during the preceding year: in the former it amounted to 6,331,307 fl., as against 28,400,078 fl. in 1879. This may be attributed to the depreciation in the value of silver in the years 1878-9, in consequence of which a large amount of silver pieces were coined.

The following figures show the operations at the Mint during the last five years:—

	<i>Florins.</i>
1880 - - - - -	6,331,307
1879 - - - - -	28,400,078
1878 - - - - -	6,315,065
1877 - - - - -	4,922,703
1876 - - - - -	6,747,133
TOTAL - - -	54,716,286

Since the establishment of the dualistic Government in 1867 the metallic currency issued by the Mint has amounted to 98,965,215 fl., of which 57,821,034 fl. were in silver. The coinage of gold pieces of 4 fl. and 8 fl. began in 1870. Between that period and 1880, of the former 414,980 pieces, equal in value to 1,678,789 fl., were coined, and of the latter 2,874,059 pieces, equal in value to 23,276,352 fl. Between the years 1868 and 1880, 967,383 Hungarian ducats (of 4 fl. 80 kr.) were coined, representing a value of 4,643,439 fl. The coinage of smaller pieces (which has now ceased) was as follows between the years 1868 and 1877:—

YEARS.	Coin.	Pieces.
1868-72 - - - - -	<i>Kreutzer.</i> 20	28,974,718
1873-77 - - - - -	10	50,052,248

REPORT by Consul *Faber* on the Trade and Commerce of *Fiume* for 1880.

IMPORTS.

	1879.	1880.
	<i>Florins.</i>	<i>Florins.</i>
Gold - - - - -	21,100,000	21,400,000
Silver - - - - -	41,400,000	7,000,000
TOTAL - - -	62,500,000	28,400,000

EXPORTS.

	1879.	1880.
	<i>Florins.</i>	<i>Florins.</i>
Gold - - - - -	3,100,000	3,300,000
Silver - - - - -	4,900,000	15,300,000
TOTAL - - -	8,000,000	18,600,000

PAPERS RELATING TO SILVER.

The movement of gold is about the same as in 1879, but the imports of silver in 1879 have changed into exports in 1880, the balance being 45,000,000 fl. against the country. The excess of imports over the exports of the two precious metals amounted to 54,500,000 fl. in 1879, and to 9,800,000 fl. in 1880, a decrease of 44,700,000 fl.

AUSTRIA-
HUNGARY.

REPORT by Mr. *Drummond* on the Foreign Commerce of Austria, for the Year 1882.

PRECIOUS METALS.

In the first half-year of 1882 a small import of gold and silver coin, as also of silver bars, took place, whereas the export of silver coin assumed large proportions, and also gold coin was exported to an unusual amount. In the second half-year the import of gold coin was moderately large; the export, however, very small, and also the silver export.

The quantities were as follows:—

IMPORTS.

	Gold Coin.	Silver Raw.	Silver Coin.
	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>
First half-year of 1882 -	3,166	4,241	4,018
Second " " -	8,345	18,584	11,117
TOTAL - - -	11,511	22,825	15,135
In 1881 - -	13,620	126,859	63,367
	- 2,109	- 104,034	- 48,232

EXPORTS.

	Gold Coin.	Silver Coin.
	<i>Kilog.</i>	<i>Kilog.</i>
First half-year of 1882 - - - -	2,481	494,039
Second " " - - - -	502	62,839
TOTAL - - -	2,983	556,878
In 1881 - -	1,502	13,789
	+ 1,481	+ 543,189

Against the large sales of silver sent to the East Indies only a small import of silver is shown; the small surplus of the imports of gold are noticeable. Since 1873 this surplus was only in the years 1874, 1875, and 1878, smaller than

AUSTRIA-
HUNGARY.

than in 1882; they were, however, very poor business years. In the past year the duties alone which had to be paid in gold absorbed more than 19,000,000 fl. The imports and exports of gold were as follows:—

	Imports.	Exports.	Surplus of Imports.
	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>
1873 - - - -	18,615	3,135	15,480
1874 - - - -	6,971	420	6,551
1875 - - - -	2,990	2,419	571
1876 - - - -	15,428	4,169	11,259
1877 - - - -	12,931	4,143	8,788
1878 - - - -	10,101	2,300	7,801
1879 - - - -	15,018	2,114	12,904
1880 - - - -	15,898	2,134	13,764
1881 - - - -	18,620	1,502	17,118
1882 - - - -	11,511	2,983	8,528

Finally, with regard to the value of the traffic in precious metals, the imports of 1882 amounted to 20,965,070 fl. against 48,264,234 fl. exported. The surplus of the exports, therefore, amounted to 27,299,164 fl., which amount has never been reached before, with the exception of 1872, in which year the surplus of the exports amounted to 29,614,000 fl.

For gold and for silver the values of the years 1881 and 1882 are divided as follows:—

	Imports.	Exports.	Surplus.	
			Imports.	Exports.
	<i>Million fl.</i>	<i>Million fl.</i>	<i>Million fl.</i>	<i>Million fl.</i>
1881 - - - Gold -	19.8	2.2	17.6	—
1882 - - - " -	17.9	4.8	13.1	—
Difference - - - " -	1.9	+ 2.0	— 4.5	—
1881 - - - Silver -	16.1	1.2	+ 14.9	—
1882 - - - " -	3.1	48.4	- -	45.3
Difference - - - " -	13.0	+ 42.2	- -	55.2

The value of imports was in all, therefore, less by 14.9 million florins; the exports, however, more by 44.8 million florins than in 1881.

PAPERS RELATING TO SILVER.

AUSTRIA-
HUNGARY.

REPORT by Mr. *Drummond* on the Trade of Austria for the first Nine Months of 1833, compared with the same period in 1882.

PRECIOUS METALS.

In imports there is an increase on 1882 of 1,975,529 gulden.

In 1882 there was an unusual demand for silver bars to send to the East Indies, but in 1883 only a minimum amount has left Austria, as the following Table shows:—

Imports and exports of precious metal Silver.

	Import.	Export.	Surplus.	
			Import.	Export.
	<i>Gulden.</i>	<i>Gulden.</i>	<i>Gulden.</i>	<i>Gulden.</i>
1881 - - - -	22,409,624	2,005,948	20,403,676	—
1882 - - - -	15,279,736	47,863,816	- - - -	32,604,082
1883 - - - -	17,255,265	915,268	16,339,907	—

The import of gold coin is given at 8,128 kilog., against 9,505 kilog. in 1882. Gold coin. The export of gold coin has also shown a decrease, for in 1883 it only amounted to 550 kilog., whereas in 1882 it amounted to 2,742 kilog.; therefore the surplus of imports in 1882 was 6,763 kilog., and in 1883, 7,578 kilog., or an increase of 815 kilog.

Of the customs duties received in 1882, 11,906,052 gulden were paid in gold; Customs duty paid in gold. in 1883, 19,938,655 gulden were thus paid.

REPORT by Mr. *Drummond* on the Austro-Hungarian Foreign Trade in 1883 compared with 1882.

The movement of gold, silver, and coin is given thus:—

Gold and silver imports and exports

	1883.		1882.	
	Imports.	Exports.	Imports.	Exports.
	<i>Austrian gulden.</i>	<i>Austrian gulden.</i>	<i>Austrian gulden.</i>	<i>Austrian gulden.</i>
Gold bars - - - -	118,400	- - - -	1,824,850	—
Gold fragments - - -	56,800	- - - -	800	—
Gold coin - - - -	13,147,400	1,871,930	16,645,880	4,866,500
Silver bars - - - -	5,945,100	11,000	1,996,720	17,980
Silver fragments - - -	3,360	- - - -	6,340	160
Silver coin - - - -	667,500	16,800	1,655,290	42,031,800
TOTAL - - - -	19,933,550	1,899,750	21,529,860	46,436,440

PAPERS RELATING TO SILVER.

AUSTRIA-
HUNGARY.

REPORT by Mr. *Drummond* on the Austrian-Hungarian Foreign Trade in
First Quarter of 1884.

The value of the gold and silver imports and exports was as follows :

—	1883.	1884.	Difference.
Total—			
Imports - - -	4,872,170	3,517,682	— 1,354,488
Exports - - -	217,082	6,635,548	+ 6,418,466
Divided thus :			
Gold—			
Imports - - -	2,394,800	2,123,000	— 269,800
Exports - - -	192,250	1,976,050	+ 1,783,800
Silver—			
Imports - - -	2,477,370	392,082	— 2,085,288
Exports - - -	24,132	4,638,798	+ 4,634,666

decreased payments
gold.

A circumstance worthy of remark is the decreased payments in gold for customs duties compared with 1883; 1,326,546 fl. less, whereas the payments in silver and by bank paper were, respectively, 1,430,002 fl. and 23,774 fl. more. The exchange for payments in silver was 1½ per cent. higher than in 1883.

EXTRACT from the "Economist," of 14th February 1885.

AUSTRIA.

The mints of Austria coined the following amount of gold and silver pieces during 1884:—

	<i>Florins.</i>
6,112,156 silver coins (pieces at 1 and 2 fl.) worth - -	6,199,442
1,477,862 silver commercial coins (Maria Teresiar thalers)	3,110,648
709,326 gold coins (ducats and fourfold ducats) - -	7,823,368
16,619,931 small silver coins (10 kreuzers) - - -	1,038,004

The total amount of new money coined during 1884 was 18,678,374 pieces, worth 15,449,738 florins, that is 4½ millions less than during 1883.

B E L G I U M.

REPORT by Mr. *Kennedy* on the International Congress of Commerce and
Industry, held at Brussels in September 1880.

BELGIUM.

proceedings of
Political Economy
section; currency.

September 9.—The currency question was discussed.

M. Berthold, after expressing regret at the absence of M. de Laveleye, entered into a long examination of a report presented by him, concurring in a paper by M. Van Edlewyck, and advocating the bi-metallic system. M. de Laveleye held that its advantages are, (1) the lessening of differences in the rate of exchange; (2) facilities to credit by easy assistance to the money market; and (3) greater weight to the securities held by bankers. He approved the idea of an international banking system to effect the issue of a double set of notes, some payable in gold and some in silver—the parallel system—though this would not be a complete settlement of the question. He considered the monetary system of Europe to be in a state of transition, which might be very disastrous. He dwelt much on the conditions of trade with America, and as bearing on it the supply of the precious metals, and on the present state of opinion in Europe, more particularly in Germany; and, without anticipating the immediate

immediate adoption of bi-metallism, he expected that this system would soon acquire a firm position. On finishing his review of M. de Laveleye's report M. Berthold said he thought that in the late currency changes Germany had simply followed England. He considered M. Laveleye's admission, that the value of gold is less liable to depreciation than that of silver, to be a concession, and differed from his view that there is any relation between currency and discount. He contested also the advantage of any large influx of the precious metals. He thought that currency reform generally is a question which will have to be taken up; but that the solution which must shortly be found in America should be awaited.

M. Van Geetruyen declared himself to be a partisan neither of mono-metallism nor of bi-metallism; he advocated a third system, that of a parallel standard, by which free choice should be left of the metal in a fixed and determined amount, payable for notes. He adverted to a pamphlet by M. Jourdain, showing how this system could be applied to the national currency of different countries.

Mr. Stephen Mason, Glasgow, said that money was an instrument for the movement of capital, a medium of exchange—an important distinction required to be observed between capital and currency or money. The latter might be either gold, silver, copper, or paper, but it was indispensable to have a standard or measure of value, and the article selected should be one subject to the least possible fluctuation. In England and Scotland, and all over the British Empire (with the exception of India), an uniform gold standard prevailed, which had been eminently successful. He maintained that a gold standard could be introduced into India without disturbing the existing currency, and that it should be immediately adopted. Mr. Mason condemned bi-metallism as a visionary dream of those who thought they could give silver a permanent relative value to gold.

M. Alphonse Allard, on the other hand, said he is a decided bi-metallist, which system favours discount operations. Twenty-five years' experience as a banker confirmed his views on the subject. The transformation of metallic standards cost milliards, without any profit. To ensure prosperity, the increase of capital should be proportionate to the development of business, but the supply of gold alone, he contended, does not suffice for commercial operations. This fact constitutes a danger. He estimated that Germany had lost 25 per cent. in realising its stock of silver; and, if the Latin monetary union should follow the example of Germany, a loss of 50 per cent. would be incurred. With regard to the adoption of mono-metallism in Germany, he pointed out, as a significant fact, that the sale of silver had been stopped in that country.

The hour for adjournment having been reached, the further discussion of the subject was put off to a subsequent meeting, if time could then be found for it to be resumed.

M. Van Geetruyen moved that the Belgian Government should appoint a commission of inquiry, with the view to carry into effect the "parallel" monetary system.

M. Frédéricix moved that the Belgian Government should enter into communication with foreign Governments, in order to put an end to existing inconvenience from the scarcity of silver currency.

N E T H E R L A N D S.

REPORT by Consul *Robinson* on the Trade and Navigation of Amsterdam during the Year 1882.

Currency.—In the report issued by the directors of the Netherlands Bank for the year ending the 31st March 1883, interesting observations are to be found on the present position of the currency question in Holland. The directors point out that, while their stock of silver has at any time during the whole of the business year been much more than sufficient to cover the bank's

NETHERLANDS.

legal liabilities, even had the whole of the gold been withdrawn, the stock of gold has greatly fluctuated. Their silver stock varied but little—between 89 and 95 millions of florins—while the gold stock varied from 22 to 4 millions of florins at different periods. It is, therefore, clear, they point out, that while they have done their best to keep a certain stock of gold, they have done so in the interest of the nation, and not in that of the bank. But they have not been able to disguise from themselves the fact that the means which they have been obliged to use to this end are not reconcilable with other national interests, which it is especially the duty of the bank to protect. They could obtain their object only by raising the rate of interest higher than would otherwise have been necessary. This conflict of national interests has, they observe, made their task a very difficult one. They would have been very glad if the silver standard could have been preserved. But as this was rendered impossible by the action of Germany in adopting the exclusively gold standard, they have not ceased to press upon the Government to take measures for the reduction of the silver coinage to an amount which might be permitted to circulate as "billon," together with a gold standard coinage. Hitherto no serious steps have been taken in this direction, and the bank directors in their said report repeat, with redoubled emphasis, their warning not to defer such measures, as the occurrence of a crisis in the credit market might easily force the bank to extend its credits so considerably that its stock of gold would entirely disappear, in which case a depreciation in the value of the silver currency would be a serious danger.

G E R M A N Y.

. SUPPLEMENTARY REPORT by Consul *Annesley* on the Trade and Commerce of Hamburg for the Year 1878.

COIN AND BULLION.

GERMANY.

In consequence of the prominence of the silver question at the present time, the annexed tables showing the movements of the precious metals at this port during the last few years may prove of interest.

From the absence of full returns of the amount sent out of Hamburg, *via* Altona and Harburg, the export table is necessarily somewhat incomplete; but, as in former years, it will be remarked that nearly the whole of the shipments continue to arrive from, and be consigned to, the United Kingdom.

IMPORTS of Coin and Bullion from 1861 to 1878.

Whence Received.	Average of 1861 to 1865.	Average of 1866 to 1870.	Average of 1871 to 1875.	1873.	1874.	1875.	1876.
	£.	£.	£.	£.	£.	£.	£.
United Kingdom - - -	501,030	1,161,300	7,394,660	7,338,160	186,830	7,964,322	8,430,516
Other European Ports - -	20,730	61,650	210,310	8,300	11,000	43,720	9,541
America, North and South -	30,020	63,070	408,890	498,000	701,000	510,390	302,104
Asia, Africa, and Australia - - -	-	820	2,020	4,090	9,820	-	127
From and through Altona -	303,990	167,350	293,410	251,190	96,990	594,760	216,775
Interior of Germany - -	7,294,850	3,700,470	2,565,150	3,215,190	2,225,550	3,011,830	3,422,609
TOTAL - - £.	8,150,620	5,154,660	10,875,040	11,314,830	3,231,190	12,115,022	7,477,762

IMPORTS of Coin and Bullion from 1861 to 1878 --continued.

Whence Received.	1877.					1878.				
	Gold.	Silver.		Other Precious Metals.	TOTAL.	Gold.	Silver.		Other Precious Metals.	TOTAL.
		Coined.	Uncoined.				Coined.	Uncoined.		
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom - -	8,781,815	911	66,438	855	8,850,019	4,485,133	31,059	1,512,404	3,400	5,081,996
Other European Ports -	907	693	103	1,004	2,707	457	591	22,675	667	24,390
America, North and South	10,436	11,946	74,817	9,031	106,230	20,765	16,829	15,515	22,401	75,510
Asia, Africa, and Australia	—	—	—	—	—	—	—	—	—	—
From and through Altona	102,403	2,107	20,345	—	124,075	57,542	—	—	—	57,542
Interior of Germany -	304,716	103,815	4,750,237	6,583,594	11,742,362	118,331	610	2,352,076	3,008,479	5,479,496
TOTAL - - £.	9,200,337	119,532	4,911,940	6,594,484	20,826,293	4,632,228	49,089	3,902,670	3,034,947	11,618,934

EXPORTS of Coin and Bullion by Sea and Land, 1874 to 1878.

Destination.	1874.			1875.			1876.			
	Gold.	Silver.	TOTAL.	Gold.	Silver.	TOTAL.	Gold.	Silver.	Other Bullion by Post.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Great Britain - -	90,710	2,380,500	2,477,270	263,690	1,276,500	1,540,190	637,284	6,080,009	17,338	6,754,756
Other Countries by Sea	46,070	223,340	275,210	2,850	28,660	31,510	11,536	218,024	—	229,580
Interior of Germany -	278,415	1,640,240	1,918,655	557,750	3,201,560	3,759,310	1,028,049	1,395,309	2,467,012	4,890,870
TOTAL - - £.	422,095	4,249,040	4,671,135	824,290	4,506,720	5,331,010	1,696,869	7,693,432	2,484,396	11,874,716

Destination.	1877.					1878.				
	Gold.	Silver.		Other Precious Metals.	TOTAL.	Gold.	Silver.		Other Precious Metals.	TOTAL.
		Coined.	Uncoined.				Coined.	Uncoined.		
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Great Britain - -	417,085	12,266	13,067,241	—	14,097,192	678,768	7,487	3,788,572	—	4,474,827
Other Countries by Sea -	22,364	542	1,478	591	24,975	9,557	788	246	1,872	12,463
Interior of Germany -	7,909,004	1,675	452,206	2,859,015	11,112,020	2,976,896	894	2,501,577	2,181,724	7,660,591
TOTAL - - £.	8,439,113	14,483	14,120,985	2,659,006	25,234,187	3,665,221	8,669	6,290,395	2,183,596	12,147,881

GERMANY.

REPORT by Consul-General *Crome* on the Finances of the German Empire for the Year ended 31st March 1880, and the Year ending 31st March 1881.

Another item in the Treasury estimate, which tells of well-directed Imperial enterprise, is that of 4,500,000 marks for the St. Gothard Railway and Tunnel. Yet another suggesting remark is the charge of 200,000 marks for the expenses of the Mint. At an early period of the year 1879 the German Government was supposed to have planned the introduction of a mixed gold and silver standard currency. Questions were asked in Parliament, and it appeared that the Treasury had, indeed, taken some very decisive measures, but that it had done so with a view to avert loss to the Exchequer rather than with the intention of altering the currency. The law of 9th July 1873 makes gold the basis of the German monetary system, yet it accepts thalers as legal tender so long as they shall remain in circulation. In course of time thalers were duly called in, but, before the operation had been nearly completed, the Government found itself in possession of large balances in silver, with silver at a very low price in the market. Prince Bismarck arrested the action of the mint law of 1873 in May of 1879, when he forbade the further sale of silver bars on Imperial account, rescinded the order to call in the thalers, and prevented their being further melted. It has since been stated that most of the thalers which came in before the rescinding order were re-issued by the bank and are now in circulation. The Treasury acknowledged a gain on the minting of silver of 54,500,000 marks, as against a loss on the sale of bar silver of 96,500,000 marks. A Bill was presented in April of the present year to the Reichstag altering the mint law, and authorising the issue of small silver change to the amount of 12 marks instead of 10 marks per head of the population. The Reichstag was counted out during the debate on this Bill, and it was lost. But since then thalers have remained undisturbed in circulation, and, as they are said to amount to 4,000,000 or 5,000,000, and thalers are still legal tender as if they were gold, carping spirits have been found willing to twit the Government with keeping, *de facto*, the double standard.

REPORT by Consul *Oppenheimer* on the Trade and Commerce of Frankfort for the Year 1880.

It may not be out of place here to state that the only German commercial institution of any importance that has been visited by heavy catastrophe in the past year owes its losses to its New York branch. The firm in question is the German Trading Society (*Deutsche Handels-Gesellschaft*), which has extensive connections in South Germany, and afforded not inconsiderable facilities and advantages to the mercantile classes. The losses of this institution, the capital of which amounted to 15,000,000 marks (750,000 *l.* paid up), with a reserve fund of 2,000,000 marks (100,000 *l.*), are about 7,000,000 marks (350,000 *l.*), brought about by its New York branch, through operations in second-hand rails, which were exported by it in large quantities from Germany to America.

The first depressing influence on the Stock Exchange was the result of the complication of the Eastern question. Firm, however, as was our faith in peace, this circumstance would have had no influence had not other important factors been added. The great failure of the crops in almost all European countries, but more especially in France, had to be covered by vast importations from America; and American bonds having been already exhausted in Europe by former purchases, this importation had to be covered chiefly by gold.

Here already the mistake was apparent which the Reichsbank had made in reducing the value of money to an abnormal rate in its zeal to compete with private discounters; but much more important in its disadvantageous results was the suspension of the sale of silver coins in consequence of the bi-metallic agitation.

Whilst in reality the crops in Germany had been more favourable than in any other great country of the Continent, the unusual circumstance took place that, notwithstanding, Germany was most sensibly affected in its financial condition,

condition, the rate of discount there being raised to more than double the height of that anywhere else.

This is explained by the fact that the greater portion of bullion contained in our banks consisted of silver, which could not supply the place of the gold to be exported.

The bank now resorted to rapid and considerable raising of discount; as it, however, at the same time, though only in the case of some shipping ports, directed applicants for gold to its centre in Berlin, it gave rise to unfavourable rumours regarding its readiness to pay in gold, rumours that found ample support in newspaper polemics on the part of the bi-metallists.

The rise in discount, which pressed heavily on the mercantile classes, partly missed its aim by the distrust excited abroad; through the above circumstances, and the constant difference between the rate of interest in Germany and that of other countries, instead of attracting foreign capital to our Reichsbank, it could not prevent large sums from being withdrawn.

It was only by degrees, when a large reimbursement had satisfied America, that the normal condition returned, the experience thus won having greatly increased the number of advocates for gold currency, to which party the more enlightened circles have long belonged. Notwithstanding, therefore, the fact that the German Government has declared its willingness, and has been represented at a congress, to discuss the bi-metallic question, it is still believed, and has since been confirmed, that no change in German gold currency is likely to take place.

Her Majesty's Chargé d'Affaires at Dresden to the Secretary of State
for Foreign Affairs.

My Lord,

Dresden, 1 November 1882.

HERR VON NOSTITZ, who has taken the business of the Foreign Office during the absence of General von Fabrice, observed to me a few days ago that there had been a "tendentious" attempt to describe the Cologne Bi-metallist Congress as a failure, but that it was really a great success for the disciples of M. Cernuschi that they should have been able to get together an assemblage of the sort to discuss so abstract and difficult a subject as the currency. His Excellency added, that he himself, as I knew, had been gradually coming over to bi-metallism, and that his colleague of the Finance Department was of opinion that some kind of conventional double-standard would be the proper remedy for the troubles of the circulation, which were undeniable, and were on the increase. "But," said Herr von Nostitz, "we do not see how any such international rehabilitation of silver can be successful without the concurrence of England."

I have, &c.

G. Strachey.

ITALY.

MEMORANDUM by Mr. Fraser on the Foreign Trade of Italy, for the first Nine Months of 1882.

In the amount of silver coin brought into the country there is a considerable increase. Hardly any exportation has taken place in either.

IMPORTATIONS.

	1882.	1881.	Difference.
	<i>Fr.</i>	<i>Fr.</i>	<i>Fr.</i>
Gold coin - - - -	26,945,200	55,397,240	- 28,452,040
Silver coin - - - -	37,431,200	113,305	+ 37,317,895

ITALY.

EXPORTATIONS.

	1882.	1881.	Difference.
	Fr.	Fr.	Fr.
Gold coin - - - -	613,800	19,562,330	- 18,948,530
Silver coin - - - -	2,781,400	7,687,110	- 4,905,710

REPORT by Mr. *Beauclerk* on the Agricultural Condition of the Kingdom of Italy.

1881.

new silver coin.

It was decided that the new silver (alloyed) coinage should, in the first instance, be applied to the payment of Government salaries and pensions, in the ratio of 3 per cent., and then to the payment of 5 per Cent. Consolidated Bonds to bearer, in the ratio of 20 per cent.; no payment, however, to exceed 50 lire.

Up to the 10th November 1,694,000 lire had been paid in this manner.

Government thought it advisable to proceed with great caution in the issue of small silver coins, which should be an integral part of the complete operation of the abolition of the forced currency.

It was found that the coins issued rapidly disappeared, to be employed in trading on the Barbary coasts, where they were taken at their full nominal value. Large quantities were also bought for the payment of import duties, which has to be made in coin.

On the day when the metallic currency takes the place of the "consorzio" paper, and only Government bank-notes of 5 lire and 10 lire remain in circulation, the import duties will be payable in gold and in such bank notes, but the small silver will not be received for payment of more than 100 lire. Now, however, any amount of small silver is accepted in payment of customs dues, and, consequently, it is bought up in large quantities with depreciated paper money, and used, instead of sterling gold and silver, for a purpose to which it was not destined.

The question of the silver coinage is further complicated by the depreciation of silver, and by the fact of the Monetary Congress at Paris on the 8th July having adjourned without coming to any decision.

* The Italian Government has taken every precaution in its power to prevent improper and fraudulent speculations for withdrawing the small silver which has already been put in circulation from the country. It was discovered that, especially at Brindisi, a considerable quantity of Greek copper coinage, which is not accepted in Italian Government offices, had been brought in for the purchase of the new silver, on which a profit of 10 per cent. could be made in Greece. Orders were given that the Greek copper money should not be accepted for any kind of payments, and the requisite notifications were made to the Greek Government on the subject, as well as to the financial offices along the Adriatic coast and to the custom-houses.

The manner in which the Government procured the silver coinage required was as follows: By the Monetary Convention of the 5th November 1878, the Contracting States agreed to withdraw from circulation and to cease to accept in

in their public chests the Italian silver coins, with the view of facilitating the extinction of Italian bank notes of less value than 5 lire; and it was stipulated that, by the 31st December 1879, all the Italian silver should be withdrawn from those countries and consigned to the French Government, which undertook to receive the whole of it for subsequent transmission to the Italian Government. It was computed that there were 100,000,000 lire worth of such coins in circulation, viz., 87,000,000 in France, and 13,000,000 in Belgium, Greece, and Switzerland. The payment of this amount to be made by the Italian Government at Paris, in gold, in silver 5-franc pieces, in bills on Paris, or in Treasury Bonds payable in Paris.

An account of the silver thus withdrawn and remaining to be withdrawn from the French Government is given, from which it is seen that 78,850,000 lire of small silver has been withdrawn from circulation in France, Belgium, and Switzerland, whilst the Italian Government has paid on account for it the sum of 62,566,666 lire, of which a considerable portion was derived from the new loan for the abolition of the forced currency. Had not the redemption been effected by means of a part of the new loan itself, it would have been necessary to have recourse to a special loan of about 79,000,000 lire in order to procure the requisite amount of small silver.

Now, the circulation of notes of $\frac{1}{2}$, 1, and 2 lire was fixed by Ministerial Decree, on the 30th June 1879, at—

	<i>Lire.</i>
Notes of $\frac{1}{2}$ lire - - - - -	12,000,000
" 1 " - - - - -	39,000,000
" 2 " - - - - -	64,000,000
TOTAL - - - - -	115,000,000

whilst, on the 31st March 1882, there were in circulation 2,680,763 lire in silver coinage, replacing notes withdrawn, besides "consorzio" notes, making a total amount of 118,078,833 lire, i.e., a larger sum than was authorised in 1879.

Yet, owing to the usage made of silver for the payment of customs duties, &c., as above related, a deficiency of 1,035,567 lire was reported in the silver currency in April of the present year; and it was found impossible to provide any remedy for this deficiency, on account of the engagements made at the Monetary Congress, other than to supply the want which is beginning to be felt by the copper coinage, which amounts to 76,000,000 lire, or about 2 lire 75 c. per head of the population.

* * * * *

The loan of 644,000,000 (25,760,000 l.) was made entire at a fixed price "à forfait" by the National Bank, in the names of the above-mentioned houses, the Italian company furnishing 244,000,000 lire, and the English and French capitalists 200,000,000 lire each.

Of the total amount 444,000,000 lire were to be advanced in gold, and 200,000,000 lire in silver, so that 44,000,000 lire are obtained in gold beyond the quantity fixed by the Bill, which enacted that only 400,000,000 lire were to be procured in that metal.

The gold was either in bullion or in coinage, whether decimal or otherwise, so as not to disturb the money market overmuch. It will be recoined as Italian decimal gold pieces, bearing the effigy of the King and the year of its issue.

The standard of the Bank of France was taken for the valuation alike of the bullion and of the coin received.

Already 53,911,074 lire in gold has been struck by the Roman Mint, and is carefully guarded in the Treasury.

ITALY.

1883.

Gold coin was brought into Italy in 1883 to the value of 38,973,200 fr., in contrast to a sum of 62,158,100 fr. imported in 1882, giving a diminution of 23,184,900 fr.; and silver coin to the value of 50,707,000 fr. against 54,408,200 fr., or less than in 1882 by 3,701,200 fr. In silver coin the difference between the two returns is not so great as it is in regard to gold coin, but still it is enough to add a considerable sum to the total diminution ascribed to the value of importations of this category. It should also be remarked that a good deal of gold coin has also been exported, viz., 8,193,300 fr., against 970,300 fr. in 1882, or more than in that year by 7,223,000 fr. Indeed, the whole amount set down as the total gain upon exportations of minerals and metals is more than covered by the results of traffic in bullion; for, in addition to the 7,000,000 fr. arising from exportations of gold coin, there is an increase of nearly 4,000,000 fr. in exported silver in bars, &c., and of nearly 1,000,000 fr. in silver coin. The figures are as follows: silver in bars, &c., 6,123,130 fr., against 2,211,030 fr. in 1882, or a gain of 3,912,100 fr.; and silver coin, 3,822,800 fr., against 2,893,400 fr., or a gain of 929,400 fr.

LETTER from Consul-General *Colnaghi* to Earl *Granville*; dated Florence, 31st January 1883.

TOWARDS the end of 1881 an interesting volume was issued by the Ministry of Agriculture, Industry, and Commerce at Rome, containing statistics of the mining industry of Italy from 1860 to 1879, drawn up by the engineers of the Royal Italian Corps of Mines.

From this volume I have taken the Tables which I have now the honour to enclose.

Table I. gives a summary of the average annual production of the Italian mines between 1875-79.

* * * * *

Table IV. gives the total value in Italian lire of the products obtained from the Italian mines between 1860 and 1879.

EXTRACT from Table I., giving a SUMMARY of the Annual Average Production of the ITALIAN MINES between the Years 1875-79.

PRODUCTS.	Average Annual Quantity.	Value per Ton.	Total Value.	Number of Hands.	Hands where Employed.	OBSERVATIONS.
	<i>Tons.</i>	<i>Lire.</i>	<i>Lire.</i>			
SILVER:						
15. <i>Silver Ores</i> , in a great part reduced in Italy with other ores of argentiferous lead.	750	-	-	661	Mines	15. <i>Silver Ores</i> are found in the mines of Monte Narba, Correboi, Perla Solin, and other smaller mines in Sardinia. They contain native silver, as well as chlorid and sulphuret of silver, of the value of 12,000 lire per ton. Some ores, formerly exported, are now treated at Cogoleto, in Liguria.
16. <i>Silver</i> , obtained from Italian foundries	<i>Kilog.</i> 15,000	190	2,850,000	422	Works	16. <i>Silver</i> .—The foundries in which the ores are reduced are those of Cogoleto and Pertusola, in Liguria, and Bottino, in Tuscany. This last foundry produces about 500 kilogs. per annum, while the two first, being supplied in 1880 with particularly rich Sardinian ore, have been producing of late as much as 24,000 kilogs., of the total value of 4,000,000 lire.
17. <i>Lead, in Cakes, and Litharge</i> (oxyd), obtained from Italian foundries.	<i>Tons.</i> 10,000	400	4,000,000			17. <i>Lead, in Cakes, and Litharge</i> .—There are lead foundries at Fortnamarc, in Sardinia, and on the Continent, at Pertusola, Cogoleto, and Bottino, provided, as above mentioned, with the proper machinery for extracting the silver. For some years after 1858 a considerable quantity of ancient lead scoria were treated at Domusnovas and Villacidro, in Sardinia; an example followed at the mines of Laurium, in Attica.
18. <i>Silver, manufactured in Ornaments</i> . Church vessels and various articles of plate and jewellery.	See Note 18	-	-	-	-	18. <i>Silver, manufactured in Ornaments</i> .—This manufacture forms an extensive branch of industry, especially in the principal Italian cities, and gives rise to a certain amount of exportation; but precise statistics on the subject are not at present attainable.

EXTRACT from Table I., giving a Summary of the Annual Average Production of the Italian Mines between the Years 1875-79—continued.

PRODUCTS.	Average Annual Quantity.	Value per Ton.	Total Value.	Number of Hands.	Hands where Employed.	OBSERVATIONS.
GOLD:	<i>Kilog.</i>	<i>Lire.</i>	<i>Lire.</i>			
19. <i>Gold Ore</i> , extracted by amalgamation from auriferous pyrites.	100	3,300	330,000	427	Mines	19. <i>Gold</i> obtained almost entirely from the veins of auriferous pyrites existing in the Valle Anzaso and the neighbouring valleys at the foot of Monte Rosa. The ore is treated in works erected in the localities where it is found. In addition to several small undertakings, there are two English companies which have re-opened several mines, and are working with modern machinery and appliances. A little gold was formerly extracted from the veins of auriferous quartz, existing in the Val Corsente in the Apennines, as well as from the washings of the sands of the Rivers Orso, Stura, &c. but the yield has almost entirely ceased.
20. <i>Gold manufactured in Ornaments</i> . Church vessels, plate and jewellery.	See Note 20	-	-	-	-	20. <i>Gold in manufactured Articles</i> .—Same observations as for silver in manufactured articles (Note 18).
21. <i>Mercury</i> , obtained by distillation of the cinnibar, and chiefly exported. The price of mercury between 1875-79 varied from 4 to 7.50 lire per kilog., the average being 6 lire. The average price in 1881 was 4.50 lire.	<i>Kilog.</i> 109,000	6	654,000	330	Mines and works.	21. <i>Mercury</i> .—At Vallalta, in the district of Agordo (Belluno), there is a pyritic formation containing cinnibar, but not yielding on an average more than 1 per cent. Several mines, however, that were being prospected in the neighbourhood of S. Fiora, at the foot of Monte Annata, especially the Siele Mine, have proved of value. The cinnibar is found in veins and masses traversing the limestones and argillaceous schists of the eocene formation. The ore is treated on the spot. Of the miners employed, 300 work in the mines, and 30 at the works annexed.

EXTRACT from Table IV., showing the Value of the Mining Products obtained in Italy in Lire between 1860 and 1879.

—	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
Ores of—	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>	<i>Lire.</i>
Gold - -	251,910	211,503	218,428	135,139	235,649	206,792	399,765	399,765	399,765	399,765	399,765	375,432	922,357	134,536	59,157	144,277	213,539	257,590	322,468	416,324
Silver - -	-	-	-	-	-	-	-	-	-	-	-	50,889	50,889	312,552	774,486	906,492	633,222	871,759	1,269,571	1,395,999

LATIN UNION.

LATIN UNION.

(No. 5—Commercial.)

Her Majesty's Minister at Berne to the Secretary of State for Foreign Affairs.

My Lord,

Berne, 19 January 1884.

YOUR Lordship's Despatch (No. 3, Commercial), of the 15th instant, reached me this morning.

I had occasion to call upon President Welti later, and in the course of our conversation I incidentally asked his Excellency whether there was any truth in a rumour that the Monetary Convention, known as the Latin Union, was likely soon to come to an end.

The President answered without hesitation that he believed this to be a mere newspaper rumour, but that at all events the Swiss Government had no information of the sort at all, and had no intention of putting-an end to the Convention.

I have, &c.

F. O. Adams.

(Commercial—No. 13.)

Her Majesty's Minister at Brussels to the Secretary of State for Foreign Affairs.

My Lord,

Brussels, 19 January 1884.

WITH a view to carrying out the instructions contained in your Lordship's Despatch (No. 7, Commercial) of the 15th instant, I yesterday spoke to M. Frère Oban on the subject of the probable termination of the Monetary Convention known as the Latin Union, and said that (without making any official inquiry) I should be glad to know what were the views of the Belgian Government on the subject, and how far it was likely that the Union would continue. M. Frère Oban replied, that the subject had not recently come before him in any way, and that he could not call to mind the exact date of the expiration of the Convention. With regard to the views of the Belgian Government, his Excellency said that in any further negotiations on the subject which might arise, he should continue to oppose the bi-metallic standard as heretofore. With regard to the probable continuance of the Convention, his Excellency thought that when the present Convention expired, it would be prolonged for a further period without alteration.

I have, &c.

E. B. Malet.

(No. 10—Commercial.)

Her Majesty's Ambassador Extraordinary at Rome to the Secretary of State for Foreign Affairs.

My Lord,

Rome, 14 February 1884.

WITH reference to my Despatch, No. 7 of this series, of the 30th ultimo, I have the honour to inform your Lordship that the Monetary Commission met on the 6th instant, under the Presidency of Signor Minghetti.

After a general discussion, the President was requested to appoint a sub-

LATIN UNION.

committee for the purpose of drawing up the questions to be examined in the future meetings of the Committee.

The Committee is composed of 20 members, including, besides M. Minghetti, M. Berti, the Minister of Commerce and Agriculture, and M. Magliani, of Finance; MM. Elcna, Director of Customs; Rodi, Director of the Treasury; Ferraris, Director of the Department of Commerce and Agriculture; Mirone, Inspector General of the same Department; Romanelli, Secretary of the Council of State; Grillo, Director of the National Bank; Professors Luzzati and Mipedaglia; Lampertico, Senator; and seven deputies who have occupied themselves with financial questions.

The choice of these names testifies to the importance attached to this Commission. Having had some conversation with M. Malvano on this subject, he has been good enough to send me a note showing the actual position of the monetary question in Italy, copy of which I have the honour to enclose. In the course of a debate which took place on the 11th of May last year, M. Magliani, the Minister of Finance, in reply to various questions put to him by M. Minghetti, resumed the position of Italy with regard to the Monetary Convention in the following terms:—

“Italy is engaged by the International Monetary Convention to the other States of the Latin Union till the end of 1885. It would be impossible at present to introduce any reform in the monetary system of Italy, and, were it possible, it would be inopportune to make it. An attempt will be made to come to a fresh understanding with the other States of the Latin Union; but in any case a law will be necessary, whether the question be to sanction new international arrangements or to establish the monetary régime of the State on fresh bases.

“But it is not advisable to prejudge the question too long beforehand, and fresh studies may prepare a happier solution before the conclusion of the actual Convention. The apprehensions that have been expressed with regard to the possible invasion of depreciated silver replacing gold in the circulation of the country are legitimate; the legal course of foreign five-franc pieces, ‘*inter privatos*,’ does not, however, depend on the Latin Monetary Convention, but on the Government and the legislation of the country. It is, therefore, revocable, and may be suppressed; but, in the opinion of M. Magliani, such a course would not be advisable, since commerce would suffer severely from it, as well as the Treasury, which would be overwhelmed with silver coinage, which in virtue of the existing Convention it is compelled to accept, and which it could not employ either for payments in the interior, where these coins would no longer have a legal course, nor for the service of the Public Debt abroad, since payments in silver would weaken the credit of the country.

“We should, therefore,” said M. Magliani, “be taking precisely the contrary course to that which the Government proposes, namely, to have the largest possible proportion of its metallic reserve in gold.

“The principle is, no doubt, correct, but the moment of its application should be chosen with the utmost prudence. There would always be time enough to stop the circulation of foreign coins if it were seen to become the object of speculation. Some preparation is still required before the change in the monetary system can be effected; at present there is no danger to be apprehended, and, for the future, Government will be watchful and act betimes.”

I have, &c.

J. Savile Lumley.

NOTES sur l'état actuel de la Question Monétaire en Italie (Janvier 1884).

Frappé des dangers que pouvait présenter l'abolition du Cours forcé, si elle ne coïncidait pas avec un règlement satisfaisant de la question monétaire, M. Minghetti, dans la séance de la Chambre, du 28 Février 1881, avait proposé d'insérer dans la loi un article, qui, après quelques observations de la part du Gouvernement,

Gouvernement, fut transformé, sur la demande de M. Magliani, dans l'ordre du jour suivant, adopté à l'unanimité :—

- “ La Chambre, ouï les déclarations du Ministre ;
 “ Qu'il ne peut être obligatoire pour les particuliers de recevoir en paiement des monnaies d'argent frappées hors de l'Etat ;
 “ Que, si la Conférence Monétaire n'aboutit pas à une nouvelle Convention remplaçant celle de 1878, le Ministère présentera, en temps utile, un projet de loi établissant le nouveau régime monétaire qui devra entrer en vigueur en Italie, à l'expiration de la durée de la Convention existante ;
 “ Que, quelles que soient les dispositions prises dans cette loi, les caisses publiques, à partir du 1^{er} Janvier 1886, n'accepteront plus d'autres monnaies d'argent que celles frappées dans le royaume ;
 “ Passe à l'ordre du jour.”

Cet ordre du jour contenait dans son premier point, une erreur de fait, qui, plus tard, fut reconnue de bonne grâce.* L'acceptation des pièces d'argent de cinq francs par les particuliers n'est pas obligatoire d'après la Convention Monétaire qui vise uniquement, à ce sujet, les caisses publiques, mais elle l'est, en Italie, d'après de précédents décrets ayant force de lois, décrets qu'un simple décret royal, d'après la loi monétaire fondamentale du 28 Août 1862, suffirait à abroger.

Quoi qu'il en soit, le 11 Mai 1883, au cours de la séance de la Chambre, M. Minghetti, bien que constatant l'heureux acheminement de la grande opération financière qui devait conduire à l'abolition du Cours forcé, se préoccupant maintenant d'un excès de circulation, éventuel, des monnaies d'argent au detriment de la circulation de l'or, adressait à M. Magliani, ministre des finances, les demandes suivantes :—

“ Le Gouvernement avait-il quelque espoir dans une nouvelle convention de la Conférence Monétaire, qui, réunie une première fois en 1881, s'était après de courtes discussions et sans parvenir à une entente, prorogée pour un an et n'avait plus, depuis, repris ses travaux ? S'il avait cet espoir, quel en était le fondement ? S'il ne l'avait pas, pensait-il laisser la Convention Monétaire se prolonger au-delà du terme fixé, ou bien comptait-il la dénoncer, à la fin de 1884, pour qu'elle prit fin l'année suivante ? ”

Rappelant ensuite l'ordre du jour cité plus haut, M. Minghetti insistait sur le danger que la *loi dite de Gresham*, d'après laquelle la bonne monnaie est chassée du marché par la mauvaise, trouvât en Italie une nouvelle confirmation de fait, et demandait encore :

“ Si le Ministre des Finances comptait laisser aux pièces de cinq francs étrangères le cours légal parmi les particuliers, ou bien le leur retirer par décret royal, ainsi que la loi de 1862 permettait de le faire ? Quels autres moyens, à défaut de celui-là, il comptait employer pour empêcher une affluence trop considérable de monnaies d'argent de l'étranger ? S'il pensait à présenter, en temps utile pour éviter toute perturbation, un projet de loi établissant le régime monétaire qui entrerait en vigueur à l'expiration de la Convention existante ? Et si, enfin, conformément aux termes de l'ordre du jour cité, quelles que fussent les dispositions prises dans la nouvelle loi, les caisses publiques refuseraient, à partir du 1^{er} Janvier 1886, les monnaies d'argent frappées hors de l'Etat ? ” †

M. Magliani, à ces différentes questions, répondit comme il suit :—

“ L'Italie est engagée, par la Convention Monétaire Internationale, avec les autres Etats de l'Union latine jusqu'à la fin de 1885. Il serait impossible d'introduire, pour le moment, aucune réforme dans le système monétaire italien. Le pourrait-on, qu'il serait inopportun de le faire. On tâchera d'en venir à une nouvelle entente, avec les autres Etats de l'Union latine. De toute façon une loi sera nécessaire qu'il s'agisse de sanctionner de nouveaux accords internationaux ou d'établir sur d'autres bases le régime monétaire de l'Etat.

* Atti parlamentari, Camera dei Deputati, *Discussioni*: *Legisl. xv, 1^a Sessione*, *loinata dell' 11 Maggio, 1883*, p. 3032 ; *id. id. Documenti id. id. Seconda Relazione della Commissione permanente, istituita con la legge 7 Aprile 1881, sui provvedimenti per l'abolizione del Corso forzoso presentata dal Ministro Magliani il 1^o Dicembre 1883*, pag. 32 et suiv., p. 89 et suiv.

† Atti parlamentari, Camera dei Deputati, *Legislatura xv, 1^a Sessione: Discussioni tomata di venerdì, 11 Maggio 1883*, pag. 3031-3035.

“ l'Etat. Mais on ne saurait préjuger la question trop long temps à l'avance.
 “ De nouvelles études pourront en préparer une plus heureuse solution, avant
 “ le terme de la Convention actuelle.”

M. Magliani poursuivait :—

“ Les appréhensions de M. Minghetti sur l'invasion de la monnaie dépréciée,
 “ l'argent, se substituant à l'or dans la circulation, sont légitimes. Le cours
 “ légal de pièces de cinq francs étrangères *inter privatos* derivant, toutefois, non
 “ pas de la Convention monétaire latine, mais des actes du Gouvernement et de
 “ la Législation intérieure de l'Etat, qui sont de leur nature révocables, rien n'em-
 “ pêcherait de l'abolir. Mais convient-il de prendre, dans les circonstances
 “ présentes, une semblable mesure ? M. Magliani ne le croyait pas. Le com-
 “ merce en souffrirait gravement, de même que le trésor, dont les caisses seraient
 “ encombrées de monnaies d'argent, puisque, en vertu de la Convention existante,
 “ il est forcé de les accepter, et qu'il ne pourrait en faire usage, ni pour ses
 “ paiements à l'intérieur, où ces monnaies n'auraient plus cours légal, ni pour
 “ le service de la Dette publique à l'étranger, car les paiements en argent affai-
 “ bliraient notre crédit. On irait donc à l'encontre du but que le Gouvernement
 “ se propose, qui est celui d'avoir la plus grande partie possible de sa réserve
 “ métallique en or. Le principe est juste, mais le moment de son application
 “ doit être choisi avec une prudence extrême. On serait toujours à temps de
 “ mettre fin à la circulation des monnaies d'argent étrangères si l'on s'aper-
 “ cevait que la speculation se livre à l'*arbitrage* ; c'est-à-dire, entreprend la
 “ substitution de la monnaie dépréciée à la monnaie plus rare. Une mesure
 “ prise dès à présent dans le sens indiqué par l'ordre du jour cité pourrait,
 “ par la force des choses, nous entraîner à un changement prémature de notre
 “ système monétaire, tandis qu'une préparation est encore nécessaire. Pour
 “ maintenant, il n'y a nul péril dans la demeure. Quant à l'avenir, le Gouverne-
 “ ment veillera, pour aviser à temps. De toute façon, à l'expiration de la
 “ Convention Monétaire, c'est-à-dire, à la fin de 1885, l'ordre du jour du
 “ 28 Février 1881 sera appliqué dans toute son extension, s'il ne l'aura pas
 “ déjà été en précédence. Pour le moment, il convient de surseoir.”

Les questions qui préoccupaient M. Minghetti, notamment celle du retrait de la circulation de l'argent monnayé étranger, ont été aussi l'objet de considérations spéciales de la part de la Commission permanente instituée par l'art. 24 de la loi du 7 Avril 1881. On en a la preuve dans la seconde Relation sur les mesures pour l'abolition du Cours forcé, présenté à la Chambre par M. Magliani le 1^{er} Décembre 1883 (pages 32, et 89 et suivantes). Elle n'eut cependant pas à délibérer sur ce sujet, et les pages qu'elle lui a consacrées dans la Relation qu'on vient de citer, ne sont guère qu'une exposé de la question, depuis qu'elle a été posée, jusqu'au point où les discussions parlementaires, résumées plus haut, l'ont laissée.

Le dernier pas que la question ait fait en avant est l'institution d'une *Commission chargée d'étudier les mesures que les conditions monétaires générales et le prochain terme de la convention monétaire internationale rendront nécessaires ou opportunes dans le régime monétaire italien, soit par acte de législation intérieure, soit par de nouveaux accords avec d'autres Etats.** Cette Commission, dont le rapport doit être présenté dans l'espace de six mois, est instituée par décret royal du 12 Novembre 1883, antérieur, par conséquent, de quelques jours à la présentation, sinon à la rédaction, de la Relation mentionnée. Les Ministres du Trésor et du Commerce doivent lui communiquer les résultats des études faites jusqu'à ce jour par l'Administration, ainsi qu'un rapport sommaire des principales questions (Art. 2). Ce rapport, qui est en voie de compilation, sera présenté à la Commission à l'occasion de l'inauguration de ses travaux, qui aura lieu le 6 février. Mais ce rapport ou *Pro Memoria*, rédigé au point de vue exclusif de servir de point de départ pour les études de la Commission, et qui n'a, par conséquent, que le caractère et l'importance d'un exposé provisoire et confidentiel, ne sera probablement pas livré à la publicité.

* Gazzetta ufficiale del Regno d'Italia, anno 1883, 20 Novembre, No. 272.

(No. 18—Commercial.)

Her Majesty's Minister at *Berne* to the Secretary of State for Foreign Affairs.

My Lord,

Berne, 10 March 1884.

In my Commercial Despatch, No. 5, of the 19th January, I reported to your Lordship that President Welti informed me that the Swiss Government had no information respecting the rumour that the Monetary Convention, known as the Latin Union, was likely soon to come to an end.

Having seen in a French newspaper that in the Chamber of Deputies M. Tirard had informed Baron de Soubeyran that a preliminary exchange of views had been set on foot, with a view to revise the Monetary Convention, I asked the Federal Councillor Ruchonnet, during an interview which I had with him on the 8th instant, what was the state of the case.

He answered, that nothing had been settled yet; that the Swiss Government would, perhaps, reluctantly agree to the revision of the Convention, and he believed that a Conference of the countries interested would take place before the end of the year; more than this he could not tell me.

I have, &c.

F. O. Adams.

(No. 38—Commercial.)

Her Majesty's Minister at *Berne* to the Secretary of State for Foreign Affairs.

My Lord,

11 June 1884.

THE "Feuille du Commerce" of the 10th instant contains an announcement, of which the following is a translation:—

"The Latin Monetary Convention has just been denounced by Switzerland. As a condition of its revival, Switzerland claims an increase of the conventional amount of the coinage of silver money now fixed at six francs per head of the population: a proportion which is not sufficient for Switzerland."

I observed to President Welti this morning that this paragraph was in contradiction with what he had told me, as reported in my Commercial Despatch, No. 5, of the 19th January last, viz., that the Swiss Government had no intention of putting an end to the Convention, and I alluded to my conversation with M. Ruchonnet, as reported in my Commercial Despatch, No. 18, of the 18th March, when he stated that the Swiss Government would, perhaps, reluctantly agree to a revision.

The President said that what he had told me in January was strictly true, and that the question had not then come before the Federal Council. As the matter was one of finance, his Excellency continued, the details of what had happened were not sufficiently in his mind for him to give them to me verbally, for the information of Her Majesty's Government.

In order that there should be no mistake, his Excellency promised me to have a Memorandum drawn up in the Finance Department, which he would duly communicate to me, and a copy of which I shall then have the honour to transmit to your Lordship.

I have, &c.

F. O. Adams.

LATIN UNION.

(No. 49—Commercial.)

Her Majesty's Minister at *Athens* to the Secretary of State for Foreign Affairs.

My Lord,

Athens, 24 August 1884.

THE Greek Government are contemplating a withdrawal from the Latin Monetary Union, and will probably at the next meeting in October announce their intention to do so. They consider that a double standard, and the limitations imposed on the amount of silver coin Greece is permitted to issue, are injurious to their financial interests. They are, therefore, anxious to adopt a single gold standard, and to have their hands free in other respects. The Government are now coining eleven millions of francs in twenty-franc gold pieces at Paris. The gold necessary for this transaction has been furnished from the second instalment made by the contractors of the 1883 loan, on account of the Cours Forcé abolition.

I have, &c.

A. Nicolson.

SWEDEN
AND NORWAY.

SWEDEN AND NORWAY.

REPORT by Consul General *Michell* on the Trade and Navigation of Norway, for the Year 1883.

SILVER MINES.

THE Kongsberg silver mines have in the year 1883 produced about 6,250 kilos. of silver. The production in the year 1882 was about 5,850 kilos.; the price of silver, which in the preceding years was about 136 kroner per kilo. has, in the course of the last year, been a little lower, viz.: about 133 kroner per kilo. Of the mines at Kongsberg, the "Armen Mine" had the smallest production. In the "King's Mine" there were better results at different depths. The very good find which was made some years ago at this mine has continued without change during the last year. The good finds in "Hans Sachsen Mine" have, although they have somewhat decreased, given a very good result. The find of ore in "Gottes Hülfe" has, on the other hand, been very irregular and unreliable. Of the silver mines at Vefsen, the "Svenningdal Mining Company," which is the oldest one, is building a very expensive washing-work for the great quantity of poor ore which has been found. Besides the Svenningdal Mining Company, the "Jacob Knutsen Mining Company" and the "Victoria Company" have worked with great activity, and many other companies have been established to work the parallel veins. On Hitteröen Island the search after silver has been very extensive, and more than 500 claims were announced in the course of last year. The only two mines which have been worked are "Mörkedalen" and "Roven." The latter has just been supplied with a washing machine. Although the veins have not been examined sufficiently, there is every reason to believe that the working of these mines will, in time, give a good return. Of the "Hatfjeldalen" mines, which a few years ago were much spoken of as very promising, nothing more has been heard. A discovery of gold has been made at Bremnæs, on Böumel Island. Working for copper had commenced at this place in a vein of quartz, when gold was found at a depth of seven metres down in the quartz. The precious metal was also found in the limestone, and is said to contain 93 per cent., but the mine is too new to enable us to speak of its future with any certainty.

ROUMANIA.

ROUMANIA.

REPORT by Acting Consul General *Vecqueray* on the Trade and Commerce of the Port of Galatz during the Year 1881.

BUSINESS operations have been very much facilitated by the withdrawal from circulation at the end of the year 1880 of the Russian silver coinage, the continually fluctuating value of the Russian silver rouble having formerly caused great inconvenience to mercantile transactions.

TURKEY.

TURKEY.

REPORT by Mr. *Bland* on the Finances of Turkey, 1883.

CURRENCY REFORM.

A GREAT want of small change having been experienced of late, and a considerable depreciation having taken place in the value of the silver medjidieh, a scheme has been proposed for remedying these evils, which it is hoped will shortly be carried into effect. The taxes are at present payable in no less than nineteen different kinds of money. Consequently, a considerable sum is lost in the conversion into gold of these various silver and debased currencies. The present depreciation of silver is estimated to cause an annual loss of £ T. 300,000 (272,727 l.) to the Imperial Government, and of £ T. 50,000 to the Council of Administration of the Public Debt, at the instigation of which latter body the present scheme has been elaborated. A Commission has been appointed to give effect to it, of which Wettendorff Bey, the Under Secretary of Finance, is President. With regard to the details of the scheme, I cannot do better than quote the following extract from a recent article in the "Eastern Express," which gives them very accurately:—

"All the arrangements for the action of the Commission have been made. The Mint has been instructed to make preparations for coining into pieces of 1, 2, and 5 piastres, 20,000 l. worth of silver medjidiehs, and this operation will be repeated as often as it may prove to be necessary to satisfy the public demand. The withdrawal of the 'altılıks' and 'beshliks' has already been decided on, and all that remains to be done is to draw up the Convention between the Treasury, the Council of the Public Debt, and the Imperial Ottoman Bank. The Council of the Public Debt has made a grant to the Treasury of £ T. 15,000 per annum towards covering the loss on the withdrawal of the 'altılık' and 'beshlik.' The Imperial Ottoman Bank has consented to advance to the Government £ T. 30,000 per annum with the same object. The Government has therefore a credit of £ T. 45,000 with which to commence operations. The *modus operandi* will be as follows: the Imperial Ottoman Bank will purchase 'altılıks' and 'beshliks' to the amount of the credit. The coins will then be sent to England, melted down into ingots, and sold for their value as metal. This operation will be repeated as frequently as may be possible in the course of the year within the limits of a loss of £ T. 45,000. These measures will naturally tend to restore the medjidieh to its proper value."

It may be added that the Convention referred to has now been concluded, and that a tangible result of the labours of the Commission has been already arrived at, in the transmission to the Mint by the Imperial Ottoman Bank of silver medjidiehs to the amount of £ T. 10,000, which, are to be re-coined into

Turkey.

pieces of 5 piastres, 2 piastres, 1 piastre, and 20 paras (half a piastre). The proportion of this last-named coin will, however, be small, as its diminutive size will render it inconvenient, and liable to be lost. The withdrawal of the "altilik" will now begin, and a considerable change for the better should take place in the currency during the course of next year.

UNITED STATES.

UNITED STATES.

REPORT by Mr. *Drummond* on Foreign Trade of the United States for Year ended 30 June 1879.

"THE foreign specie movement of the past year has been a very unusual one. The exports of gold and silver amounted to only 25,800,000 dollars, while the imports reached 93,200,000 dollars, leaving a net import of 67,400,000. This foreign acquisition, added to the domestic production of 68,500,000 dollars, involves an addition, in 1879, of 136,000,000 dollars to the stock of the precious metals in this country."

* * * * *

With respect to the present condition of coin in the United States, the following may be considered of interest:—

"The amount of silver dollars on hand has increased during the month 1,793,547 dollars, which shows that the Treasurer has been able to disburse these coins about as rapidly as they were manufactured at the mints. The minimum of the silver dollar coinage is 2,000,000 dollars per month, but Director Burchard has always managed to exceed the minimum. In silver bullion there was an increase of 400,000 dollars, and in fractional silver coins an increase of 1,323,180 dollars. A trifle over 300,000 dollars in silver certificates were added during the month to the amount outstanding on 1st January, the amount now outstanding being over 9,000,000 dollars. The silver certificates on hand amount to 5,000,000 dollars. There was an increase in the United States notes of nearly 2,000,000 dollars, the amount now held being 24,300,000 dollars. The total assets in United States and national bank notes, including the amount of deposits held by bank depositaries, is nearly 42,000,000 dollars, while the liabilities outstanding against that amount are 32,600,000 dollars. Deducting gold certificates and called bonds outstanding, and interest due and unpaid, leaves the gold coin and bullion now on hand about 121,000,000 dollars. The customs receipts reported for January were 16,017,100 dollars, and the internal revenue receipts 10,202,859 dollars, an increase in customs over January 1879 of 5,747,166 dollars, and an increase in internal revenue of over 1,900,000 dollars."

* * * * *

Resumption of
specie payments.
Beneficial results.

The resumption of specie payments since the 1st January 1879 immediately showed beneficial results, as I pointed out in my Financial Report of the 18th February last; since then it has been followed by a very great revival of business, and there has been a marked improvement of the public credit. The Secretary of the Treasury is of opinion that the provisions of existing law are ample to enable the Department to maintain resumption even upon the present volume of United States notes, 346,681,016 dollars, which by Act of the 31st May 1878 cannot be retired, cancelled, or destroyed. The Secretary, however, in view of the large inflow of gold into the country, and the high price of public securities, considers that it is now a favourable time to invest a portion of the sinking fund in United States notes, to be retired and cancelled, and in this way gradually to reduce the maximum of such notes to the sum of 300,000,000 dollars, the amount fixed by the Resumption Act of the 14th July 1870.

The

The Secretary of the Treasury in his Report called the attention of Congress to the question whether United States notes ought still to be a legal tender in payment of debts, and whether the legal-tender clause should not now be repealed. Since the meeting of Congress Senator Hayard has urged unsuccessfully the adoption of a resolution in the Senate recommending the withdrawal of the present compulsory legal-tender power from Treasury notes, by the passage of a resolution that all United States notes shall be receivable for all dues to the United States excepting duties on imports, and shall not be otherwise a legal tender.

UNITED STATES.

Legal-tender character of United States notes should be withdrawn. Senator Hayard's resolution in the Senate.

The value of the coinage executed during the year was—

	Dols.	c.
Gold coinage - - - - -	40,986,912	00
Coinage of standard silver dollars - - - - -	27,227,500	00
" subsidiary silver coin - - - - -		382 50
" minor coin - - - - -		97,798 00
TOTAL - - - - -	68,312,592	50
Last Year it was - - - - -	81,120,499	00

Value of the coinage executed the past year.

The amount of silver coin of less than a dollar provided for by law having been executed, the coinage of this money has been suspended.

Suspension of coinage of minor silver coins. Bullion production.

The bullion production from the mines of the United States for the last year is estimated by the Director of the Mint to be nearly 80,000,000 dollars, the proportions of gold and silver being about equal. This is a less amount than in the preceding year, when it amounted to 93,952,421 dollars.

The consumption for the fiscal year ended the 30th June 1879, was divided as follows compared with 1878:—

Bullion consumption.

	Coinage.	Used in Arts and Manufactures.	Exported.	TOTAL.
	Dols.	Dols.	Dols.	Dols.
Gold—				
1878 - - - - -	45,922,340	5,078,701	205,319	51,206,360
1879 - - - - -	36,005,959	3,869,125	24,774	36,899,858
Silver—				
1878 - - - - -	25,036,188	5,210,152	15,035,045	45,281,385
1879 - - - - -	22,951,768	5,977,800	11,883,004	40,812,132

The estimates of coin in the United States on the 31st October 1879 are given thus: 305,750,497 dollars gold, and 121,456,355 dollars silver. The bullion in the Mints and New York Assay Office at that date awaiting coinage amounted to 49,931,035 dollars gold, and 4,553,182 dollars of silver, making the total amount of coin and bullion 481,691,069 dollars.

Total amount of coin and bullion.

The Secretary has called the attention of Congress to the importance of further limiting the coinage of the silver dollar. At present, owing to its limited coinage, it has been left at par, but its free coinage would soon reduce its current value to its bullion value, and thus establish a silver standard, the result of which would be to exclude gold coin from circulation. The Secretary again urges the importance of adjusting the coinage ratio of the two metals by Treaties with commercial nations, and, until this can be done, of limiting the coinage of the silver dollar to such a sum as in the opinion of Congress would enable the Treasury to readily maintain the standard dollar of gold and silver at par with each other.

Coinage of the silver dollar should be still further limited. Coinage ratio of gold and silver should be adjusted by Treaties with commercial nations.

UNITED STATES.

REPORT by Consul General *Archibald* on the Trade and Commerce of New York
for the Year 1879.

FOREIGN Movement of Specie and Bullion at New York in the Year 1879.

	Imports from Foreign Ports.	Exports to Foreign Ports.	Excess of Imports.	Excess of Exports.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Gold Bullion - - -	18,663,310	8,234	18,655,076	—
Gold Coin - - -	57,419,697	1,871,758	55,547,939	—
Silver Bullion - - -	71,268	9,000,205	-	8,928,937
Silver Coin - - -	7,446,438	3,873,187	3,573,251	—
Trade Dollars - - -	695,496	65,600	629,896	—
TOTALS - - -	84,196,109	14,828,044	78,368,065	8,928,937

The net gain in specie of all kinds at this port is 69,368,065 dollars.

GOLD AND SILVER MINING INDUSTRY.

The production of gold and silver in the United States showed a considerable falling-off in 1879 from the figures of 1878. It is quite evident, however, that old mining caups are being changed for new ones, and no inference can be made from this falling-off in a transition period. The Leadville district in Colorado, for instance, is just starting, it may be said, and yet its bullion and ore produced for the year is stated at nearly 12,000,000 dollars. The silver production for the whole of the United States for 1879 is put at 37,032,000 dollars, and of gold 31,470,000 dollars.

REPORT by Consul *Booker* on the Trade and Commerce of San Francisco
for the Year 1879.

THIRTEEN gold mines of California have paid in dividends 1,600,000 dollars, and there are many other dividend-paying mines, but it is very difficult to get at the facts in connection with them.

The silver mines of Nevada have turned out about 22,000,000 dollars in the past year, against 34,000,000 dollars in 1878, and 50,500,000 dollars in 1877; this is due entirely to the decreased yield of the Consolidated Virginia and California mines. The reports of these mines do not give hope of any large continuous yield, as the known reserves of ore are very greatly reduced, even in the lower levels. Accompanying my Report for 1875 were the Reports of the Director of the United States Mint and Professor R. E. Rogers, who was at the time superintending the equipment of the refinery in the new branch mint of this city, upon the Consolidated Virginia and California mines, which were thoroughly examined by those two gentlemen. Professor Rogers reports that, with the data in his possession, and the maps before him, he estimates the total ultimate product of the gold and silver of the ore body of the two mines in and above the 1,550-foot level at 300,000,000 dollars, but, to guard against a chance of over-estimating, he takes the assays at one-half that ascertained, and places the product at 150,000,000 dollars. This estimate is concurred in by the Director of the Mint. The known reserves of the ore in the levels upon which the two experts based their calculation are now reduced to the minimum, and we are able to ascertain what degree of accuracy was arrived at by them, in forming their estimate of the probable yield. Since the examination of the mines, the produce of gold and silver in and above the 1,550-foot levels has amounted to about 55,000,000 dollars; allowing for about 73½ per cent. of the assay

assay value only having been extracted, these figures will be raised to about 74,800,000 dollars, or a little less than half of the lower estimate. From these mines, since the time referred to, the total produce has been about 87,000,000 dollars; the ore from which it was extracted would have an assay value of about 111,200,000 dollars. The difference between the two values, 55,000,000 dollars and 87,000,000 dollars, has been the product of the mines below the 1,550 feet levels.

There have been no new important developments in the Nevada mines in the past year. The Sutro Tunnel is now used for drainage purposes, and work is being pushed forward in the lower levels of the mines drained by it. In 1878 there was an excitement over the discovery of ore in the Sierra Nevada and Union Consolidated Mines, and imaginative pictures were drawn of an ore body far exceeding that of the Consolidated Virginia and California. Shares went up in value to what they ought to have been worth had the imaginative worth been ascertained reality. As work progressed the ore body was found to be even less extensive and less rich than might reasonably have been expected from its appearance when first struck; the usual result followed; a very few persons realised at the high figures, and were added to the list of rich men, and a great many were added to the long list of those previously ruined by stock speculations. These mines have given some good ore, and every now and then the developments are sufficient to lead the more sanguine to believe that they may yet be found to have an extensive ore body; to arrive at what is yet known has been at a cost of over 1,500,000 dollars in assessments to the shareholders.

I give below the yield of the mines of the Comstock lode, and of the other districts of Nevada:—

COMSTOCK LODGE.

	Gold.	Silver.	TOTAL.
	Dollars.	Dollars.	Dollars.
California - - - - -	1,324,026	1,252,688	2,576,714
Consolidated Virginia - - - - -	1,186,737	1,294,622	2,481,359
Ophir - - - - -	581,100	724,987	1,306,087
Union Consolidated - - - - -	70,141	62,994	133,135
Sierra Nevada - - - - -	96,788	93,266	190,054
Other Mines and Tailings - - - - -	380,934	1,762,330	2,143,264
TOTAL - - -	3,639,726	5,190,837	8,830,563

OTHER DISTRICTS.

	Dollars.		Dollars.
Aurora - - - - -	6,912	Brought forward - - -	8,421,845
Austin - - - - -	1,004,628	Hamilton - - - - -	45,559
Battle Mountain - - - - -	278,218	Humboldt - - - - -	11,967
Belville - - - - -	822,771	Marietta - - - - -	59,217
Belmont - - - - -	147,798	Mill City - - - - -	58,305
Beowawe - - - - -	152,599	Oreana - - - - -	18,817
Bristol - - - - -	374,145	Paradise - - - - -	59,057
Candelaria - - - - -	535	Pioche - - - - -	407,593
Carson - - - - -	119,152	Rye Patch - - - - -	122,467
Cherry Creek - - - - -	305,659	Sedan Mills - - - - -	54,369
Columbus - - - - -	99,817	Silver Peak - - - - -	48,192
Cornucopia - - - - -	59,245	Tecoma - - - - -	3,150
Columbia - - - - -	20,000	Tuscarora - - - - -	1,386,524
Dayton - - - - -	121,812	Tybo - - - - -	133,094
Elko - - - - -	57,889	Unionville - - - - -	184,847
Eureka - - - - -	4,488,220	Ward - - - - -	518,468
Grantsville - - - - -	365,945	Winnemucca - - - - -	37,660
Golconda - - - - -	1,500		
Carried forward - - -	8,421,845	TOTAL - - -	11,566,481

Of the above, 2,410,000 dollars was gold.

In Appendix No. 4 is given the number of feet and shares in the leading mines of Nevada, and the highest and lowest prices of the shares of the different companies in each month of the year.

UNITED STATES.

The following report of Wells, Fargo, and Company, Express and Banking Company, who have the means at their disposal for the purposes of compilation, will be read with interest:—

“The following is a copy of our annual statement of precious metals produced in the States and Territories west of the Missouri River, including British Columbia (and receipts in San Francisco by express from the West Coast of Mexico), during 1879, which shows aggregate products as follows:—Gold, 32,539,920 dollars; silver, 38,623,812 dollars; lead, 4,185,769 dollars; total gross result, 75,349,501 dollars, being less by 5,805,121 dollars than for 1878. California shows a decrease in gold of 140,342 dollars, and in silver of 589,146 dollars, a net decrease of 729,488 dollars. Nevada shows a total falling off of 13,184,235 dollars, the yield from the Comstock being only 8,830,562 dollars, as against 21,295,043 dollars for 1878, a decrease of 12,464,481 dollars from that locality. The product of Eureka district is 5,859,261 dollars, as against 6,981,406 dollars for 1878, a decrease of 1,122,145 dollars. Utah shows a falling off of 595,734 dollars. Colorado shows an increase of over 8,000,000 dollars, chiefly from Leadville district. It has been exceedingly difficult to arrive at the actual production of Leadville, the two most reliable reports varying more than 2,000,000 dollars. We have adopted an average based upon the conflicting figures. Dakota shows an increase of 993,183 dollars.

“STATEMENT of the Amount of Precious Metals produced in the States and Territories west of the Missouri River, including British Columbia (and Receipts in San Francisco by Express from the West Coast of Mexico), during the Year 1879.

STATES AND TERRITORIES.	Gold Dust and Bullion by Express.	Gold Dust and Bullion by other Conveyances.	Silver Bullion by Express.	Ores and Base Bullion by Freight.	TOTAL.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
California - - - - -	16,348,730	817,438	789,440	285,967	18,100,978
Nevada - - - - -	168,847	-	16,622,472	5,200,395	21,007,714
Oregon - - - - -	943,601	94,360	-	-	1,037,961
Washington - - - - -	77,579	7,757	-	-	85,336
Idaho - - - - -	1,035,804	207,100	578,336	270,000	2,001,300
Montana - - - - -	1,907,058	95,352	1,194,300	482,226	3,029,020
Utah - - - - -	211,640	21,104	2,559,042	2,877,033	6,408,879
Colorado - - - - -	3,144,607	314,469	1,594,349	9,360,000	14,413,515
New Mexico - - - - -	19,800	-	603,000	-	622,800
Arizona - - - - -	212,722	21,272	1,046,036	662,373	1,914,403
Dakota - - - - -	2,674,156	534,831	-	-	3,208,987
Mexico (West Coast) - - - - -	92,916	-	1,249,955	341,000	1,683,871
British Columbia - - - - -	976,742	-	-	-	976,742
TOTAL - - - - -	27,814,287	2,118,801	26,187,019	19,234,894	75,349,501

“The bullion from the Comstock lode contains 41·20 per cent. of gold, and 58·80 per cent. of silver. Of the so-called base bullion from Nevada, 27 per cent. was gold; and of the whole product of the State, 27·50 per cent. was gold.

“The gross yield for 1879 shown above, segregated, is approximately as follows:—

	Per Cent.	Value.
		Dollars.
Gold - - - - -	43·20	32,539,920
Silver - - - - -	51·25	38,623,812
Lead - - - - -	5·55	4,185,769
TOTAL - - - - -		75,349,501

“The outlook for 1880 does not indicate a greater product than for 1879.

“ ANNUAL Products of Lead, Silver, and Gold, in the States and Territories west of the Missouri River, 1870-79.”

Y E A R.	Products as per W. F. & Co.'s Statements, including Amounts from British Columbia and West Coast of Mexico.	Product after deducting Amounts from British Columbia and West Coast of Mexico.	The Net Product of the States and Territories west of the Missouri River, exclusive of British Columbia and West Coast of Mexico, divided, is as follows:—		
			Lead.	Silver.	Gold.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1870 - - - - -	54,000,000	52,150,000	1,080,000	17,820,000	33,750,000
1871 - - - - -	58,284,000	55,784,000	2,100,000	19,286,000	34,398,000
1872 - - - - -	62,236,959	60,351,824	2,250,000	19,924,429	38,177,395
1873 - - - - -	72,258,693	70,139,860	3,450,000	27,483,302	39,206,558
1874 - - - - -	74,401,045	71,965,610	3,800,000	29,699,122	38,466,488
1875 - - - - -	80,880,057	76,708,433	5,100,000	31,635,239	39,968,194
1876 - - - - -	90,875,173	87,219,859	5,040,000	39,292,924	42,886,835
1877 - - - - -	98,421,754	95,811,582	5,085,260	45,846,109	44,980,223
1878 - - - - -	81,154,622	78,276,167	3,452,000	37,248,137	37,576,030
1879 - - - - -	75,849,501	72,688,888	4,185,769	37,032,857	31,470,262

“ The exports of silver during the present year to Japan, China, India, the Straits, &c., have been as follows:—From Southampton, 33,000,000 dollars; Marseilles and Venice, 5,000,000 dollars; San Francisco, 8,000,000 dollars; total, 46,000,000 dollars, as against 39,000,000 dollars from the same places in 1878.”

REPORT by Mr. *Drummond* on the Foreign Trade of United States in the Eleven Months ended May 1880.

The excess of imports or exports of gold and silver-coin and bullion was as follows:—

Excess of exports for May 1880, 583,294 dollars; for 1879, 882,592 dollars; a decrease of 299,298 dollars.

For the 11 months ended May 1880 the excess of imports was 75,713,531 dollars; for 1879 the excess of exports was 3,239,152 dollars.

For the 12 months ended May last the excess of imports was 74,251,242 dollars; in 1879 the excess of exports was 5,285,324 dollars, making the United States a gainer of 68,965,918 dollars, or 14,367,899 *l*.

Gold and Silver—Coin and Bullion.

1880.		<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Exports—				
Domestic	- - - - -	847,015	8,858,619	11,898,108
Foreign	- - - - -	868,516	7,029,305	7,528,754
	TOTAL - - -	1,705,531	15,887,924	18,926,862
Imports	- - - - -	1,122,237	91,601,455	93,178,104
Excess of exports over imports	- - - - -	583,294	—	—
Excess of imports over exports	- - - - -	- - -	75,713,531	74,251,242
1879.				
Exports—				
Domestic	- - - - -	2,056,375	15,015,546	17,579,170
Foreign	- - - - -	436,980	6,942,957	7,881,561
	TOTAL - - -	2,493,355	21,958,503	25,460,731
Imports	- - - - -	1,610,763	18,719,351	20,175,407
Excess of exports over imports	- - - - -	882,592	3,239,152	5,285,324

UNITED STATES.

REPORT by Mr. *Drummond* for the Year ended 30th June 1880.

The production of gold and silver in the United States in 1880 is estimated as follows:—

	<i>Dollars.</i>
Gold - - - - -	34,113,000
Silver - - - - -	48,300,000

MINING.

The yield of gold in California has been about 18,000,000 dollars, two-thirds of which was the product of hydraulic and drift mining. There have been no new developments of importance. The product of the Bodie district, situated on the eastern slope of the Sierra Nevada Mountains, has been increasing during the past four years. In 1877 it yielded from its quartz mines 797,022 dollars; in 1878, 2,129,732 dollars; in 1879, 2,556,847 dollars; and in 1880, 3,063,696 dollars, which came from the following sources:—

	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Standard consolidated - - - - -	1,728,050	130,113	1,858,163
Bodie " - - - - -	265,741	174,076	439,817
Bulwer " - - - - -	109,273	8,225	117,498
Noonday - - - - -	401,729	110,028	511,757
Syndicate - - - - -	22,044	2,725	24,769
Belvidere - - - - -	9,583	16,317	25,900
Dudley - - - - -	524	1,222	1,746
Sundry small mines - - - - -	88,772	4,078	92,850

The milling capacity of the district is 134 stamps; it is believed that this capacity will be nearly doubled this year. A new mining district in the neighbourhood is likely to come into prominence from the satisfactory results of the working of two or three mines.

The following has been the yield of a few of the most prominent mines of other districts of the State, all gold, or proportion of silver unimportant:—

	<i>Dollars.</i>
Eureka Lake and Yuba Canal Company (Hydraulic) - - - - -	274,171
Excelsior Water and Mining Company (Hydraulic) - - - - -	302,950
North Bloomfield Company (Hydraulic) - - - - -	287,924
Milton Mining Company (Hydraulic) - - - - -	377,786
Blue Tent Mining Company (Hydraulic) - - - - -	162,000
Keystone Mining Company (Quartz) - - - - -	461,011
Idalio Mining Company (Quartz) - - - - -	454,738
Sheep Rancho Mining Company (Quartz) - - - - -	148,995
Black Bear Mining Company (Quartz) - - - - -	135,969
Sierra Buttes Mining Company (Quartz) - - - - -	326,510
Eureka Mining Company (Plumas Company) (Quartz) - - - - -	518,076

A Bill was passed in the last Legislature imposing a tax of 5 cents on the 100 dollars, and also a tax upon the water used in hydraulic mining, towards carrying out a system of works to put a stop to further damage being done by the *débris* from the hydraulic mines. Dams have been constructed on the Yuba and Bear Rivers from designs approved of by engineers of prominence for this purpose, but, the heavy floods of this winter having carried off a portion of the dams, which were constructed mainly of brush, and also having filled in the space above them with sediment faster than was expected, leaving much to pass over them, it is feared they will not answer the purpose intended. The cost of these

these dams has exceeded the estimates very considerably, and efforts are being made in the Legislature now sitting to repeal the Act referred to, and to prevent other works of similar character being built at the expense of the State.

In Appendix No. IV. I give an interesting statement, compiled from the United States Mint Returns, United States Census, and State Reports, showing the production of gold and silver in the different counties of the State for the fiscal year ended 30th June 1880, together with other statistics connected therewith. It appears from this statement, which has been compiled with great care, that 33 out of the 52 counties of the State are mineral-bearing. The information in regard to quartz mills and mining ditches, taken from the Surveyor General's Report, is probably more or less imperfect, as that official has to depend for his figures upon so many county officials.

The silver mines of Nevada have turned out about 14,000,000 dollars, against 22,000,000 dollars in 1879, 34,000,000 dollars in 1878, 51,500,000 dollars in 1877, 49,000,000 dollars in 1876, 37,000,000 dollars in 1875, and 34,000,000 dollars in 1874. In 1874 attention was first particularly directed to the enormous ore deposit then being thoroughly opened in the Consolidated Virginia and California mines, and the former that year paid its first dividend; the increasing yield of the Nevada mines up to 1877 was due to the great output of these mines, from which, since the opening of them, there has been taken out the enormous sum of 112,000,000 dollars. The yield began to decrease in 1878, and has been falling off rapidly since, that of last year only reaching about 2,650,000 dollars, the product of comparatively poor ores.

No discoveries of any importance have been made the past year on the Comstock lode, and the great depth of all the mines renders the work of exploring very costly; it is, in consequence, becoming a question how long assessments will be paid unless some paying ore deposit is found. The Sutro tunnel is only used for drainage purposes, and as yet there does not appear any effort being made in the direction of using it for the transit of ores. There are on this lode immense quantities of low grade ores, now valueless, which might probably be made to pay if passed through the tunnel and worked by water-power on the Carson River. In regard to assessments, the following extract from the "Alta California Almanack" will be read with interest:—"Comstock Assessments.—Silver mining companies have found very rich diggings in San Francisco. The speculators have not faith of the kind that removes mountains, but they have that other kind, perhaps equally wonderful, that throws millions into holes in the ground. The metropolis, even in these times of depression, collects about a million dollars a month to employ the miners, and run the mills for grinding ores, and lubricating throats in the land of the sage brush. In the first eleven months of 1880 the assessment roll of the San Francisco mining companies amounted to 12,000,000 dollars, a little less than for the corresponding periods of 1879 and 1878. Figures show the total amount of assessments collected by the Comstock companies which have levied more than 100,000 dollars each, to have been 58,723,000 dollars. Eighteen other mines holding claims now valid in the Comstock district, not mentioned in the above list, have collected 735,000 dollars in assessments. This list takes no account of assessments by companies which have been dissolved or superseded, such as those which formerly held the ground now owned by the Chollar, Potosi, Consolidated Virginia, California, and Consolidated Imperial mines. The dividends of the Comstock mines foot up 125,342,900 dollars. The Comstock mines, or mines in the Comstock district, mentioned in the list of the Stock Exchange, number 74, but of these three, perhaps, should be omitted, for they have never levied an assessment or paid a dividend. Of the 71 live mines, 14 have paid dividends, and 70 have levied assessments. The only mine that paid a dividend without levying an assessment is the California. Of the 14 mines which have paid dividends, the Confidence, Daney, Hale and Norcross, Ophir, Savage, Sierra Nevada, Succor, and Yellow Jacket have taken more from their shareholders than they have given back; leaving only six, viz.: the Belcher, California, Consolidated Virginia, Crown Point, Gould and Curry, and Kentuck, that have paid net dividends. The chance was 6 to 71, or about 1 in 12, in the richest silver mining district of the globe at its richest period. It is scarcely necessary to say that the chief purpose of running the 65 unprofitable mills in the Comstock district, or at least the chief result, has been the profit, not of the proprietors, but of their servants."

UNITED STATES.

I give below a statement of the amount of precious metals produced in Nevada State in 1880 :—

COMSTOCK LODE.

MINES.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Consolidated Virginia - - - - -	1,045,414	711,123	1,756,536
California - - - - -	647,484	842,659	890,043
Union Consolidated - - - - -	806,382	473,740	980,122
Sierra Nevada - - - - -	24,276	80,970	66,246
Ophir - - - - -	74,810	91,781	166,041
Other mines and tailings (chiefly tailings) - - - - -	-	-	1,100,000
TOTAL - - - - -	2,197,866	1,650,122	4,947,988

OTHER DISTRICTS.

DISTRICTS.	Gold Bullion.	Silver Bullion.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Aurora - - - - -	3,775	3,800	7,375
Austin - - - - -	-	700,641	700,641
Battle Mountain - - - - -	-	1,700	1,700
Belleville - - - - -	-	1,162,009	1,162,009
Belmont - - - - -	-	40,455	40,455
Beowawa - - - - -	-	69,210	69,210
Cambridge - - - - -	2,200	-	2,200
Carson - - - - -	90,190	16,898	106,588
Cherry Creek - - - - -	26	274,526	274,526
Columbus - - - - -	175	7,771	7,946
Cornucopia - - - - -	-	80,997	80,997
Elko - - - - -	15,619	4,228	19,847
Eureka - - - - -	-	1,501,535	1,501,535
Franktown - - - - -	-	1,500	1,500
Gold Hill - - - - -	26,814	-	26,814
Grantsville - - - - -	-	339,840	339,840
Hamilton - - - - -	-	93,058	93,058
Lewis - - - - -	-	124,571	124,571
Marietta - - - - -	-	12,468	12,468
Mill City - - - - -	21,460	2,550	24,010
Paradise - - - - -	-	142,122	142,122
Pioche - - - - -	-	141,196	141,196
Reno - - - - -	16,109	51,287	67,396
Rye Patch - - - - -	7,909	29,358	37,267
Sedan - - - - -	-	27,618	27,618
Silver Peak - - - - -	-	2,414	2,414
Spring City - - - - -	-	49,281	49,281
Tuscarora - - - - -	5,906	593,147	599,053
Type - - - - -	-	176,812	176,812
Unionville - - - - -	5,178	96,885	102,063
Silver City - - - - -	25,348	-	25,348
Ward - - - - -	13,633	190	13,823
Wadsworth - - - - -	-	1,540	1,540
Winnemacca - - - - -	481	12,524	13,005
TOTAL - - - - -	234,823	5,760,000	5,995,723

The above yield of the mines of the Comstock lode and other districts of Nevada represents that of the precious metals only. The base bullion yield is given in the following table:—

	Gold.	Silver.	Lead.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Eureka - - - -	1,889,280	679,240	1,068,970	3,137,490
Battle Mountain - - - -	-	255,184	-	255,184
Bristol - - - -	12,811	234,114	14,000	260,925
Cornucopia - - - -	-	20,000	-	20,000
Golconda - - - -	-	1,225	-	1,225
Hamilton - - - -	-	15,000	-	15,000
Reno - - - -	-	6,400	-	6,400
Tecoma - - - -	-	1,232	-	1,232
Unionville - - - -	-	22,000	-	22,000
Ward - - - -	-	3,850	-	3,850
TOTAL - - - -	1,402,091	1,238,245	1,082,970	3,723,306

The following report of Wells, Fargo, and Company (Express and Banking Company), who have the means at their disposal for purposes of compilation, will be read with interest:—

“ The following is a copy of our annual statement of precious metals produced in the States and territories west of the Missouri River, including British Columbia, and receipts in San Francisco by express from the west coast of Mexico during 1880, which shows aggregate products as follows:—

	<i>Dollars.</i>
Gold - - - -	33,522,182
Silver - - - -	40,005,364
Lead - - - -	5,742,390
Copper - - - -	898,000
TOTAL - - - -	80,167,936

“ California shows an increase in gold of 579,579 dollars, and a decrease in silver of 360,873 dollars. Nevada shows a total falling-off of 6,966,093 dollars; the yield from the Comstock being only 5,132,592 dollars, as against 8,330,562 dollars in 1879, a decrease of 3,517,970 dollars. The product of Eureka district is 4,639,025 dollars, as against 5,859,261 dollars in 1879, a decrease of 1,220,236 dollars. Utah shows an increase of 982,074 dollars. Colorado shows an increase of 6,871,474 dollars over our report of last year, chiefly from Leadville district. Dakota shows an increase of 914,094 dollars; Arizona shows a notable increase.

PAPERS RELATING TO SILVER.

UNITED STATES.

"STATEMENT of the Amount of Precious Metals produced in the States and Territories west of the Missouri River, including British Columbia, and Receipts in San Francisco by express from the West Coast of Mexico, during the Year 1880.

States and Territories.	Gold Dust and Bullion by Express.	Gold Dust and Bullion by other Conveyances.	Silver Bullion by Express.	Ores and Base Bullion by Freight.	TOTAL
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
California - - -	16,907,745	845,000	378,507	151,034	18,270,100
Nevada - - -	206,323	-	11,071,092	3,723,300	15,001,621
Oregon - - -	82,525	346,262	20,054	-	1,039,641
Washington - - -	93,911	34,500	1,753	-	105,164
Idaho - - -	1,175,115	235,023	332,755	151,034	1,894,747
Montana - - -	1,115,707	55,789	019,189	1,731,614	3,022,379
Utah - - -	95,956	10,336	3,076,775	3,207,004	6,450,069
Colorado - - -	2,278,989	-	1,706,000	17,300,000	21,284,989
New Mexico - - -	27,300	-	604,000	-	711,300
Dakota - - -	3,749,081	374,000	-	-	4,123,081
Arizona - - -	159,970	80,000	2,830,440	1,402,052	4,472,471
Mexico (West Coast) -	118,248	-	1,586,309	380,000	2,000,557
British Columbia -	675,894	168,073	-	-	843,967
TOTAL - - -	27,294,846	2,149,803	22,608,643	28,114,564	80,167,936

"The bullion from the Comstock lode contains 50⁴³/₁₀₀ per cent. gold and 49⁵⁶/₁₀₀ per cent. silver. Of the so-called base bullion from Nevada 37⁶⁰/₁₀₀ per cent. was gold; and of the whole product of the State 28⁵⁰/₁₀₀ per cent. was gold.

"The gross yield for 1880, shown above, segregated, is approximately as follows:—

Gold, 41.82 per cent.	- - - - -	<i>Dollars.</i> 33,522,182
Silver, 49.90 per cent.	- - - - -	40,005,364
Lead, 7.16 per cent.	- - - - -	5,742,390
Copper, 1.12 per cent.	- - - - -	898,000
TOTAL - - - - -		80,167,936

"Annual Products of Lead, Silver, and Gold in the States and Territories west of the Missouri River, 1870-80:—

Y E A R.	Products as per Wells, Fargo, and Co.'s Statements, including Amounts from British Columbia and West Coast of Mexico.	Product after deducting Amounts from British Columbia and West Coast of Mexico.	The net Product of the States and Territories West of the Missouri River, exclusive of British Columbia and West Coast of Mexico, divided, is as follows:—			
			Lead.	Copper.	Silver.	Gold.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1870 - - -	54,000,000	52,150,000	1,080,000	-	17,320,000	33,750,000
1871 - - -	58,264,000	55,784,000	2,100,000	-	19,236,000	34,308,000
1872 - - -	62,236,959	60,351,824	2,250,000	-	19,924,429	38,177,395
1873 - - -	72,258,693	70,139,860	3,450,000	-	27,483,302	39,206,558
1874 - - -	74,401,045	71,965,619	3,800,000	-	29,099,122	38,466,488
1875 - - -	80,889,057	76,703,433	5,100,000	-	31,635,239	39,968,194
1876 - - -	90,875,173	87,219,859	5,040,000	-	39,292,924	42,846,935
1877 - - -	98,421,754	95,811,582	5,085,250	-	45,846,109	44,880,223
1878 - - -	81,154,622	78,276,167	3,452,000	-	37,248,137	37,576,030
1879 - - -	75,349,501	72,688,888	4,185,769	-	37,032,857	31,470,262
1880 - - -	80,167,936	77,232,512	5,742,399	898,000	38,033,055	32,559,067

The foregoing shows that, outside of the Comstock lode and the product of the so-called base bullion, the percentage of gold in Nevada was a little under 18 per cent. The statement exhibits an increase on the product of Colorado of nearly 7,000,000 dollars over that of 1879, and of Arizona of over 2,500,000 dollars. In the latter territory some valuable mines are being developed.

REPORT by Consul *Booker* on the Trade and Commerce of California for 1880.

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TABULAR STATEMENT showing Condition of Mining in *California* for the Fiscal Year ended 30th June 1880. Compiled from Mint Bureau Returns, United States Census, and State Reports.

COUNTIES.	Number of Quartz Mills.	Tons Crushed.	Number of Mining Ditches.	Miles of Mining Ditches.	White Population in Mining Counties.	Chinese Population in Mining Counties.	Gold Bullion Produced.	Silver Bullion Produced.	Total Production.	REMARKS.
							Dollars.	Dollars.	Dollars.	
Alpine	3	8,450			589	17	17,113	24,146	41,259	Silver and gold-bearing veins. Principally from quartz on mother lode, 375 stamps running. Mining and agricultural county.
Amador	22	100,000	7	300	10,271	1,115	1,405,053	1,953	1,497,006	
Butte	8	3,000		390	14,937	No returns	430,501	1,247	431,748	
Calaveras	47	41,500	26	625	8,057	1,037	320,865	643	321,508	Production divided between quartz and shallow placers.
Colusa							4,830	78	4,908	Shallow placers. Agricultural county.
Del Norte			22	87			215,403	300	215,703	Beach sands and shallow placers.
El Dorado	26	10,000	5	500	9,197	1,483	389,383	208	389,591	One-third from quartz, rest from drift claims and hydraulic.
Fresno	1						143,433		143,433	From quartz by arastras. Agricultural county.
Humboldt							153,940	80	154,020	Beach sands and shallow placers. Agricultural county.
Inyo	5	500	1	6	2,928	90	48,648	178,916	222,564	Silver-bearing veins and argentiferous lead ores, principally extracted by smelting.
Kern	4						94,214	390	94,604	Gold-bearing quartz veins. Agricultural county.
Lassen	2		3	7			25,900		25,900	Gold-bearing veins at Hayden Hill. Agricultural and grazing county.
Los Angeles			4	21			7,700	66,800	74,000	Shallow placers. Agricultural county.
Mendocino							733	125	858	Black sands. Lumber and agricultural county.
Modoc							10,000		10,000	Supposed to be from adjoining counties. Grazing and agricultural county.
Mono	16	75,000	5	40	7,140		2,407,236	582,005	2,990,141	Gold and silver veins at Bodie.
Mariposa	27	23,275		107	3,642	697	150,017	1,300	151,317	Principally from quartz mining.
Merced							17,515		17,515	From quartz by arastras. Agricultural and grazing county.
Nevada	27	83,570	217	824	16,820	No returns	2,702,362	70,144	2,772,506	About two-thirds by hydraulic, remainder quartz.
Placer	20	3,500	22	358	12,030	2,196	835,433	640	836,073	About four-fifths by hydraulic and drift claims, rest quartz.
Plumas	15	100,000	34	700	5,312	No returns	857,124	181	857,305	About one-half quartz, remainder hydraulic.
Shasta	4	1,000	28	650	8,156	1,330	140,455	117,907	258,362	Principally hydraulic mining.
Stanislaus			1	15			73,271		73,271	Principally from shallow placers. Agricultural county.
San Diego	2	500					81,558		81,558	Shallow placers and gold-bearing quartz. Agricultural and grazing county.
Sacramento			2	200			342,514		342,514	From shallow placers. Agricultural county.
Siskiyou	5	21,700	6	250	7,049	1,561	434,612	251	434,863	Three-fifths from shallow placers, remainder quartz.
Sierra	22	70,000	55	368	5,373	1,250	974,332	576	974,908	One-third low-grade quartz, remainder drift claims.
Tehama							1,500		1,500	Shallow placers. Agricultural and grazing county.
Tuolumne	29		14	190	7,043	805	461,861	1,071	462,932	About one-half from quartz, remainder from placers.
Tulare	3	400	1				1,125	528	1,651	About two-thirds from vein mining. Agricultural county.
Trinity			25	400	3,052	No returns	326,693	142	326,835	Principally river and shallow placers. Quartz by arastras.
Ventura							354		354	Quartz by arastras. Grazing county.
Yuba	1		6	100	9,121	No returns	937,360	438	937,798	Gold from hydraulic mines. County has large agricultural interests.

PAPERS RELATING TO SILVER.

UNITED STATES.

REPORT by Consul *Booker* on the Trade and Commerce of Oregon and Washington Territory, for the Year 1880.

MINING.

There have been no new developments of importance in gold mining in Oregon during the past year: the yield was the same as in 1879, something over 1,000,000 dollars. In Washington Territory there is little doing, and the yield will not have exceeded 150,000 dollars.

REPORT by Mr. *Drummond* on United States Finance, for the Fiscal Year ended 30th June 1881.

The question of most interest is, probably, that of the possible embarrassment which may arise later from the compulsory coinage of silver bullion to the amount of not less than 400,000 l. monthly into silver standard dollars, and from the issue of silver certificates upon the deposit of gold coin, the outstanding amount almost equalling at the present moment that of all silver coin held in the Treasury, and being double that of the circulation of silver dollars. The gold dollar is the legal standard of value in the United States; the silver certificates, therefore, are really a subsidiary coin, for they are not payable in gold or its equivalent; they are only legal tender for "Customs taxes and public dues," yet have for their basis about 88 per cent. only of their nominal value. The Secretary of the Treasury explains that there is no promise from the Government to make good the difference between their actual and nominal value; he recommends, therefore, the early retirement of them from circulation, and that the Act should be repealed which requires the issue of such certificates, as also the provision for the coinage of a fixed amount of silver bullion each month, as he considers that this is tending to an exclusive silver coinage, which will later place the country in a very awkward position, that of paying for all it buys abroad upon a gold standard, and of selling all it sells upon a silver standard. He looks upon this also as the most forcible means of bringing about any concert of action among different nations for the purpose of bringing silver into general use and of raising its value. He believes that a cessation of silver coinage would soon bring about a satisfactory consideration of the whole subject of the silver question among the chief commercial nations.

Coin held by the Treasury.

Increase in coin, bullion, silver dollars, and certificates outstanding.

Comparing the condition of the Treasury on the 30th September 1881 with its condition on the same day 1880, the most striking changes are the increase in the gold coin and bullion and standard silver dollars on hand, and in the silver certificates outstanding.

The gross amount of gold and silver coin and bullion held by the Treasury, without regard to the obligations outstanding against it, has ranged from 163,969,444 dollars 70 cents in 1878, to 222,807,368 dollars 01 cents in 1879, 214,303,215 dollars 38 cents in 1880, and 269,706,998 dollars 76 cents in 1881. The increase within the last year has been 55,400,000 dollars, of which 39,150,000 dollars is in the gold, and 16,250,000 dollars in the silver. The increase in the gold has been greater, and in the silver less, in the last year, than in any year since the coinage of the standard silver dollar began.

The amount of United States notes on hand, which largely decreased during the two preceding years, has slightly increased during the last year, notwithstanding the urgent public demand for notes for circulation. The amount on hand above the amount required for the payment of Clearing-house certificates is 20,000,000 dollars, against 18,000,000 dollars a year ago. The amount now held is not more than sufficient for the reasonable requirements of the various offices of the Treasury. The Treasurer, while freely furnishing new United States notes in redemption of old United States notes, and of National Bank notes,

notes, has endeavoured to husband the supply by the use of gold, standard silver dollars, and silver certificates, in payment of demands on the Treasury. The practice during the past year has been to make 10 per cent. of all payments in silver dollars or certificates, 40 per cent. in gold coin, and 50 per cent. in notes. To this rule there is one important exception. Under the arrangement between the Treasury and the New York Clearing-house, all of the payments by the Treasury to this institution, aggregating 275,000,000 dollars a year, must be made in gold coin or United States notes; standard silver dollars are not receivable under its rules, although silver certificates are now being paid to it by the Treasury to some extent in large denominations, in lieu of gold coin for use in the payment of Customs dues. Aside from any personal views as to the expediency of reviving the silver dollar, it would seem unwise for any branch of the Government to encourage an arrangement by which a coin which the law has made a full legal tender is discredited.

The gross assets of the Government, including the funds held for the redemption of gold, silver, and currency certificates, are 331,981,210 dollars 11 cents, having increased more than 64,000,000 dollars during the last year, and being larger than on the corresponding date in any year since 1878. This increase is due in chief part to deposits on account of silver certificates, which amounted during the year to 45,600,000 dollars. A large share of these certificates was issued for deposits of gold, which directly increased the assets, while, so far as they were issued in payment of demands on the Treasury, they protected the assets to a like extent.

Clearing-house Transactions.

	<i>Dol.</i>	<i>c.</i>	<i>Dol.</i>	<i>c.</i>
Cash paid to the Clearing-house in settlement of balances against the Treasury - -	345,471,775	94		
Less cash received from the Clearing-house in settlement of balances in favour of the Treasury - - - - -	5,673,715	22		
			339,798,060	72
Cheques on banks sent to the Clearing-house - - - - -			112,482,515	84
Net amount of cash and cheques sent to the Clearing-house - -			452,280,576	56
Cheques on the Assistant Treasurer, United States, New York, received from the Clearing-house - - - - -			452,280,576	56

The Treasury is almost invariably a debtor to the Clearing-house, the aggregate balances against it during the 15 months having been 345,471,775 dollars 94 cents, against balances of only 5,673,715 dollars 22 cents in its favour. The Treasury membership of the Clearing-house has been of great advantage to both the Treasury and the banks in saving the useless handling of money, and in enabling the Treasury to conform to commercial usage by accepting and collecting, without risk, drafts of banks and bankers tendered in payment of public dues and for other purposes.

Gold and Silver, and Coinage of, in the United States.

The Director of the Mint reports that the imports during the fiscal year 1881 gave to the country 5,836,058 dollars American gold coin, and 91,715,012 dollars foreign coin and bullion, which, added to the estimated production of the precious metals in the different states and territories, amounting to 78,600,000 dollars, has given an addition of altogether:—

	<i>Dollars.</i>
American coin imported - - - - -	5,836,058
Foreign coin and bullion imported - - - - -	91,715,012
American production - - - - -	78,600,000
	176,151,070

Or, 36,781,472 l.

UNITED STATES.
Estimated production of each State and territory.

The estimated production of each State and territory for the fiscal years 1880 and 1881 is as follows:—

State or Territory.	Fiscal Year 1880.			Fiscal Year 1881.		
	Gold.	Silver.	TOTAL.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Alaska - - -	6,000	-	6,000	7,000	-	7,000
Arizona - - -	400,000	2,000,000	2,400,000	770,000	7,000,000	8,570,000
California - - -	17,500,000	1,100,000	18,600,000	19,000,000	870,000	19,870,000
Colorado - - -	3,200,000	17,000,000	20,200,000	3,400,000	15,000,000	18,400,000
Dakota - - -	3,600,000	70,000	3,670,000	4,500,000	60,000	4,560,000
Georgia - - -	120,000	-	120,000	150,000	-	150,000
Idaho - - -	1,980,000	450,000	2,430,000	1,930,000	1,100,000	3,030,000
Montana - - -	2,400,000	2,500,000	4,900,000	2,500,000	2,300,000	4,800,000
Nevada - - -	4,800,000	10,900,000	15,700,000	2,700,000	8,800,000	11,500,000
New Mexico - - -	130,000	425,000	555,000	120,000	270,000	390,000
North Carolina - - -	95,000	-	95,000	75,000	-	75,000
Oregon - - -	1,080,000	15,000	1,105,000	1,000,000	80,000	1,080,000
South Carolina - - -	15,000	-	15,000	18,000	-	18,000
Tennessee - - -	-	-	-	2,000	-	2,000
Utah - - -	210,000	4,740,000	4,950,000	200,000	5,710,000	5,910,000
Virginia - - -	10,000	-	10,000	11,000	-	11,000
Washington - - -	410,000	-	410,000	100,000	-	100,000
Wyoming - - -	20,000	-	20,000	7,000	-	7,000
Other - - -	14,000	-	14,000	10,000	50,000	60,000
TOTAL - -	86,000,000	39,200,000	75,200,000	36,500,000	42,100,000	78,600,000

At the commencement of the fiscal year 1881 the coinage mints and assay offices held 40,724,337 dollars of uncoined gold bullion. The deposits of 1881, amounting to 130,833,102 dollars, increased the stock of bullion available for coinage to 171,557,440 dollars. The value of the total gold coinage of the year was 78,733,864 dollars, and of the gold bullion uncoined at its close 86,548,696 dollars, a portion of the deposits having been paid in fine bars.

Silver coinage.

The silver coinage amounted to 27,649,966 dollars, of which 27,637,955 dollars were silver dollars, and 12,011 dollars proof silver coins of other denominations.

Gold coinage.

The coinage of gold into smaller denominations than heretofore executed was continued, only 15,345,520 dollars in double eagles having been struck, while the eagles and half-eagles amounted to 63,371,230 dollars.

Number of pieces coined.

The number of pieces and the value of the total coinage were as follows:—

	Pieces.	Value.
		<i>Dols. c.</i>
Gold - - - - -	10,111,115	78,733,864 00
Silver - - - - -	27,698,820	27,649,966 75
Minor - - - - -	38,335,665	405,109 95
TOTAL - -	76,145,600	106,788,940 70

The comparative values of the coinage of gold, silver, and minor coins executed during the fiscal year and the calendar year 1880 are as follows:—

UNITED STATES.

	Calendar Year, 1880.		Fiscal Year, 1880.	
	Dols.	c.	Dols.	c.
Gold - - - - -	62,308,279	00	78,733,864	00
Silver - - - - -	27,409,706	75	27,649,966	75
TOTAL - - - - -	89,717,985	75	106,383,830	75
Minor - - - - -	391,395	95	405,109	95
TOTAL Coinage - - - - -	90,109,381	70	106,788,940	70

Coin Circulation of the United States.

The total circulation of United States' coin on the 30th June 1881, was 443,077,023 dollars gold, or 92,307,713 *l.*, and 171,534,766 dollars silver, or 35,736,309 *l.*; but the Director of the Mint considers that allowance should be made for use of American coin in the arts to the extent of the sum reported to his Department to have been used by manufacturers, which was for the last fiscal year, in round numbers, 3,300,000 dollars gold and 75,000 dollars silver: thus this would reduce the circulation of United States' gold coin at the close of the fiscal year to about 440,000,000 dollars, and of silver coin to 171,000,000 dollars, or 91,666,666 *l.* and 35,625,000 *l.* respectively.

Coin circulation in United States.

The following table shows the gain in the coin circulation from the 30th June 1880, to the 30th June 1881, and to October last:—

Gain in coin since 1880.

United States' Coin.	Gold.	Silver.	Total.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Circulation, 30 June 1880 - - - - -	358,958,691	142,597,020	501,555,711
Coinage, less deposits for recoinage - - - - -	78,293,087	27,842,860	106,135,947
Net import - - - - -	5,824,975	1,295,088	7,120,061
Total - - - - -	443,076,753	171,534,768	614,611,519
Less amount used in the arts - - - - -	3,300,000	75,000	3,375,000
Circulation, 1 July 1881 - - - - -	439,776,753	171,459,768	611,236,519
Coinage to 1 November 1881 - - - - -	26,544,000	9,300,000	35,844,000
Net imports to 1 November 1881 - - - - -	*2,172,474	310,858	2,483,332
Circulation, 1 November 1881 - - - - -	468,493,227	181,070,624	649,563,851

* Imports for October at the port of New York only.

The coin circulation of the country, according to the Reports of the Treasurer for the amount of coin in the Treasury on the 1st November last, and of the Comptroller of the Currency for the amount held by national banks on the 1st

Coin held in Treasury and national bank and other banks.

UNITED STATES. 1st October last, estimated for other banks, appears to have been held by the banks, Treasury, and private parties as follows:—

Held in—	Gold.	Silver.		Total.
		Legal Tender.	Subsidiary.	
	Dollars.	Dollars.	Dollars.	Dollars.
Treasury - - - -	76,036,377	*7,737,608	25,984,697	100,758,672
National banks - - -	102,000,869	3,000,000	2,450,387	107,450,756
Other banks - - - -	20,000,000	†89,862,392	61,964,026	432,700,572
Private hands - - - -	270,963,234			
Total - - - -	469,000,000	100,000,000	†80,400,000	650,000,000

* Excess above amount held for payment of outstanding silver certificates.
 † Including amount for which silver certificates are outstanding.
 ‡ Includes 7,000,000 trade dollars.

Values of foreign coin in 1881.

By reason of the decline in the value of silver in 1881, the values of foreign gold and silver coins were modified from those proclaimed in 1880.

The florin of Austria was reduced from 41·3 cents to 40·7 cents; the boliviano of Bolivia from 83·6 cents to 82·3 cents; the milreis of Brazil increased from 54·5 cents to 54·6 cents; the peso of Ecuador reduced from 83·6 cents to 82·3 cents; the rupee of India from 39·7 cents to 39 cents. Japan having adopted the free coinage system for silver, the yen, which was formerly given as 99·7 cents in gold, is now 88·8 cents in silver. The Mexican dollar from 90·9 cents to 89·4 cents; the sol of Peru from 83·6 cents to 82·3 cents; the rouble of Russia from 66·9 cents to 65·8 cents; the mahub of Tripoli from 74·8 cents to 74·3 cents; the peso of Colombia from 83·6 cents to 82·3 cents; the peso of Cuba was given at 93·2 cents, and the bolivar of Venezuela at 19·3 cents. The monetary unit of Egypt, which formerly was stated as the pound at 4·974 dollars, is now fixed as the piaster, 0·49 dollar.

Gold and silver used in arts and manufactures.

The following table is interesting as exhibiting the value and character of gold and silver used in manufactures and the arts in this country during the last fiscal year, as reported by the firms engaged in the manufactures named:

Manufactures.	Number of Letters sent.	Number of Replies.	Number Manufacturing.	Not replying.	Gold.				Silver.*				Grand Total.	
					United States' Coins.	Fine Bars.	Foreign Coins, Old Jewelry, Native Gold, &c.	Total Gold.	United States' Coins.	Fine Bars.	Foreign Coins, Old Plate, &c.	Total Silver.		
					Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Instruments - - -	197	77	22	120	1,520	892	1,908	4,011	696	1,744	1,186	3,626	7,637	
Chemicals - - - -	328	142	17	186	4,851	12,081	1,620	18,552	17	251,133	27,189	278,225	306,777	
Leaf and Foil - - -	53	28	28	26	95,692	434,927	55,459	586,078	3,385	22,903	4,344	30,532	616,610	
Pens - - - - -	34	16	9	16	27,111	15,652	3,240	46,003	86	4,927	1,645	6,137	61,166	
Plate - - - - -	390	150	119	231	56,093	41,269	5,527	102,889	789	1,025,241	40,260	1,062,290	1,165,179	
Spectacles - - -	229	98	28	131	10,199	22,232	7,200	39,631	1,443	8,265	1,489	11,197	45,973	
Watch Cases - - -	48	17	17	31	598,456	1,793,600	89,309	2,421,365	4,812	1,418,966	62,944	1,481,722	3,903,087	
Jewellery, &c. - -	5,138	1,000	908	3,228	2,920,997	3,340,664	488,140	6,750,801	61,513	290,996	64,229	415,741	7,277,062	
TOTAL - - - -	6,417	3,420	1,143	3,978	3,213,682	6,171,517	569,584	10,066,732	72,199	2,127,422	106,799	2,234,221	12,476,144	

* Silver calculated at its coining value 1 dol. 16½ cents per ounce, standard (900 fine).

Jewellery and watch-cases head the list.

Standard Silver Dollars.

The total amount of standard silver dollars coined to 30th September last is 98,322,705 dollars, of which 32,373,426 dollars, or nearly 33 per cent., is in circulation, and 65,949,279 dollars remains in the Treasury. Since the close of the fiscal year ended 30th June last, the circulation of silver certificates has still further increased, the amount now outstanding being 64,149,910 dollars, of which 11,309,470 dollars was held by the Treasury. The amount of silver dollars in the Treasury at the close of 1881 was 65,949,279 dollars, less than 2,000,000 dollars in excess of the outstanding certificates. The Treasury pays out the silver certificates because it finds it necessary to utilise in some way the enormous stock of silver which it holds, and they are taken by the public, without regard to the silver dollars behind them, because they constitute a convenient form of currency. This has been found to be very advantageous, as the volume of United States' notes is limited by law, and the national banks do not find a sufficient profit in issuing circulation on United States' bonds at present prices to induce them to supply the demand for additional paper circulation caused by the increase of business. The issue, therefore, of silver certificates, by meeting this demand, has averted what might have proved to be a serious public inconvenience.

Silver dollars coined and remaining in the Treasury.

Gold Certificates.

The total issued since 1866 amounted to 981,134,880 dollars, and redeemed 975,351,960 dollars; only 5,782,920 dollars remained outstanding at the close of the fiscal year 1881.

Gold certificates issued and redeemed.

Clearing-house Certificates.

These certificates outstanding at the close of the fiscal year amounted to only 11,615,000 dollars, the smallest amount since their issue in 1863.

Clearing house certificates outstanding.

Fractional Silver Coins.

These coins are in great demand, as their transportation to persons applying for them is made free of cost.

Great demand for fractional coins.

Minor Coin.

More than a million dollars in these coins has gone into circulation within these last two years. If the demand continues at this rate the supply will be exhausted very shortly, and it will be necessary to resume their coinage, which virtually ceased in 1877.

Demand for minor coin.

Fractional Currency.

Of the 41,508,737 dollars outstanding 7th April 1876, the date of the Act authorising the issue of fractional silver coin in exchange for fractional paper currency, 26,034,293 dollars has been redeemed, and 15,474,444 remains outstanding.

Fractional currency outstanding and redeemed.

UNITED STATES. REPORT by Mr. Drummond on the Foreign Commerce of the United States for the Fiscal Year ended the 30th June 1881, with other matters of interest covering the same, and to end of the Calendar Year 1881.

STATEMENT showing the Values of Gold and Silver Coin and Bullion Imported into, and Exported from, the United States during the Year ended 30th June 1881, as compared with like Imports and Exports for the Year ended 30th June 1880.

IMPORTS.

Gold and Silver Coins and Bullion.	VALUES.			
	Year ended 30 June		Increase.	Decrease.
	1881.	1880.		
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Bars - - - - - <i>Gold:</i>	29,613,872	16,274,188	13,339,784	-
Bullion - - - - -	687,480	3,179,567	-	2,492,087
Dust - - - - -	697,467	883,600	-	186,133
Coin :-				
American - - - - -	7,577,422	18,207,569	-	10,630,137
Foreign - - - - -	61,454,918	42,213,309	19,241,529	-
TOTAL Gold - - -	100,031,259	80,768,396	19,272,863	-
Bars - - - - - <i>Silver:</i>	-	985,083	-	985,083
Bullion - - - - -	2,303,472	996,342	1,307,130	-
Coin :-				
American :				
Trade dollars - - - - -	92,307	783,062	-	690,755
Other - - - - -	1,750,069	2,508,401	-	758,332
Foreign - - - - -	6,898,316	7,003,026	-	104,710
TOTAL Silver - - -	10,544,298	12,275,914	-	1,731,616
TOTAL - - -	110,575,407	93,034,310	17,541,187	-
Brought in cars and other land vehicles - - -	2,309,713	2,364,826	-	55,113
Brought in American vessels - - - - -	12,458,518	14,770,239	-	2,311,720
Brought in foreign vessels - - - - -	95,807,206	75,899,246	19,908,020	-

DOMESTIC EXPORTS.

	<i>Gold:</i>			
Bars - - - - -	2,610	-	2,610	-
Bullion - - - - -	82,339	87,066	-	4,723
Coin - - - - -	1,741,364	1,687,973	53,391	-
TOTAL Gold - - -	1,826,307	1,775,039	51,268	-
Bars - - - - - <i>Silver:</i>	3,923,608	-	3,923,608	-
Bullion - - - - -	7,929,397	6,912,864	1,016,533	-
Coin :-				
Trade dollars - - - - -	20	43,383	-	43,363
Other - - - - -	547,622	616,607	-	68,985
TOTAL Silver - - -	12,400,637	7,572,854	4,827,783	-
TOTAL - - -	14,226,944	9,347,893	4,879,051	-
Carried in cars and other land vehicles - - -	625,464	951,072	-	325,608
Carried in American vessels - - - - -	3,045,681	3,402,566	-	356,885
Carried in foreign vessels - - - - -	10,555,799	4,993,355	5,562,444	-

FOREIGN EXPORTS.

	<i>Gold.</i>			
Bullion - - - - -	2,157	104,204	-	102,047
Coin - - - - -	736,668	1,759,789	-	1,023,114
TOTAL Gold - - -	738,825	1,863,986	-	1,125,161
Bullion - - - - - <i>Silver.</i>	65,560	324,509	-	258,949
Coin - - - - -	4,375,518	5,806,591	-	1,231,018
TOTAL Silver - - -	4,441,078	5,931,040	-	1,489,962
TOTAL - - -	5,179,903	7,795,026	-	2,615,123
Carried in American vessels - - - - -	1,989,034	3,486,465	-	1,496,531
Carried in foreign vessels - - - - -	3,189,969	4,308,561	-	1,118,692

REPORT by Consul *Booker* on the Trade and Commerce of San Francisco,
for the Year 1881.

The exports of gold and silver during the past five years have been as follows:—

YEAR.	To Eastern Ports of the Union.	To England.	To China.	To other Ports.	Total.
	£.	£.	£.	£.	£.
1877 - - - -	7,723,892	-	3,520,255	804,583	11,548,730
1878 - - - -	4,339,415	5,980	2,336,465	175,620	6,857,480
1879 - - - -	3,168,228	22,970	1,839,510	192,980	5,243,688
1880 - - - -	1,268,750	33,000	734,840	550,920	2,587,510
1881 - - - -	1,245,745	1,040	750,772	372,920	2,371,377

The description of exports in 1881 is given in the following Table:—

	£.
Gold coin - - - -	1,090,120
Gold dust - - - -	7,980
Silver bars - - - -	701,260
„ U.S. coin - - - -	44,907
Mexican dollars - - - -	441,960
Other foreign silver coin - - - -	4,760
Currency - - - -	80,390

Of the above, 540,000 *l.* bar silver and the Mexican dollars were sent to China, Japan, and India.

Our imports of treasure have been greater than for some years, amounting to 2,081,300 *l.*, of which 914,160 *l.* came from Mexico, and 790,560 *l.* from Australia.

Mining.

The yield from the gold mines of this State has varied but little for some years, averaging something over 18,000,000 dollars. Had it not been for the temporary suspension of work on the part of the hydraulic mining companies, who were stopped by an injunction from one of the courts in a mining *débris* suit, the product of 1881 would probably have exceeded the average by 1,000,000 dollars. A suit is now pending at the instance of the county of Sacramento, which will thoroughly ventilate the whole matter in connection with the damage to lands and rivers by the *débris* of the hydraulic mines carried directly into the rivers by tunnels. Several weeks have been consumed in taking testimony, and the arguments of counsel are now being made; if a decision is reached on the main question, and the suit is not thrown out by some side issue, the whole case will go before the supreme court, and some definite result be reached.

The following dividends have been paid in the year:—

	Dollars.
Black Bear - - - -	45,000
Bulwer Consolidated - - - -	10,000
Gold Stripe - - - -	65,500
Green Mountain - - - -	100,000
Idaho - - - -	263,500
Inyo Consolidated - - - -	35,000
Magalia - - - -	15,000
New York Hill - - - -	100,000
Plumas Eureka - - - -	135,469
Plumas Water and Mining - - - -	7,500
Rising Sun - - - -	25,875
Sierra Buttes - - - -	76,250
South Yuba - - - -	82,500
Spring Valley - - - -	50,000
Standard - - - -	975,000
Yuba - - - -	8,000
Dollars	1,994,594

UNITED STATES.

The assessments were 808,400 dollars, collected from 21 mines.

I referred in my last report to extensive works which had been carried on under the supervision of Government engineers to endeavour to put a stop to the damage done by the débris. Dams had been constructed on the Yuba and Bear rivers for the purpose of holding it, but these were seriously damaged by the floods of last winter, not, however, before proving that the system had a good deal of merit. Nothing further will, however, be done in connection with it until the suit referred to is decided.

Through the courtesy of the United States Mint authorities in furnishing me information in advance of its publication, I am able to give the result of the mining of the different counties of California for the fiscal year ended the 30th June last:—

COUNTIES.	Gold Bullion. Coin Value.	Silver Bullion. Coin Value.	TOTALS.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Alpine - - - - -	1,843	2,090	3,739
Amador - - - - -	1,561,608	1,172	1,562,780
Butte - - - - -	349,787	19	349,806
Calaveras - - - - -	815,724	29	815,753
Colusa - - - - -	1,261	28	1,274
Del Norte - - - - -	45,896	-	45,896
El Dorado - - - - -	700,884	711	710,595
Fresno - - - - -	114,307	-	114,307
Humboldt - - - - -	82,679	-	82,679
Inyo - - - - -	90,710	180,177	270,887
Kern - - - - -	130,287	450	130,737
Los Angeles - - - - -	3,978	3,368	7,346
Lassen - - - - -	42,995	1,406	44,401
Mendocino - - - - -	650	-	650
Mono - - - - -	2,749,712	517,866	3,267,578
Mariposa - - - - -	141,449	520	141,969
Modoc - - - - -	29,000	1,500	30,500
Merced - - - - -	1,230	-	1,230
Nevada - - - - -	4,119,305	7,430	4,126,735
Placer - - - - -	1,236,252	577	1,236,829
Plumas - - - - -	1,251,917	419	1,252,336
Sbasta - - - - -	233,007	19,805	252,812
Stanislaus - - - - -	61,558	4,200	65,758
San Diego - - - - -	68,192	14	68,206
San Bernardino - - - - -	1,100	7,785	8,885
Santa Barbara - - - - -	2,000	-	2,000
Sacramento - - - - -	306,058	-	306,058
Siskiyou - - - - -	567,719	100	567,819
Sierra - - - - -	1,156,152	1,039	1,157,191
Tuolumne - - - - -	366,356	375	366,731
Trinity - - - - -	330,732	643	331,375
Tular - - - - -	3,847	86	3,933
Tehama - - - - -	91	-	91
Ventura - - - - -	600	-	600
Yuba - - - - -	949,003	5,772	954,775
Add for unreported small producers, mostly Chinese - - - - -	500,000	-	500,000
TOTAL - - - - -	17,977,323	757,525	18,734,848

Calaveras, El Dorado, Mono, Nevada, Placer, Plumas, and Sierra counties produced a million more than in 1880; with the exception of Mono county the result was due mainly to hydraulic and drift mining. Mono county has been increasing its production from quartz mining since 1877, the total product amounting to about 12,000,000 dollars. The quartz mining interests of Nevada county are in a very encouraging condition. In Nevada township there are about 200 stamps at work, and more are being added. In this county is the celebrated Idaho mine, which has been paying regular monthly dividends for 13 years, aggregating 3,101,550 dollars, out of a gross product of 6,780,295 dollars. The yield of the silver mines of Nevada in 1881 fell off over 3,000,000 dollars, amounting to about 12,000,000 dollars, of which 1,726,000 dollars was the

the product of the mines of the Comstock lode, a large proportion of which was from the working of "tailings." The celebrated Consolidated Virginia and California mines only turned out 266,246 dollars; 144,064 dollars were from the Consolidated Virginia, the ore yielding 21 dollars 13 cents per ton, and 122,182 dollars from the California, the ore yielding 19 dollars 77 cents per ton. The Comstock lode, which has attracted the attention of the whole mining world for many years, appears to have practically given out, all the working of the past two years having failed to find any ore deposit of value. According to the returns made to the United States Mint, the product of the State for the fiscal year ending the 30th June was 10,311,610 dollars.

The following table gives the amount of precious metals produced in the different mining districts of the State in 1881 :—

	Gold Bullion.	Silver Bullion.		Gold Bullion.	Silver Bullion.
	<i>Dollars.</i>	<i>Dollars.</i>		<i>Dollars.</i>	<i>Dollars.</i>
The Comstock	-	1,726,762	Lewis	-	71,830
Aurora	3,325	2,500	Mill City	7,293	1,710
Austin	-	1,026,005	Morey	-	32,581
Belleville	-	1,466,350	Palisade	-	355
Belmont	-	5,483	Paradise	-	49,798
Beowawe	-	148,887	Pioche	-	72,316
Bristol	-	31,862	Reno	29,937	44,108
Carson	2,898	5,077	Rye Patch	17,994	7,000
Cherry Creek	-	376,440	Tuscarora	6,515	480,792
Columbus	-	2,106	Tybo	-	73,402
Elko	12,814	-	Unionville	631	905
Eureka	-	1,808,205	Ward	10,140	19,196
Franktown	-	17,330	Washoe	765	-
Genoa	1,550	-	Winnemucca	-	20,182
Grantsville	-	334,636			
Hamilton	-	30,856			
Hawthorne	1,630	-			
			TOTAL	95,492	7,855,574

The above yield represents that of gold and silver only; the base bullion yield is given below :—

	Gold.	Silver.	Lead.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Austin	-	18,839	-	18,839
Carson	379,018	278,458	-	657,471
Columbus	-	25,000	-	25,000
Eureka	1,348,983	-	970,077	2,319,060
Grantsville	-	540	-	540
Hamilton	-	456,692	-	456,692
Mill City	-	35,363	-	35,363
Pioche	18,544	129,005	210,575	353,124
Tecoma	-	3,761	-	3,761
Unionville	-	21,680	-	21,680
Ward	-	4,968	-	4,968
TOTAL	1,741,540	974,306	1,180,652	3,896,498

The dividends paid by the incorporated companies amounted to 1,682,083 dollars received from nine mines. The assessments amounted to 7,532,510 dollars, of which 5,355,800 dollars were for the working of 54 mines of the Comstock lode.

The following report of Messrs. Wells, Fargo, and Company, who have means through

• UNITED STATES. through their express business of collecting reliable statistics in regard to the yield of the precious metals, will be found interesting:—

“The following is a copy of our annual statement produced in the States and territories west of the Missouri river (including British Columbia, and receipts in San Francisco by express from the West Coast of Mexico) during 1881, which shows aggregate products as follows:—Gold, 31,869,686 dollars; silver, 45,077,829 dollars; lead, 6,361,902 dollars; copper, 1,195,000 dollars; total gross result, 84,504,417 dollars.

“California shows a decrease in gold of 579,069 dollars and an increase in silver of 323,582 dollars. Nevada shows a total falling off of 3,184,057 dollars; the yield from the Comstock being only 1,726,162 dollars, as against 5,312,592 dollars in 1880, a decrease of 3,586,430 dollars. The product of Eureka district is 4,127,265 dollars, as against 4,639,025 dollars in 1880, a decrease of 511,760 dollars. Utah shows an increase of 860,335 dollars. Colorado shows an increase of 1,672,171 dollars; and Arizona, 3,726,295 dollars, over our report of last year.”

STATEMENT of the Amount of PRECIOUS METALS produced in the States and Territories West of the Missouri River, including British Columbia (and Receipts in San Francisco by Express from the West Coast of Mexico), during the Year 1881.

STATES AND TERRITORIES.	Gold Dust and Bullion by Express.	Gold Dust and Bullion by other Conveyances.	Silver Bullion by Express.	Ores and Base Bullion by Freight.	TOTAL.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
California - - - - -	16,349,216	817,460	548,562	805,421	18,020,679
Nevada - - - - -	95,402	-	7,855,574	3,096,408	11,847,584
Oregon - - - - -	580,931	580,000	48,684	-	1,189,615
Washington - - - - -	67,309	38,654	-	-	100,063
Alaska - - - - -	-	13,000	-	-	13,000
Idaho - - - - -	1,046,548	410,000	370,540	1,007,386	2,834,474
Montana - - - - -	1,136,290	227,258	2,305,723	600,800	4,350,071
Utah - - - - -	99,959	10,336	3,563,610	3,637,383	7,311,288
Colorado - - - - -	1,907,100	-	2,820,000	18,230,000	22,957,100
New Mexico - - - - -	52,944	-	77,000	705,000	814,944
Dakota - - - - -	3,225,950	325,000	-	-	3,550,950
Arizona - - - - -	396,697	132,232	6,278,805	1,300,942	8,108,706
Mexico (West Coast) - - - - -	313,127	-	1,690,216	391,000	2,433,343
British Columbia - - - - -	757,600	115,000	-	-	872,600
TOTAL - - - - -	26,019,223	2,663,940	25,567,824	30,253,430	84,504,417

The bullion from the Comstock contained 47·54 per cent. gold, and 52·46 per cent. silver. Of the so-called base bullion from Nevada, 44·70 per cent. was gold; and of the whole product, 26·53 per cent. was gold.

The gross yield for 1881 shown above, segregated, is approximately as follows:—

ARTICLES.	Per Cent.	Dollars.
Gold - - - - -	26·53	31,869,686
Silver - - - - -	52·46	45,077,829
Lead - - - - -	7·53	6,361,902
Copper - - - - -	1·41	1,195,000
TOTAL - - - - -		84,504,417

ANNUAL PRODUCTS OF LEAD, COPPER, SILVER, and GOLD, in the States and Territories West of the Missouri River, 1870-1881.

YEAR.	Products as per Wells, Fargo, and Co.'s Statements, including Amounts from British Columbia and West Coast of Mexico.	Product after Deducting Amounts from British Columbia and West Coast of Mexico.	The Net Product of the States and Territories West of the Missouri River, exclusive of British Columbia and West Coast of Mexico, divided, is as follows:—			
			Lead.	Copper.	Silver.	Gold.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1870 - - -	54,000,000	52,150,000	1,080,000	- -	17,320,000	33,750,000
1871 - - -	58,284,000	55,784,000	2,100,000	- -	19,286,000	34,398,000
1872 - - -	62,236,959	60,351,824	2,250,000	- -	19,924,429	38,177,395
1873 - - -	72,258,693	70,139,860	3,450,000	- -	27,483,302	39,206,558
1874 - - -	74,401,045	71,965,810	3,800,000	- -	29,699,122	38,466,488
1875 - - -	80,889,057	76,703,493	5,100,000	- -	31,635,239	29,968,194
1876 - - -	90,375,173	87,219,859	5,040,000	- -	30,292,924	42,886,935
1877 - - -	98,421,754	95,811,582	5,085,250	- -	45,846,109	44,860,223
1878 - - -	81,154,622	78,276,167	3,452,000	- -	37,248,137	37,576,030
1879 - - -	75,349,501	72,688,888	4,185,769	- -	37,032,857	31,470,262
1880 - - -	80,167,936	77,232,512	5,742,390	898,000	38,033,055	32,559,067
1881 - - -	84,604,417	81,198,474	6,861,902	1,195,000	42,987,613	30,633,959

REPORT by Mr. West on the Production of the Precious Metals in the United States, Census Year 1880.

The mines in the United States are classified as follows:—

1. Mines of free gold, or gold alloyed with a small portion of silver.
2. Mines of silver ores containing only traces of gold.
3. Mines yielding doré bullion from milling ores containing both gold and silver in appreciable quantities.
4. Mines yielding base bullion from smelting ores in which the precious metals are associated with larger quantities of lead and copper.

Placer or gravel mines are workings in secondary or fragmentary gold deposits, including gravels and sands, and are either surface or shallow workings.

The mining district is divided into three divisions, namely:—

1. The Pacific division, which comprises California, Nevada, Utah, Arizona, Idaho, Oregon, Washington Territory, and Alaska.
2. The Rocky Mountains division, which comprises Colorado, Dakota, Montana, New Mexico, and Wyoming.
3. The Eastern division, which comprises Alabama, Georgia, Maine, New Hampshire, North Carolina, South Carolina, and Virginia.

In productions of gold California holds the first place.

It furnishes 71.47 per cent. of the total placer product of the United States, and 40.09 per cent. of the total product of the deep mines, or 51.38 per cent. of the total gold product of the country (from all sources).

The yield of silver is only 2.80 per cent. of the total in proportion to the area; the yield of gold averages 180 dollars 30 cents per square mile, and that of silver, 6 dollars 84 cents per square mile. The average yield per head of both the precious metals is 21.09.

The total quantity of ore raised during the census year from deep mines was 544,241 tons, of which the assay value was 11,796,287 dollars, and from placer mines 415,105 ounces, value 8,580,989 dollars.

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Nevada.—The product of Nevada represents an average of 44 dollars 16 cents gold, 112 dollars 39 cents silver, for each square mile of its area. Its annual product, if distributed per head, would give 78 dollars 51 cents gold, and 199 dollars 63 cents silver, to every man, woman, and child within its borders.

Ore raised, 356,052 tons; assay value, 20,183,396 dollars; placer mines, 50,000 dollars.

Utah.—In this State there are 535 deep mines, 1 placer mine, 18 amalgamating mills, and 34 smelting works, from which the Returns are taken.

Ore raised, 154,827.78 tons; assay value, 6,450,051 dollars.

Arizona.—Ore raised, 48,252.50 tons; assay value, 4,723,638 dollars; placer mines, 1,451.2 ounces, or 30,000 dollars.

Idaho.—The Returns from this State come from 369 deep mines, 14 placer mines, 18 amalgamating mills, 2 arrastras, and 2 smelting works. Idaho furnishes 7.32 per cent. of the placer output of the United States, 2.81 per cent. of the deep mine gold, 4.43 per cent. of the total gold, 1.13 per cent. of the silver, and 2.60 per cent. of the entire product of the precious metals in the whole country. The average yield per square mile is 17 dollars 45 cents gold, and 5 dollars 30 cents silver; and per head, 45 dollars 38 cents gold, and 13 dollars 78 cents silver.

Ore raised, 35,825.50 tons; assay value, 1,916,363 dollars; placer mines, 42,352.8 ounces; value, 879,645 dollars.

Oregon.—The production in this State is 7.75 per cent. of the placer gold, 80 per cent. of the deep mine gold, 3.29 per cent. of the total gold, and only .07 of the total silver. The average yield per square mile is 11 dollars 43 cents gold, 20 cents silver. The product per head is 6 dollars 28 cents gold, and 11 cents silver.

Ore raised, 14,687 tons; assay value, 312,922 dollars; placer mines, 44,811.5 ounces; value, 926,336 dollars.

Washington Territory.—Ore raised, 537 tons; assay value, 22,037 dollars; placer mines, 5,756.6 ounces; value, 119,000 dollars.

Alaska.—This vast territory is still an unexplored region, and little is known of its mining resources. The Takou gold district is, however, stated to have yielded 150,000 dollars in 1881.

Division of the Rocky Mountains.

Colorado.—Mining statistics for this State are difficult to obtain. In relation of productions to area, however, it holds the first place both for gold and silver combined, and for silver alone.

Ore raised, 356,360 tons; assay value, 22,786,717 dollars; placer mines, 4,921.9 ounces; value, 101,745 dollars; value of crude lead, 886,233 dollars; value of crude copper, 631,200 dollars.

Dakota.—Ore raised, 536,748 tons; assay value, 4,317,793 dollars; placer mines, 2,307.5 ounces; value, 50,000 dollars.

Montana.—Ore raised, 114,800 tons; assay value, 6,044,912 dollars; placer mines, 56,255.6 ounces; value, 1,162,908 dollars.

New Mexico.—Ore raised, 10,486.5 tons; assay value, 861,309 dollars. No gold obtained from placer mines.

Eastern Division.

Alabama.—Ore raised and treated, 124 tons; gold bullion produced, 1,300 dollars.

Georgia.—Ore raised, 2,792 tons; assay value, 1,255 dollars; placer mines, 3,234.5 ounces; value, 66,863 dollars.

Maine.—Ore raised, 2,250 tons; assay value, 65,768 dollars.

New

New Hampshire.—Ore raised and treated, 2,183 tons; bullion produced, 27,000 dollars. UNITED STATES.

North Carolina.—Ore raised, 35,786 tons; assay value, 414,400 dollars; placer mines, 226·7 ounces; value, 4,687 dollars.

South Carolina.—Bullion produced, 314·4 ounces; value, 6,500 dollars. Placer mines, 316·4 ounces; value, 6,541 dollars.

Virginia.—Ore raised, 164 tons; assay value, 3,734 dollars.

The relative quota contributed by each of the three great divisions is as follows:—

Pacific.—75·68 per cent. gold; 51·43 per cent. silver; 62·43 per cent. of the total.

Rocky Mountains.—23·60 per cent. gold; 48·45 per cent. silver; 37·18 per cent. of the total.

Eastern Division.—0·72 per cent. gold; 0·12 per cent. silver; 0·39 per cent. of the total.

The reported yield of the mines of the Western States and Territories, together with that from British Columbia, for the calendar year 1881, was 76,947,515 dollars, viz., 31,869,686 dollars gold, and 45,077,829 dollars silver.

In fact, the estimates of the yield subsequent to the Census period indicate an actual and considerable gain.

REPORT by Mr. Saurin on the Finances of the United States for the Year ended 30th June 1882.

THE total paper currency on the 1st November 1882 was 709 million dollars, and of these legal tender notes, restricted by law to 382 millions, represented 346 against 362 million dollars' worth of national bank-notes. At the same date the national banks held no less than 100 millions of gold and silver coin, or more than one-eighth of the coin in the country, and received as depositaries during the fiscal year over 140 millions of public moneys out of the 540 millions which constituted the gross receipts of the Government.

These deposits would be much larger were not the Treasury compelled by law to hold the customs receipts as well as the sums deposited for redemption of national bank-notes, the latter alone amounting to 50,000,000 dollars in specie.

The total amount of the circulating medium of the country on the 1st November is given as follows:—

	<i>Dollars.</i>
Treasury notes outstanding - - - -	346,681,016
National Bank notes outstanding - - -	362,727,747
Gold in the Treasury, less certificates held by the banks.	148,435,473
Standard silver dollars in the Treasury - -	92,414,977
Subsidiary silver coin and silver bullion in the Treasury.	30,761,985
Coin in the national banks - - - - -	102,362,063
Coin in State and savings banks - - - -	17,892,500
Estimated amount of coin held by the people -	387,562,793
TOTAL - - -	1,488,838,554

Amount of currency held by national banks.

Deposits of Government money.

Circulating medium of the United States,

The estimated total currency of the country on the 1st November thus appears to have been more than 1,488 millions, which is 433 millions in excess of the amount held on the 1st January 1879, and 186 millions in excess of the amount held two years ago, on the 1st November 1880. The gain in gold coin since the resumption of the specie payments has been 288 millions, and in gold and silver coin 394 millions. The increase in national bank notes has been nearly 39 millions.

No change has been made in the amount of legal tender notes outstanding. It remains at 346,681,016 dollars, which was the amount outstanding at the

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date of the passage of the Act of the 31st May 1878, which prohibited any further reduction of the volume of these notes.

Coin circulation.

On the 1st October 1882, the total coin circulation was as follows:—

	Gold.	Silver.	Total.
	Dollars.	Dollars.	Dollars.
Circulation 1 July 1882	500,882,185	199,573,800	700,455,985
Coinage to 1 October 1882	18,339,853	0,915,165	20,255,018
Excess of imports over exports to 1 October 1882	-	121,225	121,225
Total	514,222,038	206,609,770	720,831,808
Less excess of exports over imports*	2,031,012	-	2,031,012
Circulation 1 October 1882	512,191,026	206,609,770	718,800,800

* All ports for July and August, only New York and San Francisco for September.

Besides this amount of gold and silver coin, there was in the mints and assay offices on the 1st October, deposited or purchased for coinage, gold bullion of the value, approximately, of 51,440,420 dollars, and silver bullion costing 3,343,565 dollars, making a total of coin and bullion belonging to the United States and awaiting coinage, of gold, 563,631,456 dollars, and of silver, 209,953,335 dollars, a total of 773,584,791 dollars.

Large amount held by Treasury.

The amount of gold and silver coin and bullion held by the Treasury would appear excessive, and as likely to hinder the natural movement of the circulating medium. After deducting about 60 millions, which represent the issue of silver dollar certificates, over 30 millions in silver dollars alone still remain, and this amount must go on increasing so long as Congress refuse to repeal the law requiring an average monthly production of these coins to the amount of 2 millions. The result has been that, with the exception of about 3,000,000 dollars, the whole of the 27 millions coined in the fiscal year 1881-82 has remained in the Treasury coffers.

Gold certificates.

By an Act of the 12th July 1882, the issue of gold certificates was authorised, and it is anticipated that these will displace the silver certificates, which are payable in a coin worth but 88 per cent. of its nominal value. The total circulation of the United States in gold coin, on the 1st July 1882, is estimated at 500,000,000 dollars, the excess of exports over imports for the year having been 25 millions. In silver coin the total at the same date is estimated at 200,000,000 dollars, with an excess of imports over exports of 517,778 dollars. The following is a statement of coinage from the organisation of the mint to the close of the fiscal year ended the 30th June 1882:—

Coinage.

GOLD COINAGE.

PERIOD.	Double Eagles.	Eagles.	Half Eagles.	Three Dollars.	Quarter Eagles.	Dollars.	Total.
	Dollars.	Dollars.	Dollars.	Dollars.	Dol. c.	Dollars.	Dol. c.
1793 to 1848	-	25,602,379	45,265,256	-	5,412,615 00	-	70,280,250 00
1849 to 1873	645,727,080	29,851,820	22,994,300	1,100,013	20,601,705 50	12,015,623	740,561,128 50
1874	46,228,000	833,480	909,780	125,360	510,150 00	222,928	50,417,698 00
1875	22,748,140	500,840	208,655	80	2,250 00	20	23,257,965 00
1876	37,896,720	158,610	71,608	125	62,692 50	2,643	38,179,798 50
1877	48,941,700	50,380	67,833	4,404	5,780 00	2,226	49,011,193 00
1878	51,406,240	155,490	688,080	137,680	400,900 00	1,729	52,798,919 00
1879	37,334,340	1,031,446	1,442,130	100,192	1,106,800 00	2,920	40,916,918 00
1880	21,515,300	18,836,330	15,790,500	9,000	2,075 00	2,689	56,157,720 00
1881	15,345,320	23,260,650	29,092,180	4,608	9,140 00	2,276	78,732,564 00
1882	14,563,020	41,860,410	80,472,935	75	62 50	6,025	96,412,447 50
TOTAL	942,963,020	154,488,930	147,790,020	1,500,927	28,263,727 50	19,202,509	1,261,236,628 50

SILVER COINAGE.

Period.	Trade Dollars.	Dollars.	Half Dollars.	Quarter Dollars.	Twenty Cents.	Dime.	Half Dimes.	Three Cents.	TOTAL.
	Dollars.	Dollars.	Dol. c.	Dol. c.	Dollars.	Dol. c.	Dol. c.	Dol. c.	Dol. c.
1793 to 1852	-	2,506,880	26,249,153 00	3,298,040 50	-	3,890,000 50	1,822,296 00	744,937 00	29,213,371 90
1853 to 1873	-	3,536,048	33,396,082 50	18,002,178 80	-	5,170,723 00	3,063,048 00	330,973 29	65,958,512 70
1874	3,588,000	-	1,438,950 50	458,518 50	-	497,285 80	-	-	5,983,001 30
1875	5,697,500	-	2,533,568 00	623,030 00	5,836	682,580 80	-	-	10,970,368 00
1876	6,182,650	-	4,063,523 00	4,106,262 50	263,580	3,632,165 00	-	-	19,125,502 50
1877	6,162,900	-	6,746,350 00	7,584,175 00	1,440	2,055,074 00	-	-	26,549,935 00
1878	11,373,910	8,573,500	3,673,255 00	3,703,627 50	149	706,691 00	-	-	28,290,825 50
1879	-	27,227,500	225 00	112 50	-	45 00	-	-	27,227,882 50
1880	-	27,633,750	3,275 00	3,837 50	-	1,576 00	-	-	27,642,437 50
1881	-	27,637,965	4,677 50	3,638 75	-	2,628 50	-	-	27,649,966 75
1882	-	27,772,075	5,537 50	3,298 75	-	2,507 50	-	-	27,783,588 75
TOTAL	35,850,360	127,190,618	122,788,510 50	23,488,005 50	271,000	16,910,500 30	4,906,940 00	1,281,850 20	347,786,702 40

MINOR COIN.

Period.	Five Cents.	Three Cents.	Two Cents.	Cents.	Half Cents.	TOTAL.
	Dol. c.	Dol. c.	Dollars.	Dol. c.	Dol. c.	Dol. c.
1793 to 1873	5,276,140 00	805,350 00	912,020	4,886,452 44	39,926 11	11,919,888 55
1874	244,350 00	29,640 00	-	137,935 00	-	411,925 00
1875	94,650 00	12,540 00	-	123,185 00	-	230,375 00
1876	132,700 00	7,560 00	-	120,090 00	-	260,350 00
1877	25,250 00	-	-	36,915 00	-	62,165 00
1878	80 00	48 00	-	30,666 00	-	30,694 00
1879	1,175 00	984 00	-	95,639 00	-	97,798 00
1880	1,247 50	982 50	-	267,741 50	-	269,971 50
1881	177 75	32,416 65	-	372,515 55	-	405,109 95
1882	220,038 75	104 25	-	424,614 75	-	644,757 75
TOTAL	5,995,809 00	889,625 40	912,020	6,495,654 24	39,926 11	14,333,034 75

The consumption of the precious metals for the arts is estimated for the fiscal year 1882 to have exceeded 12,000,000 dollars in gold and 7,000,000 dollars in silver, of which 7,000,000 dollars in gold and 6,000,000 dollars in silver were of domestic production. Consumption of precious metals.

During the same year the total production of the precious metals in the United States may be approximately estimated at 31,500,000 dollars for gold, and 44,700,000 dollars for silver. In the former metal there has been a falling off of about 3,000,000 dollars, apparently due to diminished production in the States on the Pacific slope. In the latter there has been a net gain over the production of the preceding year of about 1,700,000 dollars.

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The foreign commerce of the United States during the last fiscal year, including imports and exports of merchandise and specie, was as follows:

		<i>Dollars.</i>
Exports—		
Merchandise	- - - - -	750,342,257
Specie	- - - - -	49,417,479
		799,959,736
Imports—		
Merchandise	- - - - -	724,639,574
Specie	- - - - -	42,472,390
		767,111,964
Imports and exports during the year ended		
30 June 1882	- - - - -	1,567,071,700
Imports and exports during the year ended		
30 June 1881	- - - - -	1,675,024,318
Decrease		107,952,618

REPORT by Consul General *Booker* on the Trade, Navigation, and Commerce of New York for the Year 1882.

Gold and Silver Production of the United States.

The report of the directors of the Mint for 1882 shows that the decrease in the gold yield of the United States, which set in four or five years ago, still continues. From 51,000,000 dollars in 1878, which was the highest figure reached preceding that year, the production fell to 38,000,000 dollars in 1879, 36,000,000 dollars in 1880, 34,000,000 dollars in 1881, and 32,000,000 dollars in 1882. This falling-off is attributed to an interference with mining operations due to various causes, rather than to any exhaustion of the mines themselves. There was also a decline in the production of silver in 1879 and 1880, but this was followed by a marked increase during the next two years. The annual yield, which fell from 45,000,000 dollars in 1878 to 40,000,000 dollars in 1879, and 37,000,000 dollars in 1880, rose to 43,000,000 dollars in 1881, and nearly 47,000,000 dollars in 1882, which, according to the Mint reports, is the greatest annual production yet reached by the silver mines of the United States.

The Silver Question.

The Chamber of Commerce of New York in its last annual report makes the following observation in regard to this matter:

"It will be difficult to find in the annals of financial legislation a more peculiar and unfortunate act than that part of the law passed in February 1878, compelling the purchase of silver bullion by the United States Treasury, and its coinage by the mints in silver dollars of 412½ grains standard weight at the rate of 2,000,000 dollars monthly. In the first place, it took no account of the increased production of silver, the diminishing production of gold, and the consequent rapid divergence of silver from standard value; in the second, of the well-known fact that no country has succeeded in maintaining as large a silver coin as the dollar in extensive circulation; and thirdly, its failure, by concomitant legislation, to make a place for silver in the circulating medium by the withdrawal of bills under five dollars, both from the National Bank circulation and the Government issues.

"The general arguments were carefully set forward in the memorial adopted by the Chamber. The practical argument needs no demonstration. On the 30th September 1878 there were in the United States Treasury (in round numbers) 12,000,000 of standard dollars; on the 31st of October 1882 there were 93,000,000. Congress showed its power to legislate this amount of silver into

into the Treasury, but it has shown no financial ability to legislate it out of the Treasury into circulation. So long as there is no scarcity of legal tenders, either of the true substance gold, or of its paper equivalent, either in fact or law, it may be accepted as a certainty that no substance, which requires a horse and cart to effect its legal tender, in even moderate sums, will ever be in special favour."

REPORT by Consul Stanley on the Trade and Commerce of California for the Year 1883.

The following Statement, compiled by Mr. John Valentine, Vice-President of Wells, Fargo, and Company, shows the production of precious metals in the States west of the Missouri River, inclusive of British Columbia and the West Coast of Mexico:—

STATEMENT showing the Production of Precious Metals in States West of Missouri River, including West Coast of Mexico and British Columbia.

STATES AND TERRITORIES.	Gold Dust and Bullion.	Silver Bullion and Ores, and Base Bullion.	TOTAL.
	Dollars.	Dollars.	Dollars.
California - - - - -	13,841,297	1,832,017	15,673,314
Nevada - - - - -	1,097,595	7,674,026	8,771,621
Oregon - - - - -	581,890	11,090	592,980
Washington - - - - -	63,175	351	63,526
Alaska - - - - -	105,000	-	105,000
Idaho - - - - -	1,293,582	2,512,245	3,805,827
Montana - - - - -	2,499,000	7,380,000	9,879,000
Utah - - - - -	31,170	6,986,512	7,017,682
Colorado - - - - -	2,341,602	21,968,308	24,310,000
New Mexico - - - - -	173,642	3,239,877	3,413,519
Arizona - - - - -	490,686	7,698,057	8,188,743
Dakota - - - - -	2,693,000	130,000	2,823,000
West Coast of Mexico - - - - -	707,836	4,254,548	5,022,384
British Columbia - - - - -	652,016	-	652,016
		TOTAL - - - - -	90,313,612

The productions for the last 10 years have been as follows, exclusive of that from Mexico and British Columbia:—

YEARS.	Gold.	Silver.	Lead.	Copper.	TOTAL.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1874 - - - - -	38,406,488	29,699,122	3,800,000	-	71,965,610
1875 - - - - -	39,969,194	31,635,239	3,100,000	-	76,703,433
1876 - - - - -	42,886,935	39,292,924	5,040,000	-	87,219,859
1877 - - - - -	44,880,223	45,846,109	5,085,250	-	95,811,582
1878 - - - - -	37,576,030	37,248,137	3,452,000	-	78,276,167
1879 - - - - -	31,470,262	37,032,857	4,185,769	-	72,688,888
1880 - - - - -	32,559,069	38,033,053	5,742,390	898,000	77,232,512
1881 - - - - -	30,653,959	42,987,613	6,361,902	1,195,000	81,198,474
1882 - - - - -	29,011,313	42,133,039	8,008,155	4,055,037	83,207,549
1883 - - - - -	27,816,640	42,075,101	8,163,560	5,683,921	84,639,221

Treasure was exported as follows:—

	1882.	1883.
	<i>Dollars.</i>	<i>Dollars.</i>
To New York by rail - - -	4,234,125	1,609,748
China - - - - -	4,634,423	0,303,168
Japan - - - - -	830,608	708,977
India - - - - -	532,809	—
Hawaiian Islands - - -	51,860	836,753
Other countries - - -	95,988	68,430
TOTAL - - -	10,888,294	12,209,091

REPORT by Mr. West, Her Majesty's Envoy Extraordinary and Minister Plenipotentiary at Washington, on the Coinage and Circulation of Trade Dollars in the United States.

THE coinage of the trade dollar was authorised by the Act of Congress on the 12th February 1873, cap. 131, secs. 13 and 15. Its weight was fixed at 420 grains, and the nominal value was 100 cents, and it was to be a legal tender for any amount not exceeding five dollars in any one payment. It was, however, coined as a mere convenience for use in trade with China as a substitute for Mexican dollars, which had been formerly used, and which were eagerly taken by Chinese merchants, who, in fact, at last succeeded in absorbing the whole of the old Spanish silver coinage.

The trade dollar was meant to compete with the Mexican dollar, and was therefore made more valuable by two mills per piece. At the time of the passage of the Act authorising the coinage of trade dollars, silver bullion was worth, in London, about $59\frac{1}{16}d.$ per ounce, British standard, at which rate the bullion or intrinsic value of a trade dollar, was $103\frac{1}{16}$ cents in gold. Fluctuations, however, in the value of silver were not so great at that time as in subsequent years, and, taking the average value for the year 1873, the trade dollar was intrinsically worth $102\frac{1}{16}$ cents in gold. This fact alone was sufficient to keep these coins effectually out of circulation, and insured their use for the purpose for which they were intended.

The Act above mentioned made them legal tender in sums not exceeding five dollars in any one payment, but, as the price of silver continued to fall rapidly, and as trade dollars were circulating to a considerable extent on the Pacific Coast, Congress demonetized them in 1876: and in 1878 a Treasury Circular declared that the "United States' trade dollar is not a legal tender, and therefore has only a bullion value."

At the time of the demonetization silver had fallen to the lowest price on record, and the bullion value of the trade dollar was only $80\frac{1}{16}$ cents in gold. At the end, however, of the year (1876) the price of silver again rose, and the trade dollar was worth 101 cents in gold. Under the Coinage Act (1873) these dollars could be coined for depositors of silver bullion at the mints, and a charge was imposed for coinage at a rate not exceeding the actual cost to the Government of manufacture. Any owner of silver bullion, therefore, could have the same coined into trade dollars. They were, therefore, not issued or paid out by the Government in payment of obligations or exchanged for other money.

The standard silver dollar and silver fractional coins are, on the other hand, coined from bullion, purchased by the Government for that purpose, and on its own account, and are not coined for depositors, differing in this respect from the trade dollars. The Government, in fact, authorised a coinage for the circulation of which it did not hold itself responsible, and which they subsequently sought to restrict by declaring it not to be a legal tender. The dollars, however, were in circulation, and the holders of silver bullion therefore were by no means inclined to lose this method of utilising it as long as it was possible for them to do

do so, and thus, until quite lately, the trade dollar has maintained itself, more or less, as a circulating medium.

Of the 35,000,000 trade dollars coined under the Act, 32,000,000 were exported on account of Chinese trading transactions, 700,000 of which came back, so that it is estimated that there may be nearly 4,000,000 at present in the United States.

The trade dollar is of greater intrinsic value than the standard dollar, which contains $7\frac{1}{2}$ grains less silver of the same fineness, its weight being 412.5 grains as against 420 grains to the standard dollar. The present value of silver is $50\frac{1}{16} d.$ an ounce, so that the intrinsic value of the standard dollar of $412\frac{1}{2}$ grains is .8493, while that of the trade dollar of 420 grains is .8652; but the par value of the standard dollar is maintained by the fact that it is a legal tender interchangeable with greenbacks or gold, whereas the trade dollar has now no status in law, save that of a stamped ingot worth just what the metal in it will bring.

According to London quotations for silver, the trade dollar is worth a fraction less than $87\frac{1}{2}$ cents, but the late outcry against its continued circulation has reduced its value to 85 cents in this country, and it is generally refused in payment by all banking and commercial houses. It is urged, therefore, that the Government should redeem this coinage, which it could easily do at a profit which would accrue from the $7\frac{1}{2}$ grains superior value, or else recoin it and turn it into standard dollars. The reluctance hitherto manifested by Congress to adopt either of these courses, arises probably from the desire not to add to the vast accumulation of silver dollars, which has of late years been going on, and which now amounts to upwards of 100,000,000 dollars; increasing, moreover, by the coinage at the rate of 2,000,000 dollars a month; but the necessity of some decided action being taken by the next Congress, in view of the impending danger to the circulating medium of the country, is strongly insisted on apart from the question of the trade dollar. The danger alluded to, and which would hardly be increased by an additional 4,000,000 dollars of trade dollars converted into standard dollars, consists in forcing on the country something for money, dollar for dollar, which is to-day at a discount of 15 per cent., and steadily declining in value. The depletion of gold has been the consequence of this accumulation of useless silver, and, should the bountiful harvests and large foreign demand suddenly cease, it is evident that a serious financial crisis must ensue.

The evil has grown out of the protection demanded by the owners of silver mines, who, linked with other interests, have hitherto exercised irresistible influence in maintaining the silver-coinage system.

The currency needs of the country are not sufficient to absorb the amount of silver which has already been coined, and the results of the present system are shown by Mr. David A. Wells to be as follow:—

1. An expenditure of at least 24,000,000 dollars a-year for silver bullion alone.
2. An annual loss of interest on the coins hoarded in the Treasury vaults, which, at 3 per cent., amounts to about 1,800,000 dollars, or the profits, assumed at 20 cents per bushel, of 9,000,000 bushels of wheat.
3. As the cost of these coins is defrayed by taxation, they represent some 60,000,000 dollars in value of industrial products of the country withdrawn from the channels of domestic trade or foreign commerce.
4. The loss which must occur through the derangement of the currency, which is inevitable if the present policy is much longer continued, a loss which cannot be forecast in figures smaller than hundreds of millions.

REPORT of the Director of the Mint upon the Statistics of the production of Precious Metals in the United States for 1882.

THE mines of the United States in the calendar year 1882 produced nearly two and a fourth million dollars less in gold, and over three and three-fourth millions more in silver, than in the previous year. The comparative decline in the production of gold was greater in the State of California than in any other State or Territory, and resulted partly from a diminished yield, but more especially

UNITED STATES. especially from the interruption of hydraulic mining in some of the counties which heretofore have been the largest producers in the State.

The history of gold mining in the United States will doubtless be similar to that of the countries of the old world. Gold is usually first discovered in the places and valleys where it has been deposited by the slackened currents of swift streams, which have washed and carried it down from the hills and mountains containing mineral veins. The yield at first is abundant, but the amount obtained by excavating and washing placer beds, diminishes from year to year, so that eventually the sources of supply for the precious metals are found in the rocks where they were originally deposited. The mines of California, which in 1850 furnished the world with sixty millions in gold, in 1882, by a greater actual expenditure of labour and capital, only yielded seventeen millions. The diminution in the gold product of that State in the last, compared with the previous year, has resulted from the diminished yield, not only of the placer and hydraulic mines in the northern and central portion of the State, but also of the quartz mines in the southern and south-eastern counties. The gold obtained from the Bodie mines in 1882 was nearly one million less than in 1881.

The mines of Oregon, which consist principally of placers, seem also to be declining, and furnish nearly one-fourth of a million less than in the previous year. The gold mines of Idaho have produced 200,000 dollars less gold than they did in 1881, while Dakota is 700,000 dollars short.

In silver production the largest gain has been in New Mexico, where very rich mines were opened during the year, and added nearly two millions of silver bullion to the product of the country.

Utah furnishes 400,000 dollars more than in the previous year, Idaho 700,000 dollars, and Montana 1,700,000 dollars, while Arizona has maintained its former large production.

The total production of the States and Territories during the year 1882 is estimated to be, approximately, 79,300,000 dollars, of which 32,500,000 dollars is gold, and 46,800,000 dollars silver.

From a comparison of all the data received at this office, the following table is given, showing the approximate amounts produced by each State and Territory.

State or Territory.	Gold.	Silver.	Total.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Alaska - - - - -	150,000	- - -	150,000
Arizona - - - - -	1,065,000	7,500,000	8,565,000
California - - - - -	16,800,000	845,000	17,645,000
Colorado - - - - -	3,360,000	16,500,000	19,860,000
Dakota - - - - -	3,300,000	175,000	3,475,000
Georgia - - - - -	250,000	- - -	250,000
Idaho - - - - -	1,500,000	2,000,000	3,500,000
Montana - - - - -	2,550,000	4,370,000	6,920,000
Nevada - - - - -	2,000,000	6,750,000	8,750,000
New Mexico - - - - -	150,000	1,800,000	1,950,000
North Carolina - - - - -	190,000	25,000	215,000
Oregon - - - - -	830,000	35,000	865,000
South Carolina - - - - -	25,000	- - -	25,000
Utah - - - - -	190,000	6,800,000	6,990,000
Virginia - - - - -	15,000	- - -	15,000
Washington Territory - - - - -	120,000	- - -	120,000
Wyoming - - - - -	5,000	- - -	5,000
TOTAL - - - - -	32,500,000	46,800,000	79,300,000

Of the total amount of bullion deposited at the mints and assay offices of the United States, 31,378,248 dollars of gold and 31,400,792 dollars of silver were represented to be of domestic production. Of the amount of fine gold deposited as domestic bullion at the San Francisco mint, it has been ascertained that 413,290 dollars had been imported, leaving 30,964,958 dollars known to have been produced by the mines of the United States.

Exporters of silver bullion reported 175,000 dollars of gold to have been contained in silver bullion exported by them.

In my last report I estimated that in 1881 seven millions of domestic gold were used in the arts and manufactures, and fully as large an amount was consumed for like purposes in 1882.

Of this amount the mints and assay offices furnished 5,600,000 dollars, and the remainder, 1,400,000 dollars, was supplied by the refineries on the Atlantic and Pacific seaboards, or was used in the form of native gold.

The amounts represent closely the total production of the country, recapitulated as follows:—

	<i>Dollars.</i>
Deposited at mints and assay offices - - -	30,964,958
Exported in silver bullion - - - - -	175,000
Furnished by refineries to manufacturers -	1,400,000
TOTAL - - -	32,539,958

The reported exports of domestic silver bullion at their coining value amounted to 13,250,000 dollars. The amount of domestic bullion deposited at the New York assay office, and returned in bars for manufacturer's use, was 5,744,251 dollars. The Philadelphia mint furnished for a like purpose about 250,000 dollars; and the amount furnished by private refineries in the country was probably 350,000 dollars. In the year's coinage the amount of domestic bullion purchased and consumed was 24,700,000 dollars.

These amounts in detail aggregate as follows:

	<i>Dollars.</i>
Exported - - - - -	13,250,000
Furnished to manufacturers by New York Assay Office - - - - -	5,744,251
Furnished to manufacturers by Philadelphia Mint - - - - -	250,000
Furnished to manufacturers by private refineries - - - - -	350,000
Used in coinage - - - - -	24,700,000
TOTAL - - -	44,294,251

There has been a greater decline in the amount deposited at the mint and assay offices, and credited as domestic gold bullion, during the year, than the difference between the gold production of the mines in 1881 and 1882; but I have reason to believe that a greater amount of gold was used in manufactures and the arts, and was supplied not only by an increased consumption of bars manufactured at the New York assay office, but of those prepared by the private refineries, as well as of native gold in grains, &c.

Less gold bullion is also reported to have been carried by express as well as deposited in the mints. The deposits and purchases of silver bullion entered as domestic production in the last year, exceeded the amount received in the previous year by 3,501,580 dollars, which corresponds very nearly to the increased production given in my estimate.

The amount of gold and silver refined and parted at the mints and New York assay office, shows a corresponding increase in the production of silver and diminution in gold.

In 1882, 1,126,514.673 ounces of gold, of the value of 20,958,412.52 dollars,

UNITED STATES. were parted and refined; while in 1881 the amount was 1,234,406.154 ounces, of the value of 22,965,695.86 dollars, showing a decrease of 2,007,283.34 dollars. In 1881 the amount of silver parted and refined was 9,945,990.49 ounces, worth, at its coining value, 11,573,411.47 dollars; and in 1882, 11,917,661.45 ounces, of the value of 13,867,824.23 dollars; an increase of 2,294,412.76 dollars.

The production, coinage, movement, and consumption of bullion and coin in the United States during the year have resulted in a gain in the production over the consumption of domestic gold bullion, as estimated, of 25,500,000 dollars, and in the import over the exports of gold bullion and foreign gold coin of 477,953 dollars, a total of 25,977,953 dollars. In gold coin the gain to the circulation by coinage was 65,478,537 dollars, and the loss by the excess of exports over imports of United States gold coin was 25,796,504 dollars, leaving a net gain to the circulation of gold coin of 39,682,033 dollars, although the net excess in gold of production and import over exports and consumption was 180,449 dollars.

In silver the gain to the circulation was by coinage, less recoinage, 27,384,506 dollars. The imports of American silver coin were 629,878 dollars, and the exports 405,015 dollars, gaining 224,863 dollars, which, added to the net coinage, makes the total gain in silver coin during the year 27,609,369 dollars.

Mining operations have been attended with the usual vicissitudes during the year. In some localities and in some mines the discovery of large and rich deposits of ore have remunerated the owners for many years of privation and labour, and often brought fortunes and affluence to many poor and persevering miners and prospectors; while, on the other hand, the stores of precious metals in other mines seem to have become exhausted, and increasing expenses or incompetent management have transferred dividend-paying mines to the list of non-producers, or levied assessments upon, instead of paying money to, stockholders.

A comparison of the dividends of the incorporated companies in 1882 with those in 1881 shows a slight falling off. It is impossible to state the total dividends paid, or the profits realized, from all the gold and silver mines of the United States. Last year the dividends paid by incorporated gold and silver mining companies were as follows:

States and Territories.	Mines.	Amount.
		<i>Dollars.</i>
Arizona - - - - -	5	1,887,500
Colorado - - - - -	16	2,326,650
California - - - - -	10	1,312,047
Dakota - - - - -	3	1,110,000
Montana - - - - -	3	221,516
Nevada - - - - -	7	663,262
Utah - - - - -	4	2,129,000
Idaho - - - - -	3	38,000
Georgia - - - - -	1	48,000
New Mexico - - - - -	2	204,000
TOTAL - - - - -	- -	9,939,975

Fifty-four corporations engaged in mining gold and silver have reported the payment of 9,940,000 dollars in 290 dividends. But it must not be inferred that these mines represent the total profits of mining. Hundreds, perhaps thousands, of mines owned by private parties, as well as corporations, yield handsome profits to their owners, who publish no notices of their mines or mining operations.

REPORT of Messrs. *Wells, Fargo & Co.*, dated Francisco, 1st January 1883.

THE following is a copy of our annual statement of precious metals produced in the States and Territories west of the Missouri River, including British Columbia (and receipts in San Francisco by express from the West Coast of Mexico), during 1882, which shows aggregate products as follows: gold, 30,193,355 dollars; silver, 50,155,288 dollars; copper, 4,055,037 dollars; lead, 8,008,155 dollars; total gross result, 92,411,835 dollars.

California shows a decrease in gold of 1,696,351 dollars. Nevada shows a total falling-off of 1,484,188 dollars; the yield from the Comstock being 1,333,018 dollars as against 1,726,162 dollars in 1881, a decrease of 393,144 dollars. The product of Eureka district is 3,176,656 dollars as against 4,127,265 dollars in 1881, a decrease of 950,609 dollars. Utah, Colorado, New Mexico, and Arizona, each show a notable increase on the products of last year.

The increase of transportation facilities for carrying bullion, pig metal, ores, &c., has increased the difficulty of verifying the reports of products from several important localities; and the general tendency is to exaggeration when the actual values are not obtainable from authentic sources; but the aggregate result, as shown herein, we think may be relied on with reasonable confidence.

States and Territories.	Gold Dust and Bullion by Express.	Gold Dust and Bullion by other Conveyances.	Silver Bullion by Express.	Ores and Base Bullion by Freight.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
California - - - -	14,733,643	736,682	509,342	352,831	16,332,498
Nevada - - - -	752,506	-	6,588,023	3,022,847	10,363,376
Oregon - - - -	431,024	215,512	-	-	646,536
Washington - - - -	93,892	46,946	-	-	140,838
Alaska - - - -	-	240,000	-	-	240,000
Idaho - - - -	1,091,208	191,568	882,890	1,160,072	3,325,738
Montana - - - -	2,150,000	215,000	4,065,000	1,574,000	8,004,000
Utah - - - -	76,954	6,201	3,139,020	4,921,000	8,143,175
Colorado - - - -	2,536,600	-	4,803,925	18,592,840	25,933,265
New Mexico - - - -	43,728	21,864	919,047	2,682,493	3,667,132
Texas - - - -	-	-	257,597	-	257,597
Arizona - - - -	386,517	100,000	5,631,083	3,180,667	9,298,267
Dakota - - - -	2,595,570	259,557	-	-	2,855,127
Mexico (West Coast) - - - -	510,192	-	1,710,249	312,000	2,532,441
British Columbia - - - -	537,476	134,369	-	-	671,845
	25,939,210	2,167,699	28,506,176	35,798,750	92,411,835

The gross yield for 1882, shown above, segregated, is approximately as follows:—

	Per Cent.	Amount.
		<i>Dollars.</i>
Gold - - - -	32.67	30,193,355
Silver - - - -	54.28	50,155,288
Copper - - - -	4.39	4,055,037
Lead - - - -	8.67	8,008,155
Total - - -		92,411,835

ANNUAL PRODUCTS OF LEAD, COPPER, SILVER, and GOLD in the States and Territories West of the Missouri River, 1870-82.

YEAR.	Products as per Wells, Fargo, and Co.'s Statements, including Amounts from British Columbia and West Coast of Mexico.	Product after deducting Amounts from British Columbia and West Coast of Mexico.	The Net Product of the States and Territories West of the Missouri River, exclusive of British Columbia and West Coast of Mexico, divided, is as follows:			
			Lead.	Copper.	Silver.	Gold.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1870 - - -	54,000,000	52,150,000	1,080,000	- -	17,320,000	33,730,000
1871 - - -	58,284,000	55,784,000	2,100,000	- -	19,286,000	34,398,000
1872 - - -	62,236,959	60,351,824	2,250,000	- -	19,024,422	38,177,305
1873 - - -	72,268,693	70,139,860	3,450,000	- -	27,483,302	89,206,558
1874 - - -	74,401,045	71,965,610	3,900,000	- -	29,699,122	38,400,488
1875 - - -	80,889,957	76,703,433	5,100,000	- -	31,635,239	30,168,194
1876 - - -	90,875,173	87,219,859	5,040,000	- -	30,292,924	42,886,035
1877 - - -	98,421,754	95,811,582	5,085,250	- -	45,846,109	44,880,223
1878 - - -	81,154,622	78,276,167	3,462,000	- -	37,248,137	37,376,080
1879 - - -	75,349,501	72,638,888	4,185,760	- -	37,032,867	31,470,262
1880 - - -	80,167,936	77,232,512	5,742,390	898,000	38,033,055	32,559,097
1881 - - -	84,504,417	81,198,474	6,301,902	1,195,000	42,987,613	80,653,959
1882 - - -	92,411,835	89,267,549	8,008,165	4,055,087	48,133,030	29,011,318

The exports of silver during the present year to Japan, China, India, the Straits, &c., have been as follows: from Southampton, 27,390,000 dollars, from Venice, 9,695,000 dollars; from Marseilles, 806,000 dollars; from San Francisco, 5,375,000 dollars; total, 43,266,000 dollars, as against 27,000,000 dollars from the same places in 1881.

DEPOSITS and PURCHASES of GOLD and SILVER BULLION during the Fiscal Year ended 30th June 1882.

227.

DESCRIPTION.	MINTS.								ASSAY OFFICES.					TOTAL.								
	Philadelphia.	San Francisco.	Carson.	Denver.	New Orleans.	New York.	Boisé.	Hiena.	Charlotte.	Saint Louis.												
GOLD.																						
United States bullion (domestic production)	Dols. 143,250	c. 70	Dols. 21,891,855	c. 40	Dols. 1,016,808	c. 04	Dols. 458,847	c. 07	Dols. 7,196	c. 67	Dols. 7,166,935	c. 87	Dols. 146,305	c. 82	Dols. 687,443	c. 78	Dols. 79,683	c. 80	Dols. 185	c. 23	Dols. 31,298,511	c. 97
United States coin	209,228	61	9,543	20	-	-	-	-	9,808	41	870,374	83	-	-	-	-	341	75	-	-	599,376	80
Foreign bullion	33,697	95	3,013,683	76	-	-	-	-	1,464	59	9,734,960	74	-	-	-	-	-	-	-	-	12,783,807	04
Foreign coin	41,490	46	2,881,438	64	-	-	-	-	56,849	08	17,824,367	53	-	-	-	-	675	07	-	-	20,304,810	78
Jewellers' bars, old plate, &c.	617,481	51	26,663	61	158	01	-	-	31,572	73	1,087,250	40	-	-	24	83	1,006	58	6,000	69	1,770,166	86
TOTAL	1,045,149	23	27,823,184	61	1,016,966	05	458,847	07	106,951	48	35,683,887	37	146,305	82	687,463	61	81,706	79	6,185	92	66,756,652	65
Re-deposits { Fine bars	56,520,718	20	-	-	-	-	-	-	-	-	165,156	45	-	-	-	-	-	-	-	-	56,685,874	65
Unparted bars	960,859	40	101,206	48	-	-	-	-	2,912	74	145,043	27	-	-	97,006	92	182	57	-	-	1,307,211	36
Total Gold received and operated upon	58,526,726	83	27,724,391	09	1,016,966	05	458,847	07	109,864	22	35,994,087	09	146,305	82	684,475	53	81,889	36	6,185	92	124,749,738	08
SILVER.																						
United States bullion (domestic production)	9,409,478	48	9,492,214	55	1,003,320	62	7,053	02	4,534,327	17	6,375,176	76	2,318	43	142,136	29	542	00	20	95	30,956,588	18
United States coin	81,282	62	4,777	05	29	79	-	-	22,577	70	18,703	98	-	-	-	-	77	32	123	04	127,572	40
Foreign bullion	36,324	57	1,144,168	20	-	-	-	-	18,924	47	227,209	71	-	-	-	-	-	-	-	-	1,426,626	95
Foreign coin	10,603	52	11,509	80	-	-	-	-	656,515	06	182,160	37	-	-	-	-	47	47	-	-	860,836	22
Jewellers' bars, old plate, &c.	93,564	10	3,684	53	18	83	-	-	24,346	27	226,501	04	-	-	14	80	104	12	633	98	348,807	67
TOTAL	9,631,253	29	10,646,354	13	1,003,369	24	7,053	02	5,256,690	67	7,029,751	86	2,318	43	142,151	00	770	91	778	87	33,720,491	42
Re-deposits { Fine bars	1,287,434	00	343,405	60	-	-	-	-	-	-	17,632	55	-	-	-	-	-	-	-	-	1,648,472	15
Unparted bars	12,640	23	1,346	22	-	-	-	-	894	14	120,875	80	-	-	3,155	05	2	08	-	-	138,913	52
Total Silver received and operated upon	10,931,327	52	10,991,105	95	1,003,369	24	7,053	02	5,257,584	81	7,168,260	21	2,318	43	145,306	05	772	99	778	87	35,507,877	09
Gold and silver deposits and purchases	10,676,402	52	38,269,538	74	2,020,335	29	465,900	09	5,363,642	15	42,713,639	23	148,624	25	729,619	61	82,477	70	6,964	79	100,477,144	37
Re-deposits { Gold	57,481,577	60	101,206	48	-	-	-	-	2,912	74	310,199	72	-	-	97,006	92	182	57	-	-	57,998,086	03
Silver	1,300,074	23	344,751	82	-	-	-	-	894	14	138,508	35	-	-	3,155	05	2	08	-	-	1,787,385	67
Total Gold and Silver received and operated upon	69,458,054	35	38,715,497	04	2,020,335	29	465,900	09	5,367,449	03	43,162,347	30	148,624	25	829,781	58	82,662	35	6,964	79	160,257,616	07

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PAPERS RELATING TO SILVER.

67.

DEPOSITS and PURCHASES of GOLD and SILVER BULLION during the Fiscal Year ended 31st December 1882.

DESCRIPTION.	MINTS.					ASSAY OFFICES.					TOTAL.											
	Philadelphia.	San Francisco.	Carson.	Denver.	New Orleans.	New York.	Boisé.	Helena.	Charlotte.	Saint Louis.												
GOLD.																						
United States bullion (domestic production)	Dols. 201,454	c. 88	Dols. 21,573,084	c. 45	Dols. 1,172,002	c. 72	Dols. 495,379	c. 55	Dols. -	c. -	Dols. 7,095,323	c. 41	Dols. 147,162	c. 25	Dols. 601,353	c. 58	Dols. 92,226	c. 23	Dols. 262	c. 25	Dols. 31,378,248	c. 82
United States coin	177,331	35	4,261	51	-	-	-	-	13,788	24	213,580	20	-	-	-	-	152	62	34	79	409,148	91
Foreign bullion	49,405	71	2,610,190	85	-	-	-	-	3,418	42	953,221	97	-	-	-	-	-	-	-	-	3,610,329	84
Foreign coin	33,005	75	1,893,535	50	177	84	-	-	45,847	11	2,747,853	47	-	-	-	-	270	27	-	-	4,722,289	94
Jewellers' bars, old plate, &c.	634,983	48	22,094	34	75	88	-	-	40,042	38	1,083,655	98	-	-	24	84	804	93	13,564	97	1,795,246	25
TOTAL	1,096,780	67	26,108,166	65	1,172,255	89	495,379	55	104,096	15	12,093,035	93	147,162	25	601,378	42	93,454	25	13,954	90	41,921,203	78
Re-deposits { Fine bars	18,785,596	41	-	-	-	-	-	-	3,800	34	800,502	14	-	-	-	-	-	-	-	-	17,589,098	89
Unparted bars	611,793	56	112,220	16	-	-	998	05	2,912	75	504,750	81	-	-	77,290	88	177	47	-	-	1,310,143	68
TOTAL Gold received and operated upon	18,494,170	64	26,215,386	81	1,172,255	89	496,377	60	110,899	24	13,398,887	98	147,162	25	678,669	30	93,631	72	13,954	90	60,821,306	33
SILVER.																						
United States bullion (domestic production)	9,798,416	29	7,863,687	99	1,085,564	95	7,157	88	5,890,723	92	6,730,179	52	2,285	95	103,119	22	635	39	21	85	31,400,792	95
United States coin	547,984	99	3,922	42	43	41	-	-	24,360	21	11,036	47	-	-	-	-	134	61	47	32	5,87,529	47
Foreign bullion	302	73	1,236,297	98	-	-	-	-	27,818	24	366,094	86	-	-	-	-	-	-	13	67	1,630,522	48
Foreign coin	202,404	57	9,335	74	16	99	-	-	785,685	77	158,690	55	-	-	-	-	18	28	275	46	1,157,517	86
Jewellers' bars, old plate, &c.	98,851	06	2,784	90	1	09	-	-	28,011	80	253,783	02	-	-	14	80	98	78	1,345	92	384,892	27
TOTAL	10,558,049	64	9,116,029	93	1,085,627	34	7,157	88	6,757,594	94	7,528,784	42	2,285	95	103,134	02	807	06	1,704	22	35,161,254	49
Re-deposits { Fine bars	1,888,352	15	121,904	95	-	-	-	-	-	-	20,922	04	-	-	-	-	-	-	-	-	2,031,179	14
Unparted bars	8,300	21	27,229	83	-	-	-	-	894	14	101,918	06	-	-	2,714	97	1	00	-	-	141,058	29
TOTAL Silver received and operated upon	12,454,702	00	9,265,103	81	1,085,627	34	7,157	88	4,758,489	08	7,651,624	51	2,285	95	105,848	99	868	14	1,704	22	37,333,491	92
Gold and silver deposits and purchases	11,654,830	31	35,219,195	68	2,257,893	23	502,537	43	6,861,691	09	10,922,419	45	149,448	20	701,512	44	94,241	30	15,659	12	77,092,518	26
Re-deposits { Gold	17,307,389	97	112,220	16	-	-	998	05	6,003	09	1,305,252	85	-	-	77,290	89	177	47	-	-	18,699,192	57
Silver	1,806,652	36	149,184	78	-	-	-	-	894	14	122,640	09	-	-	2,714	97	1	00	-	-	2,172,237	43
TOTAL Gold and Silver received and operated upon	30,948,872	64	35,480,550	62	2,257,893	23	503,535	48	6,869,388	22	21,050,512	49	149,448	20	784,518	29	94,519	86	15,659	12	89,154,883	25

REPORT of the Director of the United States' Mint for the Fiscal Year ended
the 30th of June 1883.

THE production of the several States' and Territories in 1882 was estimated
as follows:—

STATE OF TERRITORY.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Alaska - - - - -	150,000	-	150,000
Arizona - - - - -	1,065,000	7,500,000	8,565,000
California - - - - -	16,800,000	845,000	17,645,000
Colorado - - - - -	3,360,000	16,500,000	19,860,000
Dakota - - - - -	3,300,000	175,000	3,475,000
Georgia - - - - -	250,000	-	250,000
Idaho - - - - -	1,500,000	2,000,000	3,500,000
Montana - - - - -	2,550,000	4,370,000	6,920,000
Nevada - - - - -	2,000,000	6,750,000	8,750,000
New Mexico - - - - -	150,000	1,800,000	1,950,000
North Carolina - - - - -	190,000	25,000	215,000
Oregon - - - - -	850,000	85,000	935,000
South Carolina - - - - -	25,000	-	25,000
Utah - - - - -	190,000	6,800,000	6,990,000
Virginia - - - - -	15,000	-	15,000
Washington Territory - - - - -	120,000	-	120,000
Wyoming - - - - -	5,000	-	5,000
TOTAL - - - - -	32,500,000	46,800,000	79,300,000

The total amount, compared with that of the preceding year, indicated that the production of the calendar year 1882 declined 2,200,000 dollars in gold, and increased 3,800,000 dollars in silver. The probable production of the present calendar year cannot be stated absolutely from the information thus far received.

The mints and assay offices, during the fiscal year ended 30th June 1883, embracing six months of the last and six months of the present calendar year, received domestic bullion of the value of 32,481,642 dollars 38 cents gold, and 32,738,487 dollars 68 cents in silver; which exceeds the amount of similar bullion received during the calendar year 1882 by 1,103,393 dollars 58 cents in gold, and 1,357,694 dollars 74 cents in silver. The exports of domestic silver bullion were also, during the fiscal year, 1,490,000 dollars greater.

The increased deposit of domestic gold was occasioned chiefly by the closing of the San Francisco Mint for receiving deposits earlier than usual in June 1882, and deposits which otherwise would have been made in that month were held back until July of the succeeding (or last) fiscal year.

The reports published in the mining journals of the production of many leading mines during the first half of the calendar year 1883, compared with their production for the same period in the previous year, show a diminished yield of about two millions of dollars. These reports, however, are too incomplete to furnish safe data, and a better criterion is a comparison of the amounts of gold and silver received at the mints and assay offices, and the exports of domestic bullion to foreign countries.

For the first eight months of 1883 the value of the deposits of gold bullion is less than for the corresponding period in 1882 by a half-million of dollars;

UNITED STATES. and the silver deposits, purchases, and exports exceed those for the same time in the former year by two millions of dollars.

The production of gold in the calendar year 1883 will probably be at least a half-million less, and that of silver at least two millions greater, than that of the previous year.

Consumption of the Precious Metals.

In the report for 1882 it was estimated that the consumption of the precious metals in the United States for use in the arts and manufactures probably exceeded 12,000,000 dollars of gold, and 7,000,000 dollars of silver, of which 7,000,000 dollars of gold and 6,000,000 dollars of silver were of domestic production.

This estimate was based upon the results of inquiries made in 1881 by circular letters to manufacturers in the United States, and also upon the amount of bullion furnished by the New York Assay Office for manufacturing purposes. During the last fiscal year the New York Assay Office supplied bars for this purpose as follows:—

Bars furnished to Manufacturers.	Gold.		Silver.	
	Dolls.	cts.	Dolls.	cts.
Of United States coin - - -	138	15	1,365	82
Of foreign coin - - - -	180,505	04	102,220	28
Of foreign bullion - - - -	253,799	44	835,016	78
Of plate, &c. - - - -	665,019	30	205,851	10
Of domestic bullion - - -	5,054,808	36	2,800,088	40
TOTAL - - -	6,144,270	29	5,504,402	88

Besides these deposits of gold and silver bullion for bars to be used in manufactures, the arts, &c., gold bars of the value of 1,946,255 dollars were for similar use delivered to manufacturers and dealers in bullion in exchange for gold coin, making the total value of gold bars prepared at that institution, and delivered for manufacturing purposes, 8,090,525 dollars. If to this is added the bars prepared for depositors, and exchanged for gold coin at Philadelphia, an aggregate of 187,541 dollars, and those sold for similar purposes by private refiners, and the amount of coin and gold in the form of lumps and grains, the estimate heretofore made that 12,000,000 dollars of gold is annually consumed in manufactures, the arts, and ornamentation, and that at least 7,000,000 dollars of this is of domestic production, is sustained as to the amount thus consumed in the fiscal year 1883; while the amount of silver thus used would appear to have declined by a half-million of dollars.

Coin Circulation of the United States.

On the 1st of July 1883 the total coin circulation of the United States amounted to about 765,000,000 dollars, of which 537,000,000 dollars is gold, and 228,000,000 dollars silver coin. This estimate is based upon my estimate of the circulation of the country in 1873, which I placed at 135,000,000 dollars in gold, and 5,000,000 dollars in silver. To this last estimate I added the subsequent annual gains to the metallic circulation by coinage and import of coin, and deducted the losses from re-coinage and export of coin up to 1st July 1879, making the coin circulation at that date, gold, 286,490,698 dollars; silver, 112,050,985 dollars. It was assumed that during that period the coins brought into the country by immigrants on their persons, and not reported at the Custom-house, equalled the amount of coin consumed in the arts not deposited at the mints and assay offices. As the Custom-house Returns in 1879 and subsequently, distinguished United States from foreign coins, the estimates for the last four years have been based upon the coinage deposit, import and export, of United States coins, deducting 8,500,000 dollars for a possible excess of

of undeposited coins melted above the unreported amounts brought by immigrants.

In my last annual Report I estimated the circulation of United States coin to have been 500,000,000 dollars of gold, and 200,000,000 dollars of silver; the exact figures of coinage and import, less re-coinage, export, and estimated use in the arts, being 500,882,185 dollars of gold, and 199,573,360 dollars of silver. During the year the coinage amounted to 35,936,927 dollars 50 cents of gold, and 28,835,470 dollars 15 cents of silver; the imports of United States coins were 8,112,265 dollars of gold, and 670,192 dollars of silver. During the same period 374,129 dollars of gold coin, and 636,929 dollars of silver coin, were deposited at the mint for re-coinage; and 4,802,454 dollars of gold coin, and 150,894 dollars of silver coin, were exported.

I have estimated that the amount of United States coin melted by manufacturers during the year was 2,500,000 dollars of gold, and 75,000 dollars of silver.

The following Table, therefore, shows the gain during the year:—

United States Coin.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Circulation, 30th June 1882 - - - -	500,882,185	199,573,360	700,455,545
Year's coinage, less deposits for re-coinage -	35,562,798	28,198,541	63,761,339
Excess of imports over exports - - - -	8,309,811	519,298	8,829,109
TOTAL - - - -	537,254,794	228,291,199	765,545,993
Less amount used in the arts - - - -	2,500,000	75,000	2,575,000
Circulation, 1st July 1883 - - - -	537,254,794	228,216,199	765,470,993

From the Treasurer's statement of the amount of coin in the Treasury, and of gold and silver certificates outstanding, and from the reports made by national banks to the Comptroller of the Currency, showing the amount of certificates held by them, it appears that the gold and silver coin of the country on the 1st of July 1883 was owned as follows:—

Belonging to	Gold.	Silver.			Total United States Gold and Silver Coins.
		Legal Tender.	Subsidiary.	Total.	
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Treasury - - - -	*82,017,125	*39,293,351	28,486,001	67,779,352	*149,796,477
National banks - - -	†105,024,406	†7,121,130	†3,208,858	10,329,988	†115,354,394
Other banks - - -	†25,000,000				
Private hands - - -	†325,213,263	†100,841,418	49,265,441	150,106,859	†500,320,122
TOTAL - - - -	537,254,794	147,255,899	80,960,300	228,216,199	765,470,993

* Less outstanding certificates. † Including Treasury certificates. ‡ Estimated.

In the above table I have deducted from the stock in the Treasury, and credited to the banks and the public to the amount of the certificates held by them, respectively, the coin represented by and required by law to be kept in the Treasury for the payment of outstanding gold and silver certificates.

From 1st July to 1st October there was an additional coinage, less re-coinage, of 7,646,575 dollars of gold, and 7,235,372 of silver. During the same period the coin circulation gained 236,330 dollars of United States gold coin by

^o UNITED STATES. import, and lost 141,498 dollars of silver coin by export. Making a proportionate estimate of the amount of coin melted for manufacturing purposes during the three months, and deducting the same, would make the circulation of United States coin on the 1st instant, 544,512,699 dollars of gold, and 235,291,323 dollars of silver, a total of 779,804,022 dollars, as appears in the following Table:—

GAIN IN COIN from 1st July to 1st October 1883.

	Gold.	Silver.	TOTAL.
	Dollars.	Dollars.	Dollars.
Circulation, 1st July 1883 - - - -	537,254,794	238,216,199	765,470,993
Coinage to 1st October (less re-coinage) -	7,646,575	7,235,379	14,881,954
Excess of imports over exports to 1st October *	236,330	- - -	236,330
TOTAL - - -	545,137,699	235,451,571	780,589,270
Less excess of exports over imports *	- - -	141,498	141,498
Remainder - - - - -	545,137,699	235,310,073	780,447,772
Less amount used in manufactures - -	625,000	18,750	643,750
Circulation, 1st October 1883 - - - -	544,512,699	235,291,323	779,804,022

* All ports for July and August; only New York and San Francisco for September.

In addition to this amount of coin, the mints and assay offices held for coinage on 1st October 61,683,816 dollars of gold bullion, and 5,107,911 dollars of silver bullion, making the total amount of United States coin and bullion available for coinage 606,196,515 dollars of gold, and 240,399,234 dollars of silver, or 846,595,749 dollars of both gold and silver.

Total United States Circulation and its Disposition.

The following Table, compiled in this Bureau, from the published statements prepared by the Comptroller of the Currency and the Treasurer of the United States, as to the holdings of the banks and Treasury, shows the character and condition of the circulation of the country on the 1st of July 1883:—

STATE OF CIRCULATION, 1st July 1883.

	In Treasury.	In National Banks.	In other Banks and General Circulation.	TOTAL.
	Dollars.	Dollars.	Dollars.	Dollars.
Gold bullion - - - - -	56,254,071	- - -	- - -	56,254,071
Silver bullion - - - - -	4,482,216	- - -	- - -	4,482,216
Gold coin - - - - -	141,824,495	72,232,816	323,197,483	537,254,794
Silver dollars - - - - -	111,914,019	4,000,000	31,341,880	147,255,899
Fractional silver coin - - - -	28,486,001	3,208,858	49,265,441	80,960,300
Gold certificates - - - - -	22,571,270	32,791,590	27,016,780	82,378,640
Silver certificates - - - - -	15,996,145	3,121,120	69,499,556	88,616,821
United States notes - - - - -	36,498,839	73,832,458	236,349,719	346,681,016
National bank notes - - - - -	3,217,062	31,748,004	316,850,444	350,815,510
Fractional currency - - - - -	4,657	456,447	6,539,586	7,000,690
TOTAL - - -	426,248,775	221,391,303	1,060,059,889	1,707,699,967

No account has been taken of the small amounts of unredeemed legal-tender, demand, and interest-bearing notes, which cannot be considered in circulation at the present time.

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Strictly speaking, the gold and silver bullion in the Treasury cannot be denominated circulation, but, though not money, such bullion may be considered as a part of the Treasury metallic reserve, being held, and in case of necessity immediately available, for conversion into coin, and therefore is included in Table XXXIV. in the Appendix, showing the general circulation.

Comparing the foregoing Table with a similar one in my last Report, showing the state of circulation at the close of the preceding year, it will be seen,—

1st. That the total circulation of gold coin has increased in the year 36,400,000 dollars, and of silver coin 28,500,000 dollars; the outstanding gold certificates increased about 55,000,000 dollars, silver certificates 18,000,000 dollars, a total of 73,000,000 dollars; while the total National bank note circulation diminished nearly 2,000,000 dollars.

2nd. The Treasury owns, deducting outstanding certificates, 5,000,000 dollars less gold coin, and 7,000,000 dollars more of silver coin, and 4,000,000 dollars more of United States and National bank notes.

3rd. The national banks have gained 17,500,000 dollars in the total circulation held by them, and increased their stock of coin, including certificates, 1,000,000 dollars in gold and 2,500,000 dollars in silver, and gained 14,000,000 dollars in paper.

4th. The paper and metallic circulation held by the public and the banks, other than the National, increased 40,000,000 dollars, gaining, including certificates, 40,000,000 dollars in gold and 19,000,000 in silver, a total of 59,000,000 dollars in coin, but losing 19,000,000 dollars in United States and National bank notes.

From 1st July to 1st October 1883 there was a further net increase in the circulation of the United States, amounting to 22,897,856 dollars, as appears from the following statement :—

STATEMENT of Total United States Circulation, 1st October 1883.

(Amount held in the Treasury, taken from Treasurer's Statement of 29th September.)

	In Treasury.	In Banks and General Circulation.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Gold bullion - - - - -	61,688,816	- - -	61,688,816
Silver bullion - - - - -	5,107,911	- - -	5,107,911
Gold coin - - - - -	144,446,726	400,065,978	544,512,699
Silver dollars - - - - -	114,587,872	89,783,527	154,370,899
Silver fractional coin - - - - -	26,750,161	54,170,268	80,920,424
Gold certificates - - - - -	27,480,300	55,014,940	82,495,240
Silver certificates - - - - -	15,568,280	78,921,961	94,490,241
United States notes - - - - -	37,194,420	309,486,506	346,681,016
National Bank notes - - - - -	6,017,710	347,324,961	353,342,671
Fractional currency - - - - -	5,803	6,987,103	6,992,906
TOTAL - - -	438,842,499	1,291,755,324	1,730,597,823

Assuming that the same amounts of paper and specie respectively were in the national banks on the 1st of October as on the 22nd of June, the comparative

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parative changes in the circulation held by the public and banks other than National, from 1st October 1882, have been as follows:—

UNITED STATES CIRCULATION held by the Public and Banks other than National.

Description.	1st October 1882.	1st October 1883.	Increase.	Decrease
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Gold coin - - - -	320,902,688	327,533,157	6,630,469	—
Silver dollars - - -	20,801,231	25,783,527	4,982,296	—
Fractional silver - -	49,687,535	60,901,403	1,213,870	—
Gold certificates - -	313,140	22,223,350	21,910,210	—
Silver certificates - -	61,397,189	75,800,831	14,403,642	—
United States notes - -	251,419,341	235,654,138	- - -	15,765,203
National Bank notes - -	330,104,013	315,576,957	- - -	14,527,056
Fractional currency - -	6,623,253	6,530,656	- - -	92,597
TOTAL - - -	1,051,246,286	1,070,364,021	—	—

Net increase, 19,115,635 dollars.

REPORT of the Director of the United States Mint for the Fiscal Year ended the 30th of June 1884.

From my last special report the production of the several States and Territories in 1883 appears to have been as follows:—

STATE OF TERRITORY.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Alaska - - - - -	300,000	- - -	300,000
Arizona - - - - -	950,000	5,200,000	6,150,000
California - - - - -	14,120,000	1,460,000	15,580,000
Colorado - - - - -	4,100,000	17,370,000	21,470,000
Dakota - - - - -	3,200,000	150,000	3,350,000
Georgia - - - - -	199,000	1,000	200,000
Idaho - - - - -	1,400,000	2,100,000	3,500,000
Montana - - - - -	1,800,000	6,000,000	7,800,000
Nevada - - - - -	2,520,000	5,430,000	7,950,000
New Mexico - - - - -	280,000	2,845,000	3,125,000
North Carolina - - - - -	167,000	3,000	170,000
Oregon - - - - -	680,000	20,000	700,000
South Carolina - - - - -	56,500	500	57,000
Utah - - - - -	140,000	5,620,000	5,760,000
Virginia - - - - -	6,000	- - -	6,000
Washington - - - - -	80,000	500	80,500
Wyoming - - - - -	4,000	- - -	4,000
Other (Alabama, Tennessee, &c.) - - -	17,500	- - -	17,500
TOTAL - - -	30,000,000	46,200,000	76,200,000

This

This is a decline from the production of the previous year, in gold of 2,500,000, and in silver of 600,000, and much more than I had anticipated in estimating in my last annual report the probable production of the year. It resulted chiefly from the interruption of hydraulic gold mining in California in many localities by mandate of the courts, at the instance of the owners of agricultural lands damaged by the deposit of *débris* and sediment in the valleys and on the bottom lands adjacent to the streams in the lower counties, and from the diminished yield of silver from some of the most productive mines of Arizona and Utah.

A comparison of the receipts of gold and silver at the mints, and exports of domestic silver, during the first eight months of the calendar years 1883 and 1884, indicates a decline in the yield of the mines of the United States during the present year of about 1,000,000 dollars in gold, and a probable increase of 2,000,000 dollars in silver; for, while the deposits of domestic gold for the first eight months in 1883 were 20,265,384 dollars 34 cents, for the corresponding period in 1884 they amounted to only 19,584,511 dollars 64 cents, a decline of 680,872 dollars 70 cents. During the same time the deposits and purchases of domestic silver varied but slightly, but the exports of domestic silver were about 1,500,000 dollars greater in 1884 than in 1883. On the other hand the reported production of 30 silver mines, as published in the mining journals, shows a diminished yield of over a million of dollars.

It seems probable that the full returns of production at the close of the year will show a production by the mines of the United States of 29,000,000 dollars of gold, and of silver at its standard dollar coining rate of nearly 48,000,000 dollars.

Consumption of Gold and Silver in United States.

For the purpose of obtaining more complete information in regard to the use of the precious metals in the arts and ornamentation, circular letters to the number of 7,969 were again sent to all persons and firms in the United States whose address could be obtained, reported to be using and consuming the precious metals for industrial purposes.

To these letters 5,418 replies were received, which showed the consumption by 2,734 persons and firms engaged in the manufacturing or the repair of articles of ornamentation and use, of nearly 14,500,000 dollars worth of gold, and over 5,500,000 dollars worth of silver, a total of over 20,000,000 dollars. This is an increase of 7,000,000 dollars over that reported in 1882, when, however, less than half as many persons and firms reported. The Superintendent of the United States Assay Office at New York states that the value of the bars furnished, presumably for use in the arts and manufactures during the fiscal year 1883, was, gold, 4,615,118 dollars; silver, 5,205,996 dollars; total, 9,821,114 dollars. The value of the bullion, consisting of stamped United States or refinery bars, reported by manufacturers to have been used, was, of gold, 7,137,711 dollars, and of silver, 4,551,172 dollars. This would indicate an increased use of gold and silver in ornamentation, and for industrial purposes, especially in United States gold coin, and of United States or refinery bars, as reports show over seven millions of stamped United States or refinery bars used by the manufacturers. It would seem probable that six millions of this is gold bullion of domestic production, and that four and a half millions of the silver produced in the United States during the last calendar year were appropriated for use in the arts.

Circulation of the United States.

Upon the basis of the annual gains by coinage and import of coin, less the losses by re-coinage, export, and consumption in the arts, I estimated in my last annual report the coin circulation of the United States at the close of the fiscal year to have been about 765,000,000 dollars, of which 537,000,000 dollars was gold, and 228,000,000 dollars silver. Upon the same basis I estimate the coin circulation on the 1st of July 1884 to have been 802,000,000 dollars, of which 250,000,000 dollars was silver, and nearly 552,000,000 dollars gold.

In arriving at these figures, I have deducted from the silver circulation six millions out of the seven millions of trade dollars heretofore estimated to constitute a part of the silver circulation, and 4,875,000 dollars gold coin reported to

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have been used in the arts, which exceeds the similar deduction for 1883 by 2,375,000 dollars.

The net gain to the coin circulation was 14,000,000 dollars in gold and 22,000,000 dollars in silver, as appears from the following table giving the exact figures of the gains and losses during the year :—

United States Coin.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Circulation, 1 July 1883 - - - -	637,254,794	228,216,199	765,470,993
Year's coinage - - - - -	27,932,824	28,772,388	56,705,212
TOTAL - - -	665,187,618	256,988,587	922,176,205
Less net exports - - - - -	8,417,059	4,190	8,421,258
Deposits for re-coinage - - - -	263,117	152,021	415,138
Used in the arts - - - - -	4,875,000	216,000	5,091,000
Trade dollars withdrawn from circulation -	-	6,000,000	6,000,000
Total Loss - - -	13,555,176	6,372,220	19,927,406
Circulation, 1 July 1884 - - - -	551,632,442	250,617,867	802,249,799
Net gain during the year - - - -	14,877,648	22,401,158	36,778,806

This circulation, from the statements of the Treasurer and Comptroller of the Currency for the periods nearest to the 1st of July, would appear to have been owned on 1st July 1884 as follows :—

Belonging to	Gold.	Silver.			Total United States Gold and Silver Coins.
		Legal Tender.	Subsidiary.	Total.	
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Treasury - - -	*89,180,346	30,133,905	29,600,720	69,734,625	157,924,671
National banks - -	†97,682,848	†8,978,833	13,000,000	11,978,833	109,661,681
Other banks - - -	‡30,000,000	} 127,243,001	42,660,808	169,903,809	534,663,147
Private hands - - -	334,759,248				
TOTAL - - -	551,632,442	175,355,829	75,261,528	250,617,357	802,249,799

* Less outstanding certificates.

† Includes Treasury and Clearing-house certificates.

‡ Estimated.

In computing the above table, I have deducted from the coin in the Treasury, and added to that in banks and the hands of private parties, the amount of the gold and silver certificates outstanding, for the payment of which the law requires a corresponding amount of coin to be held in the Treasury.

The coinage from 1st July to 1st October was, of gold 6,876,299 dollars, and silver 7,097,000 dollars. The deposit of United States coin at the mints and assay offices were, gold 69,180 dollars, and silver 271,550 dollars, making the net gain from coinage, less re-coinage, 6,807,119 dollars gold, and 6,825,450 dollars silver.

The net imports of United States gold coin were 368,880 dollars, and the net export of silver coins, 193,100 dollars. Estimating the consumption in the arts at 1,220,000 dollars gold, and 50,000 dollars silver, one-fourth of the amount reported for the previous year, leaves the circulation of United States coin on the

the 1st of October instant, gold 557,500,000 dollars, and silver 257,000,000. UNITED STATES
dollars, a total of 814,500,000 dollars, as appears from the following tabular
statement:—

GAIN in COIN from 1st July to 1st October 1884.

ITEMS.	Gold.	Silver.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars</i>
Circulation, 1st July 1884 - - - -	551,632,442	250,617,357	802,249,799
Coinage (less re-coinage) to 1st October 1884	6,807,119	6,825,450	13,632,569
Net imports - - - - -	368,880	-	368,880
TOTAL - - -	558,808,441	257,442,807	816,251,248
Less used in the arts and manufactures - -	1,220,000	50,000	1,270,000
Net exports - - - - -	-	193,100	193,100
TOTAL - - -	1,220,000	243,100	1,463,100
Circulation, 1st October 1884 - - -	557,588,441	257,199,707	814,788,148

This does not include the bullion in the Treasury belonging to the Government and held for coinage, which amounted on the 1st of October to 52,950,000 dollars of gold, and 4,935,000 dollars of silver bullion, which may be properly considered a portion of the Treasury reserve, and would make the total amount of coin and bullion available for coinage at that date, gold, 610,500,000 dollars, and silver, 262,000,000 dollars, being a total of 872,500,000 dollars.

The following table, compiled from the published statements of the Treasurer of the United States and the Comptroller of the Currency, so far as relates to the money in the Treasury and in national banks, shows the character and possession of the circulating medium of the United States on the 1st of July 1884.

STATE of CIRCULATION, 1st July 1884.

	In Treasury.	In National Banks.	In other Banks and General Circulation.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Gold bullion - - -	44,193,050	-	-	44,193,050
Silver bullion - - -	4,950,785	-	-	4,950,785
Gold coins - - -	180,336,986	71,045,738	320,249,718	551,632,442
Silver dollars - - -	185,560,916	6,117,833	33,677,080	175,355,829
Fractional silver coin - -	29,600,720	*3,000,000	42,660,808	75,261,528
Gold certificates - - -	27,246,020	26,637,110	44,509,530	98,392,660
Silver ditto - - -	23,384,680	2,861,000	93,566,011	119,811,691
United States notes - -	40,183,801	76,917,212	229,638,443	346,739,456
National Bank notes - -	8,809,900	23,386,695	307,753,858	339,950,543
Fractional currency - -	7,027	473,046	6,499,988	6,980,061
TOTAL - - -	474,273,975	210,438,634	1,078,555,436	1,763,268,045

* Estimated.

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From the 1st of July to the 1st of October an increased amount of gold and silver coin and gold and silver certificates, was in circulation, as well as held by the Treasury, as shown by the following statement:—

STATE OF TOTAL UNITED STATES CIRCULATION, 1st October 1884.

	In Treasury.	In Banks and General Circulation.	TOTAL.
	Dollars.	Dollars.	Dollars.
Gold bullion - - - - -	52,946,587	- - - - -	52,946,587
Silver bullion - - - - -	4,034,404	- - - - -	4,034,404
Gold coin - - - - -	164,957,455	392,630,986	557,588,441
Silver dollars - - - - -	142,058,787	40,322,042	182,380,829
Fractional silver coin - - - - -	29,474,160	45,344,716	74,818,876
Gold certificates - - - - -	88,546,960	67,889,660	156,436,620
Silver certificates - - - - -	26,769,470	96,491,251	123,260,721
United States notes - - - - -	86,524,872	310,214,484	396,739,356
National Bank notes - - - - -	11,078,957	324,750,271	335,829,228
Fractional currency - - - - -	7,105	6,970,155	6,977,260
TOTAL - - - - -	502,298,767	1,304,112,567	1,806,412,334

Assuming the amount of paper and specie in the national banks to have been the same on the 1st October as on 22nd June, the amount held by the public and banks, other than national, on 1st October 1884, was about 1,094,000,000 dollars, or over 15,000,000 dollars more than on 1st July 1884.

EXTRACT from the "Times" of 21st January 1885.

Telegram from Philadelphia, 20th January 1885.

Messrs. Wells, Fargo, & Co. report that during 1884 there was a decrease in the American gold production, and a slight increase in the production of silver. The yield of gold amounted to 25,183,567 dollars; of silver, to 43,529,925 dollars; of copper, to 6,086,252 dollars; and of lead, to 6,834,091 dollars.

EXTRACT from the "Times" of 2nd February 1885.

Philadelphia, 1 February.

The Nicaragua Canal Treaty, despite the motion to reconsider it, is regarded as dead, for the present session of Congress at least.

None of the reciprocity treaties recently negotiated can secure ratification, as the House will not pass the Acts required for enforcing them. The majority of the members of the House are determined to put a stop to this newly-invented method of governing the country in its trade relations.

The Silver Producers' Convention at Denver has formed a permanent organisation described as a "National Bimetallic Association," and has adopted a "platform" favouring bimetallism, demanding the unlimited coinage of silver at the present standard of coinage, denouncing the attempts of the Treasury to favour the banks by not forcing silver upon them in the Clearing-house settlements, declaring that the banks should be compelled by law to keep 15 per cent. of their reserves in silver, and requesting the President Elect, Mr. Cleveland, to appoint a Secretary of the Treasury who will not act in the interest of the National banks and Eastern brokers, but will recognise the great interests of the South and West in shaping the finances.

The Secretary of the Treasury has been holding conferences with the Committee of the New York Clearing-house, the result being that the policy of the Treasury on the silver question, which is to avoid the forcing of silver certificates on the banks, will continue unchanged.

EXTRACT from the "Standard," 4th February 1885.

UNITED STATES.

The figures published every year by Mr. Valentine, of Wells, Fargo, & Co.'s Express Company, relating to the production of gold in the United States, have recently been issued for 1884. They indicate that the gross yield of the mines of the North American Continent west of the Missouri river, and including Mexico and British Columbia, for that year, was 17,000,000 *l.*, of which about 31 per cent., or 5,251,000 *l.*, was gold; and 54 per cent., or 9,160,000 *l.*, silver; the balance being copper and lead. Mr. Burchard, the Director of the United States Mint, usually places the total yield of gold rather above Mr. Valentine's, partly because the latter's figures do not include the production east of the Missouri river; but, whatever total be taken, the general conclusions deducible are identical. Gold is decreasing in yield, and silver continues to increase. Thus, in the five years ended with 1879, the United States Mint computation of the gold yield aggregates fully 42,000,000 *l.*, while, for the five years ended with 1884, it is not much more than 32,000,000 *l.* The "New York Chronicle" thinks these figures untrustworthy; but those of Mr. Valentine, which include the great bulk of the total production, have never been seriously disputed. They tell substantially the same story, only that the total production of the United States alone, and west of the Missouri river, is shown by them to have been less than 40,000,000 *l.* for the first five years of the decade ended with 1884, and little more than 29,000,000 *l.* for the second five years. There can be no reasonable doubt then that the gold supply is falling off in that quarter, and it is doing so just when the demand for it, whether as coinage or in the arts, is on the increase. Other producing countries tell the same story, so that, whereas the entire gold supply of the world averaged 28,000,000 *l.* per annum a quarter of a century ago, and 25,600,000 *l.* fifteen years ago, it has not in recent years averaged more than 19,000,000 *l.* Many people, seeing these figures, are apt to predict disastrous consequences as likely to flow from the curtailment thus exhibited; but that does not follow, although one consequence, no doubt, will be an impulsion of the poorer communities towards silver as a medium of exchange. Even now, it should always be remembered, in dealing with a subject like this, that the annual yield of gold is far larger than it was before the era of the Californian and Australian discoveries, while the economy in the use of the metal as a medium of exchange is also enormously greater than it was as recently as 20 years ago.

SILVER COIN IN THE TREASURY.

LETTER from the Secretary of the Treasury relative to the amount of Silver Coin on hand and the Facilities for its Safe-keeping in the Sub-Treasury Offices.

27 January 1883.—Referred to the Committee on Appropriations, and ordered to be printed.

Sir,

Treasury Department, 26 January 1883.

I HAVE the honour to invite your attention to the enclosed copies of communications relative to the amount of silver coin on hand and the facilities for its safe-keeping in the Sub-Treasury offices, showing the urgent necessity for providing additional vault room at once for storing silver, or for discontinuing the coinage of the standard silver dollar.

UNITED STATES.

Since the Act passed 28th February 1878, authorising the coinage of the standard silver dollar, new vaults have been built expressly for storing silver at the following-named offices :

	<i>Dols.</i>	<i>c.</i>
Year 1878 :		
New York Sub-Treasury, at a cost of - - - - -	38,687	25
San Francisco Sub-Treasury, at a cost of - - - - -	17,059	77
Philadelphia Sub-Treasury, at a cost of - - - - -	8,268	18
Year 1880 :		
San Francisco Mint, at a cost of - - - - -	9,346	08
Baltimore Sub-Treasury, at a cost of - - - - -	8,268	18
Philadelphia Mint, at a cost of - - - - -	6,985	52
Year 1882 :		
San Francisco Mint, at a cost of - - - - -	10,000	00
San Francisco Sub-Treasury, at a cost of - - - - -	6,985	52

These vaults are now practically filled ; some of them to their utmost capacity.

Under the law there must be coined at the mints at least 2,000,000 dollars worth of standard silver dollars monthly, and, unless the law is repealed before Congress adjourns this Session, provision must be made for the storage of this year's coinage, say 27,000,000 dollars, less the amount put in circulation.

The increase in the circulation of standard silver dollars between 1st November 1881, and 1st November 1882, was less than a million and a half of dollars ; the amount coined during the same time was 27,772,075 dollars.

The office of the Assistant Treasurer at Cincinnati is in a building owned by the Government, but it has been sold, to be delivered as soon as the new building is completed. For this reason, and on account of the small amount of space available, no additional vault was built, and there has been transferred from that office to other Sub-Treasury offices, from time to time, to relieve the vaults, since 28th February 1878, the sum of 3,827,780 dollars in silver.

The office of the Assistant Treasurer at Saint Louis is in a rented building, and in addition to the vaults of the office available for use there has been rented from the Safe Deposit Company in that city a large vault exclusively for storage of standard silver dollars, at a cost of 1,750 dollars per annum.

But the most serious difficulty will be experienced in affording relief to the San Francisco Sub-Treasury. The amount reported on hand, 11th January 1883, was in standard silver dollars, 14,414,000 dollars ; fractional silver, 7,374,606 dollars 43 cents ; total silver, 21,788,606 dollars 43 cents, or about 628 tons. Both new vaults built for the purpose are now about full, and the Assistant Treasurer reports that there is no further space available in his office for building another vault. The only relief, therefore, that can be given is to transfer to some Sub-Treasury in the East, at a cost of 10,000 dollars for transportation of each million transferred. There is not sufficient appropriation available for the payment of the transportation of the amount required to be transferred in order to properly relieve that office, nor are the Sub-Treasury offices in the East in a condition to receive that amount, as shown by the accompanying reports of the several offices :

Amount in the Treasury 1st January 1883 :		<i>Dols.</i>	<i>c.</i>
Standard silver dollars	- - - - -	94,016,842	00
Fractional silver	- - - - -	26,521,692	20
TOTAL Silver, } or about 3,500 tons. }		120,538,534	20

In view of the facts stated above and the reports herewith, it is apparent that this Congress should either discontinue the coinage of the standard silver dollars, or make suitable appropriations for building additional vaults in the East, and for the transportation of silver coin from San Francisco, no further space being available for building another vault at that point. The lowest rate for transportation of silver from San Francisco obtainable is 10 dollars per 1,000 dollars.

I am, &c.

Chas. J. Folger,
Secretary.Hon. J. W. Keifer,
Speaker of the House of Representatives.

(No. 31—Commercial.)

Her Majesty's Minister at *Washington* to the Secretary of State for
Foreign Affairs.

UNITED STATES.

My Lord,

3 February 1883.

I HAVE the honour to inclose to your Lordship herewith printed copies of a Bill which has been introduced into the House of Representatives to limit the coinage of standard silver dollars to the requirements of the people.

It is affirmed by the advocates of this Bill, that experience shows that, of the 24,000,000 silver dollars yearly coined, only a small proportion can be kept in circulation, and, as proof that such is the case, out of 135,000,000 dollars already coined 96,000,000 dollars are stored in the Treasury vaults. They say, moreover, that, as long as other nations are unwilling to come to an agreement as to a common standard of the conventional value of silver, silver cannot be restored to its function as a medium of exchange in the great commercial transactions of the world, and that the only result of this accumulation of silver coin which is not required for business purposes, will be to sweep all the gold out of the country, and into the coffers of European nations, who are making vigorous efforts to amass it. It is said, however, that the Coinage Committee to which the Bill was referred, has reported against it.

I have, &c.

L. S. Sackville West.

(Enclosure.)

In the House of Representatives, 8 January 1883. Read twice, referred to the Committee on Coinage, Weights and Measures, and ordered to be printed.

Mr. *Fisher* introduced the following Bill:—

A BILL to limit the Coinage of Standard Silver Dollars to the Requirements of the People.

BE it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this Act, and until an international agreement on a coinage ratio for the use of silver in full legal-tender coinage shall be made by the leading commercial nations, or until the equivalency of bullion value between the standard silver and gold coins of the United States in the markets of the world shall be otherwise secured, the Secretary of the Treasury shall cause to be coined only such number of the standard silver dollars authorized by the Act of February twenty-eighth, eighteen hundred and seventy-eight, as may be required to supply the demand for actual circulation, in lieu of the minimum coinage provided by said Act: Provided, however, That not less than one thousand dollars be coined in any one year.

The Under Secretary of State for Foreign Affairs to the Under Secretary of State for India.

Sir,

26 February 1883.

WITH reference to the letter from this office of the 21st instant, I am directed by Her Majesty's Secretary of State for Foreign Affairs to transmit to you, to be laid before the Secretary of State for India in Council, a copy which has been received through Her Majesty's Minister at Washington, of a Joint Resolution introduced in the United States' Senate, concerning the suspension of the coinage of silver bullion.

I am, &c.

Edmond Fitzmaurice.

(Enclosure.)

In the Senate of the United States, 1 February 1883.

Mr. *Morrill* asked and, by unanimous consent, obtained leave to bring in the following Joint Resolution; which was read twice, and referred to the Committee on Finance:—

JOINT RESOLUTION concerning the Suspension of the Coinage of Silver Bullion.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of the Act of Congress of February twenty-eighth, eighteen hundred and seventy-eight, as authorises and directs the Secretary of the Treasury to purchase silver bullion at the market price thereof, not less than two million dollars' worth per month, nor more than four million dollars' worth per month, and cause the same to be coined monthly as fast as so purchased into silver dollars, be, and the same is hereby, suspended.

UNITED STATES.

(No. 70—Commercial.)

Her Majesty's Minister at *Washington* to the Secretary of State for
Foreign Affairs.

My Lord,

9 March 1883.

WITH reference to my Despatches, Nos. 31 and 39 of this series, of the 3rd and 13th ultimo respectively, I have the honour to inform your Lordship that Congress failed to pass the following measures having reference to the Silver question:—

1. House of Representatives Bill—

“To limit Coinage of Standard Silver Dollars to the Requirements of the People.”

2. Senate Resolution—

“Concerning the Suspension of the Coinage of Silver Bullion.”

I have, &c.

L. S. Sackville West.

(No. 76—Commercial.)

Her Majesty's Minister at *Washington* to the Secretary of State for
Foreign Affairs.

My Lord,

12 March 1883.

WITH reference to my Despatch, No. 70 of this series of yesterday, I have the honour to enclose to your Lordship herewith a Statement of the accumulation of Silver Coin in the Mints and Treasuries of the United States, together with printed copies of a letter addressed by the Secretary of the Treasury to the Speaker of the House of Representatives, which was quoted during a Debate upon this subject.

I have, &c.

L. S. Sackville West.

(Enclosure.)

ACCUMULATION of the SILVER COIN in the Mints and Treasuries of the *United States*.

It appears from a letter which the Secretary of the Treasury addressed to the Speaker of the House of Representatives that the amount of standard silver dollars, and fractional silver was in bulk, three thousand five hundred tons, equal to about 350 car loads, at 20,000 lbs. per car, on the 1st January 1883. The vaults which contain this silver are now filled, many of them to their utmost capacity, and additional storage room becomes necessary. In view of these facts it is apparent that this Congress, says the Secretary, must either discontinue the coinage of the standard silver dollar, or make suitable appropriations for building additional vaults, and for the transportation of the coin from one mint to another.

At San Francisco there are 21,788,606 dollars in coin, equal to about 628 tons, for the transportation of which to New York the cost will be 10,000 dollars for each million.

The Under Secretary of State for Foreign Affairs to the Under Secretary
of State for India.

Sir,

28 January 1884.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Earl of Kimberley with reference to the letter from this Office of the 26th ultimo, copy of a Bill which has been brought into the United States Senate, and which relates to Coinage and Silver Certificates.

I am, &c.

Edmond Fitzmaurice.

(Enclosure.)

48th CONGRESS, 1st SESSION.—S. 226.

IN THE SENATE OF THE UNITED STATES.

4th December 1883.—Mr. MORRILL asked, and by unanimous consent obtained, leave to bring in the following Bill, which was read twice, and ordered to lie on the Table:—

A BILL relating to Coinage, Silver Certificates, and United States' Notes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the coinage in the mints of the United States of all silver coins, the one-dollar and three-dollar gold coins, the five-cent and three-cent nickel coins,
and

and the one-cent coin, made chiefly or in part of copper, is hereby suspended, except as hereinafter provided.

Section 2.—That the standard for silver coins of the United States shall hereafter be such that, of one thousand parts by weight, nine hundred and twenty-five parts shall be pure silver and seventy-five parts alloy, and the alloy shall be copper.

Section 3.—That all fractional silver coins which may be hereafter coined shall contain silver equal in proportion to their nominal value; that is to say, a half-dollar shall contain fifty per centum, the quarter-dollar shall contain twenty-five per centum, the dime ten per centum, and the half-dime five per centum of the amount of silver in the standard silver dollar.

Section 4.—That whenever the coinage of silver shall be resumed, the fractional silver now in the Treasury, or which may hereafter be received, shall be used for any new silver coinage; and new silver coins shall be exchangeable at par at the mints, at the discretion of the Superintendent, for any other silver coins heretofore authorised by law.

Section 5.—That the standard for the one-cent coinage shall be nickel and copper, to be composed of not less than three-fourths nickel and one-fourth copper.

Section 6.—That the Secretary of the Treasury be, and hereby is, authorised and directed, on and after the first day of July eighteen hundred and eighty-four, not to re-issue any United States' notes of the denomination of two dollars then in the Treasury, or which may thereafter be received; and on and after the first day of January eighteen hundred and eighty-five to cancel, destroy, and not re-issue all United States' notes of a less denomination than five dollars in the Treasury, or thereafter received, and to cease engraving or printing all such notes.

Section 7.—That so much of Section three of the Act of February twenty-eight, eighteen hundred and seventy-eight, entitled, "An Act to authorise the Coinage of the Standard Silver Dollar, and to restore its legal tender character," as authorises the deposit of coin "with the Treasurer or any assistant Treasurer of the United States, in sums not less than ten dollars, and receive therefor certificates of not less than ten dollars each, corresponding with the denomination of the United States' notes," is hereby repealed; but all such silver certificates outstanding on the passage of this Act shall continue to have the same force and effect as if this section had not been enacted.

Section 8.—That the Secretary of the Treasury be, and is hereby, authorised and directed to purchase as bullion, any trade-dollars which may be presented previous to the first day of February eighteen hundred and eighty-four, in sums of not less than twenty dollars, and to pay therefor the market value of silver bullion when so presented, and in addition — per cent. premium.

Section 9.—That the Director of the Mint is hereby authorised and directed to employ, temporarily, five artists or persons distinguished in departments of art, or in knowledge of coinage and medals, to be approved by the Secretary of the Treasury, who shall investigate and examine the whole subject of our existing system of coinage, with a view to its improvement and greater perfection of execution as to metals, relative value, and also as to devices, legends, and inscriptions; and the artists or persons so employed shall each be paid out of the contingent fund provided for the support of the Mint the sum of two thousand five hundred dollars; and any artist or person whose designs for any coin shall be accepted and adopted, as hereinafter provided for, shall be paid the sum of seven hundred and fifty dollars for each design so accepted and adopted.

Section 10.—That on or before the first day of March eighteen hundred and eighty-four the Secretary of the Treasury, the Secretary of State, and the Director of the Mint shall examine the work and designs, together with any explanations submitted by the artists or other persons, as mentioned in the preceding section, and shall transmit the same, accompanied by a report, to Congress, with such recommendations as they shall judge most expedient.

Section 11.—That at the expiration of each fiscal year the Director of the Mint shall cause an examination to be made of all the medals executed at the mint in Philadelphia; and the sum of one thousand dollars shall be paid out of the contingent fund, for the support of the Mint, to the engraver whose workmanship shall appear to have been the best.

The Assistant Under Secretary of State for Foreign Affairs to the Under Secretary of State for India.

Sir,

26 December 1883.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Earl of Kimberley, a copy of the Congressional Record of the United States, containing a report of Mr. Morrill's speech on the Bill which he has introduced on the subject of coinage.

I am, &c.

Philip W. Currie.

In Mr. West's
No. 202—Commercial.

UNITED STATES.

(Enclosure.)

Mr. Morrill: The topic I shall mainly discuss to-day, and which, perhaps, I have most at heart, is the improvement of our fractional silver and other minor coinage, not however without bestowing some attention to collateral subjects of perhaps equal importance, embraced in the Bill already presented by me to the Senate.

The problem of a universal legal tender coinage has long perplexed the world, and the vast extension of modern commerce with the fluctuating supplies of the precious metals, tends to perpetuate its difficulties: but American interests are too great to be surrendered to the blunders of others, or of ourselves, whether of action or non-action. Having the primacy in the production of the precious metals, shall we not refuse to confess that we know not how to handle them, neither for our own nor for the general good?

Present Coinage.

The present unsatisfactory condition of our gold and silver coinage, as well as of the token coinage, appears to me so pronounced as to demand the serious and early attention of the Senate. Though nominally representing the double standard, their relative proportional value is a fiction too gross to endure, and when the fiction explodes, as some time it must explode, the heaviest loss will fall upon those least able to bear it. The law from Mount Sinai is against "divers weights great and small." Our silver coins, and all the minor coins, are practically nothing more than tokens representing values received for them much above their actual value. If the Government were poor or its credit strained, such indirect gains might be winked at and tolerated; but the United States, now in full vigour and united manhood, with an overflowing treasury, have no excuse for maintaining such conflicting standards, and such paltry sources of unnecessary revenue, and by expedients which have grown to be inexcusable.

We have a system of internal taxation, and a tariff upon imports; and also, as a supplement beyond all this, a forced contribution levied upon our people of nearly 15 cents upon every silver dollar that comes forth from the Mint, and much more, or to over one-fifth part of the nominal value upon all other silver coinage. This may not improperly be styled tyranny tempered by alloy.

Congress, however, having the exclusive power to coin money, is under the highest promptings of duty to provide the soundest and safest known to the world, and its duty is equally grave to protect the people against raising revenue, much or little, directly or indirectly, by debased coinage, or by a policy not based upon intrinsic value, which has never failed to blot the good name of any Government that has ventured to try the disastrous experiment.

But we do not seem to blush at these profits, whether arising from silver or even copper coinage. When the copper cent was originally authorised by the United States, the first importation of copper—and, then, all had to be imported—cost over 43 cents per pound, or three times as much as it does to-day, when the cent contains less than one-fifth of the weight originally proposed. Copper is now hardly worth more than some of the baser metals—less than the best cast steel—and perhaps not so much as the iron anciently used as money in Sparta, or even as the iron and tin once used in England. Hamilton, whom Jefferson styled as "Colossus," with his usual extraordinary foresight, doubted whether copper would long remain fit for money.

When our silver dollars were first authorised, their intrinsic value was equal to their nominal value, and no more were coined than were wanted for circulation. This was the doctrine and practice of our fathers. Now the actual value of the silver dollar is 85½ cents, instead of 93 cents in 1878, at the start of compulsory coinage; and we are daily doing all we can to depress its value at home by laborious additions to the enormous pile in the Treasury, until it threatens to topple over, carrying with it its false and flimsy scaffolding of equivocating silver certificates, which, when redeemed, must be redeemed in a metal of quite another colour. Silver will not be accepted for certificates while anything much better can be had. The accumulated tons of silver dollars now held by the Treasury are a conspicuous overproduction recognised, distrusted, and avoided by everybody. A glut appears for the moment to make silver, as it does any other commodity, scarcely worth having. Thus we appear to have, so to say, an "elephant" on hand, which, although white, not even Barnum will take off our hands, and which is not only difficult to keep, but, wherever sent, there are neither cages nor pockets ready to receive or to hold.

We are compelled to seek and to use at least 24,000,000 dollars of revenue annually, with an option which allows the use of forty-eight millions, above all that would otherwise be required, in order to perpetuate the colossal folly of hoarding 3,455 tons of silver dollars, 742 tons of fractional silver, and 140 tons of silver bullion, as useless, either to the Government, or to the people, as the buried treasure of Captain Kidd.

Silver Certificates.

Let me say at once that it is not proposed to deprive outstanding silver certificates of any existing functions. Let the nearly one hundred millions now afloat circulate with all their privileges; but their bulk, already excessive, cannot be increased without danger to our whole monetary system.

It may be falsely supposed that the large, constant, and unending accumulation of silver dollars in the Treasury is squarely there for the redemption of outstanding silver certificates; but not one of these certificates ever has been, or ever will be, presented by the holder for redemption in silver. They will all turn up and be tendered at the Custom House instead of gold, the first moment our exchanges feel the shock of an adverse balance

balance of trade, or whenever there is an excess of imports over exports, and then the real difference between the standard of our gold and silver coins will become painfully manifest. We are bound by law to accept and receive silver certificates in violation of our pledged public faith, as the equivalent of gold at the Custom House. When the contingency occurs, exposing the hollow truce existing between our gold and silver standards, gold will become a fugitive, and sink below the horizon, and a flickering single standard of silver, whether up or down, will become dominant. The disastrous effects thus to arise cannot fail to disjoint our whole commerce, and will invade the home of every wage-receiving labourer of the country. Failing to keep our proper share of the products of our own gold mines, as well as silver, all the evils of a suddenly depreciated currency will be sure to revisit us, and with a proclamation that they come to stay. The Pactolian stream of gold will then cease to flow into the Treasury, and instead will come the juiceless flood of silver certificates.

Does any one propose that we shall step down and out from among leading industrial and commercial nations, by having hereafter to base all of our financial and business interests exclusively on silver? Can any one propose at a blow to cut down the wages of labour, and the terms of all contracts, to the extent of 15 or 20 per cent.? Must all of our trade and business enterprises be kept for ever on the look-out for a financial convulsion, suspended only by a hair's breadth in the rate of exchange? If not, then may I not hope that all will unite upon some proper and conservative measure that will save our people the use of both gold and silver? At this moment the amount of silver dollars and fractions in the Treasury never used except in very small sums, and never hoarded, is preposterously large in proportion to the amount of gold coins, which always have been and must continue to be used for all of the hundredfold larger transactions.

Temporary Suspension of Coinage.

A temporary suspension of the coinage of silver cannot reduce the amount in circulation in the least, as it will manifestly be impossible for several years to wholly exhaust the extensive stock now in the overloaded vaults of the Treasury; and all those whose opinions are most entitled to our respect advise that such a suspension will be the only effective policy to checkmate the anti-silver fanaticism supposed to prevail among some foreign nations. It would be stupid to suppose that these nations will ever abandon their gold policy, while we are exerting out utmost power to sustain it, not here, but there, by rolling out of their path the chief obstacle which blocks their way; but which, like the rock of Sisyphus, always rolls back to crush ourselves.

A temporary suspension is also indispensable to enable us to reform and to vastly improve our annual display of coinage, which in 1882 was equal in amount to one-half of the combined annual coinage of all other leading commercial nations.

The purpose of the proposition to cease issuing one and two dollar United States' notes is to bring into circulation a larger amount of silver dollars. The money-order system and postal notes of the Post Office Department—likely, as I am informed, soon to be greatly improved—fully demonstrate that small bills are no longer indispensable for remittances, and may properly be pushed aside to make room for silver dollars.

Coinage Acts.

In discussing the Bill I have introduced, I trust I may be excused for briefly referring to past and existing legislation, although the facts may be in all the horn-books of Congressional Students.

By our first Coinage Act of 1792, based on the plan presented by Jefferson in 1787, one ounce of gold was made the equivalent of 15 in silver; and the gold eagle, eleven-twelfths fine, weighed 270 grains. This proved to be an under-value of silver until 1834, when the gold eagle was reduced in weight to 258 grains, and slightly further reduced by alloy to a fraction below nine-tenths fine, or to eight hundred and ninety-nine and two-tenths thousandths. This made the value of the new eagle 66.68 cents less than the old. The half eagle of 129 grains, and the quarter eagle of 64½ grains, were of the same fineness. In 1837 the gold coinage was raised to nine-tenths fine, and the ratio to silver has since been one to sixteen. The double eagle first appeared in 1849, and the gold dollar in 1853.

In 1792 it was provided by Congress that a silver dollar "of the value of a Spanish milled dollar, as the same is now current," should be coined, and it first appeared in 1794, weighing 416 grains, and it contained 371½ grains of pure silver. By the Act of 1837 the rate was reduced to 412½ grains, but the amount of pure silver was unchanged. In 1851 the three cent silver coin was authorised .750 fine, weighing 12½ grains.

By the Act of 1853 all the fractions of the silver dollar were reduced to the ratio of 384 grains to the dollar, nine-tenths fine, and regulated by the metric system of weights, or for halves 12½ grains, quarters 6½ grains, and dimes 2½ grains; but the weight of the three cent piece was changed to three-fiftieths of the half dollar or to 11.52 grains. This was an unfortunate degradation of these coins, compensated by nothing gained abroad, and doomed them to much loss of prestige at home. Jefferson denied the right of Congress to lessen the value of coins. In consequence of this 7 per cent. shortage of silver in the half dollars we no longer largely export them, as we did formerly to South America and the West Indies, but peddle them out in driblets at home, where they are reluctantly received as "Hobson's choice."

If gold had no foothold in our country from 1792 to 1834, silver had as little from 1837 to 1853, when it was suddenly cheapened and reinstated. It will be observed that, when the merest fraction of difference occurs in the standard value of gold and silver

UNITED STATES. coinage, the undervalued coin becomes the sole coin in circulation, increasing its prerogatives as its merits diminish, and inexorably banishes that which is of superior value.

By the Act of 3rd March 1865, when we were perhaps more humble than we have been since, the legend of "In God we trust" was authorised upon all our coins. In 1373 we appear to have lapsed into incredulity, and this inscription was omitted, but at the same time the Coinage Acts were all revised, and the trade dollar had its ill-omened birth. No other important change was made except that the old silver dollar, then the Delilah of nobody, was left out, and, for the reason that none had been coined for many years, none were called for, and none could then have been coined without a positive loss to the Government.

Trade Dollar.

The trade dollar of unusual weight was authorised in consequence of an urgent commercial demand presented exclusively by those engaged in the trade with China, who paid the mint the cost of its manufacture. It bore its exceptional character on its face as a piece of silver weighing 420 grains nine tenths fine. It was very awkwardly included as a legal tender to the amount of 5 dollars among fractional silver coins, but was known to be worth as bullion 3 or 4 per cent. more than its legal tender value, which wholly precluded it from any such use. When, however, silver began to droop in price, it was plain that many of the 30,834,360 trade dollars which had been exported, might, much to our disadvantage, be returned to our hands, and therefore, by the joint resolution of the House of Representatives, 22nd July 1876 (introduced by Mr. Randall), to which all parties promptly assented, the non-used legal tender power of the trade dollar was withdrawn, but it remained at 1½ per cent. above par for a year and a half afterward. Since then, silver bullion having diminished in value, this commercial rover thrusts itself in our faces and demands to be counted with all the privileges of our eldest born, or as it might have been if it had always belonged to our domestic family of coins, and had not worn on its face the indelible brand of inferiority. The legend "In God we trust," still lingering on this nondescript dollar, is an apt reminder of a coin of Pope Innocent the Eleventh, when under great apprehensions from the King of France, which bore the inscription of "Help Lord, or else I perish," with the figure of St. Peter, vainly trying, like our dollar, to walk on the waters, and piously calling for help. One other eccentricity may also be noticed, not unlike that on the coins of Cromwell, upon one side of which appeared "God with us," and upon the other side "The Commonwealth of England." This caused a cavalier with some wit to say, "God and the Commonwealth are on different sides." The legend on the trade dollar, "In God we trust," is on the obverse side, while it is true that the "United States of America" and the eagle are ominously arrayed on the reverse or opposite side.

Unfortunately all the trade dollars have not left our country for our country's good; they were made here by our machinery; and all that are in the hands of innocent holders should be offered a little chance to get out of the way if they will only depart quickly.

Excess of Silver.

There are in circulation at the present time 93,953,780 dollars of our silver coinage. There are also 141,337,533 dollars more in the Treasury, which the Government would be only too glad to unload. Half as much of fractional silver, and about three times as many silver dollars, are now in the Treasury as are held by the people. Where is it to go? *Cui bono?* The Treasury is thoroughly gorged, and the stomachs of the people are suffering from hopeless indigestion.

It can hardly be doubted that the two or more millions of silver bullion which has been bought every month, and by the overtaxed mints converted into more millions of dollars, amounting in five years and seven months to the prodigious sum of 154,870,899 dollars, would have been more largely accepted, and held as ready money by the people, if the Government had left silver to stand on its own merits, and had not enlisted in what seemed almost a crusade to force an excessive and unnatural amount into circulation. Sober legislators appeared to rely upon coercion to popularise the diffusion of silver, and also upon the ponderous creation of an absolute supply to create an equally absolute demand; but the public, wandering in unbelief, declined to be coerced, and subsequent experience to a considerable extent may have confirmed the general and more pronounced lack of faith. It is true that the Government has been and is regularly in the market, for its moon-struck supply of bullion, yet any advantage of an increased or fictitious creation of value upon the general product of silver mines has been, and is, impossible, because all the rest of mankind, or the major part of consumers, are entirely free to buy or not to buy, and especially free to take notice of the fact that our Government is a purchaser on sheer compulsion, bound by positive law to buy, and to hoard a swelling surplus that must, ere long, break through all barriers and inundate all markets. Beclouded by such surroundings, it is not wonderful that the price of silver has been rather adversely affected. The London quotation for silver 28th February 1878 was 55 *d.* per ounce, and has rarely, if ever, been so much since, being to-day 50½ *d.* per ounce, British standard.* Binding itself as a perpetual purchaser has placed the Government too nearly in the attitude of the reckless speculators of the Stock Exchange, or of buying silver to make a "corner" in order to squeeze some outsider. But the action
of

* According to United States' standard this shows a declension in value from 108.500 cents per ounce to 99.631 cents, or about 8½ per cent.

of the Government is as bootless as was the stamp of the tyrant's foot to raise armies. We have nothing to show for it except our own perspiration. The patronage of Government bestowed upon silver mines, or nickel mines, or copper mines, to secure their permanent prosperity, is unreliable, and no more should be sought after by them than can be justified by the actual requirements of the Government. It should also be forever borne in mind that the annual production of our gold mines, heretofore much the largest, is now a little less than our silver mines, and no more favouritism should be shown to one than to the other.

When our standard money is of universal value, circulating without loss elsewhere as well as at home, the increase or decrease of its volume does not materially affect the price of commodities. The intercommunication of the markets of the world preserves values at nearly a universal level, and redresses fluctuations at the bare cost of the transportation of coin.

It would obviously be to our great hurt if our specie should lack harmony with the standard of other commercial nations with whom our chief intercourse must be maintained. Different standards of money are worse, and more inconvenient, than different languages. Whatever disadvantages may now or hereafter arise from adverse exchanges must be borne exclusively by those who adhere to the inferior standard. If we make one dollar in gold or one dollar in silver of the same intrinsic value each bears in London, Frankfort, and Paris, we may coin few or many without appreciable effect upon prices or values. Great Britain is supposed to have large control of the gold standard of Europe, but, if so, it is not derived from her abundant coinage, no gold having been coined there in 1882, and only 209,880 *l.* of silver. Others may soon find that their interests can only be permanently promoted, not by a scramble with all the world for gold, but by uniting with us in giving to both silver and gold at least a fair trial to hold universal and harmonious relations; meanwhile, whatever others may do, the vital interests of our own people cannot be effectually guarded by a left-handed imposition of the silver standard.

Canadian Silver.

When our fractional silver strays into Canada, it is hailed as an intruder, and cannot pass at less than 20 per cent. discount, or our half-dollar shrinks to 40 cents and the quarter to 20 cents; but Canadian silver coins are plentiful on our northern borders, and, though really of less value than our fractional silver coins, they are generally accepted at their full nominal value. Canadian silver should be sternly refused in all American markets, or subjected to a discount of 23.2 per cent., its bullion value. This would be reciprocity, and exclude a nuisance.

Character of our Coinage.

Although the abrasion of large coins, when in connection with the free use of paper currency, is not supposed to exceed 1 per cent. in 50 years, it is considerably more upon small coins. It is, therefore, of some importance that the surface of coins should not be too greatly exposed. Upon the larger coins having possibly the central portions slightly concave, the figures in *bas relief*, further protected by a gradually raised outer border, may be well rounded with little danger. This would give depth for greater boldness in the figures, so much admired on ancient Greek coins, and would also make it impracticable to split coins and substitute baser metals for the inner part extracted, as has too often been practised.

Copper Cents.

Our copper coins, as well as those of other countries, in numbers exceeding all other coins, have been subjected to many fantastic changes. Rude, everywhere, as they originally appeared, the most extensive fabrication has added little grace to relieve them from being everywhere "common and unclean." The copper coins issued in England by Charles II. possessed intrinsic value equal to their nominal value. Charles XII. of Sweden, however, made copper coins of less weight than that of our earliest copper cent, and then paid them to his army as the value of a silver dollar. It is some gratification to find our treatment of copper a little less heroic than that of the Swede.

The earliest American copper coins made by any State were made at Rupert, in Vermont, and before Vermont had been admitted into the Union. A mint was there established for eight or ten years, having a capacity to stamp 60 coppers per minute, upon which the so-called "baby-head," Goddess of Liberty, appeared; but truth compels me to say that this goddess was no more comely than that on the coins of the present day, although she was a hundred years younger. The owner of the mint, Reuben Hannon, was bound to pay the State 2½ per cent. for his privilege. At first these coins passed two for a penny, then four, and then eight, when they no longer paid for the cost, mainly on account of the sudden competition of other States, and of the large importation of Birmingham hardware, commonly called "Bungtown Coppers." We had no protective tariff then, and we have none now against "Bungtowns," whether of copper or silver.

In 1787, by authority of Congress, a contract was made with James Jarvis for three hundred tons of copper coin of the Federal standard, and cents were coined at the New Haven mint of the following description: on one side thirteen circles linked together, a small circle in the middle, with the words "We are one"; on the other side a sun-dial, and below the dial the words "Mind your business."

In 1792 Congress authorised the coinage of a copper cent weighing 264 grains, which was reduced in 1793 to 208 grains, again reduced in 1796 to 168 grains, later to 140 grains, on which the so-called "booby-head" appears, and in 1857 to 72 grains, of which 88 per cent. was to be copper, and 12 per cent. nickel. In 1864 it was once more reduced to 48 grains, 95 per cent. of copper and 5 per cent. of tin or zinc. Finally, in 1872, the

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last change was made to three-fourths of copper and one-fourth nickel; but the weight remains at 48 grains.

The frequent and wide alterations which have been made in our copper coins show that intrinsic value has almost vanished, and they bear no proportional value to other coins; but, at the start, when copper bore a much higher price, the weight of the cent was fixed at five and a half times what it is now. In the southern-portion of our country, and especially on the Pacific coast, copper coins have been as uncurrent as the yellow-coloured Chinamen, or, for a long time, they were practically tabooed, and even now they are unwelcome travellers much in need of a passport. Wherever not altogether snubbed, the copper cent must pass, as Wood's notable copper coins must have passed in America or Ireland, far above any real value, and with little other merit beyond that of the dusky colour now supplied on its face to our recent Indian image of "Liberty." After common use these coins assume a deeper Ethiopic complexion, and become petty nuisances, cents as well as cents, redolent of many coppery smells, which are easily transmitted to other coins, or to anything with which they hold pocket intercourse. Copper as a metal is wondrously useful, daily becoming more so; but neither Lycurgus nor Hamilton would at this day think of stamping it as money. Certainly we can do better. If the cent and two cent coins were now made wholly of nickel, the Government would obtain an ample seigniorage, and nickel, when compared with swarthy copper, is immaculate, or clean and bright. The importance of the cent coinage will be realised when we find that over forty million pieces were coined the past year.

The Chinese and Japanese bronze coins are of very light weight, of annular form, with a square hole in the centre, and some of them are quite equal to other exhibitions of Oriental art which are now received with public favour. The specimen of an unauthorised cent made by our mint in 1850 with a round hole in the centre suggests what might be done, if not with a nickel cent, perhaps with a half dime of silver. The present nickel half dimes are so nearly of the same diameter and thickness of a quarter dollar that they are often not readily distinguished; but, with a perforation, square or round, in the centre, all confusion would be remedied, as well by touch as by sight. The three cent nickel coin, no longer being the amount of letter postage stamps, is no longer wanted, and might well give place to a two cent nickel.

Gold Coins.

The expediency of the original issue of the one-dollar and three-dollar gold coins has not been confirmed by experience. It will be observed, however, that our gold coins are all of equal fineness, and, in proportion to nominal value, of equal weight. At home or abroad, as to actual and relative value, they are not exposed to much criticism; but their beauty, as works of art, is not excessive, the figures being thin and barren of relief, especially the eagle on the twenty-dollar gold coin, which best represents an unstuffed and unmounted flattened skin of some wild bird of prey long packed away by Professor Baird in the vaults of the National Museum.

Silver Coins.

But our silver coins, and all the minor coinage, including tokens, are bewilderingly destitute of symmetry, or any other visible merit, bearing no proportion of intrinsic value to each other, in harmony partly with the troy, and partly with the metric system of weights, some of them defying the laws of their birth, others easily coloured with a gilded lie by the cheapest counterfeiter, none of them having a "coin of vantage" as to proportion, design, or beauty of workmanship; and the wider they circulate the wider discredit do they stamp upon the Government. Coins equal in purity and weight to those of the Government now yield a tempting profit to enterprising counterfeiters. Surely Congress is not blameless when authorising such an incoherent and fluttering output of coins, and the invisible genius presiding over the mint from year to year would seem to have been just equal to the law and its profits, or just equal to the inflexible and awkward jobs he had in hand. If our coins were asked who made them, each one might answer in the dialect of Topsy, "I 'spect I growed." I would not unjustly nor ill-naturedly criticise our coinage, but, while itself representing the standard of truth, it should be tried by that standard, however severe the ordeal may be. Able to command the best and highest resources of art, the United States should not be content with the poorest. We have been furnishing silver coinage, durable as it ought to be, for half a century, as though it were a garment annually to be worn out, and to be replaced on every first day of April. But we have given little attention to the material, less to the fit, or its fashion, and Brother Jonathan's style never fails to be recognised, and laughed at. The annual reproduction here of these prolific examples of the general state of the arts seems unworthy of our country. The mint does its mechanical work with wonderful accuracy; but neither power nor means to do anything more has ever been granted or supplied. Some of the engravers on wood for our magazines command better pay than the engravers, the "men of all work" employed at the Mint in Philadelphia, and yet some of the medals executed there are fairly creditable.

Ancient Coinage.

Without making any pretentious display of erudition on the subject of coinage, as my study of the subject has not been so extended as to encourage any vanity of that sort, I will yet venture to call the attention of senators, very briefly, to the character of the coinage of earlier times, more especially to some examples of our English ancestors, with the history of which, whether good or bad, all will be more or less familiar; and, finally, to the absence of artistic perfection exhibited in the unattractive character of our own coinage, of which any one can summon from his pocket a cloud of witnesses.

What

What are now often called Roman or Greek medals were really coins put into circulation by the Greek and Roman governments in past ages, and appear, as the invention of a polished people, to have been not merely for service as coins, but were often works of art, or miniature copies of such works, illustrating not only ancient manners, and much of ancient poetry; but they have also served to fix the date of many otherwise debatable facts of history. Many of them were designed to mark victories, like the medals of Napoleon, or notable events, and to perpetuate the fame of rulers, whose faces and actions were thus portrayed in a manner that ensured circulation throughout empires, and throughout future ages. The consent of the Roman Senate was first obtained by Cæsar to place his portrait on Roman coins, and his example appears to have been diligently followed by his successors. Previously only the heads of their deities, or of those who had received divine honours, were placed on their coins; but subsequently the laureated heads, with great prodigality, celebrated their own virtues.

These ancient coins are highly prized, not for the metal they contain, as one of brass or copper* frequently commands a much higher price than its weight in gold; but they are eagerly sought after by collectors to be placed in cabinets, being valuable for the illustration of the epoch, or sometimes as specimens of rare beauty of workmanship; and what was worth the merest pittance when issued by Augustus, or by Anthony and Cleopatra, now often commands a fabulous sum. So highly esteemed are some of these specimens that bogus imitations have been cunningly made, and, after being buried in the earth long enough to apparently acquire the rust and smell of antiquity, they come forth to deceive the very elect, or at least to deceive the collectors of those very rare coins once restored to the sacks of Joseph's brethren; or of those ducats of old Duke Dandolo, said to have been loaned by Shylock to Antonio.

English Coins.

Coming down to later times, we find that in the reign of Queen Elizabeth, when silver money had been much debased, and had also been shamefully clipped, she caused it all to be called in and stamped according to its purity and actual weight. This greatly improved commercial exchanges, promoted trade with other nations, and made in the latter half of the sixteenth century the long-headed and red haired queen very popular. Strange to say, however, while rescuing England from base coin, she still issued it without stint for Ireland. Under the iron rule of Cromwell distinguished French artists were employed upon the coinage of the Commonwealth, and it was ordered, with much spirit, that "in beauty of mechanical execution the coins of this nation should not be behind any nation." This order was strictly enforced, and England to this day has been unable to show any coins more beautifully designed and engraved than those of the Lord Protector in 1658. Notwithstanding his head was removed from Westminster Abbey, then stuck upon a pole and carried through the streets of London, yet his splendid head by Simon, on silver crowns, has, perhaps, among British coins, had a yet more unrivalled elevation. The guinea issued under Charles II. was so named because made of gold from Guinea, and bore the effigy of an elephant, from the vain idea that the circulation in England might encourage the importation of more gold from Africa.

So eminent a man as Sir Isaac Newton was made Master of the Mint in the reign of George I., as he had been in that of William III., when clipped coins were once more called in and exchanged for new coins of full value. In the reign of George I., with Walpole as minister, the famous Royal patent was granted to William Wood for "coining small money for Ireland and the English Plantations;" and he coined a multitude of spurious shillings from copper or brass, as well as baser "small money for Ireland." "Wood's money" was, however, fiercely assailed by the irrepressible Dean Swift, and the fiat of the Government was scornfully trampled upon by the Irish people.

The coinage under George III., fitly represented by his stolid face, was hardly less wretched than many other monumental facts of his long and wretched reign. The St. George and Dragon that appeared in 1817 on the coins of England, and notably on the gold sovereign which superseded the guinea, was the spirited and very creditable work of Pistrucci, a foreign artist employed by the Prince Regent. The head of George IV., on the coins of his reign, was designed by Chantrey, the sculptor, and is very fine as a portrait, though said to be amazingly flattered.

Fifty five million dollars of gold coins, so late as 1842, were withdrawn by England, and new coins of full weight given at the expense of the Government.

French Coinage.

The Parisian school of coinage, founded by David, the celebrated painter, aimed at first at something better than what may be called the grandiose style, and copied nature, or more of the simplicity and elegance of the Greek medals.

Among the large number of French medals given on 4th July 1822 to our Congressional Library by George W. Erving, and accepted by Congress (but unfortunately destroyed subsequently by the fire in the library), there were many executed with remarkable skill, and nearly all commemorated some event in the history of Napoleon. Fresh copies of these, at small expense, it is supposed, might easily be obtained. In the beauty of work-

manship

* Our Washington cent of 1791 now brings over 50 dollars.

UNITED STATES. manship, and aptness of device, French coins for many years were held to be superior to those of any other country, especially in the rounded and bolder relief of the figures. But some decadence began under Louis XVIII., and less credit would be due to the flood of coins bearing the dull image of Napoleon III., who had his portrait pompously decorated with the ancient laurel crown, that he might pass, if not as a Roman Cæsar, at least as a legitimate Napoleon.

United States' Coinage.

From time to time many governments have made earnest efforts to improve the style and mechanical execution of their coinage, not always with marked success, but generally with some advance upon the past. The difficulty of hammering flat circular coins having been overcome by the machinery of the mill and screw in 1561, the square, oblong, octagon, and other ruder irregular pieces, were at once superseded. Men of science or of eminence were employed to advise or direct the work of mints, such as Locke and Newton and Herschel in England, and in our own country, Rittenhouse, Boudinot, the Pattersons, and Snowden. The service was held to be both honourable and nationally important, and here early attracted the attention of such men as Jefferson, Hamilton, Franklin, and John Quincy Adams. In one of Franklin's letters he laments that the eagle should have been selected as the emblem of the United States, and writes: "For my part, I wish the bald eagle had not been chosen as the representative of our country; he is a bird of bad moral character; he does not get his living honestly." Franklin might have added, that the eagle was already more appropriately claimed on the imperial standards of Russia, Austria, Prussia, and France.

For the reverse sides of our coins there were differences of opinion in Congress, and long and grave debate, as the Senate wanted the portrait of Washington, and the House insisted, with success, upon "a figure emblematic of liberty;" although Representative Livermore, of New Hampshire, is reported to have said, that "the President was a very good emblem of Liberty; but what an emblematic figure might be he could not tell. A ghost had been said to be in the shape of the sound of a drum, and so might Liberty, for aught he knew."

Congress has by law prescribed within narrow bounds the devices and legends to be stamped on our coins. Upon the obverse side there is to be an impression of Liberty, bearing the inscription of the word "Liberty," and the year of coinage; and upon the reverse side there is to be the figure or representation of an eagle, with the inscription, "United States of America," and "E pluribus unum," and a designation of the value of the coin; but on the one and three dollar gold pieces, and on the dime, five, three, and one cent pieces, the figure of the eagle is to be omitted. Upon the reverse of the trade dollar the weight and fineness were to be inscribed.

Emblem of Liberty.

The emblem of Liberty, like that of many other virtues, has been said to be always represented in petticoats. The Britannia of Great Britain appears in form like a near relation to the Liberty or the Minerva often found on old Greek and Roman coins; and in the days of Charles II. the Duchess of Richmond served as a model to the engraver; but more recently, Victoria, by the distinguished medallist Wyon, has been stamped with great excellence upon British coins; and she, like Queen Anne, seems to have occasionally insisted upon decent drapery about the bust.

Our sitting emblem of Liberty on fractional silver looks very like a descendant of our grandmother Britannia, by Clark Mills. Whether she wears long hair, or a jaunty widow's cap, may not be quite clear, and there is no end of crinoline, while the obtruding whale-bones in "bas relief" compressing the waist painfully, disclose over-worn corsets. But as our highest effort, and best, on the copper cent, and on the one-dollar and three-dollar gold coins, the head of our emblem appears in the baubles of an Indian princess, doubtless an ideal Pocahontas, "that female bully of the town," with the head accordingly stuck around with feathers, and labelled on the tiara "Liberty." Its circulation in the Indian Territory, I regret to say, has not been commensurate to the witchery of the bait. England strangely omits to stamp on her figure of the lion, "This is a Lion;" but our emblem, safe from all mis-conception, is always plainly and veraciously braided across the forehead, "Liberty."

I am a stalwart supporter of the consecrated emblem, but would invoke the genius even of flattery to present the American "Liberty" without the feathers of a drum-major, and certainly something better than a Grecian face in the regalia of a squaw, or than a feeble copy of our ancient grandmother.

American Eagles.

We have on our various coins a grim crowd of so-called eagles, chiefly representing a belated evolution from the buzzard family. The different artists, technically, perhaps, of the same family origin, would seem to have spent their whole wit upon their several masterpieces. It is to be hoped, however, that their models, like the griffin and the dodo, are all extinct. Whether their outstretched wings point upward or downward, it is a great comfort to see that the birds are all truly American, as each one loyally shows himself always, and everywhere, a spread eagle. Whoever looks at them may well crouch
and

and utter Poe's doleful raven slang of "N-e-v-e-r m-o-r-e," though they are not ravens, as none ever fed little children; but each one, in full-blown dignity, is, as John Neal has said, "a fierce grey bird with bending beak," and not without terrors in a claw. The artists, it must be allowed, are great in profile views of "bending beaks," with feathery appendages; but it cannot be a serious error to suppose their inspiration to have been largely derived from an obedient study of that familiar and rather pungent text which reads, "For wheresoever the carcass is, there will the eagles be gathered together." It will be observed, too, that all of their beaks are wide open, equally ready to dine or to scream.

If the truth must be confessed, our figures of the eagle are not much above caricatures, and exhibit so little of truth and grace of form, that our bakers would refuse to reproduce them in their cakes sold at a dime for a dozen. What should be feathers are hardly to be distinguished from the imbricated backs of that rare bird known as the turtle. The imputed vanity of our bird surely never got its start from any flattery on our coins, though he seems to be stiff there with the purpose of inviting all the double-headed spread eagles of Europe either to a fight or a carousal, not caring a "continental" which.

Strangely enough, the trade dollar has a left-handed figure of "Liberty" sitting on a bale of cotton; but the eagle is certainly not the worst we have, though a monstrosity wonderfully and fearfully made. That on the 20-dollar gold piece, nearly destitute of relief, and in all senses flat, is very uncouthly drawn, with the wings turned wrong side up, like an inverted umbrella in a gust of wind, and tricked out with the trumpery of endless and meaningless scroll decorations. But, unhappily, on our latest dollar will be found the *blandest* and, possibly, where all are ugly, our most abominable eagle; unless we except the one on the wing which once appeared as a scarecrow on the silver dollar, afterward belittled as the eagle *volant* on the copper cent, and was then esteemed the nearest of kin to the vulture, as some plain matter-of-fact people will call the stray figure which seems determined to roost upon the head of Liberty at the top of the capital. I would not take a feather from our "Majestic monarch of the clouds," but would have him appear, if I could, more in the truthful dignity and beauty of nature; and then dismiss the whole brood of invented eagles.

The Mint fettered by Law.

The Director of the Mint, the coiner and engraver, do not appear to have any discretion in regard to existing coins, which must be made from "the original dies already authorised," and "conformable in all respects to the law," and mainly the law of 80 years' standing. It is, even under the law of 1873, only when new coins or devices are authorised, that the Director of the Mint has power to seek any improvements through the services of competent artists. This law was in the right direction, but wholly inoperative, as it has no application except "when new coins or devices are authorised." No new coins being authorised, no changes can be made in the old matrices and dies, and the engraver, however expert and skilful, has no possible opportunity to show any rare skill or advancement in the perfection of his work. Nor can his ambition be greatly stimulated by his rather limited compensation. Quantity, not quality, would seem to have been best appreciated; and, while we have eclipsed the world in quantity, we have suffered an eclipse in quality.

Reform desirable.

Is it not time that we should put forth some effort to improve the general character and appearance of our coinage? What may have been acceptable, and even creditable, to our people in 1792, or in 1837, is no more applicable to our condition now than would be the garments of a boy to the man after a lapse of half a century. We do not now depend upon foreign skill or upon foreign metals for our coinage; and a great nation cannot afford to have any work which is exclusively under its control pass as second-rate. We are prone to suggest doubts as to whether the people of this or that nation are competent to sustain a republican form of government. With the several examples of state-craft shown in attempts to regulate our coinage, which have too often decorated United States' statutes, can we blame those we have criticised if they occasionally remind us that our government has not yet passed beyond the region of experiment? But can we not have United States' coins with more of positive value, allied and related to each other, and stamped with such simplicity of design and beauty of finish as to give them rank as models worthy to endure for many generations?

First, our coins should, from their size and character, be easily distinguishable, whether by sight or touch, one from another; and there should be no silver or nickel coins which, by being gilded, would simulate and pass for gold. At present our silver dime is apparently of the same size as the three-cent piece and the gold quarter-eagle; and the first and last have the same ancient Britannia doing her best as the latest edition of American liberty. The latest copper cent is very like the three-dollar gold piece, with a similar picture of the head of an Indian Venus de Modoc as the emblem of Liberty. Some of the nickel five-cent pieces, costing less than half a cent, are so nearly of the same size and weight as the gold half eagle, that they have already been gilded and circulated for 1,000 times their real value. We have now in circulation five-cent pieces, as well as three-cent pieces, diverse in metal, form, inscription, and in value; and those made of the

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dearest metal are executed in the cheapest and most common-place manner. On one of the five-cent pieces the design has been said to suggest its origin in old pictures of a tombstone overhung by weeping willows. The clumsy execution and ill-assorted relations of these coins will be recognized at sight by everybody except their god-fathers.

Too much Alloy.

There is so much alloy in our silver coins that they do not remain bright and attractive; when handled as change they become, after the briefest contact with their fellow-associates, as dingy as the dullest lead, and tempt no one to break any commandment, for they are never coveted. Solid silver ware, when no finer than United States' coin, retains so little of permanent brilliancy, that it has been almost dethroned by plated ware; not altogether because burglars refuse the cheaper substitute, but because the substitute displays the beauty of silver more nearly in its absolute purity, and its lustre, though only skin-deep, does not vanish like that of the night-blooming cereus, in a single night. Our silver coins should not be inferior in purity to the sterling standard of Great Britain; but it must be admitted that our current small coins are suggestive of no nobler use than that found in paying a reckoning at a corner grocery. They ought to contain enough of the precious metals to preserve them from the owner's contempt, and to ensure some hospitality wherever they lodge. They ought, also, to be so good as to banish the circulation here of Canadian silver, which, though uninvited, comes in large force, demanding American privileges.

The actual weight of pure silver in our fractional coins is as much too small as that of the alloy is too great, and as works of art they have little merit, or far less than the works daily exhibited by our artificers in metals less precious. Believing that some reform would be a great and lasting public benefit, I am induced to urge a higher real value in fractional silver coins, or a restoration to the proportions of the silver dollar which they always held until degraded in order to find a French market, which they failed to reach, by the Act of 1853; and also to urge that the purity of the metal, now nine-tenths fine, shall be not less than that of the sterling silver of Great Britain, or 925 1,000ths fine. The copper cent, it is to be hoped, may be abandoned and gradually superseded by another less poisonous, composed chiefly of nickel, and for above two mills in value. Our token coinage not being redeemable, we cannot afford to send it forth glaringly deficient in intrinsic value.

Conclusion.

Beyond all these points, let me urge that our coins in aptness of design, and perfection of artistic execution, shall not be inferior, as they confessedly are, to any foreign examples, and certainly not inferior to the ordinary work of the best silversmiths and goldsmiths. As St. Paul said to the Philippians: "Whatsoever things are true, whatsoever things are honest, whatsoever things are just, whatsoever things are pure, whatsoever things are lovely, whatsoever things are of good report; if there be any virtue, and if there be any praise, think on these things."

The questions, as I have intended to present them, are practical and political, but not partisan, except among twinkling demagogues, who may shine for the moment like jack-o'-lanterns in a dark swamp, and are snuffed out by the first rays of morning light. Let us have American coins so good that the people will be willing to work for them, and gladly carry them at their own expense, without asking free transportation from the Government.

The Greeks and Romans left no monuments illustrating their career more permanent than their coins. We have ceremoniously deposited in the corner stones of many large edifices specimens of the United States' coins. Should these ever become visible to a distant posterity, will they be likely to reflect much honour upon those who have thus challenged future consideration? The rapid extinction going on of our public debt, and the wonderful growth of the country in population and wealth, indicate that our great seaport on the Atlantic, and possibly another on the Pacific, may ere long prove to be an aggressive competitor for the controlling monetary power of the world. Producing all the silver and gold that we require for domestic use, with a large surplus to supply the demands of others less fortunate, may we not declare in Cromwellian phraseology, "that, in the beauty of mechanical execution, the coins of this nation should not be behind any nation;" and, therefore, let me urge that here and now is a proper time and opportunity for some action creditable to the Government, worthy of Congress, and such as will have the lasting approval of the people.

Mr. President, I ask that the Bill lie on the table until the Committee on Finance shall have been appointed.

The President, *pro tempore*. The Bill will be laid on the table, if there be no objection, to be referred to the Committee on Finance, when appointed.

MEXICO.

MEXICO.

REPORT by Mr. *Lionel E. G. Carden*, on the Trade and Commerce of Mexico, 1883.

THE coining of silver here being merely done for the purposes of taxation, and not to meet the requirements of the circulation, silver dollars, at any rate those intended for export, must be looked upon as any other form of merchandise. As will be seen from the accompanying Table and Chart (Annex 10), showing the amounts passed through the different mints in the last ten years, the annual coinage for the last half of that period has averaged 24,194,398 dollars, whereas the exports of coin for the same years have only averaged 16,549,861 dollars. It will be evident to every one that the requirements of Mexican commerce are not such as to demand an annual addition to the currency of 7,500,000 dollars for five years consecutively, and the only explanation possible is that the Returns of Exports are very much under the mark, and that large quantities of specie must have been habitually smuggled out of the country.

VALUES of the EXPORTS of MERCHANDISE and BULLION from *England* and *France* and the *United States* to *Mexico*, for the past Twenty-five Years, taken from the Official Returns of those Countries, and reduced to £. sterling.

YEARS.	Exports of Merchandise the Produce of the Country of Procedure.				Exports of Merchandise the Produce of Countries other than that of Procedure.				Exports of Bullion and Specie from			Total Exports of Merchandise and Bullion from England, France, and United States, to Mexico.
	England.	France.	United States.	Totals.	England.	France.	United States.	Totals.	England.	France.	United States.	
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
1857 - - -	567,311	712,898	628,675	1,908,874	44,332	199,971	124,498	368,799	-	-	-	2,271,670
1858 - - -	411,831	452,061	579,761	1,443,653	38,775	169,108	110,411	318,294	-	-	625	1,762,573
1859 - - -	597,899	515,509	469,200	1,582,608	49,459	177,506	142,787	369,752	-	-	11,400	1,963,820
1860 - - -	462,604	489,710	689,454	1,641,768	76,845	206,440	419,861	702,646	-	-	6,117	2,350,531
1861 - - -	583,657	538,343	824,805	1,446,805	69,205	167,877	135,797	372,879	873	1,080	1,042	1,822,679
Average - - -	524,660	541,702	538,379	1,604,741	-	-	-	425,273	-	-	-	2,034,254
1862 - - -	757,823	643,932	375,964	1,777,719	59,047	175,092	76,726	310,865	14,999	-	-	2,103,583
1863 - - -	1,678,572	656,547	1,061,869	3,396,988	70,210	232,149	328,968	631,327	122,472	326,631	10,747	4,488,165
1864 - - -	1,809,753	2,293,101	1,011,085	5,113,939	422,079	534,336	365,332	1,321,747	12,834	183,637	654,922	7,291,139
1865 - - -	1,896,805	2,309,135	1,425,327	5,631,357	70,494	519,304	527,264	1,117,063	-	-	138,343	6,846,402
1866 - - -	1,283,213	1,540,814	550,833	3,374,860	49,291	586,305	181,587	817,183	-	204	3,125	4,195,372
Average - - -	1,485,251	1,488,718	885,015	3,858,984	-	-	-	839,638	-	-	-	4,993,612
1867 - - -	813,948	450,231	712,709	1,976,888	77,486	842,857	122,954	543,297	-	32	8,011	2,529,228
1868 - - -	848,588	620,978	751,259	2,220,819	43,489	390,271	290,191	723,951	-	-	2,692	2,917,469
1869 - - -	631,724	464,742	579,061	1,675,527	53,398	201,639	218,210	473,246	-	-	417	2,149,190
1870 - - -	910,882	398,868	769,774	2,079,524	147,246	204,077	274,782	626,105	-	899	2,437	2,709,065
1871 - - -	1,069,013	501,569	929,947	2,500,529	140,013	108,170	536,017	792,209	-	-	8,021	3,300,759
Average - - -	854,831	487,277	748,549	2,000,657	-	-	-	631,761	-	-	-	2,726,920

1872	-	-	843,186	698,804	636,283	2,177,778	56,852	203,891	444,361	704,604	-	-	5,208	2,887,585
1873	-	-	1,194,124	716,732	713,953	2,624,809	185,749	452,328	488,614	1,126,691	-	-	29,958	3,781,458
1874	-	-	1,124,613	655,925	747,051	2,527,589	198,263	246,617	402,227	847,107	-	-	11,986	3,386,682
1875	-	-	884,901	702,744	713,865	2,301,510	95,815	266,013	390,623	752,451	-	-	4,956	3,058,917
1876	-	-	502,224	456,069	859,097	1,819,390	74,590	135,888	312,790	523,268	100	-	1,208	2,348,966
Average	-	-	909,809	640,355	784,050	2,290,214	-	-	-	790,824	-	-	-	3,001,721
1877	-	-	995,510	784,835	868,789	2,599,134	76,205	287,938	289,519	653,662	-	-	1,091	3,253,887
1878	-	-	773,331	705,285	1,181,185	2,659,801	86,617	599,484	843,598	1,029,699	-	-	6,704	3,096,204
1879	-	-	693,123	551,214	1,125,079	2,369,416	72,136	514,891	282,472	869,499	-	5,978	1,060	3,245,943
1880	-	-	1,225,567	702,612	1,263,745	3,191,924	67,513	552,802	375,108	984,923	-	211,584	702	4,889,133
1881	-	-	1,607,306	950,926	1,916,266	4,474,498	78,145	913,973	411,388	1,403,506	-	1,280	-	5,879,284
Average	-	-	1,058,967	728,974	1,271,013	3,058,954	-	-	-	988,258	-	-	-	4,092,890

N.B.—In reducing the values of the French and American exports to sterling, francs have been calculated at 25 = £. sterling; and dollars at 4¹⁰/₁₀₀ = £. sterling.

VALUES of the EXPORTS of BULLION and SPECIE from *Mexico*, from 1 July 1872 to 30 June 1882, as per Mexican Official Returns.

ARTICLES OF EXPORT.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.	Average.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	Average.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>			<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Silver and gold in coin	23,262,803	18,487,179	16,987,640	No Returns published by the Government		19,545,874	†19,777,268	†18,289,216	†18,079,105	†14,116,372	†12,487,317	16,549,861
„ „ in bar	1,706,966	1,705,045	2,037,911			1,816,640	*2,615,491	2,873,495	3,460,210	4,497,508	4,024,627	3,494,266
„ „ in other forms	*294,091	*982,456	*1,318,770			848,419	191,841	321,876	497,019	640,124	551,823	440,537
TOTAL precious metals	25,263,800	21,074,680	20,294,321	-	-	22,210,933	22,584,600	21,484,617	22,036,834	19,254,004	17,068,767	20,484,664

* During these three years, copper, tin, and bronze were included among the precious metals, and their exports averaged 36,027 dollars per annum. In 1877, and subsequently, they were included among "other articles."
 † Since 1877 foreign gold and silver coin has been included under this head. The values exported in the last five years average 526,166 dollars per annum.

VALUES of the IMPORTS of MERCHANDISE and BULLION into *England, France, and the United States*, from *Mexico*, for the past Twenty-five Years, taken from the Official Returns of those Countries, and reduced to £. sterling.

YEARS.	Imports of Merchandise.			Total Imports of Merchandise.	Imports of Bullion and Specie.			Total Imports of Bullion and Specie.	Grand Total of Imports into England, France, and the United States, from Mexico.
	England.	France.	United States.		England.	France.	United States.		
1857	£. 842,368	£. 207,020	£. 218,932	£. 768,385	£. 44,609	£. 22,911	£. 1,033,122	£. 1,056,083	£. 1,819,368
1858	817,568	230,174	230,938	778,680	33,505	2,924	910,201	957,734	1,736,414
1859	380,499	168,185	259,184	807,818	30,003	8,361	853,311	893,177	1,702,995
1860	491,221	174,534	398,548	1,062,303	57,851	6,345	1,046,425	1,084,778	2,147,076
1861	847,529	174,137	184,607	706,273		5,562	583,979	647,392	1,353,553
Average - - - £.	875,849	190,800	257,042	828,682	38,194	9,221	885,808	928,223	1,751,908
1862	619,508	157,432	170,377	947,317	349,103	12,431	388,967	750,500	1,697,517
1863	2,294,337	196,795	634,142	3,125,274	283,209	25,220	309,521	617,050	3,743,224
1864	3,129,334	244,436	1,276,759	4,650,529	204,837	230,751	365,822	800,910	5,451,439
1865	3,216,924	228,149	1,296,015	4,741,089	122,585	462,936	236,104	821,625	5,562,718
1866	313,478	153,396	359,603	826,477	34,544	720,728	506,148	1,261,420	2,087,897
Average - - - £.	1,914,716	196,042	747,379	2,858,137	196,755	290,414	361,312	850,481	3,708,618
1867	315,168	130,310	233,320	668,798	37,874	786,045	593,550	1,417,469	2,086,267
1868	350,664	226,431	331,339	908,484	3,703	538,732	942,761	1,465,195	2,393,579
1869	350,570	305,168	486,701	1,142,439	6,110	686,856	1,019,967	1,712,233	2,853,373
1870	299,813	240,298	563,763	1,105,874	600,635	637,526	2,163,201	3,291,362	4,407,236
1871	397,334	212,302	688,635	1,278,321	820,474	482,520	2,070,474	4,282,468	5,560,789
Average - - - £.	342,710	222,902	455,172	1,020,784	293,759	606,236	1,539,790	2,439,835	3,459,569

1872	-	-	-	-	443,524	302,808	833,042	1,580,364	733,936	240,184	938,376	1,916,496	3,498,860
1873	-	-	-	-	409,532	244,988	890,868	1,635,388	854,002	1,671,502	2,532,096	5,057,600	6,692,988
1874	-	-	-	-	546,651	302,513	905,493	1,754,657	1,087,005	946,615	1,852,821	3,886,531	5,641,188
1875	-	-	-	-	721,907	493,398	1,078,040	2,293,345	654,711	1,850,263	1,845,914	3,550,888	5,944,233
1876	-	-	-	-	662,132	426,508	1,073,036	2,161,736	768,674	883,909	1,532,329	3,184,912	5,346,648
Average	-	-	-	-	£. 674,749	354,073	956,270	1,885,098	859,683	1,019,695	1,640,307	3,510,085	5,404,783
1877	-	-	-	-	798,857	259,832	1,084,222	2,142,911	1,037,578	1,251,483	2,133,399	4,422,400	6,565,371
1878	-	-	-	-	507,082	253,515	1,094,063	1,854,660	844,581	1,557,173	1,744,780	4,150,534	6,005,194
1879	-	-	-	-	582,759	318,581	1,144,421	2,045,761	955,566	1,698,472	1,782,202	4,436,246	6,482,007
1880	-	-	-	-	628,071	347,335	1,501,999	2,477,405	584,540	1,041,208	1,899,130	3,524,873	6,002,278
1881	-	-	-	-	591,435	320,716	1,732,875	2,654,026	316,605	1,387,083†	1,903,401	3,307,089	6,261,115
Average	-	-	-	-	£. 621,641	301,796	1,311,516	2,234,953	747,774	1,387,083	1,893,383	4,028,240	6,263,193

N.B.—In reducing the values of the French and American exports to sterling, francs have been calculated at 25 = 1*l.*, and dollars at 4.80 = 1*l.*

* No Returns were published for this year.

† Not having the Returns of bullion for this year, I have taken the average of the four preceding years.

CHART showing the AVERAGE ANNUAL COINAGE at the different MINTS during the past Ten Years.

TABLE showing the Amounts of the GOLD, SILVER, and COPPER coined in each of the different MINTS in Mexico during the past Ten Years, taken from the latest Official Return.

Years.	Zacatecas.	Mexico.	Guanajuato.	S. Luis Potosí.	Guadalajara.	Chihuahua.	Alamos.	Culiacan.	Durango.	Hermosillo	Oaxaca.	Total Coinage.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1872-73	4,398,000	4,654,818	4,292,000	2,559,880	628,699	737,000	897,050	789,800	489,084	840,191	230,544	20,517,040
1873-74	4,186,830	3,706,404	4,410,000	2,357,958	944,635	958,760	790,963	729,781	729,079	730,178	178,187	19,728,775
1874-75	5,056,490	3,002,000	4,083,000	2,275,866	1,161,635	907,031	965,244	781,152	744,413	557,500	136,989	20,271,288
1875-76	5,083,845	3,632,060	4,625,876	1,936,500	1,143,380	999,732	777,000	813,786	693,650	450,946	130,444	20,294,109
1876-77	4,822,365	4,887,950	4,771,500	2,091,904	1,321,585	660,164	925,634	824,202	885,920	789,920	188,049	22,119,918
1877-78	4,965,720	4,799,300	4,829,764	2,029,126	1,467,960	911,606	1,055,818	896,862	867,516	577,998	135,394	22,817,564
1878-79	4,825,111	5,435,300	4,523,840	2,519,110	1,418,491	806,025	770,298	941,181	878,817	557,010	157,310	22,837,498
1879-80	5,743,960	5,843,250	4,531,190	2,354,830	1,510,678	949,772	864,811	908,315	930,048	716,855	135,770	24,554,989
1880-81	6,003,790	6,922,050	4,281,430	2,315,750	1,374,256	1,178,534	930,153	1,269,404	1,008,214	718,730	148,510	25,151,721
1881-82	6,031,770	6,444,000	4,404,300	2,345,215	1,329,756	1,354,467	1,096,151	956,793	1,028,362	492,992	127,015	25,010,821
Average for 10 Years	£. 5,111,788	4,833,362	4,536,381	2,277,720	1,230,107	946,309	907,402	896,268	825,248	673,245	152,481	22,390,311

CHILI.

C H I L I.

REPORT by Vice-Consul *Mark* on the Trade and Commerce of Caldera
for the Year 1879.

Silver Mines.—The silver mines of this province produced less during the year 1879 than for many years past, owing to the poor per-centage of the ores found and the lack of new rich discoveries. In the district of Chañarcillo, which has given since its discovery in 1832 from 200,000,000 dollars to 300,000,000 dollars worth of pure silver, the mines are getting so deep that only the richest ore will repay the expenses of extraction. Five of them are over 550 metres in depth, and the deepest is 680 metres. There the ores found near the surface are termed “metales calidos,” that is, “warm ores,” so-called from the facility with which they can be amalgamated with mercury, and they consist of chlorides, bromides, and iodides of silver. These are nearly exhausted now, but in the depths of the mines from 200 metres below the surface to the bottom are found the “metales frios,” or “cold ores,” so-called from the difficulty with which they are amalgamated. These last consist of several combinations of silver, with sulphur, arsenic, and antimony, and often show veins of native silver. In the Lomas Bayas district the chlorides prevail, and are giving good results. In the Tres Puntas region, which has all kinds of ore, the mines are not very promising just now.

REPORT by Consul *Drummond Hay* on the Trade and Commerce of Valparaiso
for the Years 1879 and 1880.

Silver.—The mining production appears to have suffered in the same manner as copper. Statistics for the whole coast do not exist, but commercial estimates make out that 500,000 marks have been exported from Chili in 1880, which is 100,000 marks less than in 1879. This decrease may be owing to the war, in consequence of which many mines in Bolivia suspended operations.

REPORTS by Vice-Consul *Barnett* on the Trade of Autofagasta.

Six Months ending 30 June 1881.

Silver.—The production of the mines of Autofagasta district has fallen off considerably during the last few years. There are indications of a slight improvement again, and, as labour and means of transit from the mines to the coast cheapen, there is every prospect of more work being done. The mines are at a distance of about 120 miles north-east from Autofagasta. There is a railway for about 70 miles, but the remaining distance is over a heavy sandy road without water.

Freight on all goods from Autofagasta to the Caracoles mines, including the railway freight, is 2 dollars per Spanish quintal; and from Caracoles to the port, 1 dollar per quintal.

The output of the mines is brought down in the ore to Autofagasta, to be worked up into bar silver either by amalgamation or by smelting in the two establishments, one on each principle.

Total

Total export of silver for the six months—

	Marks.	Value.
		Dol. c.
From January to 30 June 1881, in bar silver.	81,504	764,859 02
From January to 30 June 1881, in other forms.	4,776	Unknown.
TOTAL for six months, 1881 - -	86,280	—

	Marks.
Total export of silver in 1878 - - - - -	357,332
„ „ 1879 - - - - -	302,526
„ „ 1880 - - - - -	239,619

The above exports refer only to the production of the district of Autofagasta. In the years 1878 and 1879 a portion of the production of silver from the Bolivian interior, mines of Huanchaca, passed through Autofagasta. The war which broke out in 1879 interfered with the transit. In 1878, 170,154 marks of Huanchaca metal was exported through Autofagasta; and in 1879, 17,830 marks. There is no authentic information as to the export of silver from Autofagasta previously to 1878.

Copper.—The export of this product is in the form of silver-copper regulus, but there are no statistics as to the quantity exported.

Imports.—The only direct importations from abroad to Autofagasta are coal and coke. Previously to 1878 there are no statistics obtainable.

The imports were—

	Coal.	Coke.
	Tons.	Tons.
In 1878 - - - - -	12,400	504
„ 1879 - - - - -	27,800	1,500
„ 1880 - - - - -	24,700	1,600
„ 1881 (six months, January to June)	6,900	1,030

1882.

Silver.—Total exports for 1882:—

	Weight.	Value.
	Marks.	Dol. c.
In bar - - - - -	267,405·70	Declared 2,497,659 10
In other forms - - - - -	9,290·96	{ Unknown, } 60,000 00 Estimate }
Total in 1882 - - - - -	276,696·66	
„ 1881 - - - - -	224,494·19	
„ 1880 - - - - -	239,619	
„ 1879 - - - - -	302,526	
„ 1878 - - - - -	357,332	

CHILE.

1883.

Decrease in exports during 1883 compared with 1882:	Marks.
Silver, bars - - - - -	49,207·35
„ other forms - - - - -	3,091·76
TOTAL - - -	52,299·11

Silver, contrary to expectations, shows a falling off in export to a considerable amount. The improved appearance of the mines at the latter end of 1882, was not long maintained in 1883. The precious metal came in "pockets," which did not last, and left the veins perhaps poorer than before.

VENEZUELA.VENEZUELA.REPORT by Mr. *Bunch* on the Foreign Trade of Venezuela.

GOLD MINES OF GUAYANA.

THE gold mines of Caratal district, State of Guayana, continue to be very productive. Comparatively little is heard of them in Europe, on account of their inaccessibility, and also owing to natural reticence of the parties interested in them, who wish to avoid foreign competition. From a Return furnished to me by Mr. Vice-Consul Mathison, it appears that during thirteen years and a half, from 1866 to 1878, the amount shipped at Ciudad Bolivar was 662,302 ounces, which, at 80 s. to the ounce, amounts to 2,649,208 l. sterling. From the 1st January to the 30th June 1879, there were exported 61,134 ounces, worth 244,536 l. sterling. This is what has been officially declared, but a great deal of bullion is also carried away by passengers, and of this there is no record.

New gold fields of extraordinary richness have been lately discovered near Pastora, which, I am given to understand exceed in richness those which have been worked hitherto. Notwithstanding the constant political disturbances, capital is being attracted to this district, and I learn that an English company proposes to invest largely in this direction.

Great numbers of British subjects, mostly men of colour from Trinidad and other West Indian islands, are employed in the mines. It is said that their number reaches 4,000. As complaints are rare in the Vice-Consulate of Ciudad Bolivar, it is to be presumed that they are fairly treated. The visit to the mining district of Mr. Mathison, which was authorised by the Foreign Office, was abandoned for this year on account of the revolution in Guayana at the end of January last. It is only practicable during the dry season. The matter will not be lost sight of. A report such as Mr. Mathison is capable of making will be very useful in many ways. It may be said that the gold fields of Guayana are unknown to the world at large.

REPORT by Vice-Consul *Mathison* on the Trade and Commerce of Ciudad Bolivar, for the Year 1879.

GOLD.

THIS is the chief and almost, it may be said, the only industry of the State, on which both public and private incomes more or less depend. Absorbing as it does almost all the labour of the State, by offering superior inducements, it renders every other enterprise entirely hopeless.

Agriculture only exists on a very small scale, and gold mining is the sole pre-occupation of all minds. Gold mining in this vice-consular district, as an industry

industry, only dates, it may be said, from 1866, when companies were formed for working this hitherto undeveloped source of wealth. But, whether from the enormous expenses which have to be incurred in importing and setting up suitable machinery, the transporting of it to Caratal, a distance of about 150 miles from Port Las Tablas by bullock wagons, the exceptional dearness of labour, provisions, and fuel, which latter has to be procured from the adjacent forests at great outlay, for the working of steam machinery, the fact is, that until now only one, the Callao Company, has returned dividends to its shareholders.

This company possesses a mine of extraordinary richness, perhaps the richest gold mine in the world, and pays enormous dividends to its shareholders.

The gold mining companies at present organised and at work are specified in Return No. XIII.

A fair average of the yield of the quartz of the different companies is 2½ oz. the ton.

A new gold field, said to be of vast extent and richness, has been recently discovered at a place called Cicapra, about 150 miles from this city, and 50 miles N.E. of Caratal.

A good deal of gold has been obtained lately from this locality, but this has only been surface gold. According, however, to the opinion of experienced mining engineers, who have visited that district, it is likely to become, if properly developed, amongst the richest of these auriferous regions.

STATEMENT of the Gold from the Caratal Mines, State of Guayana, shipped at the Port of Ciudad Bolivar during the Year ended the 31st December 1878.

	Ounces.		Ounces.
January - - - -	8,119.09	August - - - -	10,459.89
February - - - -	6,817.49	September - - - -	8,894.09
March - - - -	6,686.83	October - - - -	9,409.62
April - - - -	4,826.14	November - - - -	9,676.38
May - - - -	4,225.77	December - - - -	10,658.67
June - - - -	7,800.33		
July - - - -	8,681.04	TOTAL - - - -	95,204.72

STATEMENT of the Monthly Remittances of the Gold Mining Companies, State of Guayana, Venezuela, during the Year 1879.

Name of Company.	January.	February.	March.	April.	May.	June.
	Ounces.	Ounces.	Ounces.	Ounces.	Ounces.	Ounces.
Callao - - - -	3,707.14	5,889.31	4,447.17	4,715.12½	1,705.59	1,344.04
Potosi - - - -	803.10	1,223	1,124	1,676.90	1,491.70	550.50
Mocupia and New York	497.25	1,174.50	965	803.75	992.12½	853.50
Caratal - - - -	350.56	664.50	559.25	392.50	481.75	523
Nueva Hansa - - - -	-	251.50	79.87	-	-	34
Eureka - - - -	-	-	-	-	-	159.88
TOTAL - - - -	5,136.99	9,152.81	7,185.29	7,488.27½	4,671.16½	3,469.92

Name of Company.	July.	August.	September.	October.	November.	December.	TOTAL.
	Ounces.	Ounces.	Ounces.	Ounces.	Ounces.	Ounces.	Ounces.
Callao - - - -	1,635.46	2,235.60	3,542.12	3,491	3,367.75	3,831.62	39,861.92½
Potosi - - - -	919.10	1,200	1,283.10	965	1,335.10	1,290	13,577.50
Mocupia and New York	870.50	1,108.75	928.18	1,051	1,172.06	1,369.12	11,785.73½
Caratal - - - -	764	557.25	846	633.50	368	618.50	6,503.75
Nueva Hansa - - - -	32.25	-	-	-	143	141.19	681.81
Eureka - - - -	117.50	-	-	-	-	-	277.38
TOTAL - - - -	4,339.81	5,101.60	6,599.40	6,040.50	6,385.91	7,150.43	72,748.48

REPORT by Colonel C. E. Mansfield upon Mining in Venezuela.

THE Venezuelan term "mina" or mine has little or no relation to the English word mine, and it must be borne in mind that the Venezuelan term is almost exclusively used to denote a superficies of 10,000 square metres: for example, it is constantly stated that a given number of mines, say 10, or say 200, has been accorded in this or that concession, which is equivalent to saying 10 or 200 "allotments" of 10,000 square metres each.

In superficial measurements in Venezuela, a "barranco" is equivalent to 100 square metres, and a mina or mine to 10,000 square metres in 10 barrancos.

According to documents preserved in the archives of the Ministry of Finance, the following constitute the principal mineral deposits known to exist in Venezuela, but do not include the gold fields of Venezuelan Guayana:—

Copper and lead in Bailadores.	Asphalt or bitumen at the mouth of the streams Manamo and Padornales, on the Lower Orinoco.
Iron in Nirgua.	Copper at Yagüen.
Gold in Pueblo Nuevo, Coro.	Gold, silver, and copper in Baruta.
Lead in Cariaguato, Cumaná.	Copper in San Antonio.
Copper and iron in Bailadores.	Copper in Duaca, in Barquisimeto.
Gold and iron in Minda.	Gold in Carayaca.
Silver in Cumaná.	Iron in San Antonio.
Copper in the township of Carrizal and Guaicaipuro.	Copper in La Victoria.
Sulphate of iron and lead in Cumaná.	Coal in Rio Chico.
Silver and iron in Cariaco.	Coal in Curamichate.
Iron, lead, and silver in Carúpano.	Coal in Guaracarumbo and Pisco, in Guayana, and at Obispito, in Coro.
Iron and gold in Aragua and Cumaná.	Gold at Petaquire.
Copper with iron in Carrizal.	

Mines of Carúpano.

The mines of Gran Polve, Cariaguato, Rivilla, El Carmen, San Francisco, El Campanario, two of the name of Ericante, La Colombia, or El Colombiano, and La Union, are situated more or less some two leagues from the port of Carúpano on the southern slope of the mountains.

The first eight are of sulphuret of lead, rich in silver, always containing gold and frequently copper; in the other two, more especially La Colombia, the lodes of copper contain argentiferous lead.

There is abundance of wood in the immediate vicinity of the above, and through the lands of the Rivilla; as its name denotes, there flows a river of considerable volume, while in the others there is no lack of excellent water for drinking purposes; the climate is fresh and thoroughly healthy.

The mineral can be extracted in galleries in the hill-side, and, no deep horizontal shafts being for the present necessary, the working could be carried on with unusual facility.

The above have hitherto been but slightly worked, but the proximity of the sea and of the port of Carúpano would of course offer exceptional advantages.

Mines of Carabobo.

In the south-east of the State of Carabobo there exists an extensive gold-field commencing on the right bank of the River Torito, or of the Torugito as far as Nirgua, and it is believed much further in the direction of the Yuruary.

In the time of the Spaniards extensive workings were in operation, of which traces may still be observed in the gorge of the Barrera. Gold is to be found in considerable quantities on the surface, and it would seem almost impossible that so much mineral wealth should long remain unexplored and unworked.

The copper mines of Aroa have long been worked by an English Company, and an extensive annual export of ore is carried on with the port of Swansea.

Various Localities.

Gold has lately been met with in the neighbourhood of La Guayra, at Maiquetia, and almost daily discoveries of the same character are reported in some locality of the Republic, hitherto not known as possessing auriferous deposits.

Guayana.

The great gold-field of Guayana is at present directly under the Federal Government, but will probably at no distant date be constituted into a territory.

The following, a translation of the Report by General Vincent Ibarra, Inspector-General of Mines, was presented to Congress in the year 1882, and will be found to be of considerable entertainment to those interested in the development of the mineral wealth of Venezuela. No information of value has been presented to Congress in the following year, but, if public rumour be true, none of the mining companies in operation are at present in so flourishing a condition as was the case some two years since.

Chapter I.—*Origin of Mining in Guayana.*

About 30 years ago the River Yuruary was found to contain sand of an auriferous character, but for many years the search for gold was confined to the bed of the river, and it was only recently that in the district named at first El Caratal, and subsequently New Providence, "placeros" or gold deposits were discovered.

The report of this discovery caused the return of gold-diggers who had abandoned the search owing to the unremunerative character of gold washing in the Yuruary.

Gold ore is usually found in lodes at a depth not exceeding two or three feet from the surface, in alluvial soil, or at a greater depth, but in an almost pure condition, in a formation of a grey colour, called chalk "greda" by the natives.

A considerable quantity of gold was found in the district El Caratal, and some of the nuggets extracted from the "placeros" Moco de Hierro, La Planada, and Picato Don Francisco, weighed upwards of 64 ozs.

Consequent upon the above, numbers of miners explored the adjacent district, and discovered various strata of auriferous quartz, and thus formed the nucleus of the mines known as La Corina, Santa Maria, El Tigre, El Peru, Chile, Panamá, Callao, and Pinta Dalla Costa.

The Government did not at first impose any tax upon the gold, but subsequently followed the example of Spain, and exacted a royalty of one-fifth of the net produce. This form of taxation very shortly became obsolete, and the Government determined to give plots of ground named "barrancos," varying in size from four to ten square metres, on lease, at a monthly rent of eight to ten reals (3 s. 6 d.). The "barrancos" therefore, were worked by miners, on condition of surrendering their lease should the result not prove satisfactory.

At that time the use of machinery was unknown, and the only "placeros" sufficiently rich in auriferous quartz to be remunerative under such adverse circumstances were those of Callao and Chile; but, on the other hand, these facts went far to show that, under more enlightened management, a wide field for commercial enterprise might be opened. The attention of capitalists was drawn to the existence of the gold-fields, and in 1867 Mr. J. B. Austin obtained a grant of land for mining purposes on the banks of the Yuruary.

Two companies, named La Guayana and Buen Retiro, had already made some attempt at gold-digging; attempts attended with no other result than that of an entire loss of capital; this failure, however, must not be attributed to an absence of ore, but rather to other extraneous causes.

It is not necessary in this Report to enter into the history of all the native and foreign companies settled in the mining districts, and it will suffice to indicate the general result of the work carried out up to this date.

The names of the Companies, native as well as foreign, settled in the Rosco district, are as follows:—

1. El Callao National Mining Company, situated near the village of El Callao.

2. Orinoco Exploring and Mining Company, situated near Nacupai.

3. South America Mining Company, situated near the village of Panamá.

4. Mocupia and New York Mining Company, situated near the village of Chile.
5. Potosi Mining Company, situated near Chile.
6. Nueva Providencia National Mining Company, situated in the district of New Providence.
7. Nueva Hansa National Mining Company, situated in the district of New Providence.
8. San Luis National Mining Company, situated in the district of New Providence.
9. Independientes National Mining Company, situated in the district of New Providence.
10. Union National Mining Company, situated in the district of New Providence.
11. Eureka National Mining Company, situated in the district of New Providence.
12. Caratal Mining Company, under foreign management, situated in the district of New Providence.
13. New York and South America Mining Company, under foreign management, situated near the village of Pinta Dalla Costa.
14. Concordia National Mining Company, near the village El Chocó.
15. San Salvador National Mining Company, eight or nine leagues south of New Providence, near El Merey.
16. El Porvenir National Mining Company, near New Providence.
17. Alianza de Cicapra Mining Company, at Cicapra.
18. Arbolito Mining Company, six or seven leagues distant from Cicapra.
19. Alianza Mining Company, at Botanamo.
20. Buen Retiro Mining Company, between New Providence and Nacupay.
21. La Guayanesa Mining Company, at New Providence.
22. Sulfuros de Hierro Mining Company, at El Callao.
23. Bolivar Hill Mining Company, between El Callao and Panamá.
24. Callao Bis Mining Company, at El Callao.

All these Companies, with the exception of Callao Bis, San Salvador, and Porvenir, which are still in possession of 400,000 to 500,000 dollars; have disbursed sums amounting to upwards of 4,000,000 dollars. The nominal capital, consisting of land, machinery, &c., is, of course, double that sum.

These Societies may be classed under four heads, viz. :—

1. Companies at present producing gold in considerable quantities: Callao, Mocupia and New York, and Potosí.
2. Companies which have not yet expended their entire capital: La Alianza, San Salvador, Porvenir, Callao Bis, and Arbolito.
3. Companies which have ceased working owing to a want of funds: Concordia, San Luis, Orinoco, South America, Caratal, Independiente, Union, Eureka, and New Providence.
4. Companies which have ceased working owing to the absence of satisfactory results; Buen Retiro, Guayana, Sulfuros de Hierro y Cobre, and Botanamo.

The average produce of the three mines in working order is as follows: Callao, 5,000 ounces of gold per month; Mocupia and New York, 1,300 ounces of gold per month; and Potosí, 1,500 ounces of gold per month.

It has been calculated that, were the financial condition of Orinoco, South America, Caratal, Nueva Hansa, and Union improve the average monthly produce of these mines should respectively amount to 2,000, 1,200, 800, 500, 800 ounces of gold.

The failure of so many societies arises from the insufficiency of working capital, difficulties of transport, deficiency of experienced managers, and especially the rise in price of manual labour. Since 1870 wages have risen gradually from 17 reals (7 s. 1 d.) per day of 12 hours to 32 reals (13 s. 3 d.) per day of eight hours, and, when the quantity of gold found does not reach two ounces per ton of ore, the expense of working exceeds the sum of profits.

Competent authorities on mining questions consider the gold-fields of the Yuruary to be richer in precious metal than many of the most productive districts in California; and it is to be hoped that the Liberal Government of General Guzman Blanco will continue to afford powerful aid towards the development of a region so well known for its extraordinary mineral wealth.

Up to 1867 the annual export of gold from the mines of Guayana was comparatively insignificant, but since that date the sum may be roundly stated at 25,000,000 dollars.

REPORT by Vice-Consul *Reddan* on the Gold Mines, &c., of Venezuela,
dated 9th of July 1884.

Existence of Gold in the Territory.—Of the existence of gold in this region accounts are as old as its discovery; from the repeated expeditions of Spanish, English, and Dutch adventurers in quest of it. From those remote times, and without taking into account the many explorations and workings made by the Spanish missionaries, nothing certain was made known with respect to the gold discoveries before the year 1790, when the authorities of Upata informed the King of Spain that a certain Manuel Antonio Mayorga had discovered gold in the neighbourhood of Upata; what the result of this discovery was is not known. Fifty years later a Brazilian named Pedro Joaquin Ayres visited the neighbourhood and town of Tupuquen, and made known the existence and locality of the auriferous sands of the Yuruary. Little importance, however, was attached to his assertion, though he gave the best of proofs; and, when they were nearly forgotten, some six years later, in 1848, the time of the gold discovery in California, M. Andres Hernandez Morales, Dr. Plassard, Pedro Monasterios, and others, animated by those recollections and certain articles which were published by the press at that time, established gold-washings in the sands of the River Yuruary, and in the valley of the Anacupay, from which they obtained considerable quantities of gold. The Government of the State, having no longer any doubt of the discovery of gold, and of the riches of this region, began to take effectual means for profiting by them; and the silent forests on the borders of the Yuruary began to be populated so rapidly that in the year 1857, one year after the discovery of the Caratal by Frederick Sommer, a native of Prussia, who had been engaged in business in Tupuquen for many years previous, and to whom the honour of the discovery of this rich district is really due, there was already a nucleus of a population of more than 400 hardy adventurers, who, according to the most reliable data, produced in that year considerably more than 250,000 dollars' worth of gold, the greater part in dust and nuggets, some of those of large size, and two of which merit special mention, one of pure gold weighing 250 ounces; the other, a small bar of 24 ounces. These were found in the gold-bearing clay by one Lina Acuna, a miner, and caused great excitement at the time, proving as they did the riches of the workings of those diggings. The workings were exceedingly imperfect, due partly to the complete ignorance of mining of the persons who carried them on; and partly to the want of capital, which rendered it impossible for them to erect the apparatus necessary for the crushing of the rock, and freeing from water, &c., the pits or "barrancos," as they were called, from which the auriferous clay was taken out. The clay was afterwards washed in wooden vessels of a conical form called "bateas," in which, as was natural, much gold was lost.

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In this imperfect manner the workings of the rich placers were continued until the year 1860, when some merchants and others of Ciudad Bolivar and Upata, stimulated by the quantity of gold that was being daily found, resolved to form a company for the purpose of working a concession. The Government having passed suitable laws, and having both guarantee and inducement, various companies began to be formed, which, for the first time, introduced steam-engines and quartz-crushing machines from the United States into the country.

The first of these companies was, as already remarked, formed principally by the merchants of Ciudad Bolivar, who subscribed, as they imagined, the necessary capital, having little idea of the nature of the enterprise they were about to undertake. The name of the first company was the "Yuruary Gold-Mining Company," and not "Buen Retiro," as erroneously supposed, this being the name of only a part of the property, which was acquired later on. The date of its formation was the 20th March 1860, and the paid-up capital of the company was 8,000 *l.*, which was further increased to 12,000 *l.* This was the first company that introduced machinery, though not the first machine which was used for the purpose of extracting the gold from the quartz; as an Englishman named Spenser had a small crushing mill long before, which was driven by a mule and used to produce from 60 to 80 ounces of gold weekly.

The Yuruary Company sent a man named Girard to the United States to purchase the best quartz-crushing machine he could find. But he, knowing nothing whatever about such machines, bought what turned out afterwards to be nothing more than a *bone-crushing* machine. The weight of the whole affair with its accessories, was 4,000 lbs., and its cost 1,000 *l.* To transport this to Caracal, another 1,000 *l.* were spent; and before it was mounted with its "three small stamp heads," useless, from their size and weight, for crushing the hard rock, the company had to make another call. When mounted it gave no results worth mentioning; and the consequence was the shareholders lost faith in the concern and had it wound up. It was the owners' intention to reorganize the company with foreign capital, but it was not carried out.

It is remarkable that during the early days, when only the placers were worked, gold is quoted in the papers of Ciudad Bolivar at the high price of 18 to 19 American dollars per ounce, thereby giving to understand that the merchants dealt largely in it.

It is much to be regretted that no data of the quantity produced from the placers during the early days of gold mining in Guayana are to be obtained.

The other companies which began to be formed soon after the Yuruary introduced better machinery, which gave good results, notwithstanding the innumerable obstacles they had to overcome in regard to the heavy expense of transporting the ponderous machinery from the Orinoco to the mines, over a country without roads or ways of communication, and the many other serious difficulties of a new country where everything was scarce and outrageously dear.

It was generally believed at the time when these mines were discovered, that the land in which they were situated was simply an alluvial deposit, and, consequently, the gold which existed in them was not derived from the immediate neighbourhood. But the more exact information which long experience has given concerning them has demonstrated the great inaccuracy of such an opinion from the evidence afforded by the discovery of the precious metals in the quartz veins which run through the country in all directions, and the richness of which is unquestionably immense. It may be said without exaggeration that it favourably compares, so far as it has been worked, with either California or Australia, or any other of the known gold fields of modern times.

The Guayana gold-fields, which are presumed to extend almost continuously from the Orinoco to the confines of British Guayana and Brazil, and from the great mountain range of the Imataca, which runs into the Atlantic Ocean, to far beyond the western boundary of the territory, which is the River Caroni, cover an extent of ground considerably larger than Great Britain and Ireland, and of which little is known, as they have never been properly explored, much less surveyed.

In no portion of this immense gold-bearing region have the mines been worked other than in the insignificant part which a 12-mile circumference incloses. And even here in the older and most populous part, few of them can be

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be said to have been much more than imperfectly prospected, the majority not having been proved at all, while in the more distant parts of the Territory, no work whatever has been done, large sections remaining unexplored.

The gold resources of the Territory are being constantly multiplied by the discovery of new localities, such as the famous Cicapra district, whose placers are yielding large quantities of gold, imperfectly worked as they are; and many former discoveries, which at the outset failed to meet the high hopes formed of them, are beginning to attract with greatest zest the parties who long since considered them as worthless.

The most notable lodes discovered, when I visited the mining district in 1883, were the world-famed El Callao, Chile, Nucupay, Panamá, and Peru. Many others, such as the Tigre, Hansa, and Union, gave great promise of discovering more lodes later on.

That many of the companies here have experienced great and severe losses there is no doubt. This, however, is not to be attributed entirely to the yield of the mines, but rather to various other causes, such as in many cases the properties being under the control of managers who never saw a mine before they came here, and consequently knew nothing whatever of managing them; and also the very great cost of labour, transport, and fuel. Beginning at a time when there were no ways of communication, labour and material enormously high, as they still are in a great measure, it is no wonder that, as the reports of the El Callao Company state, "men should become downhearted and lose confidence;" and, were it not for the unbounded faith which those early miners had in the richness of the locality, they would never have continued. Time, however, has well proved that such faith was not misplaced, and so it will continue as the various mines now working increase their yield of gold.

The history of quartz-mining the world over is the same, and it is only after long years of trials and losses, and when the proper experience is gained, that places which were formerly considered as worthless, due, no doubt, to ignorance and gross mismanagement, begin to prove the contrary.

The 10 or 12 years' work in the small corner of this immense Territory have taught many and good lessons, which, indeed, have not been thrown away. And now, as the traveller crosses the River Yuruary, and beholds the extensive works, and the large and costly plant, including magnificent quartz mills, first-class machinery, and all the latest and best improvements in quartz mining, with which the various companies are provided, he cannot fail to observe and say that the future of this rich Territory has much of the best side before it.

In vein mining there has been a steady and healthful progress for the past year. More experienced managers have come to direct the workings of the various companies; and it is to be hoped that there will be fewer examples of failure than were common some few years ago, when mills were built and started only to run for a short time and then shut down permanently.

The quartz mills at present at work have been going on steadily for the past year 1883, and a more hopeful tone prevails than hitherto. Several mills previously built which have been idle for a long time have been brought into service, and others are preparing to begin work. In no year since the formation of companies has there been more interest manifested in the mines of Guayana; and now that they are becoming more widely known and appreciated they are getting more favourable chances to develop themselves. Still it cannot be denied that what has happened in other gold-bearing regions of the world has been going on here for some time, and it is that speculators, attracted by the numerous veins exposed upon the surface, try to form companies in which they not unfrequently succeed, not, however, for the purpose of developing the mines, but rather with the object of the selling of stock with which the markets of the world are flooded. By such a mode of working the place is beginning to acquire an unenviable notoriety, which only years of struggle will outlive.

It is to be sincerely hoped, however, that such experienced and able managers as are at present at the head of the various companies, men of long years of experience in the other mining regions of the world, who are now proving the riches of the Guayana gold-fields, will do all in their power to discountenance the formation of such companies.

No better proof of the richness of this region can be given than by calling attention to the yearly increase in the yield of gold. There is no falling-off,

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but a steady and a very noteworthy upward advance. It will be said, however, that the great bulk of the gold comes from *one mine*, the El Callao. Very true, but it would be unreasonable to suppose on that account that all the gold of this vast region is centred in that one spot. There is also another important fact, and it is, that the population is rapidly increasing. Few leave, and those that do, return. Manual labour is at a demand, and capital and skill are at present required.

In considering the future of gold-mining in this country, now in its infancy, it must be borne in mind that the great extent of the gold-bearing territory, as already described, is immense, and very rich placers abound all over.

The number of companies formed for the purpose of acquiring and working the concessions granted by the Government, since the year 1860 to the 31st December 1883, has been 42, representing nominal capital to the extent of 12,328,000 *l.* Of these 42 companies, 16 were Venezuelan, representing capital to the amount of 1,818,000 *l.*; 17 English, with nominal capital of 5,948,000 *l.*; five American, with 4,368,000 *l.*; three French, with 432,000 *l.* nominal capital; and one German, with 32,000 *l.*

Now, deducting the sum of 1,590,000 *l.*, the capital of six companies, which, though offered to the public, met with no response and did not proceed to work, and there remains the large amount of 10,738,000 *l.* for the other 36 companies, which have all considerable interests in the mining territory.

Of these 36 companies, 29 introduced machinery for the purpose of working the mines. (It is much to be regretted, notwithstanding the efforts made to obtain the quantity, its value, and where imported from, with other particulars, that only a small portion thereof could be obtained.)

Twenty companies produced gold to the amount of 1,045,836 $\frac{1}{8}$ $\frac{5}{8}$ ozs. of standard gold, namely:—

					Companies.	Standard Gold.
						Ozs.
Venezuelan	-	-	-	-	7	623,837·551
American	-	-	-	-	5	264,302·779
English	-	-	-	-	6	152,932·865
French	-	-	-	-	1	203
German	-	-	-	-	1	4,560
					20	1,045,836·195

The total amount of gold produced from the Territory and shipped from Ciudad Bolivar from the year 1866, when the returns of gold began to be kept, to the 31st December 1883 (18 years), was 1,323,275 $\frac{1}{8}$ ozs., which, at the rate of 3 *l.* 17 *s.* 6 *d.* per ounce, gives the large sum of 5,137,686 *l.* 12 *s.* 7 *d.*; and if to this amount be added 500,000 ozs. more, as representing the amount of gold as taken from the gold-bearing region previous to 1866, and the amount carried away clandestinely during those eighteen years by private parties, as also stolen, we shall have, as a fair estimate, the amount of 1,823,275 $\frac{1}{8}$ ozs., at the rate of 3 *l.* 17 *s.* 6 *d.* per oz., 6,887,686 *l.* 12 *s.* 7 *d.*, rather below than above the figure, however, as the total product of this small part of this immense region for the time it has been worked.

ARGENTINE REPUBLIC.

ARGENTINE
REPUBLIC.REPORT by Mr. *Egerton* on the Silver Industry of Tucuman.

The traffic from Bolivia to Tucuman is almost entirely carried on mule-back, the ingots of silver sewn up in leather. Between the 27th April 1879 and the 30th April of this year, 51,726 packages of merchandise and machinery from Europe passed through Tucuman in transit for Bolivia. The estimated value of these was 11,000,000 hard dollars.

Within the same period the transit trade from Bolivia was as follows :—

In 1879, from the 27th April, of bar silver 73,553 marks, value 800,000 hard dollars; of silver ores and tin in bars, value 2,300,000 hard dollars.

In 1880, and 1881 to the 30th April, of bar silver, 193,813 marks, value 2,100,000 dollars; of silver ores and tin in bars, value 5,250,000 hard dollars; of cinchona bark, valued at 200,000 hard dollars; and 1,500,000 hard dollars in gold and silver coin.

In all, therefore, the Bolivian produce which has passed through Tucuman in transit during the last two years may be put at a value of 12,500,000 hard dollars, or about 2,700,000 *l*.

The increase in the Bolivian silver produce is great, I should remark, and the profits prodigious, more especially in one mine, Huanchaca mine.

REPORT by Mr. *Dering* on the Commerce, Navigation, and Finance of the Argentine Republic for the Year 1881.

MOVEMENT of precious Metals during 1881.

This is the first year respecting which any trustworthy statistics have been published as to the import and export of precious metals between the Argentine Republic and other countries. From the following Table it will be seen that 50 per cent. of this business is transacted with England, and 35 per cent. with the neighbouring Republic of Uruguay, leaving a fragmentary balance of 15 per cent. to represent the transactions with other countries.

MOVEMENT of Gold and Silver in 1881.

	Import.	Export.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Germany - - - - -	249	—	249
Bolivia - - - - -	306,962	28,795	335,757
Brazil - - - - -	133,310	17,758	151,068
Chile - - - - -	68,800	—	68,800
Spain - - - - -	7,500	—	7,500
France - - - - -	57,953	293,538	351,491
England - - - - -	2,247,048	1,888,466	3,835,514
Paraguay - - - - -	49,451	33,029	82,480
Uruguay - - - - -	1,286,375	1,229,719	2,516,094
TOTAL - - -	4,157,648	2,991,305	7,148,953

CHINA.

C H I N A.

REPORT on the Trade of *Canton* for the Year 1880.

IMPORT and Export of Treasure.

	Imports.			Exports.			TOTAL.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
To and from foreign ports - - -	466,789	8	-	560,728	8	8	967,517	14	8
To and from native ports - - -	60,169	10	4	143,066	2	8	203,225	13	-
TOTAL - - - £.	526,958	18	4	643,784	9	4	1,170,743	7	8

Imports include 55,170 *l.* worth of copper cash.REPORT on the Trade of *Wuhu* for the Year 1880.

Treasure.—The amount of treasure imported during the year was 280,659 Haikwan taels (80,689 *l.*). The amount exported was 3,493,402 Haikwan taels (1,004,353 *l.*), including copper cash, value 1,802 Haikwan taels (518 *l.*). Both the import and the export were carried on through all the four quarters of the year. Nine-tenths of the export was down river to Chinkiang or Shanghai. The total value of the trade of the port for the year in question was, exclusive of treasure, imports 852,522 *l.*, exports 304,944 *l.* The value of the imports therefore only exceeded that of the exports by 547,608 *l.* Under these circumstances, it is worthy of being noted that the export of treasure exceeded the import by 923,664 *l.* This must mean that treasure, like opium, is quick to avail itself of the most advantageous means of conveyance, and that some of the districts in this neighbourhood, which still receive foreign goods by junk from Chinkiang, find it cheaper and safer to remit the money in payment by steamer from Wuhu.

REPORT by Mr. *W. Gavin Stronach*, Consul, on the Trade of *Wénchow* during the Year 1881.

Silver, 206,500 *l.*, and copper cash, 5,300 *l.*, were sent to Shanghai and Ningpo. This is, roughly, 113,000 *l.* more than the balance of trade as evidenced by Imperial Maritime Customs. The native trade is an unknown quantity, and it is perilous to follow natives in their dealings with figures. Taking, however, these uncertain guides, who give native junk imports at 424,000 *l.*, and exports at 112,000 *l.*, the balance of trade, as shown by the treasure movements known to the foreign Customs, is more than accounted for.

It is not obvious where this drain is fed from. It would seem as if the area which takes and pays for all these imports, found it cheaper to pay down that silver for them which it gets by sending its products out by other routes. It is somewhat of a paradox, but I can suggest no better. The fisheries outside are worked by Foochow men, who take their nettings down there, while they pay for their necessities off the port. That is but a small instance in which the paradox is true; but what of the inland regions? If this is the natural inlet for their wants, it is the natural outlet for their produce. I leave the problem unsolved. It suggests that the native banking fraternity are but feebly alive to their opportunities in this region, in allowing all this bullion to "eat its head off" in perpetual travelling expenses and waste of time on the route.

REPORT by Consul *Sinclair*, on the Trade of *Foochow* for the Year 1881.

EXCHANGE.

The money market has throughout the past season shown much less activity than during the season of 1880. One reason for this has been the decrease in the first cost of teas up country, only some 3,500,000 dollars having been sent into the interior for advances to the native cultivators, as against 5,500,000 dollars in 1880. This business of advances to the native teamen seems to be steadily falling into the hands of the native banks and financiers, the amount advanced by foreigners for 1881 being less than 10 per cent. of the total amount, as against some 18 per cent. in 1880, and over 40 per cent. in 1876.

Exchange on London has shown but little variation during the year, except early in July, at the time of the Silver Conference in Paris, when the rate for four months' mercantile bills rose to 3 s. 10½ d. With the subsequent reaction on the failure of the Conference negotiations, the rate weakened to 3 s. 8½ d., the lowest point touched. Otherwise, the rate has fluctuated steadily between 3 s. 8½ d. and 3 s. 9½ d. The average value of the dollar throughout the year has been 3 s. 8½ d., the average exchange for four months' commercial bills 3 s. 9 d.

The market for sterling is mainly governed by the sterling markets in Hong Kong and Shanghai, which again are ruled by the price of bar-silver in London, the standard of sterling exchange in all countries where silver currency alone exists, such as India and China. There are, of course, local motives, such as an extraordinary activity in the export of teas, a deficiency in the supply of dollars, &c., and among others may be mentioned the amount of treasure imported by the exchange banks early in the season, and later on by the demand for remittances to Shanghai and Hong Kong among the Chinese, which is supplied by the drafts of the banks.

The treasure imported and exported during the twelve months ending 31st December 1881, according to the Customs Returns, is as follows:—

IMPORTED.		EXPORTED.	
	Dollars.		Dollars.
From Hong Kong - - - -	3,709,180	To Hong Kong - - - -	1,886,423
Swatow - - - -	332,700	Swatow - - - -	11,190
Amoy - - - -	313,972	Amoy - - - -	51,400
Taiwan-foo - - - -	1,000	Shanghai - - - -	330,250
Shanghai - - - -	461,858		
	4,818,710		2,279,263

It has been a feature of this year's trade that almost half the amount has been re-exported, the reason being the sudden and unexpected tightness in the latter half of the year, firstly in the money market at Canton, where Foochow currency of broken dollars sold by weight is accepted, and secondly and later in the year by a tightness in the Indian money markets, causing a large export of Foochow currency from Hong Kong to the mints of Bombay and Calcutta for the purpose of coinage. Another reason undoubtedly is the decrease in the export and value of teas, which has caused a comparatively less amount of sterling bills to be purchased by the banks than in former years. The very large demand for remittances to Shanghai on Chinese account, estimated at nearly 11,500,000 dollars, has also tended to the same result. This demand, showing so large and steady an increase, would tend to prove a considerable expansion of the trade between this port and the northern parts of the Empire. Last year the estimated amount drawn by banks (native as well as foreign) on Shanghai, did not exceed 9,000,000 dollars. It would be interesting to know in what channels of trade this expansion has taken place.

JAPAN.

J A P A N.

REPORT by Consul *Dohmen* to Mr. *Kennedy*; Kanagawa, 20th May 1880.

Silver money has almost disappeared from circulation among the natives; the only silver of any importance left in the country is held by a few wealthy merchants, who keep it locked up, and by the Government. This circumstance would seem to explain why an occasional issue of silver by the Government exercises such a powerful effect on the satzu market. It seems doubtful, however, whether Government control, however magical it may appear to be, is still able to effect a permanent improvement of its paper currency: the depreciation has assumed too serious proportions to regulate the rate on a sound and durable basis by expedients such as I have above mentioned. In my opinion, confidence, which evidently must be greatly shaken to cause such a disturbance in the financial situation of the country, can only be restored by actual redemption of at least a portion of the satzu in circulation, or by, what might have the same effect, a formal promise of redemption.

The Japanese silver yen has since the 19th September last been accepted by the foreign banks on a par with the Mexican dollar, and has virtually expelled the latter from circulation in this country.

The attempt which has been made to make this coin a legal tender in the Colony of Hong Kong has as yet proved unsuccessful, though it is generally admitted by mercantile men that it would be an advantage to trade if the silver yen were accepted in China also. It would remain to be seen, however, whether Japan has silver in sufficient quantity at command to expel the Mexican dollar also from China.

GENERAL Report by Mr. *Kennedy* on the Foreign Trade of Japan for the Year 1879.

Treasure.—The importation of treasure in 1879 amounted to 3,135,870 dollars, and the exportation to 13,235,118 dollars. The difference against Japan is therefore 10,099,248 dollars.

REPORTS by Acting Consul *Aston* on the Trade of the Ports of Hiogo and Osaka.

1880.

Silver yen are now the currency at the open ports, Mexican dollars having almost entirely disappeared. During the last few years a large amount of bullion has left the country, and it is probable that of all the silver yen and subsidiary coin made at the mint fully one-half has been exported, leaving, say, 8,000,000 silver yen and 7,000,000 yen in subsidiary coin still in the country.

The expectation to which I adverted in my last Report, that the silver yen would be made a legal tender in Hong Kong, has not been realized. Japanese paper currency has continued to decline in value, being quoted at the end of the year at 167 paper to 100 silver yen. It is impossible to exaggerate the disadvantage of an irredeemable paper currency of unknown extent to the mercantile interests of any country, and it may safely be said that, until the currency of Japan is put on some sound basis, it is impossible to expect any permanent improvement in trade.

I annex two Returns of the import and export to and from Shanghai and Hong Kong of bullion and specie during the year. It will be seen that they differ from each other, and from the custom-house Returns given elsewhere.

CHAMBER of COMMERCE STATISTICS.

RETURN of Import and Export of Treasure.

	<i>Dollars.</i>
Imported - - - - -	1,208,300
Exported - - - - -	1,697,000

Mr. BYRNE'S CIRCULAR.

RETURN of Import and Export of Treasure.

	<i>Dollars.</i>
Imported - - - - -	1,903,687
Exported - - - - -	1,489,043

The following statements of the coins struck at the Mint, and of the acids manufactured there during the year, have been placed at my disposal by the kindness of the Commissioner of the Mint.

STATEMENT of the Amount of Coins produced at the Imperial Mint, *Osaka*,
from the 1st January to the 31st December 1880.

Denominations.	Value.	
	<i>Yen.</i>	<i>sen.</i>
Gold :		
20 yen - - - - -	2,100	00
10 " - - - - -	1,380	00
5 " - - - - -	393,915	00
2 " - - - - -	176	00
1 " - - - - -	113	00
		397,664 00
Silver :		
1 yen (trade dollar) - - - - -	5,428,500	00
50 sen - - - - -	90	00
20 " - - - - -	19	40
10 " - - - - -	7	80
5 " - - - - -	4	00
		5,428,621 20
Copper :		
2 sen - - - - -	662,846	14
1 " - - - - -	339,478	10
$\frac{1}{2}$ " - - - - -	70,454	47
1 rin - - - - -	0	81
		1,072,779 52
TOTAL - - - - -		6,899,084 72

1881.

EXCHANGE AND CURRENCY.

During the year sterling fluctuated between 3 s. 8 $\frac{1}{4}$ d. and 3 s. 9 $\frac{1}{4}$ d. Kinsatsu reached a lower point than at any previous time, being quoted at 187 for 100 dollars in March. They recovered subsequently, and at the close of the year were current at 170 to 100 dollars. The rates of exchange here depend entirely on those current at Yokohama.

JAPAN.

The excess of treasure exported over bullion and specie imported continues, and is variously estimated, by the Customs at 646,105 dollars, by the Chamber of Commerce at 1,186,100 dollars, and by Mr. Byrne at 1,165,997 dollars. The last two estimates may be relied upon as not far from the truth.

The following statement of the coins struck at the Mint during the year has been kindly placed at my disposal by the Commissioner of the Mint:—

Denomination.	Value.			
	Yen.	sen.	Yen.	sen.
Gold:				
5 yen	-	-	747,015	00
Silver:				
1 yen	-	-	2,927,995	00
Copper:				
2 sen	-	-	769,511	38
1 "	-	-	161,236	12
$\frac{1}{2}$ "	-	-	89,645	13
			1,020,392	63
TOTAL	-	-	4,695,402	63

The total value coined is less, by more than 2,000,000 yen, than the amount coined last year, the diminution being chiefly in the coinage of silver yen.

REPORT by Acting Consul Woolley on the Trade of Hiogo and Osaka, for the Year 1882.

AMOUNT of Coins struck at the Mint from the 1st of January to the 31st of December 1882.

Denomination.	Value.			
	Yen.	sen.	Yen.	sen.
Gold:				
5 yen	-	-	565,645	00
Silver:				
1 yen	-	-	5,090,086	00
Copper:				
2 sen	-	-	870,543	74
1 "	-	-	191,506	66
$\frac{1}{2}$ "	-	-	132,294	88
1 rin	-	-	3,632	36
			1,197,977	64
TOTAL	-	-	6,853,708	64

GENERAL REPORT by Mr. Kennedy on the Foreign Trade of Japan, for the Year 1880.

TREASURE.

The Treasure Return shows a balance against Japan of 10,114,249 dollars; the amount imported having been 3,638,104 dollars, and that exported 13,752,353 dollars.

RETURN of Treasure Imported from, and Exported to, Foreign Countries during the Year 1880.

PORT.	Imported.	Exported.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Kanagawa - - - - -	1,481,981	11,312,220	12,794,201
Hiogo and Osaka - - - - -	2,026,653	2,078,877	4,105,530
Nagasaki - - - - -	129,470	361,256	490,726
Hakodate - - - - -	Nil	Nil	—
Niigata - - - - -	No Returns	No Returns.	—
TOTAL - - -	3,638,104	13,752,353	17,390,457

RETURN of Treasure Imported into, and Exported from, the Port of *Kanagawa* during the Year 1881.

Imported from—	<i>Dollars.</i>	<i>Dollars.</i>
England and other countries - - -	555,501	
Open ports in Japan - - -	2,806,972	
Total Imported - - -	- - -	3,362,473
Exported to—		
England and other countries - - -	4,786,744	
Open ports in Japan - - -	1,227,396	
Total Exported - - -	- - -	6,014,140
Total Imported and Exported - - -	- - -	9,376,613

RETURN of the Treasure Imported and Exported at *Nagasaki* during the Year ended 31st December 1881.

	<i>Dollars</i>	<i>c.</i>
Imports from foreign countries - - -	153,920	79
Exports to foreign countries - - -	276,429	44

ANNUAL SUMMARY by Sir *H. Parkes* of the Foreign Trade of *Japan* for the Year 1882.

The Treasure Return shows a balance of 1,523,105 dollars 10 cents in favour of Japan, a sum which falls short of the excess of exports over imports by 6,544,629 dollars 73 cents.

RETURN of Treasure Imported from, and Exported to, Foreign Countries, during the Year 1882.

PORT.	Imported.	Exported.	TOTAL.
	<i>Dollars</i> <i>c.</i>	<i>Dollars</i> <i>c.</i>	<i>Dollars</i> <i>c.</i>
Kanagawa - - - - -	2,073,169 86	2,440,219 74	4,513,389 70
Hiogo and Osaka - - - - -	3,987,482 61	2,119,958 99	6,107,441 60
Nagasaki - - - - -	100,073 06	77,441 80	177,514 86
TOTAL - - -	6,160,725 03	4,637,620 53	10,798,346 16

SIAM.

S I A M.

REPORT by Mr. *W. Gifford Palgrave*, Her Majesty's Agent and Consul General in *Siam*, for the Year 1880.

THE depreciation of the Siamese coinage is also a matter which, as one of the depressing influences on trade and commerce, calls for notice in the present Report. The Siamese currency is silver, its standard coin being the "tical," the value of which is fixed by royal edict at three-fifths of the Mexican dollar.

It is subdivided into fourths, also silver, called "salungs," and those again are divided into halves, also silver, called "fuangs." The coinage takes place in the mint within the walls of the Royal Palace, and the silver employed is nominally at least that of the Mexican dollar purchased for the purpose. But a progressive depreciation caused, it is conjectured, by an undue increase in the alloy of inferior metal with the silver itself, has now reached such a point that the Siamese tical, though maintained by official pressure, at its original tender value, namely, 60 cents, within Siamese territory, cannot even at the neighbouring port of Singapore command an exchange of 40 cents; that is, two-thirds of its normal rate.

FRANCE-RÉUNION.

FRANCE—RÉUNION.

REPORTS by Consul *Annesley* on the Trade and Commerce of *Réunion*.

1878.

Currency.—THE withdrawal of the coins hitherto current in this colony has caused great agitation amongst all classes of the inhabitants of Réunion.

By a decree issued from Paris, it was ordered that only French coins should be accepted as a legal tender, to the exclusion of the kreutzers and other moneys in circulation in the island.

In consequence of this monetary change, the Austrian kreutzers, which passed current at the rate of 1 franc each, fell considerably in value, but are now received in payment of Government duties at their original currency.

These kreutzers, to the amount of 814,000, were introduced into the island in the year 1859, by a Monsieur de Kervéguen, with the consent of the French Government, and they were allowed to pass current at the rate of 1 franc each, although of far less intrinsic value.

It was agreed at the time of the introduction of this Austrian coin, that they should be withdrawn when necessary at the same rate they were permitted to circulate, and the local Court of Justice has decreed that this money shall be taken up by the introducers and refunded at the rate of 1 franc per kreutzer as originally stipulated. Meanwhile, the high rate of exchange on remittances to Europe continues, and has caused a large amount of the French coin recently put in circulation to be exported to France, as this can be effected at a far less charge than by the usual mode of remittance through one of the local banks. Should this exportation continue, it is to be apprehended that a monetary crisis will ensue.

The rupees which were in circulation when the French coins were introduced are being shipped off to France by the Government, to be there recoined into French money.

The

The rate of exchange on remittances to Europe, although much reduced, continues high, and is now at from 8 to 10 per cent. premium on sight bills, whereas specie can be shipped to France by the Messageries Maritime steamers at a charge of only 2½ per cent.

FRANCE-RÉUNION

1880.

The introduction of an exclusive French currency into this colony, which was effected in 1879, has proved disastrous to agricultural interests, and has resulted in no apparent benefit to the colonist. The forced lowering of the rate of exchange on remittances to France by Government Decree has caused a loss to the planters of between 16 and 18 per cent. on the sale of their crops, and it is estimated that since the circulation of this French coin they have incurred a loss of 4,000,000 francs. When the market in Europe for Réunion produce is low they are not able to dispose of their crops on the spot, as was done by them for years past when the rate of exchange was high. Purchasers of sugar, coffee, &c., are unable to pay as remunerative a price to the planters as when the high rate of exchange ruled in Réunion. The storehouses are therefore encumbered with produce waiting a favourable turn in the home market; these articles are meanwhile mortgaged to the banks at a high rate of interest.

Tradespeople have certainly derived benefit by the low rate of exchange, as they can remit money for their goods at a cheap rate; yet all articles of daily use and of luxury remain as expensive as formerly. This change of currency has proved very unfortunate for the colony, which is already suffering from its impoverished lands, and has now to bear serious additional loss in the disposal of agricultural produce. And yet the prosperity or ruin of Réunion depends upon the production of the soil. The outcry from the Chamber of Commerce and Agriculture in the colony has been great against Government interference in the commercial interests of Réunion, and the trouble and loss which has been the consequence. If an exclusive French currency was the object sought for by the Government, it would have been better attained by the coinage of a circulating medium for local use alone. Money would then remain in the colony (as did the Austrian kreutzers); coins of several denominations could then circulate freely in the island, whereas at present only pieces of 50 cents, of 1 franc, and of 2 francs are current, besides copper coins. Gold coins and 5-franc pieces (silver) are not put in circulation, from fear of their being re-exported to France. I am informed that the Bank of Réunion has in reserve upwards of 4,000,000 of money in gold and in 5-franc pieces.

The following extract from the *procès verbal* of the Chamber of Commerce of Saint Denis is to the point:—

“Notre agriculture, il faut bien le dire, s’aperçoit aujourd’hui que les belles promesses qui lui avaient été faites n’ont pas été réalisées, et que, si elle n’a constaté aucune diminution appréciable dans les prix des objets de consommation, elle a eu à enregistrer une perte, qui s’élève à plus de 4 millions de francs, sur la vente de ses deux dernières récoltes.”

(No. 7 — Commercial.)

Her Majesty’s Consul at Réunion to the Secretary of State for Foreign Affairs.

My Lord Marquis,

15 November 1879.

I HAVE the honour to inform your Lordship that the French war steamer “Cher” left this colony on the 27th ultimo, bound for Point-de-Galle, having on board five millions of rupees for delivery to the Comptoir d’Escompte de Paris at Ceylon, under an arrangement between the French Government and that bank. The Messageries Maritimes steamer “Godavery” has also taken away from Réunion one million of this coin for disposal in India.

Rupees have now entirely disappeared from this colony.

The Austrian kreutzers which were withdrawn from circulation when the “demonetisation” occurred in Réunion in May last, have not yet left the St. Denis Treasury.

FRANCE-RÉUNION.

The French currency which replaced the numerous coins hitherto in circulation in Réunion is now accepted by the inhabitants of this colony without murmur; and, as the exchange on draft bills on Europe has fallen from 18 to 4½ per cent., there is no longer any inducement to ship back to France the newly-imported coin. Réunion will, therefore, not have to suffer from the want of coinage, as it was anticipated, had the large exportation of French coin continued.

Italian money has been allowed, however, to pass current until the 1st January next under a Monetary Convention, dated 5th November 1878, between France, Belgium, Greece, Italy, and Switzerland.

I beg to enclose the "Journal Officiel de la Réunion, containing the Décision of the Governor on this point, and containing also another Décision relative to the 'Monnaies divisionaires,' which will remain in circulation from the 1st January next.

Journal Officiel de
la Réunion, dated
15 November 1879.

I have, &c.

A. A. Annesley,
Her Britannic Majesty's Consul for Réunion.

The Under Secretary of State for Foreign Affairs to the Under Secretary of State for India.

Sir,

22 May 1880.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you herewith, for the information of the Marquis of Hartington, a copy of a Decree of the French Government, by which Indian rupees are provisionally accepted as legal tender at Mayotte and Nossi-bé.

I am, &c.

Charles W. Dilke.

(Enclosure.)

"Journal Officiel," 19 May 1880.

Le Président de la République française, Sur le rapport des Ministres de la Marine et des Colonies, et des Finances, Vu l'article 18 du sénatus-consulte du 3 Mai 1854.

Décète.

Art. 1^{er}. Les roupies d'argent, ainsi que les demis et les quarts de roupies d'argent de l'empire des Indes sont provisoirement reçues et données en paiement par les comptables de deniers publics à Mayotte et à Nossi-bé.

Art. 2. Le taux auquel les roupies sont converties en monnaie française dans les opérations d'encaissement et de paiement du Trésor est fixé à 2 fr. 15 par roupie. Ce taux ne pourra être modifié que par décret.

Art. 3. Des arrêtés des commandants rendus en conseil privé, détermineront, s'il y a lieu, le taux auquel le Trésor pourra donner ou recevoir les roupies en ce qui concerne.

1^o. Les paiements à faire en vertu de contrats, marchés et conventions antérieurs à la promulgation du présent décret.

2^o. Les recouvrements à opérer en vertu de rôles d'imposition établis, de baux et fermes consentis, ou à titre de droits et taxes constatés antérieurement à la dite promulgation.

Art. 4. Par dérogation à l'article 5 de la loi du 14 Juillet 1866, les pièces d'argent nationales de 2 fr., 1 fr., et 0 fr. 50 auront cours légal entre particuliers et dans les paiements effectués par les caisses publiques, sans limitation de quantité.

Art. 5. Toutes dispositions contraires au présent décret sont abrogées.

Art. 6. Le ministre de la marine et des colonies et le ministre des finances sont chargés, chacun en ce qui le concerne de l'exécution du présent décret.

Fait à Paris, le 14 Mai 1880.

Jules Grévy,
Par le Président de la République.
Le Ministre des Finances,
J. Magnin.

Le Ministre de la Marine et des Colonies,
Jauréguiberry.

The Assistant Under Secretary of State for Foreign Affairs to the Under Secretary of State for India.

FRANCE-REUNION.

Sir,

25 September 1884.

I AM directed by Her Majesty's Secretary of State for Foreign Affairs to transmit to you, to be laid before Her Majesty's Secretary of State for India in Council, a French Presidential Decree fixing the legal value of the rupee in the French possessions in India, which has been received from Her Majesty's Minister at Paris.

I am, &c.

T. V. Lister.

(Enclosure.)

"Journal Officiel," 20 Septembre 1884.

Le Président de la République française Vu l'article 18 du senatus-consultus du 3 Mai 1854 ;

Sur le rapport des Ministres de la Marine et des Colonies, et des Finances.

Décrète.

Art 1^{er}. A partir du 1^{er} Janvier 1885, le taux légal à attribuer aux roupies, dans les possessions françaises de l'Inde, sera fixé d'après le cours commercial de ces monnaies dans la colonie.

Art. 2. Au mois de Novembre de chaque année, un arrêté du gouverneur, rendu en conseil privé, sur la proposition du trésorier-payeur et d'après la moyenne des cours effectifs du change pendant les douze mois précédents, déterminera ce taux.

Le taux de la roupie ainsi fixé sera appliqué pendant toute la durée de l'année suivante.

Art. 3. Les arrêtés du gouverneur fixant le taux de la roupie seront immédiatement notifiés par le trésorier-payeur aux comptables sous ses ordres, et la diminution ou l'augmentation de la valeur de son encaisse et des encaisses de ses préposés, qui est, en cas de modification de taux, la conséquence du nouveau cours, est porté au débit ou au crédit du compte ; Frais de négociation et de change.

Art. 4. Les dispositions qui précèdent devant être mises en vigueur à partir du 1^{er} Janvier 1885, le taux légal de la roupie, pour cette année, sera arrêté au mois de Novembre 1884, comme il est dit à l'article 2 du présent décret.

Art. 5. Les roupies continueront à être reçues et données par le trésorier-payeur et par ses préposés au cours de 2 fr. 40 pour tous les marchés, traités, baux et engagements de toute nature où la valeur de la roupie aura été fixé à 2 fr. 40 pendant toute la durée de ces marchés, baux et engagements.

Les cautionnements réalisés jusqu' au 31 Décembre 1884, inclusivement, seront également remboursés en roupies comptées à raison de 2 fr. 40 l'une.

Les bénéfices ou les pertes provenant des recettes et des dépenses faites au cours de 2 fr. 40 après le 31 Décembre 1884 seront portés au compte ; Frais de négociation et de change.

Art. 6. Les Ministres de la Marine et des Colonies, et des Finances sont chargés chacun en ce qui concerne, de l'exécution du présent décret, qui sera inséré au Bulletin des lois, au Bulletin Officiel de la Marine et des Colonies, et au Journal Officiel de la République française.

Fait à Mont-sous Vandrey, le 13 Septembre 1884.

Jules Grévy,

Par le Président de la République.

Le Vice-Amiral Ministre de la Marine et des Colonies,
A. Peyron.

Les Ministre des Finances,
P. Tirard.

PORTUGAL—
MADEIRA.

PORTUGAL—MADEIRA.

REPORT by Consul *Hayward* on the Trade and Commerce of the Island of Madeira, for the Year 1879.

Currency.—The recent depreciation of silver abroad having led to large importations of Mexican dollars into Madeira, where such dollars were legally current for 1,5000 reis each, and an excessive import of those dollars having become detrimental to the general commerce of this island, the Portuguese Government resolved in the year 1879 to change the currency of Madeira, and to equalise it with that of the kingdom of Portugal. That measure was effected by an enactment of the Portuguese Legislature, dated the 2nd of May 1879, in conformity with which all the various foreign coins (excepting English sovereigns and half-sovereigns) which had obtained legal circulation in Madeira were called in, and exchanged by the Government Treasury for English sovereigns at the value of 4,5000 reis each, and for Portuguese silver and copper coins; and 937 reis of the new currency were paid by the Treasury for every 1,5000 reis of the demonetised currency.

The period allowed for the exchange of the old for the new currency expired on the 12th of July 1879, after which date the Treasury ceased to exchange or receive any of the demonetised foreign coins.

The value of the demonetised foreign coins thus exchanged by the Treasury and exported from Madeira amounted to 1,335,299 milreis, equal to 296,733 *l. 2 s. 2 d.*

The coins now current in Madeira are —

Gold:									
	English sovereigns, at the value of	-	-	-	-	-	-	4,500	each.
	„ half-sovereigns, at the value of	-	-	-	-	-	-	2,250	„
Silver:									
Portuguese coins, namely:—									
	Cinco tostões, of the value of	-	-	-	-	-	-	500	„
	Dois tostões	„	„	-	-	-	-	200	„
	Tostão	„	„	-	-	-	-	100	„
	Meio tostão	„	„	-	-	-	-	50	„
Copper:									
	Dois vintems, of the value of	-	-	-	-	-	-	40	„
	Vintem	„	„	-	-	-	-	20	„
	Meio vintem	„	„	-	-	-	-	10	„
	Cinco reis	„	„	-	-	-	-	5	„
	Trez reaes	„	„	-	-	-	-	3	„

The following Portuguese gold coins are a legal tender here, but none of them have as yet been put into circulation, namely:—

	Coron d'oiro, of the value of	-	-	-	-	-	-	10,000	
	Meia coron, of the value of	-	-	-	-	-	-	5,000	
	Quinto de coron, of the value of	-	-	-	-	-	-	2,000	
	Decimo de coron, of the value of	-	-	-	-	-	-	1,000	

Great inconvenience and discontent have resulted in this change of currency from a great scarcity of small silver change in circulation, and from difficulties in re-adjusting prices.

I estimate that at one time recently not less than 100,000 *l.* worth of English silver coins was in legal circulation in this island; but in consequence of the importations of Mexican dollars, which I have mentioned, the greater part of that amount of English silver was gradually exported to England by merchants as a favourable means of remittance, while the remainder, which the Portuguese Treasury exchanged in 1879, amounted to about 30,700 *l.*

Since the commencement of the new legal currency, on the 12th of July 1879, the scarcity of small silver change has become more and more of a general impediment

impediment to retail trade. The various municipalities including those in the remotest parts of the island, are petitioning the Government in Lisbon to affix legal values to foreign silver coins; and, to speak solely with reference to English silver, I am of opinion that the legalisation at the rate of 220 reis per shilling would be not only a great convenience to British mariners and British travellers resorting to this port of Funchal, but would be a still more important advantage to many small industries of the island, which much depend upon the monies spent by travellers *in transitu*. At the rate above mentioned, English silver would neither supplant the Portuguese silver, nor would any great amount of it accumulate in this island.

PORTUGAL—
MADEIRA.

PORTUGAL—MOZAMBIQUE.

PORTUGAL—
MOZAMBIQUE.

Her Majesty's Consul at Mozambique to the Secretary of State for Foreign Affairs.

My Lord,

22 February 1881.

I HAVE the honour to forward the enclosed petition for your Lordship's consideration. It has been signed by all the houses of British Indian Traders, with, I think, but two exceptions, in the place. The following facts may serve to explain the case.

Enclosure I.

For many years past the rupee has been the chief currency in this province. This has arisen from an insufficiency of Portuguese silver to meet the requirements of commerce, and, the rupee being the coin of Zanzibar and Bombay, with which two places the larger proportion of the trade of Mozambique is carried on, it has naturally come to supply that deficiency. It is now widely distributed on the coast, and is invariably accepted by all coast traders. Its value, relatively with Portuguese paper money, has ranged, in downward progression, as the supply of the rupee increased with the development of trade, from 450 to 400 reis. The great development of trade (last year nearly 20 per cent. above the previous), and the corresponding influx of rupees, has further disarranged the respective value of the rupee and paper, and lowered the value of the rupee to a point at which it will not be worth the while of the trader to import it.

When this became the case, a meeting of merchants was held, and the local government was requested, by a deputation of them, to admit the rupee into the authorised currency of the place, and accept it as legal tender. Paper money only was accepted in the public departments (practically, it is the only Portuguese money in circulation, for the amount of Portuguese silver is very small), and paper could only be procured at a loss. This request was refused, and the custom house became blocked with goods, which the trader was unable to clear for want of legal tender to pay the duties upon them. Trade, merchants, and revenue, equally suffered. The petitioners ask that a reasonable value be placed upon the rupee, and that it may be admitted as authorised currency. They argue that it has been for long practically the currency of the place, that it is the coin best known and most readily accepted by the natives on the coast, and that it possesses the advantage of being the regular currency of Zanzibar and Bombay, with which Mozambique is most intimately connected in trade.

If it were a question of rejecting a foreign coin in favour of a national one, it would be easy to understand the objection raised to the admission of the rupee; but it is not so. It was proposed that merchants should import the Maria Teresa (Austrian) dollar, which in 1864 was declared legal tender. This alternative was accepted, but, a month after, the value of the Maria Teresa dollar was lowered from 920 reis (the value formerly fixed upon it) to 860 reis, at which the traders cannot import it without a loss, and they have been therefore

PORTUGAL—
MOZAMBIQUE.

left in much the same condition as before. This has decided the commercial houses of the place to make a further effort for the admission of the rupee, and consequently this petition from the British Indian subjects of the place has been sent in to me.

The policy pursued by the local government upon this point is very difficult to understand. There is no doubt the acceptance, as legal tender, of what is practically the current coin, would greatly facilitate the movements of trade, and, by removing a vexatious obstacle, would assist its development and help to increase a sadly impoverished revenue.

The growth of trade promises to be further retarded by the orders that have just been received from Lisbon to levy an *ad valorem* duty of 3 per cent. on all imports, and 1 per cent. on all exports, in addition to the duties leviable by the tariff of 1877. Also a number of articles formerly entirely free are now subject to this duty. This retrograde step is taken in spite of the favourable result of the trial of the more liberal tariff of 1877 during the past three years. As the request contained in this petition appears to me a reasonable one, and as the signatures upon it represent at least three-fourths of the whole trade of the place, I feel it my duty to forward it, and trust it may meet with your Lordship's favourable consideration.

I have, &c.
Henry E. O'Neill,
Her Majesty's Consul

(Enclosure.)

Captain Henry E. O'Neill, R.N., Her Britannic Majesty's Consul, Mozambique.

The humble petition of the undersigned merchants sheweth,—

(1.) That they are the principal importers and exporters, vide *Estatistica da Alfandiga*, 1876-77, being the last published.

(2.) That by Portuguese regulations only the Portuguese paper money, Portuguese coin, and other coin sanctioned by law, are received in payment of Custom House duty.

(3.) That, these moneys being inadequate, for such requirements, your petitioners are put to great loss through inability to clear their goods.

(4.) That they are in possession of another coin, the rupees of India, which is altogether used for trade, and that in their distress they offered to pay their duty with the coin, but the Government will not accept it, unless at a value which it would be ruinous to accept, namely 375 reices.

(5.) The Portuguese Government has arrived at this value in the following manner, viz., taking the sovereign at its value according to law, reices 4,500, and assuming the value of rupees 12 per £., they conclude that each rupee is worth 375 reices.

(6.) That the value given to the sovereign does not represent its actual value, but that the actual value of the coin is reices 4,800, and that, taking their estimate as correct for the rupee and sovereign, the actual value of the rupee is 400 reices.

(7.) Your petitioners' prayer is that this representation, along with your own remarks, be forwarded to the Home Government for its consideration, and with a view to equitable settlement of the question between Governments of both countries.

And your petitioners will ever pray.

Mozambique, 21 February 1881.

[Here follow signatures in Portuguese character.]

Her Majesty's Chargé d'Affaires at Lisbon to the Secretary of State for
Foreign Affairs.

PORTUGAL—
MOZAMBIQUE.

My Lord,

6 June 1881.

WITH reference to your Lordship's Despatch (Slave Trade, No. 31) of the 17th ultimo, addressed to Mr. Morier, I have the honour to transmit the enclosed copy of a note, which, in compliance with your Lordship's instructions, I addressed to Snr. H. Ribeiro, recommending to the favourable consideration of the Portuguese Government the question of the admission of the rupee as a legal tender throughout the Province of Mozambique.

I have, &c.

Dudley E. Saurin.

(Enclosure.)

British Legation, Lisbon.

M. le Ministre,

1 June 1881.

HER Majesty's Consul at Mozambique having reported that the regulations in force in that Colony with respect to the currency are not only, in his opinion, detrimental to its interests, but inflict special hardship upon the trading community, three-fourths of whom are British Indian subjects, Lord Granville has instructed me to bring the following facts, as stated by Her Majesty's Consul, to your Excellency's knowledge.

It would appear that the legal currency consists of Portuguese paper money and coins, together with such foreign coins as are sanctioned by law, and that these alone can be tendered legally when payments are made to Government Departments; that the rupee, a coin which is practically the current coin for all mercantile transactions, being the coin of Zanzibar and Bombay, and invariably accepted by all coast traders, is one not sanctioned by law, and consequently, not accepted by Government except at an arbitrary rate; that this rate has now been fixed by the Local Government at 375 reis per rupee, while the market price has during the last few years ranged downwards from 450 to 400 reis; that consequently the supply of Portuguese currency being totally inadequate, traders have been unable to clear their goods, which are accumulating in the Custom House, to the loss of the traders and the detriment of revenue. An attempt was made to meet the difficulty by the importation of the Maria Teresa dollar, which was in 1864 declared a legal tender, but this had to be given up owing to the action of the Government, which at once lowered the rate at which they would accept the dollar from 920 reis to 860.

The wish of the commercial houses at Mozambique would be to see the rupee recognised as a legal tender at a price corresponding to that of the market, and consequently enabling them to import it without loss.

In bringing these facts to your Excellency's notice, I venture to express the hope that the Government of H.M.F.M. will appreciate the intentions of Her Majesty's Government in directing their attention to what is likely to prove a stumbling-block to the growing prosperity of the Colony, which has made such strides during the three last years since the introduction of the liberal tariff of 1877.

Monsieur Hutze Ribeiro.

I avail, &c.

D. E. Saurin.

The Under Secretary of State for Foreign Affairs to the Under
Secretary of State for India.

Sir,

1 August 1881.

WITH reference to your letter of the 30th of April, I am directed by Earl Granville to transmit to you, for the information of the Secretary of State for India in Council, a translation of a note from the Portuguese Government regarding the admission of the rupee as a legal tender in Mozambique.

I am, &c.

Julian Pauncefote.

PORTUGAL—
MOZAMBIQUE.

(Enclosure.)

(Translation.)

Sir,

Lisbon, 19 July 1881.

IN reply to the note which you did me the honour to address to me on the 1st of June last, acquainting me with the difficulties which are caused to trade in consequence of the regulations in force in the province of Mozambique with respect to the currency, I have to state to you that the currency is regulated in accordance with the provisions of the law of 29th July 1854, which fixes the standard—*toque*—for silver coins at 916½ per 1,000, and the value of 200 reis = 10·66 *d.* per 5 grammes of silver, with an allowance of 3 per 1,000 in the weight, and of 2 per 1,000 in the standard.

Foreign coins are received into the public coffers under these conditions. Private individuals and the market are, however, at liberty to value the same at their own convenience.

Nevertheless H. M. F. M. Government have thought it their duty to communicate your note to the Governor General of Mozambique, calling his attention to the matter, and especially to the official admission of the Indian rupee as a current coin.

The Government will therefore await the report of that officer before taking any further decision in this matter, with which I shall not fail in due time to acquaint you.

D. E. Saurin, Esq.,
&c. &c. &c.

I avail, &c.
E. R. H. Ribeiro.

Her Majesty's Consul at Mozambique to the Secretary of State for
Foreign Affairs.

My Lord,

Mozambique, 13 June 1882.

WITH reference to the subject of my Despatch, Commercial No. 2, of 22nd February 1881, I have the honour to report that the rupee has at length been admitted into the recognised currency of the province, but under such conditions as to render it of little or no benefit to commerce.

I enclose herewith the *Partaria*, or provincial law, announcing the admission.

Its relative value with Portuguese money is fixed at the low rate of 380 reis. Its present current value in Mozambique is 395 reis.

It is difficult to discover the basis upon which this computation of 380 reis as a fair value for the rupee has been made; but I am told that the value of the sovereign has been assumed to be 4,500 reis, and that, 2½ per cent. being added to cover insurance and commission, it is concluded that 12 rupees (the price of the English sovereign in Bombay and Zanzibar) may be imported into this province at 4,600 reis.

This, divided by 12, will give the value fixed, viz., 380 reis.

But, though the sovereign is quoted at Lisbon at 4,500, at most places its value is much greater, more generally averaging 4,800, and even at Lisbon, I am informed, it could not be bought in quantities at the official current rate.

It may, I think, be said without fear of contradiction, that, whilst the exchange in India remains at, or near its present value, and when freight and insurance are taken into consideration, the rupee cannot be imported into the province at less than 390 reis, and at a lower rate, therefore, than this, cannot be parted with without loss.

It is officially stated that it was necessary to fix the rupee at such a rate as to prevent speculation in its introduction.

If this *Partaria* could have the effect of bringing the value of the rupee down to the rate at which it fixes it, there would certainly be no possibility of speculation in its introduction, for no one could then think of importing it. This, however, might have been sufficiently provided against, had the rupee been given a higher and fairer value.

And it appears to have altogether escaped the notice of the framers of this edict, that, if the rupee ever descends to the value at which they have fixed it, an outlet is opened for speculation in the Maria Teresa dollar, which is the coin that next to the rupee has the largest circulation in this province.

This

This coin has for long formed part of the recognised currency of Mozambique. It may now be bought in Bombay, Aden, and Zanzibar for a rate varying from 212 to 213 rupees for 100 dollars. This admits of its being imported into the province at 820 reis per dollar, freight and insurance paid. So that the rupee (were it to reach the law value of 380 reis) might at this rate be exported and the Maria Teresa imported, and a handsome profit realised, whilst the latter continues to be received at 860 reis.

The practical effect of this Partaria will probably be nil. The rupee will continue to be the chief currency of the province, and customs duties and other taxation will, as heretofore, be paid in Portuguese money, and the paper of the "Banco Ultramarino" of the colony.

It is not improbable that one of the objects kept in view in fixing the value of the rupee at this low rate, has been the protection of the paper of this bank.

Outside the Portuguese settlements of the coast and Zambesi this paper does not circulate, and, were the rupee admitted into the recognised currency at such a rate as to allow of its being made use of for the payment of customs' dues, &c., although commerce would be benefited, the bank would receive a severe blow, for the circulation of its paper would at once diminish.

This legislation cannot therefore be said to have remedied the grievance set forth in the petition forwarded to your Lordship in my Despatch of 22nd February of last year, for, though officially recognised, the rupee cannot be used, without loss, as legal tender in the province.

I have also to report that the value of the Mexican dollar has, at the same time, been fixed at 860 reis, being a reduction of 60 reis upon its former recognised value. The reason given for this is, that the intrinsic value of this coin has decreased since the year 1852, when it was first declared legal tender, and its relative value fixed at 920 reis.

I may add here that the intrinsic value of the rupee compares very favourably with the Portuguese silver currency.

The weight of the rupee is 180 grains, standard 91,667. That of the 500 reis piece is 192.9 grains, standard 91.7. Assuming the standard to be the same, a simple proportion gives the value of the rupee, relatively, with the value of the 500 reis piece, to be 466 reis.

I have, &c.

Henry E. O'Neill,
Her Majesty's Consul.

(Enclosure.)

Partaria or Provincial Law admitting the Rupee into the recognised Currency.

(No. 176.)

Mozambique, 10 June 1882.

As the rupee is generally accepted by commerce in India, in Aden, in Zanzibar, in the Red Sea, and also in this province, and as I have been authorised by the Government, in a letter of the 28th March last, to do with this coin as circumstances should make it advisable, taking care to prevent any speculation in its introduction,—

Considering that the rupee already circulates in the province, and that, considering the scarcity of Portuguese coin, no inconvenience results from its circulation:

Having heard the opinion of the "Council of the Government," and agreeing with its opinion;

It is hereby decreed that the circulation of the rupee is permitted at a value of 380 reis.

To the Authorities and all others whom it may concern.

The Palace of the Governor General of the Province of Mozambique, 10th June 1882.

Agostino Coelto,
Governor General.

PORTUGAL—
MOZAMBIQUE.

Her Majesty's Consul at Mozambique, to the Secretary of State for Foreign Affairs.

My Lord,

Mozambique, 2 September 1882.

I HAVE the honour to enclose, for your Lordship's perusal, copy of a petition sent to the King of Portugal, and signed by a majority of the European and British Indian merchants of this town, complaining of the low rate at which the rupee has been admitted into the legal currency of this Province, and praying that it may be given a fair relative value.

There is nothing new in this document, and it only repeats what I have already stated in No. 35 S. T. of 13th June last.

It was drawn up by Senhor Joaquim d'a de Cunha, the Secretary General of the Province, who has received 10 *l.* for the task.

I have, &c.

Henry G. O'Neill,

Her Majesty's Consul.

COLONIES.

COLONIES.

DIGEST of the STATISTICS of Victoria, by *Henry Heylyn Hayter*,
Government Statist.

VICTORIA.

1879.

THE estimated quantity of gold raised in Victoria during 1879 was 758,947 ozs., which, at 4 *l.* per oz., is equivalent to a total value of 3,035,788 *l.*

The following figures give an estimate of the quantity of gold raised in 1870 and each subsequent year. It will be seen that since 1871 the yield of gold has been steadily decreasing:—

ESTIMATED Quantity of Gold raised, 1870 to 1879.

	Ozs.		Ozs.
1870 - - - -	1,222,798	1875 - - - -	1,095,787
1871 - - - -	1,355,477	1876 - - - -	963,760
1872 - - - -	1,282,521	1877 - - - -	809,653
1873 - - - -	1,241,205	1878 - - - -	775,272
1874 - - - -	1,155,972	1879 - - - -	758,947

Carrying on to the end of 1879 the calculations given in previous years, the following may be estimated as the total quantity and value of the gold raised in Victoria, from the period of its first discovery in 1851. These figures give an average per annum during the whole period of about 1,683,000 ozs., which is much more than twice the quantity in 1879:—

ESTIMATED

ESTIMATED Total Quantity and Value of Gold raised in Victoria, 1851 to 1879.

COLONIES.

Gold raised in Victoria.	Estimated Quantity.	Estimated Value at 4 l. per Oz.
	<i>Ozs.</i>	<i>£.</i>
Prior to 1879 - - - -	48,058,649	192,234,596
During 1879 - - - -	758,947	3,035,788
TOTAL - - - -	48,817,596	195,270,384

The quantity of gold raised in all the Australasian Colonies since deposits of that metal were first discovered in 1851, is estimated to have amounted to 69 million ounces, valued at 271 million pounds sterling. The following table, which is now given for the first time, contains particulars for each colony to the end of 1878, and of that raised during 1878. Western Australia is absent from the list, since little, if any, gold has yet been discovered there:—

PRODUCE of Gold in Australasian Colonies.

COLONY.	GOLD PRODUCED.					
	Prior to 1878.		During 1878.		TOTAL.	
	Estimated Quantity.	Value.	Estimated Quantity.	Value.	Estimated Quantity.	Value.
	<i>Ozs.</i>	<i>£.</i>	<i>Ozs.</i>	<i>£.</i>	<i>Ozs.</i>	<i>£.</i>
Victoria - - - -	47,283,377	189,138,508	775,272	3,101,088	48,058,649	192,234,596
New South Wales - - - -	8,003,308	32,193,191	117,978	423,184	8,911,346	32,616,375
Queensland - - - -	2,617,500	9,675,419	233,592	1,052,490	2,901,092	10,727,909
South Australia - - - -	46,356	184,767	10,747	42,650	57,103	227,417
TOTAL of Australia -	58,640,601	231,186,885	1,187,689	4,619,412	59,828,190	236,806,297
Tasmania - - - -	45,751	180,600	25,249	100,000	71,000	280,600
New Zealand - - - -	8,648,996	33,765,194	310,486	1,240,079	8,959,482	35,005,273
TOTAL of Australasia -	67,335,348	265,132,679	1,523,324	5,959,491	68,858,672	271,092,170

1880.

The quantity of gold raised in Victoria in 1880, and its value at 4 l. per oz., are compared in the following table with the quantity and assumed value of the gold raised in 1879:—

QUANTITY and Value of Gold raised in 1879 and 1880.

YEAR.	Gold raised in Victoria.	
	Estimated Quantity.	Estimated Value at 4 l. per Oz.
	<i>Ozs.</i>	<i>£.</i>
1879 - - - -	758,947	3,035,788
1880 - - - -	829,121	3,316,484
Increase - - - -	70,174	280,696

COLONIES.

Until 1879 the quantity of gold raised from year to year had been steadily diminishing, but a revival took place in 1880, the yield of gold in that year being above that in any other since 1876. The excess over the yield in 1879 was 70,000 ozs., valued at 280,000 *l.* The following figures give an estimate of the quantity of gold raised in 1870, and each subsequent year:—

ESTIMATED Quantity of Gold raised, 1870 to 1880.

	Ozs.		Ozs.
1870 - - - - -	1,222,798	1876 - - - - -	963,760
1871 - - - - -	1,355,477	1877 - - - - -	809,653
1872 - - - - -	1,282,521	1878 - - - - -	775,272
1873 - - - - -	1,241,205	1879 - - - - -	758,947
1874 - - - - -	1,155,972	1880 - - - - -	829,121
1875 - - - - -	1,035,787		

Carrying on to the end of 1880 the calculations given in previous years, the following may be estimated as the total quantity and value of the gold raised in Victoria from the period of its first discovery in 1851. These figures give an average per annum during the whole period of about 1,654,891 ozs., which is nearly twice the quantity raised in 1880:—

ESTIMATED Total Quantity and Value of Gold raised in Victoria, 1851 to 1880.

Gold raised in Victoria.	Estimated Quantity.	Estimated Value at 4 <i>l.</i> per Oz.
	Ozs.	£.
Prior to 1880 - - - - -	48,817,596	195,270,384
During 1880 - - - - -	829,121	3,316,484
TOTAL - - - - -	49,646,717	198,586,868

1881.

The following table shows the quantity and value of the gold raised in Victoria in the last two years:—

QUANTITY and Value of Gold raised in 1880 and 1881.

YEAR.	Gold raised in Victoria.	
	Estimated Quantity.	Value at 4 <i>l.</i> per Oz.
	Ozs.	£.
1880 - - - - -	829,121	3,316,484
1881 - - - - -	858,850	3,435,400
Increase - - - - -	29,729	118,916

Carrying

Carrying on to the end of 1881 the calculations given in previous years, the following may be estimated as the total quantity and value of the gold raised in Victoria from the period of its first discovery in 1851. These figures give an average per annum during the whole period of about 1,629,212 ounces, which is nearly twice the quantity raised in 1881:—

ESTIMATED Total Quantity and Value of Gold raised in Victoria, 1851 to 1881.

Gold raised in Victoria.	Estimated Quantity.	Value at 4 l. per Oz.
	Ozs.	£.
Prior to 1881 - - - -	49,646,717	198,586,868
During 1881 - - - -	858,850	3,435,400
TOTAL - - - -	50,505,567	202,022,268

1882.

Imports, 1882.		Exports, 1882.	
	£.		£.
Gold (exclusive of specie) - -	577,075	Gold (exclusive of specie) - -	1,497,116
Specie, gold - - - -	82,587	Specie, gold - - - -	2,208,221
Specie, other - - - -	69,424	Specie, silver - - - -	8,007
TOTAL - - - £.	729,086	TOTAL - - - £.	3,713,344

The gold raised in Victoria during 1882 amounted to 894,487 ounces, as against 858,850 ounces in the previous year. Since the first discovery of the Victorian gold-fields, in the middle of 1851, the total quantity of gold recorded as having been raised therefrom is 51,400,054 ounces, of an aggregate value, at 4 l. per ounce, of 205,600,216 l. These figures give an average per annum during the period of about 1,600,000 ounces, which is nearly twice the quantity raised in 1882.

STATISTICAL REGISTER of New South Wales, 1879, by
Edward Grant Ward, Registrar General.

The quantity of gold sent by escort from the several gold-fields of the colony to the mint for coinage during the year 1879 was 70,675 ounces, valued at 264,018 l. The western gold-fields supplied 46,378 ounces, the southern 18,714 ounces, and the northern 5,586 ounces. As compared with the previous year, we find a decrease of 4,818 ounces on the total quantity. The total quantity of gold received for coinage amounted to 106,900 ounces, of the value of 396,353 l.

DIGEST of the STATISTICS of Tasmania, 1879, by *E. C. Nowell*,
Government Statist.

EXPORT of GOLD.

Year.	Quantity.	Value.
	Ozs.	£.
1876 - - - - -	10,278	41,861
1877 - - - - -	6,729	26,904
1878 - - - - -	15,305	59,124
1879 - - - - -	38,895	145,723

In regard to gold it should be observed that the real quantity exported is very much greater than that which appears in the Customs returns, since large parcels are frequently sent to Melbourne by private hand of which no record can be made.

STATISTICS for Tasmania for 1882, by *Robert M. Johnston*, Government
Statistician and General Registrar.

The following is an abstract of the results of gold-mining during the last decade:—

Year.	Quantity.	Value.
	Ozs.	£.
1873 - - - - -	4,661	18,390
1874 - - - - -	4,651	18,491
1875 - - - - -	3,010	11,982
1876 - - - - -	11,107	44,923
1877 - - - - -	5,777	23,289
1878 - - - - -	25,249	100,000
1879 - - - - -	60,155	230,895
1880 - - - - -	52,595	201,297
1881 - - - - -	56,693	216,901
1882 - - - - -	49,122	187,337

Compared with the previous year, it would appear that, although the number of persons employed in gold mining during 1882 is greater by 305, and the approximate value of mining plant greater by 26,000 *l.*, yet the yield has declined 7,571 ounces, and the estimated value has declined 29,564 *l.* Mr. W. Glover, Commissioner of Gold-fields, in his report, however, draws particular attention to the impossibility of obtaining anything approaching a complete account of the produce of gold from the alluvial workings. Miners in isolated, good-paying workings have many reasons for withholding information respecting their earnings, or the real value of their claims, and a reference to the nominal exports is not of much value in arriving at an exact estimate of the gold produce, as it is stated that a considerable quantity in the possession of travelling miners and others finds its way to other places without being recorded in any way.

STATISTICS of New Zealand, 1880, by *Wm. R. E. Brown*, Registrar General.

Gold Exported.

The value of the gold exported from New Zealand in 1880 was 1,220,263 *l.*, against 1,134,641 *l.* in 1879, an increase of 85,622 *l.*; the amount entered for duty was 1,227,252 *l.* The following table shows the increase or decrease of the amounts entered for duty for exportation in the districts mentioned:—

VALUE of Gold Entered for Duty on Exportation in 1879 and 1880, respectively.

	1879.	1880.	Increase.
	£.	£.	£.
Produce of the gold-fields in the district of Auckland	154,295	170,416	22,121
Produce of the gold-fields in the district of Marlborough	3,460	5,650	2,190
Produce of the gold-fields in the districts of Nelson and Westland	582,485	587,481	4,996
Produce of the gold-fields in the district of Otago	407,868	457,705	49,837
TOTAL - - £.	1,148,108	1,227,252	79,144

The total amount of gold entered for duty on exportation from New Zealand to the 31st December 1880 amounted to 37,380,633 *l.*

WORLD'S PRODUCTION OF GOLD AND SILVER, 1876-83.

(Calendar Years except for UNITED STATES and JAPAN.)

COUNTRIES.	1876. (Figures incomplete.)				1877.			
	GOLD.		SILVER.		GOLD.		SILVER.	
	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.
UNITED STATES	(*) 60,060	(*) 39,929,166	-	(*) 38,783,018	70,565	(*) 46,807,390	957,321	39,793,573
RUSSIA	(*) 33,554	(*) 22,300,000	-	-	40,967	27,226,068	11,255	467,844
AUSTRALIA	(*) 42,159	(*) 23,000,000	-	-	43,663	(*) 29,018,223	-	-
MEXICO	-	-	-	-	(*) 1,500	996,898	(*) 650,000	27,018,010
GERMANY	(*) 281	(*) 186,672	(*) 139,778	(*) 5,811,662	(*) 308	204,097	(*) 147,612	6,135,977
AUSTRIA-HUNGARY	-	-	-	-	(*) 1,800	1,196,278	(*) 61,000	2,110,918
SWEDEN	(*) 6	-	(*) 797	-	(*) 4	2,658	1,300	51,028
NORWAY	-	-	(*) 4,067	-	-	-	4,524	188,652
ITALY	-	-	-	-	109	72,375	432	17,949
SPAIN	-	-	-	-	-	-	-	-
TURKEY	-	-	-	-	-	-	(*) 60,000	2,078,380
ARGENTINE REPUBLIC	-	-	-	-	(*) 118	(*) 78,546	(*) 10,100	(*) 420,225
COLOMBIA	-	-	-	-	6,019	4,000,000	24,057	1,000,000
BOLIVIA	-	-	-	-	-	-	-	-
CHILI	-	-	-	-	-	-	-	-
BRAZIL	-	-	-	-	-	-	-	-
JAPAN	-	-	-	-	(*) 400	265,840	(*) 17,000	706,649
AFRICA	-	-	-	-	(*) 3,000	1,993,800	-	-
VENEZUELA	-	-	-	-	-	-	-	-
CANADA	-	-	-	-	-	-	-	-
FRANCE	-	-	-	-	-	-	-	-
TOTAL	(*) 171,700	(*) 113,911,820	(*) 2,365,000	(*) 98,331,497	171,453	113,947,173	2,174,610	81,040,565

COUNTRIES.	1880.				1881.			
	GOLD.		SILVER.		GOLD.		SILVER.	
	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.
UNITED STATES	54,168	36,000,000	942,987	39,200,000	52,212	34,700,000	1,034,649	43,000,000
RUSSIA	(*) 42,960	28,551,028	(*) 11,391	473,519	36,671	24,371,343	7,092	332,108
AUSTRALIA	43,282	28,765,000	5,465	227,125	(*) 46,178	30,690,600	(*) 3,970	164,983
MEXICO	(*) 1,488	989,160	(*) 605,469	25,167,763	(*) 1,292	858,909	(*) 665,918	27,675,540
GERMANY	(*) 350	232,810	(*) 186,011	7,730,617	(*) 350	202,610	(*) 186,090	7,771,304
AUSTRIA-HUNGARY	1,647	1,094,596	48,000	1,994,880	1,867	1,240,808	81,359	1,303,280
SWEDEN	5	3,323	1,312	54,627	1	665	1,176	48,875
NORWAY	-	-	4,436	184,360	-	-	4,812	190,967
ITALY	(*) 109	72,375	(*) 432	17,949	(*) 109	72,375	(*) 432	17,949
SPAIN	-	-	74,500	3,026,220	-	-	(*) 74,500	3,026,220
TURKEY	7	4,918	1,719	71,441	7	4,918	1,719	71,441
ARGENTINE REPUBLIC	(*) 118	78,546	(*) 10,109	420,225	(*) 118	78,546	(*) 10,109	420,225
COLOMBIA	(*) 6,019	4,000,000	(*) 24,057	1,000,000	(*) 6,019	4,000,000	(*) 24,057	1,000,000
BOLIVIA	(*) 109	72,345	(*) 261,677	11,000,000	109	72,375	264,677	11,000,000
CHILI	(*) 194	128,869	(*) 122,275	5,081,747	194	128,869	122,275	5,081,747
BRAZIL	1,345	893,887	-	-	1,116	741,604	-	-
JAPAN	(*) 702	466,548	(*) 22,460	916,400	(*) 702	466,548	(*) 22,046	916,400
AFRICA	(*) 3,000	1,993,800	-	-	(*) 3,000	1,993,800	-	-
VENEZUELA	3,423	2,274,692	-	-	(*) 3,423	2,274,692	-	-
CANADA	1,226	815,089	1,641	68,205	1,648	1,094,926	1,641	68,205
FRANCE	-	-	-	-	-	-	-	-
TOTAL	160,152	106,436,786	2,326,941	96,704,978	155,016	103,023,078	2,458,322	102,168,354

(a) Official estimate "L'Economiste Français," July 1881, p. 112.

(b) Estimated the same as 1879.

(c) Estimated the same as official statement for 1882.

(d) Estimated the same as 1880.

(e) Official for Victoria and New South Wales, with estimated production of the other provinces.

(f) The mean of the official production for 1880 and 1882.

(g) Amount parted from deposits at the Sydney and Melbourne Mints.

(h) Estimated same as for 1879, which was furnished by the Mexican Minister.

(j) Coinage and export of bullion from official data.

(k) Estimated by Dr. A. Soetbeer.

(l) From total production, 17% of gold and 28% of silver deducted for foreign ores.

(m) From official total production, 17% deducted for foreign ores.

(n) Estimated same as official statement for 1880.

(o) Official for Hungary, with former annual official production for Austria added.

(p) Estimated the same as official statement for 1877.

WORLD'S PRODUCTION OF GOLD AND SILVER, 1876-83.

(Calendar Years except for UNITED STATES and JAPAN.)

1878.				1879.			
GOLD.		SILVER.		GOLD.		SILVER.	
Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.
77,048	51,206,380	1,080,343	45,281,385	58,531	38,899,858	981,825	40,812,132
(^a) 42,127	27,997,889	(^a) 11,423	474,876	(^a) 42,960	28,551,028	(^a) 11,391	473,519
(^c) 43,663	29,018,223	-	-	(^d) 43,282	28,765,000	(^d) 5,405	227,125
(^f) 1,500	999,898	(^f) 650,000	27,018,940	1,488	989,160	605,469	25,167,763
(^h) (ⁱ) 313	208,019	(^h) (ⁱ) 125,745	5,227,219	(^h) (ⁱ) 388	257,865	(^h) (ⁱ) 194,007	5,570,380
1,824	1,222,230	48,602	2,022,879	1,598	1,002,031	48,180	2,002,727
9	6,001	1,288	52,708	3	1,994	1,502	62,495
-	-	(^j) 4,000	160,270	-	-	(^d) 4,486	184,360
(^p) 109	72,375	(^p) 432	17,949	(^p) 109	72,375	(^p) 432	17,949
{ Rest of Europe }	-	(^q) 50,000	2,078,380	-	-	(^d) 74,500	3,096,220
(^l) 118	78,546	(^l) 10,109	420,225	(^d) 7	4,918	(^h) 1,719	71,441
6,019	4,000,000	24,057	1,000,000	118	78,546	10,109	420,225
{ Rest of South America }	-	(^h) 250,000	10,392,500	6,019	4,000,000	24,057	1,000,000
(^l) 250	172,135	-	-	(^r) 109	72,345	(^r) 264,677	11,000,000
445	295,746	17,534	728,246	(^r) 194	128,860	(^r) 192,275	5,081,747
(^t) 3,000	1,993,800	-	-	1,510	1,003,546	-	-
2,741	1,821,564	-	-	702	466,548	22,046	916,400
-	-	-	-	(^t) 3,000	1,993,800	-	-
-	-	-	-	2,431	1,615,835	-	-
-	-	-	-	(^u) 1,226	815,089	(^u) 1,641	68,205
-	-	-	-	-	-	-	-
170,175	119,092,786	2,282,573	94,882,177	163,675	108,778,807	2,318,731	96,172,628

1882.				1883.			
GOLD.		SILVER.		GOLD.		SILVER.	
Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.	Kilos.	Dollars.
48,902	32,500,000	1,120,083	46,800,000	45,140	30,000,000	1,111,457	46,200,000
35,919	23,867,935	7,781	323,427	(^e) 35,919	23,867,935	(^e) 7,781	323,427
43,550	28,943,217	2,475	102,878	(^e) 39,873	26,500,000	(^e) 1,924	80,000
1,409	936,223	703,508	29,237,798	1,438	955,639	711,347	29,568,576
376	240,890	214,932	8,934,653	457	303,723	230,004	9,580,300
(^g) 1,580	1,056,068	(^g) 47,118	1,953,224	1,638	1,088,615	48,708	2,024,645
17	11,298	1,500	62,550	97	24,500	1,583	65,300
-	-	5,893	244,054	-	-	5,645	234,645
(^p) 109	72,375	(^p) 432	17,949	(^p) 109	72,375	(^p) 432	17,949
-	-	(^q) 74,500	3,096,220	-	-	(^q) 74,500	3,096,220
10	6,646	2,164	89,916	(^c) 10	6,646	(^c) 2,164	89,916
(^l) 118	78,546	(^l) 10,109	420,225	(^g) 118	78,546	(^g) 10,109	420,225
5,802	3,856,000	18,283	760,000	(^c) 5,802	3,856,000	(^c) 18,283	760,000
(^r) 109	72,375	(^r) 264,677	11,000,000	(^r) 109	72,375	384,923	16,000,000
245	163,000	128,106	5,325,000	(^c) 245	163,000	(^c) 128,106	5,325,000
(^r) 1,116	741,694	-	-	952	632,520	-	-
(^v) 702	466,548	(^q) 22,046	916,400	181	120,080	8,488	353,825
(^h) 3,000	1,993,800	-	-	(^h) 3,000	1,993,800	-	-
3,904	2,595,077	-	-	(^g) 5,022	3,338,058	-	-
(^r) 1,648	1,094,926	(^r) 1,641	68,205	1,435	954,000	(^r) 1,641	68,205
-	-	14,291	594,053	-	-	-	-
148,510	98,699,618	2,646,589	109,952,251	141,479	94,027,901	2,747,785	114,217,733

(g) Estimated the same as official statement for 1879.
 (p) Estimated the same as 1881 (official statement for 1881).
 (q) Report of Consul Dalton, Consular Reports for May 1884, page 294.
 (r) Estimated.
 (s) Report of the Director of the American Mint for 1879.
 (t) Estimated from production of other years.

(u) Estimated from amounts deposited at its mints.
 (v) Estimated from Dr. Soetbeer's average for 1875.
 (w) Obtained by multiplying kilos. of gold by 664.6, and kilos. of silver by 41.5778.
 (z) Obtained by dividing dollars by 664.6 for gold, and by 41.5778 for silver.

EAST INDIA (CURRENCY).

RETURN to an Address of the Honourable The House of Commons,
dated 15 March 1898;—for,

“COPY of the DESPATCH addressed by the COURT of DIRECTORS to the
GOVERNMENTS of BENGAL and MADRAS on the 25th day of April 1806,
dealing with the COINAGE of INDIA.”

India Office, }
21 March 1898. }

ARTHUR GODLEY,
Under Secretary of State for India.

(Sir Henry Fowler.)

*Ordered, by The House of Commons, to be Printed,
23 March 1898.*

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COPY of the DESPATCH addressed by the COURT of DIRECTORS to the GOVERNMENTS of BENGAL and MADRAS on the 25th day of April 1806, dealing with the COINAGE of INDIA.

COPY of a DESPATCH to BENGAL, MADRAS, and BOMBAY, in the PUBLIC DEPARTMENT, from the COURT of DIRECTORS, dated 25th April 1806.

Sent per "Marchioness of Exeter," "Marquis of Wellesley," "Teignmouth" cruiser, and extra ship "Harriet."

1. THE state of the coinage of India has been frequently brought before us in the correspondence of our several Governments; and we have been for some time fully impressed with the necessity of giving to this important subject a full consideration; but we have been more immediately stimulated to this, in consequence of a report made to us of a loss being suffered in the Calcutta Mint, in the recoinage of dollars into Sicca rupees, to the amount of 2 per cent. This circumstance induced us at once to institute an inquiry into the situation of the mints and coinage under our several presidencies, with the intention of applying as effectual a remedy to the existing defects as may be in our power.

2. With the view of obtaining the fullest information, the Mint-Masters' Accounts of Bengal and Madras from 1799 to 1802 have been investigated, the Bengal Regulation of 1793, No. 35, referred to, and, among the several papers and notices on the subject of coinage, &c., on the consultations of our different Governments, more particular attention has been given to the Minute of Sir John Shore (now Lord Teignmouth) on the Bengal Public Consultations of 3rd October 1796, the Report of the Committee of Reform at Madras dated 26th March 1800, and to the Papers drawn up by Dr. Scott, under the inspection of Governor Duncan, as recorded on the Bombay Public Consultations of 31st January and 9th December 1801.

3. From the attention that has been given to the above-mentioned accounts and documents, we are fully convinced of the inefficiency of the present system of our mints and coinage, the losses we have constantly sustained, and the inconvenience the public service has suffered in consequence thereof, and from the circulation of so many denominations of gold and silver coins of different values, in different districts; these losses we find to be of a magnitude far beyond our expectation (*vide* Appendix No. 1).

4. We have noticed also the recommendation expressed in some of those Papers for the adoption of one general system for the formation of the coin for the currency of the whole of our possessions on the continent of Asia, which has our most entire approbation, as we are fully satisfied the various evils complained of can only be removed by the introduction of a gold and silver coinage of one weight and fineness, such coin to become the universal measure of value for British India.

5. It is our intention to enter into the consideration of the subject and to detail our views and opinions, that our several Governments may report their sentiments thereon, in order to supply us with the most perfect information upon this important subject, previous to our final decision upon a plan which shall embrace every practical advantage within our reach.

6. In the prosecution of our inquiries we have referred to a letter from the Earl of Liverpool to the King, on the coins of the realm (lately published), copies of which we transmit with the present Despatch. We think his Lordship has established the principle that "the money or coin which is to be the principal measure of property ought to be of one metal only." In applying this argument to a coin for general use in India, there cannot be a doubt, in our opinion, that such coin must be of silver.

7. Assuming that the coin for general use in India as the principal measure of property is to be of silver, we proceed to the inquiry of what weight this coin should be.

The standard weight of the silver coins issued from the mints of our several presidencies we find to be as follow:—

	Troy Grains.
Calcutta Sicca rupee	- 179 $\frac{2}{3}$
Madras Arcot rupee	- 176 $\frac{2}{3}$
Bombay rupee	- 179

8. The weight of the coin originally issued from the Mogul mints, we understand, was uniformly one sicca, or 10 massa, being 179 $\frac{2}{3}$ troy grains, or 179.5511. We should be inclined to propose this weight for the coin under consideration, did we not think it would answer a good purpose to fix the gross weight in whole numbers; we should therefore prefer the weight of 180 troy grains as the nearest to the sicca weight, and in so doing we are not aware of any inconvenience resulting therefrom at either of our presidencies; but we are rather inclined to think the measure will be found useful, inasmuch as it will produce a greater degree of simplicity in the valuation of the coin in respect to other money. But we are by no means desirous of effecting an alteration in the standard weight of the currency of Bengal, should our Government there be of opinion it would be likely to prove the foundation of a new batta, or of any other inconvenience sufficient to counterbalance the advantages we expect in the calculation of the relative value of Indian and other coins.

9. Assuming the standard weight of the new rupee to be 180 troy grains, the next point to be considered is the proper standard fineness. Upon the subject of the fittest alloy for coin, and its proportion to the quantity of fine metal, our attention has been directed to a "Report made to the Right Honourable the Lords of the Committee of Privy Council, appointed to take into consideration the state of the coins of this country, and the present establishment and constitution of His Majesty's Mint, January 1803." In this Report (copies of which are forwarded) the British standard for gold coin, one-twelfth alloy and eleven-twelfths fine, is, by a variety of extensive experiments, proved to be the best proportion, or at least as good as any which could have been chosen, and that such alloy for gold coin may be of fine Swedish copper, so as to answer every purpose of a mixed proportion of silver without occasioning any further waste of that metal. There is no reason to doubt that one-twelfth alloy of copper would be equally proper for silver coin; it has certainly the advantage of greater facility in the valuation of the coin, therefore we are of opinion this proportion should be adopted for the coin proposed, in which case the new rupee would be of the gross weight of—

Troy grains	- 180
Deduct one-twelfth alloy	- 15
And contain of fine silver, troy grains	- 165

10. The fine silver in the Calcutta sicca rupee is troy grains 175.927, Madras Arcot rupee, 166.477, Bombay rupee, 164.740; the difference between the values of the

Troy grains.			
166.477	Arcot rupee.	165	Bombay rupee
165	New rupee	165	
Difference 1.477	Bombay rupee	164.74	
	Difference	.26	
As 166.477 : 1.477 :: 100 : 887			
As 165 : .26 :: 100 : 157			
175.927	Calcutta sicca.		
165			
10.927	difference.		
As 175.927 : 10.927 :: 100 : 6.211			

recommended rupee, is $\frac{8.87}{10000}$ per cent. less fine silver in the new than in the Arcot rupee; and $\frac{1.57}{10000}$ per cent. more fine silver in the new than in the Bombay rupee. These variations are certainly too small to present any difficulty to the completion of the object in the circulation of the new rupee at Madras and Bombay. The difference between the value of the new rupee and that of the Calcutta sicca is 10.927 troy grains fine silver, or 6.211 per cent. Though the Calcutta is so much more valuable than the new rupee, we do not apprehend any objection on the part of the people of Bengal, when they are made acquainted with the intention of Government, to receive the new rupee at the same value at which it is issued to them; at least, no objection but what a very short experience of the advantages of the general currency would remove. That the Shroffs and other speculators in money and

exchanges will endeavour to impede the circulation of the new rupee must be expected, as every change will be opposed by them that has in its consequences the prevention of their destructive interference and the reduction of those profits they have hitherto obtained at the expense of the public and the Company.

11. But we trust the opposition of the description of persons above alluded to will not prevent the adoption of the recommended rupee for general currency, as it appears so extensively useful as a measure of value, by approaching so near the value of the Madras, Arcot, the Bombay, Benares, Lucknow, and Bareilly rupees, as also to the Sonaut rupee in which the pay of the Bengal Army is calculated.

		Troy grains.
169·251 Benares rupee.	*Fine silver in the Benares rupee	- 169·251
165 New rupee.	*Do. Lucknow	- 166·135
4·251 difference.	Do. Bareilly	- 161·635
As 169·251 : 4·251 :: 100 : 2·511	For every 100 sonauts, calculated pay,	
168·010 Sonaut rupee.	the Bengal Army have issued 95½	
165	Sicca rupees, so that the Sonaut	
3·010 difference.	rupee is of the value of fine silver,	
As 168·010 : 3·010 :: 100 : 1·791	troy grains	- 168·010
166·135 Lucknow rupee.	12. The Benares rupee is per cent.	- 2·511
165	The Sonaut rupee	- 1·791
1·135 difference.	The Madras Arcot	- 887
As 166·135 : 1·135 :: 100 : 683	And the Lucknow rupee	- 683
165 New rupee.	more valuable than the new rupee.	
101·035	13. The Bareilly rupee is per cent.	- 2·039
3·365 difference.	And the Bombay rupee	- 157
As 165 : 3·365 :: 100 : 2·039	less valuable than the new rupee.	

14. Should the new rupee be ultimately adopted, there may be coined also, for general convenience, the following denominations:—

Half rupee weighing troy grains	- 90
Quarter rupee do.	- 45
Anna do.	- 11¼

the latter, being a larger coin than the English silver penny (which weighs less than eight troy grains), is not too small to strike. The anna, as a coin, would be found very useful in small payments, and, with a view to this consideration, we think a copper coinage should also be determined on for general circulation; and it is our opinion it should be struck in England, and to consist of pieces of the value of 6 pice or half-anna, 3 pice or quarter-anna, and 1 pice.

15. The value of the silver anna (one-sixteenth of the new rupee) is about one-fourth of the English sixpence, or one penny halfpenny, so that the value of the pice (one-twelfth of the anna) is about half a farthing English currency, the weight of this coin to be so adjusted, according to the price of copper and expenses of coining, as to leave a profit on its issue; which would have the good effect of preventing the melting of the coin, as its value in currency would be something more than the value of the metal, with all the export charges upon it.

16. Although we are fully satisfied of the propriety of the silver rupee being the principal measure of value and the money of account, yet we are by no means desirous of checking the circulation of gold, but of establishing a gold coin on a principle fitted for general use. This coin, in our opinion, should be called a gold rupee and be made of the same standard as the silver rupee, viz., 180 troy grains, gross weight, and 165 troy grains, fine gold, also divided into halves and quarters, that the coins of both gold and silver should be of the same denomination, weight, and fineness.

17. It is an opinion supported by the best authorities and proved by experience, that coins of gold and silver cannot circulate as legal tenders of

payment at fixed relative values, as in England and in India, without great loss; this loss is occasioned by the fluctuating value of the metals of which the coins are formed. A proportion between the gold and silver coin is fixed by law, according to the value of the metals, and it may be on the justest principles; but owing to a change of circumstances gold may become of greater value in relation to silver than at the time the proportion was fixed; it therefore becomes profitable to exchange silver for gold, so the coin of that metal is withdrawn from circulation; and, if silver should increase in its value in relation to gold, the same circumstances would tend to reduce the quantity of silver coin in circulation. As it is impossible to prevent the fluctuation in the value of the metals, so it is also equally impracticable to prevent the consequences thereof on the coins made from those metals. From these circumstances the coin of England has been much disordered; and the papers referred to have plainly shown the losses and inconvenience experienced in India from similar causes. The loss in Bengal was certainly enhanced by giving to the gold coin, at the period of its issue, an improper value in relation to the silver coin. Loss and inconvenience have been occasioned at Madras by the contrary error, where the silver coin was rated at too high a value in relation to the gold coin. But there is a radical defect in the principle itself of giving a fixed value to metals (in coin) that are in their nature subject to continual change, because, the metals being articles of commerce, their value will fluctuate with the demand. Had the nicest proportion been fixed between the gold and silver coins of Bengal and Madras at the time of their issue, yet the first alteration in the price of the metals would have occasioned the batta so much complained of, though such batta had not existed before. The alteration in the value of the metals in Europe has been the principal cause of the present state of the English silver currency, a debased and counterfeit money having been introduced into circulation, which does not possess above one-third of the intrinsic value of the legal coin of the realm. To adjust the relative values of the gold and silver coin according to the fluctuations in the values of the metals would create continual difficulties, and the establishment of such a principle would of itself tend to perpetuate the inconvenience and loss.

18. It is from a consideration of these circumstances, we have been induced to conclude that our gold coin should not be forced into circulation at a fixed value in regard to the silver coin, but left to find its own level according to the usefulness it may possess as a coin, being issued according to the market value of the metals, and received by our officers in the same manner. From this regulation no other loss could be suffered by the Company or the public than what might be occasioned by the varieties in the prices of the metals; and it is not to be apprehended these prices could be materially affected by any artifice or device, as there could not be a quantity of gold coin in circulation much beyond the wants of the community.

19. The contrary practice of forcing the gold coin into circulation, on the plea of a want of silver currency in Bengal, has had the effect of reducing the value of the gold coin by its abundance beyond the difference in its real value, and increasing the batta accordingly. We do not imagine that any very considerable quantity of gold coin will obtain circulation in Bengal, and, although it has been alleged a gold coin is necessary to supply the place of the silver coin, which frequently disappears almost as soon as issued, yet it must be remembered no regulation or expedient can be devised to keep the coin in any country where the balance of trade is against it, and where to this principal cause of a deficiency in the circulation medium is added a prevailing disposition on the part of the people to hoard the silver coin; where these circumstances exist, all attempts to force a gold coin where silver only is the common medium will be attended with loss and disappointment.

20. We do not apprehend any difficulty can attend the introduction of a gold coin into Bengal on the principle that it should pass at its market value in relation to silver, without having any fixed relative value set upon it; neither are we aware of any impediment to the measure at Bombay. In respect to those countries under the Government of Madras where gold coins are the principal currency, money of account, and the measure by which the

pay of the troops is generally calculated, some further consideration appears necessary.

21. We have before stated our opinion that silver should be the universal money of account, and that all our public accounts should be kept in the same denomination of rupees, annas, and pice. The Committee of Reform recommended (para. 54 of their Report) this plan for Madras, that their accounts might be assimilated as much as possible to the Government accounts of Bengal and Bombay.

22. It is not by any means our wish to introduce a silver currency to the exclusion of the gold, where the latter is the general measure of value, any more than to force a gold coin where silver is the general measure of value; but, wherever the pagoda is the general currency, to substitute in its place the quarter gold rupee, which we are of opinion should be paid and received

	Troy Grains.
Gold Rupee	166 fine.
Half	82.5
Quarter	41.25

42.048	Star Pagoda.
41.250	Quarter Gold Rupee.

—
798 difference.

As 42.048 : 798 :: 100 : 1.897

on all occasions as the pagoda, both in regard to the calculation and receipt of the revenue, as also in the issues of money for the purchase of investment. The quarter gold rupee would contain of fine gold troy grains $41\frac{1}{4}$, the star pagoda contains of fine gold troy grains $42\frac{1}{10}$. The difference between these coins is $1\frac{8.97}{1000}$ per cent. less fine gold in the former than in the latter. This difference does not appear so material as to induce us to entertain any doubt of the quarter gold rupee answering every purpose of the star pagoda in respect to the revenues and investment; neither does it appear to us inapplicable to the pay of the army; for, supposing the amount of pay as it stands at present in pagodas to be changed into quarter gold rupees, and this coin considered equal to $3\frac{1}{2}$ new rupees, as the pagoda is to $3\frac{1}{2}$ Arcot rupees, the difference between the silver coins, being less than 1 per cent., cannot be expected, as before observed, to create any uneasiness.

23. Our recommendation of the gold coin passing generally at its market price, the silver coin only being the measure of value, may, we conceive, be carried into effect with great facility, in consequence of both coins possessing

14 of Silver to 1 of Gold makes the value of the	
Gold Rupee	- 14 Silver Rupees.
Half do.	- 7
Qr. do.	- 3.8

14 $\frac{1}{2}$ Silver to 1 Gold	
1 Gold Rupee	- 14.4
Half do.	- 7.2
Qr. do.	- 3.9

14 $\frac{1}{4}$ Silver to 1 Gold	
1 Gold Rupee	- 14.8
Half do.	- 7.4
Qr. do.	- 3.10

14 $\frac{1}{2}$ Silver to 1 Gold	
1 Gold Rupee	- 14.12
Half do.	- 7.0
Qr. do.	- 3.11

15 Silver to 1 Gold	
1 Gold Rupee	- 15
Half do.	- 7.6
Qr. do.	- 3.12

15 $\frac{1}{2}$ Silver to 1 Gold	
1 Gold Rupee	- 15.4
Half do.	- 7.10
Qr. do.	- 3.13

silver is as 1 to 14, which is very near the proportion recommended from Madras of 1 to 14 $\frac{1}{2}$. In the margin before referred to it will be seen this makes a difference of one anna only on a quarter gold rupee, and the same difference is found for every advance in the proportions of one quarter.

also being alike divided into halves and quarters. For an example, we have supposed variations may take place in the values of the metals of from 14 to 1 to 15 $\frac{1}{2}$ to 1, and it will be seen in the margin that the value of any division of the gold rupee is found in rupees and annas only, on the presumption that the market values of the metals will not vary in proportions beyond or under one quarter.

24. We have thus stated our opinion in the view of its being unnecessary to continue a fixed relative value between the gold and silver coin. It appears to us no such necessity can exist in regard to Bengal and Bombay, and we hope no such measure will be found necessary at Madras; but, should our Governments, who are assuredly the most competent judges, be of opinion that local circumstances will render it proper to fix a relative value between the coins at Madras, the plan we have detailed seems capable of being carried into effect in this respect also with much ease. On the supposition of the quarter gold rupee supplying the place of the star pagoda at the value of $3\frac{1}{2}$ new rupees, the proportion of gold to

25. We have before, observed the quarter gold rupee appears well fitted to supply the place of the star pagoda in the payment of the Madras Army; but we have thought it necessary to direct our attention in a more particular manner to the mode of paying the troops there, in order to discover how far the recommended alteration will affect this important point.

26. The pay is frequently issued in pagodas; the pagoda is ordered to pass for 3½ Arcot rupees, by the authority of the Government, and the pagoda appears also to pass for 45 fanams. Three and a half Arcot rupees contain of fine silver troy grains

Troy Grains.
166·477 Arcot Rupee
3½
582·669

12·764 fine Silver Fanams.
45
574·380

12·764
42
536·088

582·669
574·380
8·289

As 582·669 : 8·289 :: 100 : 1·423

582·669
536·088
46·581

As 582·669 : 46·581 :: 100 : 7·994

582 $\frac{669}{1000}$; 45 silver fanams contain fine silver troy grains 574 $\frac{380}{1000}$; 42 silver fanams, the usual number issued for 1 pagoda of calculated pay, when the Government pay the troops in fanams, contain of fine silver troy grains 536 $\frac{088}{1000}$. From which it appears 3½ Arcot rupees contain 1 $\frac{422}{1000}$ per cent. more fine silver than 45 fanams, and 7 $\frac{094}{1000}$ per cent. more fine silver than 42 fanams; therefore it follows, from a comparison of the relative value of the pagoda to the Arcot rupee as fixed by the Madras Government, that if the soldier is paid in 45 fanams he receives nearly 1½ per cent. less fine silver than if he had been paid 3½ Arcot rupees; and if paid only 42 fanams (the usual number) he receives nearly 8 per cent. less fine silver. This view of the subject clearly shows that on the present system much precision has not been observed in the mode of paying the troops; how far they may suffer when paid in gold, by exchanging it for silver fanams (whether beyond the above difference of

8 per cent. or below it), we suppose, depends in a great measure on the circumstances of the moment; but, whether the exchanger exacts a larger or a smaller batta, it appears evident the soldier is as much at the mercy of the exchanger as are persons carrying gold coin to market at Calcutta.

27. Should it be found necessary to continue the silver fanam for the accommodation of the places where the quarter gold rupee is to circulate in the

Grains.
180 New Rupee.
630 = 3½ New Rupees.
630
45 = 14 Fanam.

12)14
1·166 alloy.
12·834 fine Silver Fanam.
45
577·530

Grains.
165 New Rupee.
10·8125 anna.
56
577·5000

room of the pagoda, the fanam should be calculated as at 45 to the pagoda (or quarter gold rupee); but, instead of the present proportion of troy grains 14 $\frac{117}{1000}$ gross weight, and troy grains 12 $\frac{764}{1000}$ fine silver, to be made of the same proportions as the new rupee, the gross weight being troy grains 14, and the fine silver troy grains 12 $\frac{834}{1000}$, so that the quarter gold rupee or pagoda, when exchanged for 45 fanams at troy grains 12 $\frac{834}{1000}$ or, for 56 annas (3½ new rupees) at troy grains 10 $\frac{8125}{10000}$ fine silver, would be equivalent in value, the same quantity of fine silver being obtained either way. This would certainly remove some of the inconveniences at present so justly complained of, but it does not appear to us the defect can be radically cured so long as the troops are paid in gold, because the money-changer would possess the power of exacting an arbitrary batta, although no real difference existed in the value of the coins. If it were practicable to pay the Madras Army entirely with

silver (either 3½ new rupees, 56 annas, or 45 fanams for one pagoda), every difficulty would be removed, as the troops taking silver coin to the market would not be subject to any batta whatever. At the same time we are fully aware to alter the usual mode of paying the troops is a delicate matter, and that, should it be found advisable, the attempt must be carefully and gradually made.

28. The copper pice has been noticed as to its application to the rupee, and we find in the copper coin indented for from Madras it has been applied to the pagoda, a quantity being sent there of—

5)3,600 cash.
 720 pice.
 —
 Rupees. Annas.
 3 8
 —
 56 annas.
 672 pice.
 —
 672)3600(5.357

1 piece of 4 pice or 20 cash.
 1 " 2 " 10 "
 1 " 1 " 5 "
 1 " 1/8 " 1 "

calculated as 80 cash to 1 fanam, and 45 fanams or 3,600 cash to 1 pagoda; by this mode there may be obtained in exchange for 1 pagoda 720 pice, but

in exchange for $3\frac{1}{2}$ Arcot rupees there can be obtained only 672 pice, making a difference of 48 pice on each pagoda. One pice is equal to cash 5, $\frac{3.57}{1000}$, and 1 anna 3 pice is nearly equal to 1 fanam, but if this nearest proportion should be established there might be obtained for 45 fanams, or 1 pagoda, 675 copper pice, which is an increase of 3 pice beyond the quantity to be obtained in exchange for $3\frac{1}{2}$ rupees. Therefore we are not inclined to recommend the cash as a coin on the new principle, and, although the coinage of fanams has been adverted to, yet it is our decided opinion to confine the denominations of the new coin, if possible, to gold rupees, halves, and quarters, silver rupees, halves, quarters, and annas; and copper pice to the exclusion of silver fanams and copper cash, the two latter appearing likely, in some measure, to continue the inconvenience it is the object of our plan entirely to remove.

29. Having stated our views concerning a general currency for British India, we deem it unnecessary to make any observations on the advantages attending such a measure, as our Governments abroad, by constant experience of the manifold evils of the present system, are fully competent to appreciate the benefits that would result from the adoption of a plan whereby a coin of one standard weight and fineness would become exclusively current as the general measure of value.

30. We shall now proceed to give some consideration to the state of the mints at our several presidencies. We are convinced they are defective not only in regard to a succession of officers properly qualified in the arts of assay and minting, but correct machinery is also wanting for the several operations, as well as an effectual check of control over the several establishments. To this may be added the difference in the manner of conducting the present mints, which alone is sufficient to counteract the benefits otherwise likely to accrue from the adoption of the general system we have before stated. From these considerations we are inclined to think, the evils of the present system cannot be so effectually removed as by the abolition of the existing mints, and the establishing one mint only, which should be at Calcutta. We are aware that this is a proposition of great magnitude, and might in practice be attended with inconveniences greater than those intended to be removed by it; we therefore suggest it now only to draw your serious consideration to it. Such objections as we think are likely to be urged against it we shall here notice, with the answers that may be made to them, and we wish for your opinion upon the whole, and your final judgment upon this subject.

31. The advantages we expect to derive from the whole coinage of India passing through but one mint chiefly consist in the uniformity of the operation, the facility of instituting an effectual control over the coinage as to its standard, weight, and fineness, and also in our increased ability to form an establishment on a scale sufficiently liberal and extensive to secure correctness in the coin, and every needful despatch in the various operations of the mint. In the formation of a mint establishment it is our intention to be guided, as far as circumstances will admit, by the constitution of His Majesty's Mint, of which Lord Liverpool speaks as follows (page 201). "The subsisting regulations for receiving bullion of any description into Your Majesty's Mint; for transferring it from one department to another; for preserving it in security while it continues in the custody of the different officers; and, lastly, for returning it in the shape of coins to those to whom it belongs; are wise, and require no

“alteration.” A description of this mint in all its branches of coinage and checks will be forwarded.

32. In the contemplation of an effective future succession of officers for the principals of the several departments of the Mint, we consider it proper that a competent number of persons intended for civil stations in India shall be instructed in the various branches of the Assay and Mint Departments of His Majesty's Mint; and for this purpose a plan will be arranged to ensure to our new establishment every advantage that the knowledge of the most approved processes and machinery can effect, together with the experience resulting from a regular initiation under the most skilful artists. It is our intention to provide for the mint machinery similar to that about to be adopted in the King's Mint, for which purpose the necessary application will be made to Parliament.

33. We are aware it may be urged one mint will be unequal to the supply of British India with a sufficiency of circulating medium for the constant demand; as also that mints will be necessary for the recoinage of old rupees, at least at Madras and Bombay, as the provinces under these Governments are so distant from Calcutta, and likewise for the coinage of bullion from Europe and America. To these objections we reply, first, that the machinery to be set up in His Majesty's Mint is stated to be equal to the coining of one hundred and twenty million (120,000,000) shillings annually. We do not suppose the wants of India can ever be carried to an extent equal to this supply, after the new coin has been introduced into general use; therefore it appears to us unnecessary to incur the expense of three establishments, when one is more than equal to supply the whole demand; especially as the expense of those establishments would be incurred whether they were fully employed or not; and, if one mint is fully sufficient, three could not be employed above four months in each year. Secondly, some of the benefits expected to be derived from the proportion of alloy recommended for the new rupee are, that it will lose less by wear; the impression will last much longer, and consequently render frequent recoinages unnecessary. One of the defects of the Bengal coin is its purity, which subjects it to loss in weight by friction, and the obliteration of the impression from the softness of the metal, thus becoming unfit as a measure of value, by being deprived of the principal requisites of a coin, the impression as the proof of its standard fineness, and the weight as the test of its value. Thirdly, in respect to the bullion from Europe and America. As far as regards the bullion sent by us from this country, it is our intention the whole should be coined into the new currency at His Majesty's Mint, as we do not apprehend any difficulty in the accomplishing of this object. And, to prevent all variation in the appearance of the coin struck in England and in India, the dies used in both mints must be sunk by the same artist. The private shipper of bullion cannot suffer any detriment by this arrangement, although it is our intention he should still have the choice of sending bullion in preference to coin, if more agreeable to his views, but would prefer, it is most likely, the coining of his bullion in this country, as it would be ready for immediate circulation at whatever place he may require it. The duty to be levied on the coinage of private bullion should be the same in England as in India, to place both upon the same footing, that the shipper should have no preference in this respect.

34. The charge of coinage to be the same on gold as on silver, and we think 2 per cent. would be sufficient to cover our expenses, and not so much as to prevent the bringing of bullion to the mint, when that sum is to include every charge without any other deduction whatever. Our own supplies may be so arranged as to transmit the required proportion to each of our presidencies in coin instead of bullion. The only remaining difficulty applies to the importation of bullion into India from foreign Europe and America, and to the transmission of coin from one part of India to another. Dollars have been generally exchanged at the several presidencies for the various currencies, and at different rates according to the plenty or scarcity of bullion at the time. This exchange may be improved by fixing a rate between dollars and the new rupees according to the fine silver in each, taking care to deduct

from the value of the dollars the charge for coinage, with such additional amount as the expense of transit and risk may demand; yet keeping such additional charge below the amount an individual would incur in forwarding his own bullion to the mint.

35. On this principle the Governments of Madras and Bombay to become the purchasers of all bullion tendered them, paying for the same in cash or in bills on Bengal at a rate to preserve the above-mentioned advantages to the Company. The constant intercourse between Bengal, Madras, and Bombay, presents sufficient facilities for the accomplishment of this plan, and seems to leave no other impediment but the risk of transit; this risk is at present necessarily run in forwarding the supplies from one presidency to another; so that the only disadvantage to be expected would arise from the probability of more frequent recurrence of the risk. A table of rates of the intrinsic values of the several descriptions of Spanish dollars, and other coin usually imported into India, may be formed; and, when a new coin finds its way there from foreign Europe or America, it may be assayed at Calcutta, the real value ascertained, and a rate (at which it should be exchanged with the new rupee) established accordingly.

36. On the establishment of the new system it is our intention to institute a complete check on the mint at Calcutta; and to attain this important object we shall direct that, in addition to the ordinary checks, a member of the Bengal Council do, from time to time during the operations of coinage, proceed to the mint, without giving any previous notice, and take from the fresh-struck coins samples of the several denominations of gold and silver, to the weight of one pound troy of each sort, to be packed on the spot, with a description of the pieces and the date of the selection, for despatch to Europe the first opportunity, to be assayed by His Majesty's Assay Master, that the state of the coin may be reported to the Court of Directors, for their satisfaction and approbation. The selection of the coin at the mint to be repeated at least once a month, if the business of the mint should render such frequent checks necessary. The quantity of a pound troy of each denomination has been fixed on, because it has been satisfactorily shown in Mr. Hachett's Report to the Lords of the Committee of Privy Council to be improper to estimate the value of a coin by insulated experiments on a few pieces.

37. We have thought the adoption of a new coinage for British India a fit opportunity for giving a new impression to our currency, and the most

Sicca rupee	
1806	
<hr/>	
Half rupee or $\frac{1}{2}$ rupee	
1806	1806
<hr/>	
Quarter rupee or $\frac{1}{4}$ rupee	
1806	1806
<hr/>	
Anna	
1806	
<hr/>	

appropriate in our estimation is the Company's arms and motto, with an inscription "English East India Company," as also the denomination and value of the coin with the year of coinage; and for the reverse, a Persian inscription, expressing the English one on the obverse, with the value and denomination of the coin, together with the date of coinage. If the smaller gold and silver coins (perhaps all below the half rupee) do not present surface sufficient for a

clear impression, it would be proper to substitute for the arms the Company's crest; the inscriptions to remain alike in all.

38. The operation of the new machinery will render the conversion of the present currency into the new rupee easy and expeditious; and, to encourage the bringing in of the coin now in circulation, it is our intention to receive it according to its relative value to the new rupee, making no charge or deduction for coinage for a period sufficiently extensive to allow the whole of the coin to be brought into the mint. The revenues and all imposts being calculated as at present, there would only remain to give notice how long the present coin is to be current, on the same principle as the change of 1793 in Bengal (*vide* Bengal Regulation of 1793, No. 35). After the period agreed on has elapsed, all coin (except the new) to be received only as bullion, deducting the charge for coinage from the quantity to be delivered; and that on no account, after the lapse of the limited period, shall any other coin be received in payments to Government except as bullion.

39. We have thus stated our conviction of the necessity of establishing one coin for the general currency of British India as the principal measure of property and medium of commerce; the standard weight and fineness of such coin; and also the metal of which we think it should be made. We have stated our views of a copper currency for the whole of our possessions, and have desired your opinion as to the propriety of establishing one mint only for the whole of the Indian coinage in future.

40. It will be necessary for our several Governments to furnish accounts of the estimated amount of circulating coin, showing also how far this supposed quantity falls short of what is necessary for the convenience of the several classes of the community, distinguishing gold, silver, and copper. From these accounts we shall be enabled to judge of the quantity of the different descriptions of coin necessary to be provided to carry our intended plan into execution. We expect the advantages to be offered to the possessors of the present currency, of receiving it without any charge for re-coinage, will bring all, or at least the far greater part, of the coin into our possession.

41. The extensive powers of the new machinery will return the present currency into circulation with great dispatch; and, as it is our intention to supply coin instead of bullion to the extent that may be required, we do not apprehend the provision of a sufficient quantity of coin on the new system will occupy more than one year, after the mint at Calcutta shall be put into complete activity. In requiring the sentiments of our several Governments on the whole of this most important and interesting subject, we direct that our Governments of Madras and Bombay transmit their reports to Bengal with all convenient dispatch, and that our Government-General lose no time in reporting to us on the plan herein detailed, as it applies to the several countries comprising British India; and also on such parts of the reports from Madras and Bombay as may appear to require their notice. By this procedure we shall possess all the requisite information for forming a complete arrangement, and for placing the coinage of British India on a footing equally respectable and correct; and to supply a coin far beyond the imitation of Asiatic artists in the excellence of the workmanship, and of a regularity in appearance and value unknown to that part of the world.

We are, &c.

(signed) WILLIAM FULLARTON ELPHINSTONE.
EDWARD PARRY, &c.

APPENDIX No. 1.

The estimated loss attending the present system of the coinage of India is stated as under for Bengal and Madras. There is not any information in the Papers on the Bombay Consultations by which an estimate can be formed of the loss there, although the loss is stated as being very great. The expense of the three principal mints at the Presidencies of Bengal, Madras, and Bombay is also added to show the whole estimated loss and expense arising from the present system of the mints and coinage in the Company's possessions, as far as the same can be ascertained.

Lord Teignmouth, in his Minute on the Bengal Public Consultations of 3rd October 1796, states the annual loss by Batta on the gold coin at five lacs. There is no allusion to the loss on any other description of coin - - - - - Sicca rupees — — 5,00,000

The Committee of Reform at Madras state the annual loss by Batta re-coinage of gold and silver from Bengal, exchange, and payments to the troops to the southward, on an average of 13 years, at 57,000 pagodas per annum - - - Sicca rupees — — 1,88,000

By an account drawn out from the Indian General Books for eight years of the bills drawn on Bengal from Madras, Bombay, Bencoolen, Prince Wales' Island, and China, there appears an estimated annual loss of six lacs Sicca rupees, by taking the intrinsic value of the coin paid for the bills, and of the Sicca rupee in which the bills were paid. It is not intended to charge the whole of this annual loss to differences, supposed or real, in the values of the various coins, but it is supposed at least one-third of the amount of loss would not have been incurred, had there been but one coin universally current Sicca rupees — — 2,00,000

The gross annual expense of the Calcutta Mint, on an average of three years from 1799/1800 to 1801/2, appears by the Bengal General Books to be Sicca rupees — 1,66,000 —

The gross annual expense of the Madras Mint, adding the whole of the Mint Master and Sub-Treasurer's salary to the charges of the Mint, appears by the Madras Books to be pagodas 12,616 or Sicca rupees — 41,000

The gross annual expense of the Bombay Mint appears by Bombay Public Consultations of 5th April 1805, to be Bombay rupees 24,600, or - Sicca rupees — 23,000 —

On the quantity of dollars coined in the Calcutta Mint in 1799/1800 on account of the Company the produce was less than it should be, according to the fine silver in the dollar and the Sicca rupee, Sicca rupees 2,38,624 — —

Not any dollars were re-coined on the Company's account in 1800/1. On the quantity re-coined in 1801/2 the produce was less by - Sicca rupees 66,291 — —

Two years - - - Sicca rupees 3,04,915 — —

Average - - - - - 1,52,457 — —

On the quantity of dollars re-coined in the Madras Mint for the Company in the years 1799/1800 to 1801/2, the average annual produce was less by Arcot rupees 60,267 - - - - - 57,029 2,09,000 —
Sicca rupees — *4,39,000 —

No correct estimate can be formed of the loss on the coinage or re-coinage of any other description of coin but what is produced from dollars, the assay not being stated in the Mint Accounts; but, supposing there was a loss equal to that sustained on dollars, the amount would be - - - - - 97,000 —
5,36,000

Estimated annual loss and expense, Sicca rupees - — — 14,24,000

* See note on next page.

NOTE.—The amount of duty charged in the coinage is not deducted from the gross expense of the Mints, as a duty will be charged on the system recommended. The amount of the average duty charged is added as under, as also what the amount of duty would be on the supposition of charging 2 per cent. alike for gold and silver.

	Sicca Rupees.
Annual duty charged on an average of three years on the coinage of the Calcutta Mint	66,000
Annual duty charged on an average of three years on the coinage of the Madras Mint,	
Pagodas 7196, or	24,000
Annual duty charged on an average of three years on the coinage of the Bombay Mint,	
Bombay rupees 32,591, or	30,000
	<u>1,20,000</u>
Annual average value of coinage of gold and silver for individuals in the Bengal and Madras Mints	Sicca rupees 56,85,000
Annual average value of coinage of gold and silver for individuals in the Bombay Mint	Bombay rupees 10,86,000, or Sicca rupees 10,19,000
	<u>67,04,000</u>
Two per cent. on which is	- - - - - <u>1,34,000</u>

By the above it is seen the Company would not sustain any loss by charging 2 per cent. on the coinage issued from their Mint, instead of the present charges.

EAST INDIA (CURRENCY).

**COPY of the DESPATCH addressed by the COURT
of DIRECTORS to the GOVERNMENTS of BENGAL
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(Sir Henry Fowler.)

*Ordered, by The House of Commons, to be Printed
23 March 1898.*

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RESPECTING THE

PROPOSALS ON CURRENCY

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EAST INDIA (CURRENCY).

CORRESPONDENCE

RESPECTING THE

PROPOSALS ON CURRENCY MADE BY THE GOVERNMENT OF INDIA.

*The Government of India to the Secretary of State for India, Calcutta,
3rd March, 1898.—Received March 21st.*

No. 70 (Finance).

MY LORD,

DURING the period which has elapsed since we wrote our Despatch of 16th September 1897, No. 261,* our attention has been drawn by circumstances to the pressing necessity of taking active measures to secure the stability of exchange which was the main object of the policy adopted in June 1893.

2. Our experience since 1893 has put beyond doubt one of the main principles upon which the legislation of that year was based—a principle which was challenged at the time—namely, that a contraction in the volume of our silver currency, with reference to the demands of trade, has the direct effect of raising its exchangeable value in relation to gold. Before 1893, while the mints were yet open, the value of the rupee as measured in gold continually declined with the decline in the value of silver; but since 1893, although the value of silver as a metal has continued, speaking generally, to decrease, the decrease in the value of the rupee has been arrested. The main difference in the conditions of the two periods was that before 1893 the amount of coin in circulation was allowed to increase automatically so as to be sufficient to meet the demands of trade at its reduced value, while since 1893, this automatic increase being stopped, the value of the rupee has been determined rather by the amount of coinage in circulation, than by its intrinsic worth. We are justified in coming to the conclusion that if the measures taken in 1893 had been taken at an earlier date, and the increase which took place in the amount of coin in circulation for some years before 1893 had been prevented, the rupee would never have fallen so low in value as sixteen pence. It would follow from this that if we could now restore the circulation to the condition in which it was a few years before 1893, and could in some way reverse the increase of circulation which has immediately taken place, we should effect the object of raising the value to at least sixteen pence.

3. The scheme of 1893 did actually contemplate, as we shall presently show, this reversal of the increase of circulation effected during the years immediately preceding, but so far as it has hitherto been carried into effect it has merely stopped further increase. The average annual addition to the currency when the mints were open was about seven crores, of which, however, a part only, perhaps half, was a permanent addition, an amount equivalent to the remainder being removed from the circulation principally for the purpose of conversion into silver ornaments. It was hoped that the stoppage of an annual addition of this magnitude to the rupee currency and the gradual contraction of the currency

* See Parliamentary Paper C—8667, page 9.

which always occurs under the operation of ordinary causes, such as the withdrawal of coins reduced below the current weight by wear and tear and the loss or disappearance from circulation of coins, would, in the presence of the increasing demands of a continually expanding trade, suffice within a limited time to remove the effect of such increase of coinage as had taken place within a few years immediately preceding 1893, and thus restore the exchange value of the rupee to sixteen pence.

4. It was supposed at first that the process would not be unduly prolonged, but experience soon indicated that the amount of coin to be withdrawn before a rate of sixteen pence could be made operative was very large indeed. The suspension of the Secretary of State's drawings in 1893-94 and the consequent withdrawal of about 10 or 11 crores from the circulation proved insufficient even in the busy season to maintain the rupee at an exchange rate of 15½/. It soon became evident also that new influences of an adverse nature had been called into play, and that the process of raising the rupee to the desired exchange value might be prolonged, and might be accompanied by fluctuations which, though not nearly approaching those of the past, were yet sufficiently large to cause great inconvenience, both to the public in carrying out the operations of trade and to us in the management of the Government finances. Immediately after the closure of the mints, there was a considerable importation of rupees into India from other countries in which they circulated, though this continued for only a few months, and on the whole there has been, since October 1893, a net exportation of rupees from India amounting, in the case of exportation by sea alone, to a sum in excess of two crores. There was probably also a return of rupees from hoards into circulation under the influence of the relative cheapness of silver. Speculative influences were also largely brought into operation, reports as to the intended re-opening of the mints being industriously circulated. Later, when the effect of these influences had been dissipated, and the exchange value of the rupee began to rise towards the level of sixteen pence, another adverse influence arose—the outcome of want of confidence on the part of the public in the future of exchange—in the desire of persons in England to convert their Indian investments (in rupee paper and otherwise) into a sterling form, and of persons in India to remit their savings and profits and even their investments to England while they could do so at a rate of exchange which they were led to believe could not be maintained. The exchange market has been greatly affected by remittances of these descriptions.

5. It is now, therefore, clear that in June 1893 the volume of the currency was greater than was consistent with the immediate establishment of a rate of exchange of 1s. 4d. the rupee; and it will be borne in mind that, even after the mints were closed, a further increase was made by the acceptance and coinage of the silver of the Exchange Banks which was in transit. This cause of difficulty, however, diminishes under the operation of the causes mentioned in paragraph 3, every year during which the mints remain closed; and it is certain that we are now much nearer a volume of currency consistent with the rate named than we were in 1893.

6. But our progress towards that rate has been greatly affected by the entirely abnormal state of trade during the last year. The exchange value of the rupee almost touched sixteen pence in the cold weather of 1896-97, and if trade had been normal instead of being injuriously restricted by the effects of plague and famine, it is possible that it would have been maintained throughout the year at a rate more or less approximating to that level.

7. The fact that exchange attained so high a rate as that which has prevailed since December last, immediately upon the setting in of more normal conditions of trade as soon as the famine came to an end, seems to us still further to indicate that, apart from the adverse circumstances which we have specified, the tendency of the exchange value of the rupee is to rise under the influence of the causes specified in paragraph 3 of this Despatch; and, though the rupee has recently somewhat fallen, we believe that this is in some measure due to the continuance of the plague in Bombay, which is undoubtedly affecting adversely the trade of that port. In our opinion, therefore, there is some reason to think that, if we could only pass that stage of distrust which appears the moment exchange approximates to sixteen pence to bring into operation influences which interfere with the actual realisation of that rate, we might expect it under normal conditions

of trade to attain the level at which gold would be tendered under our notification of 26th June 1893, and the introduction of the gold standard would become practicable.

8. It is, no doubt, possible that gold may be tendered in the early future, though the course of events during the month of January, and since the passing of Act II of 1898 (amending the Indian Paper Currency Act), leads us to think that it is not very probable. "In any case, it is extremely unlikely to be presented in such quantity as to lead automatically to an accumulation of gold sufficient for a reserve; and, under these circumstances, we believe that it will be wiser not to pursue a course of inaction which may be prolonged indefinitely, and that it is desirable in the interests of the State and of the mercantile community to terminate the period of transition without further delay. To the State it is really cheaper in the end to acquire a reserve of gold by borrowing, and thus keep the exchange value of the rupee at a steady level of sixteen pence, than to bear for years the burden of expenditure entailed by the lower level of the rupee in the discharge of our sterling liabilities in London, in the issue of the pay of the British army in India (that being fixed in sterling), and in the payment of exchange compensation allowances. To the mercantile community we are under some obligations to effect the prompt establishment of that fixity of exchange which was the main reason for the closure of the mints in 1893. It is not desirable that their legitimate business transactions should be hampered and embarrassed by the uncertainty of exchange, nor is it good for the country that the want of confidence in the stability of the rupee should discourage the investment of capital in India, while all available capital is remitted to England whenever the exchange value of the rupee rises to a high level. A prolongation of the period of transition may also be accompanied by recurring periods of stringency in the money market, and by inducements to speculate in exchange operations to the injury of legitimate trade. For these and other reasons, and in view of the length to which the transition period of our currency policy has already extended, we are of opinion that we ought not to wait longer for the attainment of our object by the gradual operation of the causes described, however certain we may be that they would in the end produce the desired result, and that we ought at once to take active steps to secure the early establishment of a gold standard and a stable exchange.

9. Our first endeavour should be the accumulation of that reserve of gold which, as was pointed out by Lords Farrer and Welby in their minute appended to the Report of the 1893 Commission, is a necessary preliminary to a gold standard. They thought it possible that this reserve might be automatically attained; but of this we have little hope without longer waiting than we consider advisable. We know now that one of the main reasons of this failure is that our rupee circulation had before the closing of the mints been increased to such an extent that it fully, and more than fully, supplied all the demands of trade, and allowed no room for any further addition in the form of gold. We consider, therefore, that the remedy for this state of things is to remove from circulation as much of the increases which were made to the circulating medium immediately before 1893 as we may find to be redundant. The necessary condition of a fixed rate of exchange between two countries is that, when the currency of one of them becomes redundant as compared with that of the other, the redundancy may be relieved by the withdrawal, for a time, of the excess coin, and we wish therefore to reach the condition in which our circulating medium (using that term in its widest sense, as embracing not only active circulation from hand to hand, but the inactive reserves of Banks and of the Treasury and the like) is not composed wholly of silver coin which has no equal value outside the country, but contains also a margin of gold which is capable of being used elsewhere as coin, and will therefore in natural course flow to where it is most wanted. Our total rupee currency is estimated to be at present somewhere about 120 crores, to which we have to add 10 crores of fiduciary circulation of currency notes. This amount may therefore be said to have been ascertained by experience to be much more than is consistent with a maintenance of a rate of sixteen pence in the season of inactive trade, and to be a little more than is consistent with that rate at the time of active trade.

10. It is impossible with any exactness to say, and it can only be ascertained by actual experience, by how much this rupee circulation has to be decreased in order to remove its redundancy. (It must be remembered that redundancy is a relative term; what is sufficient for a rate of exchange of 14*d.* the rupee is necessarily redundant for a rate of 16*d.* We use the term in this despatch with reference to a rate of 16*d.* the rupee.) But some considerations point to the amount being within quite manageable limits. For example, there are 24 crores, more or less, of currency notes in circulation, including the amounts held in our own treasuries. If we could imagine that amount of circulation at present existing in the form of currency notes suddenly converted into £16,000,000 in gold, it seems impossible that Indian trade should be able to get on without having part at least of that amount held in actual circulation; in other words, it would not be possible for that amount of gold coin to be remitted out of the country without the value of the rupee being forced up to a point which would arrest the stream of export. If this is the case 24 crores of rupees is the outside limit of the amount which it might be necessary to convert into gold coin in order to introduce a stable exchange of 16*d.*, accompanied by an actual (active or inactive) circulation of gold at that comparative value; and it is more than probable that the amount required may really fall far short of this.

11. The mere reduction of circulation might be carried out in the same way in which it was effected in 1893, namely, by abstaining from drawing Council Bills, until we have an accumulation of, say, twenty crores in excess of our ordinary balances. But this procedure would be both costly, and, as we believe, ineffective; in the first place the permanent locking-up of twenty crores of rupees would cost us the interest on that amount, or on the amount of gold borrowed in England during the suspension of drawings, and in the second place the existence of this accumulation of silver coin would be a perpetual menace to the exchange market, and would entirely prevent any confidence in the future of the rupee. We must not only withdraw the amount from circulation, but we must show by the method we adopt that our intention is that it should cease to exist in the form of coin, and that its place, as coin, is to be taken by gold. Our proposal is therefore to melt down existing rupees, having first provided a reserve of gold both for the practical purpose of taking the place of the silver, and in order to establish confidence in the issue of our measures.

12. With reference to the proposal to melt down rupees, we desire to invite your Lordship's attention to the fact that an actual reduction of the silver currency was an integral part of the proposals made by the Government of India in their despatch No. 160, of 21st June 1892, as will be seen by a reference to paragraphs 10 and 12 of the minute of the same date which sketched the method which the Government proposed to adopt for the introduction of a gold standard in India. Those proposals were ultimately adopted, and the first step to give effect to them was the passing of Act VIII of 1893 closing the mints. Just before he quitted office as Financial Member of Council, Sir D. Barbour very strongly urged the adoption of this measure in paragraphs 13 and 14 of his minute of 16th October 1893, which formed an enclosure of despatch No. 357, of 1st November 1893. The Government of India again urged the same measure in the telegram of 30th December 1893. It will thus be seen that this proposal is no new thing, but is one which has from the first been advocated by the Government of India.

13. The annual consumption of silver in India may be put down at about Rx. 6,000,000 worth. The actual figures of recent years are as follows.—

	Value of Net Import of Silver.
	Rx.
1894-95	6,329,200
1895-96	6,582,200
1896-97	5,586,000
1897-98 (nine months only)	5,472,300

We ought to be able to supply nearly the whole of this market, our rupee standard (916) being good enough for most of the purposes for which silver

is imported into India, and thus in a single year we might calculate upon disposing in this way of ten crores of rupees of coined silver, being the equivalent of the above value, and reducing by this amount the actual rupee circulation of India. As bearing on the question of our finding a market for the bullion obtained by melting rupees, we may mention that nearly the whole of the silver consumption in India before 1893 was supplied by melting down our rupees, the amount of fine silver passing direct into consumption being comparatively small.

14. We do not regard this measure as having any important permanent effect on the silver market, even if we were under any obligation to give weight to such considerations. The annual production of silver is valued at £18,000,000, while our sales would be limited to six crores worth, or say £4,000,000 a year, and would probably last over only a year or two.

15. We may observe that our proposed selling of silver, in addition to its direct effect on the rate of exchange, would also have a not unimportant indirect effect, in as much as the operation would meet the demand for silver in India, and thus increase for the time the balance of trade that has to be discharged by Council Bill remittances.

16. Our first step, however, is, as already indicated, to obtain a reserve of actual gold coin, and this we can only do by borrowing in England. Our proposal is that Her Majesty's Government should move Parliament to pass an Act giving the Secretary of State power to borrow up to a maximum of £20,000,000 for the purpose of establishing a gold standard in India. It is possible that the whole of this amount may not be required, but we believe that the possession of the power to push our efforts in the direction we indicate until our object is attained will greatly enhance the effect of our first more limited operations. The amount which may actually be required in order to establish exchange steadily at the level of 1s. 4d. the rupee, can, as we have already said, only be determined by experience, and we have named as the maximum to which borrowing powers should be taken an amount which, we may take it, is certainly sufficient, and the interest on which the revenues of India can afford to pay. We think it most desirable that the maximum should be so fixed as to avoid any risk of having to move Parliament a second time for further borrowing powers; and the Act should provide that the borrowing shall be in such instalments as may be deemed desirable by the Secretary of State, and should require the Secretary of State to ship to India immediately in sovereigns the amounts borrowed under the powers.

17. It will be desirable to keep the powers under the proposed Act distinct from the Secretary of State's general borrowing powers; and the operations under them should be kept distinct from those under the ordinary borrowing powers and, during the continuance of the transactions, held in separate account.

18. We recommend that, as soon as the Statute is passed, Your Lordship should at once borrow and ship to India £5,000,000 in gold. The sovereigns would be placed by us in our Reserve Treasuries, and held ready for such use as events may show to be expedient.

19. The first use to which this gold would be put would be to supply the deficiency in our balances caused by the sale of silver. We may reckon that our sale of ten crores of coined rupees would return to our treasuries only Rx. 6,000,000, and the balance, Rx. 4,000,000, would have to be made up out of the gold we have in hand, and would absorb about £2,700,000 of it. The result of the first year's operations would therefore be, omitting altogether any effect it might have in diverting gold towards India in ordinary course of commerce (that is, under conditions the same as those now existing), that Rx. 6,000,000 of existing rupee currency would be taken out of public use and paid over into our treasuries, instead of being returned into the circulation in payment to the importers of silver; and that a further sum of Rx. 4,000,000 would cease to exist as coin forming portion of our balances, being replaced therein by £2,700,000 held in gold.

20. Suppose the operation to be repeated a second year; the amount of current circulation available for trade purposes would be reduced by Rx. 12,000,000, and the amount of coined rupees in our possession, changed into the form of gold, would be £5,300,000, giving a total reduction of silver rupee currency of twenty crores. But the considerations we have above stated indicate that, before this point is reached, the exchange rate would have attained the level of 16 pence, or even higher, and sovereigns would have flowed into the country to fill up the deficiency of current circulation outside our own balances, caused by the withdrawal of silver coin. It is not our intention to part with any of the gold in our possession until this condition of things is reached; and as we can, under the law, always pass it into the currency reserve, we shall find no difficulty in retaining it.

21. When we have reached the stage in question, the sovereign will be a recognized coin of the Empire, in use in its chief cities at least, and as long as this condition can be maintained, the exchange will be stable at about 16*d*. We always have it in our power to carry the operation even further by withdrawing a still larger quantity of silver and replacing it by gold coin; and we recognize that circumstances may arise in which such a measure may be forced upon us. But our present intention is rather to trust to the automatic operations of trade. The amount of coin required for the needs of commerce increases every year; and, as we permit no increase in the amount of silver coin, we may reasonably expect that the effect of the increasing demand for coin will be to raise exchange to a point at which gold will flow into the country, and remain in the circulation of it. The position will thus become stronger and stronger as time goes on, but at the beginning at least gold will not be in circulation in the country to more than the extent necessary to secure stability of exchange. The mass of the circulation will be a silver circulation, maintained at an appreciated value (just as it is at present), and we can be content to see gold coin remain little more than a margin, retained in circulation by the fact that its remittance out of the country would create a scarcity of coin which would have the effect of raising the exchange value of the silver rupee in such manner as to bring it back, or at the very least to stop the outward current of remittance. We shall have attained a gold standard under conditions not dissimilar from those prevailing in France, though not a gold circulation in the English sense; and this last may possibly not be necessary at all.

22. We cannot help thinking that the determination of the Government to take active steps in the manner we have stated will have the effect of reversing the influence of the distrust in the future of the rupee, which at present not only prevents the importation of gold to meet the demands of trade, notwithstanding the much higher rate of discount and interest prevailing in India, but also keeps sterling capital out of the country. If this distrust were once overcome by the sight of the Government actually importing gold and taking measures at some cost to itself to introduce gold into the circulation of the country (that is, into the reserve or marginal circulation, even if it does not find its way into active circulation), we believe that before the Rx. 12,000,000 has been withdrawn from the public circulation, gold will have flowed in to take its place; and the current circulation will have reached the condition in which it adapts itself to the fluctuations of the trade demand upon it, by the process of transfer of coin from India when it is redundant and to India when it is deficient.

23. In the circumstances in which India is placed, this ebb and flow of gold would probably take place through the operation of Government remittances. The Government of India would remain under the obligation to remit £16,000,000 or £17,000,000 to England in every year. The real remittance has to take place in exported produce, of which the accounts are adjusted through Council drawings. It is our assumption throughout that this balance of trade will continue, and that it is consistent with the maintenance of the exchange value of the rupee at 16 pence; and past experience, in our opinion, fully warrants this assumption. The outflow and inflow of gold will be merely the adaptation, in point of time, of the drawings of the Secretary of State to the adjustment of the annual balance of trade; that is to say, the gold may be expected to flow from England to India during any period in which the demands for trade remittance are in excess of the amount made available by Council Bills, and in the opposite direction when Council Bills are in excess.

24. The cost of the proposed measures remains to be estimated. The interest on a sterling loan producing £20,000,000, would be £550,000 a year ; and this is the maximum charge for interest which we contemplate having to incur. But we have said that it will not be necessary to borrow so much as £20,000,000 to effect our object, and that very probably the first instalment of £5,000,000, will prove to be sufficient. If it should, the interest charge will be about £130,000 a year.

The question of the manner in which the loss on the melting down of our rupees will be entered in our accounts, that is, whether it will be shown as a charge to revenue, is a subordinate matter. We have indicated above that, for the present at least, we propose to keep the transactions in separate account. What we shall actually lose will be the appreciated value of the rupees which now form portion of our balances.

25. We have been led by public discussions in England to believe that Her Majesty's Government might be willing to entertain the proposal to give assistance to India, in some shape, towards the attainment of the object we have in view. While we cannot plead inability on our own part to carry our proposals into effect, at any rate so far as the stage to which at present we propose to confine them, we think it our duty to represent that the establishment of a gold standard in India is a matter of Imperial concern, and that India may fairly claim that the whole burden should not be put upon her. We would urge that Her Majesty's Government should contribute not only in material assistance, but by creating that greater confidence which will undoubtedly be the result of their publicly assuming a share of the liability.

26. We believe that the effective introduction of the gold standard will be welcomed by the banking and mercantile communities and by the public of India. It has indeed been pressed upon us strongly by the Bengal and Madras Chambers of Commerce (copies of whose letters will be found among the enclosures) and in the press that the time has arrived to put an end to the uncertainty and fluctuations of exchange ; and the discussion in the Bombay Chamber of Commerce on February 9th, indicates that the members of that Chamber share this opinion. We think, therefore, that we may expect their support in the measures we propose, though neither the Bengal Chamber nor the Bombay Chamber has declared in favour of any particular scheme to secure the object, and the Madras Chamber has supported with some modifications the proposals of Mr. Lindsay to which we allude below. Accordingly, we strongly urge that no time should be lost by Her Majesty's Government in giving effect to our proposals.

27. Evidence of the widespread concurrence in the feeling to which the Chambers of Commerce have given voice will be found in the number of schemes which have been proposed to attain the object aimed at in our present proposals and in the interest evinced in the discussion of those schemes. We gave careful consideration to all such schemes and suggestions as promised any practical solution of the difficulties before we decided to adopt the scheme we have now recommended to your Lordship ; and we think it well to allude to the two best known of them.

28. The first of the two is one recently republished in this country in association with the name of Mr. A. M. Lindsay ; and is the type of several others, all of which have as their object the establishment of a gold standard without any actual gold currency. It is, briefly, that, in addition to offering to receive gold in exchange for rupees at the rate of sixteen pence, the Government should also offer to receive rupees in exchange for gold at a somewhat lower rate, sterling drafts on London being issued in exchange for rupees. As it may not have been made public in England in full in its most recent shape, we print it as an enclosure as it appeared in a recent Indian newspaper under, we believe, Mr. Lindsay's own authority. This scheme, like our own, operates largely through the withdrawal of rupees now in circulation, and though it has much to recommend it, our main reason for deciding not to adopt it is that it would involve us in a liability to pay out gold in London in exchange for rupees received in India to an indefinite extent. Even if the ultimate liability were not greater than under our own scheme, still its extent, from time to time, would be quite beyond our control, and we can easily conceive that we might find ourselves unable to discharge it on certain quite

possible suppositions as to the market rate of exchange and as to the comparative redundancy of the existing volume of the rupee currency. Mr. Lindsay, it appears to us, does not give sufficient weight to one fundamental necessity of our position, namely, that we must remit, in the contrary direction to that in which the offer suggested by Mr. Lindsay would be operative, an annual sum of about £17,000,000 to discharge our sterling liabilities. In addition to his anticipation that the Indian money market could not support the withdrawal of the number of rupees which would suffice to dangerously reduce the gold reserve, Mr. Lindsay relies on the general confidence in the future stability of exchange which the promulgation of his scheme would induce, as being certain to prevent the demand for gold in London rising to a sum which would occasion us any inconvenience; but we think that such confidence is much more likely to be established by the accumulation of a strong gold reserve in India, than under his plan, which contemplates the keeping of the reserve in London, and we prefer to establish confidence by that measure without involving ourselves in a liability we might possibly not be able to discharge. Instead of lengthening this Despatch by further remarks on Mr. Lindsay's proposals, we append as an enclosure a memorandum by our Honourable Colleague, Sir J. Westland, which discusses the scheme in some detail.

29. The other scheme we wish to mention is that of Mr. L. C. Probyn, contained in a volume of papers published in 1897 by Effingham Wilson. Mr. Probyn proposes to establish the reserve of gold in India, but in order to prevent the gold passing into circulation and disappearing into hoards (an object which Mr. Lindsay also has in view), he proposes that gold should not be coined, but that it should be kept in stamped bars of a high value. We do not think it either desirable or necessary that gold coins should, until the gold standard has for some time been established, pass to any appreciable extent into general circulation; under the scheme we have above proposed, the bulk of the currency in circulation, and practically the whole of it outside the Presidency towns—in which the Banks might, like ourselves, hold reserves in gold coin—would continue to consist of rupees and currency notes. But we do not think it necessary, in order to secure that result, to refuse to have legal-tender gold coins of a convenient value. We are, moreover, not satisfied that there would be any smaller disappearance into hoards of the gold bars, which would be easy to subdivide, than of gold coins. We are also of opinion that the simpler and more direct a monetary standard can be made, the more acceptable it will be to the public. We think that the only state of things which can be called a thoroughly satisfactory attainment of a gold standard is one in which the gold coins which represent our standard are those also which are good for payments in England.

30. At the same time, if experience should hereafter indicate that there is any advantage in having the gold standard represented by a coin or piece of bullion too large to be used for ordinary monetary purposes, the course suggested by Mr. Probyn, or one like it, is still open to us. It will be observed that we do not contemplate the actual issue of gold coins by the Government, either for treasury purposes or in payment of currency notes, until the measures we have taken actually result in the establishment of the value of the rupee at sixteen pence, and the use of sovereigns to some extent, however small, as a permanent part of the circulation. There is, therefore, no necessity for our immediately determining whether the gold coin to which we shall give the quality of legal tender (as opposed to exchangeability secured by our own readiness to deal in them at our treasuries at a stated value) should be the sovereign or some other coin, being a multiple thereof; for example, the £5 coin of England. But the transactions of the people of this country are for the most part on so small a scale that even the sovereign would be too high in value for any but casual use, except in the centres of trade; and a coinage, composed like that of France of gold coins bearing their intrinsic value and silver coins bearing a token value, would, for any purpose of actual use in India, contain a very much smaller proportion of gold than the English or French currency. Our present belief is that, even with the sovereign as the standard coin, the amount to be procured and passed into circulation is not so large as to be beyond our means; and we hold that what we ought to aim at, and what

we have every prospect of successfully attaining, is the introduction of the English sovereign itself as a current coin, and that gold bars of high value, such as Mr. Probyn proposes, which are not adapted for use, in any sense, as an actual circulating medium, are not a satisfactory form of the possession of a gold standard.

We have, &c.,

ELGIN.
G. S. WHITE.
J. WESTLAND.
J. WOODBURN.
M. D. CHALMERS.
E. H. H. COLLEN.
A. C. TREVOR.

Enclosure 1 in No. 1.

The Secretary to the Bengal Chamber of Commerce to the Secretary to the Government of India, Finance and Commerce Department, dated December 22, 1897.

In their despatch of 16th September last, No. 261, to Her Majesty's Secretary of State for India, the Government of India repeatedly stated their adherence to the policy of establishing a gold standard as the monetary system of India, and expressed their opinion in various places in the despatch that the transition period between the rejection of silver and the adoption of the gold standard was drawing to a close, and that the gold standard was on the eve of being effectively established.

2. This declaration of policy has been carefully noted by the mercantile community, which is interested, above all things, in the establishment of the fixity of exchange. The Committee of the Bengal Chamber of Commerce, however, are unable to perceive the grounds for the confidence expressed by Government that the period of transition was near its end. So far, the experience of the three months which have passed since the despatch was written would not seem to point to the speedy attainment of the end in view, for exchange has fluctuated violently, and there has been an appreciable decline in the sterling value of the rupee, followed, as the Committee write, by a very smart rise.

3. The mercantile community share the desire of the Government of India that the period of transition should not be unnecessarily prolonged, that the opportunities for speculation in exchange, of which the fullest advantage is being taken in some quarters to the great detriment of legitimate trade, should be reduced or removed. The position is, briefly, that the Government have definitely abandoned the silver standard with a view to the establishment of a gold standard, and that for the moment there is, as stated in paragraph 25 of the despatch now under reference, no currency system at all in India. The Government have waited for more than four years since the closing of the mints in the hope that the gradual contraction of the silver currency would be accompanied or followed by the replacement of rupees by gold. This hope has been disappointed, and never more plainly than at the moment when the Government expressed their greatest confidence in the success of the policy of waiting.

4. It is clear that the policy of waiting may involve an indefinite prolongation of the period of transition, with all its trouble and harassment to trade. While it is entirely inexpedient that the present position should continue for a day longer than can be helped, the Committee would deprecate any sudden action being taken by Government, which would result in a mine, as it were, being sprung on the mercantile and banking communities, and are induced to inquire whether Government have in contemplation any measures for the introduction of the gold standard, and, if so, whether they will state what they are, with a view to their discussion, and also with a view to the relief of the minds of bankers and traders whose operations, in present circumstances, are surrounded with the greatest difficulty and uncertainty.

Enclosure 2 in No. 1.

The Chairman of the Madras Chamber of Commerce to the Secretary to the Government of India, Finance and Commerce Department, dated January 29, 1898.

The attention of this Chamber has been closely directed to the recent currency proposals of the Government of India, and to what is known as the "Lindsay Scheme" for establishing a gold standard, and I have now the honour to lay before the Government of India a brief statement of the views of this Chamber.

It is, the Chamber believes, generally, if not universally, admitted that there is urgent necessity for some prompt action being taken to remedy the present deplorable state of affairs, which involves periodical spasms and convulsions in the money market—which may recur more frequently and with even greater severity in the future—and a steady withdrawal of capital from India. In the hope, therefore, that an expression of its opinion may be of some use to the Government in the consideration of what remedy ought to be applied, the Chamber ventures to address you in support of its opinion that the remedy lies in the establishment of a stable minimum, as well as a maximum, exchange.

The shortcomings, or evils, of the present system, under which a maximum exchange has been fixed with no minimum, have, during the past year, and especially during the last few weeks, been brought home to the mercantile community very vividly. Under that system it has been seen that exchange can be screwed up to 1s. 4d. temporarily in times, like the present, of exceeding tightness and dearness of money; but instead of this resulting, as it should do, in capital being attracted from England, where it is cheap, to India where it is dear, the exact opposite is the case, and India's troubles are accentuated, because every one hastens to send capital home whilst 1s. 4d. is still procurable, and no English capitalist will send out one penny to India at 1s. 4d. in the face of eventually having to get it back probably at a much lower rate. If India is to be saved from ruin, if she is to prosper, cheap capital is absolutely necessary to develop her great resources.

Mr. Lindsay's scheme is, in the opinion of this Chamber, sound and would work. But to make it work easily, confidence in its stability is essential, and to ensure this the Chamber does not consider that a gold reserve of five millions, to be kept in the Bank of England and drawn against, is sufficient. The Chamber would suggest that the reserve should be at least 10 millions; but it does not see why the expense in connection with the reserve should not be reduced by holding part of it in Consols, on which gold could always be borrowed cheaply in an emergency, though the Chamber does not believe the necessity would arise.

As regards Council Bills, these could still be offered when exchange was above the proposed minimum of 1s. 3 $\frac{3}{4}$ d. When, or if, they could not be disposed of at this rate, the Government of India would obtain its sterling requirements by buying from the Gold Standard Office at 1s. 3 $\frac{3}{4}$ d., paying in rupees. If from this or other demands the gold reserve fell below safety point, say, seven millions, the rupees received by the Gold Standard Office would be melted, sent home, and sold for gold to replenish the reserve, the loss on the transaction being only temporary, as explained by Mr. Lindsay.

If one could imagine some vast quantity of rupees, say 25 or 50 crores, being tendered at 1s. 3 $\frac{3}{4}$ d., this scheme might break down through the impossibility of selling the melted silver to such an enormous extent. But where are these 25 or 50 crores to come from? If they existed, it would indicate an excessive redundancy of currency. But the Chamber does not believe in the possibility of even 10 crores being tendered. When once confidence was established, as the Chamber thinks it very soon would be, the process would be reversed, capital would flow to India, gold would be tendered in excess of the 10 millions reserve, the proceeds of such excess gold would be used to buy silver to be sent out to India to be coined, and India would rejoice in the cheap capital to develop her resources which she so greatly needs.

The Chamber does not overlook the fact that Indian producers will be heavily handicapped in competing with silver-using countries by a fixed 1*½*. 4*d.* rupee ; but to attempt to fix a lower standard does not seem to be within the limits of practical politics, and, taking everything into consideration, the Chamber thinks that the advantages of a stable rupee to India generally greatly outweigh those which producers obtain from a fluctuating but occasionally lower level of exchange.

The Chamber is in favour of an import duty on silver—either fixed or on a sliding scale—so as to bring the intrinsic value of the rupee in India nearer to its bullion value, and to check, especially at first, the competition between silver and rupees.

In conclusion, I have the honour to state that the Chamber is convinced of the supreme importance of securing a stable exchange and thereby attracting capital to India, and advocates the most careful consideration of Mr. Lindsay's scheme, which, the Chamber believes, might, in principle, though possibly with some modifications, be successfully adopted.

Enclosure 3 in No. 1.

*Extract from the Pioneer, dated 6th January 1898, describing
Mr. A. M. Lindsay's Currency Scheme.*

The name of Mr. A. M. Lindsay has been for several years past associated with a plan for the establishment in India of a gold standard without a gold currency. The plan is based upon the authority of Ricardo, and Mr. Lindsay also claims that it is in essence identical with the plan proposed by a Parliamentary Committee in 1804, of which Pitt, Fox, and other statesmen were members, for regulating and adjusting exchange between England and Ireland. A gold currency, it is argued, is not required for India, where gold coin, if put into circulation, would soon disappear into hoards or be converted into ornaments. Even if it were otherwise, it is unnecessary to say that the introduction of a gold currency except as the outcome of the endeavours of a great many years—perhaps of a generation—would be a task beyond the powers of the Government of India. The problem to be solved is how to introduce a gold standard, and thus secure a fixity of exchange between India and other countries possessing a gold standard, without providing gold coins for current circulation. To this problem Mr. Lindsay has applied himself, and in view of the declarations of the Government of India in the currency Despatch of last September and the recent letter from the Bengal Chamber of Commerce, Mr. Lindsay's plan and arguments will form a useful and opportune contribution to the discussions on this important question. Mr. Lindsay condemns as a half measure Sir David Barbour's proposal to link the Indian and English systems by the receipt of gold at a certain rate, because the proposal did not include the further measure, essential to complete the link, of making the rupee currency convertible into sterling money at a corresponding rate. Sir David Barbour's idea—though he never spoke with any great confidence of its fulfilment—was that to refuse to supply fresh currency at a lower sterling price than 1*s.* 4*d.* might not only raise its value to that point, but also create such a large demand for additional rupees at that price as would enable India in a brief space to accumulate in this way a supply of gold sufficient to establish a gold currency. Further restrictive measures were contemplated if this policy should prove ineffective. In that case, said Sir David Barbour, the remedy would lie in the contraction of the rupee currency—an operation which, he thought, would not be costly if spread over a number of years. Mr. Lindsay asserts that, though it is true that no active contraction of the currency has actually been undertaken by Government, there is no good reason to suppose that the result would have been more effective than the prolonged refusal to increase the currency. If starvation for four-and-a-half years, coupled with the reduction of Council drawings and with heavy borrowing in London, have failed to create confidence and to attract gold at the price offered, what assurance is there, he asks, that the actual contraction of the currency would be

more successful? The error underlying such proposals is that it is not recognised that they do not apply a remedy which is suited to the disease, they do not give definite fixity and stability of exchange, and they do not inspire confidence. Such being Mr. Lindsay's arguments against the proceedings and proposals of the Government of India, we may now state, in his own words, his own plan for inspiring confidence and securing a fixed rate between gold and the rupee. The plan which, as we have said, is adopted from the Irish Currency Report of 1804, is as follows :—

Plan for establishing a Gold Standard on an economical basis.

1. Five to ten millions sterling should be raised in London by a long term loan (say 15 years' currency), and should be deposited in the India Office or the Bank of England. The fund might be styled the Gold Standard Reserve, and the office dealing with it might be called the London Gold Standard Office.

2. It should be announced that the London Gold Standard Office will be prepared to sell to all applicants rupee drafts for sums of Rs. 15,000 and upwards in exchange for sterling money at the rate of 1s. 4 $\frac{1}{6}$ d. per rupee. These drafts should be drawn on two offices to be opened either in the Indian Mints or in the Calcutta and Bombay Presidency Paper Currency Offices. These offices might be styled the Indian Gold Standard Offices. The drafts should be made payable on demand if there are rupees available in the Indian Gold Standard Office. If not, the drafts should be drawn at a currency affording time for coinage in India of silver bullion purchased in London with the sterling money. This currency might be shortened were the Paper Currency Department authorised, as formerly, to issue notes against the silver bullion on its arrival in India.

3. It should be announced that the Indian Gold Standard Offices will be prepared to sell to all applicants sterling drafts on the London Standard Office payable on demand, in sums of £1,000 and upwards, in exchange for rupees at the rate of 1s. 3 $\frac{3}{4}$ d. per rupee.

4. All rupees received by the Indian Gold Standard Offices should be held in these offices to meet the rupee drafts drawn by the London Gold Standard Office.

5. All gold received under Notifications No. 2262-4 of June 1893 should be made over to the Indian Gold Standard Offices, on their requisition, in exchange for rupees at the rate of 1s. 4d., and should be sent by them to the London Gold Standard Office.

6. If the Gold Standard Reserve should decrease at any time to "apprehension point," *i.e.*, show a likelihood of becoming exhausted, it would indicate that the rupee currency was seriously redundant, or, in other words, that there were too many rupees in circulation; and it would be the obvious duty of Government to curtail the currency. They should take the step contemplated by the Dutch Government in 1884, and melt a portion of the rupees, held in the Indian Gold Standard Offices, despatching the bullion to London for sale there for sterling money, which should go to strengthen the London Gold Standard Reserve. The loss on the operation would not necessarily be permanent, as it could be recouped afterwards by buying silver and coining it.

Even these sales of silver might prove to be insufficient to preserve the Gold Standard Reserve from extinction, and, in such an event, it would be necessary to strengthen the fund by borrowing further on a temporary footing.

7. The scheme should be started shortly before or during the early part of the busy export season, say, in January or February.

8. Sales of Council Bills might be continued on their present footing, although it would be desirable to ensure more competition for the Bills.

The principle of the Scheme and its important features.

The essential principle of this scheme is that the sterling and rupee currencies shall be interchangeable at approximate rates, and that the rupee currency shall be made convertible into sterling money in a manner that will prevent the use of gold as money in India. It would be quite in keeping with this principle to make rupees convertible into gold bars, but for many reasons, specified in a separate paper, it appears preferable to make the rupees convertible into sterling drafts on London.

The scheme is identical with the plan followed for half a century with unvarying success in fixing the value of the Scotch currency, and it differs little from the legislation adopted by England when last effecting a change of standard. It resembles somewhat the practice of Holland, where gold is given freely for export, but is granted very sparingly for local payment purposes, and it is analogous to the Java system, as the Gold Standard Office will buy and sell rupees much in the way the Netherland Bank deals with guilders that come from Java. There is also extreme economy of gold in the Canadian system, but a still better insight into the nature of the scheme can be had by watching the manner in which exchange between Calcutta and Bombay is kept within small limits. It costs, say, one-half per cent. to send specie from the one city to the other; and, as the balance of indebtedness between the two places is constantly changing, the exchange, if unprotected, would fluctuate up to that limit, whereas the fluctuation never exceeds 1 to 1½ annas per cent., because the Currency Office at each place is prepared to sell on the other at these rates to all applicants for large transfers.

It will be observed that the schemes call for little change in existing currency arrangements. All that was done in 1893 by way of regulating the quantity and value of the rupee currency was to make rupees available to all applicants in exchange for gold or sovereigns at the rate of 7·53344 grains troy of fine gold or at 1s. 4d. per rupee, and all that is now proposed is to supplement this arrangement and complete the regulation of the currency by making in return rupees convertible into sterling money at a slightly lower rate. Currencies only work smoothly and inspire confidence when regulated by unerring automatic machinery. Under the provision of 1893 the rupee currency will expand automatically, and it will be impossible for exchange to exceed 1s. 4d. *plus* import charges on gold. All admit this, and it must be equally clear that, provided the Government of India are willing and able to meet the interest charge involved, it is as certain as any proposition in Euclid that the proposed provision for conversion of rupees into sterling money will enable the currency to contract automatically in accordance with the wants of trade and will prevent exchange dropping below 1s. 3¾d. India's currency will be linked with England's; exchange will be confined within convenient limits; and the standard of value will be the quantity of gold equivalent to 1s. 4d., say, 7·53344 grains troy of fine gold.

Mr. Lindsay thinks that it will also be conceded that no other plan has yet been devised of conferring upon India an effective gold standard on a more economical footing. In order to institute a gold currency, gold is required to meet—

- 1st. Demands for gold coins in the active circulation. Notes are distrusted in India, and handy gold coins of full metallic value will be much in request.
- 2nd. Demands for speculative purposes.
- 3rd. Demands for hoarding. A handy coin of full value will be preferred to silver coins bearing extrinsic value.
- 4th. Demands for export of currency.

Under the plan proposed the demand for gold in connection with the currency will be confined to demands for export. None will be used in the active circulation, and as coins in current use are preferred for hoarding, demands for hoards will be small.

The only expense, or rather liability, to be incurred will be the interest on the Gold Standard Reserve, and against this there will be—

- 1st. The saving in exchange on Council Bills, compensation allowance, and on the pay of the British soldiers.
- 2nd. The profit of 2 per cent. on the re-sale at the maximum price of the rupees purchased at the minimum price 1s. 3½d.
- 3rd. The profit (50 per cent. or more at present) on the sale of new rupees.

Short-lived demands for conversion of rupees into sterling money will yield a profit of 2 per cent., and the more of such demands the better. It is only a large and prolonged redundancy that could exhaust the Gold Standard Reserve and entail extra interest expense. It is, therefore, important to ascertain how much currency India can spare for export at any one period; and it must be confessed that it is very difficult to form any approximate estimate. There is of course a self-adjusting limit to the export of currency, and it will be admitted that the facility of conversion afforded by the Gold Standard Offices will ensure the corrective being applied with special promptitude. In reviewing these proposals in the *Economic Journal* of December 1892, Professor H. S. Foxwell, while acknowledging that, next to bimetallism, this was the best scheme yet devised in the interests of India, said it would hardly survive a continued adverse balance of trade. (The Gold Standard Reserve then proposed was £5,000,000 only.) The reply to this is that the scheme includes the orthodox corrective of an unfavourable balance of trade, *i.e.*, a provision for the transfer of currency from the debtor to the creditor country. The rupee currency will be automatically contracted at such times; and the question is *how much contraction of this kind* could the Indian money markets bear without forces being put in motion that would rectify the balance of trade and call for the return of the remittances. The experience of the second half of 1893 is no criterion, because the remedial machinery was not then in operation. In estimating the utmost possible extent of a foreign drain one must look to the balances of the Presidency Banks, which contain all the funds likely to be tendered for conversion into sterling money, remembering that these funds increase steadily when trade shows an adverse balance; and the problem is to fix upon an outside limit beyond which these Banks could spare no further funds without raising their rates of interest to a height that will depress prices and create a demand for return of the currency exported. It is difficult to bring currency back unless there is confidence in the future of exchange; but, given conditions that will inspire confidence, Mr. Lindsay estimates that £5,000,000 assisted with a prohibitive duty on silver, or £10,000,000 without such assistance, or say, 7½ and 15 crores, is more than India can spare at any period.

Explanation of minor features of the scheme.

The amounts of the drafts have been limited to £1,000 or Rs. 15,000 and upwards, and the conversion rates are 1s. 4½d. and 1s. 3½d., showing a difference of 2 per cent. These limits are fixed because it would be unfair and prejudicial to the banking interest for Government to compete more than is actually necessary with the exchange banks. Two per cent. is the actual cost of transmitting specie to and from England and India, and had India a gold currency her exchange would fluctuate 2 per cent. at most. The Gold Standard Offices will no more interfere with banking business than steamers do when they carry gold coins from one gold-using country to another. The banks will buy and sell sterling bills within or about the rates quoted by the Government, and it is only on occasions when a gold shipment would be necessary between gold-using countries that the banks or the public will remit through the Gold Standard Offices. In fact, the probability is that the banks will be the only important remitters through these offices, just as they are the only parties to make much use of the facilities offered by the Paper Currency Department for remitting between Calcutta and Bombay.

Reasons for locating in London, instead of in India, the proposed Gold Conversion Fund for the Indian Currency.

1. The Gold will be required only for settlement of the balances of India's foreign indebtedness, and, as London is the one great centre for settlement of

international indebtedness, it will be the most convenient spot both for receipt and payment of the gold.

2. There must be a certain amount of uncertainty as to the quantity of gold or sterling money required as conversion fund, and gold or sterling money can always be borrowed in London at short notice, whereas there would be no facilities for prompt replenishment in India.

3. The establishment of the fund in India would withdraw gold from London, whereas its location in the Bank of England would strengthen the great central reserve of the Empire.

4. India is a hoarding country, and if her currency is made convertible on the spot into gold bars, and these bars are always exchangeable on the spot into currency, there is a danger that the gold bars will be absorbed into hoards and kept there, instead of rupees bearing extrinsic value.

5. The location of the reserve in India might create a monetary crisis under exceptional circumstances. Although London can obtain gold in a few days' time both from Paris and Berlin, yet a monetary crisis occurs there now and then, because the gold is not obtainable promptly. India is protected, as a rule, from these crises by the system of Council wire transfers; but these are not always available, and, looking to the great distance between London and India, the issue of fresh currency should not be delayed until gold can be imported.

6. Under ordinary circumstances (*i.e.*, except during or shortly after periods of redundancy) the gold paid by the public into the conversion fund will be for the purchase of new rupees—and part of the gold will therefore be used by Government in the purchase of silver for the mint. As silver can best be bought in London, it is desirable that Government should receive the gold there. If the gold is received in India and the silver bought there, not only will Government have to buy in a small and unreliable market, but two metals will be sent to India when one only, *viz.*, silver, is wanted.

7. The object of the scheme is to prevent the use of gold as currency in India, and to confine its use in connection with the Indian currency to the settlement of the balances of India's foreign indebtedness, and it is pure waste of time and money to bring gold out to India merely for the purpose of having it sent back.

8. When England arranged in 1819 to make her currency convertible into gold without the use of gold coins, she had no outside central market in which to deposit her gold conversion fund with safety, and she had therefore to adopt the somewhat clumsy plan of making her currency convertible on the spot into gold bars that could not be used in the local circulation; but when Scotland had the same object in view, she naturally made her currency convertible into drafts on London and located there her gold conversion fund; and when a similar economical measure was contemplated in Ireland in 1804, Pitt, Fox, Canning, and the other members of the Parliamentary Committee recommended that the conversion fund should be located in London and the local currency made convertible into drafts on that fund.

To the objection to the plan that the liability which the Government will incur under it is indefinite, Mr. Lindsay's answer is—

1st. That the currency machinery proposed will contract the rupee currency only as far as may be necessary, and no further. It will be automatic, and will therefore act with all the accuracy with which a gold currency would act; not a single rupee will be withdrawn from circulation in excess of what is necessary, and therefore the machinery will involve the minimum of expense.

2nd. That it will be an unfailing (that is, the orthodox) remedy for an unfavourable balance of indebtedness.

3rd. That it will be an effective preventive of a fall in exchange, each fall involving heavy loss in the payments of the State.

Enclosure 4 in No. 1.

Minute by the Honourable Sir James Westland, K.C.S.I., examining Mr. Lindsay's Scheme, dated 18th January, 1898.

Mr. Lindsay's scheme is described in Enclosure No. 3 in words which are understood to have Mr. Lindsay's own approval. He proposes that the Government should offer to sell, without limit, on the one hand, rupee drafts in India at the rate of exchange of $16\frac{1}{8}$ pence the rupee, and on the other hand sterling drafts on London at the rate of exchange of $15\frac{3}{4}$ pence the rupee. He also proposes that when the demand for gold drafts on London becomes so great as to indicate the necessity, the volume of the rupee currency should be contracted by melting down rupees, the silver bullion being sold for gold.

The funds connected with the transactions are to be kept separate from the ordinary Government balances in "Gold Standard" Offices in London and in Calcutta and Bombay. The London office is to be kept in funds to meet the drafts drawn on it—

- (1) by borrowing in gold to the extent of five or ten millions sterling ;
- (2) by the receipts realised by the sale of drafts on India ;
- (3) by the receipts realised by the sale of the silver bullion in rupees melted down ; and,
- (4) when necessary, by further gold borrowing.

The Indian offices are to be kept in funds to meet the drafts drawn on them—

- (1) by the receipts realised by the sale of drafts on London ;
- (2) by the coinage, when necessary, of new rupees from bullion purchased by the London office and sent to India.

The two main objects of the scheme are—firstly, to make the sterling and rupee currencies interchangeable at rates approximating to 16 pence the rupee, and, secondly, in making rupees convertible into sterling, to do so in a manner that will prevent the use of gold as money in India.

2. There is no doubt that a Conversion Fund, which is ready and sufficient at all times to issue sovereigns in exchange for, say, $15\frac{1}{4}$ rupees, and to receive them in exchange for, say, 15 rupees, will have the effect of maintaining the exchange somewhere about these values. So far as regards this object it is immaterial whether the Conversion Fund is held in England or in India, or partly in one and partly in the other. The question of locality merely affects the convenience of the persons who will tender for exchange, and will add to the quarter-rupee difference a further difference in respect of charges of actual remittance.

3. In Mr. Lindsay's plan that side of the Conversion Fund which receives and pays gold is located in England, partly because, as above stated, one of his objects is to keep gold entirely out of circulation in India, where he thinks it would only be absorbed for hoarding, and partly because the gold will be required only for the settlement of the balance of India's foreign indebtedness, and London, being the great centre for the settlement of international indebtedness, is considered to be the most convenient place for the receipt and payment of gold. Mr. Lindsay also wishes to avoid the withdrawal of gold from London, a measure which might weaken the great central reserve of the Empire.

This feature seems to be a distinct objection to the scheme. The public will regard with distrust arrangements for the establishment of a Gold Standard in India which carefully involve the location of the gold reserve in London and its use there by trade. A gold reserve intended to support the introduction and maintenance of a gold standard in any country ought to be kept in the country if it is to produce its full effect in the way of establishing the confidence which is almost indispensable to the success of the measure. If the Indian gold reserve is located in London and the public believe that it may at any time vanish in supplying the requirements of trade or of the Secretary of State, confidence will hardly be established ; and in any case it seems certain that a reserve of any named amount will produce a greater effect if it is located in India than if it is six thousand miles away.

4. The method and principle of operation of the scheme are very much the same as those on which our own proposals are based. Given a circulation composed of a certain number of rupees, and given a certain condition of trade in point of volume and activity, the rate of exchange will tend to some definite point. If the number of rupees is diminished or the activity of trade increased, the rate of exchange will rise, and *vice versa*. It follows that if rupees are bought and locked up, the rate of exchange will be raised, and if the Government offers to buy them up at $15\frac{3}{4}$ pence and continues to so buy them up as long as they are offered (as they will be as long as the exchange value is less than $15\frac{3}{4}$ pence), the value will ultimately be raised to $15\frac{3}{4}$ pence. But it is merely an assumption that the difference between the number of existing rupees and the number at which the exchange would rise to $15\frac{3}{4}$ pence is so small that the absorption of five millions' or ten millions' worth would be enough to bring about the result. It assuredly would not have been enough had the scheme been introduced in 1893. It may be enough now that the volume and activity of trade have increased so much above the standard of 1893; but, on the other hand, it may not. The scheme, therefore, would involve the undertaking of an indefinite liability.

5. Further, in so far as the contraction of the rupee currency is concerned, there is no reason why the Government should offer a fixed rate for the rupees, for it would obtain all the advantage which the plan brings by the reduction of the volume of currency if it were to offer simply something more than the market rate for the time being. The rate proposed by Mr. Lindsay would have been much higher than the market rate if the operation had been begun in 1894.

6. An offer of this kind, it may be admitted, would not have the same effect as the offer of a fixed rate, in steadying the rate of exchange at the desired level. But an offer of a fixed rate of $15\frac{3}{4}d.$ can be made economically only at the final stage. Mr. Lindsay's plan, indeed, is not adapted to the preliminary stage in which the Government is engaged in reducing a redundant circulation; it assumes that the redundancy has already been removed, and that the circulation has reached the stage in which at the season when trade is inactive the rupee tends to fall below $15\frac{3}{4}$ pence, and at the season when it is active it tends to rise above 16 pence. That stage being reached, it is quite possible that the redundant rupees would come into the fund in exchange for gold at $15\frac{1}{4}$ rupees for the pound in the inactive season, and thus keep the level of exchange up to $15\frac{3}{4}$ pence, and then be returned into circulation at 15 to the pound in the active season, and thus keep the level of exchange down to 16 pence; and that the amount that would so come and return would not exceed some manageable figure, say, five or ten millions' worth.

7. The scheme accordingly becomes practicable only when the condition of the circulation has already reached the point where the redundancy, in the inactive season, is reduced to a small amount. Before that stage is reached, it is merely a plan for buying up, without limit and at an unnecessarily high price, the excess of rupees in circulation. Mr. Lindsay contemplates the melting up and sale of these rupees, for which, *ex hypothesi*, there would be no room in the circulation. To simply lock them up would be useless and expensive; they might as well be melted up and sold, and his plan (so far as this stage of its operation is concerned) differs from that proposed in the Despatch only in this respect, that he buys in at a higher price than they are worth the rupees which he intends to melt, instead of using those which we already hold at a lower value.

8. Several newspapers published in India, in examining Mr. Lindsay's scheme, have noticed as a point of objection that it would involve the Government in an unlimited liability to pay gold in exchange for rupees. It may be observed that not only is it impossible to fix beforehand any limit to the amount of rupees to be ultimately purchased, but also the Government would abandon all control of the measures for introducing its gold standard, and, under a quite conceivable concurrence of adverse circumstances, might find itself committed suddenly to a liability beyond its immediate resources. This is one of the most important differences between this scheme and that proposed in the Despatch to which this memorandum is appended. Under the latter the Government can feel its way and need never commit itself in advance to any liability which it is not fully prepared to meet.

9. There is also an important feature which does not seem to have been sufficiently considered. It is that the plan we have to adopt will not be applied to a market in which the Government (who are the proprietors and workers of the Conversion Fund) can afford to stand aside, and let the operations go on only as between public and public. On the contrary, the problem to be faced is how to maintain the exchange value in the face of the Secretary of State's drawings of 16 or 17 millions a year. Let it be assumed that the stage has been reached where the fund is in actual operation, and that the value at which the rupee would stand, in regular course of trade and of drawings without the aid of the Conversion Fund, is somewhat below 15½ pence, but that it is maintained at this rate by banks paying their surplus rupees into the Fund, and taking gold out of it for employment in England. Mr. Lindsay states that under his scheme the sales of Council Bills are under such circumstances to be continued on their present footing. During the operations just supposed, therefore, the Secretary of State will be selling Council Bills on India. The expectation, it is presumed, is that he will sell them at a rate approaching an exchange of 15½ pence; for it can hardly be contemplated as possible that he would for any length of time simultaneously sell sovereigns at a cheap rate and buy them at a dear rate. The Secretary of State accordingly receives gold from banks in England, and gives them bills on the Treasury in India, while at the same time the same or other banks pay rupees into the Conversion Fund, drawing out gold in exchange. The only final operation is that the Secretary of State has passed a certain amount of gold from the Conversion Fund into the India Office Treasury; the banks, as a whole, remain unaffected, and the situation is exactly the same as if the Secretary of State had suspended drawings for the time, and met his requirements in the inactive season with money directly borrowed against the intended heavier remittances of the active season. In short, the Conversion Fund under such circumstances gives no facility and no machinery which is not, under the existing system, available by means of suspension of drawings. If the amount suspended in the inactive season is more than can be recovered by excess drawings in the busy season, then *ex hypothesi* the rupees paid into the Conversion Fund in the inactive season are greatly in excess of the amount for which a demand would be made upon it in the busy season, and the case is that described in the latter part of paragraph 7 above, namely, the final withdrawal of rupees purchased at an excessive price.

10. To consider the other side of the plan, let the supposition now be the contrary of that made in paragraph 9, and that the rate of exchange is tending to rise above the gold point. In that case it is proposed to receive into the Conversion Fund all gold tendered, and with this gold to buy silver bullion to be coined into rupees until, the requisite addition being made to the circulating stock, the value of the rupee falls to sixteen pence. That is to say, when circumstances arise in which gold would naturally, in response to the demands of trade, find its way into circulation in India, the scheme contemplates special steps to prevent that result in order to substitute silver for gold as the required addition to the volume of the currency.

It has been stated in paragraph 8 of this Memorandum that, if Mr. Lindsay's initial assumption proved erroneous, the Government would be deprived of all control of the measures for introducing the gold standard in the matter of the payment of gold for rupees. Here we find that, if Mr. Lindsay's assumption be correct, the Government are vested with a sensible degree of control of the volume of the rupee currency, for new rupees are to be coined, from bullion bought with gold from the Gold Standard Offices, at the discretion of Government. This is not a feature of the plan that can commend itself in principle, for the regulation of the sole full legal tender currency of a country should be entirely automatic, and not in any degree dependant upon the discretion of the Administration.

11. This special interference of the Government is suggested in pursuance of one of the two main objects of the plan. But it seems very doubtful whether the object of the interference—even if the interference were in itself unobjectionable in principle—is really worth attaining. Instead of requiring the Government to make additions of its own motion to the currency, would it not be a more healthy state of things that the state of par should be maintained

by the natural backward and forward flow of excess currency in the hands of the public? And when the circumstances assumed in this paragraph arise, would it not be preferable to let the gold coin go into actual circulation?

The par of exchange between rupees and gold will be maintained only by exporting redundant rupees, in some form or other, and when the stage is reached where the circulation as a whole is sometimes redundant and sometimes deficient (with reference to a value of sixteen pence), the par will be maintained only by an arrangement by which the redundancy will ebb in the form of coin to England and the deficiency be corrected by the flow of coin from England. Mr. Lindsay's proposal is to make this ebb and flow take place in rupees, and it may be admitted that it would so operate, though not (except at inordinate cost) to raise the rupee circulation to the point where the stage of ebb and flow comes into operation. But it will be far preferable if the margin of circulation which is to ebb and flow consists of sovereigns which can be directly utilised in England; India will then have a Gold Standard in the simplest and most convenient form. The number of rupees in circulation must be so reduced that they shall, even at the most inactive time of trade, be insufficient with reference to an exchange of sixteen pence, and will even then require to be supplemented (mainly, if not entirely, in respect of the less active circulation which is represented by the reserve of banks and of the Government) by further coin. That coin should be gold, and under the scheme proposed in the Despatch, it is sovereigns only which would find their way into the circulation, when the rupees became deficient; and the sovereigns included in the circulation will form that margin of it which ebbs and flows in the manner above described.

No. 2

The Secretary of State for India to the Governor General of India in Council.
No. 67 (Financial).

India Office,
7th April 1898.

MY LORD,

I have to acknowledge the receipt of your Excellency's Financial Letter, dated the 3rd March 1898, No. 70, in which you make certain proposals for the completion of the policy which was initiated in 1893 by the closing of the Indian Mints. That policy had for its declared object the establishment of a gold standard in India, and you now submit the scheme by which you consider that this policy can best be made effective.

2. It is unnecessary for me to inform your Excellency that your suggestions will receive from Her Majesty's Government the careful and minute attention which the extreme importance of the subject requires.

3. I agree with your Excellency in the opinion that it is most desirable to bring about, without delay, such an improvement in the present situation as may remove the existing uncertainty and want of confidence which are undoubtedly very injurious to the interests both of India and of the United Kingdom.

4. I concur in the view expressed by your Excellency's Government that any attempt to return to the state of things which existed previously to the closing of the Mints is practically out of the question. It remains, therefore, to be decided whether the objects of your Government can best be attained by the scheme which you have put forward, or otherwise.

5. I have no intention at the present moment of making any comment upon your proposals, with the nature of which, as you are aware, I only became acquainted on the receipt of your letter above-mentioned. Your Excellency must, however, be conscious, as I am, that they contain suggestions upon matters which have been the subject of much difference of opinion, and that, in view of the gravity of the issues involved, a final decision upon them can only be arrived at after a patient and thorough investigation by the highest available authorities.

6. I propose, therefore, to refer the whole matter to a Committee consisting of gentlemen whose knowledge and experience, whether administrative, financial, or commercial, entitles their judgment to the greatest weight, and who may be expected to give an impartial and unbiassed opinion upon the questions which will be submitted to them. They will be requested to consider and report upon your proposals and upon any other matter which they may regard as relevant thereto, including the monetary system now in force in India, and the effect of any proposed change on the internal trade and taxation of that country; and they will, further, be invited to submit any modifications of your proposals or suggestions of their own which they may consider advisable for securing stability of exchange with the United Kingdom, and for the establishment in India of a satisfactory system of currency.

7. I agree with your Excellency in thinking it most desirable that the matter should be dealt with as speedily as possible. The Committee will be appointed immediately, and will commence their inquiry as soon as may be found practicable. In view of the very great importance of the interests affected, and of the intricacy of the questions involved, it cannot be expected that they will report for some time to come; but you may rest assured that no effort will be wanting on their part or on that of Her Majesty's Government to avoid unnecessary delay.

8. I think it very desirable that the views of your Excellency's Government should be explained to the Committee by some competent officer or officers deputed by you for the purpose; and I request that you will take measures accordingly on the receipt of this Despatch.

I have, &c.
GEORGE HAMILTON.

No. 3.

The Government of India to the Secretary of State for India, dated Calcutta, 17th March, 1898.—Received April 6th.

No. 79 (Finance),

MY LORD,

IN continuation of our Financial Despatch No. 70, dated the 3rd March 1898, we have the honour to forward a copy of a letter from the Chairman, United Planters' Association of Southern India, protesting against the adoption of a gold standard in India, and suggesting the re-opening of our mints.

2. Having in that despatch made our own proposals for the establishment of a gold standard, we think it right to lay before Your Lordship the representations of a body of gentlemen who are opposed to any measure which has for its object the stability of the exchange value of the rupee at a rate of 16*d.* The policy of closing the mints in order to prevent the further depreciation of the rupee as compared with gold must, however, now be accepted as the permanent policy of the Government, and the only remark on the suggestions in this letter which we need make is that, as pointed out in our reply to the Darjeeling Planters' Association, of which a copy was forwarded to Lord Kimberley with our Financial Despatch No. 286, dated October 19, 1892, we consider that we should not be justified in refraining from preventing an economic change in the conditions of the country which we believe to be on the whole prejudicial to its interests, on the ground that the change is expected by some to be advantageous in certain exceptional cases.

We have, &c.,
ELGIN.
G. S. WHITE.
J. WESTLAND.
J. WOODBURN.
M. D. CHALMERS.
E. H. H. COLLEN.
A. C. TREVOR.

Enclosure 1 in No. 3.

The Chairman of the United Planters' Association of Southern India, to the Secretary to the Government of India, Finance and Commerce Department, dated February 14th, 1898.

As we observe that the Madras Chamber of Commerce has recently laid its views on the currency problem before the Government of India, and as we note with alarm that it advocates the adoption of what is known as the Lindsay Scheme for establishing a gold standard and thereby fixing the rupee at about 1s. 4d., I now have the honour to submit, for the consideration of Government, the views of this Association on the subject, representing, as I believe they do, not only the interests of the educated Native and European planters whom I have the honour to represent, but also the interests of the voiceless millions of Native cultivators who are as yet unaware of the heavy burden under which they are laid.

2. We agree with the Chamber of Commerce "that if India is to be saved from ruin, if she is to prosper, cheap capital is absolutely necessary to develop her great resources;" but we go further than this, and maintain that not only cheap capital is necessary, but also a rupee at its natural value in order that the export trade, which is the backbone of the prosperity of India, may not be handicapped.

3. Our two chief industries are the growing of tea and coffee. Our teas have to compete with Japan and China; Japan has recently adopted a gold currency, but has fixed her exchange (doubtless having this and other competition in view) at the present low rate ruling in silver standard countries and is, for all practical purposes, one of them. China has a silver standard, and a practical illustration of her favoured competition with India was recently afforded by the starting of the Foochow Tea Improvement Company, which, in its prospectus, lays stress on the "advantage China now has over India and Ceylon in cheap silver, the exchange value of the rupee exceeding that of silver by fully 25 per cent." But, taking the present intrinsic value of the rupee at between 9d. and 10d. and the exchange value at 1s. 4d., the actual advantage in favour of China amounts to 60 per cent.

In like manner our coffees have to compete with those of Brazil and Central American States. Brazil has nominally a gold standard, but owing to bad financing the milreis, its standard coin, has fallen in value during the past ten years from 27d. to between 8d. and 9d., so that for all practical purposes, Brazil is a country with a currency on a level with that of all silver standard countries. Costa Rica and the other coffee-exporting countries of Central America have a silver standard, and consequently, with Brazil, enjoy the same advantages in their competition with Indian coffee as China and Japan have in the tea trade.

4. The Madras Chamber of Commerce admits "that Indian producers will be heavily handicapped in competing with silver-using countries by a fixed 1s. 4d. rupee; but to attempt to fix a lower standard does not seem to be within the limits of practical politics." It is this prejudication which we would oppose. In our opinion the true solution of the present difficulty lies in the re-opening of the mints. We believe that if this were done, a great stimulus would be given to the export trade of the country and capital would be again attracted. The only obstacle, which unfortunately has been allowed to overshadow the whole question, is the loss that would be entailed on the Government of India by its home charges. This, we believe, would be largely compensated by the increased trade and prosperity of the country, but if fresh taxation became necessary to meet the requirements of Government, we, as producers, would prefer to submit to a small direct export tax on our produce rather than to have to struggle against the present crushing handicap in favour of produce from silver-using countries.

No. 4.

The Government of India to the Secretary of State for India, dated Calcutta, 24th March, 1898, received April 9th.

No. 92 (Finance).

MY LORD,

WE have the honour to enclose copy of a letter in which the Bombay Chamber of Commerce discusses the present currency situation in India, and of one from the Millowners' Association of Bombay, in which they associate themselves with the opinions expressed by the Chamber.

2. Your Lordship will see that the Chamber, like the other two Chambers of Madras and Bengal, which have addressed us on the subject, recognises that the prolongation of the present period of transition is most undesirable. But while the other two Chambers have expressed the desire that the Government should proceed without further delay to the effective introduction of the gold standard, which was the goal of the policy initiated in 1893, the Bombay Chamber is unable to offer an opinion on the question of principle, and suggests that, in effect, the whole question of the Gold standard *versus* the Silver standard should be re-opened and discussed by a formally appointed committee. The difference in this respect between the Bombay Chamber and the other two Chambers is well illustrated in the letter from the Madras Chamber which was enclosed in our despatch of the 3rd instant, No. 70, and in the address of the President of the Bengal Chamber, the Honourable Mr. Allan Arthur, at the annual meeting of that body, of which copy is enclosed in the present letter.

3. As Your Lordship is aware, the opinion expressed by the Bombay Chamber that the time has arrived to put an end to the tension and uncertainty arising out of the prolongation of the period of transition is in entire agreement with the opinion expressed by ourselves in paragraph 9 of our despatch of the 3rd instant. We also in that paragraph stated our view that a prolongation of the period of transition must be accompanied by recurring periods of stringency in the money market. We take occasion to note, however, that, while we fully realise the great disadvantage to commercial operations which is involved in the existence of a discount rate ranging as high as 10 or 12 per cent., we are not inclined to agree with the Chamber that such stringency is the direct outcome of actual scarcity of the rupee currency. We think that one prominent cause which contributes to the stringency is the transfer of capital from India, and the impediment to its flow to India from England, which had begun before the adoption of the measures taken in 1893. Being a direct effect of the actual and anticipated fall in the exchange value of the rupee, this cause of stringency would not be avoided by a policy which would allow the exchange value of the rupee to fall with every fall in the value of silver.

4. As we stated in the despatch to which we have already referred, the adoption of the gold standard for India must be taken as the definite and permanent policy of the Government of India. We have finally decided not to revert to the silver standard, and we cannot consent to the proposition of the Bombay Chamber that that question should be regarded as still open for discussion. If therefore Her Majesty's Government decide to invite opinion on the proposals we submitted in our despatch of the 3rd instant, we beg that care may be taken to let it be distinctly understood that, so far as we are concerned, the question of principle is not any longer in issue and that opinion is invited only on the practical and practicable methods of effectively establishing the gold standard.

5. We should not be inclined to demur on its merits to the suggestion that Her Majesty's Government should refer those proposals to a committee in the nature of the committee which, under the presidency of Lord Herschell, considered the Indian currency question from the 21st October, 1892, to the 31st May, 1893. The chief objection to such a reference is that it must involve delay, and Your Lordship will, we think, agree with us that it is of real importance that no avoidable delay should be allowed to occur in arriving at some conclusion on the

measures to be adopted. It is for Your Lordship to determine what further enquiry is requisite, but we venture to express the hope that it may be possible to conduct it in such a manner as to permit of the early introduction of the necessary legislation, and thus to limit the inconvenience and danger of the period of transition.

We have, &c.,

ELGIN.
J. WESTLAND.
J. WOODBURN.
M. D. CHALMERS.
E. H. H. COLLEN.
A. C. TREVOR.

Enclosure 1 in No. 4.

The Secretary to the Chamber of Commerce at Bombay to the Secretary to the Government of Bombay, Financial Department, dated March 2, 1898.

I have the honour, by direction of the Committee of the Bombay Chamber of Commerce, to wait upon you, for the favour of submission to the Government of India, with the views which they entertain respecting the present unsatisfactory position of the currency and the desirability of adequate consideration being devoted to the subject with the view to ascertaining the best measures to be taken to amend the existing critical state of financial pressure throughout the country. With the export season only just commencing, those engaged in trade find themselves for a second year face to face with a bank rate of 12 to 13 per cent. per annum and accommodation almost unobtainable on any terms. The severe strain thereby entailed on the trade of the country of necessity exercises a most adverse influence, and is practically equivalent to a heavy indirect tax upon a large portion of the produce and manufactures of India. Some portion of this extreme pressure doubtless arises from the recent famine and its disastrous effects, and also in part to the heavy withdrawals of funds necessary for the frontier war; but the main influence operating to produce the existing position is unquestionably the contraction of the currency consequent on the closing of the mints in June 1893. That being so, there seems little, if any, hope of material improvement in the financial situation even after the better crops which we have to anticipate have been marketed; and the Committee of the Chamber therefore consider that the time has fully arrived when Government should, with the aid of the best expert opinion available, decide upon the measures which are necessary to put the monetary system of the country on a sound basis.

2. The Chamber is aware that the Government of India, in its despatch of 16th September to the Secretary of State, re-affirmed its adherence to the policy of a gold standard, and expressed its belief that they would in the near future succeed in establishing a stable exchange at 16*d.* per rupee by continuing the policy initiated in 1893, and, further, that, though the measures to be taken when the transition period was over had not been laid down, it was probable that the Indian mints would be opened to gold, and gold coins would be made legal tender to an unlimited amount, silver rupees continuing also to be unlimited tender to an unlimited amount, the ratio between the rupee and the gold coins on tender being at the same time finally settled. There was no mention made in that despatch of any intention to guarantee the convertibility of the rupee into gold, but while it was admitted that the present system was, in fact, no system at all, the temporary continuation of it was defended as accelerating the movement towards such a gold standard as that which now exists in France and the United States.

3. So far as the Chamber is aware, no further definite intimation of the intentions of Government has been made except in the speech of the Finance Minister on the 14th January, in the course of which he intimated that the steps to be taken for the establishment of a gold standard were under consideration.

4. In view of the despatch of the 16th September, and in the absence of any definite information as to the present intentions of Government, my Committee

desire to record their opinion that the attempt to accumulate gold under the present system will, they believe, prove futile ; and even if it should succeed to any extent at all, it will only do so at the expense of the very greatest injury to trade, inasmuch as that system depends for its success on an artificial restriction of the currency, and that the maintenance of the value of the rupee at or near the level of 1s. 4d. can only be possible so long as the strain on the money market is maintained.

5. The Chamber respectfully submits that in the absence of a gold currency the establishment of a gold standard for this country is only possible by means of an absolute and permanent guarantee on the part of Government of the exchangeability of rupees for gold at a fixed value. This was recognized by two at least of the eminent Financiers who sat on the Herschell Committee (Lords Farrer and Welby) as being the logical conclusion of the policy initiated in 1893, and the experience gained since the mints were closed affords, in the opinion of the Chamber, convincing evidence that nothing short of this will ensure the stability of exchange.

6. The Committee of the Chamber are deeply impressed with a sense of the gravity of such a step, but they are convinced that the time has come when Government must, in the interests, if not even for the preservation, of the trade of the country, either complete or reconsider the policy instituted in 1893. They respectfully submit that it is absolutely incumbent on Government to put the monetary system of this country on a sound basis, and that the only two possible alternatives are either (1) the adoption of a gold standard based upon the convertibility of the rupee into gold, or (2) a return to the old silver standard.

7. The Committee fully recognize the advantages to this country of an effective gold standard as encouraging a free flow of capital from Europe for the development of the resources of India and as relieving the financial difficulties of Government. But the whole question, involving, as it does, the prosperity of the agricultural population of this country, on which our commerce and the financial stability of Government alike depend, is so complex that the Committee refrain from expressing an opinion as to which of the two alternatives should be chosen. This position they assume, not from any desire to avoid responsibility in the matter, but from a conviction that the subject is too wide and many-sided to be fully or satisfactorily dealt with by them. Without, therefore, expressing an opinion as to the wisdom of the conclusion arrived at by Government that the establishment of a gold standard is to the interest of this country, the Committee of the Chamber think that it is a matter for very serious consideration whether the maintenance of a gold standard is practically possible.

8. The Chamber strongly deprecates any further merely experimental or transitional expedients, and especially any further measures for the contraction of the currency, and considers it of the greatest importance that the next step taken by Government should be final and only adopted after the fullest and widest possible enquiry. The Chamber infers from the public deliverances of responsible authorities that some further measures are under discussion, but believing, as it does, that any false move now taken in the direction of a gold standard might have the most disastrous results, it earnestly protests against a decision on a matter of such vital importance to the commerce of this country being arrived at and adopted as the result of a discussion held practically *in camera*. Under these circumstances, much as the Chamber deplures the continuance of the present system any longer than is absolutely necessary to enable a right conclusion to be arrived at as to the next and final step, still having regard to the immense importance of the issues at stake, the Committee would recommend that the whole question of the Indian currency and finance should be made the subject of another full and exhaustive enquiry of the same nature as that which was instituted before the mints were closed.

9. The report of the Herschell Committee and the evidence collected by them were, the Chamber considers, of immense value, and since that report was made many doubtful points have been cleared up and much new experience has been gained. My Committee accordingly think that the best chance of arriving at a correct solution of the immensely difficult problem lies in the appointment of a Committee of experienced Financiers similar to that which sat in 1893, and this measure, therefore, they respectfully but strenuously advocate.

10. The Chamber trusts that the scope of the reference to such a Committee will be as wide as possible, that Government will not exclude from that reference the possibility of a return to the silver standard, provided that, with due regard to the financial responsibilities of Government, that course may commend itself to the Committee. Fully recognizing that the silver standard having been once abandoned, a return to it is beset by many difficulties, the Chamber still thinks that no enquiry would be complete or satisfactory which excluded even the consideration of it.

Enclosure 2 in No. 4.

The Secretary to the Millowners' Association at Bombay to the Secretary to the Government of Bombay, Financial Department, dated March 9, 1898.

I am directed to communicate to you, for the favour of transmission to the Government of India, the subjoined Resolution passed unanimously at a special meeting of the Committee of the Bombay Millowners' Association held this day:—

“It being currently reported in business circles that Government have in contemplation the early introduction of legislative measures in connection with the currency a portion of which will be the imposition of a further duty on imports of silver, the Committee of the Bombay Millowners' Association beg respectfully to state that they concur in the views expressed by the Bombay Chamber of Commerce in its representation of 2nd March 1898, and would emphatically support the recommendation made by that body that before any decision on a matter of such vital importance to the commerce of this country is arrived at, the whole question of the Indian currency and finance should be made the subject of another full and exhaustive enquiry of the same nature as that instituted by the Herschell Committee.”

Enclosure 3 in No. 4.

Extract from address delivered by the Honourable Mr. Allan Arthur, President of the Bengal Chamber of Commerce at the annual meeting of the Chamber held on the 28th February 1898.

The Currency Question.

By far the most important question at the present time to those interested in the commerce of India is the currency question; and the most notable events of the year in connection with this question were the establishment of the gold standard in Japan, and the refusal of the Government of India to accept the proposals of the American and French Governments to remonetize silver. There can be little doubt that the ultimate object of these proposals was the establishment of a ratio between silver and gold of $15\frac{1}{2}$ to 1, or a rupee of 1s. 11d. The disastrous consequences of the very sudden rise in the rupee in 1890 are too well remembered to make us for a moment question the wisdom of the recent decision of the Government of India. But in 1890 the rise was only from 1s. 5d. in January to 1s. 8 $\frac{1}{2}$ d. in August, and a most terrible disaster was averted by the fall in exchange which then took place, and which was just as rapid and great as the rise has been. With the recent experience of 1890 one has only to think of the consequences of a rise from 1s. 4d. to 1s. 11d. to realise the cyclonic disturbance that would have been caused to Indian trade, and the wide-spread insolvency that would have overtaken all Indian traders, planters and manufacturers, had the proposals to raise the rupee to 1s. 11d. been accepted. While few doubt the wisdom of the decided step taken by the Government of India, it is not so easy to share their optimistic and sanguine view with regard to the present currency policy which is causing such injury to trade, and which fails to permit of an influx of fresh currency. The trade of India will continue to be hampered with unexpected and violent fluctuations in exchange, and with periods of extreme monetary stringency, until the gold standard scheme is made effective. The alternative is to return to open mints, but is it realised what this will mean? Just as the weak point in the present policy is the necessity which is felt by remitters to India in regard to realising their capital in sterling at anything like the value at which it was sent to this country, so the weak point of the system of open mints was identically the same; and with silver in its present position th-

feeling of insecurity would probably be incomparably greater. China is at present suffering from a dearth of silver; and any banker will tell you that the reason more silver is not being shipped to that country is that the shipper does not know at what rate his money will be returned to him. Some people hold that with open mints the rupee would be fairly stable at something between 1s. 1d. and 1s. 2d. If it were impossible to prevent the steady depreciation of the international value of the standard before the mints were closed, when America was buying 54,000,000 ozs. yearly, and other countries were also buyers, what guarantee is there that the same thing would not recur, more especially when India would practically be the only large buyer, and when the production is certainly not declining? Some writers point to the immense advantages which would accrue from a flood of rupees into India, and dwell on the fraud that is being practised on the people, first, by having caused the price of silver to decline, so that the value of all uncoined silver in India is greatly depreciated, and, secondly, by withholding from the people the facilities for acquiring more coined rupees. One might just as well argue that it would be equally as great a fraud to open the mints, and, by bringing floods of rupees into the country, encourage the people to hoard a metal, which, if it has been discarded for all time by the nations of the world, will become practically unsaleable outside of India, and of which, in any case, it is impossible to predict the future. On the point of morality the advantage probably lies with the man who says: "The future of silver is doubtful, leave it alone." So uncertain is the metal as a standard, that it will be recollected that a leading newspaper declared that a bare sale of £5,000 worth of silver in New York had adversely affected the Indian budget estimates to the extent of £1,000,000. Stability of exchange with the great commercial countries is a thing that is impossible with a silver standard. With regard to the rate of 1s. 1d. to 1s. 2d. which is looked for by the advocates of open mints, it is not generally recognised that the rupee would decline to 11d. within a month of the mints being opened, and could not rise above that so long as the present ratio between gold and silver coins in Japan lasts. In that country the gold and the silver yen are interchangeable. The gold yen, if shipped to London, and minted, would outturn 2s. 0 $\frac{2}{3}$ d. The silver yen, if minted in India under the old conditions, would outturn a little under R222 per 100 silver yens. The Exchange Banks could sell sterling in Japan at about 2s. 0 $\frac{1}{4}$ d., and could buy and ship to India silver yens which, if minted in India, would, as I have said, outturn R222 per 100 silver yens, which is equal to about 11d. per rupee. The transaction would pay the banks so long as Indian exchange remained a fraction above 11d. It is therefore plain that the rupee could not rise above 11d. without being immediately arrested by shipments of yens; and this would last until Japan was denuded of yens, or until silver was maintained at a level above 29d. Under these circumstances the maximum rate for the rupee in India would be 11d., unless silver rose above 29d. per oz., with absolutely no certainty that it might not fall to 9d. or 6d. It is held by some that silver is a better standard than gold. Their objections to a gold standard are therefore intelligible; but it seems to me that, if India were to return to silver, she would undertake something in the nature of a huge speculation; first, because it is impossible to foresee the future of the metal, although it is morally certain that, as it has been almost universally discarded for the time being, it must gradually decline; or, secondly, if it is not discarded for all time, and is again made a monetary standard, India would suffer, when it again becomes money, from all the disastrous consequences of a rapidly appreciating standard—the very thing which the Government of India has been almost unanimously applauded for declining, and even by that staunch advocate of a low exchange, Mr. David Yule. It seems to me a very significant fact that the leading bimetallicists have no words of praise high enough for all advocates of open mints. Can we believe that their ultimate object is that the rupee should remain at 11d., or under? No matter whether silver or gold is the better standard, the countries of the world have declared for gold; and, until it is seen what the future of silver is to be, it is surely incomparably better for India, whose trade with gold-using countries is 80 per cent. of her whole trade, to avoid silver as her standard of value. If you have read the recent utterances of the President of the United States, and the writings of the bimetallic organs, you will have seen that the bimetallicists are still hopeful that, with the aid of their powerful and influential allies in the British Cabinet, India will be forced sooner or later into accepting the proposals of France

and America. If we are convinced that the future of silver is doubtful, and if we are not certain that bimetallism is not a dead thing, then we cannot but admit that in our own interests silver is to be avoided as our standard. The Government of India, after great deliberation, have declared for a rupee of 1s. 4d. It would appear, therefore, that our choice lies between the rate which the Government of India have selected, 1s. 4d., and the rate which the bimetallists apparently hope for, 1s. 11d. It would seem imperative that all interested in the trade of India, whether they are in favour of a lower or a higher exchange, and whether they are agricultural producers or jute and cotton manufacturers, or tea, and indigo planters, or exporters, or importers, or middlemen or bankers should, in their own interests, and for their own preservation, show a solid front against any combination which has for its object the raising of the rupee to 1s. 11d., and should support the Government of India in their endeavours to establish the 1s. 4d. rate. The alternative, as is recognised, is the opening of the mints with an immediate and permanent decline to 11d., so long as the present ratio in Japan exists and the price of silver does not rise above 29d. per. oz. With the rupee at 11d., as against 1s. 4d., the annual increase in taxation would amount to the enormous sum of between 11 and 12 crores of rupees; and as the increase would be immediate, and not gradual, India would be face to face with bankruptcy, or at all event, the increase in taxation would be so exasperating to the people as in all probability to lead to another mutiny. These are contingencies which the mercantile community cannot afford to face. With a rupee of 11d., all sterling companies connected with India, whose capital is exchanged at 1s. 4d., would have immediately to write-off about one-third of their capital,—another contingency which many people cannot afford to face. Regarding the contention that at 1s. 4d., the export trade will suffer, and that, therefore, India will have difficulty in paying her gold-indebtedness, it should be recollected that when the mints were closed the rupee stood at 1s. 2½d., which is only 8½ per cent. under 1s. 4d. This is an ordinary market fluctuation; and the probabilities are that with stability and confidence in exchange and the enormous impetus that would be given to all industries here by the addition to capital that would be poured into the country, the trade of India, with her immense agricultural, industrial, and mineral power would very rapidly develop. I might here call your attention to the serious distrust of American politicians in connection with the currency question in the United States as now evinced by England bankers. Their confidence in America was more or less unshaken during the great financial panic of July 1893 when every second institution went into the hands of receivers; but the threat of silver legislation, prior to the last Presidential election, caused an almost entire cessation of the usual credit facilities, and such a withdrawal of English capital as has put back and crippled the trade of the country in a way which no ordinary money panic has ever done. A change of sentiment as regards America would at once cause English capitalists to return money there. In India the whole matter has gone much further in the direction of facts; and it is fair to assume that once the sentiment changed, the effect of complete confidence would be the more marked, and it is difficult to calculate or foresee the immense impetus that might be given to the flow of capital into this country under a sound currency system. I have been induced to dwell at some length on this part of the subject, because I have heard several members of this Chamber in, I think, what might be termed their despair in regard to the present situation, declare that the only thing to be done is to go back to open mints. Although I was one of those who opposed the closing of the mints, I see the greatest difficulty in re-opening them, and have endeavoured to point out some of the obstacles.

Upon one point we are all agreed and that is that the trade of the country is being terribly hampered by the monetary position into which we have drifted; and by no one has the position been more graphically, more ably, and more correctly described than by Mr. David Yule, in his recent speech to the shareholders of the Bank of Calcutta. But in my humble opinion he errs upon one point. He ascribes the present situation to the closing of the mints in 1893. It would be more correct to say that it is due to the failure of the Government to make effective the gold standard, of which the closing of the mints in 1893 was the first step. What India requires is a currency system in which people will have confidence, which will attract capital to the country, and which will lead to an influx of fresh currency. The other Chambers of Commerce of India have declared that

the time for definite action has come. The Madras Chamber has gone so far as to recommend what is known as the Lindsay scheme. This scheme does the very greatest credit to the ability of Mr. A. M. Lindsay, who deserves the highest commendation for having evolved this most ingenious and economical plan, which has been a labour of years. I think it would be a mistake for us to fetter Government with any special recommendation. It is not for us to say by what plan the gold standard should be made effective. But we can point out to Government that the present position is intolerable, and that it is clearly their duty, in the interests of their own finances, and of our trade, to fix on a sound currency system. No doubt when proposals reach the India Office—if they have not already been formulated and sent forward by the Government here—the first thing that will be done at home will be to publish them, and then they will be subjected to the criticism of the most capable experts. And, of course, as usual in such important cases, publication at home must mean publication here on the same day, so that we also will be placed in a position fully to consider the methods which may have suggested themselves to the Government for the effective introduction of the gold standard. But no available time should be wasted in devising a plan, in placing it before the public, and in bringing the plan into operation. Whatever is done by the Government should be done quickly; not only because loanable capital is being driven from the country, and fresh capital repelled, and trade is being hampered by the uncertainty as to the future, but also because the recurring periods of monetary stringency which we have recently experienced, are gaining in intensity; and it is impossible to foretell what the effect on Indian commerce will be, when we are face to face with the next period of stringency, which, under the present policy, is as certain to come, as the sun is to rise to-morrow. All that is wanted is confidence in the future of exchange; and the two points the mercantile and banking interest desire to know are, whether we are to have convertibility, and at what ratio? The moment a decision is arrived at on these points, it should be immediately published, and the details of the plan may be left for future consideration. Were Government to announce that the rupee would be made convertible next year at 1s. 4d., capital would flow into the country and the present monetary crisis would end. It has not been usual for the President of this Chamber to speak so decidedly as I have done on a matter so controversial as the Currency Question. But the question is at present overshadowing all others in which we are interested, and we are all agreed that the present position is intolerable. So serious is the situation in India, that I feel no apology is necessary from me for having occupied so much of your valuable time on this complex and troublesome question.

EAST INDIA (CURRENCY).

COPY OF DESPATCH

OF THE

SECRETARY OF STATE FOR INDIA IN COUNCIL

TO THE

GOVERNOR GENERAL OF INDIA IN COUNCIL,

Dated the 25th of July, 1899,

RESPECTING THE

REPORT 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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1899.

[C.—9421.] Price 3d.

**Despatch of the Secretary of State for India in Council to the
Governor-General of India in Council, dated July 25th,
1899, No. 140 (Financial).**

MY LORD,

In my despatch dated the 7th of April 1898, No. 67, I informed your predecessor that it had been decided to refer to a Committee the proposals made by his Government with a view to the completion of the policy initiated in 1893, when, as a first step towards the establishment of a gold standard in India, the Indian Mints were closed. The terms of reference were as follows:—"It will be the duty of the Committee to deliberate and report to me upon these proposals and upon any other matter which they may regard as relevant thereto, including the monetary system now in force in India, and the probable effect of any proposed changes upon the internal trade and taxation of that country; and to submit any modifications of the proposals of the Indian Government, or any suggestions of their own, which they may think advisable for the establishment of a satisfactory system of currency in India, and for securing, as far as is practicable, a stable exchange between that country and the United Kingdom."

2. The Report of that Committee was presented to me on the 7th of July, and on that day I communicated its main provisions to your Excellency by telegraph. The Report was at the same time presented to Parliament, and copies have been forwarded to your Government in ordinary course.

3 In their letter of the 24th of March 1898, No. 92, forwarding letters from important bodies in Bombay on the currency situation, the Government of your predecessor stated that they had finally decided not to revert to the silver standard. In this decision the Committee express their concurrence; and they go on to indicate their conclusion that steps should be taken to avoid all possibility of doubt as to this determination, and to proceed with measures for the effective establishment of a gold standard. With this view, they recommend that the British sovereign be made a legal tender and a current coin in India, and that the Indian mints be thrown open to the unrestricted coinage of gold. But, while making this recommendation, the Committee think it undesirable that any limit should be imposed on the amount for which rupees should be a legal tender; nor do they consider that you should undertake any obligation to pay gold in exchange for rupees.

4. Your Excellency will therefore observe that the Committee are in agreement with the Government of your predecessor as regards the main lines of policy to be adopted, while differing from them as to the means by which the objects in view should be attained. While concurring in the opinion of that Government that the mints should remain closed to the unrestricted coinage of silver, and that a gold standard should be adopted without delay, the Committee do not recommend the practical steps proposed for the attainment of this object by the Government of your predecessor, whose recommendations, in the opinion of the Committee, might probably have been modified if they could have foreseen the course of events during the past year, and would seem to have been based to an undue extent on a belief in the immediate effect of a contraction of the currency in raising exchange.

5. With regard to the rate at which, if the above-mentioned recommendations are accepted, the rupee should be valued in sterling, the Committee are not unanimous; inasmuch as two members are in favour of a rate of 15 pence; eight, including the Chairman, advise the definite adoption of the rate of 16 pence, which, with unimportant variations, may be said to have been the rate in force during the last eighteen months; and one, while agreeing with the principles of the Report, would prefer to take no immediate action for fixing a ratio.

6. Her Majesty's Government have given to this report the careful consideration which its great importance deserves; they are impressed by the array of arguments

and facts embodied in it ; and they have come to the conclusion that it is advisable to accept generally and to act upon the principles which it recommends.

7. I have therefore decided in Council that the policy of keeping the Indian mints closed to the unrestricted coinage of silver shall be maintained ; and I request that you will, as soon as you may deem it expedient, take the necessary steps for making the British sovereign a legal tender and a current coin, and that you will make preparations for the coinage of gold under the conditions suggested by the Committee. As regards the permanent ratio which the rupee should bear to the sovereign, after carefully weighing the arguments of those who are in favour of a lower rate than that which now obtains, I have no hesitation in accepting the view of the majority, who recommend an exchange rate of 16 pence per rupee, or 15 rupees to the sovereign ; and in this opinion I am confident that your Excellency's Government, especially after the experience of the last eighteen months, will be disposed to concur.

8. I am also in accord with the Committee as to the general principles by which your Government should be guided in the management of your gold reserve in the absence of a legal obligation to give gold in exchange for rupees, namely, that you should make it freely available for foreign remittances whenever exchange falls below specie point, under such conditions as the circumstances of the time may render desirable.

9. I desire particularly to commend to your attention the important recommendation with regard to the improvement and concentration of banking facilities, contained in the separate report of Mr. Hambro.

10. The strong opinion against sterling borrowing for currency purposes which is expressed in the separate report of Mr. Campbell, Mr. Holland, and Sir John Muir, and which is, to some extent, supported by the unanimous recommendation of the Committee in favour of a restriction of the growth of your Government's gold obligations, will no doubt have your careful consideration.

11. I shall be glad to receive any observations or suggestions which your Excellency's Government may desire to make for the furtherance of the policy which has been adopted.

I have, &c.,

GEORGE HAMILTON.

INDIAN CURRENCY COMMITTEE, 1898.

REPORT

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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1899.

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REPORT OF THE INDIAN CURRENCY COMMITTEE, 1898.

To the RIGHT HONOURABLE LORD GEORGE HAMILTON, M.P., Secretary of State
for India.

India Office, 7th July, 1899.

1. In your letter of the 29th April 1898, your Lordship referred to us for consideration the proposals of the Government of India* for making effective the policy adopted by Her Majesty's Government in 1893 and initiated in June of that year by the closing of the Indian Mints to what is known as the free coinage of silver. That policy had for its declared object the establishment of a gold standard in India; and in inviting us to consider whether this object could best be attained by the specific measures proposed by the Government of India or otherwise, your Lordship indicated the scope of our inquiry in the following words†:—"It will be the duty of the Committee to deliberate and report to me upon these proposals and upon any other matter which they may regard as relevant thereto, including the monetary system now in force in India, and the probable effect of any proposed changes upon the internal trade and taxation of that country; and to submit any modifications of the proposals of the Indian Government, or any suggestions of their own, which they may think advisable for the establishment of a satisfactory system of currency in India, and for securing, as far as is practicable, a stable exchange between that country and the United Kingdom."

2. For the purposes of our inquiry we have held 43 meetings and examined 49 witnesses. The notes of evidence, together with statistical tables and other important information bearing on the subject of inquiry, have already been communicated to your Lordship‡; and we now proceed to report the conclusions which we have reached upon the questions referred to us.

I.

The Monetary System of India.

3. In order to explain the monetary system now in force in India, it is desirable to record certain salient facts of the history of Indian currency.

4. At the beginning of the present century no uniform measure of value existed in British India. Some parts of India (e.g. Madras) maintained a gold standard and currency; elsewhere, as in Bengal, a silver standard obtained, with gold coins in concurrent circulation; throughout India the coins, whether of gold or silver, differed in denomination and differed in intrinsic value even within the same district. Out of this confusion arose the demand for an uniform coinage, a demand to which the Court of Directors of the East India Company gave their approbation in the important Despatch on Indian currency addressed by them to the Governments of Bengal and Madras on 25th April 1806§. It is important to observe that the Directors, while "fully satisfied of the propriety of the silver rupee being the principal measure of value and the money of account," by no means desired to drive gold out of circulation. "It is not by any means our wish," they said, "to introduce a silver currency to the exclusion of the gold, where the latter is the general measure of value, any more than to force a gold coin where silver is the general measure of value." Nevertheless the first fruits of the policy of 1806 were seen in the substitution in 1818 of the silver rupee for the gold pagoda as the standard coin of the Madras Presidency, where gold coins had hitherto been the principal currency and money of account. In 1835, when the present silver rupee was formally established as the standard coin of the whole

* C.—8840, "Correspondence respecting the proposals on currency made by the Government of India."

† C.—9037, p. iii.

‡ C.—9037; C.—9222; C.—9376.

§ H. of C. No. 127 of 1806.

agreement, the United States would be forced to stop the purchase and coinage of silver; and they requested the Imperial Government, in view of this contingency, to take forthwith into consideration whether any, and, if so, what measures could be adopted for the protection of Indian interests. On 21st June 1892, the Government of India proceeded to record their "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 a telegram of 22nd January 1893,* the Government of India further explained their proposals, as follows:—"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 [i.e., 18d. per rupee]. . . . An interval of time, of which the length cannot be determined beforehand, should, we think, elapse 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."

12. The proposals of the Government of India were referred on 21st October 1892 by the Earl of Kimberley, then Secretary of State for India, to a Committee consisting of the late Lord Herschell, Lords Farrer and Welby, Mr. Leonard Courtney, Sir Arthur Godley, Lieut.-General Sir Richard Strachey, and the late Mr. Bertram Currie; and on 31st May 1893 (the Brussels Conference having meanwhile adjourned without arriving at any agreement), the Committee reported as follows:—†

"While conscious of the gravity of the suggestion, we cannot, in view of the serious evils with which the Government of India may at any time be confronted if matters are left as they are, advise your Lordship to overrule the proposals for the closing of the mints and the adoption of a gold standard, which that Government, with their responsibility and deep interest in the success of the measures suggested, have submitted to you.

"But we consider that the following modifications of these proposals are advisable. The closing of the mints against the free coinage of silver should be accompanied by an announcement that, though closed to the public, they will be used by Government for the coinage of rupees in exchange for gold at a ratio to be then fixed, say 1s. 4d. per rupee; and that at the Government treasuries gold will be received in satisfaction of public dues at the same ratio.

"We do not feel ourselves able to indicate any special time or contingency when action should be taken. It has been seen that the difficulties to be dealt with have become continually greater; that a deficit has been already created, and an increase of that deficit is threatened; that there are at the present moment peculiar grounds for apprehension; and that the apprehended dangers may become real with little notice. It may also happen that, if action is delayed until these are realised, and if no step is taken by the Indian Government to anticipate them, the difficulty of acting with effect will be made greater by the delay. It is obvious that nothing should be done prematurely or without full deliberation; but, having in view these considerations, we think that it should be in the discretion of the Government of India, 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 do so."

13. The Committee's recommendations having been approved by the Imperial and Indian Governments, there was passed, on 26th June 1893,‡ the Act, No. VIII. of 1893, "to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882." This Act provided for the closing of the Indian Mints to the "free coinage" of both gold and silver—Government retaining the power to coin silver rupees on its own account. By Notifications (Nos. 2662-4) of 26th June 1893, arrangements were made (i.) for the receipt of gold at the Indian Mints in exchange for rupees at a rate of 16d. per rupee, (ii.) for the receipt of sovereigns and half-sovereigns in payment of sums due to Government at the rate of Rs. 15 for a sovereign, and (iii.) for the issue of Currency Notes to the Comptroller-General in exchange either for British gold at the above rates or for gold bullion at a corresponding rate.

14. In 1897 the Secretary of State for India referred to the Government of India the question whether, if the Mints of France and the United States of

* C.—7060, II. of 1893, p. 183.

† C.—7060 of 1893, p. 38.

‡ C.—7068 of 1893.

America were opened to the free coinage of silver as well as gold at a ratio of 15½ to 1, the Government of India would undertake to re-open concurrently the Indian Mints to the free coinage of silver and to repeal the above Notifications of 1893. In reply, the Government of India expressed their "unanimous and decided opinion" that it would be "most unwise to re-open the Mints as part of the proposed arrangements, especially at a time when we are to all appearance approaching the attainment of stability in exchange by the operation of our own isolated and independent action."* This conclusion was endorsed by the Secretary of State for India in Council and by the Imperial Government.

15. In January 1898, "in order to afford a means of relief to the severe stringency" then prevailing in the Indian money markets, an Act was passed (No. II. of 1898),† empowering the Government of India to direct, by Order notified in the Gazette of India, the issue of Currency Notes in India on the security of gold received in England by the Secretary of State at the rate and subject to the conditions to be fixed by such Order. Under this Act, which was to remain in force for six months, a Notification was published by the Government of India on the 21st January 1898, announcing that notes would be issued, in exchange for gold held by the Secretary of State for India, at the rate of one Government rupee for 753344 grains of fine gold, with the addition of such further quantity of fine gold as the Secretary of State should from time to time determine to be "sufficient to cover all costs and charges incidental to the transmission of gold to India." Under this Notification, the Secretary of State in Council gave notice of his readiness "to sell, until further notice, telegraphic transfers on Calcutta, Madras, and Bombay, at a rate not exceeding 1s. 4½d. for the rupee." This Act was extended for a further period of two years by the amending Act, No. VIII., of 1898. No gold has been tendered under the provisions of these Acts.

16. It will thus be observed that, at the present time, gold is not a legal tender in India, though the Government will receive it in the payment of public dues; that the rupee remains by law the only coin in which other than small payments can be made; that there is no legal relation between rupees and gold; but that the Indian Government has declared (until further notice) a rate at which rupees can be purchased for gold coin or bullion—such rate serving to determine the maximum limit to which the sterling exchange can rise under present arrangements.

II.

A Silver Standard.

17. Having thus set forth the origin and present position of the monetary system of India, we proceed to consider the question whether, in the light of the six years' experience gained since 1893, it is desirable to reverse the policy initiated in that year and to re-open the Indian mints to the unrestricted coinage of silver. Such a step has not been advocated in the Memorials which we have received from the Chambers of Commerce of Bengal, Bombay, Madras and Karachi.‡ Nor is there unanimity among those who do advocate so important a change of policy. Apart altogether from the fact disclosed by the evidence that some who were opposed to the closing in 1893, now advocate a gold standard, there is a clearly marked division between those who would re-open the mints to silver forthwith and those who, while contemplating such a course eventually, hesitate to re-open the mints immediately. The latter class may be further subdivided into those who propose to leave the time and conditions of such re-opening to be hereafter determined, and those who suggest immediate steps towards a gradual re-opening. With regard to the last suggestion, which aims at mitigating what its advocates have represented to us as the prospects of disaster to merchants and traders and of grave difficulty to the Government of India from the sudden drop in exchange to the bullion value of the rupee (about 10½d. at the present time), no scheme has been submitted to us which appears likely to attain the object in view. In our opinion, any measures for gradual reopening would be so fully and immediately discounted as to defeat the precise objects for which they are suggested. It is obvious, moreover, that the

* C.—8667.

† See Appendix, p. 34.

‡ See Appendix, p. 17 et seqq.

certain prospect of a heavy fall in the exchange would at once drive capital from India.

18. As regards the policy which, while declaring in favour of open mints, would leave it to future undefined circumstances to indicate when the step should be taken, this (so far as it is not dictated by the desire for an international agreement, to which we refer presently) recognises that, for the present, the benefits anticipated from a return to a silver standard do not counterbalance the evils which would result from abandoning the *status quo*. The hope apparently is that, from a rise in the gold-price of silver, or from a fall in the sterling exchange of the rupee, or from a combination of these or other undefined circumstances, it may hereafter become possible to revert to a silver standard without causing a sudden and heavy fall in the exchange value of the rupee. Meantime it is proposed that the present arrangements should continue indefinitely, in spite of the disabilities considered to be thereby imposed on what are regarded as the true interests of India. This suggestion could, of course, only be entertained by the Government of India if it were definitely decided, in principle, to re-open the Indian mints to silver; and its adoption or rejection must depend on the answer to the broad question with which we are about to deal, vizt. —Is it desirable for India to revert to silver monometallism?

19. The policy of reopening the mints at some future date to silver stands on a different footing when urged by those who look forward to an international agreement and consider that there is reasonable hope of such an agreement within a limited period. Such persons, unlike those above referred to, aim directly at a stable exchange between India and the United Kingdom, and advocate delay only in order that an international agreement may be reached. With regard to this anticipation, we confine ourselves here to stating that, the negotiations of 1897 with France and the United States of America having proved fruitless, no fresh proposals, so far as we are aware, have been, or are being, made by any of the Governments concerned.

20. The main proposal that the Indian mints should be re-opened forthwith to the unrestricted coinage of silver has been supported by witnesses on various considerations, one of which is that "a low rupee and a low exchange" encourage the export trade on which India's prosperity depends, and that an "arbitrarily enhanced" rupee discourages exports. It is urged that encouragement would best be given to exports by a reversion to the system of open mints, so that the rupee in exchange would again coincide with the gold price of silver, with the result that an end would be put to the unfair advantage which the present system is held to give to the silver-using competitors of India, and which (according to this view) the effective establishment of a gold standard would perpetuate. Great stress is laid by the advocates of open mints upon the burthen imposed on the export trade of India by stringency in the Indian money market, which they attribute to the closing of the mints, and represent as likely to increase under the present system of closed mints. It is admitted generally by the advocates of open mints that the benefits which would accrue to India from restoring the silver standard would probably lead to difficulties on the part of the Indian Government; but it is urged that these difficulties would be temporary only, and that they could be met either by borrowing or by increased taxation, including import and export duties.

21. Dealing first with the question of discount rates, it will be sufficient to remark that the anticipations of increasing stringency have not been verified during the recent busy season. Whereas the minimum rate of the Bank of Bengal was 10 per cent. on 6th January 1898, rising on 24th February to 12 per cent. (at which figure it stood until 27th April 1898), and did not fall below 10 per cent. until 16th June 1898, the rate for the busy season of 1898-99 has never exceeded 7 per cent., and this though the total volume of India's seaborne foreign trade exceeded Rs. 210,000,000 in 1898-99, as against (under) Rs. 199,000,000 in 1897-98.

22. While it may be questioned whether banking arrangements in India might not with advantage be strengthened and adjusted to the growing requirements of Indian trade, we cannot doubt that one of the main causes of the stringency of 1897-98 was the reversal (necessitated by the exceptional circumstances of India at the time) of the relations of the Government of India and the money market in the autumn of 1897. In ordinary years the Government is able, through the sale of Council Bills and Telegraphic Transfers, to place large sums at the disposal of the money market

throughout the autumn and winter. Thus, during the last four months of 1894, the bills and transfers sold by the Secretary of State amounted to Rx. 8,052,000; in 1895, for the same period of the year, the amount was Rx. 9,888,000; in 1896 the amount was Rx. 6,056,900. But in 1897, owing to the depletion of the balances of the Government of India, brought about by expenditure on famine relief and military operations and by falling revenue, the Secretary of State was unable, from 1st September to 15th November, to offer bills or transfers for sale, and was compelled to purchase drafts on India for Rx. 1,000,000. Thus, during the last four months of 1897, the amount placed at the disposal of the Indian money market in the Presidency towns in consequence of the remittance transactions of the Government was only Rx. 332,700, or Rx. 5,724,200 less than the year before.

23. It must not be forgotten that high discount rates were not unknown in India under the system of open mints; for example, the Bank rate reached 12 per cent. in April 1890 (in which year the rate did not fall below 10 per cent. from 10th February to 24th April), while in 1889 12 per cent. was quoted continuously from 21st February to 28th March, the rate not falling below 10 per cent. from 17th January to 11th April of that year.

24. We come next to the suggestion that the present system of closed mints handicaps India in her industrial competition with countries on a silver standard.

Of such countries China may be taken as the type, and it is said that the greater fall in (say) the London exchange with China as compared with the fall in the exchange with India stimulates exports from China which compete with exports from India, and also stimulates native production in China to the disadvantage of Indian imports into China; and that in this way India is placed at a disadvantage, and that the disadvantage to India is increased when an actual rise occurs in the Indian exchange.

It is explained that a fall in the price of silver is necessarily accompanied by a fall in the China exchange, that the producer in China consequently receives a higher silver price in respect of the same gold price, whilst wages and the other factors in the cost of production do not increase in the same proportion; that production in China becomes more profitable and is therefore stimulated; that, on the other hand, if the Indian exchange does not fall to an equal degree, the Indian producer does not receive this stimulus, and, if the Indian exchange rises, the producer in that country receives a lower rupee price, while wages and the other factors in the cost of production do not proportionately diminish; that the Indian producer does not receive the same profit as before, and that production is therefore checked.

This aspect of the question was considered by Lord Herschell's Committee, and the conclusions at which they arrived will be found in paragraph 27 of their Report. They expressed the opinion that, even if we assume the argument as to a stimulus or check to production to be sound, the effect of each successive fall in exchange must be transitory, and could only continue until circumstances have brought about the inevitable adjustment. In this opinion we concur, and evidence has been laid before us which shows that prices and wages have risen in China since silver has fallen in price and the local copper currency has appreciated in terms of silver.

25. Lord Herschell's Committee examined the statistics of Indian exports for a series of years, and came to the conclusion that "although one may be inclined, regarding the matter theoretically, to accept the proposition that the suggested stimulus would be the result of a falling exchange, an examination of the statistics of exported produce" [from India] "does not appear to afford any substantial foundation for the view that in practice this stimulus, assuming it to have existed, has had any prevailing effect on the course of trade; on the contrary, the progress of the export trade has been less with a rapidly falling than with a steady exchange."

We need not quote the statistics of the export trade to which that Committee called attention, but we desire to state that we have been unable to find any statistical support for the theory that exports are largely and permanently stimulated by a depreciation of the standard of value, resulting in a fall in the exchange.

The statistics of the Indian export trade since the mints were closed to silver might have been expected to throw light on this portion of the question, but their value for this purpose is much diminished by the special disturbing influences to which that trade has been subjected during the last six years.

The closing of the Indian mints, the cessation of the purchases of silver by the United States of America, the consequent fall in the price of silver, and the apprehension to which it gave rise, undoubtedly disturbed the course of trade for a time, and when

recovery to more normal conditions might have been expected, India was affected by war, famine, and plague, and its finances were so seriously embarrassed that the drawings of the Secretary of State were largely reduced, and loans of unusual magnitude were raised in London on account of the Government of India. The exports from India were largely reduced in 1897-98. In the following year (1898-99) there was a marked recovery; the drawings by the Secretary of State were unusually large; and a substantial sum in gold was brought to the Indian Treasury.

26. For convenience of reference we give in this place the figures of gross exports from India in the 12 years from 1887-88 to 1898-99.

Year.	Exchange.	Silver, per oz.	Exports of Merchandise.	Year.	Exchange.	Silver, per oz.	Exports of Merchandise.
	<i>d.</i>	<i>d.</i>	Rx. (000 omitted).		<i>d.</i>	<i>d.</i>	Rx. (000 omitted).
1887-88	- 16·898	44 $\frac{1}{2}$	90,471	1893-94	- 14·517	35 $\frac{1}{2}$	106,448
1888-89	- 16·379	42 $\frac{1}{2}$	96,978	1894-95	- 13·101	28 $\frac{1}{2}$	108,815
1889-90*	- 16·566	42 $\frac{1}{2}$	103,397	1895-96	- 13·638	29 $\frac{1}{2}$	114,263
1890-91	- 18·089	47 $\frac{1}{2}$	100,126	1896-97*	- 14·451	30 $\frac{1}{2}$	103,914
1891-92	- 16·733	45 $\frac{1}{2}$	108,036	1897-98*	- 15·354	27 $\frac{1}{2}$	97,537
1892-93	- 14·985	39 $\frac{1}{2}$	106,536	1898-99	- 15·978	26 $\frac{1}{2}$	112,723

* Famine years.

For the reasons we have stated in the preceding paragraph, we hesitate to draw any positive conclusion from these figures, but they afford no support to the theory that large exports are incompatible with a rise in the rate of exchange.

27. In this connexion we wish specially to notice the very important Tea Industry of India and Ceylon, which certain witnesses stated to be seriously threatened by competition with China tea produced in a country on a silver basis. We recognise the large capital invested in the tea estates, and that their maintenance is of vital importance to the many Europeans and natives employed therein. It was represented to us that the profits of the producers of Indian and Ceylon tea had been affected by the recent rise in the Indian exchange; that although this diminution of profit could not immediately affect the total export of tea from gardens already in existence, or the increase from gardens in process of formation and about to come into bearing, it would tend to diminish the extension of cultivation, and thus prevent the export of tea from increasing to the extent to which it would otherwise have done.

We do not doubt that the recent rise in the Indian exchange temporarily diminished the profits of the producers of tea, just as the previous fall had temporarily increased them; but, as we have already said, we see no reason to suppose that the strength of the competition of China tea will be permanently increased by the fact that China is on a silver basis. So far there is no evidence to show that the exports of China tea have appreciably increased, and there is evidence to show that the rise in Chinese wages and general prices has at least begun to take effect.

It appears to us that the permanent interests of the tea gardens of Ceylon and India will be promoted rather than injured when their operations are carried on under the same standard of value as exists in the countries to which their produce is exported.

We find that this question of the competition of China with Indian tea was specially considered by the Government of India in 1892, before the Indian mints were closed to silver, in connexion with a memorial on the subject from the Darjiling Planters' Association. The views of the Government of India on the subject are contained in a letter to the Honorary Secretary to the Association, dated 12th October 1892, and printed at pp. 176-77 of the Minutes of Evidence before Lord Herschell's Committee. The following extract from that letter contains a summary of the views which the Government of India expressed at that time:—

“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 employés and of other persons to whom he makes fixed payments.
- " (3.) But that this gain, while not permanent, is counterbalanced by a tendency to over-production 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."

We are unable to find that anything has occurred since the closing of the Indian mints to silver to throw doubt on the soundness of the views expressed in 1892 by the Government of India.

28. As regards the argument that a low exchange stimulates exports and discourages imports, it is further to be observed that whatever advantages attach to a low exchange should be increased, by parity of reasoning, by a still lower exchange; and it has accordingly been represented to us that it is a falling exchange which stimulates exports. But, as regards the ultimate limits of beneficial fall, we have failed to discover at what precise point, if at all, the advocates of this view would hold that the alleged advantages of a falling exchange cease.

29. To re-open the Indian Mints to silver without an international agreement would necessarily result, according to all past experience, in renewed instability of the exchanges between India and gold-standard countries. It is generally recognized that fluctuations of exchange constitute an obstacle to international trade, the true interests of which are to be sought in a stable monetary par of exchange. Since over four-fifths of India's seaborne foreign trade is with gold-standard countries, it follows that the balance of advantage is heavily in favour of stability of exchange with gold-standard countries; and accordingly, considered by itself, the instability of exchange which must be anticipated from re-opening the Indian Mints to silver, is a powerful argument against taking the step.

30. So far we have considered the matter solely from the standpoint of trade; and the above remarks will have indicated our conclusion that, even apart from considerations primarily affecting the Government of India, it is not in the permanent interests of India that her foreign commerce, over 80 per cent. of which is with gold-standard countries, should be hampered by the restoration of silver monometallism. This conclusion is strengthened by considerations affecting the Government of India, which is the representative of the general interests of India. Apart from certain large payments in India (such as the pay of British soldiers serving in that country), the rupee total of which payments is regulated by the sterling exchange, the Secretary of State for India has now, under normal conditions, to meet obligations in England amounting annually to between 17 and 18 millions sterling. In order to make these payments, the Government of India raises taxation in rupees, and would therefore be seriously affected by the re-opening of the mints to silver. It is impossible to foretell what would be the actual effects of this step on exchange. But a drop even to 1s. (which is about 2*d.* above the present bullion value of the rupee) would, on a moderate estimate, increase the necessities of the Government of India by at least Rx. 10,000,000 gross, against which might be set some possible increase of revenue, leaving an increase of at least Rx. 7,000,000. This sum exceeds the total excise revenue of India by Rx. 1,500,000, exceeds the total stamp revenue by Rx. 2,160,000, and is nearly four times the total yield of the Indian income tax. An increase of expenditure to this extent would not only absorb the whole of the present surplus—which is the result of an increase in taxation imposed since 1886 principally to meet exchange difficulties—but would also necessitate further taxation. As regards an increase of taxation, Lord Northbrook has expressed the opinion (Q. 8,407) that, while it would be possible, "it would be in the highest degree unwise, both in respect of the trade of India, the welfare of the people of India, and I will go far as to say the security of the Indian Empire." Concurring as we do in this opinion, which has been supported by the independent testimony of other distinguished administrators of India, we must add that the Government of India

would not be justified in assuming that, with the mints re-opened to silver, the fall of the exchange to a shilling is the greatest fall which they might be called upon to face either immediately or at a future time.

31. It has been urged before us that, so long as the rupee is current at a value considerably above that of the silver which it contains, there is serious risk of counterfeit coins in silver of standard fineness being manufactured and put into circulation. This subject has engaged the attention of the Government of India; and in a despatch dated 12th January 1899 (more than five and a half years after the closing of the mints), they express the opinion that there is no evidence of such counterfeiting on any appreciable scale. We see no reason to doubt the correctness of that opinion; nor does the experience of other countries, in which silver coins circulate at an enhanced value, suggest any other conclusion.

32. In view of the considerations which we have stated, we concur with the Government of India in their decision "not to revert to the silver standard."

III.

The Principle of a Gold Standard.

33. At the present time, the practical alternative to silver monometallism is a gold standard, that is to say, gold as the measure of value in India, either with a gold currency or with a gold reserve.

34. We have already referred to the fact that over four-fifths of the foreign trade of India is with gold-standard countries, and that for this reason it is desirable that India should have the same measure of value as those countries. Regard being had to the supremacy of gold in international commerce, the change to a gold basis has been represented to us by Professor Marshall (Q. 11,815) as "like a movement towards bringing the railway gauge on the side branches of the world's railways into unison with the main lines." This consideration directly relates to facilitating interchange of commodities.

35. A further and certainly not a less important consideration for a country like India is that an established gold standard is the simplest and most effective means of attracting capital. The need of India for foreign capital is indisputable, and this need is partly of a temporary and partly of a permanent character. For climatic reasons, India is essentially a country of seasonal trade; she has a busy season and a dull season, though the tendency of late years has been to diminish the disparity and to exhibit approximation to a more uniform average within each year. From this seasonal character it follows that the demand for money is much greater for one part of the year than for the other. In the busy season there is a brisk demand for temporary advances to move the crops; in the dull season money is in little demand. The distinction is shown in an extreme form by the facts of the money market in 1897-8, when there was a seasonal variation in discount rates of no less than 7 per cent., and the fluctuations were even greater in 1889 and 1890. In order to diminish the risk to Indian commerce of a recurrence of such stringency, and in order to reduce the average rate charged for the local use of money, the sound policy is to attract capital to India from the gold-standard countries which have capital to lend, and this can best be achieved by a gold standard and a stable exchange. Moreover, it is in many ways as important that money should be able to flow out of a country without depreciation, when it is no longer in relative demand there, as that it should flow in when required. A gold standard is, in our opinion, the only means by which, under present conditions, these benefits can be secured.

36. The natural resources of India are beyond question, as also is the need for their development. In order to develop and reap the benefit of her resources, India requires, and must long continue to require, foreign capital. Such foreign capital can only be drawn from the gold-standard countries; and the capital of these countries can only be attracted by a moderate rate of interest or profit on condition that the investor is satisfied that there is not likely to be a fall in the

sterling exchange. We have had the valuable testimony of Mr. Alfred de Rothschild (Q. 11,853) that British capital would be at once forthcoming if the British investor knew that there was a fixed rate of exchange between the two countries. We attach great importance to this argument in favour of a gold standard for India.

37. It seems unnecessary to discuss the further considerations which point to the benefits to India of a gold standard. We desire, however, to remark that the effective establishment of such a standard in India would not preclude India hereafter from considering responsible proposals for an international agreement, if circumstances should arise to render such negotiations practicable.

38. Before discussing the various further measures which have been proposed for establishing a gold standard in India, we submit to your Lordship the following considerations relating to the existing currency arrangements. Inasmuch as, for practical purposes, the sterling exchange furnishes a broad test of a country's claim to be on a gold standard, and inasmuch as the Indian exchange since January 1898 has been stable (within what may be regarded as "specie points") at 16*d.* per rupee, it has been represented to us that the gold standard may be regarded as having been reached in India already. According to this view, the closing of the Indian mints to silver and the undertaking by the Government to give rupees for gold has already had the result of making gold practically a legal tender in India, present arrangements being sufficient to supplement automatically from time to time the stock of currency.

39. Judged solely by existing facts, this contention cannot be disputed in its essentials. Events have proved more favourable than was anticipated by the Government of India when, in their despatch of 3rd March 1898, they represented that it was not very probable that gold would be presented in the early future. And, although they expressed the opinion that it was "in any case extremely unlikely to be presented in such quantity as to lead automatically to an accumulation of gold sufficient for a reserve," statistics indicate that a considerable accumulation has already been effected. On 31st March 1899, the reserve of the Paper Currency Department of the Government of India included gold to the amount of over 2,000,000*l.* sterling. At the present time the amount of gold is 2,378,609*l.*

40. While this substantial addition in gold was being made to the Indian currency, the Government of India was able, within the year to 31st March 1899, to remit by the sale of Council Bills a sum of 18,712,454*l.*, which is considerably more than the average sterling requirements of the Secretary of State, and was 2,712,454*l.* in excess of the original estimate of his sterling drawings. This has been accomplished without lowering the average price realised by the sale of Council Bills below 15-978*d.* (or as nearly as possible the limit fixed in 1893); and stringency has not recurred in the Indian money-market. Automatically, therefore, existing currency arrangements sufficed not only to maintain—without monetary stringency—a steady gold standard in 1898-9, but also to initiate a gold reserve in India, to serve as a bulwark for the maintenance of the gold standard in future years.

41. If it has been possible to secure these results in the past in the face of distrust, it may be argued that even greater success may be expected in the future with the growth of confidence. We are by no means prepared to suggest that this may not prove the case, or that the mere continuance of the *status quo* may not prove adequate by itself gradually to supplement the currency of India with a margin of gold sufficient to tide her over adverse years hereafter. But the same considerations which tell in favour of maintaining the *status quo* for the present, equally tell against its maintenance permanently. In practice it would be impossible for the Government of India to receive gold beyond a certain point into their Treasuries or their Paper Currency reserve, unless they were also empowered to pay that gold out again in cashing their notes or meeting other liabilities in India. But this would mean declaring gold a legal tender at a fixed rate, and thereby superseding the purely provisional machinery of the existing system. According to this argument, therefore, maintenance of the existing system comes to mean little more than postponing further action for a time. The interval would be long or short, according to the slow or rapid accumulation of gold; but in no case could the provisional arrangements now in force constitute—nor indeed, were they

ever intended to constitute—a permanent settlement of the problem. The practical question is, therefore, narrowed to this:—Should the *status quo* be allowed to continue until events force the Government to take action? There would have been more to be said in favour of suspending action and leaving facts to settle the problem, had it not been for the circumstances which led the Government of India to formulate proposals for curtailing the transition period and taking “active steps to secure the early establishment of a gold standard and a stable exchange.” That opinion having been expressed by the Government of India, and public discussion having been aroused by the publication of their proposals and by the present inquiry, it appears to us undesirable, even though results have proved more immediately successful than the Government of India anticipated on 3rd March 1898, to leave matters as they are. If, in face of the public attention which the question has attracted, and in face of the considerable divergence of the views expressed on the subject, no further steps were now to be taken, an additional uncertainty would be caused; doubts would be excited as to the ultimate success of the gold standard; rumours would arise of a possible change of currency policy; the Government both in India and at home would be pressed for a final pronouncement, alike by the friends and by the foes of a gold standard; and meantime the material interests of India would suffer from the withdrawal of confidence in her monetary future.

For these reasons we conclude that steps should be taken to avoid all possibility of doubt as to the determination not to revert to a silver standard, but to proceed with measures for the effective establishment of a gold standard.

IV.

The Indian Government's Proposals.

42. Having thus expressed our agreement in the objects which the Government of India have in view, we pass to the consideration of the specific measures proposed by them with a view to making effective the monetary policy adopted by Her Majesty's Government in 1893 and initiated by the closing of the Indian Mints to the unrestricted coinage of silver.

43. The proposals of the Indian Government were contained in their despatch of 3rd March 1898, and have been explained to us by official witnesses. They may be summarised as follows:—

In order to keep the exchange value of the rupee at a steady level of 16*d.*, it was deemed necessary to decrease the rupee circulation so as to remove the relative redundancy. The amount to be so withdrawn could not be foretold with exactness, but it was more than probable that it would fall short of Rx. 24,000,000. Within this outside limit it was proposed “to melt down existing rupees, having first provided a reserve of gold, “both for the practical purpose of taking the place of the silver, and in order to “establish confidence in the issue of our measures.” The first step was to take powers to borrow sums not exceeding in the whole 20,000,000*l.*, and at once to remit 5,000,000*l.* in sovereigns to India as a first instalment. If exchange remained at or above 16*d.*, there would be no further step [Q. 2653]. But if, and so long as, the exchange fell below 16*d.* [Q. 2657–8], the Government of India would take rupees from its balances, melt them down, sell the bullion for other rupees in India (at an assumed loss of 40 per cent.), pay these other rupees into its balances, and finally make good thereto the 40 per cent. balance of loss with part of the borrowed gold. It was anticipated [Q. 2663] that one borrowing (5,000,000*l.*) might be sufficient, that sum approximately covering the assumed loss to Government of Rx. 8,000,000 on melting down Rx. 20,000,000. As a result, it was anticipated that by the automatic operations of trade, gold would flow into the country and remain in the circulation. But until the exchange value of the rupee was established at 16*d.*, and sovereigns became, to some extent however small, a permanent part of the circulation, it was not the Government's intention to part with any of the gold in their possession. Meantime, gold was not to be made a legal tender in India, though the Government looked forward to this as a future goal.

44. The proposals of the Government of India were based on the belief that the rise in the value of the rupee, and in the exchange with London, subsequent to the year 1894–5, was due to a contraction of the Indian currency relative to the demands of trade, that this cause would continue to operate so long as the Indian Mints were closed to silver, and that, if only that stage of distrust could be passed, “which

“ appears the moment exchange approximates to sixteen pence to bring into operation influences which interfere with the actual realisation of that rate,” the exchange, under normal conditions of trade, might be expected “ to attain the level at which gold would be tendered under the notification of 26th June 1893, and the introduction of the gold standard would become practicable.”

They were anxious “ both in the interests of the State and of the mercantile community to terminate the period of transition without further delay,”—in the interests of the State, because it would be cheaper in the end to acquire a reserve of gold by borrowing, and thus keep the exchange value of the rupee at a steady level of sixteen pence than to bear for years the burden of expenditure entailed by the lower level of the rupee; in the interests of the commercial community, because it was not desirable that their legitimate business should be hampered and embarrassed by the uncertainty of exchange, while the want of confidence in the stability of the rupee discouraged the investment of capital in India, and available capital was remitted to England whenever the exchange value of the rupee rose to a high level.

The proposals of the Government of India were made in March 1898, and since that date there has been a marked improvement in the position. The exchange has been steady at or about 1s. 4d., the drawings of the Secretary of State have been unusually large, and a substantial sum of over 2,370,000*l.* in gold has been brought to the Indian Treasury; in other words, what the Government of India described as the “ stage of distrust,” which interfered with the actual realisation of a rate of sixteen pence, has been already passed.

If the Government of India could have foreseen the course of events in the past year, it is possible that their recommendations might not have taken the precise form in which they were put forward; and we are informed that, even if their proposals had been sanctioned at once, they would not under the conditions that have since prevailed have given effect to that portion of their scheme which provided for the withdrawal of rupees from the Indian currency. However that may be, we think it desirable that the proposals of the Government of India should, even under the altered conditions of the present day, be carefully considered by us.

45. In the first place we desire to point out that it has not been proved that the rise in the value of the rupee since 1894–5 is due solely to relative contraction of the Indian currency; and it may be that it is not due mainly to this cause. It is not certain that there has been any contraction of the Indian currency which has materially affected the exchange, though it may not unreasonably be inferred that there must have been some contraction, and that such contraction has had some influence on the exchange value of the rupee. On the other hand, there are causes other than contraction of the currency which affect the value of the rupee and the exchange with London. Large borrowing in London on account of India, reduction of the drawings of the Secretary of State, an increase in the exports from India unaccompanied by an equivalent increase in imports, as well as a general rise in gold prices, would all affect the rate of exchange with India, though it is quite impossible to estimate the relative importance of these factors among themselves, or the amount of their influence on exchange as compared with the effect of a contraction of the currency, or to state the precise degree of influence which any, or all of them, have had on any particular alteration in the exchange. Nor, on the other hand, is it certain that the unusually low rate of exchange that prevailed in 1894–5 was due solely to a relative redundancy of the Indian currency. The closing of the Indian Mints necessarily brought into play many disturbing influences which may have affected 1894–5.

Since the mints were closed there has also been large borrowing on Indian account, and there have been, in some years, large reductions below the normal amount in the public remittances from India, while fluctuations have been experienced in the foreign trade of India, due to famine and plague as well as to other causes. All these causes must at different times have affected the exchange either favourably or unfavourably.

Another influence which must have had a favourable effect on the Indian Exchange is the reduction in the imports of silver due to the closing of the mints. The average yearly net import in the three years preceding the closing of the mints was 43,133,678 ozs., of the value of Rx. 12,020,296; and, for the three years ending 1898–9, the average net import was 31,126,376 ozs., of the value of Rx. 6,103,431.

46. In face of the facts we have just stated, we are unable to accept, without qualification, the opinion that the rise in the value of the rupee since 1894–5 has been due, wholly or mainly, to a relative contraction of the Indian currency. We are

not prepared to say that the contraction of the Indian currency has not been an important factor in the rise in the Indian exchange; but, so long as the facts of the case are surrounded by so much obscurity, we consider that it would be unsafe to base action of so drastic a character on this assumption.

If it be the case that the rise in the value of the rupee since 1894-5 is not due, wholly or mainly, to the relative contraction of the Indian currency, it follows that an additional contraction of that currency, produced artificially by the withdrawal of rupees in the way proposed by the Government of India, might not have so much effect in strengthening exchange as the Government of India believed; and, though we accept in principle the proposition that a reduction in the number of rupees tends to increase the value of the rupee, we are not prepared to admit that such effect must necessarily be direct and immediate; nor are we satisfied that such reduction, carried out on a large scale and within a limited period, might not aggravate, if it did not produce, a period of stringency in the Indian money market.

47. So far as the proposals of the Government of India were intended to secure the confidence of the commercial community, they have failed in their effect; these proposals have not been supported before us by the representatives of the commercial and financial interests connected with India, nor, indeed, by any of the independent witnesses whom we have examined. The commercial classes of India appear to have feared that the withdrawal of rupees from the currency would inevitably aggravate or produce stringency in the Indian money market, and that the sale of silver by the Indian Government would lower the price of that metal, and disturb the exchanges with China and other countries on a silver basis.

The argument of the Government of India that the adoption of their proposals would involve less loss to the Indian Exchequer than the maintenance of the *status quo*, does not appear to us to possess much force. If the principle on which they based their proposals was sound, namely, that the rise in exchange was due to the contraction of the Indian currency, and that the same cause would continue to act in the same direction so long as the Indian mints were closed to silver, there was no likelihood of any serious fall in exchange, and, consequently, no prospect of any considerable increase of expenditure on this account. If, on the other hand, the basis of their proposals was unsound, it was not certain that they would have produced the desired effect, and, while a considerable expenditure would have been incurred in borrowing in gold and withdrawing rupees from the currency, the operation might not have resulted in any material reduction in the charge for exchange.

Although we sympathise with the Government of India in their desire to shorten the period of transition, to inspire confidence in the commercial community, and to remove an impediment to the flow of British capital to India, and recognise the force of the pressure upon them in the beginning of 1898 to take immediate steps in a direction which, it was hoped, would lead to the desired result, we can only say that, for the reasons already stated, we do not approve of their proposals, and cannot recommend their adoption.

V.

A Gold Currency.

48. It is of greater practical importance at the present time to consider what steps the Government of India contemplated taking when, by their methods, that state of things had been established which is in actual operation to-day. They did not definitely propose to make gold coins a legal tender; but they did not hesitate to express the opinion that "the only state of things which can be called a thoroughly satisfactory attainment of a gold standard is one in which the gold coins which represent our standard are those also which are good for payments in England." As a matter of principle, therefore, the Government of India favoured a gold standard *with* a gold currency.

49. This brings us to the consideration of schemes which have been proposed for establishing a gold standard *without* a gold currency. Great stress has been laid upon the hoarding habits of the natives of India; and, in view of the direct encouragement which a gold currency might give to the hoarding of gold, it has been represented to us by Mr. Lesley Probyn that, "if gold coins were passed into the currency, it would be at first almost like pouring water into a sieve." He accordingly proposed (i.) to institute a separate issue of gold notes of the denomination of Rs. 10,000; (ii.) to issue such notes only in exchange for gold; (iii.) to

make them payable (at the option of the holder) either in rupees or in gold; (iv.) to make it optional to the Currency Department, when gold is demanded, to pay either in sovereigns or in gold bars of not less than 67*l*. It was hoped that gold would be attracted to India, and that a gold reserve would be gradually accumulated which would be strong enough to allow the Government to undertake ultimately the universal convertibility into gold of all rupees and rupee-notes, when presented in parcels of not less than Rs. 10,000. Under this scheme the gold standard would be left to automatic agencies to establish, and its establishment would coincide with an ultimate undertaking to exchange rupee currency for gold bars of high value.

50. On this scheme we remark that, while bullion may be regarded as the international medium of exchange, there is no precedent for its permanent adoption for purposes of internal currency; nor does it accord with either European or Indian usage that the standard metal should not pass from hand to hand in the convenient form of current coin. No real support for such a scheme is to be drawn from the purely temporary provisions of "Peel's Act" of 1819, whereby, for a limited period, the Bank of England, as a first step to the resumption of cash payments, was authorised to cash, in stamped gold bars, its notes, when presented in parcels of over 200*l*. Little or no demand for gold bullion appear to have been made on the Bank under these temporary provisions, which were repealed at the instance of the Bank itself in 1821.

As regards the hoarding difficulty in India, we are not satisfied that the danger therefrom is so great as has been suggested. There is little or no likelihood, even according to the most sanguine view, that for a long time to come gold coins, even if declared a legal tender forthwith, would find their way to any great extent into general circulation. Even under silver monometallism India imported and absorbed gold, as she is doing to-day, and as she may be expected to do in the future, no matter what her system of currency. In a strongly conservative country like India no sudden changes are to be expected in the habits and customs of the people, particularly in matters relating to currency and hoarding; but, while we must look to the continuance of the habit of hoarding, we may also feel satisfied that, until gold has penetrated into general circulation (so far as the relatively small transactions of India permit), there will be no materially increased temptation to the natives of India to hoard gold instead of silver. Moreover, the introduction of a gold currency into India would not be an untried experiment. As has been shown above, gold coins were in common circulation in India generally within living memory, and were expressly stated in 1806 to form the principal currency and money of account of Madras. If hoarding did not render a gold circulation an impossibility in the past, we look for no such result in the future.

51. Consequently, we are of opinion that the habit of hoarding does not present such practical difficulties as to justify a permanent refusal to allow India to possess the normal accompaniment of a gold standard, namely, a gold currency.

52. Another plan for establishing a gold standard in India without a gold currency, was submitted and explained with great ability by Mr. A. M. Lindsay. In order to fix the sterling exchange, he proposed to make the rupee currency freely convertible in India at a fixed rate into drafts on a sterling fund located in London. At the same time rupee drafts were to be sold at a fixed rate in London. Assuming a par of 16*d.*, sterling in London was to be convertible into rupees in India at 16 $\frac{1}{6}$ *d.*, and rupees in India were to be convertible into sterling in London at 15 $\frac{3}{4}$ *d.*; drafts were to be sold both in India and in London to any extent; but the amount in each case was to be not less than Rs. 15,000 and 1,000*l.*, respectively. In order to provide for meeting the sterling drafts, a loan not exceeding 10,000,000*l.* was to be raised in London, while, so far as the available stock of rupees proved insufficient, silver would be purchased (also out of the loan) and sent to India to be there coined into rupees. If an excess of rupees accumulated as the result of selling sterling drafts, it might be necessary to sell the excess as bullion and credit the proceeds to the sterling fund. Under the scheme, rupees would continue to form the circulating medium of India, gold not being admitted to legal tender. While Mr. Lindsay held that such a system of currency would answer all purposes and be economical, and might, therefore, be permanently adopted, he considered [Q. 4303-4] that his scheme would be the best means of leading up to a gold currency, if this were ultimately thought desirable.

53. It is evident that the arguments which tell against the permanent adoption of Mr. Probyn's bullion scheme and in favour of a gold currency for India, tell more strongly against Mr. Lindsay's ingenious scheme for what has been termed "an exchange standard." We have been impressed by the evidence of Lord Rothschild, Sir John Lubbock, Sir Samuel Montagu, and others, that any system without a visible gold currency would be looked upon with distrust. In face of this expression of opinion, it is difficult to avoid the conclusion that the adoption of Mr. Lindsay's scheme would check that flow of capital to India upon which her economic future so greatly depends. Moreover, if the system were to be permanent, it would base India's gold standard for all time on a few millions of gold (or rather command over gold) in London, with a liability to pay out gold in London, in exchange for rupees received in India, to an indefinite extent. This was the main reason which weighed with the Government of India in deciding not to adopt the scheme, and we think they were justified in their conclusion. We are not prepared to recommend Mr. Lindsay's scheme, or the analogous schemes proposed by the late Mr. Raphael and by Major Darwin, for adoption as a permanent arrangement; and existing circumstances do not suggest the necessity for adopting any of these schemes as a provisional measure for fixing the sterling exchange.

54. We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian Mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian Branches of the Royal Mint. The result would be that, under identical conditions, the sovereign would be coined and would circulate both at home and in India. Looking forward as we do to the effective establishment in India of a gold standard and currency based on the principles of the free inflow and outflow of gold, we recommend these measures for adoption.

VI.

Convertibility.

55. Under an effective gold standard rupees would be token coins, subsidiary to the sovereign. But existing conditions in India do not warrant the imposition of a limit on the amount for which they should constitute a legal tender; indeed, for some time to come, no such limitation can be contemplated.

56. It is true that in the United Kingdom the silver currency has a fixed limit of 40s., beyond which it cannot be used to pay a debt. But this has not always been the case. Prior to 1774 the English Mint was open to silver, and silver coins were an unlimited tender. In 1774 the tender of silver by tale was restricted to 25*l.* in any one payment, although it was left an unlimited tender by weight. In 1798 the free coinage of silver was stopped altogether, the English Mint being thereby closed to silver. In 1816, when gold monometallism was formally established by law, silver coins were placed on a purely subsidiary footing, with a 40*l.* limit of tender. At the present time the right to coin silver is confined to the Government, who are responsible for seeing that there is no over-issue; and in the exercise of that responsibility no additional silver is coined at the Royal Mint for the United Kingdom except in response to the automatic demands of trade, as testified by requisitions received through the Banks of England, of Scotland, or of Ireland. Seeing that for every 20*l.* of additional silver coin requisitioned the Banks have to credit the Royal Mint with a sovereign, there is certainly no temptation to them to demand an over-issue, the immediate profit on which would go not to themselves but to Her Majesty's Government. While it cannot be denied that the 40*l.* limitation tends to emphasise and maintain the subsidiary character of our silver coinage, yet the essential factor in maintaining those tokens at their representative nominal value is not the statutory limit on the amount for which they are a legal tender in any one payment, but the limitation of their total issue. Provided the latter restriction is adequate, there is no essential reason why there need be any limit on the amount for which tokens are a tender by law. It is principally to restriction of the total issue of silver coinage in the United Kingdom that we attribute the fact that 20 silver shillings (intrinsically worth at present about 8*s.* 6*d.*) pass current and are freely received, for all purposes of internal currency.

indifferently with the sovereign which they purport to represent. By law there is no convertibility of our silver coins into gold. They possess an extra-legal convertibility evinced by their being generally and popularly exchangeable into gold, and this quality they owe essentially to the fact that they are not issued by the Government in excess of the volume required for the purpose which they discharge.

57. Outside the United Kingdom there are two principal instances of countries with a gold standard and currency, which admit silver coins to unlimited tender. These countries are France and the United States of America. In France the five-franc piece is an unlimited tender and for all internal purposes is equivalent to gold. The same remark applies in the United States to the silver dollar. At the present time there is no addition to the coinage either of five-franc pieces or of United States silver dollars. In the case of the five-franc piece there was free coinage up to 1874, in January 1874 the coinage was limited, and in November 1878 it was suspended altogether. With the repeal in 1893 of the purchasing clauses of the Sherman Act, the same result was reached with regard to the United States silver dollar. Both in France and in the United States the mints are now closed to the coinage of silver coins of unlimited tender. In neither country are such coins convertible by law into gold; in both countries alike they are equivalent to gold for all internal purposes. For international payments, so far as specie is concerned, France and the United States depend ultimately on the international medium of exchange, which is gold. In the last resort, it is their gold which, acting through the foreign exchanges, maintains the whole mass of their currency at its nominal value for internal purposes.

58. We do not doubt that it is, in theory, possible to attain the same result in India as in France and the United States of America by limitation of the quantity of the rupee currency. The special difficulty in the case of India is one of degree and not of principle. We are unwilling to commit ourselves to the acceptance of the estimates which have been made of the number of rupees actually circulating in India. There can be no doubt but that it is very large; and there are also large quantities of rupees in existence which, though not actually circulating, might, under certain conditions, be brought into circulation. On this account, doubts have been entertained in the past whether the mere closing of the Indian mints to silver would, in practice, be attended with such a restriction of the rupee currency as would make the rupee permanently exchangeable for gold at a fixed rate.

The experience which has been gained since the closing of the Indian mints supports the belief that this result will be attained. From the nature of the case, the demand for rupee currency increases every year; there is no evidence that large quantities of rupees that were formerly hoarded have been thrown into circulation since the mints were closed; the exchange has risen steadily since 1894-95, and the rupee is now actually exchangeable for gold at the rate of 1s. 4d.; while the demand for additional currency has been so great that over 2,370,000*l.* in gold has been paid to the Indian Treasury for the purchase of silver rupees.

The forces which affect the gold value of the rupee are complicated and obscure in their mode of operation, and we are unable, therefore, to say positively that the mere closing of the mints to silver will, in practice, lead to such a limitation of the rupee currency, relatively to the demands for it, as will make the rupee permanently exchangeable for gold at a fixed rate; but we have no hesitation in repeating the opinion that the experience of the last few years, so far as it goes, indicates that this result is attainable—if, indeed, it has not already been attained.

59. The position of the currency question in India being such as we have explained in the preceding paragraph, we do not consider it necessary to recommend a different policy in the case of that country from that which is found sufficient in France and the United States, by imposing a legal obligation on the Government of India to give gold for rupees, or, in other words, to substitute the former for the latter on the demand of the holders. This obligation would impose on the Government of India a liability to find gold at a moment's notice to an amount which cannot be defined beforehand, and the liability is one which, in our opinion, ought not to be accepted.

Although the Government of India should not, in our opinion, be bound by law to part with its gold in exchange for rupees, or for merely internal purposes, we regard it as the principal use of a gold reserve that it should be freely available for foreign remittances whenever the exchange falls below specie point; and the Government of India should make its gold available for this purpose, when necessary, under such

conditions as the circumstances of the time may render desirable. For example, the Government of India might, if the exchange showed a tendency to fall below specie point, remit to England a portion of the gold which it may hold,—a corresponding reduction being made in the drawings of the Secretary of State; and, when it has accumulated a sufficient gold reserve, and so long as gold is available in its Treasury, it might discharge its obligations in India in gold, instead of in rupees.

60. The exclusive right to coin fresh rupees must remain vested in the Government of India; and, though the existing stock of rupees may suffice for some time, regulations will ultimately be needed for providing such additions to the silver currency as may prove necessary. The Government should continue to give rupees for gold, but fresh rupees should not be coined until the proportion of gold in the currency is found to exceed the requirements of the public. We also recommend that any profit on the coinage of rupees should not be credited to the revenue or held as a portion of the ordinary balance of the Government of India, but should be kept in gold as a special reserve, entirely apart from the Paper Currency reserve and the ordinary Treasury balances.

VII.

The Sterling Rate for the Rupee.

61. We have now to consider the fixed relation which, under a gold standard for India, the rupee should bear to the sovereign. Hitherto we have dealt in general terms with the question of a gold standard, and our recommendations have presupposed a fixed relation, but have not specified the actual rate which should be adopted. We have now to state to your Lordship the conclusions we have reached on this matter.

62. The Government of India proposed in 1892 to close the Indian mints to silver and to pass an Act authorising them to declare gold a legal tender at a rate not exceeding 18*d.* for the rupee. They would not have exercised this power at once, and they would have been guided by circumstances and the experience gained by the closing of the mints in determining what should be the fixed, permanent, legal ratio between the rupee and the sovereign. The rate could not, however, under the law proposed by the Government of India, have exceeded 18*d.* for the rupee, though it might have been lower.

The proposals of the Government of India were generally approved by Lord Herschell's Committee, but the Committee recommended a provisional limit which would prevent the exchange with India from rising materially above 1*s.* 4*d.* for the rupee. The Committee did not recommend that the limit of 1*s.* 4*d.* for the rupee should be the permanent legal ratio between the rupee and the sovereign. It left the question of the permanent legal ratio between the two coins to be decided in the light of subsequent experience. In paragraph 151 of the Committee's Report the following language is used:—
 “ It would not, of course, be essential to the plan that the ratio should never be fixed
 “ above 1*s.* 4*d.*; circumstances might arise, rendering it proper, and even necessary,
 “ to raise the ratio; and the Indian Government might be empowered to alter it with
 “ the sanction of the Secretary of State. Such a scheme would, indeed, in the first
 “ instance, be tentative, and would not impede further action if circumstances should
 “ render it desirable.”

The modifications of the proposals of the Government of India recommended by Lord Herschell's Committee were accepted, the Indian mints were closed to silver, and a provisional arrangement was made for giving rupees in exchange for gold at the rate of 16*d.* for the rupee.

The maximum limit of 18*d.* for the rupee, originally suggested by the Government of India, was not imposed, and the question of the permanent legal ratio can now be considered in the light of what is expedient in the present day, and unfettered by any promises made, or conditions imposed, in the past.

63. In dealing with this question at the present day, it is desirable to have in view an outline of the whole series of facts of exchange, both before and after the closing of the Indian Mints to silver on 26th June 1893. Starting from the year in which

Germany demonetised silver, the following table shows the average rate per rupee at which Council Bills and Telegraphic Transfers on India were sold in London.

	<i>d.</i>		<i>d.</i>
1872-73	- 22·754	1885-86	- 18·254
1873-74	- 22·351	1886-87	- 17·441
1874-75	- 22·156	1887-88	- 16·898
1875-76	- 21·626	1888-89	- 16·379
1876-77	- 20·508	1889-90	- 16·566
1877-78	- 20·791	1890-91	- 18·089
1878-79	- 19·794	1891-92	- 16·733
1879-80	- 19·961	1892-93	- 14·985
1880-81	- 19·956	1893-94	- 14·547
1881-82	- 19·895	1894-95	- 13·101
1882-83	- 19·525	1895-96	- 13·638
1883-84	- 19·536	1896-97	- 14·451
1884-85	- 19·308	1897-98	- 15·354
	1898-99		- 15·978 <i>d.</i>

From these figures it will be observed that, after a fall of about 3*d.* in the first six years, there was comparative stability above 19*d.* for the seven years from 1878-79 to 1884-85; that, apart from the temporary effects of the passing of the Sherman Act in 1890 and the speculation connected therewith, the average rate ranged round 16½*d.* in 1887-88, 1888-89, 1889-90, and again in 1891-92; and that, in 1892-93, the average rate had fallen to under 15*d.* It was under these circumstances that, on 31st May 1893, the Herschell Committee, in recommending the closing of the Indian Mints to the public, further recommended that rupees should be coined on tender of gold at the Mints "at a ratio to be fixed in the first instance not much above that now prevailing, say 1*s.* 4*d.* the rupee." They did not propose to go back to the so-called par of 2*s.*; they fixed, provisionally, a maximum limit which was lower by 2*d.* than the limit of 1*s.* 6*d.* proposed by the Government of India. Apart from a momentary rise to 1*s.* 4½*d.* for Telegraphic Transfers on 27th June, the Indian Exchange fell steadily away through the second half of 1893 and through the whole of 1894, until on 23rd January 1895 Council Bills were sold at 1*s.* 0½*d.* From that date onwards there was, on the whole, a steady and a continuous rise of the exchange, and 16*d.* was regained (after an interval of six years) in the early days of January 1898. From the beginning of 1898 up to the present time, a rate of 16*d.* has practically been maintained without a break, the extreme limits of oscillation for Bills being 15¼*d.* and 16½*d.*

64. In the year 1898-99 the total volume of the export trade exceeded that of all past years, amounting to over Rx. 120,000,000 and showed a net surplus over total imports of no less than Rx. 30,000,000. As we have pointed out, this result was achieved with a 16*d.* rate of exchange, and without monetary stringency. We have further pointed out that in the year 1898-99 the Government of India has been able to accumulate a gold reserve of 2,378,609*l.*, which will contribute towards the maintenance of exchange. Moreover, the continuance of existing arrangements, under which no fresh rupees are coined except in exchange for gold at a fixed rate, must tend more and more to establish the exchange at such rate and to ensure the gradual and automatic introduction of a gold currency to supplement, in response to the growing demands of trade, the relatively shrinking stock of rupees.

65. Although the limit of 1*s.* 4*d.* for the rupee was declared to be merely provisional, it has been regarded generally as the permanent rate at which the Indian monetary standard was to be transferred from a silver to a gold basis. There are some who would prefer a lower rate, and there are others who are prepared to accept a higher rate; but it is not desirable, in the absence of any strong reason, to adopt a rate different from that on which calculations have been based, and which has formed the ground of practical action.

We also desire to point out that the rate of 1*s.* 4*d.* is that of the present day; prices in India may be assumed to have adjusted themselves to it, and the adoption of a materially lower rate at the present time would cause a distinct and, in our opinion, a mischievous disturbance of trade and business. The *onus probandi* rests on those who would now propose a different rate. Between the rate of 1*s.* 4*d.* and the rate determined by the bullion value of the rupee, there is no one rate which can be described as natural or normal, rather than any other rate.

56. Various proposals have been made for disturbing the existing rate by the substitution of another rate. It has been proposed to fix the rate at 1s. 1½d., 1s. 2d., 1s. 2½d., 1s. 3d., and 1s. 6d. All these proposals are arbitrary, and involve a dislocation of the existing ratio between rupee prices and sterling prices. For such disturbance no adequate reasons, in our opinion, have been adduced. In great part these proposals (other than that of 1s. 6d.) are based on the belief that a lower sterling value of the rupee would cause a rise in rupee prices, benefit the Indian producer, check consumption of foreign goods, and so affect the balance of trade as to promote the importation of gold needed for expanding the volume of currency to an extent commensurate with the rise in the scale of prices.

In our opinion a rise in prices which expresses only the depreciation of the currency is no gain to the community as a whole, and, although the fixing of a lower denomination in sterling for the rupee might for a time give some advantage to producers and induce for a limited period a larger importation of gold than would otherwise take place, this would be at the expense of every holder of a rupee, or debt or security for a fixed amount of rupees; and the taxpayer would again be compelled to provide a larger amount of currency to meet the sterling requirements of the State. It is not by such an expedient as the writing-down of the rupee in sterling that a permanent stimulus can be given to production or to the importation of the standard metal. We see no sufficient reason for altering the existing relations of prices and the essential conditions of contracts expressed in Indian currency, or for reversing the course of exchange and returning to some basis of value which may have prevailed during the interval between the fall and partial recovery in the sterling value of the rupee, and which does not possess elements of permanent stability in a higher degree than the present rate. We are, therefore, of opinion that the permanent rate should be that which has been adopted as the provisional rate in the past, and which is also the market rate of to-day, viz., 1s. 4d. for the rupee.

67. In recommending a fixed legal rate of 1s. 4d., we are not unanimous, though the majority hold the views we have just expressed.

One of our number would not fix the permanent rate at once, but would leave that question to be decided in the light of further experience,—the final rate being fixed either below or above 16d., as further experience might show to be expedient. We are of opinion that any advantage which might arise from this course is more than counterbalanced by the importance of removing doubts as to the future policy of the Government of India, and giving increased confidence to those who are engaged in commercial and financial business in connection with the Indian Empire.

68. Two other Members of the Committee are not prepared to accept the rate of 1s. 4d., and recommend that it should be fixed at 1s. 3d.

It is argued that the rate of 1s. 3d. will be more favourable to the Indian export trade than 1s. 4d.; but we have already expressed the opinion that any advantage to the export trade that is gained in this way, is gained at the expense of other members of the community, and is only temporary. If the rate is to be fixed at 1s. 3d. in order to benefit the Indian exporters and the Indian producer of articles of export, the same argument would justify a further reduction to 1s. 2d., and so on, without any limit which we have been able to discover. Nor do we think there are any good grounds for holding that the gold standard cannot be established in India at 1s. 4d., while it can be established at 1s. 3d.

If it is impossible at 1s. 4d., it will be impossible at 1s. 3d.; and we have already dealt in paragraph 66 with the question of the temporary loss and gain to individuals and classes of the community caused by a lowering of the existing rate of exchange. We would add that, if the exchange were now lowered from 1s. 4d. to 1s. 3d., the classes of the community who would gain are those who have already gained through the fall from 2s. to 1s. 4d., and the classes who would lose are those who have already lost through that fall. Stronger reasons than appear to us to exist would be needed to justify a measure which would have the effect of adding to the gains of the former classes and intensifying the losses of the latter.

It is said that the conditions prevailing in 1893 show that 1s. 3d. is the rate that should have been adopted at that time. We do not accept this argument, and the conditions have changed since 1893. The rate of 1s. 3d. may have prevailed shortly before the mints were closed, but the rate of that time was a fluctuating rate. If the mints had been closed some years earlier, and the market rate had been

adopted, the permanent rate would have been considerably higher than 1s. 4d.; if they had been closed some years later and the same principle had been followed, the permanent rate would have been lower than 1s. 3d. As we have already said, between the rate of to-day and that determined by the bullion value of the rupee, there is none which can be described as natural or normal; and we can find no good reason for making the permanent rate depend upon the accident of the date on which the Indian mints were closed to silver.

It is true that Lord Herschell's Committee remarked 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;" but an undue stress is laid on these words when they are used as an argument against permanently adopting a rate of 1s. 4d., since that Committee actually adopted a provisional rate of 1s. 4d. and expressly said that circumstances might arise rendering it proper, and even necessary, to raise the rate.

69. We recommend that there should be no change in the existing relation of the rupee to the sovereign. The experience gained since the mints were closed in 1893, and particularly that of the last eighteen months, appears to us to justify the anticipation that the existing rate of 1s. 4d., will, with possible temporary fluctuations, due to the course of trade, be maintained in the future.

VIII.

70. In conclusion, we desire to record our opinion that the effective establishment of a gold standard is of paramount importance to the material interests of India. Not only will stability of exchange with the great commercial countries of the world tend to promote her existing trade, but also there is every reason to anticipate that, with the growth of confidence in a stable exchange, capital will be encouraged to flow freely into India for the further development of her great natural resources. For the speedy attainment of this object, it is eminently desirable that the Government of India, with whom it will rest to decide when successive steps should be taken, should husband the resources at their command, exercise a resolute economy, and restrict the growth of their gold obligations.

71. We desire to express our high appreciation of the assistance which Mr. Chalmers has rendered to us throughout the whole course of this inquiry. We feel it to be our duty to recognise in the strongest terms the knowledge, ability, courtesy, and industry which he has displayed and which have greatly facilitated our labours.

HENRY H. FOWLER.
BALFOUR OF BURLEIGH.
*JOHN MUIR.
FRANCIS MOWATT.
D. BARBOUR.
C. H. T. CROSTHWAITE.
ALFRED DENT.
F. C. LE MARCHANT.
E. A. HAMBRO.
W. H. HOLLAND.
*ROBT. CAMPBELL.

ROBERT CHALMERS,
Secretary.

* Subject to a reservation as to the ratio to be adopted between gold and the rupee and the points connected with that question in regard to which our views are expressed in the subjoined Note.

Although I am aware that the question of the banking facilities of India was not referred to the Committee, I venture to call special attention to the first part of paragraph 22 where it is pointed out that they have not of late years kept pace with the increasing trade, and, further, to draw attention to the fact that it has been considered wise in Europe to entrust the carrying out of currency laws to banks established or strengthened for that purpose. In my opinion, a strong bank, properly constituted, would be a powerful assistant in giving effect to any regulation having the convertibility of the rupee in view, and that, working under proper currency regulations, such a bank would be likely to carry them out in a more effective way, and in a manner more in harmony with the trade wants of the country, than any Government Department, however well administered, could possibly do.

I venture to call attention to this point because I believe that the success of the recommendations of the Committee, if adopted, will very much depend on the banking wants of the country being assisted in times of pressure, and curtailed in times of slackness; and this, in my opinion, could only be done by the establishment of some institution having ample facilities at its disposal, and framed on somewhat similar lines to those of either the Bank of England or the Bank of France.

E. A. HAMBRO.

Since the Committee was appointed, the condition of the money market in India has so greatly improved that the immediate settlement of the currency question has, in my opinion, become less urgent than it was in the spring of 1898.

Under existing conditions, gold is not—in form—a legal tender in India; yet, for all practical purposes, the sovereign is now a legal tender for 15 rupees, because the holder of a sovereign can obtain for it 15 rupees at the Government Treasury, and these 15 rupees constitute a legal tender. To make the sovereign a legal tender at the rate of 15 rupees, is therefore only a change in form and not in substance, and will neither strengthen exchange, nor be likely to lead to a greater import of gold into India.

It may be that further experience will show the balance of advantage to lie with a lower exchange than 1s. 4d.; or, on the contrary, circumstances might conceivably arise (*e.g.*, silver legislation in the United States) which would necessitate a higher rate. In view of these possibilities, and of the fact that the existing monetary conditions of India are not, in my judgment, producing any serious evils, I am of opinion that no action should be taken at the present time, in the direction of finally settling the rate between the sovereign and the rupee; but that the question should be left to be decided in the fuller light which would be afforded by further experience.

Subject to these remarks, I am in general accord with the principles of the Report.

W. H. HOLLAND.

We do not admit that the experience of the last six years justifies the adoption of a 1s. 4d. ratio. For five years after the closing of the mints exchange never effectively reached that level in the sense of bringing gold to the currency; and, while giving due weight to the fact that during the last six months the Currency Department has received a considerable amount of gold, we cannot agree that a single year of unprecedentedly large exports, arising from exceptional causes, is a sufficient basis for assuming that this will continue to the extent necessary for India's currency requirements. The great rise in the price of wheat in April/June of last year increased the Indian exports of that article to Rx. 9,720,333, as compared with Rx. 1,341,151 in 1897-98 and an average of Rx. 2,750,137 in the five years 1893-94 to 1897-98 inclusive. The exports of rice were also Rx. 3,500,000 above the average of the previous five years. But for these exceptional causes, last year's total exports would not have been unusually large, and it may be questioned whether gold would have found its way to India as currency in any quantity.

A review of the circumstances which accompanied the closing of the mints, is sufficient to show that the violent disturbances which unsettled exchange for several years, were mainly due to the arbitrary enhancement, of the rupee to 1s. 4d. On 31st

May 1893, the date of the Herschell Committee's Report, exchange stood at 1s. 2½d. It will be remembered that although the Report was not made public till the 26th June, the day the mints were closed, its purport became known to a group of speculators almost as soon as it was signed (a correct summary was published in a continental newspaper on the 7th June). This led to immense speculation in exchange and rupee paper, in connection with which unusually large remittances were made to India. Between the 31st May and the 6th June no less than Rx. 3,780,000 Council bills were taken, and in addition 1,180,000l. of bar silver was shipped. It was then believed that the closing of the mints would establish a 1s. 4d. rate, and consequently there was a strong movement to remit money out at anything under it. Exchange touched 1s. 4d. for a day on the 27th June, but it soon became apparent that the rise had been overdone, and the downward movement which followed, assisted by the plethora of money arising from the above operations, carried exchange as much below its level as it had previously been forced above it. Had a 1s. 3d. rate been adopted, these wide fluctuations would not have taken place; and we believe the market would have settled down to it without much difficulty, that gold would have gone to India as currency to a fair extent in 1896-97 if not earlier, and to a larger extent in 1897-98, and that the intense monetary stringency of these two seasons would have been avoided.

When exchange began to advance after touching its lowest point on the 23rd January 1895, it gradually recovered without any pressure on the money market till 1s. 3d. was reached in November 1896. The Presidency Banks' rates were then 6 to 8 per cent., the latter being the highest rate touched during the period in question. It was only when exchange began to rise above 1s. 3d. that stringency was experienced; and that the raising of the rate by the additional penny required to bring relief in the shape of gold, became a difficult process accompanied by extreme monetary pressure.

These considerations appear to us to point to 1s. 3d. as the ratio which should be adopted rather than a forced ratio of 1s. 4d.

The advocates of a 1s. 4d. ratio point to the fact that this rate has now been, more or less, effective for the last 18 months, thereby establishing a *status quo* which it would be unwise to disturb. This argument would have greater weight if the *status quo* had been arrived at in a natural way; but the circumstances under which it was reached have only to be considered to deprive it of any value. With no fresh currency otherwise obtainable, the monopoly rupee was bound in time to rise to whatever gold point the Indian Government chose to fix, and the fact of its having risen in five years to 1s. 4d. is of itself no more a proof that 1s. 4d. is an equitable ratio than it would be in regard to 1s. 6d. or 1s. 8d., which could equally be reached in course of time. To arrive at a rate in this manner and then point to the accomplished fact as disposing of any question of its propriety is not convincing, especially if there is reason to believe that a rupee so greatly enhanced is calculated to have an injurious effect on the country's interests and to retard or even jeopardise the success of the gold standard.

We approve of the principle that India should be allowed to acquire the necessary gold by means of the trade balance in her favour. But to enable her to do so, anything calculated to injure that balance should be avoided. This is equally imperative on the ground that it is on the trade balance that India also depends for the power to meet her foreign obligations; and the rate of exchange, or the ratio fixed between gold and the rupee, is of the greatest importance in its bearing on her ability to maintain a balance of exports over imports, sufficient to meet both these requirements.

The Committee have obtained a great deal of evidence as to the effect of exchange on trade, and, although opinions differ, this at least is undoubted, that the rate of exchange has a direct influence on the rupee prices of articles of export and import. A lower exchange gives the Indian exporter a higher rupee price for his produce, without raising the gold price to the foreign buyer, while compelling an importer of foreign goods to exact a higher rupee price to cover his gold outlay. A higher exchange on the other hand lowers the rupee price of native produce, while enabling the foreign importer to sell his goods cheaper. An appreciated exchange through its action on prices has thus a double effect on the trade balance, by checking exports and stimulating imports. And that this is not of the temporary character which some maintain is shown in India's opium trade with China.

Owing to the closing of the mints, China exchange on India has fallen from about 306 rupees per 100 taels in 1892-3 to the present level of about 204 rupees, it has been

even lower; thus necessitating a higher price for opium in China to give the Indian exporter the same rupee return. Viewed in this light, the course of the trade is instructive.

There has been an advance in the tael price in Shanghai from an average (Patna, Benares, and Malwa together) of about 397 taels per picul in 1892 to 556 taels in 1897, notwithstanding which the price in India has fallen from an average of about Rs. 1,202 per chest in the former year to about Rs. 1,114 in the latter, while Indian

* These figures are taken from the "Financial and Commercial Statistics," up to the end of 1897, published by the Government of India. The volume embracing 1898 is not yet issued.

exports have diminished from 75,384 chests in 1892-3 to 56,069 chests in 1897-98.* We thus see the effect of the enhanced rupee in a falling off in the Indian exports and a lower rupee price,—the rise in the tael price, large as it is, not having gone far enough (being checked by the

stimulus given to Chinese native competition) to enable India to export to the same advantage in face of the adverse exchange. Looked at from China's point of view, the effect of the fall in the tael exchange in checking imports into China is equally apparent, and the truth of the principle that a rise in exchange checks exports and stimulates imports, while a fall has the contrary effect, is thus shown in the trade of both countries. In the Budget Statement of March 1899, paragraph 166, the Finance Minister makes the following comment in his remarks on opium:—"The growing competition of the China drug has prevented the price in China from rising in proportion to the increased value of the rupee due to the currency legislation of 1893." For "increased value of the rupee" read "fall in the China exchange on India," and there could not be a clearer confirmation of the effect of the enhancement of the rupee on India's opium trade. It must be added that the export of opium to China increased last year to 67,128 chests, which is explained in the same paragraph to be "largely due to a scanty crop in China."

The opium trade has been described as a dwindling trade at the best, but it is impossible to doubt that the falling off in the last six years is largely due to the enhanced rupee.

Another branch of India's trade with the Far East—her exports of cotton, cotton yarn, and goods—is also exposed to a danger which it would be unwise to aggravate by pushing the enhancement of the rupee too far. Within the last few years an important cotton mill industry has sprung up in China and Japan for the supply of their home markets, although the effect on India has scarcely yet had time to manifest itself for two reasons,—first, that Japan uses Indian cotton largely in her mills, which,

* Although Japan is on a gold basis, it is at a ratio equivalent to 11½d. per rupee as compared with India's 1s. 4d.

so far, places her products on a level with those of India,* and, secondly, because the China mills only came into operation in the end of 1896 (Q. 12, 493), so that the industry is still in its infancy. The

conditions, however, which have assisted the competition of China-grown against Indian opium may in time be equally effective in regard to cotton. There are indications that the cultivation of cotton is extending (Consular Report, p. 57, Vol. II.), and, if Japan should find it more advantageous to buy her cotton in China, a serious blow may in time be dealt to another branch of India's export trade.

We do not ignore the evidence as to the appreciation of copper cash, which as the usual wage-paying medium in China must largely govern the cost of production. We are told (Q. 8,250-2) that it has appreciated in relation to silver about 15 per cent. in the last five or six years. This represents less than half the fall in the China exchange, so that a modification of the present enhancement of the rupee is still necessary to put India on fair terms of competition with China.

India's disadvantage is not less real in her competition with silver standard countries for the export trade to neutral markets. As regards tea, China with her dollar at its bullion value will be greatly assisted by an enhanced rupee in her endeavours to recover her former predominant position. Although her exports of tea to the United Kingdom are now comparatively small, her total exports amounted to 205,000,000 lbs. last year. Her productive power is, therefore, by no means crippled, and it would be a mistake to think that India can afford to disregard her competition.

In principle, the effect of an enhanced rupee equally applies to India's trade with gold standard countries, although as sterling exchange has never fallen to the silver bullion point it may be less marked.

Without going so low as that point or even the lowest rate touched since 1893, the arbitrary enhancement of the rupee has been considerable, and the step taken that year went a good deal beyond merely checking a further fall. Referring to the Report of

the Herschell Committee, we find that, after discussing at some length the probable effect on Indian trade of a rupee divorced from its bullion value, they made the following important statement in paragraph 135 :—“ It is impossible, in view of these considerations, not to come to the conclusion that to close the mints for the purpose of raising the value of the rupee is open to much more serious objections than to do so for the purpose of preventing a further fall.” The value of the rupee on the 31st May 1893, the date of the Committee's Report, was 1s. 2 $\frac{5}{8}$ d., and it is difficult to reconcile the above declaration with their conclusion recommending a ratio of 1s. 4d., or more than 9 per cent higher. Even applying the expression “ preventing a further fall ” to the date of their appointment, the 21st October 1892, the rate of exchange then was 1s. 3·06d., on which 1s. 4d. represents an enhancement of 6 per cent.

As to the compensating adjustments which are said to make up to the producer for the smaller rupee price he has to accept for his produce in consequence of a higher exchange, we are unable to see where they are to come from—they have not yet been arrived at in the case of opium. The evidence shows (Q. 9612–6) that wages in India, that is cost of production, have not fallen since the rupee was at 12 $\frac{1}{2}$ d. four-and-a-half years ago, nor does it appear that any fall is likely, even if such a thing were desirable, so that there is no compensation to be looked for in that direction, nor do we think it can be expected from a rise in the sterling prices of those articles in which India competes with other countries. Indian wheat, for instance, has to compete in the European markets with the wheat of Europe, the United States, Canada, Argentina, &c., and forming but a small proportion of the total supply can have an equally small influence in determining movements in the price. If a rise in the sterling exchange renders it necessary that India should get a higher price for wheat in England to give her the same rupee return, is it likely that the holding back for a higher price of a few thousand tons of Indian wheat will have any appreciable effect in that direction while the home supplies and the imports from these other countries are pouring in as usual? Any attempt to establish a rise for India's benefit would at once be swamped by increased supplies from other quarters. The market will not concern itself with the larger or smaller rupee out-turn realised by the Indian grower, who will either have to take the current price or do without; and the lower rupee price caused by the higher exchange must therefore represent a loss to the producer.

It is on this aspect of the question that we base our strongest objection to the 1s. 4d. ratio,—its effect as an unfair tax on native production while conferring a bounty on imported goods. It is not a sufficient reply to this to say that, as imports are paid for by exports, the gain and loss to the community are equal. This is evident when we consider that the native producer is the class which loses, while the class which gains is the consumer of imported goods. It can never be sound policy to handicap native industry while giving a bounty to foreign imports, and in the case of India with large foreign obligations, which can only be met by surplus exports of produce, it would be a fatal course to pursue. But beyond the effect on exports and imports so far as they balance each other, it still remains that with a 1s. 4d. exchange the cost of providing at Rs. 15 each the 17 million sovereigns annually required for the home charges is a tax which falls entirely on the producer. The more the rupee is enhanced—the lower the sovereign is valued in rupees—the more cheaply can the Government make its annual remittances. But this advantage is not obtained without being paid for, and the question who pays is not difficult to answer;—it is the producer, who has to accept so many fewer rupees for the produce he has to sell. If with a 1s. 4d. exchange the holder of a sovereign can only get Rs. 15 for it, he cannot afford to pay so many rupees for a ton of Indian produce as if with exchange at 1s. 3d. he could convert his sovereign into Rs. 16. To deny that arbitrary enhancement of the currency is a tax, and to argue that the producer is no worse off in the long run, that wages and other charges must in time adjust themselves to its altered value, is to maintain the dangerous principle that the Government may lighten its liabilities without injury to anybody by a step of this kind. Such a step is undoubtedly a tax on production, and if the Government plead that in the absence of any other available source of revenue trade must bear it, it is unwise to throw the whole of it on one side of trade, the side which it is least expedient to tax, and to penalise production while giving a bounty to foreign imports. The present duty on imports does not counterbalance the bounty conferred by a 1s. 4d. exchange, and the burden would be more equitably adjusted by reducing the ratio to 1s. 3d. In addition to its beneficial effect on trade this would relieve production by about 6 $\frac{1}{4}$ per cent., while depriving foreign competition of a corresponding bounty, and last year's favourable Budget gives ground for the hope

that the additional cost to the Government would be made good out of existing sources of revenue.

The ratio is still an open question. In his speech introducing the Act of 1893, Sir David Barbour stated that it was left open to be decided by the light of future experience. The Government, therefore, are not committed to 1s. 4d., they are perfectly free to alter the ratio now without exposing themselves to any charge of weakness or breach of faith. The desirability of adhering to existing conditions should not be allowed to weigh at the present stage. Whatever objections there may be to altering the ratio now, they are trifling in comparison with what will be experienced later, should the present ratio not be found practicable. To amend the ratio now would only be to act on the reservation made in 1893, to do so later, after having formally adopted 1s. 4d. would be a much more serious matter.

The test of a proper ratio is not merely that it should enable the Council Bills to be absorbed, or even its power to attract gold in an exceptionally prosperous year. It should be such as to do so in normal times sufficiently to provide for any drain occasioned by an exceptional adverse season, and to allow gold to gradually accumulate and supplement silver in the currency. To aim at a ratio which would fail to accomplish this for the sake of getting a high price for the Council Bills, would be to starve the currency, injure trade, and invite an ultimate breakdown. As India is debarred from obtaining any fresh silver currency, no difficulty should be placed in the way of her requirements being satisfied by gold. The ratio adopted should, therefore, be one which will encourage the free inflow of gold rather than one which, even if it might attract some gold in a year of unusually large exports, would fail to do so in ordinary times. In the one case Indian trade would have the advantage of a full supply of currency and easy rates of interest; in the other it would be continually harassed by monetary stringency and by a lame and inefficient currency system which would, sooner or later, prove a failure.

The success or otherwise of the gold standard will largely depend on the rupee value put upon the sovereign. The higher the rupee is raised above its bullion value, the more difficult will the establishment of the gold standard become. On the value put upon the sovereign will depend not only the extent to which gold is brought into the currency, but also how far it will be allowed to remain in circulation, or will disappear, driven out by the over-valued rupee. It is significant that, of the immense amount of gold held in India, practically none has been tendered to the Currency Department, even during periods of extreme monetary pressure. What

* Of Rs. 3,430,000 received by the Currency Department up to 19th June last, only Rs. 42,500 in Bombay and a trifling amount in Calcutta came from gold held in India; the balance was all imported.

has been acquired has, with a trifling exception, been imported gold.* This is not reassuring as to the result when gold is made legal tender and a sovereign and Rs. 15 are supposed to be mutually interchangeable. India is a large

consumer of gold, and to undervalue it in relation to the rupee will have the effect, not only of discouraging its tender to the Mint, but of encouraging the market to supply itself by withdrawals from the currency. The successful establishment of a gold standard will not be promoted by insisting on getting gold too cheap.

Going back to 1893, the conditions then prevailing clearly pointed to 1s. 3d. as the ratio which should have been adopted then; and we can see nothing in subsequent experience to justify the belief that 1s. 4d. is the more suitable ratio now. On the contrary, we consider 1s. 4d. an extreme ratio, which imposes too severe a tax on production, and is calculated to injure the trade balance necessary for India's solvency, and that the corresponding ratio, of Rs. 15 per sovereign, by putting too low a value on gold, will tend to prevent its going into or remaining in circulation, and thereby endanger the success of the gold standard.

We believe 1s. 3d., or Rs. 16 for a sovereign, to be a ratio which would not be injurious to India's interests, and under which she would be able to acquire by trade influences the gold necessary to make the gold standard effective. We therefore recommend that the ratio should be altered from 1s. 4d. to 1s. 3d., or to Rs. 16 per sovereign, instead of Rs. 15.

In making this recommendation, we cannot be regarded as advocating a depreciated currency, in the true sense of the phrase. We are a long way from the point at which the term depreciation would be appropriate;—the rupee at 1s. 4d. is, on the contrary, immensely appreciated, and in urging a change to 1s. 3d. we are only seeking to correct what we consider to be an excessive, arbitrary enhancement.

ROBT. CAMPBELL.
JOHN MUIR.

Sterling borrowing in order to acquire gold is so prominent a feature of the Government of India's proposals and of other schemes which have been put before the Committee, that we consider it desirable that the principle of borrowing for such a purpose should be thoroughly examined.

Sterling borrowing is in itself objectionable on the ground that it aggravates the exchange difficulty by permanently increasing the home charges, but there are special reasons besides against borrowing for the purpose of establishing and maintaining a gold standard. If India is unable to acquire gold except by borrowing, that alone would go far to prove her unfitness for a gold standard and her inability to retain gold so acquired. Gold attracted to the currency by trade influences might reasonably be expected to remain in circulation, but there could be no certainty that gold brought in by borrowing would do so; the presumption would be rather the other way, because, short of withdrawing rupees to make room for it (a proposal which has been universally condemned), it is difficult to see how borrowed gold could be introduced into the circulation without creating monetary conditions which would drive it back to England again.

If, however, as we believe, India is able to obtain the necessary gold by means of the trade balance in her favour in the same way as she formerly obtained her silver currency, why should the expensive and objectionable method of borrowing be resorted to? The only advantage of borrowing would be to hasten convertibility, an advantage which would be gained at the expense of any assurance of ultimate success, or any certainty that the borrowed gold would not begin to disappear as soon as convertibility was attempted, while the disturbing influence on the Indian money markets of bringing in large amounts of borrowed gold would not be wholesome. A measure on the other hand under which gold would flow to India gradually as trade and currency requirements dictated, even if it took several years to introduce into the circulation sufficient to make the standard fully effective, would carry with it a confidence which could never be inspired by the sight of gold forced in by artificial means, while the automatic supply of currency as from time to time required would keep the money markets from either undue plethora or stringency.

Italy furnishes a practical illustration of the result of attempting to establish a gold standard by means of borrowed gold. The Italian Government obtained by sterling loans a large amount of gold for that purpose, but they have not succeeded in their endeavour. They dare not allow the gold they borrowed to go into circulation, because it would at once be exported. At the present rate of Italian exchange the gold, if obtainable, would give a profit of 6 to 7 per cent. to send abroad, and, with the foreign exchange so much above the gold point, the gold standard has disappeared.

A further objection to forcing gold into the currency by borrowing, is the effect it would have in obscuring the proper ratio between gold and the rupee, the ratio at which a gold currency would be practicable, and the mischievous effect it might have in enforcing for the time a ratio which without the continued support of borrowed gold might prove to be unworkable and would therefore ultimately break down. With 120 crores of rupees in circulation, which must continue to be unlimited legal tender for years to come, the change from a silver to a gold standard is not the simple question of raising so much gold and putting it into circulation at any arbitrary ratio to the rupee which may be chosen. The lower gold is valued in relation to the rupee, the greater will be the difficulty of keeping it in circulation and the greater the danger of the under-valued gold disappearing, leaving the sterling debt as the only lasting result of the operation. A gold standard and currency can only be established and maintained on conditions which will permit of gold flowing freely to India in obedience to trade requirements, and any measure which attempts to override these conditions and force gold in by artificial means will break down sooner or later.

For these reasons we are opposed to sterling borrowing, whether for the establishment or the maintenance of a gold standard. Borrowing to support the standard once resorted to, it would be impossible to know when to stop, and the only safe course is not to begin. It is on trade support that the maintenance of the gold standard must in the long run depend, and any saving of delay through borrowing would not be worth the risk of finding, after having incurred a load of sterling debt with its consequent addition to the home charges, that an impracticable scheme had been pursued which when left to its own merits would break down.

ROBT. CAMPBELL.
W. H. HOLLAND.
JOHN MUIR.

COPY of the DESPATCH addressed by the COURT of DIRECTORS to the GOVERNMENTS of BENGAL and MADRAS on the 25th day of April 1806, dealing with the COINAGE of INDIA.

COPY of a DESPATCH to BENGAL, MADRAS, and BOMBAY, in the PUBLIC DEPARTMENT, from the COURT of DIRECTORS, dated 25th April 1806.

Sent per "Marchioness of Exeter," "Marquis of Wellesley," "Teignmouth" cruiser, and extra ship "Harriet."

1. THE state of the coinage of India has been frequently brought before us in the correspondence of our several Governments; and we have been for some time fully impressed with the necessity of giving to this important subject a full consideration; but we have been more immediately stimulated to this, in consequence of a report made to us of a loss being suffered in the Calcutta Mint, in the recoinage of dollars into Sicca rupees, to the amount of 2 per cent. This circumstance induced us at once to institute an inquiry into the situation of the mints and coinage under our several presidencies, with the intention of applying as effectual a remedy to the existing defects as may be in our power.

2. With the view of obtaining the fullest information, the Mint-Masters' Accounts of Bengal and Madras from 1799 to 1802 have been investigated, the Bengal Regulation of 1793, No. 35, referred to, and, among the several papers and notices on the subject of coinage, &c., on the consultations of our different Governments, more particular attention has been given to the Minutes of Sir John Shore (now Lord Teignmouth) on the Bengal Public Consultations of 3rd October 1796, the Report of the Committee of Reform at Madras dated 26th March 1800, and to the Papers drawn up by Dr. Scott, under the inspection of Governor Duncan, as recorded on the Bombay Public Consultations of 31st January and 9th December 1801.

3. From the attention that has been given to the above-mentioned accounts and documents, we are fully convinced of the inefficiency of the present system of our mints and coinage, the losses we have constantly sustained, and the inconvenience the public service has suffered in consequence thereof, and from the circulation of so many denominations of gold and silver coins of different values, in different districts; these losses we find to be of a magnitude far beyond our expectation (*vide* Appendix No. 1).

4. We have noticed also the recommendation expressed in some of those papers for the adoption of one general system for the formation of the coin for the currency of the whole of our possessions on the continent of Asia, which is our most entire approbation, as we are fully satisfied the various evils combined of can only be removed by the introduction of a gold and silver coinage of the weight and fineness, such coin to become the universal measure of value in British India.

It is our intention to enter into the consideration of the subject and to lay our views and opinions, that our several Governments may report their sentiments thereon, in order to supply us with the most perfect information on this important subject, previous to our final decision upon a plan which shall embrace every practical advantage within our reach.

In the prosecution of our inquiries we have referred to a letter from the Duke of Liverpool to the King, on the coins of the realm (lately published), copies of which we transmit with the present Despatch. We think his Lordship has established the principle that "the money or coin which is to be the principal measure of property ought to be of one metal only." In applying this argument to a coin for general use in India, there cannot be a doubt, in our opinion, that such coin must be of silver.

Assuming that the coin for general use in India as the principal measure of property is to be of silver, we proceed to the inquiry of what weight this coin should be.

The standard weight of the silver coins issued from the mints of our several presidencies we find to be as follow:—

	Troy Grains.
Calcutta Sicca rupee - - - -	179 $\frac{2}{3}$
Madras Arcot rupee - - - -	176 $\frac{2}{3}$
Bombay rupee - - - -	179

8. The weight of the coin originally issued from the Mogul mints, we understand, was uniformly one sicca, or 10 massa, being 179 $\frac{2}{3}$ troy grains, or 179.5511. We should be inclined to propose this weight for the coin under consideration, did we not think it would answer a good purpose to fix the gross weight in whole numbers; we should therefore prefer the weight of 180 troy grains as the nearest to the sicca weight, and in so doing we are not aware of any inconvenience resulting therefrom at either of our presidencies; but we are rather inclined to think the measure will be found useful, inasmuch as it will produce a greater degree of simplicity in the valuation of the coin in respect to other money. But we are by no means desirous of effecting an alteration in the standard weight of the currency of Bengal, should our Government there be of opinion it would be likely to prove the foundation of a new batta, or of any other inconvenience sufficient to counterbalance the advantages we expect in the calculation of the relative value of Indian and other coins.

9. Assuming the standard weight of the new rupee to be 180 troy grains, the next point to be considered is the proper standard fineness. Upon the subject of the fittest alloy for coin, and its proportion to the quantity of fine metal, our attention has been directed to a "Report made to the Right Honourable the Lords of the Committee of Privy Council, appointed to take into consideration the state of the coins of this country, and the present establishment and constitution of His Majesty's Mint, January 1803." In this Report (copies of which are forwarded) the British standard for gold coin, one-twelfth alloy and eleven-twelfths fine, is, by a variety of extensive experiments, proved to be the best proportion, or at least as good as any which could have been chosen, and that such alloy for gold coin may be of fine Swedish copper, so as to answer every purpose of a mixed proportion of silver without occasioning any further waste of that metal. There is no reason to doubt that one-twelfth alloy of copper would be equally proper for silver coin; it has certainly the advantage of greater facility in the valuation of the coin, therefore we are of opinion this proportion should be adopted for the coin proposed, in which case the new rupee would be of the gross weight of—

Troy grains - - - - -	180
Deduct one-twelfth alloy - - - -	15
And contain of fine silver, troy grains - - - -	165

10. The fine silver in the Calcutta sicca rupee is troy grains 175.927, Madras Arcot rupee, 166.477, Bombay rupee, 164.740; the difference between the values of the

Troy grains.		
166.477 Arcot rupee.	166	Arcot and Bombay rupees, when compared with the
165 New rupee	165	recommended rupee, is $\frac{887}{10000}$ per cent. less fine silver
Difference 1.477	164.74	in the new than in the Arcot rupee; and $\frac{157}{10000}$ per
	Difference .26	cent. more fine silver in the new than in the Bombay
As 166.477 : 1.477 :: 100 : 887		rupee. These variations are certainly too small to
As 165 : .26 :: 100 : 157		present any difficulty to the completion of the object
175.927 Calcutta sicca.		in the circulation of the new rupee at Madras and
165		Bombay. The difference between the value of the
10.927 difference.		new rupee and that of the Calcutta sicca is 10.927
As 175.927 : 10.927 :: 100 : 6.211		troy grains fine silver, or 6.211 per cent. Though

the Calcutta is so much more valuable than the new rupee, we do not apprehend any objection on the part of the people of Bengal, when they are made acquainted with the intention of Government, to receive the new rupee at the same value at which it is issued to them; at least, no objection but what a very short experience of the advantages of the general currency would remove. That the Shroffs and other speculators in money and

exchanges will endeavour to impede the circulation of the new rupee must be expected, as every change will be opposed by them that has in its consequences the prevention of their destructive interference and the reduction of those profits they have hitherto obtained at the expense of the public and the Company.

11. But we trust the opposition of the description of persons above alluded to will not prevent the adoption of the recommended rupee for general currency, as it appears so extensively useful as a measure of value, by approaching so near the value of the Madras, Arcot, the Bombay, Benares, Lucknow, and Bareilly rupees, as also to the Sonaut rupee in which the pay of the Bengal Army is calculated.

		Troy grains.
169·251 Benares rupee.	*Fine silver in the Benares rupee	- 169·251
165 New rupee.	*Do. Lucknow	- 166·135
4·251 difference.	Do. Bareilly	- 161·635
As 169·251 : 4·251 :: 100 : 2·511	For every 100 sonauts, calculated pay,	
168·010 Sonaut rupee.	the Bengal Army have issued 95½	
165	Sicca rupees, so that the Sonaut	
3·010 difference.	rupee is of the value of fine silver,	
As 168·010 : 3·010 :: 100 : 1·791	troy grains	- 168·010
166·135 Lucknow rupee.	12. The Benares rupee is per cent.	- 2·511
165	The Sonaut rupee	- 1·791
1·135 difference.	The Madras Arcot	- ·887
As 166·135 : 1·135 :: 100 : ·683	And the Lucknow rupee	- ·683
165 New rupee.	more valuable than the new rupee.	
161·635	13. The Bareilly rupee is per cent.	- 2·039
3·365 difference.	And the Bombay rupee	- ·157
As 165 : 3·365 :: 100 : 2·039	less valuable than the new rupee.	

14. Should the new rupee be ultimately adopted, there may be coined also, for general convenience, the following denominations:—

Half rupee weighing troy grains	- 90
Quarter rupee do.	- 45
Anna do.	- 11¼

the latter, being a larger coin than the English silver penny (which weighs less than eight troy grains), is not too small to strike. The anna, as a coin, would be found very useful in small payments, and, with a view to this consideration, we think a copper coinage should also be determined on for general circulation; and it is our opinion it should be struck in England, and to consist of pieces of the value of 6 pice or half-anna, 3 pice or quarter-anna, and 1 pice.

15. The value of the silver anna (one-sixteenth of the new rupee) is about one-fourth of the English sixpence, or one penny halfpenny, so that the value of the pice (one-twelfth of the anna) is about half a farthing English currency, the weight of this coin to be so adjusted, according to the price of copper and expenses of coining, as to leave a profit on its issue; which would have the good effect of preventing the melting of the coin, as its value in currency would be something more than the value of the metal, with all the export charges upon it.

16. Although we are fully satisfied of the propriety of the silver rupee being the principal measure of value and the money of account, yet we are by no means desirous of checking the circulation of gold, but of establishing a gold coin on a principle fitted for general use. This coin, in our opinion, should be called a gold rupee and be made of the same standard as the silver rupee, viz., 180 troy grains, gross weight, and 165 troy grains, fine gold, also divided into halves and quarters, that the coins of both gold and silver should be of the same denomination, weight, and fineness.

17. It is an opinion supported by the best authorities and proved by experience, that coins of gold and silver cannot circulate as legal tenders of

payment at fixed relative values, as in England and in India, without great loss; this loss is occasioned by the fluctuating value of the metals of which the coins are formed. A proportion between the gold and silver coin is fixed by law, according to the value of the metals, and it may be on the justest principles; but owing to a change of circumstances gold may become of greater value in relation to silver than at the time the proportion was fixed; it therefore becomes profitable to exchange silver for gold, so the coin of that metal is withdrawn from circulation; and, if silver should increase in its value in relation to gold, the same circumstances would tend to reduce the quantity of silver coin in circulation. As it is impossible to prevent the fluctuation in the value of the metals, so it is also equally impracticable to prevent the consequences thereof on the coins made from those metals. From these circumstances the coin of England has been much disordered; and the papers referred to have plainly shown the losses and inconvenience experienced in India from similar causes. The loss in Bengal was certainly enhanced by giving to the gold coin, at the period of its issue, an improper value in relation to the silver coin. Loss and inconvenience have been occasioned at Madras by the contrary error, where the silver coin was rated at too high a value in relation to the gold coin. But there is a radical defect in the principle itself of giving a fixed value to metals (in coin) that are in their nature subject to continual change, because, the metals being articles of commerce, their value will fluctuate with the demand. Had the nicest proportion been fixed between the gold and silver coins of Bengal and Madras at the time of their issue, yet the first alteration in the price of the metals would have occasioned the batta so much complained of, though such batta had not existed before. The alteration in the value of the metals in Europe has been the principal cause of the present state of the English silver currency, a debased and counterfeit money having been introduced into circulation, which does not possess above one-third of the intrinsic value of the legal coin of the realm. To adjust the relative values of the gold and silver coin according to the fluctuations in the values of the metals would create continual difficulties, and the establishment of such a principle would of itself tend to perpetuate the inconvenience and loss.

18. It is from a consideration of these circumstances, we have been induced to conclude that our gold coin should not be forced into circulation at a fixed value in regard to the silver coin, but left to find its own level according to the usefulness it may possess as a coin, being issued according to the market value of the metals, and received by our officers in the same manner. From this regulation no other loss could be suffered by the Company or the public than what might be occasioned by the varieties in the prices of the metals; and it is not to be apprehended these prices could be materially affected by any artifice or device, as there could not be a quantity of gold coin in circulation much beyond the wants of the community.

19. The contrary practice of forcing the gold coin into circulation, on the plea of a want of silver currency in Bengal, has had the effect of reducing the value of the gold coin by its abundance beyond the difference in its real value, and increasing the batta accordingly. We do not imagine that any very considerable quantity of gold coin will obtain circulation in Bengal, and, although it has been alleged a gold coin is necessary to supply the place of the silver coin, which frequently disappears almost as soon as issued, yet it must be remembered no regulation or expedient can be devised to keep the coin in any country where the balance of trade is against it, and where to this principal cause of a deficiency in the circulation medium is added a prevailing disposition on the part of the people to hoard the silver coin; where these circumstances exist, all attempts to force a gold coin where silver only is the common medium will be attended with loss and disappointment.

20. We do not apprehend any difficulty can attend the introduction of a gold coin into Bengal on the principle that it should pass at its market value in relation to silver, without having any fixed relative value set upon it; neither are we aware of any impediment to the measure at Bombay. In respect to those countries under the Government of Madras where gold coins are the principal currency, money of account, and the measure by which the

pay of the troops is generally calculated, some further consideration appears necessary.

21. We have before stated our opinion that silver should be the universal money of account, and that all our public accounts should be kept in the same denomination of rupees, annas, and pice. The Committee of Reform recommended (para. 54 of their Report) this plan for Madras, that their accounts might be assimilated as much as possible to the Government accounts of Bengal and Bombay.

22. It is not by any means our wish to introduce a silver currency to the exclusion of the gold, where the latter is the general measure of value, any more than to force a gold coin where silver is the general measure of value; but, wherever the pagoda is the general currency, to substitute in its place the quarter gold rupee, which we are of opinion should be paid and received

	Troy Grains.
	Gold Rupee 166 fine.
Half	82.5
Quarter	41.25

42.048	Star Pagoda.
41.250	Quarter Gold Rupee.

.798 difference.

As 42.048 : .798 :: 100 : 1.897

on all occasions as the pagoda, both in regard to the calculation and receipt of the revenue, as also in the issues of money for the purchase of investment. The quarter gold rupee would contain of fine gold troy grains $41\frac{1}{4}$, the star pagoda contains of fine gold troy grains $42\frac{1}{10000}$. The difference between these coins is $1\frac{897}{10000}$ per cent. less fine gold in the former than in the latter. This difference does not appear so material as to induce us to entertain any doubt of the

quarter gold rupee answering every purpose of the star pagoda in respect to the revenues and investment; neither does it appear to us inapplicable to the pay of the army; for, supposing the amount of pay as it stands at present in pagodas to be changed into quarter gold rupees, and this coin considered equal to $3\frac{1}{2}$ new rupees, as the pagoda is to $3\frac{1}{2}$ Arcot rupees, the difference between the silver coins, being less than 1 per cent., cannot be expected, as before observed, to create any uneasiness.

23. Our recommendation of the gold coin passing generally at its market price, the silver coin only being the measure of value, may, we conceive, be carried into effect with great facility, in consequence of both coins possessing

14 of Silver to 1 of Gold makes the value of the

Gold Rupee	- 14 Silver Rupees.
Half do.	- 7
Qr. do.	- 3.8

14½ Silver to 1 Gold	
1 Gold Rupee	- 14.4
Half do.	- 7.2
Qr. do.	- 3.9

14¾ Silver to 1 Gold	
1 Gold Rupee	- 14.8
Half do.	- 7.4
Qr. do.	- 3.10

14¾ Silver to 1 Gold	
1 Gold Rupee	- 14.12
Half do.	- 7.6
Qr. do.	- 3.11

15 Silver to 1 Gold	
1 Gold Rupee	- 15
Half do.	- 7.8
Qr. do.	- 3.12

15½ Silver to 1 Gold	
1 Gold Rupee	- 15.4
Half do.	- 7.10
Qr. do.	- 3.13

the same denomination, weight, and fineness; as also being alike divided into halves and quarters. For an example, we have supposed variations may take place in the values of the metals of from 14 to 1 to $15\frac{1}{4}$ to 1, and it will be seen in the margin that the value of any division of the gold rupee is found in rupees and annas only, on the presumption that the market values of the metals will not vary in proportions beyond or under one quarter.

24. We have thus stated our opinion in the view of its being unnecessary to continue a fixed relative value between the gold and silver coin. It appears to us no such necessity can exist in regard to Bengal and Bombay, and we hope no such measure will be found necessary at Madras; but, should our Governments, who are assuredly the most competent judges, be of opinion that local circumstances will render it proper to fix a relative value between the coins at Madras, the plan we have detailed seems capable of being carried into effect in this respect also with much ease. On the supposition of the quarter gold rupee supplying the place of the star pagoda at the value of $3\frac{1}{2}$ new rupees, the proportion of gold to

silver is as 1 to 14, which is very near the proportion recommended from Madras of 1 to $14\frac{1}{4}$. In the margin before referred to it will be seen this makes a difference of one anna only on a quarter gold rupee, and the same difference is found for every advance in the proportions of one quarter.

25. We have before observed the quarter gold rupee appears well fitted to supply the place of the star pagoda in the payment of the Madras Army; but we have thought it necessary to direct our attention in a more particular manner to the mode of paying the troops there, in order to discover how far the recommended alteration will affect this important point.

26. The pay is frequently issued in pagodas; the pagoda is ordered to pass for $3\frac{1}{2}$ Arcot rupees, by the authority of the Government, and the pagoda appears also to pass for 45 fanams. Three and a half Arcot rupees contain of fine silver troy grains

Troy Grains.
166'477 Arcot Rupee
3 $\frac{1}{2}$

582'669

12'764 fine Silver Fanams.
45

574'380

12'764
42

536'088

582'669
574'380

8'289

As 582'669 : 8'289 :: 100 : 1'422

582'669
536'088

46'581

As 582'669 : 46'581 :: 100 : 7'994

582 $\frac{888}{1000}$; 45 silver fanams contain fine silver troy grains 574 $\frac{380}{1000}$; 42 silver fanams, the usual number issued for 1 pagoda of calculated pay, when the Government pay the troops in fanams, contain of fine silver troy grains 536 $\frac{888}{1000}$. From which it appears $3\frac{1}{2}$ Arcot rupees contain 1 $\frac{422}{1000}$ per cent. more fine silver than 45 fanams, and 7 $\frac{994}{1000}$ per cent. more fine silver than 42 fanams; therefore it follows, from a comparison of the relative value of the pagoda to the Arcot rupee as fixed by the Madras Government, that if the soldier is paid in 45 fanams he receives nearly 1 $\frac{1}{2}$ per cent. less fine silver than if he had been paid $3\frac{1}{2}$ Arcot rupees; and if paid only 42 fanams (the usual number) he receives nearly 8 per cent. less fine silver. This view of the subject clearly shows that on the present system much precision has not been observed in the mode of paying the troops; how far they may suffer when paid in gold, by exchanging it for silver fanams (whether beyond the above difference of

8 per cent. or below it), we suppose, depends in a great measure on the circumstances of the moment; but, whether the exchanger exacts a larger or a smaller batta, it appears evident the soldier is as much at the mercy of the exchanger as are persons carrying gold coin to market at Calcutta.

27. Should it be found necessary to continue the silver fanam for the accommodation of the places where the quarter gold rupee is to circulate in the

Grains.
180 New Rupees.
630 = $3\frac{1}{2}$ New Rupees.
630
45 = 14 Fanam.

12'14

1'166 alloy.

12'894 fine Silver Fanam.
45

577'530

Grains.
105 New Rupee.

10'8125 annas.
56

577'5000

room of the pagoda, the fanam should be calculated as at 45 to the pagoda (or quarter gold rupee); but, instead of the present proportion of troy grains 14 $\frac{117}{1000}$ gross weight, and troy grains 12 $\frac{764}{1000}$ fine silver, to be made of the same proportions as the new rupee, the gross weight being troy grains 14, and the fine silver troy grains 12 $\frac{834}{1000}$, so that the quarter gold rupee or pagoda, when exchanged for 45 fanams at troy grains 12 $\frac{834}{1000}$ or, for 56 annas ($3\frac{1}{2}$ new rupees) at troy grains 10 $\frac{8125}{10000}$ fine silver, would be equivalent in value, the same quantity of fine silver being obtained either way. This would certainly remove some of the inconveniences at present so justly complained of, but it does not appear to us the defect can be radically cured so long as the troops are paid in gold, because the money-changer would possess the power of exacting an arbitrary batta, although no real difference existed in the value of the coins. If it were practicable to pay the Madras Army entirely with

silver (either $3\frac{1}{2}$ new rupees, 56 annas, or 45 fanams for one pagoda), every difficulty would be removed, as the troops taking silver coin to the market would not be subject to any batta whatever. At the same time we are fully aware to alter the usual mode of paying the troops is a delicate matter, and that, should it be found advisable, the attempt must be carefully and gradually made.

28. The copper pice has been noticed as to its application to the rupee, and we find in the copper coin indented for from Madras it has been applied to the pagoda, a quantity being sent there of—

5)3,000 cash.
 720 pice.
 —
 Rupees. Annas.
 3 8
 —
 56 annas.
 —
 672 pice.
 —
 672)3600(5-3-57

1 piece of 4 pice or 20 cash.

1 " 2 " 10 "

1 " 1 " 5 "

1 " 1/3 " 1 "

calculated as 80 cash to 1 fanam, and 45 fanams or 3,600 cash to 1 pagoda; by this mode there may be obtained in exchange for 1 pagoda 720 pice, but

in exchange for 3½ Arcot rupees there can be obtained only 672 pice, making a difference of 48 pice on each pagoda. One pice is equal to cash $5\frac{357}{1000}$, and 1 anna 3 pice is nearly equal to 1 fanam, but if this nearest proportion should be established there might be obtained for 45 fanams, or 1 pagoda, 675 copper pice, which is an increase of 3 pice beyond the quantity to be obtained in exchange for 3½ rupees. Therefore we are not inclined to recommend the cash as a coin on the new principle, and, although the coinage of fanams has been adverted to, yet it is our decided opinion to confine the denominations of the new coin, if possible, to gold rupees, halves, and quarters, silver rupees, halves, quarters, and annas; and copper pice to the exclusion of silver fanams and copper cash, the two latter appearing likely, in some measure, to continue the inconvenience it is the object of our plan entirely to remove.

29. Having stated our views concerning a general currency for British India, we deem it unnecessary to make any observations on the advantages attending such a measure, as our Governments abroad, by constant experience of the manifold evils of the present system, are fully competent to appreciate the benefits that would result from the adoption of a plan whereby a coin of one standard weight and fineness would become exclusively current as the general measure of value.

30. We shall now proceed to give some consideration to the state of the mints at our several presidencies. We are convinced they are defective not only in regard to a succession of officers properly qualified in the arts of assay and minting, but correct machinery is also wanting for the several operations, as well as an effectual check of control over the several establishments. To this may be added the difference in the manner of conducting the present mints, which alone is sufficient to counteract the benefits otherwise likely to accrue from the adoption of the general system we have before stated. From these considerations we are inclined to think, the evils of the present system cannot be so effectually removed as by the abolition of the existing mints, and the establishing one mint only, which should be at Calcutta. We are aware that this is a proposition of great magnitude, and might in practice be attended with inconveniences greater than those intended to be removed by it; we therefore suggest it now only to draw your serious consideration to it. Such objections as we think are likely to be urged against it we shall here notice, with the answers that may be made to them, and we wish for your opinion upon the whole, and your final judgment upon this subject.

31. The advantages we expect to derive from the whole coinage of India passing through but one mint chiefly consist in the uniformity of the operation, the facility of instituting an effectual control over the coinage as to its standard, weight, and fineness, and also in our increased ability to form an establishment on a scale sufficiently liberal and extensive to secure correctness in the coin, and every needful despatch in the various operations of the mint. In the formation of a mint establishment it is our intention to be guided, as far as circumstances will admit, by the constitution of His Majesty's Mint, of which Lord Liverpool speaks as follows (page 201). "The subsisting regulations for receiving bullion of any description into Your Majesty's Mint; for transferring it from one department to another; for preserving it in security while it continues in the custody of the different officers; and, lastly, for returning it in the shape of coins to those to whom it belongs; are wise, and require no

“alteration.” A description of this mint in all its branches of coinage and checks will be forwarded.

32. In the contemplation of an effective future succession of officers for the principals of the several departments of the Mint, we consider it proper that a competent number of persons intended for civil stations in India shall be instructed in the various branches of the Assay and Mint Departments of His Majesty's Mint; and for this purpose a plan will be arranged to ensure to our new establishment every advantage that the knowledge of the most approved processes and machinery can effect, together with the experience resulting from a regular initiation under the most skilful artists. It is our intention to provide for the mint machinery similar to that about to be adopted in the King's Mint, for which purpose the necessary application will be made to Parliament.

33. We are aware it may be urged one mint will be unequal to the supply of British India with a sufficiency of circulating medium for the constant demand; as also that mints will be necessary for the recoinage of old rupees, at least at Madras and Bombay, as the provinces under these Governments are so distant from Calcutta, and likewise for the coinage of bullion from Europe and America. To these objections we reply, first, that the machinery to be set up in His Majesty's Mint is stated to be equal to the coining of one hundred and twenty million (120,000,000) shillings annually. We do not suppose the wants of India can ever be carried to an extent equal to this supply, after the new coin has been introduced into general use; therefore it appears to us unnecessary to incur the expense of three establishments, when one is more than equal to supply the whole demand; especially as the expense of those establishments would be incurred whether they were fully employed or not; and, if one mint is fully sufficient, three could not be employed above four months in each year. Secondly, some of the benefits expected to be derived from the proportion of alloy recommended for the new rupee are, that it will lose less by wear; the impression will last much longer, and consequently render frequent recoinages unnecessary. One of the defects of the Bengal coin is its purity, which subjects it to loss in weight by friction, and the obliteration of the impression from the softness of the metal, thus becoming unfit as a measure of value, by being deprived of the principal requisites of a coin, the impression as the proof of its standard fineness, and the weight as the test of its value. Thirdly, in respect to the bullion from Europe and America. As far as regards the bullion sent by us from this country, it is our intention the whole should be coined into the new currency at His Majesty's Mint, as we do not apprehend any difficulty in the accomplishing of this object. And, to prevent all variation in the appearance of the coin struck in England and in India, the dies used in both mints must be sunk by the same artist. The private shipper of bullion cannot suffer any detriment by this arrangement, although it is our intention he should still have the choice of sending bullion in preference to coin, if more agreeable to his views, but would prefer, it is most likely, the coining of his bullion in this country, as it would be ready for immediate circulation at whatever place he may require it. The duty to be levied on the coinage of private bullion should be the same in England as in India, to place both upon the same footing, that the shipper should have no preference in this respect.

34. The charge of coinage to be the same on gold as on silver, and we think 2 per cent. would be sufficient to cover our expenses, and not so much as to prevent the bringing of bullion to the mint, when that sum is to include every charge without any other deduction whatever. Our own supplies may be so arranged as to transmit the required proportion to each of our presidencies in coin instead of bullion. The only remaining difficulty applies to the importation of bullion into India from foreign Europe and America, and to the transmission of coin from one part of India to another. Dollars have been generally exchanged at the several presidencies for the various currencies, and at different rates according to the plenty or scarcity of bullion at the time. This exchange may be improved by fixing a rate between dollars and the new rupees according to the fine silver in each, taking care to deduct

from the value of the dollars the charge for coinage, with such additional amount as the expense of transit and risk may demand; yet keeping such additional charge below the amount an individual would incur in forwarding his own bullion to the mint.

35. On this principle the Governments of Madras and Bombay to become the purchasers of all bullion tendered them, paying for the same in cash or in bills on Bengal at a rate to preserve the above-mentioned advantages to the Company. The constant intercourse between Bengal, Madras, and Bombay, presents sufficient facilities for the accomplishment of this plan, and seems to leave no other impediment but the risk of transit; this risk is at present necessarily run in forwarding the supplies from one presidency to another; so that the only disadvantage to be expected would arise from the probability of more frequent recurrence of the risk. A table of rates of the intrinsic values of the several descriptions of Spanish dollars, and other coin usually imported into India, may be formed; and, when a new coin finds its way there from foreign Europe or America, it may be assayed at Calcutta, the real value ascertained, and a rate (at which it should be exchanged with the new rupee) established accordingly.

36. On the establishment of the new system it is our intention to institute a complete check on the mint at Calcutta; and to attain this important object we shall direct that, in addition to the ordinary checks, a member of the Bengal Council do, from time to time during the operations of coinage, proceed to the mint, without giving any previous notice, and take from the fresh-struck coins samples of the several denominations of gold and silver, to the weight of one pound troy of each sort, to be packed on the spot, with a description of the pieces and the date of the selection, for despatch to Europe the first opportunity, to be assayed by His Majesty's Assay Master, that the state of the coin may be reported to the Court of Directors, for their satisfaction and approbation. The selection of the coin at the mint to be repeated at least once a month, if the business of the mint should render such frequent checks necessary. The quantity of a pound troy of each denomination has been fixed on, because it has been satisfactorily shown in Mr. Hachett's Report to the Lords of the Committee of Privy Council to be improper to estimate the value of a coin by insulated experiments on a few pieces.

37. We have thought the adoption of a new coinage for British India a fit opportunity for giving a new impression to our currency, and the most

Sicca rupee 1806	
<hr/>	
Half rupee or $\frac{1}{2}$ rupee 1806	$\frac{1}{2}$ rupee 1806
<hr/>	
Quarter rupee or $\frac{1}{4}$ rupee 1806	$\frac{1}{4}$ rupee 1806
<hr/>	
Anna 1806	
<hr/>	

appropriate in our estimation is the Company's arms and motto, with an inscription "English East India Company," as also the denomination and value of the coin with the year of coinage; and for the reverse, a Persian inscription, expressing the English one on the obverse, with the value and denomination of the coin, together with the date of coinage. If the smaller gold and silver coins (perhaps all below the half rupee) do not present surface sufficient for a clear impression, it would be proper to substitute for the arms the Company's crest, the inscriptions to remain alike in all.

38. The operation of the new machinery will render the conversion of the present currency into the new rupee easy and expeditious; and, to encourage the bringing in of the coin now in circulation, it is our intention to receive it according to its relative value to the new rupee, making no charge or deduction for coinage for a period sufficiently extensive to allow the whole of the coin to be brought into the mint. The revenues and all imposts being calculated as at present, there would only remain to give notice how long the present coin is to be current, on the same principle as the change of 1793 in Bengal (*vide* Bengal Regulation of 1793, No. 35). After the period agreed on has elapsed, all coin (except the new) to be received only as bullion, deducting the charge for coinage from the quantity to be delivered; and that on no account, after the lapse of the limited period, shall any other coin be received in payments to Government except as bullion.

39. We have thus stated our conviction of the necessity of establishing one coin for the general currency of British India as the principal measure of property and medium of commerce; the standard weight and fineness of such coin; and also the metal of which we think it should be made. We have stated our views of a copper currency for the whole of our possessions, and have desired your opinion as to the propriety of establishing one mint only for the whole of the Indian coinage in future.

40. It will be necessary for our several Governments to furnish accounts of the estimated amount of circulating coin, showing also how far this supposed quantity falls short of what is necessary for the convenience of the several classes of the community, distinguishing gold, silver, and copper. From these accounts we shall be enabled to judge of the quantity of the different descriptions of coin necessary to be provided to carry our intended plan into execution. We expect the advantages to be offered to the possessors of the present currency, of receiving it without any charge for re-coinage, will bring all, or at least the far greater part, of the coin into our possession.

41. The extensive powers of the new machinery will return the present currency into circulation with great dispatch; and, as it is our intention to supply coin instead of bullion to the extent that may be required, we do not apprehend the provision of a sufficient quantity of coin on the new system will occupy more than one year, after the mint at Calcutta shall be put into complete activity. In requiring the sentiments of our several Governments on the whole of this most important and interesting subject, we direct that our Governments of Madras and Bombay transmit their reports to Bengal with all convenient dispatch, and that our Government-General lose no time in reporting to us on the plan herein detailed, as it applies to the several countries comprising British India; and also on such parts of the reports from Madras and Bombay as may appear to require their notice. By this procedure we shall possess all the requisite information for forming a complete arrangement, and for placing the coinage of British India on a footing equally respectable and correct; and to supply a coin far beyond the imitation of Asiatic artists in the excellence of the workmanship, and of a regularity in appearance and value unknown to that part of the world.

We are, &c.

(signed) WILLIAM FULLARTON ELPHINSTONE.
EDWARD PARRY, &c.

APPENDIX No. 1.

The estimated loss attending the present system of the coinage of India is stated as under for Bengal and Madras. There is not any information in the Papers on the Bombay Consultations by which an estimate can be formed of the loss there, although the loss is stated as being very great. The expense of the three principal mints at the Presidencies of Bengal, Madras, and Bombay is also added to show the whole estimated loss and expense arising from the present system of the mints and coinage in the Company's possessions, as far as the same can be ascertained.

Lord Teignmouth, in his Minute on the Bengal Public Consultations of 3rd October 1796, states the annual loss by Batta on the gold coin at five lacs. There is no allusion to the loss on any other description of coin - - - - Sicca rupees

— — 5,00,000

The Committee of Reform at Madras state the annual loss by Batta re-coinage of gold and silver from Bengal, exchange, and payments to the troops to the southward, on an average of 13 years, at 57,000 pagodas per annum - - Sicca rupees

— — 1,88,000

By an account drawn out from the Indian General Books for eight years of the bills drawn on Bengal from Madras, Bombay, Bencoolen, Prince Wales' Island, and China, there appears an estimated annual loss of six lacs Sicca rupees, by taking the intrinsic value of the coin paid for the bills, and of the Sicca rupee in which the bills were paid. It is not intended to charge the whole of this annual loss to differences, supposed or real, in the values of the various coins, but it is supposed at least one-third of the amount of loss would not have been incurred, had there been but one coin universally current

Sicca rupees — — 2,00,000

The gross annual expense of the Calcutta Mint, on an average of three years from 1799/1800 to 1801/2, appears by the Bengal General Books to be

Sicca rupees — 1,66,000 —

The gross annual expense of the Madras Mint, adding the whole of the Mint Master and Sub-Treasurer's salary to the charges of the Mint, appears by the Madras Books to be pagodas 12,616 or Sicca rupees

— 41,000

The gross annual expense of the Bombay Mint appears by Bombay Public Consultations of 5th April 1805, to be Bombay rupees 24,600, or - Sicca rupees

— 23,000 —

On the quantity of dollars coined in the Calcutta Mint in 1799/1800 on account of the Company the produce was less than it should be, according to the fine silver in the dollar and the Sicca rupee, Sicca rupees

2,38,624 — —

Not any dollars were re-coined on the Company's account in 1800/1. On the quantity re-coined in 1801/2 the produce was less by - Sicca rupees

66,291 — —

Two years - - Sicca rupees 3,04,915 — —

Average - - - - 1,52,457 — —

On the quantity of dollars re-coined in the Madras Mint for the Company in the years 1799/1800 to 1801/2, the average annual produce was less by Arcot rupees 60,267 - - - -

57,029 2,09,000 —

Sicca rupees — *4,39,000 —

No correct estimate can be formed of the loss on the coinage or re-coinage of any other description of coin but what is produced from dollars, the assay not being stated in the Mint Accounts; but, supposing there was a loss equal to that sustained on dollars, the amount would be - - - -

— 97,000 —
5,36,000

Estimated annual loss and expense, Sicca rupees - — — 14,24,000

* See note on next page.

NOTE.—The amount of duty charged in the coinage is not deducted from the gross expense of the Mints, as a duty will be charged on the system recommended. The amount of the average duty charged is added as under, as also what the amount of duty would be on the supposition of charging 2 per cent. alike for gold and silver.

	Sicca Rupees.
Annual duty charged on an average of three years on the coinage of the Calcutta Mint	66,000
Annual duty charged on an average of three years on the coinage of the Madras Mint,	
Pagodas 7196, or	24,000
Annual duty charged on an average of three years on the coinage of the Bombay Mint,	
Bombay rupees 32,591, or	30,000
	Sicca rupees 1,20,000
Annual average value of coinage of gold and silver for individuals in the Bengal and Madras Mints	Sicca rupees 56,85,000
Annual average value of coinage of gold and silver for individuals in the Bombay Mint	Bombay rupees 10,86,000, or Sicca rupees 10,19,000
	Sicca rupees 67,04,000
Two per cent. on which is	1,34,000

By the above it is seen the Company would not sustain any loss by charging 2 per cent. on the coinage issued from their Mint, instead of the present charges.

EAST INDIA (CURRENCY).

**COPY of the DESPATCH addressed by the COURT
of DIRECTORS to the GOVERNMENTS of BENGAL
and MADRAS on 25 April 1898. For the
COINAGE of**

(Sir Henry Fowler.)

*Ordered, by The House of Commons, to be Printed
23 March 1898.*

[Price 2d.]

127. +

Under 2 oz.

EAST INDIA (CURRENCY).

COPY OF DESPATCH

OF THE

SECRETARY OF STATE FOR INDIA IN COUNCIL

TO THE

GOVERNOR GENERAL OF INDIA IN COUNCIL,

Dated the 25th of July, 1899.

RESPECTING THE

REPORT 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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Despatch of the Secretary of State for India in Council to the
Governor-General of India in Council, dated July 25th.
1899. No. 140 (Financial).

MY LORD,

In my despatch dated the 7th of April 1898, No. 67, I informed your predecessor that it had been decided to refer to a Committee the proposals made by his Government with a view to the completion of the policy initiated in 1893, when, as a first step towards the establishment of a gold standard in India, the Indian Mints were closed. The terms of reference were as follows:—"It will be the duty of the Committee to deliberate and report to me upon these proposals and upon any other matter which they may regard as relevant thereto, including the monetary system now in force in India, and the probable effect of any proposed changes upon the internal trade and taxation of that country; and to submit any modifications of the proposals of the Indian Government, or any suggestions of their own, which they may think advisable for the establishment of a satisfactory system of currency in India, and for securing, as far as is practicable, a stable exchange between that country and the United Kingdom."

2. The Report of that Committee was presented to me on the 7th of July, and on that day I communicated its main provisions to your Excellency by telegraph. The Report was at the same time presented to Parliament, and copies have been forwarded to your Government in ordinary course.

3 In their letter of the 24th of March 1898, No. 92, forwarding letters from important bodies in Bombay on the currency situation, the Government of your predecessor stated that they had finally decided not to revert to the silver standard. In this decision the Committee express their concurrence; and they go on to indicate their conclusion that steps should be taken to avoid all possibility of doubt as to this determination, and to proceed with measures for the effective establishment of a gold standard. With this view, they recommend that the British sovereign be made a legal tender and a current coin in India, and that the Indian mints be thrown open to the unrestricted coinage of gold. But, while making this recommendation, the Committee think it undesirable that any limit should be imposed on the amount for which rupees should be a legal tender; nor do they consider that you should undertake any obligation to pay gold in exchange for rupees.

4. Your Excellency will therefore observe that the Committee are in agreement with the Government of your predecessor as regards the main lines of policy to be adopted, while differing from them as to the means by which the objects in view should be attained. While concurring in the opinion of that Government that the mints should remain closed to the unrestricted coinage of silver, and that a gold standard should be adopted without delay, the Committee do not recommend the practical steps proposed for the attainment of this object by the Government of your predecessor, whose recommendations, in the opinion of the Committee, might probably have been modified if they could have foreseen the course of events during the past year, and would seem to have been based to an undue extent on a belief in the immediate effect of a contraction of the currency in raising exchange.

5. With regard to the rate at which, if the above-mentioned recommendations are accepted, the rupee should be valued in sterling, the Committee are not unanimous; inasmuch as two members are in favour of a rate of 15 pence; eight, including the Chairman, advise the definite adoption of the rate of 16 pence, which, with unimportant variations, may be said to have been the rate in force during the last eighteen months; and one, while agreeing with the principles of the Report, would prefer to take no immediate action for fixing a ratio.

6. Her Majesty's Government have given to this report the careful consideration which its great importance deserves; they are impressed by the array of arguments

and facts embodied in it ; and they have come to the conclusion that it is advisable to accept generally and to act upon the principles which it recommends.

7. I have therefore decided in Council that the policy of keeping the Indian mints closed to the unrestricted coinage of silver shall be maintained ; and I request that you will, as soon as you may deem it expedient, take the necessary steps for making the British sovereign a legal tender and a current coin, and that you will make preparations for the coinage of gold under the conditions suggested by the Committee. As regards the permanent ratio which the rupee should bear to the sovereign, after carefully weighing the arguments of those who are in favour of a lower rate than that which now obtains, I have no hesitation in accepting the view of the majority, who recommend an exchange rate of 16 pence per rupee, or 15 rupees to the sovereign ; and in this opinion I am confident that your Excellency's Government, especially after the experience of the last eighteen months, will be disposed to concur.

8. I am also in accord with the Committee as to the general principles by which your Government should be guided in the management of your gold reserve in the absence of a legal obligation to give gold in exchange for rupees, namely, that you should make it freely available for foreign remittances whenever exchange falls below specie point, under such conditions as the circumstances of the time may render desirable.

9. I desire particularly to commend to your attention the important recommendation with regard to the improvement and concentration of banking facilities, contained in the separate report of Mr. Hambro.

10. The strong opinion against sterling borrowing for currency purposes which is expressed in the separate report of Mr. Campbell, Mr. Holland, and Sir John Muir, and which is, to some extent, supported by the unanimous recommendation of the Committee in favour of a restriction of the growth of your Government's gold obligations, will no doubt have your careful consideration.

11. I shall be glad to receive any observations or suggestions which your Excellency's Government may desire to make for the furtherance of the policy which has been adopted.

I have, &c.,

GEORGE HAMILTON.

INDIA OFFICE (PURCHASES OF SILVER).

RETURN to an Address of the Honourable The House of Commons,
dated 16 December, 1912 ;—for,

“RETURN of CORRESPONDENCE with the BANK OF ENGLAND and Messrs. SAMUEL
MONTAGU & COMPANY, relating to the PURCHASES OF SILVER in 1912.”

India Office,
17 December, 1912. }

T. W. HOLDERNESS,
Under Secretary of State for India.

(*Mr. Rupert Gwynne.*)

Ordered, by The House of Commons, to be printed.
17 December, 1912.

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INDIA OFFICE (CORRESPONDENCE RELATING TO THE
PURCHASES OF SILVER IN 1912).

PART I.—CORRESPONDENCE WITH THE BANK OF
ENGLAND.

A.—In 1906.

B.—In 1912.

A.

No. 1.

Sir James Mackay to Governor of Bank of England, dated 29th March, 1906.

The Secretary of State accepts the arrangement which we came to yesterday regarding commission and brokerage on the purchase of silver. As it is usual in making arrangements of this kind to settle them for a definite term, he would propose that the period be made five or seven years, whichever of the two is more agreeable to you. I enclose a copy of the note agreed between us yesterday. It is understood that you are free to make your own arrangements with the brokers so far as their remuneration is concerned, provided the total charge paid by the Secretary of State does not exceed the quarter or eighth per cent. as the case may be.

Enclosure in No. 1.

The inclusive charge for brokerage, commission, &c., in respect of silver purchased for the India Office to be as follows:—

One-quarter per cent. on the first two millions purchased in any financial year (1st April to 31st March); one-eighth per cent. on any further amount purchased.

The payment made under this agreement to be divided between the Bank of England and the bullion brokers as may be arranged by them without the intervention of the India Office.

No. 2.

Governor of Bank of England to Sir James Mackay, dated 2nd April, 1906.

I am much obliged for your note of the 29th ultimo, from which I was glad to learn that the Secretary of State had approved of the arrangement regarding the commission and brokerage for the purchase of silver for India at which you and I had arrived.

I assume that you do not suggest that any change be made as regards the commission so far as the two orders not yet finally settled and the order now in course of completion are concerned, and I would therefore propose that the wording of the "Note" should run as follows:—

"One-quarter per cent. on the first two millions 'ordered to be' purchased in any financial year (1st April to 31st March); one-eighth per cent. on any further amount purchased."

No. 3.

India Office to Governor of Bank of England, dated 12th April, 1906.

I am directed to inform you that your correspondence with Sir James Mackay regarding the charge for brokerage and for the remuneration of the Bank of England in connection with the purchase of silver has been laid before the Secretary of State for India in Council and he agrees to the following arrangement for five years from the 1st of April, 1906.

The inclusive charge for brokerage, commission, &c., in respect of silver purchased for the India Office to be as follows:—

One-quarter per cent. on the first two millions ordered to be purchased in any financial year (1st April to 31st March).

One-eighth per cent. on any further amount.

The payment made under this agreement to be divided between the Bank of England and the bullion brokers as may be arranged by them without the intervention of the India Office.

No. 4.

Bank of England to India Office, dated 17th April, 1906.

I am directed to acknowledge the receipt of your letter of the 12th instant, addressed to the Governor, with regard to the charge for brokerage and the remuneration to be received by the Bank in connection with the purchase of silver on behalf of the Government of India.

In reply I am to say that, while the Governor had understood that the arrangement was to last for a period of seven years, he is nevertheless quite willing to agree to the shorter term of five years if that condition is more acceptable to the Secretary of State.

No. 5.

India Office to Bank of England, dated 5th May, 1906.

With reference to Mr. Harvey's letter of the 17th April, I am directed to inform you that the Secretary of State for India in Council readily accepts the suggestion that the arrangement recently made as to the remuneration to be received by the Bank of England in connection with the purchase of silver for the Government of India, shall hold good for seven years, instead of five years, from the 1st April, 1906

B.**No. 6.**

Governor, Bank of England, to Mr. L. Currie, dated 24th October, 1912.

Mr. A. F. Wallace, who has been away in Scotland, returned to the Bank yesterday. In accordance with what I told Sir Felix Schuster before he left for his holiday, I asked Mr. Wallace to see Lord Inchcape in reference to the correspondence that passed in 1906, when Mr. Wallace was Governor, between the India Office and the Bank in regard to the purchasing of silver by the Bank for the Indian Government. Mr. Wallace informs me to-day that he saw Lord Inchcape yesterday, and that Lord Inchcape told him that the correspondence of 1906 was intended to be a definite agreement between the India Office and the Bank under which for the period mentioned the purchasing of silver required by the Indian Government should be done by the Bank.

This is in such direct conflict with the view expressed by you yesterday that I write this line to you at once as, under the circumstances, I think the matter should be brought without delay to the notice of the Secretary of State for India, and I shall be obliged by your taking this course, showing him this letter if you wish to do so.

No. 7.

Mr. L. Currie to Governor, Bank of England, dated 24th October, 1912.

I saw Lord Crewe this evening and showed him your letter in accordance with your request. He will consider the matter carefully and will probably see Lord Inchcape before arriving at a decision.

No. 8.

Mr. L. Currie to Governor, Bank of England, dated 30th October, 1912.

Lord Crewe has seen Lord Inchcape and has decided that future purchases of silver up to 31st March next shall be made through the Bank of England.

No. 9.

India Office to Bank of England, dated 30th October, 1912.

I am directed by the Secretary of State for India in Council to request that you will be so good as to arrange for the purchase of silver to the value of £1,000,000, and for its shipment to India in the proportion of two-fifths to Calcutta and three-fifths to Bombay.

You will doubtless appreciate the importance of making the purchase in such manner as to cause the least possible advance in the price of silver. Subject to this consideration, it is desirable that the whole of this silver should reach India, if possible, by about the middle of December.

No. 10.

Bank of England to India Office, dated 31st October, 1912.

I beg to acknowledge the receipt of Mr. Abrahams's letter of the 30th instant, and to inform you that, as desired, the Bank are promptly acting on your instructions for the purchase and shipment of silver to India to the value of £1,000,000.

No. 11.

Governor, Bank of England, to Mr. L. Currie, dated 31st October, 1912.

I am obliged by your letter of yesterday.* Although it does not definitely say so, I conclude from its terms that Lord Crewe admits that the correspondence in 1906 constituted an agreement which terminates on the 31st March next.

No. 12.

Mr. L. Currie to Governor, Bank of England, dated 1st November, 1912.

In reply to your letter of yesterday, Lord Crewe does not admit that there is anything in the correspondence between the India Office and the Bank of England to indicate that the Bank alone was to purchase silver for the Secretary of State.

* See No. 8 above.

Having, however, heard from Lord Inchcape that there was a verbal understanding between himself and Mr. Wallace to this effect, Lord Crewe, now that he is aware of it, has no wish to depart from this arrangement. He proposes therefore to make future purchases of silver through the Bank under the terms of the agreement of 1906 until its termination on 31st March next.

As I think I mentioned to you, no record was made by Lord Inchcape of his conversation with Mr. Wallace, so that it was impossible for the Secretary of State to know of the existence of the understanding in question.

No. 13.

Governor, Bank of England, to Mr. L. Currie, dated 4th November, 1912.

I write to acknowledge receipt of your letter of the 1st instant.

I wish to point out that the question between the India Office and the Bank is not what passed verbally between Lord Inchcape and Mr. A. F. Wallace in 1906, but the interpretation to be given to the written correspondence of that year.

I shall be obliged if you will kindly inform me whether Lord Crewe has had before him a copy of Sir James Mackay's (Lord Inchcape's) letter to Mr. Wallace of the 29th March, 1906, enclosing a note of the terms agreed upon on the previous day written on India Office paper in Mr. Abrahams' own handwriting, and a copy of Mr. Wallace's letter of the 2nd April to Sir James Mackay?

If Lord Crewe has seen copies of these letters and has heard Lord Inchcape's own interpretation of the correspondence, I can only express great surprise at what you write on his behalf. If Lord Crewe has not had before him the correspondence to which I refer and of which I enclose copies,* I must request you to submit these letters including this letter to him without delay.

No. 14.

Mr. L. Currie to Governor, Bank of England, dated 5th November, 1912.

I have your letter of the 4th instant, with enclosures, which shall be shown to Lord Crewe.

A copy of Sir James Mackay's letter, to which you refer, was on the file with the rest of the correspondence, and I have no doubt that Lord Crewe has seen it.

The India Office did not consider that this letter was intended to preclude the Secretary of State from purchasing silver through other channels than the Bank of England, but only to regulate the commission in cases in which purchases were carried out by the Bank.

No. 15.

Bank of England to India Office, dated 8th November, 1912.

With reference to the current order for purchase of silver, I beg to forward herewith a copy of a letter from Messrs. Mocatta and Goldsmid, to which I shall be glad if you will enable me to reply in due course.

* Nos. 1, 2, 3, 4 and 5, *vide* pp. 2 and 3.

Enclosure in No. 15.

Messrs. Mocatta and Goldsmid to Bank of England, dated 7th November, 1912.

Under date 1st and 26th February, 1905, we have instructions from you not to include in our shipments for the Government of India bars of the "Raritan" or "D.R.W." brand.

Since that time these two brands of silver have very greatly improved, and they are now willingly accepted by every class of buyer, including the Royal Mint in London. As large quantities of these bars now come to market, the instructions not to include these bars in our shipments might, if spot silver were scarce, result in some delay in shipment, and we therefore beg to submit the following suggestion:—

That a moderate quantity of bars of each of the above marks be included in our first shipment to Bombay, and that the Mint Master should have his attention especially directed to these bars with a view to discovering whether they are in any way unsuitable for the requirements of the Government.

Should his report prove favourable we presume the instructions not to include these bars in our shipments to the Government might be withdrawn.

No. 16.

India Office to Bank of England, dated 16th November, 1912.

With reference to your letter of the 8th instant, regarding the shipment to India of "Raritan" and "D.R.W." bars, I am directed to inform you that the suggestion submitted by Messrs. Mocatta and Goldsmid, in their letter to you of the 7th instant, is accepted.

No. 17.

India Office to Bank of England, dated 18th November, 1912.

In confirmation of the telephonic communication made to you this morning, I am directed to inform you that it has been ascertained from the Government of India that there is no objection to the proposed postponement of the shipment of silver, provided that £500,000 be shipped to Bombay and £250,000 to Calcutta on the 29th instant.

No. 18.

India Office to Bank of England, dated 20th November, 1912.

In reply to your letter of 4th November, addressed to Mr. Currie, I am directed to inform you that Lord Crewe has had before him the correspondence of 1906 to which you refer.

The correspondence has now been submitted to the Secretary of State's Legal Adviser, whose opinion is herewith enclosed for your information.

I am at the same time to remind you that since April, 1906, several purchases of silver have been made by the Secretary of State for India in Council from the London City and Midland and other banks besides those purchases which have been made for him by the Bank of England through their brokers.

If, however, on consideration you desire it, the Secretary of State for India in Council is prepared to submit the interpretation of the correspondence of 1906 to arbitration.

The agreed arbitrator in cases of difference of opinion between this and other Government Departments is the Lord Chief Justice, who would doubtless be willing to arbitrate on this matter.

Enclosure in No. 18.

Opinion of Legal Adviser to Secretary of State, dated 7th November, 1912.

To ascertain the nature and terms of the agreement in question recourse must be had to the terms of the correspondence which passed between the Secretary of State (and his representatives) and the Bank, the clear intention of the parties being that the terms of the agreement should be disclosed in that correspondence.

Looking to the letters, therefore, the agreement come to was an agreement, in my opinion, defining only the rates of brokerage and commission to be paid to the Bank on all purchases of silver to be made by the Bank on behalf of the Secretary of State during a certain fixed period.

There is nothing in the arrangement binding the Secretary of State to employ the Bank exclusively, or at all, for the purchase of silver during that period. Nor, in my opinion, can any stipulation to that effect be implied from the terms of the correspondence. See the remarks of Lord Macnaghten in giving the Judgment of the Privy Council in a similar case reported—*Queen v. Demers*, L.R., App. Cases (1900), pp. 103, 108.

(Signed) S. G. SALE.

7th November, 1912.

No. 19.

Bank of England to India Office, dated 27th November, 1912.

I am directed by the Governor to acknowledge the receipt of your letter of the 20th instant, and of the legal opinion you enclosed referring to the recent purchases of silver by the Secretary of State for India.

I am to say that the Governor does not consider the matter in question to be one for a legal arbitration seeing that there is, as Lord Crewe is aware, no room for doubt as to what was the intention in 1906 of the representative of the India Office acting on behalf of the then Secretary of State.

From the date of the closing of the Indian Mints up to 1906, the purchases of silver for the India Office in London were made by the Bank of England, and when the reduced terms for the conduct of the business were accepted by the Bank in 1906 for the definite period of seven years it was not suggested that the then existing arrangements should be altered. The Governor of the Bank in 1906 believed that the correspondence with the India Office embodied, and was intended to embody, the agreement he had come to with the representative of the India Office.

With regard to the purchases made otherwise than through brokers, I am to point out that the fact of these purchases, having, as it is believed, been almost invariably effected through, or with the knowledge of the Bank, confirmed the Bank's view that they were to retain the conduct of the business.

While the Governor does not desire to proceed to a legal arbitration, I am to express his regret that, having regard to the long-standing cordial and confidential relations between the India Office and the Bank, no notice or intimation whatsoever should have been given to the Bank in the early part of this year that the India Office had decided to make their silver purchases through other channels.

No. 20.

India Office to Bank of England, dated 29th November, 1912.

I am directed to acknowledge the receipt of your letter of the 27th instant, and to inform you that a detailed reply thereto will be sent to you shortly.

Meanwhile I am to inform you that the Secretary of State, while regretting that a difference of opinion should have arisen as to the effect of the correspondence of 1906, is unable, after careful consideration of the records of this Office, to accept the view that it was the intention of his predecessor in Council to enter into an agreement that purchases of silver in London for the Government of India should be made exclusively by the Bank of England.

No. 21.*Bank of England to India Office, dated 29th November, 1912.*

I beg to inform you that at the request of the Secretary of State in Council of India, and in accordance with your letter of the 18th instant, 1,670 bars of silver, valued at £250,000, have to-day been shipped to Calcutta per steamship "Nigaristan," and 3,392 bars, valued at £500,000, to Bombay per steamship "Maloja."

The relative bills of lading have been duly received and will be forwarded by to-day's mail to the Mint Masters at Calcutta and Bombay, respectively.

No. 22.*Bank of England to India Office, dated 3rd December, 1912.*

With reference to the recent purchase of silver through Messrs. Mocatta and Goldsmid, and to your letters of the 30th October and 18th November last, I write to confirm telephonic communication of yesterday to the effect that the balance of the order will be shipped as follows, viz., £150,000 to Calcutta and £100,000 to Bombay.

No. 23.*Bank of England to India Office, dated 5th December, 1912.*

With reference to the conversation which took place here yesterday, I now write to place on record the fact, then explained by the Governor to Sir Felix Schuster, that under existing arrangements the Bank accept no responsibility in connection with the insurance of silver shipped to India on behalf of the Secretary of State for India in Council.

Should the Secretary of State desire it, however, the Bank would be prepared to effect the insurance, and to guarantee the transaction, provided mutually satisfactory terms can be arranged.

No. 24.*Bank of England to India Office, dated 6th December, 1912.*

I beg to inform you that, at the request of the Secretary of State in Council of India, 194 bars of silver and 1,017 boxes of Mexican dollars, together valued at £150,000 have to-day been shipped to Calcutta per steamship "Borneo," and 136 bars and 677 boxes of Mexican dollars, together valued at £100,000 to Bombay per steamship "Macedonia."

The relative bills of lading have been duly received, and will be forwarded by to-day's mail to the Mint Masters at Calcutta and Bombay, respectively.

No. 25.*India Office to Bank of England, dated 6th December, 1912.*

I am directed by the Secretary of State in Council to address you, in continuation of my letter of 29th November,* on the questions that have arisen regarding the purchase of silver.

The proposal to have recourse to arbitration was made in order to meet what were understood to be the views of the Governor, who wrote on 4th November to Mr. Currie as follows: "I wish to point out that the question between the India Office and the Bank is not what passed verbally between Lord Inchcape and Mr. A. F. Wallace in 1906, but the interpretation to be given to the written correspondence of that year." It appeared to Lord Crewe that the best method of settling a difference of opinion regarding the interpretation of correspondence would be by reference to a suitable arbitrator.

* Vide No. 20.

As regards the existence of an understanding not expressed in the correspondence, that the India Office should purchase exclusively through the Bank, the facts are as follows:—

Until the receipt of the Governor's letter of 24th October addressed to Mr. Currie, Lord Crewe had received no intimation that the Bank regarded the agreement of 1906 as based on an understanding that silver required for the Government of India would be purchased exclusively through the Bank. His Lordship had before him the following facts:—

- (1) The records of this Office contain nothing to show that an agreement for exclusive purchase through the Bank was contemplated.
- (2) No present member of the India Office has any recollection of such an intention.
- (3) In 1906 and 1907, when the recollection was still fresh of the circumstances in which the agreement of the former year was made, seven purchases of silver were made by the India Office in London otherwise than through the Bank. A list is attached.* In three cases there was communication with the Bank of England on the subject; in four there was not.

On receipt of the Governor's letter of 24th October last, Lord Crewe took the earliest opportunity of seeing Lord Inchcape, and was informed by him that his recollection of his conversation with Mr. Wallace on 28th March, 1906, which preceded the agreement made in the correspondence, was substantially the same as Mr. Wallace's.

Lord Crewe has since decided, as the Governor is aware, to make future purchases of silver up to 31st March next through the Bank of England.

*Enclosure to No. 25.

Date of Purchase.	Amount paid.	From whom purchased.	What communication (if any) was made through the Bank of England.	Whether commission was paid to the Bank of England on the transaction or not.
December, 1906...	£ 50,000 0 0	Hongkong and Shanghai Banking Corporation.	Arranged through Bank of England.	No.
" " ...	6,285 2 3	" " "	" " "	No.
February, 1907 ...	30,000 0 0	London City and Midland	—	No.
" " ...	10,339 5 2	" " "	—	No.
May " " ...	9,857 10 9	" " "	—	No.
June " " ...	22,031 7 6	" " "	—	No.
July " " ...	40,745 7 7	" " "	Some of the correspondence was made through the Bank of England.	No.

No. 26.

Bank of England to India Office, dated 9th December, 1912.

I am directed by the Governor to acknowledge the receipt of your letters of the 29th ultimo and 6th instant.

With reference to your letter of the 29th ultimo, I am to say that whatever may have been the intention of Lord Crewe's predecessor in Office the Governor of the Bank in 1906 felt entitled to rely on the statements made to him by the representative of the India Office who acted on behalf of the Secretary of State.

As regards the seven small purchases in 1906 and 1907, amounting to £169,000, referred to in your letter of the 6th instant, I am to point out that these were the result of offers submitted to you, not of an order to purchase. The larger part, amounting to £97,000, was on your own showing effected in communication with the Bank of England, and not one of these seven purchases was made through brokers in the London market.

PART II.—UNOFFICIAL LETTERS TO SIR FELIX SCHUSTER, BART.

No. 27.

Messrs. Samuel Montagu and Co. to Sir Felix Schuster, dated 8th January, 1912.

We venture to make a suggestion to you with regard to silver purchases for the Indian Government which you may consider as of value.

From our careful study of the statistical position of the Indian Treasury reserves, it appears to us that the time is not far distant when it will be considered prudent for them to strengthen themselves by coining rupees.

You will not fail to have remarked, if you have read our circular, that "The net is being spread in the sight of the bird." If, therefore, you postpone your purchases until you are absolutely pressed for currency, the chances are that you will have no other supply available beyond that that is being nursed for you by Indian speculators. The inevitable result being that you will have to pay more or less whatever you are asked by them.

Our proposal is this. We receive consignments from special clients of our own, of silver peculiarly adapted to coinage purposes, averaging about £50,000 per week, which we have to sell at the market prices.

We suggest that we put this silver down to your account at the market prices ruling on the days we make the sale, and deposit it in the Bank of England for your account.

We should not in the least disturb the market because we should make no purchases for the Council "at fixing," and, what is most important, no one would have the remotest idea that you were buying, and prices would not, as has been the invariable case in the past, be run up against you, as the amount of silver passing through our hands is, as you can well imagine, vastly more than £50,000 per week.

Putting silver into the Bank of England is such an everyday occurrence just now, that our doing so would create no comment.

We particularly do not care about approaching Edwin Montagu on this matter for reasons that must be obvious to you.

We do not see, however, that our close relationship to this gentleman should militate against the Indian Council's doing business with us if they conscientiously think that it is to their advantage to do so.

No. 28.

Mr. E. L. Franklin to Sir Felix Schuster, dated 9th January, 1912.

(Private.)

Of course, there would be no need for the Bank of England to be made acquainted with your purchases. They need only be told that they are to receive the silver against loans. This method, would, I think, close every possibility of a leakage.

PART III.—CORRESPONDENCE WITH MESSRS. SAMUEL MONTAGU & CO.

NOTES.—(1) The Contracts and Statements will be found in Appendices A. and B. respectively.

(2) The Bank of England receipts mentioned in the correspondence were returned to the Bank, and are, therefore, not reproduced here.

No. 29.

India Office to Messrs. Samuel Montagu and Co., dated 4th March, 1912.

I am directed to inform you that the Secretary of State for India in Council will be obliged if you will gradually purchase on his behalf bar silver up to the value of £500,000. He leaves it to your discretion to purchase at such times and in such amounts as you may consider expedient, with the object of avoiding, to the utmost extent possible, any action likely to raise the price of the metal or to reveal the fact that the purchases are on his behalf. All purchases should, until further notice, be made for forward delivery, *i.e.*, for delivery either two months after the date of the contract, in accordance with the usual practice, or, by preference, at a later date not being subsequent to 31st July.

It is requested that you will keep Sir Felix Schuster informed of the action taken by you, and will refer to him on any point on which consultation may seem desirable.

Contracts for the silver purchased should be sent by you marked "Confidential" to the Financial Secretary, India Office; and, when you obtain delivery of silver, the warrants should be sent to the same address with applications for payment. It is understood that you wish payment to be made to your bankers, the Union of London and Smith's Bank, at their head office, Princes's Street, E.C. If so, will you be good enough to send to this Office a letter conveying the necessary authority?

When arrangements have been made for the shipment of any silver, the warrants will be returned to you, and a member of this Office will call for the bills of lading in order that they may be posted to India without delay.

No. 30.

Messrs. Samuel Montagu and Co. to India Office, dated 5th March, 1912.

We have the pleasure to acknowledge your letter of yesterday's date with an order to purchase for the Secretary of State for India silver to the value of £500,000, we to use our discretion as to the times and in what amounts we buy. All purchases to be made, until further notice, for forward delivery, but not beyond July 31st.

We take full note of all instructions concerning payment and eventual shipping.

We succeeded in buying to-day about £50,000 at a fall of 3/16 of a penny in the forward price, and have left the market weak.

It is quite possible that we may judge it advisable to abstain from buying for you altogether to-morrow, as there is nothing so likely to provoke comment as appearing to have no silver for sale for any length of time. That is why we have secured rather more than an average amount to-day.

We are sending you a contract, and shall, later on, send you an authority to pay all sums due to us on account of shipments or deliveries to the Union Bank.

You will notice that we have secured a portion of to-day's purchase for delivery June 30th.

No. 31.

Messrs. Samuel Montagu and Co. to India Office, dated 6th March, 1912.

The market was very small to-day, so that we judged it best to sell the small amount we had for sale on the market—not to appear a seller—and only get a few thousand pounds.

The market looks a little steadier on China buying.

No. 32.

Messrs. Samuel Montagu and Co. to India Office, dated 7th March, 1912.

Since our last contract of to-day's date we have purchased for you a further £15,000 for delivery about two months at 26 $\frac{3}{4}$. Contract for which we have the pleasure to enclose.

No. 33.

India Office to Messrs. Samuel Montagu and Co., dated 7th March, 1912.

I am obliged to you for your letter of 5th March, with enclosure, and for your letter of yesterday, the contents of which are duly noted.

No. 34.

Messrs. Samuel Montagu and Co. to India Office, dated 7th March, 1912.

We beg to enclose following contract for the purchase of £40,000 silver for June 30th.

You will notice that £10,000 was secured at 1/16d. below the forward quoted price.

No. 35.

India Office to Messrs. Samuel Montagu and Co., dated 8th March, 1912.

I beg to acknowledge, with thanks, the receipt of your two letters of yesterday, with enclosures, the contents of which are duly noted.

No. 36.

Messrs. Samuel Montagu and Co. to India Office, dated 8th March, 1912.

We have the pleasure to enclose a contract for £40,000 bought for you to-day for delivery in about two months.

We take this opportunity to confirm the arrangement we made last week that all purchases for yourself, are subject to a brokerage of $\frac{1}{4}$ per cent. Also that, should you employ us, at any time, we should charge you a brokerage.

No. 37.

Messrs. Samuel Montagu and Co. to India Office, dated 8th March, 1912.

Since writing we have received a further order to sell £7,000 from America.

We shall send you a contract for this on Monday at 26 $\frac{11}{16}$ for two months delivery. The contract book is not to be got at at this late hour.

This makes £47,000 to-day.

No. 38.

India Office to Messrs. Samuel Montagu and Co., dated 11th March, 1912.

I am in receipt of your two letters of the 8th, with enclosure, and I duly note what you say as to commission.

No. 39.

Messrs. Samuel Montagu and Co. to India Office, dated 11th March, 1912.

We have the pleasure to enclose two contracts for the purchase of fine bar silver for delivery in about two months, one for £7,000 dated Friday, the other for £35,000 a fresh purchase to-day.

No. 40.

India Office to Messrs. Samuel Montagu and Co., dated 12th March, 1912.

I am obliged to you for your letter of yesterday, with two enclosures.

No. 41.

Messrs. Samuel Montagu and Co. to India Office, dated 12th March, 1912.

We have to-day purchased for you £20,000 June 30th silver at $26\frac{7}{8}$.

No. 42.

Messrs. Samuel Montagu and Co. to India Office, dated 13th March, 1912.

We have to-day purchased for you about £20,000 at $26\frac{13}{16}$ delivery mid. June. We enclose contract.

No. 43.

India Office to Messrs. Samuel Montagu and Co., dated 13th March, 1912.

I am in receipt of your letter of the 12th, with enclosure, the contents of which are duly noted.

No. 44.

Messrs. Samuel Montagu and Co. to India Office, dated 14th March, 1912.

We have the pleasure to enclose a contract note for £73,000 silver for two months' delivery purchased at $26\frac{7}{8}$.

We appear to have dated yesterday's contract March 12th instead of March 13th, at least, we have so dated the counterfoil. If that is so, will you kindly alter it so that it may not appear that we have purchased silver for you at a price which is not that "fixed" on the day itself.

To-day's purchase brings up the total to £300,000.

No. 45.

India Office to Messrs. Samuel Montagu and Co., dated 15th March, 1912.

I beg to acknowledge the receipt of your letter of the 14th instant, with enclosure, the contents of which are duly noted.

I have made the requested correction of date in your enclosure of the 13th.

No. 46.

Messrs. Samuel Montagu and Co. to India Office, dated 18th March, 1912.

We have the pleasure to enclose a contract for about £55,000 silver purchased for you to-day at $26^{13}/_{16}$. You will see that £20,000 is for delivery the 18th July about.

We consider that we have been rather fortunate to-day inasmuch as so large an amount of silver is, for the moment, *hors de combat*.

No. 47.

India Office to Messrs. Samuel Montagu and Co., dated 19th March, 1912.

I beg to acknowledge the receipt of your letter of the 18th instant, with enclosure, the contents of which are duly noted.

No. 48.

Messrs. Samuel Montagu and Co. to India Office, dated 19th March, 1912.

We have the pleasure to enclose a contract for the purchase of £15,000 silver, of which £5,000 is for two months and £10,000 for three months at $26\frac{1}{2}$.

No. 49.

India Office to Messrs. Samuel Montagu and Co., dated 20th March, 1912.

I beg to acknowledge the receipt of your letter of the 19th instant, with enclosures, the contents of which are duly noted.

No. 50.

Messrs. Samuel Montagu and Co. to India Office, dated 20th March, 1912.

We have to-day purchased for you about £50,000 silver according to contract enclosed.

This makes £420,000 out of the £500,000 order, and no deliveries can take place till early in May.

No. 51.

India Office to Messrs. Samuel Montagu and Co., dated 21st March, 1912.

I beg to acknowledge the receipt of your letter of the 20th instant, with enclosure, the contents of which are duly noted.

No. 52.

Messrs. Samuel Montagu and Co. to India Office, dated 21st March, 1912.

We have pleasure in enclosing a contract for £10,000 silver at $26^{13}/_{16}$ delivery about two months.

This makes £430,000 in all.

No. 53.

Messrs. Samuel Montagu and Co. to India Office, dated 22nd March, 1912.

We have the pleasure to inform you that we have just completed your order for £500,000 silver by the purchase of £70,000 for delivery in about two months at $26^{15}/_{16}$.

No. 54.

India Office to Messrs. Samuel Montagu and Co., dated 25th March, 1912.

I am directed to acknowledge the receipt of your letter of the 22nd instant enclosing a contract (No. 14) for the purchase of about £70,000 fine bar silver on behalf of the Secretary of State for India in Council, in completion of the order for £500,000 given to you in Mr. Abrahams' letter of 4th March.

I am now directed to request that you will be so good as to proceed to make further purchases on behalf of the Secretary of State in Council up to a value of £250,000. The remarks in the letter of the 4th March as to the method and conditions of purchase, &c., will be understood as applying equally to the present order.

No. 55.

Messrs. Samuel Montagu and Co. to India Office, dated 26th March, 1912.

We beg to acknowledge with thanks your order to purchase for the Secretary of State for India a further sum of £250,000 fine bar silver on the same conditions as the previous order of the 4th March.

We have to-day purchased £15,000 two months forward at $26\frac{7}{8}$ as per contract enclosed.

No. 56.

Messrs. Samuel Montagu and Co. to India Office, dated 27th March, 1912.

We have to-day purchased for you about £35,000 cash silver at $26\frac{3}{4}$ and £5,000 at $26^{13}/_{16}$ for forward as per contracts enclosed.

We will let you know when we shall deposit the former purchase at the Bank of England against receipts, when we shall ask you to transfer the approximate value to the Union Bank.

No. 57.

Messrs. Samuel Montagu and Co. to India Office, dated 28th March, 1912.

We had the pleasure of seeing Sir Felix Schuster this afternoon. He told us of a letter he had received from you commenting on our purchase of £35,000 *cash* silver yesterday.

He has asked us to reply to you explaining this deviation from your very clear instructions contained in your letter of the 4th instant. He tells us also that he will speak to you about it.

Our reason for buying cash was, as you naturally surmise, because Sir Felix Schuster asked us to do so, and we venture to think that his reason for so doing was wise and well thought out. He will doubtless explain it to you fully.

The actual payment for the cash silver is quite a minor matter with us, and can (and will) be adjusted to suit your convenience.

If you will be good enough to let us know the exact date when it suits you to pay, and return our contract of yesterday to us, we will alter this date of delivery and add to the price a fraction that will exactly correspond to the sum that we shall have to pay, as interest on the money involved, from the time that delivery is made to us, which will probably be Saturday or Monday, until such time as we receive payment from you.

Sir Felix Schuster is quite in accord with us in this matter. Indeed, it was his idea; and we both think that your primary object, *i.e.*, strict secrecy, is more absolutely secure this way than by our appearing as buyers of silver for one delivery and sellers for another.

Of course, when we *received* a premium for cash, or when we could carry silver forward at even rates, such transactions were far less likely to excite comment.

We shall, of course, continue to retain forward silver for you as it comes in, as we did to-day.

We have purchased for you, further, about £25,000 cash at $26\frac{1}{16}$, (date and difference of price to be adjusted on receipt of your reply stating what your wishes are), and about £15,000 forward at $26\frac{1}{8}$.

The contracts we are sending you under separate cover.

No. 58.

India Office to Messrs. Samuel Montagu and Co., dated 29th March, 1912.

I quite appreciate the arguments in favour of cash purchases under present conditions. The only objection to cash payments at present is that they would have to appear in accounts for the month of April, which would reach India and pass through many hands in the latter part of May.

We wished to keep such payments out of our April account if possible.

Our forward purchases do not involve any payments earlier than 5th May; and we think the best plan will be for you to alter the date of delivery in your contracts Nos. 16 and 19, which I return accordingly, and to add to the price as proposed by you a fraction corresponding to the sum that you will have to pay as interest on the money involved from the time that delivery is made to you until the date when you receive payment. The date may be a month forward, provided that carries the payment into May, or otherwise as early in May as you like.

No. 59.

Messrs. Samuel Montagu and Co. to India Office, dated 29th March, 1912.

We beg to enclose a contract for the purchase of £15,000 fine bar silver for two months' delivery.

No. 60.

Messrs. Samuel Montagu and Co. to India Office, dated 1st April, 1912.

We beg to acknowledge receipt of your letter of the 29th instant, and are pleased that our suggestion meets with your approval.

We enclose contracts 16 and 19 altered as to date and readjusted as to price. We also send you a contract for £12,000 three months' silver retained by us on Saturday.

No. 61.

Messrs. Samuel Montagu and Co. to India Office, dated 1st April, 1912.

We enclose a contract for our to-day's purchases. We have further quoted for £20,000 June silver to-day's price ($26^{13}/_{16}$), and will receive a reply to-morrow. If we get it we shall report to you.

We confirm our verbal agreement that contracts for to-morrow's and Wednesday's business will be sent to you on Thursday owing to our absence from the city on those days.

It may interest you to hear that the Indian Specie Bank purchased largely in Bombay to-day, and we sold £25,000 at fixing, having a fairly large selling order. Naturally we are regarded now as sellers, not buyers. We are making out a contract for the above-mentioned £20,000, which we have instructed our confidential clerk to post to you to-morrow morning, only if we should be successful in obtaining it.

No. 62.

Messrs. Samuel Montagu and Co. to India Office, dated 1st April, 1912.

Enclosed please find contract for the £20,000 June silver referred to in our letter of to-day's date.

No. 63.

India Office to Messrs. Samuel Montagu and Co., dated 3rd April, 1912.

I am in receipt of various letters from you enclosing contracts down to No. 23, for which I am obliged.

No. 64.

Messrs. Samuel Montagu and Co. to India Office, dated 4th April, 1912.

We have the pleasure of enclosing four contracts for the purchase of silver made during the last three days.

You will notice that we have secured about £230,000 out of the £250,000 that you desire.

We were very fortunate to obtain the £20,000, that we bid for, at $26^{13}/_{16}$, inasmuch as the market has risen considerably since then. It may interest you to know that we have been in a position, recently, to appear more as sellers than buyers at fixing.

No. 65.

India Office to Messrs. Samuel Montagu and Co., dated 6th April, 1912.

In Mr. Newmarch's absence I beg to acknowledge the receipt of your letter of the 4th instant, with enclosures, the contents of which are duly noted.

No. 66.

Messrs. Samuel Montagu and Co. to India Office, dated 9th April, 1912.

We have bought for you on Saturday £9,000 two months' silver at $27\frac{1}{8}$, and to-day £6,000 early May at $26^{15}/_{16}$, and £5,000 three months at the same price.

This completes the £250,000.

We had sufficient silver to sell to-day to enable us to put a fair quantity on the market independent of the £11,000 that we retained to fill up your order.

P.S.—Contracts will be sent to you to-morrow.

No. 67.

Messrs. Samuel Montagu and Co. to India Office, dated 10th April, 1912.

We beg to enclose contracts for the transactions reported to you by letter yesterday evening.

No. 68.

India Office to Messrs. Samuel Montagu and Co., dated 10th April, 1912.

In Mr. Newmarch's absence I beg to acknowledge the receipt of your letters (two) of the 9th and 10th instant, respectively, with enclosure, the contents of which are duly noted.

No. 69.

India Office to Messrs. Samuel Montagu and Co., dated 15th April, 1912.

With reference to previous correspondence, I am directed by the Secretary of State for India in Council to request that you will be so good as to make further purchases of silver on his behalf gradually up to a value of £250,000, subject to the conditions agreed upon in respect of the last order, and to your being able to purchase at no great advance on the present price. Should the price rise to any material extent before this order is completed, I am to request that you will be so good as to consult with Sir Felix Schuster as to the expediency of continuing purchases or temporarily suspending them.

No. 70.

Messrs. Samuel Montagu and Co. to India Office, dated 16th April, 1912.

We beg to acknowledge with many thanks receipt of your letter of yesterday's date requesting us to purchase for you a further amount of £250,000 fine bar silver on the same conditions as usual.

We note that you do not wish us to buy at a material advance in price without consulting Sir Felix Schuster.

This order we shall endeavour to carry out with the same secrecy as we have been fortunate enough to maintain hitherto.

We enclose you contracts of our to-day's transactions for your account, amounting to £35,000.

As the time is approaching when we shall have to take up our first deliveries on your behalf, we would be glad to know if you desire us to postpone the due dates for two months at the market rate. We believe that the difference will remain $\frac{1}{8}$ d., equal to a shade under 3 per cent. on the money (per annum). The chief advantage to you would be the avoiding of any premature transactions with the Bank of England. For the movement of actual business from our office to the Bank might cause comment, though we do not believe for one moment that anyone would guess the nature of the business.

There would be a brokerage of $\frac{1}{8}$ per cent. to pay us for the postponement, but this would, naturally, be only on one side of the account.

No. 71.

Messrs. Samuel Montagu and Co. to India Office, dated 17th April, 1912.

We have the pleasure of sending you contracts for the purchase of £55,000 silver.

The price rose to-day on purchases by the bazaar, which is influenced by the further fall of about 80 lakhs in the silver reserve.

The opinion prevails among the Eastern Banks that there is not likely to be any influx until June.

It is on account of this that we have been a little freer with our buying, although we only took about a third of what was offering at "fixing."

We hope that you approve of our action.

No. 72.

*India Office to Messrs. Samuel Montagu and Co., dated 18th April, 1912. **

I am directed to acknowledge the receipt of your letters of 16th and 17th April, enclosing contracts for the purchase of £90,000 silver on those two days.

In reply to the enquiry in your letter of the 16th, I am to say that your proposal to postpone for two months, at market rates (at present $\frac{1}{8}$ d.), the dates of delivery of silver shortly falling due, and to charge a brokerage of $\frac{1}{8}$ per cent. for the postponement, is accepted.

No. 73.

Messrs. Samuel Montagu and Co. to India Office, dated 18th April, 1912.

We have to-day purchased, for your account, about £40,000 silver as per contracts enclosed.

The market has again risen, due to purchases made on behalf of the Indian bazaar, and again we only took a very small proportion of what was offering at fixing.

No. 74.

India Office to Messrs. Samuel Montagu and Co., dated 19th April, 1912.

I beg to acknowledge the receipt of your letter of the 18th instant, with enclosure, the contents of which are duly noted.

No. 75.

Messrs. Samuel Montagu and Co. to India Office, dated 19th April, 1912.

We beg to acknowledge receipt of your letter of yesterday's date.

We take note of its contents and have, to-day, postponed £101,000, *i.e.*, contracts 16, 19, 22, 33, from May 1st to July 1st at $\frac{1}{8}$ of a penny to you, charging you the usual $\frac{1}{8}$ per cent. brokerage.

We shall continue to do these postponements at market rates as the due dates come nearer.

We have bought for you to-day £27,000, for which we enclose contract.

No. 76.

Messrs. Samuel Montagu and Co. to India Office, dated 22nd April, 1912.

We have to-day purchased for you £13,000 forward silver. We have also postponed about £76,000 till July.

We thought we had better do this amount as there is still £440,000 odd left that falls due in May. We shall, unless you ask us to do otherwise, wait a few days before paying $\frac{3}{16}$, with the view to doing some at $\frac{1}{8}$ if possible.

We enclose contracts for business done.

There is now about £80,000 still to buy. In view of the continued purchases by Indian speculators we thought it best to sell portions of our silver to-day in the market, and only to retain a small quantity for you.

No. 77.

India Office to Messrs. Samuel Montagu and Co., dated 23rd April, 1912.

I beg to acknowledge, with thanks, your letters of 19th and 22nd instant, with enclosures, and to say that your proposal to wait a few days before paying $\frac{3}{16}$ ths for further postponements is approved.

No. 78.

Messrs. Samuel Montagu and Co. to India Office, dated 23rd April, 1912.

The market rose $\frac{1}{8}$ to-day on purchases by the Indian bazaar on a large scale. We therefore only retained a small amount, i.e., £11,000 for you. We expect a small reaction, or rather hope for one, to-morrow, when we shall probably buy a larger amount.

The contract will follow to-morrow.

No. 79.

Messrs. Samuel Montagu and Co. to India Office, dated 24th April, 1912.

We have to-day purchased for you £19,000 at $28\frac{1}{16}$ for two months delivery. Again we sold considerably at fixing, but the Indian Bazaar is very firm.

We have made enquiries about Mexican dollars and may be in position to give you some information in a day or two as to the price at which they could be bought. We fancy that the price would be in the neighbourhood of $28\frac{1}{2}$ to $28\frac{3}{4}$.

We estimate that about £300,000/400,000 has been bought for the bazaars the last few days.

No. 80.

Messrs. Samuel Montagu and Co. to India Office, dated 26th April, 1912.

No silver was obtainable yesterday. To-day we have purchased for you about £40,000 at $28\frac{1}{8}$ and also postponed £15,000, Contract 3 at $\frac{1}{8}$ of a penny difference. This leaves only £10,000 to buy, which we may have given to us to sell to-day or to-morrow.

The market is still strong, both India and China have bought largely.

Since writing we have bought a further £10,000, thus completing the order for £250,000.

No. 81.

India Office to Messrs. Samuel Montagu and Co., dated 27th April, 1912.

I beg to acknowledge the receipt of your letters of the 24th and 26th instant, with enclosures, the contents of which are duly noted.

No. 82.

Messrs. Samuel Montagu and Co. to India Office, dated 29th April, 1912.

We enclose contracts for a small postponement of silver for two months from May 4th at $\frac{1}{8}$ d.

No. 83.

Messrs. Samuel Montagu and Co. to India Office, dated 3rd May, 1912.

We have postponed the £20,000 silver due to-morrow and also the £47,000 due the 8th for two months forward.

We have now nothing before the 11th instant, and that can wait for another week if necessary.

Silver is still pretty firm with the speculators buying extensively.

No. 84.

India Office to Messrs. Samuel Montagu and Co., dated 4th May, 1912.

I beg to acknowledge the receipt of your letter of the 3rd instant, with enclosures, the contents of which are duly noted.

No. 85.

Messrs. Samuel Montagu and Co. to India Office, dated 6th May, 1912.

We have to-day postponed delivery of about £15,000 silver, for which we enclose contracts.

No. 86.

Messrs. Samuel Montagu and Co. to India Office, dated 10th May, 1912.

We have to-day postponed £50,000 until July, as per contracts enclosed. The greater portion of the amount was due to-morrow.

Silver remains quite firm in tone with China not selling.

We had hoped to have done more with only $\frac{1}{2}$ d. difference, but it was not possible, and to-day is the last day.

No. 87.

India Office to Messrs. Samuel Montagu and Co., dated 11th May, 1912.

I beg to acknowledge the receipt of your letters of the 6th and 10th May, with enclosures, the contents of which are duly noted.

No. 88.

Messrs. Samuel Montagu and Co. to India Office, dated 13th May, 1912.

We have to-day postponed contracts 9, 10, 12, 32, and 34 as per fresh contracts enclosed.

We make it that only £116,000 more is due in May.

We would be obliged if you would let us know the due date of contract 17, which is included in the above total. We are not sure, from the counterfoil, if it is for two months or three months.

No. 89.

India Office to Messrs. Samuel Montagu and Co., dated 14th May, 1912.

I beg to acknowledge the receipt of your letter of the 13th instant, with enclosures, the contents of which are duly noted. Contract No. 17 was for two months.

No. 90.

Messrs. Samuel Montagu and Co. to India Office, dated 15th May, 1912.

We have to-day postponed a further amount of £31,000 for two months. We beg to enclose contracts for the same.

No. 91.

Messrs. Samuel Montagu and Co. to India Office, dated 16th May, 1912.

We have to-day postponed £30,000 from May, 22nd until July 22nd. This forms portion of a £70,000 purchase, dated March 22nd, and the contract will follow to-morrow.

No. 92.

Messrs. Samuel Montagu and Co. to India Office, dated 17th May, 1912.

We have to-day postponed delivery of further £55,000 silver from May to July as per contracts enclosed. We have included the £30,000 done yesterday in the £70,000 due May 22nd.

This completes the May purchases.

Sir Felix Schuster has told us that it is your wish to take up and pay for the June deliveries.

No. 93.

India Office to Messrs. Samuel Montagu and Co., dated 18th May, 1912.

I beg to acknowledge the receipt of your letters of the 15th, 16th and 17th May, with enclosures, the contents of which are duly noted.

No. 94.

India Office to Messrs. Samuel Montagu and Co., dated 20th May, 1912.

With reference to previous correspondence, I am directed by the Secretary of State for India in Council to request that you will be so good as to make further purchases of silver on his behalf up to a value of £250,000, subject to arrangements as to price, date of delivery, &c., to be made in communication between you and Sir Felix Schuster.

No. 95.

Messrs. Samuel Montagu and Co. to India Office, dated 21st May, 1912.

We have much pleasure in acknowledging your order to buy for the Secretary of State for India £250,000 bar silver.

According to your instructions we have consulted Sir Felix Schuster as to the deliveries and price with the result that we have purchased according to contracts enclosed £39,000 for delivery June 1st.

We have fixed the price at $\frac{1}{32}$ of a penny above cash price in order to compensate ourselves for the loss of interest. In order not to send you a contract introducing so small a fraction, which would be contrary to custom, we have fixed half the amount at $28\frac{1}{2}$ and the other half at $28\frac{6}{16}$, which amounts to the same thing.

This also has the approval of Sir Felix.

No. 96.

Messrs. Samuel Montagu and Co. to India Office, dated 22nd May, 1912.

I have been informed that we have retained for you to-day about £15,000 silver for delivery June 1st. Half at $28\frac{1}{2}$, half at $28\frac{6}{16}$.

I shall send you the contracts for this and for what is done during the next few days on my return to the office.

I am simply telling our people to abstain from selling any silver, apart from forward delivery, that we may have consigned to us, and to keep me informed daily of the amounts so retained.

No. 97.

India Office to Messrs. Samuel Montagu and Co., dated 24th May, 1912.

As the time is approaching when you will be taking delivery of silver for us, I write to mention a point that has arisen in connection with our purchases in the past, viz., the marking, for purposes of identification of the seller, of bars or boxes of silver shipped for us. We have at times bought Mexican dollars, and among

these counterfeits have been discovered on delivery at the Mints in India, in respect of which we have had occasion to claim refunds from the sellers.

The authorities in India have also found fault with, and asked not to be supplied with, certain sorts of bars, viz., Raritan bars and "D.R.W." bars. In view of the contingency of any faults being found with silver shipped for us, I suppose all bars or boxes will bear distinguishing marks which will enable them easily to be traced to the source of supply?

Your letters of 21st, with enclosure, and of 22nd were duly received and noted.

No. 98.

Messrs. Samuel Montagu and Co. to India Office, dated 24th May, 1912.

As the price of silver was only 28 to-day we have secured for you £80,000 for June 1st, of which £40,000 is at 28 and £40,000 at 28¹/₁₆.

No. 99.

Messrs. Samuel Montagu and Co. to India Office, dated 26th May, 1912.

Your letter of the 24th has been forwarded to me here.

All the bars we ship have identification marks and the same applies to our dollar boxes.

I will see that we ship no Raritan or D. R. W. bars, as we do not wish to cause the Indian authorities any trouble and these bars are good delivery here. We shall ask you to pay a large amount to the Union Bank on the 1st June. We shall write to you on the 31st instant to inform you how much. In order not to allow our deliveries to the Bank of England to synchronise with your payments, we have already started depositing bars with them against the receipts about which I spoke to you at our first interview, and we shall endeavour to avoid at any time depositing bars to the approximate value of the money we claim of you on the same day.

How would you like us to hand you the deposit receipts? Shall we send them up to your office on the morning of the pay-days by a confidential messenger who is not in our bullion department? These receipts are made out, I believe, to Samuel Montagu and Co. or order. Should we endorse them or shall we give you a signed undertaking to sign them if and when required?

Would you like me to arrange all these details with Sir Felix or shall I call at your office one evening on my return from the city?

I hear that we retained for you a small parcel, £6,000, on Saturday. The price rose ½d., so that I am glad that we secured so substantial an amount as we did on Friday.

I shall be back at work on Tuesday.

No. 100.

Messrs. Samuel Montagu and Co. to India Office, dated 28th May, 1912.

We have to-day purchased for you about £110,000 silver, thereby completing the £250,000 order.

We enclose contracts for the various amounts advised since the 22nd instant.

We shall be requiring about £300,000 on June 1st.

No. 101.

India Office to Messrs. Samuel Montagu and Co., dated 28th May, 1912.

I beg to acknowledge the receipt of your letter of this date, with enclosure, the contents of which are duly noted.

No. 102.

Messrs. Samuel Montagu and Co. to India Office, dated 28th May, 1912.

Unless you have some special reason for it I would urge you most strongly to delay shipping silver for another month, allowing us to deposit it at the Bank and paying us against the receipts. We can then be quietly accumulating without rousing any suspicion, which is bound to accompany the moving of large amounts of silver. I have looked through our bullion letters, and find no reference to the Indian Government's abstention from buying. Possibly your colleague either misread our letter of May 2nd, copy* of which I enclose, or has been quoting from some one else.

No. 103.

India Office to Messrs. Samuel Montagu and Co., dated 28th May, 1912.

Mr. Newmarch is away, for a week or ten days, and in his absence I have opened your letter to him of the 26th, the contents of which I have noted with thanks.

Could you kindly let me know by to-morrow how much you propose to ask us to pay on 1st June, and how much silver will, under present arrangements, have been paid for by us, and be ready for shipment in the P. and O. steamer sailing on 7th June, if we decide to ship on that date? If you could also let me have a statement of the sums falling due for payment by us during the next fortnight I should be much obliged.

I have shown your letter to Mr. Abrahams, and he thinks it will be sufficient if, when you have deposited with the Bank of England any silver bought for us, you will be good enough to send us with the receipt a statement by Messrs. Samuel Montagu and Co. that the silver has been so deposited and is held by them on behalf of the Secretary of State. The statements could be brought to this office by one of your clerks, as you suggest, on the morning of the day on which you desire payment. The clerk should deliver them to our Accountant-General, or the Deputy Accountant-General if he is not available.

I understand that your firm will make all arrangements for shipment and insurance on receiving instructions from this office as to date of shipment, the insurance policies and bills of lading being handed over to us as soon as available. I see that in our letter to you of 4th March we mentioned the bills of lading, but not the question of insurance.

Sir Felix Schuster or Mr. Abrahams will communicate with you on the question whether it is necessary that all silver bought by you for us shall be deposited at the Bank of England between the dates of delivery and shipment respectively.

No. 104.

Messrs. Samuel Montagu and Co. to India Office, dated 29th May, 1912.

In reply to your letter of the 28th.

We propose to ask you to pay us about £329,000 on the first of June.

As the position stands at present there will be no more payments due to us for silver until the 14th instant, when we shall claim about £20,000, and between that date and the 24th there will be a further £100,000 or thereabouts.

Should you desire us to commence shipping on the 7th instant, the £329,000 would, of course, be ready for shipment.

We will see that all your instructions are carried out regarding what we are to do with the Bank receipts, and also as to our statements that will accompany them when we deliver them to the Accountant-General or the Deputy Accountant-General. We also confirm what you write as to our firm making all arrangements for shipping and insurance, and handing over to you the policies and bills of lading as soon as they are available.

Until we hear from Sir Felix Schuster or Mr. Abrahams as to whether it is necessary that all silver bought by us for you should be deposited at the Bank of

* Copy will be found in Appendix C.

England between the deliveries and the date of shipment, we do not propose to deposit any further amounts at the Bank unless lack of space in our vaults compels us to do so.

We have already deposited £500,000. This has been done in order to avoid the possibility of the Bank of England having to transfer to the Union Bank, on any particular day, an amount approximating to the value of silver that they received from us on that day.

Naturally we should make no charge for storage of silver that we do not have to send to the Bank. Their charge is as our Mr. Franklin explained to you, fourpence per bar per month.

From what our Mr. Franklin heard from Mr. Abrahams last night, it appears probable that no shipments will be necessary for the present.

No. 105.

Messrs. Samuel Montagu and Co. to India Office, dated 29th May, 1912.

Since writing to you this morning we have seen Sir Felix Schuster, and he calls our attention to a sentence in your letter in which you say, "You will be good enough to send with the receipt a statement by Messrs. Samuel Montagu and Company that the silver has been so deposited, and is held by them on behalf of the Secretary of State."

We did not notice this at the time of writing. Sir Felix has told us that you desire to modify these instructions to the effect that we are to write to you stating that "we (Samuel Montagu and Co.) hold this silver" or, if it is at the Bank of England, "these receipts for silver on behalf of the Secretary of State."

We have taken note of this modification.

As a matter of fact, we shall give you the receipts themselves which we get from the Bank, whenever we deposit the bars, and our statement that we hold the silver for your account when we store it in our own vaults.

No. 106.

India Office to Messrs. Samuel Montagu and Co., dated 29th May, 1912.

I beg to acknowledge receipt of Messrs. Samuel Montagu and Co.'s letter of to-day's date, for which I am much obliged.

The question whether any particular amount, or purchase, of silver shall, pending shipment, be deposited in the Bank of England or be retained in the keeping of your firm will be a matter of decision from time to time by Sir Felix Schuster. In the meantime you may be glad to know that payment will be made to your firm for silver bought on behalf of the Secretary of State in Council either—

- (1) On production by the firm of a receipt showing that the silver is at the Bank of England together with a statement by the firm that they (the firm) hold the silver on account of, and at the disposal of, the Secretary of State in Council; or
- (2) If the silver is not at the Bank of England, then on production of a statement by the firm that they hold it on behalf of, and at the disposal of, the Secretary of State in Council.

Payment will be made by means of an instruction to the Bank of England to transfer the necessary sum from the account of the Secretary of State in Council to that of the Union of London and Smith's Bank, Limited.

Our Accountant-General wishes me to say that, if it would be equally convenient to you to let us have the receipts and statements, or statements alone, as the case may be, during the afternoon of the day preceding that on which payment is required, it would, for the purposes of his ways and means transactions, be more convenient to him than to receive them on the day itself.

No. 107.

Messrs. Samuel Montagu and Co. to the India Office, dated 30th May, 1912.

We beg to acknowledge your letter of yesterday's date, and are quite in accord with its contents.

We shall, whenever it is possible, let the Accountant-General have the receipts and statements, or statements alone, during the afternoon of the day preceding that on which we require payment.

We propose sending to you to-morrow afternoon receipts for about £250,000, together with our engagement that we have deposited that amount at the Bank of England, and that we hold it for the account of, and at the disposal of, the Secretary of State in Council, and also a statement that we hold a further amount of about £79,000 in our own vaults for the same account. We shall, under the same cover, hand you the numbers on the bars and total weights of the respective parcels.

No. 108.

Messrs. Samuel Montagu and Co. to India Office, dated May 31st, 1912.

In accordance with instructions from the Secretary of State for India in Council we have the pleasure to hand you the enclosed documents, namely:—

(1) A statement setting forth the total weight of 1,946 silver bars deposited in the Bank of England in eight parcels marked, respectively, K, L, M, N, O, P, Q, and S, receipts for which are attached thereto which we undertake to endorse if and when required to do so.

(2) A statement setting forth the total weight of two parcels totalling 509 silver bars stored in our own vaults.

The total weight of the silver bars thus detailed:—

1,946 bars in the Bank of England, weight	...	...	...	2,088,950·5
509 bars in our own vaults, weight	...	...	...	539,077·5
<u>2,455</u>			Total	<u>2,628,028</u>

is about 4,000 oz. in excess of the exact equivalent of contracts Nos. 23, 24, 26, 28, 35, 46, 47, 48, 49 and 50, the collective value of which figures out at £329,000.

On each statement we specifically undertake to hold the bars mentioned therein on account of, and at the disposal of, the Secretary of State for India in Council. This undertaking is given against the payment of £329,000, which, as arranged, is to be made by you to the Union Bank of London and Smith's Bank to-morrow, June 1st.

The excess of about 4,000 oz. will, of course, be applied towards the filling of succeeding contracts.

Kindly acknowledge by bearer the receipt of this letter and its contents.

Enclosure 1 in No. 108.

We undertake to hold the above-mentioned bars on account of, and at the disposal of, the Secretary of State for India in Council.

(Signed) SAMUEL MONTAGU AND Co.

Enclosure 2 in No. 108.

We undertake to hold the above-mentioned bars on account of, and at the disposal of, the Secretary of State for India in Council.

(Signed) SAMUEL MONTAGU AND Co.

No. 109.

Messrs. Samuel Montagu and Co. to India Office, dated 31st May, 1912.

We hereby undertake to hold the 1,946 bars invoiced in Statement No. 1 on account of and under the disposal of the Secretary of State for India in Council. These bars are deposited in the Bank of England.

No. 110.

Messrs. Samuel Montagu and Co. to India Office, dated 31st May, 1912.

We hereby undertake to hold the 509 bars invoiced in Statement No. 2 on account of and at the disposal of the Secretary of State for India in Council. These bars are stored in our vaults.

No. 111.

Messrs. Samuel Montagu and Co. to India Office, dated 31st May, 1912.

I think that you will find that all the documents which we are sending you to-morrow morning are in order.

I have numbered the contents that are on your slip and added some more that you have omitted. These last ones form the bulk of our present deliveries, as those falling due in May are all postponed for two months.

Evidently our contracts, numbered 1 A and 1 B to 14 A and 14 B, are amongst those which Mr. Newmarch has in his keeping.

The receipt of these has been duly acknowledged to us.

I would call your attention to the fact that the receipts of the Bank of England only require our endorsement to enable the holder to withdraw the bars, and that we have given you, as agreed with the Financial Department, our written undertaking to endorse them if and when we are required to do so.

The only reason that we have omitted to enclose them now is for the sake of safety.

Mr. White, the head of our Bullion Department, will himself call on you with the documents at 10 a.m. to-morrow morning, and any further explanations that you may desire he will be in a position to give you.

No. 112.

Messrs. Samuel Montagu and Co. to India Office, dated 31st May, 1912.

Herewith we hand you the following documents arranged so as to meet your verbal wishes :—

- (1) A statement setting forth the contents in standard ounces of 1946 silver bars deposited in the Bank of England whose eight receipts therefor are attached, which we undertake to endorse if and when required. Of these standard ounces a definite amount is applied to fill the remainder of the contracts due to-morrow.
- (2) A statement setting forth the contents in standard ounces of 509 silver bars stored in our own vaults. Of these standard ounces a definite amount is applied to fill the remainder of the contracts due, and the small balance is allocated to contract No. 8 which falls due about the middle of June.
- (3) A written undertaking to hold the 1,946 bars invoiced in statement (1) on account of and at the disposal of the Secretary of State for India in Council.
- (4) A written undertaking to hold the 509 bars invoiced in statement (2) on account of and at the disposal of the Secretary of State for India in Council.

The Contracts completed are Nos. 23, 24, 26, 28, 35, 46, 47, 48, 49 and 50, the collective value of which figure out as £329,000. Commission and charge will be debited at a later date as agreed.

Against the above-mentioned 2,455 silver bars payment will be made as arranged of £329,000 to the Union of London and Smith's Bank to-morrow, June 1st.

Kindly acknowledge by bearer the receipt of this letter and its contents.

No. 113.

India Office to Messrs. Samuel Montagu and Co., dated 1st June, 1912.

With reference to previous correspondence, I am directed by the Secretary of State for India in Council to request that you will be so good as to make further purchases of silver on his behalf up to a value of £250,000, subject to arrangements as to price, date of delivery, &c., to be made in communication between you and Sir Felix Schuster.

No. 114.

India Office to Messrs. Samuel Montagu and Co., dated 1st June, 1912.

I beg to acknowledge the receipt of your letter of 31st ultimo, enclosing eight receipts of the Bank of England for 1,946 bars of silver, also Statements Nos. 1 and 2 giving particulars of weight of the 1,946 bars and of the 509 bars held by you on account of the Secretary of State, also the undertakings relating thereto.

The claim for £329,000 is in order, and I have sent a Write-Off, dated to-day, to the Bank of England, transferring that sum to the account of the Union of London and Smith's Bank.

No. 115.

Messrs. Samuel Montagu and Co. to India Office, dated 3rd June, 1912.

We have to-day purchased for you £30,000 silver at 27¹⁵/₁₆ for payment to-morrow.

We are sending the necessary documents to the Accountant-General.

No. 116.

Messrs. Samuel Montagu and Co. to India Office, dated 3rd June, 1912.

We beg to enclose the necessary documents relating to the purchase of about £30,000 worth of silver.

We are sending the Contract, 51, by this post to the Financial Secretary.

Kindly transfer £30,000 from the Bank of England to the Union of London and Smith's Bank to-morrow, the 4th instant, and send a letter to the Union Bank advising them that this £30,000 is for our credit.

It will be, of course, necessary that the Union Bank should get the money and the letter of advice in Banking hours.

We enclose Statement 3.

No. 117.

Messrs. Samuel Montagu and Co. to India Office, dated 3rd June, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 207 silver bars set out in Statement No. 3.

No. 118.

Messrs. Samuel Montagu and Co. to India Office, dated 4th June, 1912.

We have the pleasure to enclose a contract for £100,000 silver bought to-day at 28¹/₁₆.

We are sending the necessary documents to the Accountant-General, and have asked for the money to be paid into the Union Bank as usual.

No. 119.

Messrs. Samuel Montagu and Co. to India Office, dated 4th June, 1912.

We beg to enclose statement detailing 720 silver bars value £100,839 17s. 3d., and our undertaking relating thereto—also 4 receipts from the Bank of England.

Kindly pay the Union of London and Smith's Bank to-morrow the sum of £100,000.

We think it better not to send a messenger to our office, as he might be observed coming in and out.

An acknowledgment sent by post in a plain envelope is all that is necessary.

No. 120.

Messrs. Samuel Montagu and Co. to India Office, dated 4th June, 1912.

We hereby undertake to hold the 720 silver bars set out in Statement 4 on account of and at the disposal of the Secretary of State for India in Council.

The bars are deposited at the Bank of England.

No. 121.

India Office to Messrs. Samuel Montagu and Co., dated 4th June, 1912.

I beg to acknowledge the receipt of your letter of the 3rd instant, with enclosure, the contents of which are duly noted.

No. 122.

India Office to Messrs. Samuel Montagu and Co., dated 4th June, 1912.

In reply to your letter of the 3rd instant I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 123.

India Office to Union of London and Smiths Bank dated 4th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £30,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount when received to Messrs. Samuel, Montagu and Co.

No. 124.

India Office to Messrs. Samuel Montagu and Co., dated 5th June, 1912.

In reply to your letter of the 4th instant I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 125.

India Office to Union of London and Smiths Bank, dated 5th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £100,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount when received to Messrs. Samuel Montagu and Co.

No. 126.

Messrs. Samuel Montagu and Co. to India Office, dated 6th June, 1912.

We have to-day purchased for you about £100,000 fine bar silver at 28, according to contract enclosed. This leaves only £20,000 to be bought to complete your present order.

We have communicated with the Accountant-General and are sending him the necessary documents.

No. 127.

Messrs. Samuel Montagu and Co. to the India Office, dated 6th June, 1912.

We have the pleasure to send you enclosed the documents connected with the £100,000 bar silver reported to you by telephone to-day. The bank receipts are in a separate registered letter.

Please pay, as usual, £100,000 to the Union of London and Smiths Bank and inform them that this money is for our account.

No. 128.

Messrs. Samuel Montagu and Co. to the India Office, dated 6th June, 1912.

Enclosed please find seven bank receipts referred to in our letter of to-day's date.

No. 129.

Messrs. Samuel Montagu and Co. to India Office, dated 6th June, 1912.

We hereby undertake to hold on account of, and at the disposal of, the Secretary of State for India in Council the 682 silver bars specified in statement "5" and deposited in the Bank of England.

No. 130.

Messrs. Samuel Montagu and Co. to the India Office, dated 7th June, 1912.

We beg to enclose the necessary documents relating to the delivery of Bank receipts against contract 54 and part of contract 8.

The bank receipts will be sent by this post under registered cover.

Kindly pay, in the usual manner, £20,000 to the Union Bank informing them that it is for our account.

No. 131.

Messrs. Samuel Montagu and Co. to the India Office, dated 7th June, 1912.

Enclosed please find the two bank receipts for bar silver referred to in our letter of to-day's date.

No. 132.

Messrs. Samuel Montagu and Co. to India Office, dated 7th June, 1912.

We hereby undertake to hold on account of, and at the disposal of, the Secretary of State for India in Council the 162 silver bars set out in Statement "6" and deposited in the Bank of England.

No. 133.

India Office to Messrs. Samuel Montagu and Co., dated 7th June, 1912.

In reply to your letter of the 6th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 134.

India Office to Union of London and Smiths Bank, dated 7th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £100,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 135.

Messrs. Samuel Montagu and Co. to India Office, dated 7th June, 1912.

We have the pleasure to enclose a contract for £20,000 fine bar silver, for delivery and payment to-morrow. This completes the last order of £250,000.

No. 136.

India Office to Messrs. Samuel Montagu and Co., dated 8th June, 1912.

In reply to your letter of the 7th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 137.

India Office to Union of London and Smiths Bank, dated 8th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £20,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 138.

Messrs. Samuel Montagu and Co. to India Office, dated 11th June, 1912.

We hereby undertake to hold, on account of and at the disposal of, the Secretary of State for India in Council, the 139 silver bars set out in Statement 7, and deposited in the Bank of England.

No. 139.

Messrs. Samuel Montagu and Co. to India Office, dated 11th June, 1912.

We beg to enclose documents connected with the delivery of £20,000 worth of silver.

Please pay this sum to the Union Bank to-morrow, the 12th instant, and advise them, as usual, that this is for our account.

We post Bank receipt letter E., 139 bars, under registered cover.

No. 140.

Messrs. Samuel Montagu and Co. to India Office, dated 11th June, 1912.

We have already placed at the disposal of the Secretary of State, without payment, £6,667 14s. 9d. of silver on account of contract 8. You will notice that we invoice the balance of this contract, viz., £13,332 5s. 3d. of silver in statement "7," and the balance, namely, £5,898 11s. 9d., of silver is placed at disposal without payment on account of contract 38.

Herewith Bank receipt.

No. 141.

India Office to Messrs. Samuel Montagu and Co., dated 12th June, 1912.

In reply to your letter of the 11th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smith's Bank.

No. 142.

India Office to Union of London and Smith's Bank, dated 12th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £20,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 143.

Messrs. Samuel Montagu and Co. to India Office, dated 14th June, 1912.

We hereby undertake to hold, on account of and at the disposal of, the Secretary of State for India in Council, the 448 silver bars set out in statement No. 8 and deposited in the Bank of England.

No. 144.

Messrs. Samuel Montagu and Co. to India Office, dated 14th June, 1912.

Herewith please receive three Bank receipts referred to in our letter of even date, namely:—

" G "	...	...	...	...	270 silver bars.
" G "	...	...	...	...	16 " "
" V "	...	...	...	...	162 " "
					<hr/>
					448 " "
					<hr/>

No. 145.

Messrs. Samuel Montagu and Co. to India Office, dated 14th June, 1912.

We enclose documents relating to £66,000 of silver delivered on Monday. Bank receipts (3) relating thereto will be posted under separate registered cover.

Kindly pay to the Union of London and Smith's Bank on Monday £66,000, and advise them as usual that it is on our account.

You will observe that with the £5,898 11s. 9d. worth of silver already placed at your disposal in excess, we now hold on your account £2,192 19s. 1d. in excess of the new payment of £66,000.

No. 146.

India Office to Messrs. Samuel Montagu and Co., dated 17th June, 1912.

In reply to your letter of the 14th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smith's Bank.

No. 147.

India Office to Union of London and Smith's Bank, dated 17th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £66,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 148.

Messrs. Samuel Montagu and Co. to India Office, dated 17th June, 1912.

Kindly note we shall require for silver about £83,000 on the 22nd instant, and about £269,000 on the 28th instant.

No. 149.

Messrs. Samuel Montagu and Co. to India Office. (Undated.)

Herewith please receive statement 9, and undertaking relating thereto under separate registered cover. You will receive three Bank of England receipts for 495 silver bars.

Against the above please pay the Union Bank to-morrow £70,000, informing them that it is on account of Messrs. Samuel Montagu and Co.

No. 150.

Messrs. Samuel Montagu and Co. to India Office, dated 20th June, 1912.

We hereby undertake to hold on account of, and at the disposal of, the Secretary of State for India in Council the 495 silver bars set out in statement No. 9, and deposited in the Bank of England.

No. 151.

Messrs. Samuel Montagu and Co. to India Office, dated 20th June, 1912.

Herewith please find the three Bank of England receipts referring to statement 9.

No. 152.

Messrs. Samuel Montagu and Co. to India Office, dated 20th June, 1912.

We have much pleasure in acknowledging receipt of your telephonic message, to be followed by a letter which we expect to receive to-morrow, asking us to purchase £250,000 silver for account of the Secretary of State for India.

We have bought to-day about £70,000 at 28½, and have given notice to the Accountant-General that we shall require the money to-morrow against Bank receipts that we are sending him by this evening's mails.

No. 153.

India Office to Messrs. Samuel Montagu and Co., dated 20th June, 1912.

With reference to previous correspondence, I am directed by the Secretary of State for India in Council to request that you will be so good as to make further purchases of silver, gradually, on his behalf, for cash, up to a value of £250,000, subject to reference to Sir Felix Schuster in case of any material change occurring in the price or in the relation between prices for cash and for forward delivery.

No. 154.

Messrs. Samuel Montagu and Co. to India Office, dated 21st June, 1912.

We have duly received your letter with an order for £250,000 silver referred to in ours of yesterday.

We have purchased, further, £45,000, for which we enclose contract.

No. 155.

India Office to Messrs. Samuel Montagu and Co., dated 21st June, 1912.

In reply to your letter of the 20th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 156.

India Office to Union of London and Smith's Bank, dated 21st June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £70,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 157.

Messrs. Samuel Montagu and Co. to India Office, dated 21st June, 1912.

Herewith we hand you the two bank receipts relative to Statement 11.

No. 158.

Messrs. Samuel Montagu and Co. to India Office, dated 21st June, 1912.

Herewith we hand you Statements 10 and 11 relating to silver bars deposited respectively in our vaults and the Bank of England and the undertakings attaching thereto.

Kindly pay to the Union of London and Smiths Bank to-morrow the sum of £128,000 therefor and notify that bank that it is for our account.

Under separate registered cover you will receive two bank receipts in respect of Statement 11.

We cannot say if we shall require any money on Monday next or not at the moment.

No. 159.

Messrs. Samuel Montagu and Co. to India Office, dated 21st June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council the 615 silver bars set out in Statement 10 and deposited in our vaults.

No. 160.

Messrs. Samuel Montagu and Co. to India Office, dated 21st June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council the 470 silver bars set out in Statement 11 and deposited in the Bank of England.

No. 161.

India Office to Messrs. Samuel Montagu and Co., dated 22nd June, 1912.

In reply to your letter of the 21st instant I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 162.

India Office to the Union of London and Smiths Bank, dated 22nd June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £128,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 163.

Messrs. Samuel Montagu and Co. to India Office, dated 24th June, 1912.

Herewith we hand you statements Nos. 12 and 13 and the undertaking relating thereto.

Against the above-mentioned kindly pay to-morrow to the Union of London and Smiths Bank the sum of—

£8,000 }
£89,000 } Ninety-seven thousand pounds;

notifying the Bank that it is on behalf of our firm.

The Bank receipts for those silver bars deposited with the Bank of England will be posted to you under separate registered cover.

No. 164.

Messrs. Samuel Montagu and Co. to India Office, dated 24th June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 194 bars of silver set out in Statement No. 12 and stored in our own vaults, and 516 bars of silver set out in Statement No. 13 and deposited with the Bank of England.

No. 165.

Messrs. Samuel Montagu and Co. to India Office, dated 24th June, 1912.

Herewith please find two Bank receipts relating to State 13 in our letter of even date.

No. 166.

Messrs. Samuel Montagu and Co. to India Office, dated 24th June, 1912.

We have to-day purchased about £80,000 silver for payment to-morrow, and have advised the Accountant-General. This leaves only about £46,000 left of the order for £250,000.

We enclose contract.

P.S.—We enclose a second contract for a further £8,000.

No. 167.

Messrs. Samuel Montagu and Co. to India Office, dated 24th June, 1912.

We beg to enclose contract for £9,000 at 28 $\frac{1}{16}$, for payment to-morrow against silver kept back Saturday.

No. 168.

India Office to Messrs. Samuel Montagu and Co., dated 25th June, 1912.

In reply to your letter of the 24th instant I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 169.

India Office to Union of London and Smiths Bank, dated 25th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £97,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 170.

Messrs. Samuel Montagu and Co. to India Office, dated 25th June, 1912.

We have to-day purchased £25,000 silver at 28 $\frac{1}{16}$ per oz. (a fall of $\frac{1}{4}$) and enclose contract.

P.S.—We shall doubtless complete the order to-morrow.

No. 171.

Messrs. Samuel Montagu and Co. to India Office, dated 25th June, 1912.

We have debited you for to-morrow some silver coin, which will work out very favourably for you, as the copper alloy costs you nothing, and is available for recoinage. The assay we have set down at 898 parts fine. The coins, Peruvian and Chilian sols, &c., are nominally 900 fine. We believe you will find that the quality is well within the mark.

P.S.—If the coin should not be desired we will, of course, substitute silver bars with pleasure.

No. 172.

Messrs. Samuel Montagu and Co. to India Office, dated 25th June, 1912.

Herewith we hand you two Bank of England receipts for 266 silver bars detailed in Statement 14.

..

No. 173.

Messrs. Samuel Montagu and Co. to India Office, dated 25th June, 1912.

We hand you herewith Statement 14 and the undertaking relating thereto. Kindly pay there against the sum of £25,000 to-morrow to the Union Bank of London and Smith's Bank, notifying the Bank that it is for account of ourselves. We have posted two Bank receipts therein referred to under registered cover.

No. 174.

Messrs. Samuel Montagu and Co. to India Office, dated 25th June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the silver bars (266) set out in Statement 14 and deposited with the Bank of England.

No. 175.

Messrs. Samuel Montagu and Co. to India Office, dated 26th June, 1912.

We have to-day purchased £13,000 silver, being the balance of your last £250,000 order.

We have the pleasure of enclosing the contract.

No. 176.

India Office to Messrs. Samuel Montagu and Co., dated 26th June, 1912.

In reply to your letter of the 25th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smith's Bank.

No. 177.

India Office to Union of London and Smith's Bank, dated 26th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £25,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 178.

Messrs. Samuel Montagu and Co. to India Office, dated 26th June, 1912.

Herewith we hand you statement "15," and the undertaking relating thereto. Kindly pay £13,000 there against to the Union of London and Smith's Bank to-morrow advising the Bank that it is made on account of ourselves. A Bank receipt for the 167 silver bars referred to above will be posted to you under separate registered cover.

No. 179.

Messrs. Samuel Montagu and Co. to India Office, dated 26th June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 167 silver bars set out in statement 15 and deposited with the Bank of England.

No. 180.

Messrs. Samuel Montagu and Co. to India Office, dated 26th June, 1912.

Herewith please receive the Bank of England receipt for the 167 silver bars referred to in our letter of even date.

No. 181.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

Herewith we hand you statements Nos. 16, 17, and 18, and undertakings relating thereto.

As we have to consider the capacity of our vaults, you will observe that we have reserved the latitude of holding the bars set out on statement No. 17 either in our own vaults or at the Bank of England.

The Bank receipts specified in statement 16 are posted to you under the separate registered cover.

Against the enclosed documents, kindly pay to-morrow £344,000 to the Union of London and Smith's Bank, notifying them that it is on account of Messrs. Samuel Montagu and Co.

No. 182.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

We hereby undertake to hold on account, and at the disposal of the Secretary of State for India in Council, the 1,718 silver bars set out in statement 16, and deposited at the Bank of England.

No. 183.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 385 silver bars set out in statement No. 17. These bars will be stored either in our vaults or at the Bank of England.

No. 184.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the South American coin weighing £80,088·25, referred to in Statement 18. The silver coin is stored in our vaults.

No. 185.

India Office to Union of London and Smith's Bank, dated 27th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £13,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

(Messrs. Samuel Montagu and Co. informed by telephone, 27th June, 1912.)

No. 186.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

We confirm the telephonic conversation which took place to-day with our Mr. Franklin.

Roughly subject to steamers arriving to the following, silver will fall due at the dates set against the amounts :—

July 5.	£100,000	about.
„ 12.	160,000	„
„ 18.	90,000	„
„ 25.	110,000	„

These amounts are exclusive of any fresh purchases.

No. 187.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

Herewith we hand you the 11 bank receipts relating to Statement " 16 " referred to in our letter of even date.

No. 188.

India Office to Messrs. Samuel Montagu and Co., dated 27th June, 1912.

In continuation of my letter of the 20th June,† I am directed by the Secretary of State for India in Council to request that you will be so good as to make further purchases of silver, gradually, on his behalf, for cash, up to a value of £250,000, subject to reference to Sir Felix Schuster in case of any material change occurring in the price or in the relation between prices for cash and for forward delivery.

No. 189.

Messrs. Samuel Montagu and Co. to India Office, dated 27th June, 1912.

We beg to acknowledge receipt of your letter of to-day's date asking us to buy for account of the Secretary of State for India a further amount of £250,000 silver on the usual conditions.

We have to-day purchased £75,000 as per enclosed contract.

No. 190.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

We have to-day purchased for you £100,000 silver as per contract enclosed.

As stock seems coming out rather freely, we propose holding off the market a little for the present unless you are likely to require further amounts when we have completed this order.

Of course, if you think that you will require more, it would be greatly to your advantage for us to pick up what is offering as the weakness may only be temporary.

No. 191.

India Office to Messrs. Samuel Montagu and Co., dated 28th June, 1912.

In reply to your letter of the 27th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

† *Vide* No. 153, page 34.

No. 192.

India Office to Union of London and Smiths Bank, dated 28th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £344,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 193.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

Herewith we hand you statements 19 and 20 and the undertakings relating thereto. The bank receipt referred to on Statement 19 will be posted to you under separate cover. Kindly pay there against £75,000 to-morrow to the Union of London and Smiths Bank, informing them that it is on our account.

We shall probably require a further £20,000 to-morrow, and therefore also enclose a Statement 21, and post the respective bank receipt with the other above referred to.

Please, however, hold the latter silver, namely, 17 bars, *at our disposal* until you receive a telephone message to-morrow claiming the additional £20,000.

No. 194.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council 176 silver bars set out in Statement 19 and deposited with the Bank of England.

No. 195.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 374 silver bars set out in Statement 20. These bars will be deposited either in our vaults or at the Bank of England.

No. 196.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 148 silver bars set out in Statement 21 and deposited with the Bank of England.

No. 197.

Messrs. Samuel Montagu and Co. to India Office, dated 28th June, 1912.

Herewith please find the two bank receipts referred to in our letter of even date.

No. 198.

India Office to Messrs. Samuel Montagu and Co., dated 29th June, 1912.

In reply to your letter of the 28th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 199.

India Office to Union of London and Smiths Bank, dated 29th June, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £95,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 200.

Messrs. Samuel Montagu and Co. to India Office, dated 1st July, 1912.

Herewith we hand you brokerage account—styled Statement 23—for silver paid for up to the end of the last half-year.

Kindly add the amount, viz., £1,796 5s., to your next payment to the Union of London and Smiths Bank on our behalf.

When the delivery of the silver on the "B" contracts is completed we shall render you an account of the brokerage on the postponements, and a statement of the differences relating to the re-sale.

No. 201.

Messrs. Samuel Montagu and Co. to India Office, dated 1st July, 1912.

When you ask us to commence shipping silver we think it would be in your interest to let us know at the beginning of each week how much you will require, so that we may be certain to get the bars out of our place (or the Bank) in good time, and also arrange insurance.

No. 202.

Messrs. Samuel Montagu and Co. to India Office, dated 1st July, 1912.

Herewith please receive Statement No. 22 and the undertaking relating thereto.

Kindly pay *to-day* there against £25,000 to the Union of London and Smiths Bank notifying the Bank that it is made on account of Messrs. Samuel Montagu and Co.

No. 203.

Messrs. Samuel Montagu and Co. to India Office, dated 1st July, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 176 silver bars set out in Statement 22, and either stored in our own vaults or at the Bank of England.

No. 204.

Messrs. Samuel Montagu and Co to India Office, dated 1st July, 1912.

When you ask us to commence shipping silver, we think it would be in your interest to let us know at the beginning of each week how much you will require, so that we may be certain to get the bars out of our place (or the Bank) in good time, and also arrange insurance.

No. 205.

India Office to Messrs. Samuel Montagu and Co., dated 1st July, 1912.

In reply to your letter of to-day instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 206.

India Office to Union of London and Smiths Bank, dated 1st July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £25,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 207.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd July, 1912.

Herewith we send you Statement 24 and the undertaking relating thereto.

We have already placed at the disposal of the Secretary of State our Statement No. 22, £1,818 7s. 5d. against this, and the above-mentioned Statement 24. Kindly pay to-morrow £40,000 to the Union of London and Smiths Bank, notifying the Bank that it is on account of ourselves. We shall forward the Bank of England receipt for the bars set out in Statement 24 under separate registered cover.

No. 208.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd July, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 281 silver bars set out in Statement 24 and deposited at the Bank of England.

No. 209.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd July, 1912.

We have to-day purchased for you £40,000 silver as per contract enclosed.

No. 210.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd July, 1912.

We have an open policy of insurance with the Indemnity Mutual Marine Assurance Company and the Commercial Union Assurance Company, two companies of the highest standing, to cover £100,000 each on any shipments we make from London or India. If the amount exceeds £200,000, we are accustomed to place the balance with the latter-named company.

We shall be happy to place the advantage of these policies at your disposal, and detail below the way that the charges work out.

£200,000 at 1s. 6d. per cent.	£150 0 0
Less 10 per cent. on 95 per cent. of pm.	14 0 5
	<hr/>
	£132 0 0
Stamp	1
	<hr/>
	£132 0 1
	<hr/>

Thus we should only charge you the exact cost to which we should be put under the policy.

Kindly let us know if in due course the above charges and companies would meet with your approval.

No. 211.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd July, 1912.

Herewith please receive Bank of England receipt for 281 silver bars, referred to in Statement 24.

No. 212.

India Office to Messrs. Samuel Montagu and Co. dated 3rd July, 1912.

In reply to your letter of the 2nd instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 213.

India Office to Union of London and Smiths Bank, dated 3rd July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £41,796 5s. 0d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 214.

Messrs. Samuel Montagu and Co. to India Office, dated 4th July, 1912.

Herewith we hand you Statement No. 25, and the undertaking relating thereto. Kindly pay to-morrow thereagainst £125,000 to the Union of London and Smiths Bank, notifying the Bank that the payment is made on account of Messrs. Samuel Montagu and Co.

No. 215.

Messrs. Samuel Montagu and Co. to India Office, dated 4th July, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 1,008 silver bars, at present stored in our own vaults, and duly set out in Statement No. 25.

No. 216.

Messrs. Samuel Montagu and Co. to India Office, dated 4th July, 1912

We have to-day purchased for you £23,000 silver at 28³/₁₆.
This leaves but £12,000 to buy to complete your order.

No. 217.

India Office to Messrs. Samuel Montagu and Co., dated 4th July, 1912.

In reply to your letter of the 2nd instant, I am directed to inform you that the rate which you propose to charge for the insurance of silver to be shipped to India on behalf of the Secretary of State for India in Council, and the companies with which you propose to effect insurance, are considered quite satisfactory.

Your letter of the 1st instant will receive attention.

No. 218.

India Office to Messrs. Samuel Montagu and Co., dated 5th July, 1912.

In reply to your letter of the 4th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 219.

India Office to Union of London and Smiths Bank, dated 5th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £125,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 220.

Messrs. Samuel Montagu and Co. to India Office, dated 5th July, 1912.

We have to-day bought for you £12,000 silver, thus completing your last order of £250,000. We enclose contract.

Having now purchased for you the whole £2,000,000 that was suggested when first you gave us an order, we take the opportunity of saying how much we appreciate the confidence that you have placed in us in giving us so much freedom in carrying on the business.

We hope that we have done nothing to show that this confidence was misplaced, and that you are satisfied that we were justified in making those assurances to you that we did at the commencement of the business.

No. 221.

Messrs Samuel Montagu and Co. to India Office, dated 5th July, 1912.

Herewith we hand you Statement "26" and the undertaking relating thereto.

Kindly pay thereagainst to the Union of London and Smiths Bank to-morrow the sum of £12,000, notifying the Bank that the payment is made on account of Messrs. Samuel Montagu and Co.

No. 222.

Messrs Samuel Montagu and Co. to India Office, dated 5th July, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 121 silver bars set out in Statement 26 and at present stored in our vaults.

No. 223.

India Office to Messrs. Samuel Montagu and Co., dated 6th July, 1912.

In reply to your letter of the 5th instant, I forward herewith, for your information, a copy of a letter than has to-day been sent to the Union of London and Smiths Bank.

No. 224.

India Office to Messrs. Samuel Montagu and Co., dated 6th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £12,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 225.

India Office to Messrs. Samuel Montagu and Co., dated 11th July, 1912.

I am directed to acknowledge the receipt of your letter of the 5th instant, reporting the completion of the purchase of silver to the value of £2,000,000 on behalf of the Secretary of State for India in Council. In reply, I am to convey to you his Lordship's cordial thanks for the satisfactory manner in which you have carried out the transaction and the secrecy which has been observed.

No. 226.

Messrs. Samuel Montagu and Co. to India Office, dated 11th July, 1912.

Herewith we hand you Statements No. 27 and 28 and the undertaking relating thereto. Kindly pay to the Union of London and Smiths Bank to-morrow the sum of £159,000 against the enclosed and the part of B. 10 contract already placed at disposal.

Under separate registered cover we shall hand you bank receipts (2) relating to Statement 27.

No. 227.

Messrs. Samuel Montagu and Co. to India Office, dated 11th July, 1912.

We hereby undertake to hold on account and at the disposal of the Secretary of State for India in Council the 673 silver bars set out in Statement No. 28, and stored either in our own vaults or in the Bank of England.

No. 228.

Messrs. Samuel Montagu and Co. to India Office, dated 11th July, 1912.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, the 399 silver bars set out in Statement No. 27 and deposited with the Bank of England.

No. 229.

Messrs. Samuel Montagu and Co. to India Office, dated 11th July, 1912.

Herewith we hand you two bank receipts relating to Statement No. 27.

No. 230.

India Office to Messrs. Samuel Montagu and Co., dated 12th July, 1912.

In reply to your letter of the 11th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 231.

India Office to Union of London and Smiths Bank, dated 12th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £159,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 232.

Messrs. Samuel Montagu and Co. to India Office, dated 17th July, 1912.

We enclose herewith the following Bank of England receipts for bars deposited, details of which have been set out in Statements numbered as below :—

Statement No. 29	O.S.	323 bars.
"	M.S.	340 "
" 28	K	106 "
" 22	F	116 "
"	XX	60 "
" 20	D	218 "
"	J	107 "
" 17	U	114 "
	H	161 "
	L	110 "

ten receipts in all.

No. 233.

Messrs. Samuel Montagu and Co. to India Office, dated 17th July, 1912.

Herewith we hand you Statement No. 29 and the undertaking relating thereto.

Kindly pay thereagainst to-morrow the sum of £89,000 to the Union of London and Smiths Bank and notify the Bank that it is on account of ourselves.

Under separate registered cover we shall post you the Bank of England receipts for the bars set out in Statement No. 29 and certain other Bank of England receipts for bars mentioned in former statements.

No. 234.

Messrs. Samuel Montagu and Co. to India Office, dated 17th July, 1912.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, the 663 silver bars set out in Statement No. 29 and deposited with the Bank of England.

No. 235.

India Office to Messrs. Samuel Montagu and Co., dated 18th July, 1912.

In reply to your letter of the 17th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 236.

India Office to Union of London and Smiths Bank, dated 18th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £89,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 237.

Messrs. Samuel Montagu and Co. to India Office, dated 24th July, 1912.

Herewith we hand you Bank of England receipts relating to the silver bars set out in Statement No. 31.

No. 238.

Messrs. Samuel Montagu and Co. to India Office, dated 24th July, 1912.

Herewith we hand you Statements No. 31 and No. 32, and undertakings relating thereto. These complete the stock of silver purchased for the Secretary of State for India in Council up to date.

Please pay to-morrow thereagainst the sum of £113,000 to the Union of London and Smiths Bank, notifying the Bank that the payment is made for our account.

We post under registered cover three Bank receipts relating to the above.

We shall send you shortly debit notes for commission, &c., and difference account for the postponed silver.

No. 239.

Messrs. Samuel Montagu and Co. to India Office, dated 24th July, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 440 silver bars set out in Statement No. 31 and deposited with the Bank of England, and also the 399 silver bars set out in Statement No. 32, and at present stored in our own vaults or in the Bank of England.

No. 240.

India Office to Messrs. Samuel Montagu and Co., dated 25th July, 1912.

In reply to your letter of the 24th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 241.

India Office to Union of London and Smiths Bank, dated 25th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £113,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 242.

Messrs. Samuel Montagu and Co. to India Office, dated 25th July, 1912.

Herewith we hand you Statements 30, 33, and 34, and also a detailed statement showing the balance due to us on a final adjustment of account between us up to date.

We shall be glad if you will kindly pay the balance of £5,960 7s. 11d. with the Union of London and Smiths Bank, stating that the payment is made on account of ourselves.

We enclose a Bank of England receipt for 399 bars set out in Statement 32.

Of the total of 14,497 silver bars, 11,227 are deposited with the Bank of England and 3,270 are stored in our own vaults at present.

Dr. to Statement	1	263,888	10	5	Cr. by Statement 30	642,244	12	7
"	2	65,632	6	4	June 1 Cheque	329,000	0	0
"	3	30,253	2	0	" 4 "	30,000	0	0
"	4	100,839	17	3	" 5 "	100,000	0	0
"	5	101,212	1	6	" 7 "	100,000	0	0
"	6	23,841	17	3	" 8 "	20,000	0	0
"	7	19,230	17	0	" 12 "	20,000	0	0
"	8	62,294	7	4	" 17 "	66,000	0	0
"	9	71,675	1	2	" 21 "	70,000	0	0
"	10	88,827	13	2	" 22 "	128,000	0	0
"	11	62,053	14	3	" 25 "	97,000	0	0
"	12	29,829	4	2	" 26 "	25,000	0	0
"	13	74,037	1	2	" 27 "	13,000	0	0
"	14	37,975	11	4	" 28 "	344,000	0	0
"	15	21,789	14	2	" 29 "	95,000	0	0
"	16	229,319	11	1	July 1 "	25,000	0	0
"	17	55,684	19	10	" 3 "	41,796	5	0
"	18	9,187	14	4	" 5 "	125,000	0	0
"	19	25,615	14	2	" 6 "	12,000	0	0
"	20	51,421	5	4	" 12 "	159,000	0	0
"	21	20,394	15	10	" 18 "	89,000	0	0
"	22	24,114	8	6	" 25 "	113,000	0	0
"	23	1,796	5	0	" Balance	5,960	7	11
"	24	39,842	14	1				
"	25	135,491	11	9				
"	26	16,585	14	2				
"	27	60,207	18	9				
"	28	93,364	0	4				
"	29	94,203	15	10				
"	30	620,775	0	0				
"	31	64,000	15	5				
"	32	53,425	0	3				
"	33	705	15	0				
"	34	485	7	4				
		<u>£2,650,001</u>	<u>5</u>	<u>6</u>		<u>£2,650,001</u>	<u>5</u>	<u>6</u>

July 27. To Balance
due to S. M. & Co. 5,960 7 11

E. & O. E.,
London,
July 25th, 1912.

No. 243.

India Office to Messrs. Samuel Montagu and Co., dated 26th July, 1912.

In reply to your letter of the 25th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 244.

India Office to Union of London and Smiths Bank, dated 26th July, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £5,960 7s. 11d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 245.

India Office to Messrs. Samuel Montagu and Co., dated 31st July, 1912.

I am directed to request that you will be so good as to make further purchases of silver, as favourable opportunity may offer, up to the value of £500,000, on behalf of the Secretary of State for India in Council. You may buy either for cash or for two months' forward delivery as you may consider most advantageous in consultation with Sir Felix Schuster.

No. 246.

Messrs. Samuel Montagu and Co. to India Office, dated 31st July, 1912.

We were informed by Sir Felix Schuster that we are about to receive an order for £500,000 more silver; and were desired by him to commence operations to-day.

We accordingly purchased to-day £30,000 for delivery in two months' time at 27½ and £30,000 for delivery to-morrow, and enclose contracts therefor.

We are in receipt of your letter of to-day confirming the order referred to above.

No. 247.

Messrs. Samuel Montagu and Co. to India Office, dated 31st July, 1912.

Herewith we hand you Statement No. 35, and an undertaking relating thereto.

Kindly pay to-morrow thereagainst the sum of £30,000 to the Union of London and Smiths Bank, notifying the Bank that the payment is made for account of Samuel Montagu and Co.

No. 248.

Messrs. Samuel Montagu and Co. to India Office, dated 31st July, 1912.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 208 silver bars stored in our vaults at present and set out in Statement No. 35.

No. 249.

India Office to Messrs. Samuel Montagu and Co., dated 1st August, 1912.

In reply to your letter of the 31st instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 250.

India Office to Union of London and Smiths Bank, dated 1st August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £30,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 251.

India Office to Messrs. Samuel Montagu and Co., dated 1st August, 1912.

I beg to acknowledge the receipt of your letter of the 31st July, with enclosures, the contents of which are duly noted.

No. 252.

India Office to Messrs. Samuel Montagu and Co., dated 1st August, 1912.

With reference to recent purchases of silver made by you on behalf of the Secretary of State for India in Council, I am directed to request that you will be so good as to commence shipping the bullion to India next week, consigning it in about equal portion to the Mint Masters at Calcutta and Bombay.

It will be convenient if you can send about £200,000 to each destination weekly, reporting to this Office early in each week the amounts you will ship to each port, and furnishing, in regard to silver to be withdrawn from the Bank of England, the numbers of the Bank's receipts therefor, which will then be returned to you, and in regard to silver to be withdrawn from your own vaults, reference to the statements and claim and accompanying undertakings furnished by you to this Office.

You should hand over to a representative of this Office who will call on you for the purpose all Bills of Lading of silver shipped by you to India, as well as all policies of insurance, which should be endorsed in favour of the Secretary of State for India in Council. You should also supply in duplicate invoices with full particulars of the silver included in each shipment so that the deliveries may be checked against the payments.

No. 253.

Messrs. Samuel Montagu and Co. to India Office, dated 1st August, 1912.

Herewith we hand you Bank of England receipt for 567 silver bars part of Statement 28, for which we have no room in our vaults. Kindly confirm receipt.

No. 254.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd August, 1912.

Herewith we hand you Statement No. 36 and the undertaking relating thereto.

Kindly pay thereagainst for the Union of London and Smiths Bank to-morrow the sum of £100,000, notifying the Bank that the payment is made on account of Messrs. Samuel Montagu and Company.

No. 255.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd August, 1912.

Herewith we hand you contract for £100,000 bar silver purchased to-day for account of the Secretary of State for India.

No. 256.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd August, 1912.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 714 silver bars set out in Statement No. 36 and deposited in our vaults.

No. 257.

India Office to Messrs. Samuel Montagu and Co., dated 2nd August, 1912.

I am directed to acknowledge the receipt of your letter of the 1st instant, enclosing Bank of England receipt No. 000291 for 567 silver bars, part of Statement 28, transferred from your own vaults.

No. 258.

India Office to Messrs. Samuel Montagu and Co., dated 3rd August, 1912.

In reply to your letter of the 2nd instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 259.

India Office to Union of London and Smiths Bank, dated 3rd August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £100,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 260.

India Office to Messrs. Samuel Montagu and Co., dated 3rd August, 1912.

I beg to acknowledge the receipt of your letter of the 2nd instant, with enclosure, the contents of which are duly noted.

No. 261.

Messrs. Samuel Montagu and Co. to India Office, dated 4th August, 1912.

I am writing to you direct in order to save any delay that might occur through my doing so through my partners.

I have been kept posted as to what is being done with regard to further purchases of silver, and I am sure that Mr. Montagu will carry out your orders to your satisfaction.

There is, however, one point to which I would call your attention, and that is in connection with the shipments. My own opinion is that it would be better to postpone *all* shipments until you have accumulated a larger stock, and to buy now almost exclusively for forward delivery. But I suppose that the Government find it necessary to commence coining at once. In this case I would urge on you most strongly the advisability of shipping, at present, only to Bombay, and not anything to Calcutta until the cat is well out of the bag. My reason is this: Bombay is accustomed to receive large consignments almost weekly, and it is very possible that no one will suspect anything unusual is occurring if we send silver there (until it reaches its destination). On the other hand, practically no shipments are ever made to Calcutta, beyond very moderate ones, excepting on behalf of the Indian Government, and I believe that the moment it becomes known that £200,000 is leaving London for that quarter it will be almost impossible to keep the secret any longer.

At any rate, it takes nearly a month from the time you gave us a fresh order to buy coupled with instructions as to shipping, before the first lot (which will be marked S. M., I think), can be claimed by the mint, and in that time you will have been able to get a further million pounds worth of stock.

I am telling my people not to make any arrangements for Calcutta shipments until they hear from you again.

No. 262.

India Office to Messrs. Samuel Montagu and Co., dated 4th August, 1912.

I have just received a letter from Mr. Franklin, in which he suggests that we should defer shipment, or, if shipment now be necessary, that we should ship only to Bombay; and he says that he is telling your firm not to make any arrangements for Calcutta shipments until they hear from us again. I will place his letter before the authorities here first thing to-morrow morning, and will let you know the decision as soon as possible, in any case, I should say by to-morrow afternoon. I presume that that would still give you time to make the necessary arrangements for shipping if it is decided to send any silver out this week.

No. 263.

India Office to Messrs. Samuel Montagu and Co., dated 6th August, 1912.

I am much obliged for your letter of the 4th. It will interest you to know that after further discussion it has been decided to suspend shipments to Calcutta for the present, but to go on with those to Bombay.

No. 264.

Messrs. Samuel Montagu and Co. to India Office, dated 6th August, 1912.

We confirm the conversation by telephone to-day, by which we informed you that Sir Felix Schuster had instructed us to let you know that he had directed us to ship £200,000 bar silver to Bombay.

We also telephoned you that we were insuring the parcel for £206,000 to cover possible movements in the price and the expenses.

No. 265.

Messrs. Samuel Montagu and Co. to India Office, dated 6th August, 1912.

Herewith we have the pleasure to hand you three contracts—one for £15,000 cash, $27\frac{1}{16}$, silver, bought for you on Saturday; two, respectively, for £60,000 cash, $27\frac{5}{8}$, and £20,000 2 mos., $27\frac{3}{4}$, bought to-day.

There has been a hitch with the Commercial Union Insurance Company, who have held back from executing the insurance at 1s. 6d. on a policy which we understood was still open. We have, therefore, provisionally insured £106,000 with the Ocean Marine Insurance Company, with which is incorporated the North British and Mercantile Insurance Company, at 2s. Kindly let us know early to-morrow if you approve. The other £100,000 is insured as arranged with the Indemnity Mutual Company. The rate all round is raised to 2s., but we shall be able to do £100,000 a week with the Indemnity Company.

We have just received another £10,000 at $27\frac{5}{8}$ silver for delivery on the 8th, which we will contract for to-morrow.

No. 266.

Messrs. Samuel Montagu and Co. to India Office, dated 6th August, 1912.

Herewith we hand you Statement 37, and undertaking relating thereto. Kindly pay to the Union of London and Smiths Bank the sum of £75,000 to-morrow, notifying the Bank that the payment is being made on account of Messrs. Samuel Montagu and Co.

We have received instructions to ship £200,000 of silver to Bombay this week, for this purpose we are using silver stored in our vaults. When the shipment is complete the Financial Secretary will receive the list of numbers and weights concerned.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India, the 518 silver bars set out in Statement No. 37, and deposited either in our own vaults or with the Bank of England.

No. 267.

India Office to Messrs. Samuel Montagu and Co., dated 7th August, 1912.

In reply to your letter of the 6th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 268.

India Office to Union of London and Smiths Bank, dated 7th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £75,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 269.

Messrs. Samuel Montagu and Co. to India Office, dated 7th August, 1912.

Herewith we hand you Statement 37 in substitution for that posted yesterday. Kindly return the temporary account.

We also enclose Statement 38, and undertaking relating thereto.

Kindly pay thereagainst the sum of £60,000 to the Union of London and Smith's Bank, notifying it that the payment is made on our behalf.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 436 silver bars set out in Statement 38, and deposited either in our own vaults or at the Bank of England.

No. 270.

Messrs. Samuel Montagu and Co. to India Office, dated 7th August, 1912.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, the 173 silver bars set out in Statement No. 39 and stored in our own vaults or with the Bank of England.

No. 271.

Messrs. Samuel Montagu and Co. to India Office, dated 7th August, 1912.

Herewith we hand you a contract for £10,000 BS. bought for you yesterday at 27 $\frac{1}{8}$, and one for £50,000 bought to-day at 27 $\frac{11}{16}$.

No. 272.

India Office to Messrs. Samuel Montagu and Co., dated 7th August, 1912.

I informed Mr. White by telephone this afternoon that you might confirm the arrangement you had provisionally made with the Ocean Marine Insurance Company for the insurance at £106,000 of portion of the silver you are sending to Bombay this week, and I now write to confirm my telephone message.

I understand from Mr. White that I shall hear from your firm to-morrow as to the insurance of future shipments.

No. 273.

Messrs. Samuel Montagu and Co. to India Office, dated 7th August, 1912.

In regard to future shipments of silver insurance, it may be desirable to spread the risk among first class insurance offices.

We suggest the following companies, and should be glad to know if the names meet your approval:—

- The Sea Insurance Company;
- The Royal Exchange Assurance;
- The London Assurance Company;
- The Union Marine Insurance Company
(Incorporated with the Phoenix Fire Office).

No. 274.

India Office to Messrs. Samuel Montagu and Co., dated 8th August, 1912.

In reply to your letter of the 7th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 275.

India Office to Union of London and Smiths Bank, dated 8th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £60,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 276.

Messrs. Samuel Montagu and Co. to India Office, dated 8th August, 1912.

Herewith we hand you Statement 38 in substitution for the provisional statement sent yesterday, which please return.

Also provisional Statement 39 and the undertaking relating thereto.

Kindly pay thereagainst the sum of £25,000 to-morrow to the Union of London and Smiths Bank, the sum to be placed to the credit of Messrs. Samuel Montagu and Co.

No. 277.

Messrs. Samuel Montagu and Co. to India Office, dated 8th August, 1912.

Herewith we hand contracts for bar silver as follows:—

£63,000 at 28³/₁₆ for within a month;

£25,000 „ 28¹/₁₆ for to-morrow;

£7,000 „ 28³/₁₆ for two months.

We have arranged to place £100,000 insurance on our open policy with the Indemnity Mutual Company on each Bombay or Calcutta boat at 1s. 6d., with allowances.

No. 278.

Messrs. Samuel Montagu and Co. to India Office, dated 9th August, 1912.

Herewith we hand you the following documents in duplicate:—

Weight list 98 bars of silver.

„ 207 „ „

„ 49 „ „

„ 1,008 „ „

„ 121 „ „

Summary of above.

Two Policies of Insurance.

Statement No. 40—a debit for expenses.

Five sets of three each of bills of lading for the above, shipped to Bombay per s.s. "Macedonia."

SUMMARY of 1,483 silver bars and one box of assays shipped per s.s. "Macedonia" to Bombay, consisting of bars detailed in Statements.

Part No. 2.	No. 3.	Part No. 20.	No. 25.	No. 26.
Statement.	Number of Bars.	Gross Ounces.	Assay.	Standard Ounces.
Part No. 2	98	106,712.75	999	115,249.77
No. 3	7	8.167	998	8,811.53
Part No. 20	200	232,566.75	999	251,172.09
No. 25	49	52.067	999	56,232.36
No. 26	1,008	1,071,191.75	999	1,156,837.09
	121	130,887.25	999	141,358.23
	1,483	1,601,592.5		1,729,711.07

E. & O. E.,

London, 9th August, 1912.

No. 279.

India Office to Messrs. Samuel Montagu and Co., dated 9th August, 1912.

In reply to your letter of the 8th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 280.

India Office to Union of London and Smiths Bank, dated 9th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £25,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 281.

Messrs. Samuel Montagu and Co. to India Office, dated 9th August, 1912.

Herewith we hand you contract for £35,000 bar silver purchased for you to-day at 28¹/₁₆, payment to-morrow, also £5,000 at 28³/₁₆, for two months.

No. 282.

Messrs. Samuel Montagu and Co. to India Office, dated 9th August, 1912.

Herewith we hand you Statement 39 in substitution for the provisional statement sent yesterday, which please return.

We also enclose Statement 41, and the undertaking relating thereto.

Kindly pay thereagainst to-morrow the sum of £35,000 to the Union of London and Smiths Bank, notifying the Bank that the payment is made for our account.

Please pay in similarly the charges set out in Statement 40, when duly checked.

Under separate registered cover we post you Bank receipt for 327 silver bars, part of Statement 37.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 223 silver bars set out in Statement 41 and stored in our own vaults or at the Bank of England.

Herewith we hand you a Bank receipt for 327 silver bars, part of Statement 37.

No. 283.

India Office to Messrs. Samuel Montagu and Co., dated 9th August, 1912.

I beg to acknowledge the receipt of your letter of the 8th instant, with enclosures, the contents of which are duly noted.

No. 284.

India Office to Messrs. Samuel Montagu and Co., dated 9th August, 1912.

In continuation of previous correspondence, I am directed to request that, when you have completed the purchase of £500,000 of silver at present in progress, you will be so good as to make further purchases, as favourable opportunity may offer, up to the same amount (viz., £500,000) on behalf of the Secretary of State in Council. You may buy either for cash or for two months' forward delivery, as you may consider most advantageous, in consultation with Sir Felix Schuster.

No. 285.

India Office to Messrs. Samuel Montagu and Co., dated 10th August, 1912.

I am directed to acknowledge the receipt, yesterday, of the following documents relating to the silver consigned by you to Bombay in the P. & O. steamship "Macedonia."

Five bills of lading (three copies of each).			
Invoices of	98 silver bars	}	(Two copies each.)
"	207 "		
"	49 "		
"	1,008 "		
"	121 "		

Summary of above invoices :—
 Two insurance policies (for £206,000).
 A debit of expenses.

No. 286.

India Office to Messrs. Samuel Montagu and Co., dated 10th August, 1912.

I beg to acknowledge the receipt of your letter of the 9th instant, with enclosures, the contents of which are duly noted.

No. 287.

India Office to Messrs. Samuel Montagu and Co., dated 10th August, 1912.

In reply to your three letters of the 9th instant, with enclosures, I forward herewith for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank. Provisional Statement No. 39 is returned as requested.

No. 288.

India Office to Union of London and Smiths Bank, dated 10th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £35,000, £1,246 15s. 10d., to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 289.

India Office to Messrs. Samuel Montagu and Co., dated 10th August, 1912.

I have to acknowledge the receipt of your letter of the 7th instant,* in which you say that it may be desirable, in regard to future shipments, to spread the risk among first-class insurance offices, and you mention four offices, for approval.

From our conversations on the telephone I understand that you propose to give the Secretary of State the benefit of your standing arrangement with the "Indemnity Mutual Marine Assurance Company, Limited," under which they insure for you at 1s. 6d. up to £100,000 per week to Bombay, and to the same amount to Calcutta; and that the proposal in your letter under acknowledgment has reference to the remainder of the risk. I have informed Sir Felix Schuster of the position, and he proposes to discuss the question of the offices to be chosen with your firm on Monday, 13th instant.

* *Vide* No. 273, page 54.

No. 290.

Messrs. Samuel Montagu and Co. to India Office, dated 12th August, 1912.

Herewith we hand you contract for £35,000 bar silver bought for you to-day at $28\frac{1}{8}$ for cash delivery.

We still have some bids out at time of writing. If any business results we will inform you in the morning.

No. 291.

Messrs. Samuel Montagu and Co. to India Office, dated 12th August, 1912.

Herewith we hand you Statement No. 41 in substitution for the provisional account posted on Friday, which kindly return.

We enclose a provisional Statement No. 42 for silver bought to-day, and undertaking relating thereto. Kindly pay these against the sum of £41,000 to-morrow at the Union of London and Smiths Bank on account of Messrs. Samuel Montagu and Co.

We hereby undertake to hold, on account of, and at the disposal of, the Secretary of State for India in Council, the 300 silver bars set out in Statement No. 42, and stored in our own vaults or with the Bank of England.

No. 292.

Messrs. Samuel Montagu and Co. to India Office, dated 12th August, 1912.

Herewith we hand you contract for £6,000 silver bought for you on the 10th instant at $28\frac{5}{16}$.

No. 293.

Messrs. Samuel Montagu and Co. to India Office, dated 13th August, 1912.

Herewith we hand you contract for £10,000 silver bought for you to-day at $28\frac{3}{8}$, also contracts for £41,000 silver sold for you for cash to-morrow at $28\frac{5}{16}$, and rebought for about two months ahead at $28\frac{3}{8}$ by instructions of Sir Felix Schuster.

We have informed the Accountant-General that we shall require £41,000 to-morrow.

No. 294.

India Office to Messrs. Samuel Montagu and Co., dated 13th August, 1912.

In reply to your letter of the 12th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank. Provisional Statement No. 41 is returned herewith as requested.

No. 295.

India Office to Union of London and Smiths Bank, dated 13th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £41,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 296.

Messrs. Samuel Montagu and Co. to India Office, dated 13th August, 1912.

As arranged by telephone we shall pay you to-morrow through the Union of London and Smiths Bank £41,000 for the silver delivered to you to-day.

Kindly return Statements 41 and 42, and substitute for the former the enclosed fresh Statement 41.

We enclose Bank receipts (3) as follows:—

For 112 bars marked N	part of Statement	38
173 " " AE	whole " "	39
223 " " AD	" " "	41

No. 297.

India Office to Messrs. Samuel Montagu and Co., dated 13th August, 1912.

I beg to acknowledge the receipt of your two letters of the 12th instant, with enclosures, the contents of which are duly noted.

No. 298.

India Office to Messrs. Samuel Montagu and Co., dated 14th August, 1912.

I have to acknowledge the receipt of your letter of the 13th instant, with its enclosures, and I note that the sum of £41,000 will be paid to-day into the Bank of England through the Union of London and Smiths Bank, Ltd.

The Statements Nos. 41 and 42 (provisional) with the undertakings relating thereto are returned herewith as requested.

No. 299.

Messrs. Samuel Montagu and Co. to India Office, dated 14th August, 1912.

Herewith we hand you contract for £120,000 silver delivery in 2 months at 28⁷/₁₆.

No. 300.

Messrs. Samuel Montagu and Co. to India Office, dated 14th August, 1912.

Herewith we hand you Statement No. 42 and the undertaking relating thereto. Kindly pay there against to-morrow the sum of £5,000 to the Union of London and Smiths Bank notifying the Bank that the payment is made on our account.

We forward under separate registered cover a Bank Receipt for 208 silver bars set out in Statement No. 35.

In returning Statement No. 42 previously sent to you and now cancelled, kindly return at the same time the undertaking relating thereto.

We hereby undertake to hold on account of and at the disposal of the Secretary of State for India in Council the 18 silver bars set out in Statement No. 42 and at present stored in our own vaults.

No. 301.

Messrs. Samuel Montagu and Co. to India Office, dated 14th August, 1912.

Since writing our letter of even date we have received the cancelled Statements Nos. 41 and 42, and two undertakings relating thereto.

That referring to No. 41 is still substantive and we return it to you herewith.

Herewith we hand you Bank of England receipt for 208 silver bars set out in Statement 35.

v v

No. 302.

India Office to Messrs. Samuel Montagu and Co., dated 15th August, 1912.

In reply to your letter of the 14th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 303.

India Office to Union of London and Smiths Bank, dated 15th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £5,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 304.

Messrs. Samuel Montagu and Co. to India Office, dated 15th August, 1912.

Herewith we hand you contracts for silver as follows :—
£30,000 at $28\frac{3}{4}$ for to-morrow;
£15,000 at $28\frac{3}{8}$ for October 15.

Also contracts of postponement of £10,000 bar silver for one month, showing $\frac{1}{16}$ d. difference in your favour.

No. 305.

Messrs. Samuel Montagu and Co. to India Office, dated 15th August, 1912.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, the 199 silver bars set out in Statement No. 42 and stored in our vaults or with the Bank of England.

No. 306.

Messrs. Samuel Montagu and Co. to India Office, dated 15th August, 1912.

Herewith we hand you Statement 43 and our undertaking relating thereto.

Kindly pay there against the sum of £30,000 to the Union of London and Smiths Bank, notifying the bank that the payment is made on behalf of Messrs. Samuel Montagu and Co.

No. 307.

India Office to Messrs. Samuel Montagu and Co., dated 15th August, 1912.

I have to acknowledge the receipt of your letter of the 14th instant enclosing Bank of England receipt for 208 silver bars set out in Statement No. 35.

I have also to acknowledge, with thanks, the return of undertaking relating to Statement No. 41 enclosed in your letter of the same date.

No. 308.

India Office to Messrs. Samuel Montagu and Co., dated 16th August, 1912.

In reply to your letter of the 15th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 309.

India Office to Union of London and Smiths Bank, dated 16th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £30,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 310.

India Office to Messrs. Samuel Montagu and Co., dated 16th August, 1912.

With reference to previous correspondence, I am directed to request that you will be good enough to make arrangements for the shipment to India of the following amounts of silver on the 23rd instant, viz. :—

- To Bombay, £500,000 (five hundred thousand pounds);
 - To Calcutta, £250,000 (two hundred and fifty thousand pounds).
-

No. 311.

India Office to Messrs. Samuel Montagu and Co., dated 16th August, 1912.

In continuation of my letter of the 10th instant, I am directed to inform you that you have authority to insure the shipments of silver on the 23rd instant with the offices mentioned in your letter of the 7th instant (with the exception, as intimated to you by Sir Felix Schuster, of the Sea Insurance Co.) and with the Indemnity Mutual Marine Assurance Co., Ltd.

It is understood that you will give the Secretary of State in Council the benefit of the standing arrangement between your firm and the company last mentioned, to which I referred in my previous letter.

No. 312.

India Office to Messrs. Samuel Montagu and Co., dated 16th August, 1912.

I beg to acknowledge the receipt of your letters of the 13th, 14th, and 15th instant, with enclosures, the contents of which are duly noted.

No. 313.

Messrs. Samuel Montagu and Co. to India Office, dated 16th August, 1912.

We enclose a contract for :—

£234,000 silver for delivery two months at $28\frac{13}{16}$.

We are endeavouring to arrange a nearer delivery, about one month; if so we will replace contracts for the amount we can do, at the cash price of to-day.

No. 314.

Messrs. Samuel Montagu and Co. to India Office, dated 17th August, 1912.

Enclosed you will find a list of the Bank receipts, which kindly let us have by hand early on Monday morning, when we can acknowledge receipt under the firm's signature.

No. 315.

Messrs. Samuel Montagu and Co. to India Office, dated 19th August, 1912.

Herewith we hand you contracts for bar silver bought on Saturday:—

£40,000 at $29\frac{1}{8}$ for about one month.

£10,000 at $28\frac{13}{16}$ for about two months.

No. 316.

Messrs. Samuel Montagu and Co. to India Office, dated 19th August, 1912.

Herewith we hand you Statement 44, and the undertaking relating thereto. Kindly pay thereagainst the sum of £32,800 to the Union of London and Smiths Bank to-day, notifying the Bank that the payment is made on account of Messrs. Samuel Montagu and Co.

P.S.—We also hand you Statement 45, showing a balance in your favour of £187 1s. 1d., which can be deducted from our debit note this week for charges connected with shipment.

We hereby undertake to hold, for account of, and at the disposal of, the Secretary of State for India in Council, the 249 silver bars set out in Statement No. 44, and stored in our vaults.

No. 317.

India Office to Messrs. Samuel Montagu and Co., dated 19th August, 1912.

In reply to your letter of to-day instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 318.

India Office to Union of London and Smiths Bank, dated 19th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £32,800 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 319.

Messrs. Samuel Montagu and Co. to India Office, dated 21st August, 1912.

As arranged by telephone, we enclose a memorandum of 701 silver bars, which we undertake to hold on account of the Secretary of State for India in substitution for the 647 bars for which you hold Bank receipts.

Kindly hand these said receipts to bearer; the details are set out in the memorandum enclosed.

There will be a balance over and above the silver represented by these receipts, contained in the 701 silver freshly placed at your disposal, this balance, when ascertained, will be debited you on a succeeding statement.

And the bars have not yet been checked through our scales, otherwise we could issue a definitive statement.

No. 320.

Memorandum.

No. of Bars.	Marks and Nos.	Gross Ounces.
300	B 1/300	314,828.25
401	C 1/401	427,000 (approximate)
<u>701</u>		<u>741,828.25</u>

the equivalent of which we guarantee to be at least oz. std. 801,000

Kindly hand bearer bank receipts for 647 bars, aggregating standard ounces, 777,229.67, as detailed below :—

Statement No.	Number of Bars.	Bank Receipt Mark.	Gross Ounces.	Standard Ounces.
1	132	P	144,054.5	155,536.40
6	95	R	108,782.25	117,323.69
13	272	J	302,185	326,264.84
16	88	Y	99,915	107,867.75
22	60	⊗	65,034.25	70,236.99
			<u>719,971</u>	<u>777,229.67</u>

E. and O. E.
London, 21st August, 1912.

No. 321.

Messrs. Samuel Montagu and Co. to India Office, dated 21st August, 1912.

Received five Bank of England receipts for six hundred and fifty-seven silver bars, as detailed below :—

Receipt.	Number of Bars.
P	132
R	95
J	272
Y	88
⊗	60
	<u>647</u>

No. 322.

Messrs. Samuel Montagu and Co. to India Office, dated 23rd August, 1912.

Kindly send us by hand to-morrow the following bank receipts in readiness for next two weeks' shipments:—

Statement 1 :	Mark M.	...	328 bars.
"	"	" N.	150 "
"	"	" O.	220 "
"	"	" Q.	103 "
"	4 :	" S.	383 "
"	"	" A.	138 "
"	"	" R.	380 "
"	"	" C.	68 "
"	"	" D.	134 "
"	16 :	P.P. P.P.	100 "
"	"	" T.T.	167 "
"	"	" U.U.	84 "
"	"	" V.V.	71 "
"	19 :	" X.X.	176 "
"	20 :	" J.	107 "
"	"	" D.	218 "
"	21 :	" W.W.	148 "
"	22 :	" F.	116 "
"	24 :	" J.J.	281 "

Nineteen receipts in all.

No. 323.

Messrs. Samuel Montagu and Co. to India Office, dated 23rd August, 1912.

Received from the Accountant-General for India the following bank receipts:—

Statement 1 :	Mark M.	...	328 bars.
"	"	" N.	150 "
"	"	" O.	220 "
"	"	" Q.	103 "
"	4 :	" S.	383 "
"	"	" A.	138 "
"	"	" B.	380 "
"	"	" C.	68 "
"	"	" D.	134 "
"	16 :	" P.P.	100 "
"	"	" T.T.	167 "
"	"	" U.U.	84 "
"	"	" V.V.	71 "
"	19 :	" X.X.	176 "
"	20 :	" J.	107 "
"	"	" D.	218 "
"	21 :	" W.W.	148 "
"	22 :	" F.	116 "
"	24 :	" J.	28 "

No. 324.

India Office to Messrs. Samuel Montagu and Co., dated 23rd August, 1912.

I beg to acknowledge the receipt of your two letters of the 16th and 19th instant, with enclosures, the contents of which are duly noted.

No. 325.

India Office to Messrs. Samuel Montagu and Co., dated 23rd August, 1912.

In continuation of my letter of the 10th instant,* regarding the insurance of the shipments of silver to be made to-day, I am directed to inform you that the same arrangements may be adopted for the insurance of the shipments to be made next week. Instructions as to subsequent shipments will be sent to you in due course.

No. 326.

India Office to Messrs. Samuel Montagu and Co., dated 23rd August, 1912.

With reference to my conversation yesterday with Mr. Gerald Montagu, I am directed to request that you will be good enough to arrange for the shipment of £250,000 of silver to Bombay, and of the same amount to Calcutta by steamers leaving London next week. Instructions as to subsequent shipments will be sent to you in due course.

No. 327.

India Office to Messrs. Samuel Montagu and Co., dated 23rd August, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. s.s. "Morea," sailing to-day, and to Calcutta in the B.I.S.N.Co. s.s. "Colaba," also sailing to-day:—

20 Bills of Lading (three copies of each).

Invoices of 430 bars of silver consigned to Bombay

"	200	"	"	"
"	411	"	"	"
"	284	"	"	"
"	615	"	"	"
"	194	"	"	"
"	244	"	"	"
"	171	"	"	"
"	139	"	"	"
"	174	"	"	"
"	237	"	"	"
"	128	"	"	"
"	18	"	"	"
"	199	"	"	"

} Three copies of each.

3,444

Summary of above Invoices.

Invoices of 68 bars of silver consigned to Calcutta

"	67	"	"	"
"	139	"	"	"
"	158	"	"	"
"	272	"	"	"
"	198	"	"	"
"	95	"	"	"
"	167	"	"	"
"	100	"	"	"
"	129	"	"	"
"	399	"	"	"

} Three copies of each.

1,792

Summary of above invoices.

Nine Insurance Policies (for £772,500).

Two Statements of Expenses.

* *Vide* No. 289, page 57.

Memorandum.

No. of Bars.	Nos. on Bars.	Gross Ounces.	
300	B. 1/300	314,828.25	
401	O. 1/401	427,106.25	
	S.P. 594/762		
221	Y.P. 863/914	257,447.25	
39	890/928	43,282.25	
129	I.P. 193/321	150,700	approximate
<u>1,090</u>		<u>1,195,364</u>	

the equivalent of which we guarantee to be at least ozs. std. 1,290,500.

The above 1,090 bars are substituted for the 1,076 bars weighing ozs. std. 1,290,486.24 as detailed below :—

Statement No.	Number of Bars.	Bank Receipt Mark.	Gross Ounces.	Standard Ounces.
1	132	P	144,054.5	155,536.40
6	95	R	108,782.25	117,823.69
13	272	J	302,185	326,264.84
16	88	Y	99,915	107,867.75
22	60	X	65,034.25	70,236.99
21	148	W.W	160,431	173,265.48
24	281	J	314,991.75	339,991.09
	<u>1,076</u>		<u>1,195,393.75</u>	<u>1,290,486.24</u>

E. and O. E.

London, 26th August, 1912.

No. 328.

India Office to Messrs. Samuel Montagu and Co., dated 24th August, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 329.

India Office to Union of London and Smiths Bank, dated 24th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £4,466 8s. 2d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 330.

Messrs. Samuel Montagu and Co. to India Office, dated 26th August, 1912.

Herewith we hand you Statements 48 and 49, showing a balance in our favour of £282 7s. 5d., which kindly pay in as usual.

We also hand you a memorandum in substitution of that last sent you, by which we hold, on account of and at the disposal of the Secretary of State for India, certain silver bars more suited for coinage than others specified on the memorandum.

No. 331.

Messrs. Samuel Montagu and Co. to India Office, dated 26th August, 1912.

Enclosed you will find a letter from the agents of the British India Steam Navigation Company with regard to the clerical error which they made on one of the bills of lading for delivery per s.s. "Colaba."

I have no doubt that the slip will cause no trouble on the other side at all.

If you refer to to-day's copy of the "Financial Times," you will find an article of mine in regard to the Indian currency which may interest you.

No. 332.

Messrs. Gellatly, Hankey and Co. to Messrs. Samuel Montagu and Co., dated August 26th, 1912.

S.S. "Colaba" to Calcutta.

Referring to bill of lading, No. 427, for 229 bars silver, value £33,000, we regret that through a clerical error the Nos. 11887/922 have been entered on your copies as 11887/992.

Our manifest and copy bill of lading are correct, so that there will be no difficulty on the other side.

No. 333.

Messrs. Samuel Montagu and Co. to India Office, dated 27th August, 1912.

Herewith we hand you Statement 48 and undertaking relating thereto. Kindly pay these against *to-day* £30,000 and *to-morrow* £15,000 to the Union of London and Smiths Bank, notifying the Bank that the payment is made on account of Samuel Montagu and Co.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, the 331 silver bars set out in Statement 48 and deposited in our own vaults.

• No. 334.

India Office to Messrs. Samuel Montagu and Co., dated 27th August, 1912.

In reply to your letter of this day, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 335.

India Office to Union of London and Smiths Bank, dated 27th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £30,282 7s. 5d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 336.

Messrs. Samuel Montagu and Co. to India Office, dated 27th August, 1912.

Herewith we hand you Statement No. 50 in substitution for 48A and an undertaking for the bars in 48A and the bars added thereto, against which please pay to the Union of London and Smiths Bank to-morrow an additional £20,000. Kindly return the Statement 48A and the undertaking relating thereto.

We hereby undertake to hold, on account of and at the disposal of the Secretary of State for India in Council, 477 silver bars set out in Statement 50 and stored in our vaults.

No. 337.

India Office to Messrs. Samuel Montagu and Co., dated 28th August, 1912.

In reply to your letter of the 27th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank. Provisional Statement No. 48A, with undertaking relating thereto is enclosed as requested.

No. 338.

India Office to Union of London and Smiths Bank, dated 28th August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer ^{£15,000} £20,200 to your Bank from the account of the Secretary of State in Council of India, I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 339.

Messrs. Samuel Montagu and Co. to India Office, dated 28th August, 1912.

Kindly hand bearer Bank receipt for 208 silver bars, mark A.F., Statement 35, which bars we require for shipment.

No. 340.

Messrs. Samuel Montagu and Co. to India Office, dated 28th August, 1912.

Enclosed we hand you contract for £10,000 bar silver bought to-day at 28½ per L.S.D. for London delivery.

No. 341.

Messrs. Samuel Montagu and Co. to India Office, dated 28th August, 1912.

Herewith definitive memorandum of substitution relating to 1,090 silver bars, the bulk of which are electrolytically refined. We have shipped these as more suitable to your purpose than the 1,076 silver bars detailed on the above-mentioned memorandum.

You will observe that with 4,081·95 ozs. brought forward from Statement 50, there are now 4,560·29 standard ozs. to debit you on the next statement.

Please return the provisional memorandum.

MEMORANDUM OF SUBSTITUTION.

Number of Bars.	No. on Bars.	Gross Ounces.	Standard Ounces.
Brought forward from Statement Number 50.			4,081.95
300	B 1/300	314,828.25	} 801,289.26
401	C 1/401	427,106.25	
221	Y.O 863/914	257,447.25	
129	I.P 193/321	250,719	
39	890/928	45,282.25	
1,090		1,195,383	1,295,046.68
In substitution of the 1,076 bars as detailed below, weighing std. ozs.			1,290,486.24
Balance to be appropriated on next Statement			4,560.39

Statement No.	Number of Bars.	Bank Receipt.	Gross Ounces.	Standard Ounces.
1	132	P	144,054.50	155,536.40
6	95	R	108,782.25	117,323.69
13	272	J	302,185	326,264.84
16	88	Y	99,915	107,867.75
22	60	W	65,034.25	70,236.99
21	148	W.W	160,431	173,265.48
24	281	J	314,991.75	339,991.09
	1,076		1,195,393.75	1,290,486.24

E. & O. E.,
London, 28th August, 1912.
Samuel Montagu and Co.

No. 342.

India Office to Messrs. Samuel Montagu and Co., dated 28th August, 1912.

In continuation of my letter of the 23rd instant,* I am directed to request that you will be good enough to arrange for shipments hence forward, if practicable, of £250,000 of silver weekly to Bombay, and of the same amount to Calcutta.

No. 343.

India Office to Messrs. Samuel Montagu and Co., dated 28th August, 1912.

In continuation of my letter of the 23rd instant,† I am directed to inform you that you have authority, subject to further notice, to insure the remaining shipments of silver, on the conditions already agreed to in the previous letters from this office, with the following offices:—

Indemnity Mutual Marine Assurance Company, Limited.
Commercial Union Insurance Company, Limited.
Royal Exchange Assurance.
The London Assurance Company.
The Union Marine Insurance Company.

* *Vide* No. 325, page 65.

† *Vide* No. 326, page 65.

No. 344.

India Office to Messrs. Samuel Montagu and Co., dated 28th August, 1912.

In continuation of previous correspondence, I am directed to request that you will be so good as to make further purchases of silver, as favourable opportunity may offer, up to the amount of £500,000, on behalf of the Secretary of State in Council. You may buy either for cash or for forward delivery as you may consider most advantageous, in consultation with Sir Felix Schuster.

No. 345.

Messrs. Samuel Montagu and Co. to India Office, dated 29th August, 1912.

We acknowledge with many thanks your letter of yesterday's date with a fresh order for £500,000 silver.

You can rely on our doing our very best to purchase this amount to your best advantage.

No. 346.

Messrs. Samuel Montagu and Co. to India Office, dated 29th August, 1912.

Herewith we hand contract for £20,000 silver bought for you to-day at 28¹/₁₆ delivery in London.

We duly received your two letters relating to shipment and insurance which are both duly noted.

No. 347.

Messrs. Samuel Montagu and Co. to India Office, dated 29th August, 1912.

Kindly return us the following Bank receipts for silver, which will be required for next week's shipments :—

Statement	17	for	161	bars	marked	H.
"	28	"	106	"	"	K.
"	5	"	69	"	"	C.C.
"	29	"	323	"	"	C.S.
"	31	"	75	"	"	K.
"	5	"	134	"	"	A.A.
"	5	"	101	"	"	B.B.
"	5	"	136	"	"	E.E.
"	41	"	223	"	"	A.D.
"	34	"	112	"	"	N.

We agree the insertion of S.P. 594/762 on the Memorandum of substitution.

You can send for shipping documents to-morrow at 11 a.m.

No. 348.

Messrs. Samuel Montagu and Co. to India Office, dated 30th August, 1912.

Received *Ten* Bank of England receipts for *Fourteen hundred and forty* silver bars, as detailed below :—

Bank Receipt.	Number of Bars.
H.	161
K.	106
C.C.	69
C.S.	323
K.	75
A.A.	134
B.B.	101
E.E.	136
A.D.	223
N.	112
	1,440

No. 349.

Messrs. Samuel Montagu and Co. to India Office, dated 30th August, 1912.

Herewith we hand you contracts for bar silver to-day, as follows :—

Sold for you £10,000 at $28^{13}/_{16}$ for September 15th.

Bought for you £10,000 at $28^{11}/_{16}$ for October 30th.

“ “ £100,000 at $28^{13}/_{16}$ in Sycee.

“ “ £100,000 “ British \$.

The first contract was explained to you by telephone by our Mr. Franklin.

No. 350.

India Office to Messrs. Samuel Montagu and Co., dated 30th August, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. s.s. “Egypt,” sailing to-day, and to Calcutta in the P. & O. s.s. “Somali,” sailing to-morrow :—

Nine Bills of Lading.

Invoice of 68 bars of silver consigned to Bombay

84	“	“	“
71	“	“	“
167	“	“	“
100	“	“	“
218	“	“	“
107	“	“	“
116	“	“	“
401	“	“	“
549	“	“	“

Three copies of each.

Summary of above invoices.

Invoice of 103 bars of silver consigned to Calcutta

328	“	“	“
220	“	“	“
383	“	“	“
208	“	“	“
191	“	“	“
129	“	“	“
221	“	“	“
39	“	“	“

Three copies of each.

Summary of above invoices.

Six Insurance Policies (for £515,000).

Two Statements of Expenses.

No. 351.

India Office to Messrs. Samuel Montagu and Co., dated 30th August, 1912.

I beg to acknowledge the receipt of your letters of the 28th and 29th instant, with enclosures, the contents of which are duly noted.

No. 352.

India Office to Messrs. Samuel Montagu and Co., dated 31st August, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 353.

India Office to Union of London and Smiths Bank, dated 31st August, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £3,083 4s. 0d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 354.

India Office to Messrs. Samuel Montagu and Co., dated 31st August, 1912.

When we bought sycee silver and dollars in 1907, we did so subject to certain conditions. Various exchange banks with which we then did business in this way are aware of these conditions; but I do not know whether Sir Felix Schuster has mentioned them to you or whether, therefore, you were in a position to require them of your correspondents when you were making your bargains yesterday. I append a *statement of the conditions in question. You will agree, I think, that they are reasonable, for when the sycee arrives, a certain amount of time and labour has to be expended by the Mint Authorities before its exact value can be ascertained. If, as I presume, you were not aware of these conditions, would it be too late now to ask that they should be complied with?

I asked Mr. White this morning if the contract notes relating to purchases of sycee and dollars might be marked "A," "B," "C," &c., instead of the ordinary numbers; as, if this is done, I can keep them apart from the others which go to the clerks in our Accountant-General's Department. He agreed to this, and also to the renumbering accordingly of one of the (ordinary) contract notes for £10,000.

Would it be troubling you to let me know the date of sailing from China, port of destination, and probable date of arrival of the sycee and dollars?

**Statement of the Conditions.*

That the standard of fineness should be 990 except in the case of—

- (1) Sycee silver, whose fineness usually ranges from 982 to 986, and which may be accepted if above 980 fine;
- (2) Coins of civilised Governments (including Mexican dollars, &c.), which may be accepted down to 800 fine;

but that the purchase of the above classes of silver should be subject to the conditions—

(a) That in the case of sycee silver and of coins (including British and American dollars) not purchased by the Secretary of State at invoiced weight and assay fineness, the seller should agree—

- (1) to accept the Mint weight after pre-melting;
- (2) to accept the fineness as reported by the Assay Master, and
- (3) to pay the cost of pre-melting, amounting to Rs. 40 per lakh of tolas pre-melted;

(b) That in the case of coins other than British and Mexican dollars, sufficient fine silver should be provided to raise the fineness to the Indian standard.

(N.B.—The tola = 180 grains, the weight of a rupee, which contains 165 grains of fine silver and 15 grains of alloy.)

Method of Payment.

75 per cent. of the estimated value on receipt of telegraphic information from India that the silver had been received.

20 per cent. on completion of weighing.

5 per cent. on completion of refining.

No. 355.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd September, 1912.

We have the pleasure to enclose five contracts, numbered 94, 95, 96 C and D, of which 94 represents silver retained for you Saturday.

The Mexican dollars were bought at $28\frac{1}{8}$ per ounce, *not* per ounce standard, and are to be shipped from London.

We have arranged with the shippers of the sycee and British dollars that are to go direct from China, that they conform to the conditions arranged in 1907. The Mexican dollars, however, are an actual purchase and are on a different basis. Our Mr. Franklin will explain this to you this evening when he calls.

You will notice that the purchase has somewhat exceeded the £500,000, but Sir Felix Schuster instructed us to buy a further £500,000. We have kept him informed of all details.

No. 356.

India Office to Messrs. Samuel Montagu and Co., dated 3rd September, 1912.

In continuation of my letter of 28th August,* I am directed to request that you will be so good as to make further purchases of silver, as favourable opportunity may offer, up to the amount of £500,000, on behalf of the Secretary of State in Council. You may buy either for cash or for forward delivery, as you may consider most advantageous, in consultation with Sir Felix Schuster.

No. 357.

Messrs. Samuel Montagu and Co. to India Office, dated 3rd September, 1912.

We have the pleasure to hand contracts for silver purchased to-day as follows:—

£100,000 sycee at $28\frac{1}{8}$ p. £ s. d.
 £50,000 British at $28\frac{1}{8}$ p. £ s. d.
 £10,000 fine silver at $28\frac{3}{4}$, 2 mos.

No. 358.

India Office to Messrs. Samuel Montagu and Co., dated 3rd September, 1912.

Could you kindly let me know by telephone to-morrow what procedure you propose as regards the *bills of lading* of the sycee silver and British dollars. Will it be necessary for the Hongkong and Shanghai Bank to know the destination of the silver before it starts; as, if so, we shall have to ask India at once. So far as consigning the silver is concerned, this is not necessary, I understand, but what about the *bills of lading*?

No. 359.

Messrs. Samuel Montagu and Co. to India Office, dated 4th September, 1912.

You will notice that we send you a contract for the sale of £50,000 of your silver.

Probably Sir Felix Schuster will have explained to you our reason for this. In any case the effect was that not only did we prevent the price from going beyond $28\frac{15}{16}$, but we appeared at "fixing" as substantial *sellers* in spite of the fact that we secured for you £130,000 on balance.

We propose asking the Union Bank to transfer to the Bank of England for your credit this amount (£50,000) on receipt of which you will give us a letter releasing an equivalent amount from what we hold, either at the Bank of England or for your account.

We trust that this method of settlement will be convenient to you.

* *Vide* No. 344, page 70.

No. 360.

Messrs. Samuel Montagu and Co. to India Office, dated 4th September, 1912.

We have the pleasure to hand you herewith the following contracts for bar silver.

Sold on your account	£50,000	at 28 ¹⁵ / ₁₆	within a week.
Bought on your account	£100,000	"	Sycee.
"	"	"	50,000 " Brit. D.
"	"	"	15,000 " about 2 months.
"	"	"	15,000 " about the end September.

No. 361.

Messrs. Samuel Montagu and Co. to India Office, dated 4th September, 1912.

I tried once or twice to telephone to you in reply to your letter of yesterday's date, but you were out or engaged each time.

There is no question of bills of lading. The silver will be consigned, in the first instance, to the Hong Kong Bank, London, and, later on, they will give instructions to land it at Bombay or Calcutta (viâ Colombo) to their own branches. Your people will have only to take delivery of the actual silver from these branches.

If you let us know the ports a few days before the ships are due at Colombo it will be quite sufficient. It would not be advisable to tell the Hong Kong Bank beforehand.

No. 362.

Messrs. Samuel Montagu and Co. to India Office, dated 4th September, 1912.

You will notice when we render this week's accounts for shipment of silver that we have secured for you 5 per cent. instead of 2½ per cent. rebate on the portion of your shipments which we have insured for 2s. per cent.

No. 363.

Messrs. Samuel Montagu and Co. to India Office, dated 5th September, 1912.

Herewith we have the pleasure to hand you the following contracts for silver :—

Sold for you	£45,000	at 28 ⁷ / ₈	within a week.
Bought for you	£30,000	at 28 ³ / ₈	about 2 months.
"	"	£21,000	at 28 ⁷ / ₈ about end September.
"	"	£100,000	" Sycee.
"	"	£50,000	" Brit. D.

We propose to ship the 80,000 B D, which we are holding for you to *Bombay* next week, unless we hear from you to the contrary as part of the £250,000 for that city.

We tried to telephone to you this evening, but could not get a reply. Possibly your telephone is out of order.

No. 364.

Messrs. Samuel Montagu and Co. to India Office, dated 5th September, 1912.

We shall require the Bank receipts detailed below for next week's shipments of silver, &c. Kindly return them.

Statement	5	69 bars marked	D.D.
"	5	105	" " D.
"	8	162	" " U.
"	9	173	" " W.
"	9	164	" " X.
"	16	407	" " T.
"	16	260	" " V.
"	17	114	" " U.
"	17	110	" " L.
"	27	93	" " S.M.
"	27	306	" " N.M.
"	29	340	" " M.S.
"	37	327	" " M.S. 37
"	39	173	" " K.E.
"	28	567	" " A.C.

No. 365.

Messrs. Samuel Montagu and Co. to India Office, dated 5th September, 1912.

We have, since I spoke to you by telephone, completed the £1,000,000 silver.

Fortunately, we were able to put the price a shade lower by selling £45,000 of the £150,000 (at fixing and outside), but we repurchased in the late afternoon all that was required to make up the total.

We are particularly glad to have completed the order before the first shipment from China.

No. 366.

Messrs. Samuel Montagu and Co. to India Office, dated 6th September, 1912.

We have the pleasure to hand you herewith the following silver contracts effected to-day:—

Bought for you £100,000 Sycee at 28 $\frac{1}{8}$ p. £ s. d.

Sold for you £75,000 bar silver at 28 $\frac{1}{8}$ about 1 week.

Sold for you £25,000 bar silver at 28 $\frac{3}{4}$ about 2 months.

£250,000 to Bombay.

£150,000 to Calcutta.

If Calcutta wants more silver for coinage we can instruct China to divert as much as you wish from the £500,000 that is leaving there on the 10/14, consigned to London to that Port.

No. 367.

India Office to Messrs. Samuel Montagu and Co., dated 6th September, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. s.s. "Marmora" sailing to-day, and to Calcutta in the B. I. S. N. Co's. s.s. "Golconda" sailing to-morrow:—

12 Bills of Lading.

Invoice of 714 bars of silver consigned to Bombay.

" 176 " " "

" 138 " " "

" 380 " " "

" 161 " " "

" 106 " " "

" 75 " " "

} 3 copies of each.

Summary of above invoices.

Invoice of 436 bars of silver consigned to Calcutta.

" 150 " " "

" 134 " " "

" 323 " " "

" 134 " " "

" 101 " " "

" 136 " " "

" 69 " " "

" 223 " " "

} 3 copies of each.

Summary of above invoices.

4 Insurance Policies (for £515,000).

2 Statements of Expenses.

No. 368.

India Office to Messrs. Samuel Montagu and Co., dated 6th September, 1912.

I beg to acknowledge the receipt of your letter of the 5th September, 1912, with enclosures, the contents of which are duly noted.

No. 369.

India Office to Messrs. Samuel Montagu and Co., dated 9th September, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 370.

India Office to Union of London and Smiths Bank, dated 9th September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £3,068 6s. 10d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 371.

Messrs. Samuel Montagu and Co. to India Office, dated 10th September, 1912.

We beg to hand you Statements Nos. 55 and 56, relating to your purchase Contract No. 95, and your sale Contracts 18 A., 19 A., and 20 A.

We have instructed the Union of London and Smiths Bank to make you a payment of £38,000 to-morrow, the 11th instant, and one of £45,000 on Thursday, the 12th instant.

You will receive payment of £75,000 against Contract 20 A. in the course of a few days.

We will appropriate against the above payment of £38,000 and £45,000 Bank receipts

{	S M	93	and we will hold the balance of	
	T	407		the silver at your disposal in
	U	162			our vaults.

No. 372.

Messrs. Samuel Montagu and Co. to India Office, dated 11th September, 1912.

We have the pleasure of enclosing three contracts for the purchase of, in all, £600,000 Sycee silver and £100,000 British dollars to be shipped from China next month.

We beg to confirm the arrangement made with our client that it is agreed that you do not purchase any more silver this month, excepting in the form of Mexican dollars. This was the condition made at the time of our purchase.

Doubtless Sir Felix Schuster will have informed you of this.

This arrangement will not preclude your acceptance of any offers of silver or British dollars that may be made to you, through us, by our settlers, should it suit you to buy.

No. 373.

India Office to Messrs. Samuel Montagu and Co., dated 11th September, 1912.

In continuation of Mr. Robinson's letter of the 3rd instant,* I am directed to confirm the instructions given to you by Sir Felix Schuster for the purchase of a fifth million of silver, £700,000 of which, it is understood, you have already secured.

* *Vide* No. 356, page 73.

No. 374.

India Office to Messrs. Samuel Montagu and Co., dated 12th September, 1912.

I beg to acknowledge the receipt of your letter of the 11th September, with enclosures.

The conditions upon which you have secured the silver, amounting to about £700,000, the purchase of which is reported in your letter, are noted.

No. 375.

India Office to Messrs. Samuel Montagu and Co., dated 13th September, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 376.

India Office to Union of London and Smiths Bank, dated 13th September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £2,493 5s. 4d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 377.

India Office to Messrs. Samuel Montagu and Co., dated 13th September, 1912.

I am directed to acknowledge the receipt of the following documents relating to the silver consigned by you to Bombay in the P. and O. Co.'s steamship "Persia," sailing to-day :—

11 Bills of Lading	} 3 copies of each.
e of 80 boxes of silver coin	
173 bars of silver	
69	
416	
43	
65	
43	
306	
164	
173	
114	
110	
340	
327	
260	
105	

Summary of above invoices.
Two insurance policies (for £412,000).
Statement of expenses.

No. 378.

Messrs. Samuel Montagu and Co. to India Office, dated 16th September, 1912.

I have looked into our contracts with you and find that there is only £40,000 due to be delivered to us this week for your account—nothing next week and very little until about the middle of October.

In these circumstances, I am afraid that the Mints will have to rely, for the present, on what they are getting from China and any dollars that we may be receiving.

No. 379.

Messrs. Samuel Montagu and Co. to India Office, dated 16th September, 1912.

Kindly pay the Union of London and Smiths Bank, Limited, to-morrow, the 17th instant, the sum of £94,000* on account of Mexican dollars, for which you will receive a statement as soon as they are weighed.

We have instructed the Union of London and Smiths Bank, Limited, to transfer to the Bank of England to-morrow the sum of £75,000, to be placed to the credit of the Secretary of State for India in Council, in payment of bar silver as per Statement 56, rendered on 10th instant.

No. 380.

Messrs. Samuel Montagu and Co. to India Office, dated 16th September, 1912.

We beg to acknowledge receipt of your letter asking us to buy a fifth million pounds' worth of silver, of which £700,000 have already been purchased.

We beg to enclose a contract for a million Mexican dollars (about £100,000) at $28\frac{1}{4}$ per ounce (equal to about 29 pence per oz. standard).

We also enclose the copy of a letter we have sent the Hong Kong Bank instructing them to deliver £300,000 Sycee and £200,000 British dollars to Bombay. These amounts are on the steamer due to arrive in Bombay on the end of this month.

No. 381.

Messrs. Samuel Montagu and Co. to the Hong Kong and Shanghai Banking Corporation, dated 16th September, 1912.

Kindly take note we wish all the Sycee and British dollars which were shipped on the 10th and 14th instant to the total value of £500,000 to be delivered in Bombay.

No. 382.

India Office to Messrs. Samuel Montagu and Co., dated 17th September, 1912.

In reply to your letter of the 16th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 383.

India Office to Union of London and Smiths Bank, dated 17th September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £100,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 384.

Messrs. Samuel Montagu and Co. to India Office, dated 17th September, 1912.

We enclose Statement No. 58 and weight list of 308 silver bars, which are being shipped per s.s. "Moldavia" to Bombay.

Kindly pay the Union of London and Smiths Bank, Limited, to-morrow the sum of £40,000 thereagainst.

You have paid the Union of London and Smiths Bank, Limited, to-day for our credit the sum of £100,000 on account of Mexican dollars, which we hold in our vaults, and which are being shipped to Bombay as they are being weighed.

* Altered to £100,000 by telephone message.

No. 385.

India Office to Messrs. Samuel Montagu and Co., dated 18th September, 1912.

I reply to your letter of the 17th instant. I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 386.

India Office to Union of London and Smiths Bank, dated 18th September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £40,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 387.

Messrs Samuel Montagu and Co. to India Office, dated 20th September, 1912.

We enclose two contracts which concern the sale of £20,000, due to you about the commencement of November, and the repurchase of a similar amount which we have shipped to-day, per British India to Calcutta. You will note that the prices we have put on the contracts represent the prices at which Contracts 98 and 97 were bought, i.e., $28\frac{1}{2}$ and $28\frac{1}{4}$. As both the purchase and sale contracts are at identical prices, this makes no difference to you and saves calculation.

As this £20,000 was bought forward when the forward price was $\frac{1}{8}$ and $\frac{3}{16}$ of a penny under that of cash, to-day's transaction shows a saving to you of about £100. We hope to anticipate deliveries a little more next week.

No. 388.

Messrs. Samuel Montagu and Co. to India Office, dated 20th September, 1912.

We hand you herewith Statement No. 60 relating to 147 silver bars shipped to-day per s.s. "Matiana" to Calcutta.

Kindly pay to-morrow to the Union of London and Smiths Bank, Limited, the sum of £20,005 19s. 7d.

You will notice that we ask you to pay the exact amount of the statement, in order to avoid extra entries on both sides.

We also beg to hand you Statement No. 61, relating to your purchase Contract No. 16 B and your sale Contract No. 17 A.

No. 389.

India Office to Messrs. Samuel Montagu and Co., dated 20th September, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. Company's s.s. "Moldavia," sailing to-day, and to Calcutta in the B.I.S.N. Company's s.s. "Matiana," sailing to-morrow.

3 bills of lading	} 3 copies of each.
Invoice of 308 bars of silver consigned to Bombay	
Summary	} 3 copies of each.
Invoice of 147 bars of silver consigned to Calcutta	
Summary	
4 insurance policies (for £124,600).	
2 statements of expenses.	

No. 390.

India Office to Messrs. Samuel Montagu and Co., dated 21st September, 1912.

In reply to your letter of the 20th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 391.

India Office to Union of London and Smiths Bank, dated 21st September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £20,838 4s. 5d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 392.

Messrs. Samuel Montagu and Co. to India Office, dated 23rd September, 1912.

We have the pleasure to enclose contracts for the sale and purchase of a further £84,000.

This will have disposed of all your silver bought for delivery after the middle of next month, and it will enable us to ship at least £100,000 this week in addition to all the Mexican dollars that we shall be able to weigh and pack.

We hope, also, to be able to ship this week the £66,000 bought for delivery about the end of the month. We shall, however, not claim the money for this unless we can get it delivered to us.

There will then be a little over £400,000 still remaining to be shipped independent of Mexican dollars.

We hope to get off a fair amount of this next week if you desire us to do so.

No. 393.

Messrs. Samuel Montagu and Co. to India Office, dated 24th September, 1912.

I am extremely pleased to be able to report that we have secured 2,000,000 Mexican dollars at $28\frac{11}{16}$ per oz. (equal to about $29\frac{7}{16}$ for silver).

This is particularly satisfactory, inasmuch as the China loans have been underwritten to-day and will improve silver materially in our opinion.

We have now completed the fifth million.

No. 394.

Messrs. Samuel Montagu and Co. to India Office, dated 24th September, 1912.

Please pay to the Union of London and Smiths Bank, Limited, to-day, the sum of £144,000 on account of bar silver (as per contract 24 B, 25 B, 26 B, and part of contracts 68, 99, and 101) which is being shipped for s.s. "Simla" to Calcutta; also to-day the sum of £100,000 on account of Mexican dollars (as per contract No. 102), of which we are taking delivery this morning, and which are being shipped to Bombay as they are being weighed.

No. 395.

India Office to Messrs. Samuel Montagu and Co., dated 24th September, 1912.

In reply to your letter of the 24th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 402.

India Office to Union of London and Smiths Bank, dated 28th September, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £1,497 3s. 10d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 403.

Messrs. Samuel Montagu and Co. to India Office, dated 28th September, 1912.

We beg to hand you herewith particulars and dates of payments made to the Peninsula & Oriental S.N. Co. and Messrs. Gellatly, Hankey & Co. for freights on bullion shipped to India.

Freight paid to the Peninsular and Oriental S. N. Co.

Date.	Amount.	Steamer's Name.	Destination.
	£ s. d.		
15 August	1,000 0 0	Macedonia	Bombay
27 "	2,500 0 0	Morea	"
6 September	1,250 0 0	Somali	Calcutta
" "	1,250 0 0	Egypt	Bombay
13 "	1,250 0 0	Marmora	"
20 "	2,000 0 0	Persia	"
24 "	505 0 0	Moldavia	"
28 "	850 0 0	Simla	Calcutta
" "	212 10 0	Maloja	Bombay
" "	87 10 0	"	"
	10,905 0 0		

E. O. E.,
London,
28th September.

Freight paid to Messrs. Gellatly, Hankey and Co. (British India Line).

Date.	Amount.	Steamer's Name.	Destination.
	£		
14 August	1,250	Colaba	Calcutta
7 September	1,250	Golconda	"
21 "	100	Maliana	"
	2,600		

E. O. E.,
London,
28th September.

No. 404.

Messrs. Samuel Montagu and Co. to India Office, dated 1st October, 1912.

Kindly pay to the Union of London and Smiths Bank to-morrow the sum of £40,000* on account of silver to be shipped by this week's P. & O. steamer to Bombay.

* Corrected by telephone to £45,000.

No. 405.

Messrs Samuel Montagu and Co. to India Office, dated 2nd October, 1912.

We have received advice from the Hong Kong and Shanghai Banking Corporation that delivery of the amount of sycee and dollars which arrived 28th or 29th September has now been completed, and that £375,000 is due, in payment thereof, being 75 per cent. of the total amount.

Kindly pay this amount, namely, £375,000 to the Union of London and Smiths Bank on our behalf to-morrow.

No. 406.

Messrs. Samuel Montagu and Co. to India Office, dated 2nd October, 1912.

We confirm our telephone message to-day, requesting you to kindly pay £45,000 to the Union of London and Smiths Bank to-day instead of the £40,000 already arranged.

No. 407.

India Office to Messrs. Samuel Montagu and Co., dated 2nd October, 1912.

In reply to your letter of the 1st instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 408.

India Office to Union of London and Smiths Bank, dated 2nd October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £45,000 to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 409.

India Office to Messrs. Samuel Montagu and Co., dated 3rd October, 1912.

I understand from your contracts L.M. and N. that we have £400,000 sycee silver leaving Shanghai 8th October, Hong Kong 12th October, and £300,000, leaving Shanghai on the 22nd October, Hong Kong 26th October, but I have a note of a conversation in which you gave the figures as about £350,000 for each of the two shipments.

May I take it that the distribution of the two shipments as stated in the contracts remains unaltered?

No. 410.

India Office to Messrs. Samuel Montagu and Co., dated 3rd October, 1912

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 411.

India Office to Union of London and Smiths Bank, dated 3rd October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £375,000 to your Bank from the account of the Secretary of State in Council of India, I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 412.

India Office to Messrs. Samuel Montagu and Co., dated 4th October, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the Peninsular and Oriental Company's steamship "Mongolia" sailing to-day.

Two bills of lading	}	3 copies of each.
Invoice of 331 bars of silver consigned to Bombay.		
Summary of above invoice.		
Summary of 550 boxes of silver coin.		
Two insurance policies (for £116,800).		
Statement of expenses.		

No. 413.

India Office to Messrs. Samuel Montagu and Co., dated 5th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 414.

India Office to Union of London and Smiths Bank, dated 5th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £774 14s. 11d. to your Bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 415.

Messrs. Samuel Montagu and Co. to India Office, dated 7th October, 1912.

With reference to the £300,000 in Mexican dollars (about 3,000,000 dollars) about which I spoke to you on the telephone, we can offer them to you at 29 pence per oz. (equal to about 29½) for a reply to us on Wednesday.

As it is the Mexican Government that is selling, I look upon this as quite a different proposition to the one that we did *not* recommend a few days ago, and, if the demand for silver rupees is continuing, I do not see how you could do as well in any other direction.

No. 416.

India Office to Messrs. Samuel Montagu and Co., dated 7th October, 1912.

Your telephonic message and letter of to-day regarding £300,000 Mexican dollars. We have carefully considered the matter, and have come to the conclusion that it would be better not to buy any more silver just at present.

No. 417.

Messrs. Samuel Montagu and Co. to India Office, dated October 7th, 1912.

Kindly pay us to-morrow through the usual channel—
 £100,000 for bar silver,
 £45,000 „ Mex. D.
 this bullion is for shipment to India this week.
 We may need to increase the above amount slightly.

No. 418.

Messrs. Samuel Montagu and Co. to India Office, dated 8th October, 1912.

We confirm the telephone communication made to-day asking you to pay to-morrow through the usual channel £100,000 for bar silver to be shipped this week. We enclose debit statement for £552 6s. 8d.

No. 419.

Messrs. Samuel Montagu and Co. to India Office, dated 8th October, 1912.

I think that the approximate amount of our shipments this week will total £300,000. This will leave about a similar amount owing to you, including Mexican dollars, from this side.

We have to get this pretty well all off by next week, when all that will remain unshipped will be the sycee bought for the 22/26 instant—also £300,000.

No. 420.

Messrs. Samuel Montagu and Co. to India Office, dated 8th October, 1912.

Kindly pay us to-day £80,000 on account of silver to be shipped this week from London, and £60,000 (being 20 per cent. on £300,000 sycee and bars now weighed in Bombay), making a total payment to-day through the usual channel of £285,000.

No. 421.

India Office to Messrs. Samuel Montagu and Co., dated 8th October, 1912.

In reply to your letter of the 7th instant and subsequent message by telephone, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 422.

India Office to Union of London and Smiths Bank, dated 8th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £255,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 423.

India Office to Messrs. Samuel Montagu and Co., dated 9th October, 1912.

In reply to your letter of the 8th instant, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 424.

India Office to Union of London and Smiths Bank, dated 9th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £100,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 425.

India Office to Messrs. Samuel Montagu and Co., dated 9th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 426.

India Office to Union of London and Smiths Bank, dated 9th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £40,552 6s. 8d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 427.

Messrs. Samuel Montagu and Co. to India Office, dated 9th October, 1912.

Since the visit we received from Mr. Hopkins our Mr. Franklin has seen the London Manager of the Hong Kong Bank with reference to the shortage in the first shipment of sycee. He says that, of course, any differences will be adjusted later on. Apparently they have some difficulty in getting off the £100,000 British dollars that are to be sent on the 12th.

They will ask us to-morrow to try and arrange that this shipment shall be postponed for a short time and then sent by a quick direct steamer to Calcutta.

We have told him that if he tells us the date of shipment and the probable date of arrival we could ask you if you had any objection.

Mr. Hopkins will have explained to you the reason of the apparent discrepancy in our figures.

No. 428.

Messrs. Samuel Montagu and Co. to India Office, dated 10th October, 1912.

We confirm our telephone request that you will kindly pay us through the usual channel £40,000 for silver shipment to Calcutta from London.

No. 429.

India Office to Messrs. Samuel Montagu and Company, dated 10th October, 1912.

In reply to your message by telephone, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 430.

India Office to Union of London and Smiths Bank, dated 10th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £40,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Co.

No. 431.

Messrs. Samuel Montagu and Co. to India Office, dated 11th October, 1912.

We enclose a statement of our books showing a balance of £6,857 18s. 10d. due to us, which we trust you will find correct.

No. 432.

India Office to Messrs. Samuel Montagu and Co., dated 11th October, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. Company's s.s. "Arabia" sailing to-day, and to Calcutta in the same Company's s.s. "Caledonia" and "Poona," sailing 10th and 12th instant, respectively:—

5 bills of lading.

Summary of 170 boxes of silver coin consigned to Bombay. } 3 copies of each.

Summary of 100 boxes of silver coin consigned to Calcutta per "Caledonia." }

Summary and invoice of 1,969 bars of silver per "Caledonia." } 3 copies of each.

Summary of 291 boxes of silver coin per "Poona."

Summary and invoice of 263 bars of silver per "Poona."

7 Insurance Policies (for £408,400).

3 Statements of Expenses.

No. 433.

India Office to Messrs. Samuel Montagu and Co., dated 12th October, 1912.

In reply to your letter of the 11th instant, I forward herewith for your information a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 434.

India Office to Union of London and Smiths Bank, dated 12th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £6,857 18s. 10d. to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 435.

India Office to Messrs. Samuel Montagu and Co., dated 14th October, 1912.

The Government of India have telegraphed that they would like the consignment of £400,000 sycee and dollars which left Hong Kong on the 8th instant, as well as this week's shipment from London, to be sent to Bombay. Will you kindly arrange accordingly?

No. 436.

Messrs. Samuel Montagu and Co. to India Office, dated 14th October, 1912.

In accordance with your request, we have instructed the Hong Kong and Shanghai Banking Corporation to forward to Bombay the £400,000 of silver due to Colombo October 24th.

The above Bank advises us that the £450,000 sycee and dollars per s.s. "Devenha" is due at Calcutta to-day.

No. 437.

Messrs. Samuel Montagu and Co. to India Office, dated 14th October, 1912.

In accordance with our communications by telephone, please pay us through the usual channel to-day the sum of £208,000 for silver to be shipped from London.

No. 438.

India Office to Messrs. Samuel Montagu and Co., dated 14th October, 1912.

In reply to your telephone message, I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 439.

India Office to Union of London and Smiths Bank, dated 14th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £208,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 440.

India Office to Messrs. Samuel Montagu and Co., dated 18th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 441.

India Office to Union of London and Smiths Bank, dated 18th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £14,520 11s. 1d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 442.

India Office to Messrs. Samuel Montagu and Co., dated 18th October, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. & O. Company's s.s. "Mantua" sailing to-day:—

Two bills of lading

Invoice of 370 bars of silver consigned to Bombay

Summary of 370 bars of silver and 16 boxes of silver coin

Summary of 400 boxes of silver coin

Two insurance policies (for £105,000).

One statement of expenses.

} Three copies of each.

No. 443.

India Office to Messrs. Samuel Montagu and Co., dated 19th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 444.

India Office to Union of London and Smiths Bank, dated 19th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £678 0s. 9d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company

No. 445.

Messrs. Samuel Montagu and Co. to India Office, dated 22nd October, 1912.

We confirm our telephone conversation of this morning to the effect that we are shipping this week to Bombay for account of the Indian Government about £110,000 in Mexican dollars.

Further, our friends in Shanghai have shipped to-day about £300,000 in sycee.

These two shipments complete our contracts, and there is nothing further owing to you.

As to the destination of the £300,000 sycee, it will suffice if you let us know where you want it a day or two before the steamer arrives at Colombo.

No. 446.

India Office to Messrs. Samuel Montagu and Co., dated 23rd October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank. The £10,000 is an instalment of the balance of 5 per cent., £257 5s. 11d. being held over pending an enquiry regarding pre-melting charges.

No. 447.

India Office to Union of London and Smiths Bank, dated 23rd October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £10,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 448.

India Office to Messrs. Samuel Montagu and Co., dated 25th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 449.

India Office to Union of London and Smiths Bank, dated 25th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £7,257 5s. 11d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 450.

India Office to Messrs. Samuel Montagu and Co., dated 25th October, 1912.

I am directed to acknowledge the receipt to-day of the following documents relating to the silver consigned by you to Bombay in the P. and O. Company's s.s. "Medina," sailing to-day:—

1 bill of lading	} 3 copies of each.
Summary of 946 boxes of silver coin consigned to Bombay	
2 insurance policies (for £116,000).	
Statements of Expenses.	

No. 451.

India Office to Messrs. Samuel Montagu and Co., dated 26th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 452.

India Office to Union of London and Smiths Bank, dated 28th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £2,778 13s. 11d. to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 453.

India Office to Messrs. Samuel Montagu and Co., dated 29th October, 1912.

We enclose herewith Statement 85, showing £131 5s. to your debit, which we trust will be found in order.

No. 454.

India Office to Messrs. Samuel Montagu and Co., dated 29th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 455.

India Office to Union of London and Smiths Bank, dated 29th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £337,500 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 456.

India Office to Messrs. Samuel Montagu and Co., dated 30th October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 457.

India Office to Union of London and Smiths Bank, dated 30th October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £300,131 5s. 0d. to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 458.

India Office to Messrs. Samuel Montagu and Co., dated 31st October, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 459.

India Office to Union of London and Smiths Bank, dated 31st October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £60,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 460.

India Office to Messrs. Samuel Montagu and Co., dated 31st October, 1912.

I forward, herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 461.

India Office to Union of London and Smiths Bank, dated 31st October, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer a further £60,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 462.

Messrs. Samuel Montagu and Co. to India Office, dated 31st October, 1912

We enclose copy of a letter received by us yesterday from the Hong Kong and Shanghai Banking Corporation.

Enclosure to No. 462.

The Hongkong and Shanghai Banking Corporation to Messrs. Samuel Montagu and Co., dated 30th October, 1912.

We are in receipt of your cheque for £300,000 in payment of 75 per cent. of £300,000 sycee and £100,000 British dollars *ex* "China" delivered to Bombay.

We think that we ought to direct your attention to the fact, that, although we advised you on Monday, the 28th instant, that the delivery of this shipment was completed, the payment was not made until to-day.

With regard to the "Devanha" shipment delivered in Calcutta, we advised you on the 25th instant, in accordance with your request, that delivery would probably be completed on Saturday the 26th instant, and on the following Monday, we informed you of the completion but did not receive payment until Tuesday, the 29th instant.

No. 463.

India Office to Messrs. Samuel Montagu and Co., dated 2nd November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 464.

India Office to Union of London and Smiths Bank, dated 2nd November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £20,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 465.

India Office to Messrs Samuel Montagu and Co., dated 3rd November, 1912.

† Lord Crewe has ascertained that the Attorney-General is aware that the only documents signed by the firm of Messrs. Samuel Montagu and Co. in connection with purchases of silver for India were the brokers' contract notes issued from time to time giving the approximate quantity purchased.

The reference must have been to these, since the Attorney-General is aware that no contract for purchase with this office was signed by the firm.

No. 466.

India Office to Messrs. Samuel Montagu and Co., dated 4th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 467.

India Office to Union of London and Smiths Bank, dated 4th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £30,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 468.

India Office to Messrs. Samuel Montagu and Co., dated 5th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 469.

India Office to Union of London and Smiths Bank, dated 5th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £4,005 7s. 2d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 470.

India Office to Messrs. Samuel Montagu and Co., dated 7th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 471.

India Office to Union of London and Smiths Bank, dated 7th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £1,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 472.

India Office to Messrs. Samuel Montagu and Co., dated 8th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 473.

India Office to Union of London and Smiths Bank, dated 8th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer ^{£14,000,} £9,640 8s. 2d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 474.

India Office to Union of London and Smiths Bank, dated 12th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 475.

India Office to Union of London and Smiths Bank, dated 12th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £225,000 to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 476.

India Office to Messrs. Samuel Montagu and Co., dated 12th November, 1912.

I forward herewith, for your information, a copy of a further letter that has to-day been sent to the Union of London and Smiths Bank.

No. 477.

India Office to Union of London and Smiths Bank, dated 12th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer the further sum of £7,600 9s. 6d. to your bank from the account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 478.

India Office to Messrs. Samuel Montagu and Co., dated 8th November, 1912.

With reference to a question in the House of Commons, of which notice has been given, as to whether, while purchasing silver for the Government you were acting as brokers, not dealers, it is presumed that the answer is that you acted as brokers; but I am desired to ask your confirmation of this.

No. 479.

Messrs. Samuel Montagu and Co. to India Office, dated 9th November, 1912.

The reply to your letter of yesterday's date is that while purchasing silver for the Indian Government we acted as brokers.

No. 480.

Messrs. Samuel Montagu and Co. to India Office, dated 12th November, 1912.

We hand you herewith Statement No. 86 for sycee and British dollars ex. steamship "Media" showing £500,402 15s. 7d. to your debit. The sellers did not expect us to deduct premelting charges (£116 1s. 5d.) being under the impression that they had paid theirs to the Mint in Bombay: that view is not shared by you, for in your payments you have deducted the amount, and we have accordingly accounted as if the same was due to you.

No. 481.

*Messrs. Samuel Montagu and Co. to India Office, dated 13th November, 1912.**

While we would be glad to give you any information you ask, we regret that it is quite impossible for us to give the names of our clients from whom we purchase silver.

To do so would render us liable to have our private business made public property not only to any competitors in this country but also to those in other countries who would be only too glad to divert business from London by knowledge thus acquired.

† Moreover, it is the invariable rule and has ever been so that the four recognised bullion houses who, as you are aware, compose the London market, assume the entire responsibility towards both their buying and selling clients who, from the very nature of their business, demand or expect entire secrecy as to their operations.

Although your orders have been large, they formed at times but a portion of our business (which involves a considerable number of clients), and supposing we felt justified in divulging the names of those clients with whom we did business on the same days as with you it is no more practicable to disentangle from the list those which provide your silver than to identify the grape from which any given drop of wine had been obtained.

If the object of the question is to imply that we were engaged in a conspiracy to pile up large stocks of silver and sell them to you at an enhanced price we protest most indignantly against such an imputation.

* This is in answer to a telephone enquiry.

† Financial Secretary,
The India Office,
Whitehall.

DEAR SIR,

London, 13th Nov., 1912.

In reply to your enquiry§ we beg to inform you that the custom of the Bullion trade is that a Broker who makes a contract is responsible both to the buyer and the seller for the due fulfilment of the contract. This has always been the custom, as our clients on either side require it, and they would consider it a breach of confidence if their names were divulged.

We are, Dear Sir,

Your obedient Servants,

(Sd.) MOCATTA AND GOLDSMITH, PIXLEY AND ABELL, SHARPS AND WILKINS.

§ By telephone.

At no time were our holdings of silver during the entire duration of your orders more than on a very limited scale, and then only in connection with other business which we had in hand such as submitting tenders to Brazilian and other foreign Governments.

As a matter of fact when your first order reached us on March 5th our entire stock of silver did not amount to £20,000 which, considering the scale of our normal business, whether as dealers or brokers, is a quantité négligeable.

As a matter of fact, though this does not in the least touch the question, the bulk of this paltry sum figured in our books at over the price at which we executed any part of your first order.

Possibly the idea prevails in your questioner's mind that we had some interest in the large amounts of silver amounting to some millions of pounds which we deposited in our own name on your behalf at the Bank of England for safe custody, handing you their receipts, whereas, as you well know, the silver was all yours. We may add that we are agreeable to place our books covering the period in question at the disposal of the Chairman of the Finance Committee of the India Council, on whose daily instructions we acted, together with any member of the permanent staff of the India Office whom the Secretary of State may choose, but this must be, of course, under the seal of strict confidence.

No. 482.

Messrs. Samuel Montagu and Co. to India Office, dated November 14th, 1912.

For the purpose of answering enquiries, kindly let us have a copy of the figures given to Parliament as to the purchases of silver which began in 1905 and which finally ended in 1907, namely, extent of orders, date of beginning and end of each specific order, and average price in each case.

No. 483.

India Office to Messrs. Samuel Montagu and Co., dated 15th November, 1912.

In reply to your letter of the 14th instant, I am directed to inform you that the figures regarding the purchases of silver to which you refer were given in the "Report of Parliamentary Debates" (Hansard), Vol. 43, No. 135, pages 866-867. For your convenience a copy of the question and of the answer thereto is herewith enclosed.

No. 484.

India Office to Messrs. Samuel Montagu and Co., dated 14th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 485.

India Office to Union of London and Smiths Bank, dated 14th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £624 18s. 7d., £4,844 19s. 10d. to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 486.

India Office to Messrs. Samuel Montagu and Co., dated 15th November, 1912.

With reference to the telephonic communications which have passed between you and the Financial Secretary at this Office, I am directed by the Secretary of State for India in Council to confirm the statement that no signed tender was received from you for the purchases of silver recently made by you on his behalf.

No. 487.

Messrs. Samuel Montagu and Co. to India Office, dated 15th November, 1912.

We are obliged for your letter of even date stating that no signed tender was received from our firm for the purchases of silver recently made on behalf of the Secretary of State for India in Council.

No. 488.

India Office to Messrs. Samuel Montagu and Co., dated 15th November, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 489.

India Office to Union of London and Smiths Bank, dated 15th November, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £60,000 to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

No. 490.

India Office to Messrs. Samuel Montagu and Co., dated 27th November, 1912.

With reference to your letter of the 13th November, I am directed by the Secretary of State for India in Council to thank you for your offer to submit your books, for the period covered by the recent purchases of silver, to inspection on his behalf. As at present advised, His Lordship does not desire to avail himself of the offer. He understands that it remains open, in case he may wish to do so hereafter.

No. 491.

India Office to Messrs. Samuel Montagu and Co., dated 3rd December, 1912.

I forward herewith, for your information, a copy of a letter that has to-day been sent to the Union of London and Smiths Bank.

No. 492.

India Office to Union of London and Smiths Bank, dated 3rd December, 1912.

I am directed to inform you that the Bank of England have to-day been instructed to transfer £14,739 8s. 8d. to your Bank from the Account of the Secretary of State in Council of India. I am to ask that you will credit this amount, when received, to Messrs. Samuel Montagu and Company.

APPENDIX A.

CONTRACTS.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
5th March, 1912.

No. 1.

Bought for the Secretary of State for India in Council about £50,000 fine bar silver.
At 26½ per oz. standard.
Delivery £40,000 May 5th.
£10,000 June 30th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
7th March, 1912.

No. 2.

Bought for the Secretary of State for India in Council about £40,000 fine bar silver.
£30,000 at 26½; £10,000 at 26½ per oz. standard.
Delivery June 30th, 1912.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
7th March, 1912.

No. 3.

Bought for the Secretary of State for India in Council about £15,000 fine bar silver.
At 26½ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
8th March, 1912.

No. 4.

Bought for the Secretary of State for India in Council about £40,000 fine bar silver.
At 26½ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
8th March, 1912.

No. 5.

Bought for the Secretary of State for India about £7,000 fine bar silver.
At 26½ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
11th March, 1912.

No. 6.

Bought for the Secretary of State for India about £35,000 fine bar silver.
At 26½.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
12th March, 1912.

No. 7.

Bought for the Secretary of State for India about £20,000 fine bar silver.
At 26½ per oz. standard.
Delivery end June.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
(13) 12th March, 1912.

No. 8.

Bought for the Secretary of State for India about £20,000 fine bar silver.
At 26½.
Delivery mid June.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 9.

60, Old Broad Street, London.

14th March, 1912.

Bought for the Secretary of State for India about £73,000 fine bar silver.

At 26 $\frac{1}{2}$.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 10.

60, Old Broad Street, London.

18th March, 1912.

Bought for the Secretary of State for India about £55,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery £35,000 about 2 months.

£20,000 " 4

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 11.

60, Old Broad Street, London.

19th March, 1912.

Bought for the Secretary of State for India about £15,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery £5,000 about 2 months.

£10,000 " 3 "

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 12.

60, Old Broad Street, London.

20th March, 1912.

Bought for the Secretary of State for India about £50,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery £46,000 about 2 months.

£4,000 " 4 "

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 13.

60, Old Broad Street, London.

21st March, 1912.

Bought for the Secretary of State for India about £10,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 14.

60, Old Broad Street, London.

22nd March, 1912.

Bought for the Secretary of State for India about £70,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 15.

60, Old Broad Street, London.

26th March, 1912.

Bought for account of the Secretary of State for India about £15,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 16.

60, Old Broad Street, London.

27th March, 1912.

Bought for the Secretary of State for India about £35,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery May 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 17.

60, Old Broad Street, London.

27th March, 1912.

Bought for the Secretary of State for India about £5,000 fine bar silver.

At 26 $\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
28th March, 1912.
No. 18.
Bought for the Secretary of State for India about £15,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery 2 months fd. about.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
28th March, 1912.
No. 19.
Bought for the Secretary of State for India in Council about £25,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery May 1st.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
29th March, 1912.
No. 20.
Bought for the Secretary of State for India about £15,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery about 2 months.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
30th March, 1912.
No. 21.
Bought for the Secretary of State for India in Council about £12,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery in about 3 months.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
1st April, 1912.
No. 22.
Bought for the Secretary of State for India about £12,000 fine bar silver.
and about £ 6,000
£18,000
At $26\frac{1}{8}$ per oz. standard.
Delivery about 1 month.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
1st April, 1912.
No. 23.
Bought for the Secretary of State for India about £20,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery June.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
2nd April, 1912.
No. 24.
Bought for the Secretary of State for India about £5,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery about 2 months.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
3rd April, 1912.
No. 25.
Bought for the Secretary of State for India about £20,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery about 1 month.
(Sd.) SAMUEL MONTAGU AND CO.
- SAMUEL MONTAGU AND CO. 60, Old Broad Street, London.
4th April, 1912.
No. 26.
Bought for the Secretary of State for India about £15,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery about 2 months.
(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 27.

60, Old Broad Street, London.
4th April, 1912.Bought for the Secretary of State for India about £30,000 fine bar silver.
At $27\frac{3}{8}$ per oz. standard.
Delivery about 1 month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 28.

60, Old Broad Street, London.
6th April, 1912.Bought for the Secretary of State for India about £9,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery in about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 29.

60, Old Broad Street, London.
9th April, 1912.Bought for the Secretary of State for India about six thousand pounds (£6,000) fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery early May.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 30.

60, Old Broad Street, London.
9th April, 1912.Bought for the Secretary of State for India about £5,000 fine bar silver.
At $26\frac{1}{8}$ per oz. standard.
Delivery 3 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 31.

60, Old Broad Street, London.
16th April, 1912.Bought for the Secretary of State for India about £6,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery in about 3 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 32.

60, Old Broad Street, London.
16th April, 1912.Bought for the Secretary of State for India about £6,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery about 1 month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 33.

60, Old Broad Street, London.
16th April, 1912.Bought for the Secretary of State for India about £23,000 fine bar silver.
At 27 per oz. standard.
Delivery May 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 34.

60, Old Broad Street, London.
17th April, 1912.Bought for the Secretary of State for India about £10,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery about 1 month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 35.

60, Old Broad Street, London.
17th April, 1912.Bought for the Secretary of State for India about £30,000 fine bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery about June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

17th April, 1912.

No. 36.

Bought for the Secretary of State for India about £5,000 fine bar silver.

At $27\frac{1}{4}$ per oz. standard.

Delivery about 3 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

17th April, 1912.

No. 37.

Bought for the Secretary of State for India about £10,000 fine bar silver.

At $27\frac{3}{8}$ per oz. standard.

Delivery early May.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

18th April, 1912.

No. 38.

Bought for the Secretary of State for India about £29,000 fine bar silver.

At $27\frac{1}{4}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

18th April, 1912.

No. 39.

Bought for the Secretary of State for India about £11,000 fine bar silver.

At $27\frac{7}{8}$ per oz. standard.

Delivery 1 month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

19th April, 1912.

No. 40.

Bought for the Secretary of State for India about £27,000 fine bar silver.

At $27\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

22nd April, 1912.

No. 41.

Bought for the Secretary of State for India about £13,000 fine bar silver.

At $27\frac{1}{4}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

23rd April, 1912.

No. 42.

Bought for the Secretary of State for India about £11,000 fine bar silver.

At $27\frac{3}{8}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

24th April, 1912.

No. 43.

Bought for the Secretary of State for India about £19,000 fine bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

26th April, 1912.

No. 44.

Bought for the Secretary of State for India about £40,000 fine bar silver.

At $28\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 45.

26th April, 1912.

Bought for the Secretary of State for India about £10,000 fine bar silver.

At $28\frac{1}{4}$ per oz. standard.

Delivery July.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 46.

21st May, 1912.

Bought for the Secretary of State for India about £39,000 fine bar silver.

Half at $28\frac{1}{4}$, half at $28\frac{1}{8}$ per oz. standard.

Delivery June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 47.

22nd May, 1912.

Bought for the Secretary of State for India about £15,000 fine bar silver.

£7,500 at $28\frac{1}{4}$, £7,500 at $28\frac{1}{8}$ per oz. standard.

Delivery June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 48.

24th May, 1912.

Bought for the Secretary of State for India about £80,000 fine bar silver.

£40,000 at 28, £40,000 at $28\frac{1}{8}$ per oz. standard.

Delivery June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 49.

25th May, 1912.

Bought for the Secretary of State for India about £6,000 fine bar silver.

At $28\frac{1}{4}$ per oz. standard.

Delivery June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 50.

28th May, 1912.

Bought for the Secretary of State for India in Council about £110,000 fine bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery June 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 51.

3rd June, 1912.

Bought for the Secretary of State for India about £30,000 fine bar silver.

At $27\frac{1}{4}$ per oz. standard.

Delivery 4th June.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 52.

4th June, 1912.

Bought for the Secretary of State for India about £100,000 fine bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery 5th June.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 53.

6th June, 1912.

Bought for the Secretary of State for India about £100,000 fine bar silver.

At 28 per oz. standard.

Delivery 7th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 54.

7th June, 1912.

Bought for the Secretary of State for India twenty thousand pounds fine bar silver.

At 28 per oz. standard.

Delivery June 8th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 55.

20th June, 1912.

Bought for A/c of the Secretary of State for India about £70,000 fine bar silver.

At 28½ per oz. standard.

Delivery June 21st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 56.

21st June, 1912.

Bought for the Secretary of State for India about £45,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery June 22nd.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 57.

22nd June, 1912.

Bought for the Secretary of State for India about £9,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery 25th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 58.

24th June, 1912.

Bought for the Secretary of State for India in Council about £80,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery 25th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 59.

24th June, 1912.

Bought for the Secretary of State for India about £8,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery 25th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 60.

25th June, 1912.

Bought for the Secretary of State for India about £25,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery 26th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 61.

26th June, 1912.

Bought for the Secretary of State for India about £13,000 fine bar silver.

At 28⅞ per oz. standard.

Delivery 27th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 62.

27th June, 1912.

Bought for the Secretary of State for India about £75,000 fine bar silver.

At 28½ per oz. standard.

Delivery 28th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
28th June, 1912.

No. 63.

Bought for the Secretary of State for India about £100,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery Cash.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd July, 1912.

No. 64.

Bought for the Secretary of State for India about £40,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery July 3rd.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
4th July, 1912.

No. 65.

Bought for the Secretary of State for India about £23,000 fine bar silver.
At $28\frac{3}{8}$ per oz. standard.
Delivery Cash.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
5th July, 1912.

No. 66.

Bought for the Secretary of State for India about £12,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery Cash to-morrow.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
31st July, 1912

No. 67.

Bought on account for the Secretary of State for India about £30,000 bar silver.
At $27\frac{3}{4}$ per oz. standard.
Delivery to-morrow.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
31st July, 1912.

No. 68.

Bought on account of the Secretary of State for India about 30,000 bar silver.
At $27\frac{1}{2}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd August, 1912.

No. 69.

Bought on account of the Secretary of State for India about £100,000 bar silver.
At $27\frac{1}{2}$ per oz. standard.
Delivery to-morrow.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd/6th August, 1912.

No. 70.

Bought for account of the Secretary of State for India about £15,000 bar silver.
At $27\frac{3}{8}$ per oz. standard.
Delivery 7th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th August, 1912.

No. 71.

Bought for account of the Secretary of State for India about £60,000 bar silver.
At $27\frac{1}{2}$ per oz. standard.
Delivery 7th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th August, 1912.

No. 72.

Bought for account of the Secretary of State for India about £20,000 bar silver.
At $27\frac{1}{4}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th/7th August, 1912.

No. 73.

Bought for account of the Secretary of State for India about £10,000 bar silver.
At $27\frac{1}{2}$ per oz. standard.
Delivery tomorrow, 8th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
7th August, 1912.

No. 74.

Bought for account of the Secretary of State for India about £50,000 bar silver.
At $27\frac{1}{8}$ per oz. standard.
Delivery tomorrow, 8th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
8th August, 1912.

No. 75.

Bought for account of the Secretary of State for India about £63,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery within a month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
8th August, 1912.

No. 76.

Bought for account of the Secretary of State for India about £25,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery tomorrow.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
8th August, 1912.

No. 77.

Bought for account of the Secretary of State for India about £7,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery in two months (about).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
9th August, 1912.

No. 78.

Bought on account of the Secretary of State for India about £35,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery tomorrow, 10th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
9th August, 1912.

No. 79.

Bought on account of the Secretary of State for India about £5,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery in about two months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
10/12th August, 1912.

No. 80.

Bought for account of the Secretary of State for India about £6,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery 13th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 81.

60, Old Broad Street, London.
12th August, 1912.

Bought for account of the Secretary of State for India about £35,000 bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery tomorrow, 13th inst..

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 82.

60, Old Broad Street, London.
13th August, 1912.

Bought for account of the Secretary of State for India about £10,000 bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 83.

60, Old Broad Street, London.
13th August, 1912.

Bought for account of the Secretary of State for India about £5,000 bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery within a week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 84.

60, Old Broad Street, London.
14th August, 1912.

Bought for account of the Secretary of State for India about £120,000 bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 85.

60, Old Broad Street, London.
15th August, 1912.

Bought for account of the Secretary of State for India about £45,000 bar silver.

At $28\frac{1}{8}$ per oz. standard.

Delivery within about 14 days.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 86.

60, Old Broad Street, London.
15th August, 1912.

Bought for account of the Secretary of State for India about £30,000 bar silver.

At $28\frac{1}{4}$ per oz. standard.

Delivery tomorrow, 16th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 87.

60, Old Broad Street, London.
15th August, 1912.

Bought for account of the Secretary of State for India about £15,000 fine bar silver.

At $28\frac{5}{8}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 88.

60, Old Broad Street, London.
16th August, 1912.

Bought for account of the Secretary of State for India about £234,000 bar silver.

At $28\frac{1}{2}$ per oz. standard.

Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 89.

60, Old Broad Street, London.
17th/19th August, 1912.

Bought for account of the Secretary of State for India about £40,000 bar silver.

At $29\frac{1}{4}$ per oz. standard.

Delivery about one month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
17th/19th August, 1912.

No. 90.

Bought for account of the Secretary of State for India about £10,000 bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
28th August, 1912.

No. 91.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
29th August, 1912.

No. 92.

Bought for the Secretary of State for India about £20,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery two months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
30th August, 1912.

No. 93.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
31st August, 1912.

No. 94.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd September, 1912.

No. 95.

Bought for the Secretary of State for India about £12,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery cash.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd September, 1912.

No. 96.

Bought for the Secretary of State for India about 1,000,000 (value nearly £102,000) Mexican dollars.
At $28\frac{1}{8}$ per oz.
Delivery about end September.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd September, 1912.

No. 97.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
4th September, 1912.

No. 98.

Bought for the Secretary of State for India about £15,000 fine bar silver.
At $28\frac{1}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 99.

60, Old Broad Street, London.
4th September, 1912.

Bought for the Secretary of State for India about £15,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery about end September.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 100.

60, Old Broad Street, London.
5th September, 1912.

Bought for the Secretary of State for India about £30,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 101.

60, Old Broad Street, London.
5th September, 1912

Bought for the Secretary of State for India about £21,000 fine bar silver.
At $28\frac{1}{2}$ per oz. standard.
Delivery about end of September.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 102.

60, Old Broad Street, London.
16th September, 1912.

Bought for the Secretary of State for India in Council about 1,000,000 Mexican dollars.
At $28\frac{1}{2}$ per oz.
Delivery September.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 103.

60, Old Broad Street, London.
24th September, 1912.

Bought for the Secretary of State for India in Council about 2,000,000 Mexican dollars.
At $28\frac{1}{2}$ per oz. (equal to about $29\frac{7}{8}$ standard).
Delivery on arrival.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 1A.

60, Old Broad Street, London.
19th April, 1912.

Sold for the Secretary of State for India about £101,000 fine bar silver as per Contracts 16, 19,
22, 33.
At $27\frac{3}{4}$ per oz. standard.
Delivery May 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 1B.

60, Old Broad Street, London.
19th April, 1912.

Bought for the Secretary of State for India about £101,000 (the equivalent in silver of Contract
1A) fine bar silver.
At $27\frac{1}{2}$ per oz. standard.
Delivery July 1st.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 2A.

60, Old Broad Street, London.
22nd April, 1912.

Sold for the Secretary of State for India about £76,000 (silver equivalent of Contracts 1, 25, 29,
and 37).
At $27\frac{5}{8}$ per oz. standard.
Delivery early May.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

No. 2B.

60, Old Broad Street, London.
22nd April, 1912.

Bought for the Secretary of State for India about £76,000 (silver equivalent of Contract 2A).
At $27\frac{1}{2}$ per oz. standard.
Delivery early July.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
26th April, 1912.

No. 3A.

Sold for the Secretary of State for India £15,000 (the equivalent in silver of Contract 3).
At 28 per oz. standard.
Delivery May 7th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
26th April, 1912.

No. 3B.

Bought for the Secretary of State for India the silver equivalent of Contract 3A (£150,000) fine bar silver.
At 28½ per oz. standard.
Delivery July 7th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
29th April, 1912.

No. 4A.

Sold for the Secretary of State for India about £10,000 (part of Contract 27 (£30,000)).
At 27¼ per oz. standard.
Delivery about May 4th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
29th April, 1912.

No. 4B.

Bought for the Secretary of State for India about £10,000 (counterpart of Contract 4A) fine bar silver.
At 28⅛ per oz. standard.
Delivery about July 4th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd May, 1912.

No. 5A.

Sold for the Secretary of State for India about £20,000 (silver equivalent of the balance of Contract 27).
At 28⅛ per oz. standard.
Delivery May 4th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd May, 1912.

No. 5B.

Bought for the Secretary of State for India about £20,000 (silver equivalent of Contract 5A) fine bar silver.
At 28½ per oz. standard.
Delivery about July 4th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd May, 1912.

No. 6A.

Sold for the Secretary of State for India about £47,000 (silver equivalent of Contract 4 (£40,000) and 5 (£7,000)).
At 28⅛ per oz. standard.
Delivery May 8th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd May, 1912.

No. 6B.

Bought for the Secretary of State for India about £47,000 (silver equivalent of Contract 6A).
At 28½ per oz. standard.
Delivery July 8th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th May, 1912.

No. 7A.

Sold for the Secretary of State for India the equivalent bar silver of part of Contract 11 (£5,000) and of Contract 13 (£10,000), £15,000 in all.
At 27¼ per oz. standard.
Delivery about May 20th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 7B.

6th May, 1912.

Bought for the Secretary of State for India about £15,000 (the equivalent silver in Contract 7A).
At $27\frac{1}{4}$ per oz. standard.
Delivery about July 20th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 8A.

10th May, 1912.

Sold for the Secretary of State for India about £35,000 fine bar silver (the silver value of Contract 6).
At $27\frac{1}{8}$ per oz. standard.
Delivery May 11th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 8B.

10th May, 1912.

Bought for the Secretary of State for India about £35,000 fine bar silver (silver value of Contract 8A).
At 28 per oz. standard.
Delivery about July 11th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 9A.

10th May, 1912.

Sold for the Secretary of State for India about £15,000 fine bar silver (silver value of Contract 15).
At $27\frac{1}{8}$ per oz. standard.
Delivery May 26th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 9B.

10th May, 1912.

Bought for the Secretary of State for India about £15,000 fine bar silver (silver value of Contract 9A).
At 28 per oz. standard.
Delivery about July 26th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 10A.

13th May, 1912.

Sold for the Secretary of State for India the silver value of Contract 9 (£73,000).
At $28\frac{1}{8}$ per oz. standard.
Delivery May 14th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 10B.

13th May, 1912.

Bought for the Secretary of State for India about £73,000 (silver equivalent of Contract 10A).
At $28\frac{1}{2}$ per oz. standard.
Delivery £53,000 about July 31st.
£20,000 " " 14th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.

No. 11A.

13th May, 1912.

Sold for the Secretary of State for India equivalent of Contracts 32-34, 10-12 (£97,000).
At $28\frac{1}{8}$ per oz. standard.
Delivery £6,000 May 16th.

£10,000 " 17th.
£35,000 " 18th.
£46,000 " 20th

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
13th May, 1912.

No. 11B.

Bought for the Secretary of State for India about £97,000 (silver equivalent of Contract 11A).
At $28\frac{1}{4}$ per oz. standard.
Delivery about July 18th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
15th May, 1912.

No. 12A.

Sold for the Secretary of State for India about £31,000 (silver equivalent of Contracts 39, 17, 18).
At 28 per oz. standard.
Delivery £11,000 May 18th.
£5,000 " 27th.
£15,000 " 28th.

(Sd.) SAMUEL MONTAGU & CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
15th May, 1912.

No. 12B.

Bought for the Secretary of State for India about £31,000 (silver equivalent of Contract 12A).
At $28\frac{3}{8}$ per oz. standard.
Delivery £11,000 about July 18th.
£20,000 " " 27th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
17th May, 1912.

No. 13A.

Sold for the Secretary of State for India about £70,000 (silver equivalent of contract 14).
At $28\frac{1}{2}$ per oz. standard.
Delivery May 22nd.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
17th May, 1912.

No. 13B.

Bought for the Secretary of State for India about £70,000 (silver equivalent of 13A).
At $28\frac{7}{8}$ per oz. standard.
Delivery about July 22nd.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
17th May, 1912.

No. 14A.

Sold for the Secretary of State for India about £15,000 (silver equivalent of contract 20).
At $28\frac{1}{2}$ per oz. standard.
Delivery May 29th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
17th May, 1912.

No. 14B.

Bought for the Secretary of State for India about £15,000 fine bar silver (equivalent of contract 14A).
At $28\frac{7}{8}$ per oz. standard.
Delivery about July 29th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
13th August, 1912.

No. 15A.

Sold for account of the Secretary of State for India the silver equivalent of contracts Nos. 80 and 81.
At $28\frac{4}{8}$ per oz. standard.
Delivery to-morrow, 14th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
13th August, 1912.

No. 15B.

Bought for account of the Secretary of State for India the silver equivalent of contracts Nos. 80 and 81.
At $28\frac{3}{8}$ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU & CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
15th August, 1912.

No. 16A.

Sold for account of the Secretary of State for India about £10,000 bar silver.
At 28½ per oz. standard.
Delivery about 1 week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
15th August, 1912.

No. 16B.

Bought for account of the Secretary of State for India about £10,000 bar silver, equivalent number of ounces represented by contract No. 16A.
At 28½ per oz. standard.
Delivery about 1 month.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
30th August, 1912.

No. 17A.

Sold for the Secretary of State for India about £10,000 fine bar silver (against contract 16B).
At 28½ per oz. standard.
Delivery September 15th (about).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
4th September, 1912.

No. 18A.

Sold for the Secretary of State for India about £50,000 fine bar silver.
At 28½ per oz. standard.
Delivery within one week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London
5th September, 1912.

No. 19A.

Sold for the Secretary of State for India about £45,000 fine bar silver.
At 28½ per oz. standard.
Delivery within a week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th September, 1912.

No. 20A.

Sold for the Secretary of State for India about £75,000 fine bar silver.
At 28½ per oz. standard.
Delivery cash within a week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th September, 1912.

No. 21A.

Sold for the Secretary of State for India about £25,000 fine bar silver.
At 28½ per oz. standard.
Delivery about 2 months.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
20th September, 1912.

No. 22A.

Sold for the Secretary of State for India about £10,000 fine bar silver.
At 28½ per oz. standard.
Delivery against contract 94.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
20th September, 1912.

No. 22B.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At 28½ per oz. standard.
Delivery Cash (shipped to-day).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
20th September, 1912.

No. 23A.

Sold for the Secretary of State for India about £10,000 fine bar silver.
At 28½ per oz. standard.
Delivery against Contract 97.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
20th September, 1912.

No. 23B.

Bought for the Secretary of State for India about £10,000 fine bar silver.
At 28 $\frac{1}{4}$ per oz. standard.
Delivery Cash (shipped to-day).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 24A.

Sold for the Secretary of State for India about £15,000 fine bar silver.
At 28 $\frac{1}{4}$ per oz. standard.
Delivery against Contract 98.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 24B.

Bought for the Secretary of State for India about £15,000 fine bar silver.
At 28 $\frac{1}{4}$ per oz. standard.
Delivery Cash this week.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 25A.

Sold for the Secretary of State for India about £5,000 fine bar silver.
At 28 $\frac{1}{4}$ per oz. standard.
Delivery against value of Contract 100 (£25,000 sold per Contract 21A).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 25B.

Bought for the Secretary of State for India about £5,000 fine bar silver.
At 28 $\frac{1}{4}$ per oz. standard.
Delivery Cash.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 26A.

Sold for the Secretary of State for India about £34,000 contract 88 at 28 $\frac{1}{8}$ per oz. standard.

£10,000	"	90	"	28 $\frac{1}{8}$	"	"
£10,000	"	91	"	28 $\frac{1}{8}$	"	"
£20,000	"	92	"	28 $\frac{1}{8}$	"	"
£10,000	"	93	"	28 $\frac{1}{8}$	"	"

£84,000

Delivery October 16/31.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
23rd September, 1912.

No. 26B.

Bought for the Secretary of State for India about £44,000 at 28 $\frac{1}{8}$ per oz. standard.

£10,000	"	28 $\frac{1}{8}$	"	"
£20,000	"	28 $\frac{1}{8}$	"	"
£10,000	"	28 $\frac{1}{8}$	"	"

£84,000

Delivery Cash.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
30th August, 1912.

No. A.

Bought for the Secretary of State for India about £100,000 sycee silver, shipment from China in about a week to Bombay or Calcutta (sellers' option). Payment to be made in London on the day of delivery in India.
At 28 $\frac{1}{8}$ per oz. standard (equivalent of).

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
30th August, 1912.

No. B.

Bought for the Secretary of State for India about £100,000 in British dollars, shipment from China in about a week to Bombay or Calcutta (sellers' option). Payment to be made in London on the day of delivery in India.

At equivalent of $28\frac{1}{4}$ per oz. standard.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd September, 1912

No. C.

Bought for the Secretary of State for India about £100,000 Sycee silver on same conditions as in Contract A.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Delivery September shipment.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
2nd September, 1912.

No. D.

Bought for the Secretary of State for India about £100,000 British dollars, conditions as in Contract B.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Delivery September shipment.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd September, 1912.

No. E.

Bought for the Secretary of State for India about £100,000 Sycee silver on conditions given in Contract A shipment from China.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Delivery shipment September 24th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
3rd September, 1912.

No. F.

Bought for the Secretary of State for India about £50,000 British dollars on conditions given in Contract B.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Delivery shipment from China September 24th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
4th September, 1912.

No. G.

Bought for the Secretary of State for India about £100,000 Sycee silver on conditions mentioned in Contract A.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Shipment from China September 24th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
4th September, 1912.

No. H.

Bought for the Secretary of State for India about £50,000 British dollars on conditions mentioned in Contract B.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Shipment from China September 24th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
5th September, 1912.

No. I.

Bought for the Secretary of State for India about £100,000 Sycee silver, conditions as per Contract A.

At $28\frac{1}{4}$ per oz. standard (equivalent).

Shipment from China 24th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
5th September, 1912.

No. J.

Bought for the Secretary of State for India about £50,000 in British dollars, conditions as per Contract B.

At $28\frac{1}{2}$ (equivalent) per oz. standard.
Shipment from China 24th inst.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
6th September, 1912.

No. K.

Bought for the Secretary of State for India about £100,000 Sycee silver on conditions mentioned in Contract A.

At $28\frac{1}{2}$ per oz. standard (equivalent).
Shipment from China September 10th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
11th September, 1912.

No. L.

Bought for the Secretary of State for India about £100,000 Sycee silver on the terms of Contract A.

At $28\frac{1}{2}$ per oz. standard (equivalent).
Shipment from China October 8th.

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
11th September, 1912.

No. M.

Bought for the Secretary of State for India about £500,000 Sycee silver on the terms of Contract A.

At $29\frac{1}{2}$ per oz. standard (equivalent of).
Delivery £200,000 shipment October 8th from China.
£300,000 " " 22nd "

(Sd.) SAMUEL MONTAGU AND CO.

SAMUEL MONTAGU AND CO.

60, Old Broad Street, London.
11th September, 1912.

No. N.

Bought for the Secretary of State for India about £100,000 British \$ on the terms of Contract B.

At $29\frac{1}{2}$ per oz. standard (equivalent of).
Shipment from China October 8th/12th.

(Sd.) SAMUEL MONTAGU AND CO.

APPENDIX B.

STATEMENTS.

STATEMENT No. 1.

Mark.	Numbers of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
K	200	100; 52/77; 32/38; A 35/67; S.R. 39/66; 274/297; O.O. 436/500; G.P. 1/35; 773.	228,206.5	216,560.30
L	430	Q. 1/430	445,478.5	481,116.78
M	328	P. 1/328	345,438.25	373,073.31
N	150	5202/5259; 646/657; 25/29; 411; 3947/3957; 4046/4064; 4111/4129; 1247/1265; 1215/1227; 613.	170,180	183,757.15
O	220	N. 1/220	235,111.5	253,920.42
P	132	B.M.C. 19246/19269; U.M.S. 4177/4190; 4203/4213; 828855; C.R. 12301/12322; D.M. 3545/3554; B.P. 593/615.	141,054.5	155,536.40
Q	103	B.P. 409/454; 1747/1748; 427/450; 6751/6752; 65/93.	115,425.75	124,659.81
S	383	M. 1/383	404,955.5	437,351.94
	1,946		2,088,950.5	2,255,976.11

Contract Number.	Ounce Standard.	Price.	—		
Balance 35	117,733.71	27 $\frac{1}{2}$	£	s.	d.
" 46	165,663.72	28 $\frac{1}{2}$	13,367	13	8
" 47	165,298.01	28 $\frac{1}{2}$	19,500	0	0
" 48	64,001.	28 $\frac{1}{2}$	19,500	0	0
" 49	63,858.09	28 $\frac{1}{2}$	7,500	0	0
" 50	342,857.12	28 $\frac{1}{2}$	7,500	0	0
Part No. 8	342,093.52	28 $\frac{1}{2}$	40,000	0	0
	25,600.	28 $\frac{1}{2}$	40,000	0	0
	25,543.23	28 $\frac{1}{2}$	3,000	0	0
	938,666.66	28 $\frac{1}{2}$	3,000	0	0
	4,662.05	26 $\frac{1}{2}$	110,000	0	0
			520	16	9
	2,255,976.11		£263,888	10	5

E. & O. E.
London, 31st May, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 2.

Number of Shares.	Numbers in Bars.	Gross Ounces.	Ounces Standard.
411	01/411	432,364.75	466,953.93
98	6382/6479	106,712.75	115,249.77
509		539,077.5	582,203.70

Contract Number.	Ounces Standard.	Price.	—		
23	179,020.96	26 $\frac{1}{2}$	£	s.	d.
24	44,651.16	26 $\frac{1}{2}$	20,000	0	0
26	132,413.79	27 $\frac{3}{8}$	5,000	0	0
28	79,631.33	27 $\frac{1}{2}$	15,000	0	0
Part 35	146,486.46	27 $\frac{1}{2}$	9,000	0	0
			16,632	6	4
	582,203.70		65,632	6	4

E. & O. E.
London, 31st May, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 3.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
207	C.P. 250/336; D.O. 331/427 ; 8212/ 8226; 7837/7863; 333	240,733·75	259,983·62

Contract Number.	Ounces Standard.	Price.	—
51	257,718·12	27 $\frac{5}{8}$	£ 30,000 0 0
Part 8	2,265·50	26 $\frac{3}{8}$	253 2 0
	259,983·62		30,253 2 0

E. & O. E.
London, 3rd June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 4.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
A	138	497/518 ; 3567/3573 ; 3584/3593 ; 1175/1273	158,876·25	171,586·35
B	380	8207/8210 ; 684/692 ; 20341/20420 ; L. 1/287	399,430·25	431,384·67
C	68	B.P. 126/193	80,037	86,439·96
D	134	5025/5071 ; 425/429 ; 1093/1174	160,500·5	173,340·54
	720		798,844	862,751·52

Contract Number.	Ounces Standard.	Price.	—
52	855,233·87	28 $\frac{1}{8}$	£ 100,000 0 0
Part 8	7,517·65	26 $\frac{3}{8}$	839 17 3
	862,751·52		100,839 17 3

E. & O. E.
London, 4th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 5.

Mark.	Number of Bars.	Numbers on Bars.	Gross-Ounces.	Ounces Standard.
H	68	3745/3747 ; 7993/8035 ; 8147/8168	79,979·5	86,322·76
A.A.	134	8227/8231 ; 5260/5305 ; W.N. 546/584 ; 8617/ 8660.	159,972	172,679·84
B.B.	101	383/395 ; N.C.C. 106/193	119,601·5	129,169·62
C.C.	69	658/726	80,007	86,407·56
D.D.	69	G.O. 729/732 ; 8427/8491	80,252·25	86,672·43
E.E.	136	3749/3751 ; 920/1031 ; 8169/8189	160,275·75	173,097·81
D. (P.A.)	105	B.E.R. 4986/5024 ; 337/382 ; 1938/9 ; 3353/ 3354 ; 3387/3401 ; X. 236.	123,742·75	133,642·17
	682		803,830·75	867,992·19

STATEMENT NO. 5—cont.

Contract Number.	Ounces Standard.	Price.	—		
53	857,142.85	28	£	s.	d.
Part 8	10,849.34	26½	100,000	0	0
			1,212	1	6
	867,992.19		£101,212	1	6

E. & O. E.
London, 6th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 6.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
I R	67	22/51; 5141/5148; 5158/5181; 5196.5200. 1568/1615; 780; 787; 841/842; 844; 849; 856; 861; 865; 867; 878; 135; 157; 2048; 396; 6740/6741; 6743/6744; 351; 6789; 6750; 381; 386/387; 390/391; 395.6; 291/292; 297; 301/302; 304; 308; 310; 316; 6966; 6969; 6973; 6982; 6986; 6988; 6993; 7028; 7033.	81,938.5	88,433.58
	98		108,782.25	117,323.69
	162		190,720.75	205,817.27

Contract Number.	Ounces Standard.	Price.	—		
54	171,428.56	28	£	s.	d.
Part 8	34,388.71	26½	20,000	0	0
			3,841	17	3
	205,817.27		£23,841	17	3

E. & O. E.
London, 7th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 7.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
E	139	260/87; 1/25; 1/12; 60/84; 299; 300/6; 137/8; 145/7; 129; 151; 153; 156; 158/60; 165; 168; 170; 172; 175; 178; 784; 794; 827; 833; 836; 840; 846; 851; 862/3; 869; 134; 139; 141; 145; 162; 169; 346; 6768; 383; 464/6.	158,463.50	170,933.56
			158,463.50	170,933.56

Contract Number.	Ounces Standard.	Price.	—		
Balance 8 ...	119,337.71	26½	£	s.	d.
Part 38 ...	51,595.85	27½	13,332	5	3
			5,898	11	9
	170,933.56		£19,230	17	0

E. & O. E.
London, 11th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 8.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
G	286	694/9 ; C. 20 ; 3021/34 ; 859 ; 874/83 ; 2647/60 ; 95/99 ; 330/44 ; 778/868 ; 3406/ 30 ; 8390/8404 ; 807/26 ; 161/72 ; 12130/ 82 ; 12093 ; 3260 ; 760.	320,322.75	345,925.90
U	162	693/777 ; 886/916 ; 1972/90 ; 4561/87 ...	185,391.5	200,222.82
	448		505,714.25	546,148.72

Contract Number.	Ounces Standard.	Price.	—	
Balance 38 ...	202,071.56	27 ⁷ / ₁₆	£	s. d.
11 ...	89,302.32	26 ⁷ / ₁₆	23,101	8 3
40 ...	235,636.34	27 ¹ / ₂	10,000	0 0
Part 41 ...	19,138.50	27 ¹ / ₂	27,000	0 0
	546,148.72		2,192	19 1
			£62,294	7 4

E. & O. E.
London, June 14th, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 9.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
FF	158	748/865 ; 179/218 ...	181,440	195,955.20
W	173	5369/5407 ; 8827/87 ; 861/74 ; 875/89 ; 1418/41 ; 1396/1415.	200,063	216,013.50
X	164	1416/17 ; 418/29 ; 45/60 ; 130/60 ; 4695/ 4703 ; 4733/60 ; 1702/67.	180,504.75	194,720.44
	495		562,007.75	606,689.14

Contract Number.	Ounces Standard.	Price.	—	
55 ...	592,070.43	28 ⁸ / ₁₆	£	s. d.
Part 41 ...	14,618.71	27 ¹ / ₂	70,000	0 0
	606,689.14		1,675	1 2
			£71,675	1 2

E. & O. E.
London, 20th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 10.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
80	23214/93	85,364	92,193·12
24	4822/4 ; 4844/64	24,585·25	26,552·07
64	8815/26 ; 8888/ 8921 ; 8924/41.	75,031·25	80,990·84
42	8492/8533	49,112·25	53,008·82
33	660/92	38,507·25	41,587·83
105	173/277	122,925·25	132,759·27
29	364/92	33,284·25	35,946·99
22	7950/71	25,931·50	27,977·9
30	1940/52 ; 3434/50	32,321·50	34,707·22
21	7972/94	24,925	26,885·64
52	729/80	61,150	66,042
113	246/358	131,541·75	142,065·09
615		704,679·25	760,917·87

Contract Number.	Ounces Standard.	Price.	—
Finish 41	79,697·32	27½	£ 9,131 19 9
42	95,565·60	27½	11,000 0 0
43	162,494·42	28½	19,000 0 0
44	341,333·33	28½	40,000 0 0
Part 56	81,827·20	28½	9,695 13 5
	760,917·87		£88,827 13 2

E. & O. E.
London, 21st June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 11.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
G G	272	1/272	283,048·50	305,692·38
H H	198	6327/5 ; 917/53 ; 4128/76 ; 4376/4402 ; 4423/63.	215,051·00	232,255·08
	470		498,099·50	537,947·46

Contract Number.	Ounces Standard.	Price.	—
Finish 56	297,953·00	28½	£ 35,304 6 7
Part 2	239,994·46	26½	26,749 7 8
	537,947·46		£62,053 14 3

E. & O. E.
London, 21st June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 12.

	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
	197	5306/5368; W.P. 954/1000; N.P. 1/19; 8319/8340; 8361/8382; 8755/ 8775.	232,102	250,643·65

	Contract Number.	Ounces Standard.	Price.	—
	Part 57 ...	76,623·62	28 $\frac{9}{16}$	£ 9,000 0 0
	58 ...	175,020·03	28 $\frac{9}{16}$	20,829 4 2
		250,643·54		£29,829 4 2

E. & O. E.
London, 24th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 13.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
J.	272	19/24; 188/196; 233/237; 239; 242; 244/ 245; 248; 251; 254; 365; 366; 3665; 2347; 290; 297; 300; 305; 313; 498; 501; 504; 4936; 4970; 4980; 4803; 4813; 4824/5; 4831; 4454/5; 4458; 973; 9756; 9758; 4883; 4887; 4889; 49; 5190; 590; 610; 624; 650; 5305; 5317; 5324; 5348; 5352; 5355; 5357; 212; 218; 222; 223; 225; 479; 490; 6873; 6879; 451; 460/461; 472; 467; 468; 475; 477; 483; 495; 497; 505; 820; 850; 872; 167; 391; 394; 6747; 345; 347; 352; 6775; 393; 220; 288; 296; 299; 303; 315; 16; 17; 97; 153; 158; 203; 205; 212; 245; 262; 265; 297; 302; 313; 320; 322; 351; 368; 6835; 6666; 453; 829; 913; 3666/7; 3670/1; 2332; 2336/7; 2340; 2342; 2344; 2348; 433; 444; 450; 294; 315; 7836; 7838; 7853; 356; 9094; 4928; 49; 30/1; 4974; 498; 4805; 4835; 4451; 4456/7; 4460; 9747; 9759; 9762; 4897; 53; 55; 5175; 5178/9; 5187; 5194; 574; 577; 591; 601; 619; 626; 629/632; 635; 637; 639; 642; 645/6; 655; 659/660; 673; 676; 5304; 5312/4; 5320; 5326; 8344; 5351; 5353; 5359; 217; 219; 221; 227; 475; 487; 489; 495; 6864; 6866; 6869; 6871; 6874; 6878; 6882; 6884; 454; 465; 11188; 16248; 463/4; 494; 506; 292/297; 7; 12; 15; 18; 21; 23/4; 45; 53; 56/7; 59; 65/6; 68; 70; 77/8; 85; 90; 104/5; 117; 126; 192; 224; 229; 231; 234/5; 257; 259; 278; 286; 288; 296; 303; 318.	302,185	326,264·84
K.K.	244	1778/1839; 442/448; 1282/1296; 81/85; 1618/1700; 4550; 60; 1296/1322; 1069/ 1102.	277,981·5	299,826·06
	516		580,166·5	626,090·90

STATEMENT NO. 13—cont.

Contract Number.		Ounces Standard.	Price.	—		
Finish	58 ...	497,190·03	28 $\frac{1}{4}$	£	s.	d.
	59 ...	67,221·00	28 $\frac{1}{4}$	59,170	13	10
Part	2 ...	29,164·40	26 $\frac{1}{2}$	8,000	0	0
"	2 ...	32,515·47	26 $\frac{1}{2}$	3,250	12	4
		626,090·90		3,615	13	0
				£74,037	1	2

E. & O. E.

London, 24th June, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 14.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
J.J.	171	913/950 ; 1/12 ; 4640/4663 ; 9034/9108 ; 9012/9033	196,930·25	212,589·75
L.L.	95	61/77 ; 161/186 ; 34/44 ; 89/129	106,887·75	115,227·30
	266		303,818	327,817·05

Contract Number.		Ounces Standard.	Price.	—		
Finish	69 ...	210,989	28 $\frac{1}{4}$	£	s.	d.
	2 ...	57,414·27	26 $\frac{1}{2}$	25,000	0	0
Part	1 ...	59,413·78	26 $\frac{1}{2}$	6,384	7	0
		327,817·05		6,591	4	4
				£37,975	11	4

E. & O. E.

London, 25th June, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 15.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
M.M	167	300/360 ; 362/364 ; 366/368 ; 370/380 ; 56/105 ; 4971/4989 ; 5053/5056 ; 305/318 ; 39 ; 43.	174,982	188,978·65

Contract Number.		Ounces Standard.	Price.	—		
Finish	61... ..	110,198·67	28 $\frac{1}{4}$	£	s.	d.
	1	30,727·06	26 $\frac{1}{2}$	13,000	0	0
Part	7... ..	48,052·92	26 $\frac{1}{2}$	3,408	15	8
		188,978·65		5,380	18	6
				£21,789	14	2

E. & O. E.

London, 26th June, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 16.

Mark.	Numbers of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
T	407	S. 1/407	420,664	454,317.12
V	260	R. 1/260	272,939.25	294,774.39
Y	88	319847/855; 869/875; 432/453; 2568/2575; 2617/2625; 2639/2647; 13854/13862; 4199/4511.	99,915	10,867.75
F	139	430/432; 693; 217/253; 22/24; 1157/92; 1194/1200; 8383/8389; 787; 1838; 8104/ 8146.	158,900.5	171,550.34
N.N	173	3710/3730; 919/938; 1465/1488; 3439/5458; 5459/5473; 733/757; 601/630; 12772/ 12789.	119,515	215,417.23
P.P	100	12679/12726; 190/241	112,109.5	121,078.26
S.S	129	8942/8963; 129/142; 11887/11922; 110/112; 1436/1448; 242/282.	146,938.25	158,693.31
R.R	100	12530/12580; 100/104; 106; 9109/9151 ...	112,601.25	121,554.73
T.T	167	5842/5852; 5860/5866; 5868/5897; 5194/ 5197; 5233/5244; 5256/5259; 22/31; 144/ 161; 175/205; 216/226; 228/235; 246/ 252; 254/267.	159,140.75	171,642.55
U.U	84	396/403; 49/53; 44/48; 61/67; 25/31; 6354/ 6366; 1/21; 486/488; 5853/6; 11430/1432; 3052/3; 11,639/44.	89,928.25	97,039.36
V.V	71	1360/1368; 62/68; 886/891; 1244/1247; 360/377; 153/157; 6078/6096; 1357/9.	82,015	88,487.86
	1,718		1,854,666.75	2,002,422.91

Contract Number.	Ounces Standard.	Price.	—	
Finish 7	130,551.72	26 $\frac{1}{2}$	£	s. d.
21	107,663.54	26 $\frac{1}{2}$	14,619	1 6
B 1	902,105.78	27 $\frac{1}{2}$	12,000	0 0
B 2	679,254.81	27 $\frac{1}{2}$	103,366	5 9
B 4	88,275.86	28 $\frac{1}{2}$	77,831	5 7
Part 62	94,571.20	28 $\frac{1}{2}$	10,321	16 9
	2,002,422.91		11,181	1 6
			£229,319	11 1

E. & O. E.
London, 27th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 17.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
—	114	16910/16921; 3008; 182/194; 16937/6981; 16820/16829; 2429/30; 3201/3202; 2424; 2427/2428; 2431/2451; 16851; 12802/ 12803; 3291/3292	135,138	146,273.04
—	161	59/60; 11173/11183; 4469/4569; 4570-4572; 5425/5467; 1753	174,047	287,963.16
—	110	635/713; 3594/3601; 1045/1067	126,625.75	136,755.81
—	385		436,110.75	470,992.01

Contract No.	Ounces Standard.	Price.	—	
Part 62	470,902.01	28 $\frac{1}{2}$	£55,684	

E. & O. E.
London, 27th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 18.

	Gross Ounces.	Ounces Standard.
South American Silver Dollars ·898 fine.	80,088·25	77,750·53

Contract Number.	Ounces Standard.	Price.	—
Finish 62 ...	68,798·02	28½	£ s. d. 8,133 18 8
Part B5 ...	8,952·51	28½	1,053 15 8
	77,750·53		£9,187 14 4

E. & O. E.
London, 27th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 19.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
XX	176	28/3311; 54/9; 11/53; 155/178; 13/18; 8492; 1328/1345; 816; 1248/1261; 1325/1326.	201,569·25	217,620·18

Contract Number.	Ounces Standard.	Price.	—
Part 63 ...	217,620·18	28½	£ s. d. 25,615 14 2

E. & O. E.
London, 28th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 20.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
218	1/218 ...	228,592·25	246,879·63
107	42/139; 1/9 ...	123,834·5	133,741·26
49	145/155; 663/700 ...	52,067	56,232·36
374		404,493·75	436,853·25

Contract Number.	Ounces Standard.	Price.	—
Part No. 63 ...	436,853·25	28½	£ s. d. 51,421 5 4

E. & O. E.
London, 28th June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 21.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
W.W.	148	12743/12760; 12769; 338/350; 172/173; 3898; 624/662; 12653/12678; 4872/4914; 150/154	160,431	173,265.48

Contract No.	Ounces Standard.	Price.	—	
Part 63	173,265.48	28½	£	s. d. 20,394 15 10

E. & O. E.
London, 23rd June, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 22.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
60	113/28; 920/963	65,034.25	70,236.99
116	11950/12065	124,720	134,697.60
176		189,754.25	204,934.59

Contract Number.	Ounces Standard.	Price.	—	
Finish 63 ...	21,818.63	28½	£	s. d. 2,568 4 8
„ B 5 ...	167,599.21	28½	19,727	16 5
Part B 3 ...	15,516.75	28½	1,818	7 5
	204,934.59		24,114	8 6

E. & O. E.
London, 1st July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 23.

DEBIT NOTE for BROKERAGE on silver delivered on or before 29th June, 1912, as per Contracts detailed below.

Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.
Part 1	£10,000	42	£11,000	55	£70,000
2	40,000	43	19,000	56	45,000
7	20,000	44	40,000	57	9,000
8	20,000	45	30,000	58	80,000
Part 11	10,000	46	39,000	59	8,000
21	12,000	47	15,000	60	25,000
23	20,000	48	80,000	61	13,000
24	5,000	49	6,000	62	75,000
26	15,000	50	110,000	Part 63	95,000
28	9,000	51	30,000	B 1	101,000
38	29,000	52	100,000	B 2	76,000
40	27,000	53	100,000	B 4	10,000
41	13,000	54	20,000		
					Total £1,437,000

Brokerage ½% on £1,437,000 £1,796 5s.

E. & O. E.
London, 1st July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 24.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
J.	281	179/199 ; 298/320 ; 913/926 ; 6/27 ; 32 ; 54/73 ; 226 ; 494 ; 496 ; 498 ; 452/453 ; 455 ; 11189 ; 461/462 ; 466 ; 471/472 ; 478 ; 480 ; 484 ; 486 ; 487 ; 490 ; 500/502 ; 508 ; 231/232 ; 323 ; 325 ; 329 ; 341 ; 352 ; 347 ; 361 ; 363 ; 365 ; 367 ; 270 ; 680/7 ; 6811 ; 6816 ; 6819 ; 445 ; 454 ; 664 ; 13/22 ; 26/54 ; 821 ; 864 ; 868 ; 871 ; 136 ; 371 ; 979 ; 822 ; 824 ; 834 ; 838 ; 859 ; 866 ; 873 ; 877 ; 138 ; 142 ; 159 ; 354/355 ; 6780 ; 6784 ; 6787 ; 6749 ; 385 ; 388 ; 392 ; 703 ; 287 ; 290 ; 293/295 ; 298 ; 305 ; 307 ; 309 ; 311 ; 238 ; 240/241 ; 243 ; 247 ; 359/360 ; 364 ; 367 ; 210 ; 234 ; 135 ; 249 ; 267 ; 369 ; 370 ; 376 ; 377 ; 379 ; 381 ; 384 ; 387 ; 391/392 ; 394/400 ; 402/404 ; 5186 ; 5190 ; 5193 ; 5195 ; 5197/5198 ; 575 ; 581 ; 583/4 ; 589 ; 602 ; 608/9 ; 611 ; 613 ; 615 ; 623 ; 625 ; 633 ; 640 ; 644 ; 648 ; 651/3 ; 663.	314,991.75	339,991.09

Contract Number.	Ounces Standard.	Price.	—
Part 64	339,991.09	28½	£ s. d. 39,842 14 1

E. & O. E.
London, 2nd July, 1912.
SAMUEL MONTAGU & CO.

STATEMENT No. 25.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
129	444/492 ; 92/171	150,551.25	162,595.35
77	494/570	88,472.75	95,550.57
61	6822/6882	66,780.25	72,122.67
425	V. 1/425	435,437.5	470,272.50
316	V. 1/316	329,950	356,346.00
1,008		1,071,191.75	1,156,887.09

Contract Number.	Ounces Standard.	Price.	—
Finish 64	1,342.24	28½	£ s. d. 157 5 11
Finish B 3	119,062.68	28½	13,952 13 2
B 6	422,669.78	28½	49,751 15 1
30	44,547.56	26½	5,000 0 0
B 8	313,286.70	28	36,550 2 4
65	195,831.47	28½	23,000 0 0
Part B 10	60,146.66	28½	7,079 15 3
	1,156,887.09		£135,491 11 9

E. & O. E.
London, 4th July, 1912.
SAMUEL MONTAGU & CO.

STATEMENT NO. 26.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
73 48	5300/5324 ; 5330/5377 585/632	75,504·5 55,382·75	81,544·86 59,813·37
121		130,887·25	141,358·23

Contract Number.	Ounces Standard.	Price.	—
66 ...	102,400	28½	£ s. d. 12,000 0 0
Part B 10 ...	38,958·23	28½	4,585 14 2
	141,358·23		£16,585 14 2

E. & O. E.
London, 5th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 27.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
N.M.	306	5523/5597 ; 715/743 ; 287/381 ; 354/417 ; 9445/9487.	365,737	394,973·15
S.M.	93	1464/1490 ; 984/994 ; 1491/1529 ; 1641/1642 ; 1644/1646 ; 1648 ; 1650/1655 ; 1657 ; 1660/1662.	120,031·75	129,432·88
	399		485,768·75	524,406·03

Contract Number.	Ounces Standard.	Price.	—
Finish B 10 (part	79,499·75	28½	£ s. d. 9,357 15 8
31 ...	53,210·16	27½	6,000 0 0
36 ...	44,036·69	27½	5,000 0 0
10 ...	179,020·96	26½	20,000 0 0
Part B 11) ...	168,638·47	28½	19,850 3 1
	524,406·03		£60,207 18 9

E. & O. E.
London, 11th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 28.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
416	W. 1/416	433,782·5	468,485·10
106	10/115	123,940·5	133,855·74
43	9195/9237	50,565·75	54,542·32
65	9362/9404 ; 9407/9428.	76,290	82,329·79
43	1/43	50,218·25	54,204·12
673		734,797	793,417·07

STATEMENT No. 28—continued.

Contract Number.	Ounces Standard.	Price.	—		
Finish B 11 ...	696,722.48	28½	£	s.	d.
Part B 12 ...	96,218.67	28½	82,010	0	10
Part 12 ...	475.92	26½	11,300	13	8
			53	5	10
	793,417.07		93,364	0	4

E. & O. E.
London, 11th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 29.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
M.S.	340	5598/5656 ; 468/504 ; 144/165 ; 1544/1676 ; 5599/5622 ; 5863/5883 ; 47/90.	394,073.25	425,571.44
C.S.	323	651/673 ; 408/455 ; X. 1/252	346,693	374,428.44
	663		740,766.25	799,999.88

Contract Number.	Ounces Standard.	Price.	—		
Finish 12 ...	35,245.01	26½	£	s.	d.
B 7 ...	44,651.16	27½	7,946	14	2
B 7 ...	89,510.48	27½	15,547	7	6
B 13 ...	623,665.84	28½	73,897	18	1
Part 45 ...	6,927.39	28½	811	16	1
	799,999.88		94,203	15	10

E. & O. E.
London, 17th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 30.

Bought on Account of—
Bar Silver as per Contracts detailed below :—

Contract Number.	Ounces Standard.	Price.	—		
Part 1 ...	360,563.36	26½	£		
3 ...	134,579.43	26½	40,000		
4 ...	359,718.97	26½	15,000		
5 ...	62,950.81	26½	40,000		
6 ...	313,286.70	26½	7,000		
9 ...	651,906.97	26½	35,000		
Part 10 ...	313,286.71	26½	73,000		
" 11 ...	44,651.16	26½	35,000		
" 12 ...	410,790.69	26½	5,000		
" 13 ...	89,510.48	26½	46,000		
14 ...	623,665.89	26½	10,000		
15 ...	133,953.48	26½	70,000		
16 ...	313,286.68	26½	15,000		
17 ...	44,755.24	26½	35,000		
18 ...	133,953.48	26½	5,000		
19 ...	223,255.80	26½	15,000		
20 ...	134,265.72	26½	25,000		
			15,000		

STATEMENT NO. 30—continued.

Bought on account of—continued.

Contract.	Ounces Standard.	Price.	—
			£
22	161,118·86	26 $\frac{1}{8}$	18,000
25	176,958·52	27 $\frac{1}{8}$	20,000
27	264,927·58	27 $\frac{3}{8}$	30,000
29	53,457·07	26 $\frac{1}{8}$	6,000
32	53,210·10	27 $\frac{1}{8}$	6,000
33	204,444·44	27	23,000
34	88,073·39	27 $\frac{1}{8}$	10,000
37	88,275·86	27 $\frac{3}{8}$	10,000
39	96,218·67	27 $\frac{1}{8}$	11,000
	5,534,966·12		620,000
		Brokerage $\frac{1}{8}$ %	775
			620,775

E. & O. E.

London, 24th July, 1912.

SAMUEL MONTAGU & CO.

Sold on account of—

Bar Silver as per contracts detailed below :—

Contract.	Ounces Standard.	Price.	—
			£ s. d.
No. 1A	902,105·78	27 $\frac{3}{8}$	102,896 8 10
" 2A	679,254·81	27 $\frac{1}{8}$	77,300 12 3
" 3A	134,579·43	28	15,700 18 8
" 4A	88,275·86	27 $\frac{1}{8}$	10,275 17 3
" 5A	176,551·72	28 $\frac{1}{8}$	70,063 4 5
" 6A	422,669·78	28 $\frac{1}{8}$	
" 7A	44,651·16	27 $\frac{1}{8}$	15,477 10 0
" 8A	89,510·48	27 $\frac{1}{8}$	
" 9A	313,286·70	27 $\frac{3}{8}$	51,828 12 3
" 10A	133,953·48	27 $\frac{1}{8}$	
" 10A	651,906·97	28 $\frac{1}{8}$	140,778 0 3
" 11A	53,210·16	28 $\frac{1}{8}$	
" 11A	88,073·39	28 $\frac{1}{8}$	36,631 14 0
" 11A	410,190·69	28 $\frac{1}{8}$	
" 12A	313,286·71	28 $\frac{1}{8}$	32,074 17 3
" 13A	274,927·39	28	
" 14A	623,665·89	28 $\frac{1}{8}$	89,214 17 5
" 14A	134,265·72	28 $\frac{1}{8}$	
	5,534,966·12		642,244 12 7

E. & O. E.

London, 24th July, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 31.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
A.B.	128	91/142 ; 824/893 ; 4315/4320	148,148·75	159,980·05
A	237	14114/14199 ; 14291/14311 ; 14243/14290 ; 14321/14385 ; 1798/1814.	273,395	295,257·62
K	75	4254/4267 ; 4305/4335 ; 459/488	82,891	89,522·28
	440		504,434·75	544,759·95

STATEMENT No. 31—*continued.*

Contract Number.	Ounces Standard.	Price.	—
Finish 45 ...	78,405.94	28½	£ 9,138 3 11
9 B ...	133,953.48	28	15,627 18 1
Part 12 B ...	44,755.24	28½	} 20,988 19 4
14 B ...	134,265.72	28½	
Part 10 B ...	19,426.09	28½	2,286 12 3
	544,759.95		£64,000 15 5

E. & O. E.
London, 24th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 32.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
382	Y 1/382	402,108.25	434,276.93
17	25469 ; 25532/25537 ; 25539/25548.	18,147.5	19,599.31
399		420,255.75	453,876.24

Contract Number.	Ounces Standard.	Price.	—
Finish 10 B ...	433,876.24	28½	£ 53,425 0 3

E. & O. E.
London 24th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 33.

DEBIT NOTE for BROKERAGE on silver delivered from 1st July to 25th July, 1912, as per contracts detailed below :—

Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.
Part 10	£20,000	65	£23,000	B 10	£73,000
" 12	4,000	66	12,000	B 11	97,000
" 30	5,000	B 3	15,000	B 12	31,000
31	6,000	B 5	20,000	B 13	70,000
36	5,000	B 6	47,000	B 14	15,000
45	10,000	B 7	15,000		
Part 63	5,000	B 8	35,000		
64	40,000	B 9	15,000		
					Total £563,000

Brokerage ½% on £563,000 £703 15s.

E. & O. E.
London, 25th July, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 34.

DEBIT NOTE of charges connected with the Deposit of 11,227 Silver bars in the Bank of England.

Bank of England Rent charges

		4 pence a bar per month.			
3,732 bars	...	...	3 months at 4d. per month	...	£186 12 0
5,031 bars	...	...	2 months " "	...	167 14 0
2,464 bars	...	...	1 month " "	...	41 1 4
11,227 bars					£395 7 4

As the above bars were deposited at varying dates in each month, these fees cover the rent to corresponding dates in August.

Cartage to Bank of England, police protection of carmen, &c. ...	...	90 0 0
		£485 7 4

E. & O. E.

London, 25th July, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 35.

Number of Bars	Numbers on Bars.	Gross Ounces.	Ounces Standard.
35	230/264	40,769·75	43,987·25
43	B. 187/239	50,187	54,147·70
57	V.O. 143/199	66,225·5	71,523·54
65	39/103	74,588·5	80,555·58
8	208/209; P.P. 98		
	903/906	9,424·25	10,178·19
208		241,195	260,392·26

Contract Number.	Ounces Standard.	Price.	—
67	259,459·44	27½	£ 30,000
Balance to be accounted for on next contract	932·32		s. 0
	260,392·26		d. 0

E. & O. E.

London, 31st July, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 36.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
—	M.S. 5282; 1089/1092; C.P. 174/194; 1/25; J.M.C. 152/167; 170/178; H.P. 749/753; L.O. 440/454; 1572/1608; 1609/1646; 25468/25478; 25480/25531; 25538; 2568/2573; 1749/1786; 415/436; U.M.S. 6499/6528; U.M.S. 6560/6576; Z. 1/20; Z. 22/50; Z. 75; Z. 96; Z. 101/177; 52/66; 104/112; R. 4801/4880; 1390/1457; 1459/1460; 1462; 1458; 157/219.	—	—
714	Brought forward from Statement No. 35	816,808·5	881,285·90
		...	932·82
			882,218·72

STATEMENT NO. 36—continued.

Contract Number.	Ounces Standard.	Price.	—		
69 Balance to be accounted for on a succeeding contract.	868,778·20	27½	£	s.	d.
	13,440·52		100,000	0	0
	882,218·72				

E. & O. E.
London, 2nd August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 37.

—	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
—	—	E.P. 410/476 ; S. & R. 417/503 ; D.M. 4014/4023 ; D.M. 4039/4048 ; 1689/1713 ; T.N. 650/662 ; V.O. 200/232 ; R.P. 24/25 ; V.O. 266/345 ; Y.O. 257/367 ; E.P. 959/1000 ; V.P. 1/138.	—	—
	518	Brought forward from Statement No. 36 ...	612,175·5	661,059·24 13,440·52
				674,499·76

Contract Number.	Ounces Standard.	Price.	—		
70 ...	130,612·23	d. 27½	£	s.	d.
71 ...	521,266·92	27½	15,000	0	0
Part 73 ...	22,620·61	27½	60,000	0	0
	674,499·76		2,603	14	6
			77,603	14	6

E. & O. E.
London, 7th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 38.

—	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
	436	D.M. 3808 ; 979/982 ; C.R. 12213/12219 ; C.P. 195/226 ; B.E.R. 5658/5682 ; 459/501 ; 532/574 ; Y.O. 246/280 ; N.C.C. 1787/1850 ; 759/795 ; 5547/5575 ; 5542/5546 ; 5576/5598 ; 796/813 ; 150/163 ; 344/374 ; 1784/1808.	507,916	548,287·34

Contract Number.	Ounces Standard.	Price.	—		
Finish 73 ...	64,257·21	27½	£	s.	d.
74 ...	433,408·55	27½	7,396	5	6
Part 76 ...	50,621·58	28½	50,000	0	0
	548,287·34		5,919	0	8
			63,315	6	2

E. & O. E.
London, 8th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 39.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
173	502/529 A. 1/145	185,885	200,719.91

Contract Number.	Ounces Standard.	Price.	—
Finish 76 ...	163,186.87	28 $\frac{1}{8}$	19,080 19 4
Part 78 ...	37,533.04	28 $\frac{1}{8}$	4,388 12 7
	200,719.91		23,469 11 11

E. & O. E.

London, 9th August, 1912.

SAMUEL MONTAGU & Co.

STATEMENT No. 40.

Expenses on shipment of 1483 silver bars and one box of assays per s.s. "Macedonia" to Bombay.

	£	s.	d.	£	s.	d.	£	s.	d.
Freight £200,000 at 10s. per cent. ...							1,000	0	0
Port of London Dock dues at 1 $\frac{1}{4}$ d. per cent. ...							12	10	0
Five sets of Bills of Lading ...							0	12	6
Marking cartage &c. 1,483 bars at 1s. per bar ...							74	3	0
One box for assays ...								4	6
Insurance £100,000 at 1s. 6d. per cent. ...							75	0	0
Stamp and policy ...							0	0	1
							75	0	1
Less 2 $\frac{1}{2}$ per cent. on £75 ...				1	17	6			
Less 10 per cent. on £71 5s. ...				7	2	6			
									66 0 1
Insurance £106,000 at 2s. per cent. ...							106	0	0
Stamp and policy ...							0	0	1
							106	0	1
Less 2 $\frac{1}{2}$ per cent. on £106 ...				2	13	0			
Less 10 per cent. on £100 14s. ...				10	1	4			
									93 5 9
									1,246 15 10

E. & O. E.

London, 9th August, 1912.

SAMUEL MONTAGU & Co.

STATEMENT No. 41.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
A.D.	223	V.P. 193/283 ; V.P. 301/391 ; Y.O. 440/480	261,072.5	281,958.30

Contract Number.	Ounces Standard.	Price.	—
Finish 78 ...	261,798.79	28 $\frac{1}{8}$	£ 30,611 7 5
Balance to be appropriated against next cash Contract.	20,159.51		
	281,958.30		

E. & O. E.

London, 13th August, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 42.

Mark.	Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
	18	Y.O. 481/498	20,635	22,285.80
		Brought forward from Statement No. 41		20,159.51
				42,445.31

Contract Number.	Ounces Standard.	Price.	—
83 Balance to be appropriated against next cash contract.	42,384.10 61.21	28 1/4	£5,000
	42,445.31		

E. & O. E.
London, 14th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 43.

—	Number of Bars.	Number on Bars.	Gross Ounces.	Ounces Standard.
	199	5795/5837 ; Y.P. 392/500 ; 1812/1815 ; 1/43.	232,166.5	250,739.82
		Brought forward from Statement No. 42		61.21
				250,801.03

Contract Number.	Ounces Standard.	Price.	—
86 Balance to be appropriated against next cash contract.	250,434.78 366.25	28 1/4	£30,000 0 0
	250,801.03		

E. & O. E.
London, 15th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 44.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
249	B. 301/549	258,619.75	279,309.33
	Brought forward from Statement No. 43		366.25
			£279,675.58

STATEMENT NO. 44—continued.

Contract Number.	Ounces Standard.	Price.	—	
Part 75	279,675·58	28 $\frac{3}{8}$	£	s. d.
			32,847	6 3

E. & O. E.

London, 19th August, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 45.

Bought on account of:—

Contract Number.	Ounces Standard.	Price.	—	
Part 75	85,144·12	28 $\frac{3}{8}$	£	s. d.
			10,000	0 0
		Brokerage $\frac{1}{8}$ %		12 10 0
			£10,012	10 0

Sold on account of:—

Contract Number.	Ounces Standard.	Price.	—	
16A	85,144·12	28 $\frac{3}{8}$	£	s. d.
			10,199	11 1
	Cr. by difference ...		£187	1 1

E. & O. E.

London, 19th August, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 46.

Expenses on Shipment of 3,444 Silver Bars and one box of Assays per s.s. "Morea" to Bombay.
The box contains the Assays of the whole Assignment.

	£	s.	d.	£	s.	d.	£	s.	d.
Freight £500,000 at 10s. per cent.							2,500	0	0
Port of London Dock Dues at 1 $\frac{1}{2}$ d. per cent.							31	5	0
Eleven sets of Bills of Lading							1	17	6
One box for assays							0	4	6
Marking cartage, etc.—3,444 bars at 1s. per bar							172	4	0
Insurance £200,000 at 1s.				150	0	0			
Stamps and Policies				0	0	2			
				150	0	2			
Less 2 $\frac{1}{2}$ per cent. on £150				3	15	0			
Less 2 $\frac{1}{2}$ per cent. on £142 10s.				14	5	0			
				18	0	0	132	0	2
Insurance £315,000 at 2s. per cent.				315	0	0			
Stamps and Policies				0	0	4			
				315	0	4			
Less 2 $\frac{1}{2}$ per cent. on £315				7	17	6			
Less 10 per cent. on £299 5s.				29	18	6			
				37	16	0	277	4	4
							3,114	5	6

E. & O. E.

London, 23rd August, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 47.

Expenses on Shipment of 1,792 Silver Bars and one box of Assays per ss. "Colaba" to Calcutta. The box contains the assays of the whole consignment.

	£	s.	d.
Freight of £250,000 at 10s. per cent.	1,250	0	0
Port of London Dues, at 1½d. per cent.	15	12	6
Nine sets of Bills of Lading	1	2	0
One box for Assays	0	4	6
Marking, Cartage, etc., 1,792 bars at 1s. per bar	89	12	6
Insurance, £200,000 at 1s. 6d.	150	0	0
Stamps and Policies	0	0	2
	<u>150</u>	<u>0</u>	<u>2</u>
Less 2½ per cent. on £150	3	15	0
Less 10 per cent. on £142 10s.	14	5	0
	<u>18</u>	<u>0</u>	<u>0</u>
			132 0 0
Insurance, £57,500 at 2s. per cent.	57	10	0
Stamp and Policy... ..	0	0	1
	<u>57</u>	<u>10</u>	<u>1</u>
Less 2½ per cent. on £57 10s.	1	8	9
Less 10 per cent. on £54 12s. 6d.	5	9	3
	<u>6</u>	<u>18</u>	<u>0</u>
			50 12 1
	<u>£1,539</u>	<u>3</u>	<u>9</u>

E. & O. E.

London, 23rd August, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 48.

Bought on account of:—

Contract Number.	Ounces Standard Bar Silver.	Price.	—
80	51,086.47	28 $\frac{3}{8}$	£ 6,000 0 0
81	298,666.66	28 $\frac{1}{2}$	35,000 0 0
	349,753.13	Brokerage $\frac{1}{8}$ %	41,000 0 0
			51 5 0
			<u>41,051 5 0</u>

Sold on account of:—

Contract Number.	Ounces Standard Bar Silver.	Price.	—
15 A	349,753.13	28 $\frac{1}{8}$	£ 41,259 18 9
	Cr. by difference		<u>£208 13 9</u>

E. & O. E.

London, 26th August, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 49.

DEBIT NOTE for BROKERAGE on silver delivered from 26th July to 26th August, 1912, as per contracts delivered below :

Contract Number.	Sterling Amount.
	£ s. d.
67	30,000 0 0
69	100,000 0 0
70	15,000 0 0
71	60,000 0 0
73	10,000 0 0
74	50,000 0 0
Part 75	32,847 6 3
76	25,000 0 0
78	35,000 0 0
83	5,000 0 0
86	30,000 0 0
	£392,847 6 3

Brokerage $\frac{1}{8}\%$ on £392,847 6 3 £491 1 2

E. & O. E.
London, 26th August, 1912.
SAMUEL MONTAGU & CO.

STATEMENT NO. 50.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
477	S.P. 817/861; 114/120; D. 1/425.	512,774.75	553,788.32
477		512,774.75	553,788.32

Contract Number.	Ounces Standard	Price.	—
85... ..	378,118.12	28 $\frac{3}{4}$	£ s. d. 45,000 0 0
75... ..	171,588.25	28 $\frac{3}{4}$	20,152 13 9
Balance to be appropriated against next contract due.	4,081.95		—
	553,788.32		£65,152 13 9

E. & O. E.
London, 27th August, 1912.
SAMUEL MONTAGU & CO.

STATEMENT No. 51.

Expenses on shipment of 1,822 Silver Bars and one box per s.s. "Somali" to Calcutta :—						£	s.	d.
<i>Freight</i>	£250,000 at 10s. per cent.	...	...	...	...	1,250	0	0
	<i>Port of London dues</i> at 1½ <i>d.</i> per cent.	...	...	...	...	15	12	6
	4 sets of <i>Bills of Lading</i>	...	...	...	...	0	10	0
	One box	...	...	...	...	0	4	6
	<i>Marking, Cartage, &c.</i> —1,822 bars at 1s. per bar	...	...	...	...	91	2	0
<i>Insurance</i>	£200,000 at 1s. 6 <i>d.</i> per cent.	...	...	...	...	150	0	0
	Stamps and Policies	...	...	...	...	0	0	2
						<hr/>		
						150	0	2
						<hr/>		
						£	s.	d.
Less 2½ per cent. on £150 0 0						3	15	0
Less 10 per cent. on 142 10 0						14	5	0
						<hr/>		
						18	0	0
						<hr/>		
						132	0	2
<i>Insurance</i>	£57,500 at 2s. per cent.	...	...	...	...	57	10	0
	Stamps and Policy	...	...	...	...	0	0	1
						<hr/>		
						57	10	1
						<hr/>		
Less 2½ per cent. on £57 10 0						1	8	9
Less 10 per cent. on 54 12 6						5	9	3
						<hr/>		
						6	18	0
						<hr/>		
						50	12	1
						<hr/>		
						£1,540	1	3

E. O. E.

London, 30th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 52.

Expenses on shipment of 1,881 Silver Bars and one box per s.s. "Egypt" to Bombay :—						£	s.	d.
<i>Freight</i>	£250,000 at 10s. per cent.	...	...	...	...	1,250	0	0
	<i>Port of London dues</i> at 1½ <i>d.</i> per cent.	...	...	...	...	15	12	6
	5 sets of <i>Bills of Lading</i>	...	...	...	...	0	12	6
	One box	...	...	...	...	0	4	6
	<i>Marking, Cartage, &c.</i> —1,881 bars at 1s. per bar	...	...	...	...	94	1	0
<i>Insurance</i>	£200,000 at 1s. 6 <i>d.</i> per cent.	...	...	...	...	150	0	0
	Stamps and Policies	...	...	...	...	0	0	2
						<hr/>		
						150	0	2
						<hr/>		
						£	s.	d.
Less 2½ per cent. on £150						3	15	0
Less 10 per cent. on £142 10s.						14	5	0
						<hr/>		
						18	0	0
						<hr/>		
						132	0	2
<i>Insurance</i>	£57,500 at 2s. per cent.	...	...	...	...	57	10	0
	Stamp and Policy	...	...	...	...	0	0	1
						<hr/>		
						57	10	1
						<hr/>		
						£	s.	d.
Less 2½ per cent. on £57 10s.						1	8	9
Less 10 per cent. on £54 12s. 6 <i>d.</i>						5	9	3
						<hr/>		
						6	18	0
						<hr/>		
						50	12	1
						<hr/>		
						£1,543	2	9

E. O. E.

London, 30th August, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 53.

Expenses on shipment of 1,706 Silver Bars and One box per s.s. "Golconda" to Calcutta :—		£	s.	d.	£	s.	d.
Freight £250,000 at 10s. per cent.	...				1,250	0	0
Port of London dues at 1½d. per cent.	...				15	12	6
6 sets of Bills of Lading	...				0	15	0
One box	...				0	4	6
Marking, Cartage, &c.—1,706 bars at 1s. per bar	...				85	6	0
Insurance £200,000 at 1s. 6d. per cent.	...	150	0	0			
£57,500 at 2s. per cent.	...	57	10	0			
					207	10	0
Stamps and Policies	...				0	0	2
					207	10	2
		£	s.	d.			
Less 2½ per cent. on £150	...	3	15	0			
Less 10 per cent. on £142 10s.	...	14	5	0			
Less 5 per cent. on £57 10s.	...	2	17	6			
Less 10 per cent. on £54 12s. 6d.	...	5	9	3			
					26	6	9
					181	3	5
					£1,533	1	5

E. O. E.
London, 5th September, 1912.
SAMUEL MONTAGU & CO.

STATEMENT NO. 54.

Expenses on shipment of 1,750 Silver Bars and one box per s.s. "Marmora" to Bombay :—		£	s.	d.	£	s.	d.
Freight £250,000 at 10s. per cent.	...				1,250	0	0
Port of London dues at 1½d. per cent.	...				15	12	6
6 sets of Bills of Lading	...				0	15	0
One box	...				0	4	6
Marking, Cartage, &c.—1,750 boxes at 1s. per bar	...				87	10	0
Insurance £200,000 at 1s. 6d. per cent.	...	150	0	0			
£57,500 at 2s. per cent.	...	57	10	0			
					207	10	0
Stamps and Policies	...				0	0	2
					207	10	2
		£	s.	d.			
Less 2½ per cent. on £150	...	3	15	0			
Less 10 per cent. on £142 10s.	...	14	5	0			
Less 5 per cent. on £57 10s.	...	2	17	6			
Less 10 per cent. on £54 12s. 6d.	...	5	9	3			
					26	6	9
					181	3	5
					£1,535	5	5

E. O. E.
London, 6th September, 1912.
SAMUEL MONTAGU & CO.

STATEMENT NO. 55.

Bought on account of—

Contract Number.	Ounces Standard.	Price.	—	
95	99,956·61	At 28 $\frac{1}{2}$	£	s. d.
	Brokerage ...	$\frac{1}{8}$ per cent.	12,000	0 0
			15	0 0
			£12,015	0 0

Sold on account of—

Contract Number.	Ounces Standard.	Price.	—	
Part No. 18A ...	99,956·61	At 28 $\frac{1}{2}$	£	s. d.
			12,052	1 2
	Creditors by difference ...		£37	1 2

E. & O. E.

London, 10th September, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 56.

Statement Number.	Number of Bars.	Gross Ounces.	Ounces Standard.
27	93 S.M.	120,031·75	129,432·88
16	407 T.	420,664	454,317·12
8	162 V.	185,391·5	200,222·82
50	477	512,774·75	553,788·32
	1,139	1,238,862	1,337,761·14
Less—brought forward from Memorandum of Substitution dated 28th August.			4,560·39
			1,333,200·75

Contract Number.	Ounces Standard	Price.	—	
Finish 18 A ...	314,730·24	28 $\frac{1}{16}$	£	s. d.
19 A ...	374,026	28 $\frac{1}{16}$	37,947	18 10
20 A ...	623,376·67	28 $\frac{1}{8}$	45,000	0 0
Balance held at your disposal.	21,067·84		75,000	0 0
	1,333,200·75		£157,947	18 10

E. & O. E.

London, 10th September, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 57.

Expenses on shipment of 2,708 Silver Bars and box of assays M.S. 8 and 80 boxes of Silver Coin, shipped per s.s. "Persia" to Bombay:—

	£	s.	d.	£	s.	d.		
Freight £400,000 at 10s. per cent.				2,000	0	0		
Port of London dues at 1½d. per cent.				25	0	0		
11 sets of Bills of Lading at 2s. 6d.				1	7	6		
1 box for bar and assays, 80 boxes for Silver Coin at 4s. 6d. ...				18	4	6		
Marking, cartage, &c. 2,708 bars at 1s.				135	8	0		
Insurance £200,000 at 1s. 6d. per cent.	150	0	0					
£212,000 at 2s. per cent.	212	0	0					
				362	0	0		
Stamps and Policies				0	0	2		
				362	0	2		
			£ s. d.					
Less 2½ per cent. on £150			3	15	0			
„ 10 per cent. on £142 10s.			14	5	0			
			£ s. d.					
Less 5 per cent. on £212			10	12	0			
„ 10 per cent. on £201 8s.			20	2	10			
			30	14	10			
			48	14	10			
						313	5	4
						£2,493	5	4

E. & O. E.

London, 11th September, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 58.

Number of Bars.	Numbers on Bars.	Gross Ounces.	Ounces Standard.
308	F. 125,147/453	324,724·00	350,701·92
Less held at your disposal as per Statement No. 56			21,067·84
			329,634·08

Contract Number.	Ounces Standard.	Price.	—
89	329,634·08	29½ per oz. standard.	£ s. d. 40,002 9 4

E. & O. E.

London, 17th September, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 59.

Expenses on shipment of 308 Silver Bars and one box of assays and 506 boxes of Mexican Silver Dollars, shipped per s.s. "Moldavia" to Bombay:—

	£	s.	d.	£	s.	d.		
Freight £101,000 at 10s. per cent.				505	0	0		
Port of London dues at 1½d. per cent.				6	6	3		
Marking, cartage, &c., 308 bars at 1s. per bar				15	8	0		
Assay box				0	4	6		
Bill of Lading				0	2	6		
Boxes, marking, &c., 506 boxes at 4s. 6d. per box				113	17	0		
Bill of Lading				0	2	6		
Insurance £104,000 at 1s. 6d. per cent.	78	0	0					
Policies	0	0	2					
				78	0	2		
Less 2½ per cent. on £78				£1	19	0		
Less 10 per cent. on £74 2s.				7	8	2		
				9	7	2		
						68	13	0
						£709	13	9

E. O. E.

London, 20th September, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 60.

Number on Bars.	Numbers of Bars.	Gross Ounces.	Ounces Standard.
G. 1/44 ; G. 146/ 7 ; G. 154.	147	154,301·00	166,645·08

Contract Number.	Ounces Standard.	Price.	—
22 B	83,116·89	28½	£ 10,000 0 0
23 B	83,528·19	28½	10,005 19 7
	166,645·08		20,005 19 7

E. O. E.

London, September 20th, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 61.

Bought on account of—

Contract Number.	Ounces Standard.	Price.	—
16B	85,144·12	28½	£ 10,177 7 8
	brokerage ¼ per cent.		12 14 5
			£10,190 2 1

Sold on account of—

Contract Number.	Ounces Standard.	Price.	—
17A	85,144·12	28½	£ 10,221 14 7
	Creditors by difference		£31 12 6

E. O. E.

London, 20th September, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 62.

Expenses on shipment of 147 *Silver Bars* and one box of assays per s.s. "*Mariana*," to Calcutta :—

	£	s.	d.	£	s.	d.
<i>Freight</i> £20,000 at 10s. per cent.				100	0	0
<i>Port of London dues</i> at 1½d. per cent.				1	5	0
<i>Marking, Cartage, &c.</i> —147 bars at 1s. per bar				7	7	0
Assay box				0	4	6
Bill of Lading				0	2	6
<i>Insurance</i> £20,600 at 1s. 6d. per cent.	15	9	0			
Policies	0	0	2			
	15	9	2			
	£	s.	d.			
Less 2½ per cent. on £15 9s.	0	7	9			
Less 10 per cent. on £14 13s. 6d.	1	9	4			
	1	17	1			
				13	12	1
				£122	11	1

E. O. E.

London, 20th September, 1912.

SAMUEL MONTAGU & Co.

STATEMENT NO. 63.

Number of Bars.	Gross Ounces.	Ounces Standard.			
1,187	1,322,039	1,427,147·48			

Contract Number.	Ounces Standard.	Price.	—		
			£	s.	d.
24 B	125,217·39	28 $\frac{1}{2}$	15,000	0	0
25 B	41,739·13	28 $\frac{1}{2}$	5,000	0	0
26 B	83,660·13	28 $\frac{1}{2}$	10,000	0	0
"	168,052·50	28 $\frac{1}{2}$	20,000	0	0
"	84,581·49	28 $\frac{1}{2}$	10,000	0	0
"	366,507·59	28 $\frac{1}{2}$	44,000	0	0
68	258,295·95	27 $\frac{1}{2}$	30,000	0	0
99	124,406·05	28 $\frac{1}{2}$	15,000	0	0
101	174,687·25	28 $\frac{1}{2}$	21,017	1	2
	1,427,147·48		£170,017	1	2

E. O. E.
London, 26th September, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 64.

Ounces.
Mexican Dollars 506,000 shipped per s.s. "Moldavia."
" " 362,603 " " " " "Maloja."
ozs. 868,603.

Contract Number.	Ounces.	Price.	—		
96... ..	868,603	28 $\frac{1}{2}$	£	s.	d.
			101,789	8	3

E. O. E.
London, 26th September, 1912.
S. MONTAGU & Co.,

STATEMENT NO. 65.

Expenses on the shipment of 1,187 silver bars and one box of assays per s.s. *Simla* to *Calcutta* :—

	£	s.	d.	£	s.	d.
<i>Freight</i> £170,000 at 10s. per cent.				850	0	0
<i>Port of London dues</i> at 1 $\frac{1}{2}$ d. per cent.				10	12	6
<i>Cartage, marking, &c.</i> :—						
1,187 bars at 1s. per bar... ..				59	7	0
Box for assays				0	4	6
Bill of Lading				0	2	6
<i>Insurance</i> £176,000 at 1s. 6d. per cent.	132	0	0			
Policies and stamps	0	0	2			
	132	0	2			
	£	s.	d.			
Less 2 $\frac{1}{2}$ per cent. on £132	3	6	0			
" 10 per cent. on £125 8s.	12	10	10	116	3	4
				£1,036	9	10

E. & O. E.
London, 25th September, 1912.
S. MONTAGU & Co.,

STATEMENT NO. 66.

Expenses on the shipment of 363 boxes of Mexican dollars per s.s. *Maloja* to *Bombay* :—

	£	s.	d.	£	s.	d.	
<i>Freight</i> £42,500 at 10s. per cent.				212	10	0	
<i>Port of London dues</i> at 1½d. per cent.				2	13	2	
<i>Boxes, cartage, marking, &c.</i> :—							
363 boxes at 4s. 6d. per box				81	13	6	
<i>Bill of Lading</i>				0	2	6	
<i>Insurance</i> £44,000 at 1s. 6d. per cent.	33	0	0				
<i>Stamps and policies</i>	0	0	2				
				33	0	2	
Less 2½ per cent. on £33	0	16	6				
" 10 per cent. on £31 7s.	3	2	8				
				3	19	2	
					29	1	0
					£326	0	2

E. O. E.

London, 26th September, 1912.
S. MONTAGU & CO.,

STATEMENT NO. 67.

Expenses on the shipment of 150 boxes of Mexican dollars per s.s. "*Maloja*" to *Bombay*.

	£	s.	d.	£	s.	d.	
<i>Freight</i> £17,500 at 10s. per cent.				87	10	0	
<i>Port of London dues</i> at 1½d. per cent.				1	1	11	
<i>Boxes, cartage, &c.</i> :—							
150 boxes at 4s. 6d. per box				33	15	0	
<i>Bill of Lading</i>				0	2	6	
<i>Insurance</i> £18,500 at 1s. 6d. per cent.	13	17	6				
<i>Stamps and Policies</i>	0	0	2				
				13	17	8	
Less 2½ per cent. on £13 17 6	£0	6	11				
" 10 per cent. on 13 3 8	1	6	4				
				1	13	3	
					12	4	5
					£134	13	10

E. O. E.

London, 27th September, 1912.
S. MONTAGU & CO.,

STATEMENT NO. 68.

Number of Bars.	Gross Ounces.	Ounces Standard.	
331	355,822	384,252·83	

Contract Number.	Ounces Standard.	Price.	£	s.	d.
72	172,972·96	27½	20,000	0	0
77	59,600·88	28½	7,000	0	0
79	42,572·06	28½	5,000	0	0
82	84,581·49	28½	10,000	0	0
Part 15 B	24,525·44	28½	2,899	12	5
	384,252·83		44,899	12	5

E. O. E.

London, 3rd October, 1912.
S. MONTAGU & CO.

STATEMENT No. 69.

Expenses on shipment of 331 Silver Bars and box of Assays and 550 boxes of Silver Coin, per S.S. "Mongolia" to Bombay.

	£	s.	d.	£	s.	d.	£	s.	d.
Freight	£65,000								
	45,000								
	£110,000 at 10s. per cent.						550	0	0
Port of London dues at 1½d. per cent							6	17	6
Two sets of Bills of Lading							5	0	
Marking, cartage, etc.—									
Boxes, 1 for Assays	} 551 at 4s. 6d.						123	19	6
550 for Silver Coin							16	11	0
331 bars at 1s. per bar							87	12	0
Insurance, £116,800 at 1s. 6d. per cent									2
Stamps and Policies							87	12	2
Less 2½ per cent. on £87 12s. 0d.				2	3	10			
" 10 " " £83 4s. 4d.				8	6	5			
							10	10	3
									77 1 11
									<u>£774 14 11</u>

E. O. E.
London, 4th October, 1912
S. MONTAGU & Co.
W. CURTIS.

STATEMENT No. 70.

DEBIT NOTE for BROKERAGE on silver delivered from 27th August to 7th October, as per contracts detailed below :—

Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.
	£ s d.		£ s d.
85	45,000 0 0	101	21,017 1 2
Ble. 75	20,152 13 9	96	101,789 8 3
89	40,002 9 4	72	20,000 0 0
22 B	10,000 0 0	77	7,000 0 0
23 B	10,005 19 7	79	5,000 0 0
24 B	15,000 0 0	82	10,000 0 0
25 B	5,000 0 0	Part 15 B	2,899 12 5
26 B	84,000 0 0		
68	30,000 0 0		
99	15,000 0 0		
			441,867 4 6

Brokerage ½% £441,867 4 6 £552 6 8

E. & O. E.
London, 7th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 71.

Number of Bars.	Gross Ounces.	Ounces Standard.
1969	2,179,864.75	2,353,222.09

STATEMENT NO. 71—continued.

Contract Number.	Ounces Standard.	Price.	—		
Finish 15 B ...	325,927.69	28 $\frac{3}{4}$	£	s.	d.
84 ...	1,012,717.20	28 $\frac{1}{2}$	38,451	7	11
87 ...	125,764.18	28 $\frac{1}{2}$	120,000	0	0
Part 88 ...	889,483.02	28 $\frac{1}{2}$	15,000	0	0
	2,353,222.09		100,784	5	9
			£280,235	13	8

E. & O. E.
London, 10th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 72.

Number of Bars.	Gross Ounces.	Ounces Standard.
263	308,777.75	333,452.40

Contract Number.	Standard Ounces.	Price.	—		
Part 88 ...	333,452.40	28 $\frac{1}{2}$	£	s.	d.
			40,031	13	1

E. & O. E.
London, 11th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 73.

M. 1/150.—150 boxes of Mexican Dollars shipped per ss. "Maloja" to Bombay ...	ounces gross	150,000
M. 151/700.—550 boxes of Mexican Dollars shipped per ss. "Mongolia" to Bombay	ounces gross	550,000
M. 701/870.—170 boxes of Mexican Dollars shipped per ss. "Arabia" to Bombay	ounces gross	170,074
	ounces gross	<u>870,074</u>

Contract Number.	Ounces.	Price.	—		
102	870,074	28 $\frac{1}{2}$ d.	£102,414	19s.	2d.

E. & O. E.
London, 11th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 74.

Expenses on the shipment of 1969 silver bars and 100 boxes of silver coin shipped per "Caledonia" to Calcutta.

Freight £280,000 bar silver.
11,800 silver coins.

£291,800 at 10s. per cent. ...	...	...	...	...	...	...	...	...	1,459	0	0
Port of London Dues at 1 $\frac{1}{4}$ d. per cent. ...	...	...	...	...	...	...	...	...	18	4	9
Two sets of Bills of Lading ...	...	...	...	...	...	...	...	...	0	5	0
Marking, cartage &c., 1969 bars at 1s. per bar	...	...	...	...	...	...	...	...	98	9	0
Marking boxes, 100 boxes at 4s. 6d. per box ...	...	...	...	...	...	...	...	...	22	10	0
									Carried forward	1,598	8	9

STATEMENT NO. 74—continued.

						Brought forward	£	s.	d.
							1,598	8	9
						£	s.	d.	
<i>Insurance</i>	£200,000 at 1s. 6d. per cent.	...	...	...	...	150	0	0	
	£109,400 at 2s. per cent.	...	...	...	...	109	8	0	
						259	8	0	
Stamps and Polices	...	...	...	...	...	0	0	3	
						259	8	3	
						£	s.	d.	
Less 2½ per cent. on	...	150	0	0	3	15	0		
Less 10 per cent. on	...	142	10	0	14	5	0		
						18	0	0	
Less 5 per cent. on	...	109	8	0	5	9	5		
Less 10 per cent. on	...	103	18	7	10	7	10		
						15	17	3	
						33	17	3	
						225	11	0	
						£1,823	19	9	

E. & O. E.
London, 11th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 75.

Expenses on the shipment of 170 boxes of Silver Coin shipped per S.S. "Arabic" to Bombay.

						£	s.	d.
<i>Freight</i>	£20,000 at 10s. per cent.	...	...	...	...	100	0	0
Port of London dues at 1½d. per cent.	...	...	...	...	...	1	5	0
<i>Boxes cartage, marking, &c.—</i>								
170 boxes at 4s. 6d. per box	...	...	...	...	...	38	5	0
Bill of Lading	...	...	...	...	...	0	2	6
<i>Insurance</i>	£21,000 at 1s. 6d. per cent.	...	...	...	...	£15	15	0
Stamps and policies	...	...	...	...	...	0	0	2
						£15	15	2
Less 2½ per cent. on £15 15s.	...	...	7	10	0			
Less 10 per cent. at £14 19s. 4d.	...	...	1	9	11			
						1	17	9
						13	17	5
						153	9	11

E. & O. E.
London, 11th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No 76.

Expenses on the shipment of 263 Silver Bars and Assay box, and 291 boxes of silver coin per S.S. "Poona" to Calcutta.

						£	s.	d.
<i>Freight</i> £40,000 Bar Silver								
34,200 Silver Coin								
£74,200 @ 10s. per cent.						371	0	0
Port of London dues at 1½d. per cent.	...	...	...	...	...	4	12	9
2 sets of Bill of Lading	...	...	...	...	...	0	5	0
<i>Marking Cartage, etc.</i>								
263 bars at 1s. per bar	...	...	...	...	...	13	3	0
" and boxes 291 boxes	...	...	...	...	...
1 box for assays	...	...	...	...	...
292 boxes at 4s. 6d. per box						65	14	0
<i>Insurance</i> £78,000 at 1s. 6d. per cent	...	...	...	...	...	£58	10	0
Stamps and policies	...	...	...	...	...	0	0	2
						58	10	2
Less 2½ per cent. on £58 10 0	...	...	£1	9	3			
" 10 " " 55 11 6	...	...	5	11	1	7	0	4
						51	9	10
						£506	4	7

E. & O. E.
London, 11th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 77.

Debit—

		Gross Ounces.	Ounces Standard.
370 bars		396,490.75	428,210.01
Mexican dollars		15,194.75 (900 fine).	14,784.08
			442,994.09

Contract Number.	Ounces Standard.	Price.	—
Balance 88 ...	442,994.09	28½	£ 53,182 7 3

E. & O. E.

London, 18th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 78.

Credit—

Sold on account of :—

Contract Number.	Ounces Standard.	Price.	—
Part 26A... ..	283,224.50	28½	£ 34,001 13 11

Debit—

Bought on account of :—

Contract Number.	Ounces Standard.	Price.	—
88... ..	283,224.50	28½	£ 34,001 13 11
	Brokerage ½% ...		42 10 0
			34,044 3 11
	Debitors to difference		42 10 0

E. & O. E.

London, 18th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT No. 79.

Expenses on the shipment of 370 silver bars and 416 boxes of silver coin per S.S. "Mantua" to Bombay.

<i>Freight</i> Bar silver £52,500				
Silver coin 49,500				
	£102,000 at 10s. per cent.			£ 510 0 0
Port of London dues at 1½d. per cent.				6 7 6
<i>Marking cartage &c.</i> 370 bars at 1s. per bar				18 10 0
and boxes 416 boxes at 4s. 6d. per box				93 12 0
2 sets of Bill of Lading				5 0
<i>Insurance</i> £105,000 at 1s. 6d. per cent.				£78 15 0
Stamps and policies				0 0 2
				£78 15 2
Less 2½ per cent. on £78 15s. 0d.		£1 19 4		
Less 10 per cent. on £74 16s. 3d.		7 9 7		
				9 8 11
				69 6 3
				£698 0 9

E. & O. E.

London, 18th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 80.

Credit—

Sold on account of :—

Contract Number.	Ounces Standard.	Price.	—
Part 26A... ..	83,297·18	281 $\frac{3}{8}$	£10,000

Debit—

Bought on Account of :—

Contract Number.	Ounces Standard.	Price.	—																		
90... ..	83,297·18	281 $\frac{3}{8}$ Brokerage $\frac{1}{8}$ %	<table border="0"> <tr> <td>£</td> <td>s.</td> <td>d.</td> </tr> <tr> <td>10,000</td> <td>0</td> <td>0</td> </tr> <tr> <td></td> <td>12</td> <td>10</td> </tr> <tr> <td colspan="3">£10,012 10 0</td> </tr> <tr> <td colspan="3">Debtors to difference ...</td> </tr> <tr> <td colspan="3">£12 10 0</td> </tr> </table>	£	s.	d.	10,000	0	0		12	10	£10,012 10 0			Debtors to difference ...			£12 10 0		
£	s.	d.																			
10,000	0	0																			
	12	10																			
£10,012 10 0																					
Debtors to difference ...																					
£12 10 0																					

E. & O. E.
London, 18th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 81.

DEBIT—

								Gross ounces.
Shipped per s.s. "Caledonia" to Calcutta.	Mexican dollars	...	...	...	...	...	...	100,000
" " "Poona"	"	...	...	...	...	...	...	291,000
" " "Mantua" to Bombay.	"	...	...	...	...	...	...	400,000
" " "Medina"	"	...	...	...	...	...	...	946,411
								<u>Gross ounces 1,737,411</u>

Contract Number.	Gross Ounces.	Price.	—						
103	1,737,411	281 $\frac{3}{8}$	<table border="0"> <tr> <td>£</td> <td>s.</td> <td>d.</td> </tr> <tr> <td>207,674</td> <td>18</td> <td>2</td> </tr> </table>	£	s.	d.	207,674	18	2
£	s.	d.							
207,674	18	2							

E. O. E.
London, 25th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 82.

DEBIT NOTE for BROKERAGE on silver delivered from 8th October to 25th October as per contracts detailed below :—

Contract Number.	Sterling Amount.	Contract Number.	Sterling Amount.												
	<table border="0"> <tr> <td>£</td> <td>s.</td> <td>d.</td> </tr> <tr> <td>38,451</td> <td>7</td> <td>11</td> </tr> </table>	£	s.	d.	38,451	7	11		<table border="0"> <tr> <td>£</td> <td>s.</td> <td>d.</td> </tr> <tr> <td>53,182</td> <td>7</td> <td>3</td> </tr> </table>	£	s.	d.	53,182	7	3
£	s.	d.													
38,451	7	11													
£	s.	d.													
53,182	7	3													
Finish 15 B	120,000 0 0	Balance 88	102,414 19 2												
84	15,000 0 0	102	207,674 18 2												
87	106,784 5 9	103													
Part 88	40,031 13 1		Total £683,539 11 4												
" 88															

Brokerage $\frac{1}{8}$ % £854 8 6.

E. O. E.
London, 25th October, 1912.
SAMUEL MONTAGU & Co.

STATEMENT NO. 83.

Expenses on the shipment of 946 boxes of Silver Coin per ss. "Medina" to Bombay.

Freight £112,000 at 10s. per cent. ...	£560	0	0
Port of London dues at 1½d. per cent. ...	7	0	0
Boxes marking, cartage, etc.—			
946 boxes at 4s. 6d. per box ...	212	17	0
Bill of Lading ...	0	2	6
Insurance £116,000 at 1s. 6d. per cent. ...	£87	0	0
Stamps and policies ...	0	0	2
	£87	0	2
Less 2½ per cent. on £87 0 0 ...	£2	3	6
" 10 " " 82 13 0 ...	8	5	3
	10	8	9
	78	11	5
	£56	10	11

E. O. E.

London, 25th October, 1912.

SAMUEL MONTAGU & CO.

STATEMENT NO. 84.

Debit Note of charges connected with the deposit of 12,829 Silver Bars in the Bank of England.

Total deposit charges at 4d. per bar per month from the dates at which the various parcels were deposited until their withdrawal ...	£	s.	d.
Less the amount already debited on account, in Statement No. 34—and paid for ...	527	9	8
	395	7	4
	132	2	4
Cartage to Bank of England, etc. ...	30	0	0
	£162	2	4

E. O. E.

London, 25th October, 1912.

SAMUEL MONTAGU & CO.

Credit:—

STATEMENT NO. 85.

Sold on account of:

Contract Number.	Ounces Standard.	Price.	£	s.	d.
21A ...	208,695·65	28½	25,000	0	0
22A ...	83,116·89	28½	10,000	0	0
23A ...	83,478·26	28½	10,000	0	0
24A ...	125,217·39	28½	15,000	0	0
25A ...	41,739·13	28½	5,000	0	0
26A ...	83,660·13	28½	10,000	0	0
26A ...	168,052·50	28½	20,000	0	0
26A ...	84,581·49	28½	10,000	0	0
	878,541·44		£105,000	0	0

Debit:—

Bought on Account of:

Contract Number.	Ounces Standard.	Price.	£	s.	d.
91... ..	84,581·49	28½	10,000	0	0
92... ..	168,052·50	28½	20,000	0	0
93... ..	83,660·13	28½	10,000	0	0
94... ..	83,116·89	28½	10,000	0	0
97... ..	83,478·26	28½	10,000	0	0
98... ..	125,217·39	28½	15,000	0	0
100... ..	250,434·78	28½	30,000	0	0
	878,541·44		105,000	0	0
		Brokerage ¼%	131	5	0
		Dr. to difference	105,131	5	0
			131	5	0

E. & O. E.

London, 28th October, 1912.

SAMUEL MONTAGU & CO.

STATEMENT No. 86.

Shipment from China of:—

Sycee and British dollars ex s.s. "India."

Debit—

Sycee net out-turn ounces standard—2,492,700·33.

Contract—

				£	s.	d.
A.	Ounces Standard ...	833,900·11	at 28½	99,751	8	9
C.	" ...	830,900·11	} at 28½	199,935	6	9
K.	" ...	830,900·11				
<u>2,492,700·33</u>				<u>£299,686</u>	<u>12</u>	<u>6</u>

British dollars net out-turn ounces standard—1,668,086·82.

Contract—

				£	s.	d.
B.	Ounces Standard ...	834,043·41	} at 28½	200,257	5	11
D.	" ...	834,043·41				
<u>1,668,086·82</u>				<u>£499,943</u>	<u>18</u>	<u>6</u>
Brokerage, ½ per cent.				624	18	7
				500,568	17	0
Less pre-melting charges ...				166	1	5
				<u>£500,402</u>	<u>15</u>	<u>7</u>

Cr.

		£	s.	d.
By Payments:—	3 October ...	375,000	0	0
	9 " ...	60,000	0	0
	10 " ...	40,000	0	0
	18 " ...	14,520	11	1
	23 " ...	10,000	0	0
	25 " ...	257	5	11
		<u>£499,777</u>	<u>17</u>	<u>0</u>

E. & O. E.

London, 11th November, 1912.
SAMUEL MONTAGU & CO.

STATEMENT NO. 87.

Sycee and British dollars ex s.s. "China."

Debit.

		£	s.	d.
Sycee. Net out-turn ounces standard <u>2,479,789·20.</u>				
Contract L	ounces standard 826,596·40 at 28½d. ...	99,234	12	4
Part M	" " 1,653,192·80 at 29½d. ...	200,621	16	8
<u>ounces standard 2,479,789·20</u>		<u>299,856</u>	<u>9</u>	<u>0</u>
British dollars. Net out-turn ounces standard 824,686·72.				
Contract N	standard ounces 824,686·72 at 29½d. ...	100,079	3	4
		399,935	12	4
Brokerage ½ per cent. ...		499	18	5
		400,435	10	9
Less pre-melting charges Rs. 2,748 ...		165	4	0
		400,270	6	9
Additional amount recovered by the Mint from the Sycee ex s.s. "India":—				
Contract A,	ozs. std. 386 at 28½d. ...	46	6	9
		<u>£400,316</u>	<u>13</u>	<u>6</u>

E. & O. E.

London, 5th December, 1912.
SAMUEL MONTAGU & CO.

STATEMENT No. 88.

DEBIT NOTE for BROKERAGE for Sycee and British Dollars as per contracts detailed below :—

<i>Contract,</i>		<i>Sterling Amount.</i>
E.	... ..	£100,000
F.	... ..	50,000
G.	... ..	100,000
H.	... ..	50,000
I.	... ..	100,000
J.	... ..	50,000
Balance M.	... ..	300,000
		<hr/>
		£750,000

Brokerage $\frac{1}{2}$ per cent. ... £937 10s.

E. & O. E.

London, 5th December, 1912.

SAMUEL MONTAGU & Co.

APPENDIX C.

MESSRS. SAMUEL MONTAGU & CO.'S BULLION LETTER, DATED
2ND MAY, 1912.

GOLD.

Over £1,000,000 in bar gold arrived; after provision of £175,000 for India, the bulk of the remainder will be sent into the Bank of England.

The following amounts were received by the bank :—

April 25	... £141,000	in bar gold.
" 26	... 53,000	" "
" 26	... 16,000	" sovereigns from France.
" 27	... 24,000	" " " Australia.
" 30	... 151,000	" bar gold.
May 1	... 254,000	" "

Withdrawals were made as under :—

April 25	... £100,000	in sovereigns for Turkey.
May 1	... 50,000	" German gold coin.

During the week the net influx was £489,000.

SILVER.

The month of April witnessed a degree of life and animation in the movements of silver to which the market has been unaccustomed of recent years except under the stress of artificial manipulation by speculators.

It is true that in the early part of the month a squeeze for delivery was in progress at Bombay following on the foundering of the s.s. "Oceana" with its large silver cargo, but neither occurrence had much appreciable effect upon London prices.

Heavy sales made to China and substantial purchases for the continent and elsewhere, gradually imparted a more lively sensation of elasticity than has been felt throughout the long period that unwieldy stocks have oppressed and overshadowed the market.

In such conditions prices became increasingly sensitive on receipt of cables showing each week a decrease in the total of silver rupees in the Indian currency reserve.

When, therefore, the speculative group (who, by the way, are reputed to have held the whole surplus—about 9,000 bars—remaining over in Bombay at the conclusion of the April settlement, at which the squeeze in delivery we have referred to, occurred) replaced toward the close of the month on successive days, not only the silver let out to the cornered dealers, but also that previously sold to China, the market was impelled sharply to higher prices, considerably above those of the last three or four years.

Whether the reduction of the quantity of silver rupees in the Indian Treasury be the factor which governed the action of the Indian speculators in again replenishing their holding, or not, the issue sooner or later of large loans to the Chinese Government renders the accumulation of additional stocks less likely to interfere with the natural developments of the market, and consequently does not hazard the future to the extent that such operations did, when they rested upon Indian coinage prospects alone for their success, and when such a consummation moreover was so exceedingly remote.

The lowest prices were recorded on the first day of the month, the highest on the last.

(2.)

We append statistics for April :—

Highest price ...	...	28 $\frac{3}{8}$	cash 28 $\frac{3}{8}$	2 months.
Lowest price ..	...	26 $\frac{1}{8}$	" 26 $\frac{1}{8}$	"
Average price ...	...	27.283	" 27.406	"

Forward silver commanded a premium throughout the month of $\frac{1}{8}d.$ on 7 days, of $\frac{1}{4}d.$ on 11 days, and of $\frac{3}{8}d.$ on 6 days.

This week has been notable for the way in which speculation has run riot in Bombay, where the prices of silver for shipment from London rose above that for near delivery for the first time for nearly six weeks.

As a consequence purchases here for that quarter have been on quite a heavy scale.

The cash and 2 months' quotations rose here $\frac{3}{8}d.$ on the 26th, and after some reaction touched 28 $\frac{3}{8}$ and 28 $\frac{3}{8}$ respectively on the 30th, and remained at these figures the next day. Cash silver had not been so high since the 25th October, 1907, nor forward silver since the 5th November, 1907.

There was again a decrease in the total silver held in the Indian Currency reserves on this occasion of only 23 lacs. Probably this fact accounts for the liquidation in Bombay to-day, which was reflected in a fall here of $\frac{1}{8}d.$ in the price of cash, and $\frac{1}{4}d.$ in that of forward silver.

The offtake in Bombay is reduced from 195 to 100 bars a day; the stock is called unchanged, but that in Shanghai has risen from 267 to 270 lacs of taels in bars and Sycee.

No shipment has been made this week from San Francisco to Hong Kong.

The quotations to-day for cash and 2 months are $\frac{1}{8}d.$ above those quoted a week ago.

Yours obediently,

SAMUEL MONTAGU & CO.

Quotations for bar silver per oz. standard.

April 26 ...	28	cash 28 $\frac{1}{8}$	2 months
" 27 ...	27 $\frac{1}{8}$	" 28	"
" 29 ...	27 $\frac{1}{8}$	" 28 $\frac{1}{8}$	"
" 30 ...	28 $\frac{3}{8}$	" 28 $\frac{3}{8}$	"
May 1 ...	28 $\frac{1}{8}$	" 28 $\frac{3}{8}$	"
" 2 ...	28 $\frac{1}{8}$	" 28 $\frac{1}{8}$	"
Average for } the week ... }	28.041	" 28.197	"

Bank Rate ...	...	3 $\frac{1}{2}$ per cent.
Bar Gold per oz. standard ...	...	77s. 9d.
French Gold Coin per oz. ...	...	76s. 4d.—4 $\frac{1}{2}d.$
German Gold Coin per oz. ...	...	76s. 3 $\frac{1}{2}d.$ —4d.
U.S.A. Gold Coin per oz. ...	...	76s. 3 $\frac{1}{2}d.$ —4d. Nominal.

EAST INDIA (MINT FOR GOLD COINAGE).

RETURN to an Address of the Honourable the House of Commons,
dated 27 January 1913; for

“COPY of PAPERS, including COMMUNICATIONS which have passed between the
SECRETARY OF STATE FOR INDIA and the GOVERNMENT OF INDIA, regarding
the question of the ESTABLISHMENT of a MINT for the COINAGE of GOLD in
INDIA.”

India Office,
31 January 1913. }

T. W. HOLDERNESS,
Under Secretary of State for India.

(*Mr. G. A. Touche.*)

*Ordered, by The House of Commons, to be Printed,
31 January 1913.*

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1913.

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1	Telegram	1899. 25 July	Secretary of State for India.	Viceroy	Summary of No. 2 . . .	7
2	Despatch	"	"	Government of India.	Report of the Indian Currency Committee: H.M. Govern- ment accept generally, and will act upon principles recommended. Directs pre- parations for coinage of gold.	7
3	Telegram	27 July	"	Viceroy	Treasury is being consulted as to Proclamation.	9
4	"	31 July	Viceroy	Secretary of State for India.	Preparations being made for coinage of gold. Asks that terms of Proclamation may be communicated before it is finally settled.	9
5	Letter	3 Aug.	India Office	Treasury	As to steps to be taken to enable Government of India to issue sovereigns from Indian mints. Calcutta and Bombay mints can apparently be proclaimed branches of Royal Mint and authorised to coin gold. Would right of Government of India to coin silver be vitiated in respect of any Indian mint so proclaimed?	9
6	Telegram	16 Aug.	Viceroy	Secretary of State for India.	Refers to No. 4. First four clauses of Perth Mint Pro- clamation sufficient for Indian Proclamation. Bill to be introduced will cover matters dealt with in Clause 5 of Perth Proclamation. Bom- bay Mint only need be pro- claimed a branch of the Royal Mint.	9
7	Letter	16 Aug.	India Office	Treasury	Forward copy of No. 6 . . .	10
8	Telegram	16 Aug.	Secretary of State for India.	Viceroy.	No objection to legislation for making British and Colonial sovereigns legal tender, but reply as to Proclamation should be awaited before legislation is introduced for issue of gold coins from mints.	10
9	Letter	24 Aug.	Government of India.	Secretary of State for India.	Refers to No. 2. As to steps necessary for carrying out measures decided upon.	10
10	Letter and enclosure.	28 Aug.	Treasury	India Office	Refers to Nos. 5 and 7. Several points need to be carefully examined before any branch of the Royal Mint can be established in India. En- close report by Mr. Seymour, Deputy Master of the Royal Mint.	14
11	Telegram	1 Sept.	Secretary of State for India.	Viceroy	Refers to No. 6. Legal and technical difficulties prevent early issue of Proclamation. Legislation for making sovereigns legal tender need not be delayed.	17

No.	Document.	Date.	From	To	Subject.	Page.
12	Despatch	1899. 7 Sept.	Secretary of State for India.	Government of India.	Some time must elapse before coinage of gold can be autho- rised. Requests views on points raised by Mr. Sey- mour in No. 10.	17
13	Telegram	27 Sept.	"	Viceroy	Refers to Nos. 9 and 12. Views awaited before answering Treasury.	18
14	Letter and 4 enclosures.	5 Oct.	Government of India.	Secretary of State for India.	Refers to No. 12. Views on points raised by Mr. Sey- mour in No. 10. Proposals for establishment of a branch of the Royal Mint at Bom- bay. Enclose Draft Pro- clamation, Mint Regulations and Rules in force in India.	18
15	Telegram	23 Oct.	Secretary of State for India.	Viceroy	Refers to No. 14. As to terms of clause 5, subsection (f), of draft Proclamation.	24
16	"	25 Oct.	Viceroy	Secretary of State for India.	Refers to No. 15. Prefers to make certificates payable in legal tender (gold, silver, or notes) at Government option, but has no objection to ex- pressly giving option to public.	24
17	Letter	7 Nov.	India Office	Treasury	Refers to No. 10. Forward copy of correspondence with Government of India. Hope that steps may be taken for issue of Royal Proclamation.	25
18	Letter, with an enclosure.	1900. 10 Jan.	Treasury	India Office	Refers to Nos. 5 and 17. Pre- pared to recommend estab- lishment of branch of Royal Mint in India, under control of Treasury, on same lines as similar establishments in Australia, provided Govern- ment of India defray exp- enses. Enclose revised draft Proclamation. As to treatment of worn gold coin.	25
19	Despatch	25 Jan.	Secretary of State for India.	Government of India.	Forwards copy of correspond- ence with Treasury. Any modification in draft Procla- mation required? Are Go- vernment willing to defray expenses mentioned by Treas- ury?	28
20	Letter	22 Feb.	Government of India.	Secretary of State for India.	Have no modification to sug- gest in draft Proclamation. Willing to defray expenses mentioned by Treasury, ex- cept that incurred in replac- ing worn half-sovereigns.	28
21	"	10 Mar.	India Office.	Treasury	Government of India agree to suggestion that Mr. Barton, of the Melbourne Mint, should proceed to Bombay to report on capabilities, &c., of mint for coinage of gold.	29
22	"	20 Mar.	"	"	Hope that assurances of Go- vernment of India will enable Treasury to take requisite steps for issue of Proclama- tion.	29
23	Letter, and an enclosure.	28 Mar.	Treasury	India Office	Instructions to Mr. Barton. Memorandum on machinery of Bombay Mint from point of view of its suitability for coinage of gold.	29

No.	Document.	Date.	From	To	Subject.	Page.
24	Letter	1900. 10 April	Treasury	India Office	Refers to No. 22. Treasury are satisfied with assurances given, and accept proposal as to half-sovereigns. Instrument of Proclamation will be submitted to Her Majesty after receipt and consideration of Mr. Barton's Report.	34
25	"	20 April	India Office	Treasury	Forward copy of correspondence with Government of India.	34
26	"	27 April	"	"	Refers to No. 23. Concur in suggestion regarding payments to be made to Mr. Barton.	34
27	Despatch	3 May	Secretary of State for India.	Government of India.	As to arrival in and departure from India of Mr. Barton.	35
28	Letter and enclosures.	27 June	Treasury	India Office	Reports by Mr. Seymour and Mr. Barton. Requests views as to choice between two alternative sites indicated by Mr. Barton, and as to amount of annual coinage for which provision should be made.	35
29	Telegram	28 June	Secretary of State for India.	Viceroy	Requests views on Mr. Barton's alternative proposals.	42
30	"	16 July	Viceroy	Secretary of State for India.	Refers to No. 29. Recommends adoption of Mr. Barton's second scheme. Sufficient to provide for 2,000,000l. annual coinage. Buildings should be capable of extension if larger output necessary.	43
31	Letter	24 July	India Office	Treasury	Accept view of Government of India that Mr. Barton's alternative scheme should be adopted.	43
32	Letter and an enclosure.	18 Aug.	Treasury	India Office	Refers to No. 31. Mr. Seymour now recommends a considerable extension of area included under the scheme. Working plans should be prepared. As to cost of machinery.	43
33	Letter	22 Aug.	India Office	Treasury	No. 32 will be sent to Government of India. As to cost of machinery.	45
34	Despatch	6. Sept.	Secretary of State for India.	Government of India.	Forwards copy of correspondence with Treasury.	45
35	Telegram	26 Sept.	Viceroy	Secretary of State for India.	Considers Mr. Seymour's expansion of Mr. Barton's scheme unnecessary; requests approval to preparation of working plans on basis of Mr. Barton's scheme.	46
36	Letter	5 Oct.	India Office	Treasury	Agree with view of Government of India that Mr. Barton's scheme is sufficient for the present.	46
37	"	29 Oct.	Treasury	India Office	Refers to No. 36. Mr. Barton now considers space provided for coining insufficient and recommends acquisition of extra ground.	46
38	Despatch	8 Nov.	Secretary of State for India.	Government of India.	Forwards copies of Nos. 36 and 37.	47

No.	Document.	Date.	From	To	Subject.	Page.
39	Letter	1901. 10 Jan.	Government of India.	Secretary of State.	Refers to No. 38. Forward revised plan embodying suggestions of Mr. Barton and Mr. Seymour. Plans for addition of a gold refinery to the silver mint are in preparation.	47
40	"	29 Jan.	India Office	Treasury	Forward copy of No. 39 -	48
41	"	12 March	Treasury	India Office	Refers to No. 40. Mr. Sey- mour cannot accept accom- modation provided in plan as adequate, but will await further particulars from Government of India.	48
42	"	15 March	India Office	Treasury	Suggest that Lieut.-Col. Scott, R.E., Calcutta Mint Master, should discuss question with Mr. Seymour.	49
43	"	4 April	Treasury	India Office	Concur in above suggestion -	49
44	"	15 April	India Office	Lieut.-Col. B. Scott, R.E., Mint Master at Calcutta.	Instruct him to communicate with Mr. Seymour.	50
45	"	15 April	"	Treasury	Government of India have been asked when plans for mint and gold refinery may be expected.	50
46	"	22 April	"	Treasury and Lieut.-Col. B. Scott, R.E.	Plans will be forwarded from India by the beginning of July.	51
47	Despatch	26 April	Secretary of State for India.	Government of India.	Forwards copy of correspond- ence with Treasury.	51
48	Letter	3 May	Lieut. Col. B. Scott, R.E.	India Office	Settlement has been arrived at with Mr. Seymour; general plan of modified scheme ap- proved by Government of India has been retained with certain exceptions.	51
49	"	6 May	India Office	Lieut.-Col. B. Scott, R.E.	Acknowledge No. 48 - -	52
50	"	"	"	Treasury	Forward copy of No. 48. Should any further com- munication be made to Government of India?	52
51	Letter and an enclosure.	22 May	Treasury	India Office	Proposed establishment of a branch of the Royal Mint at Bombay. Suggest review of question as to whether advantages of scheme are not wholly incommensurate with expense. Mr. Seymour's report of agreement arrived at with Colonel Scott.	52
52	Telegram	23 May	Secretary of State for India.	Viceroy	Suggests suspension of work on plans and estimates.	54
53	Letter	18 June	India Office	Treasury	Refers to No. 51. Secretary of State is not prepared to abandon scheme and asks for statement of objections to Mr. Seymour's proposals.	54

EAST INDIA (MINT FOR GOLD COINAGE).

“COPY of PAPERS, including COMMUNICATIONS which have passed between the SECRETARY OF STATE FOR INDIA and the GOVERNMENT OF INDIA, regarding the question of the ESTABLISHMENT of a MINT for the COINAGE of GOLD in INDIA.”

No. 1.

SECRETARY OF STATE to VICEROY, dated 25th July 1899.

(Telegraphic.)

MY telegram, 7th July, Currency Committee Report. Despatch dated 25th July, No. 140, goes by next mail, as follows:—Recites reference to Committee of your predecessor's proposals and terms of reference, also receipt of Report, which has been forwarded to you and presented to Parliament. Rehearses briefly main recommendations of Report, and states that Her Majesty's Government have given it careful consideration, which its great importance deserves, are impressed by facts and arguments contained in it, and have come to conclusion that it is advisable to accept generally and to act upon principles which it recommends. Have therefore decided in Council that policy of keeping mints closed to unrestricted silver coinage shall be maintained, and request you will, as soon as you may deem expedient, take necessary steps for making British sovereign legal tender and current coin, and that you will make preparations for coinage of gold under conditions suggested by Committee. As regards permanent ratio, after careful consideration have no hesitation in accepting view of majority, namely, sixteen pence, and in this opinion am confident you will concur. I agree with Committee as to general principles by which your Government should be guided in management of gold reserve in absence of legal obligation to give gold for rupees, *see* paragraph 59, second part. I particularly commend to your attention important recommendation of Hambro, separate report. Also strong opinion against borrowing for currency purposes expressed by Campbell, Holland, Muir, separate report, and supported by recommendation of Committee, paragraph 70, against increase of gold obligations, will no doubt have your careful consideration. Shall be glad to receive any observations or suggestions which your Excellency's Government may desire to make for furtherance of policy which has been adopted. Ends: I propose to present Despatch to Parliament without delay, probably within two days.

No. 2.

Despatch from the Right Hon. LORD GEORGE HAMILTON, SECRETARY OF STATE FOR INDIA to the GOVERNMENT OF INDIA, No. 140 (Financial) dated 25th July 1899.

IN my Despatch dated the 7th of April 1898, No. 67,* I informed your predecessor that it had been decided to refer to a Committee the proposals made by his Government with a view to the completion of the policy initiated in 1893, when, as a first step towards the establishment of a gold standard in India, the Indian mints were closed. The terms of reference were as follows:—“It will be
“the duty of the Committee to deliberate and report to me upon these proposals
“and upon any other matter which they may regard as relevant thereto, including
“the monetary system now in force in India, and the probable effect of any
“proposed changes upon the internal trade and taxation of that country; and
“to submit any modifications of the proposals of the Indian Government, or any
“suggestions of their own, which they may think advisable for the establishment
“of a satisfactory system of currency in India, and for securing, as far as is
“practicable, a stable exchange between that country and the United Kingdom.”

2. The Report of that Committee was presented to me on the 7th of July, and on that day I communicated its main provisions to your Excellency by telegraph. The Report was at the same time presented to Parliament, and copies have been forwarded to your Government in ordinary course.

* Note.—Presented to Parliament in C. 8840 of 1898.

3. In their Letter of the 24th of March 1898, No. 92,* forwarding Letters from important bodies in Bombay on the currency situation, the Government of your predecessor stated that they had finally decided not to revert to the silver standard. In this decision the Committee express their concurrence; and they go on to indicate their conclusion that steps should be taken to avoid all possibility of doubt as to this determination, and to proceed with measures for the effective establishment of a gold standard. With this view, they recommend that the British sovereign be made a legal tender and a current coin in India, and that the Indian mints be thrown open to the unrestricted coinage of gold. But, while making this recommendation, the Committee think it undesirable that any limit should be imposed on the amount for which rupees should be a legal tender; nor do they consider that you should undertake any obligation to pay gold in exchange for rupees.
4. Your Excellency will therefore observe that the Committee are in agreement with the Government of your predecessor as regards the main lines of policy to be adopted, while differing from them as to the means by which the objects in view should be attained. While concurring in the opinion of that Government that the mints should remain closed to the unrestricted coinage of silver, and that a gold standard should be adopted without delay, the Committee do not recommend the practical steps proposed for the attainment of this object by the Government of your predecessor, whose recommendations, in the opinion of the Committee, might probably have been modified if they could have foreseen the course of events during the past year, and would seem to have been based to an undue extent on a belief in the immediate effect of a contraction of the currency in raising exchange.
5. With regard to the rate at which, if the above-mentioned recommendations are accepted, the rupee should be valued in sterling, the Committee are not unanimous; inasmuch as two members are in favour of a rate of 15 pence; eight, including the Chairman, advise the definite adoption of the rate of 16 pence, which, with unimportant variations, may be said to have been the rate in force during the last eighteen months; and one, while agreeing with the principles of the Report, would prefer to take no immediate action for fixing a ratio.
6. Her Majesty's Government have given to this Report the careful consideration which its great importance deserves; they are impressed by the array of arguments and facts embodied in it; and they have come to the conclusion that it is advisable to accept generally and to act upon the principles which it recommends.
7. I have therefore decided in Council that the policy of keeping the Indian mints closed to the unrestricted coinage of silver shall be maintained; and I request that you will, as soon as you may deem it expedient, take the necessary steps for making the British sovereign a legal tender and a current coin, and that you will make preparations for the coinage of gold under the conditions suggested by the Committee. As regards the permanent ratio which the rupee should bear to the sovereign, after carefully weighing the arguments of those who are in favour of a lower rate than that which now obtains, I have no hesitation in accepting the view of the majority, who recommend an exchange rate of 16 pence per rupee, or 15 rupees to the sovereign; and in this opinion I am confident that your Excellency's Government, especially after the experience of the last eighteen months, will be disposed to concur.
8. I am also in accord with the Committee as to the general principles by which your Government should be guided in the management of your gold reserve in the absence of a legal obligation to give gold in exchange for rupees, namely, that you should make it freely available for foreign remittances whenever exchange falls below specie point, under such conditions as the circumstances of the time may render desirable.
9. I desire particularly to commend to your attention the important recommendation with regard to the improvement and concentration of banking facilities, contained in the separate report of Mr. Hambro.
10. The strong opinion against sterling borrowing for currency purposes which is expressed in the separate report of Mr. Campbell, Mr. Holland, and Sir John Muir, and which is, to some extent, supported by the unanimous recommendation

* Note.—Presented to Parliament in C. 8840 of 1898.

of the Committee in favour of a restriction of the growth of your Government's gold obligations, will no doubt have your careful consideration.

11. I shall be glad to receive any observations or suggestions which your Excellency's Government may desire to make for the furtherance of the policy which has been adopted.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 3.

SECRETARY OF STATE to VICEROY, dated 27th July 1899.

(Telegraphic.)

My financial telegram 25th.* Currency Report. I am consulting Treasury as to Proclamation.

No. 4.

VICEROY to SECRETARY OF STATE, dated 31st July 1899.

(Telegraphic.)

YOUR telegram of 27th July. We are preparing for gold coinage. Should be glad to be informed by you of terms of Proclamation before it is settled finally.

No. 5.

INDIA OFFICE to TREASURY, dated 3rd August 1899.

It having been decided that, as soon as the Government of India may deem it expedient, the necessary steps shall be taken for making the British sovereign a legal tender and a current coin, and that gold shall be coined in India, the ratio to be adopted being that of 15 rupees to the sovereign, it becomes necessary to consider what steps should be taken in order to enable the Government of India to issue sovereigns from the mints in that country.

By the Coinage Act of 1870 Her Majesty in Council is empowered by proclamation to direct the establishment of any branch of the mint in any British possession; and, therefore, the mints at Calcutta and Bombay can apparently be declared to be such branches, and be authorised to coin gold.

It is, however, requisite for the Government of India to retain the power of coining for its own purposes, though not on the demand of the public, silver rupees, which, for the present, at any rate, must remain unlimited legal tender in India, and I am desired to inquire whether, in the opinion of the Lords Commissioners, this right would be vitiated in respect of any mint so declared to be a branch of the Royal Mint.

If the Lords Commissioners see no objection on this or any other ground, to the procedure above mentioned, I am directed by the Secretary of State in Council to ask what steps should be taken in order to carry it into effect.

No. 6.

VICEROY to SECRETARY OF STATE, dated 16th August 1899.

(Telegraphic.)

OUR telegram of 31st July. Gold coinage. After examining proclamation establishing branch mint at Perth, Western Australia, we are of opinion that the substance of first four clauses would be sufficient for Indian proclamation, so far as we are concerned. Our Bill will provide for matters dealt with in Clause 5. Bombay Mint only need be proclaimed a branch of Royal Mint, not Calcutta Mint.

* No. 1 of present series.

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8. I am also in accord with the Committee as to the general principles by which your Government should be guided in the management of your gold reserve in the absence of a legal obligation to give gold in exchange for rupees, namely, that you should make it freely available for foreign remittances whenever exchange falls below specie point, under such conditions as the circumstances of the time may render desirable.

9. I desire particularly to commend to your attention the important recommendation with regard to the improvement and concentration of banking facilities, contained in the separate report of Mr. Hambro.

10. The strong opinion against sterling borrowing for currency purposes which is expressed in the separate report of Mr. Campbell, Mr. Holland, and Sir John Muir, and which is, to some extent, supported by the unanimous recommendation

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of the Committee in favour of a restriction of the growth of your Government's gold obligations, will no doubt have your careful consideration.

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If the Lords Commissioners see no objection on this or any other ground, to the procedure above mentioned, I am directed by the Secretary of State in Council to ask what steps should be taken in order to carry it into effect.

No. 6.

VICEROY to SECRETARY OF STATE, dated 16th August 1899.

(Telegraphic.)

OUR telegram of 31st July. Gold coinage. After examining proclamation establishing branch mint at Perth, Western Australia, we are of opinion that the substance of first four clauses would be sufficient for Indian proclamation, so far as we are concerned. Our Bill will provide for matters dealt with in Clause 5. Bombay Mint only need be proclaimed a branch of Royal Mint, not Calcutta Mint.

* No. 1 of present series.

No. 7.

INDIA OFFICE to TREASURY, dated 16th August 1899.

I AM directed by the Secretary of State for India in Council to enclose, for the information of the Lords Commissioners of the Treasury, a copy of a telegram received to-day from the Viceroy on the subject of the steps to be taken with a view to the coinage of sovereigns in India, and, with reference to my previous letter of the 3rd instant, to request that he may be favoured, as soon as possible, with a statement of their Lordships' views.

No. 8.

SECRETARY OF STATE to VICEROY, 16th August 1899.

(Telegraphic.)

YOUR telegram of 16th. No objection to legislation for making British and Colonial sovereigns legal tender in India. But you should await my reply as to proclamation before you introduce legislation for issue of gold coins from Indian mints. I hope to reply very shortly.

No. 9.

Letter from the GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, No. 301 (Finance and Commerce), dated 21th August 1899.

WE have the honour to acknowledge the receipt of your Lordship's Despatch No. 140, dated the 25th July 1899, forwarding the Report of the Indian Currency Committee. We are informed that Her Majesty's Government have been greatly impressed by the facts and arguments embodied in the Report, and have come to the conclusion that it is advisable to accept generally the recommendations of the Committee and to act upon them. Your Lordship has accordingly decided in Council to accept these recommendations, and we are requested to take the measures necessary to carry them into effect. Your Lordship at the same time invites any remarks or suggestions which we may desire to make for the furtherance of the policy which has been adopted.

2. Before proceeding to state the measures and suggestions that commend themselves to us, we desire to express our general gratification at the Report of the Committee. The result will be, we trust, the termination of a prolonged period of uncertainty and anxiety in the trade and public finance of this country. From 1875 to 1892 the question of the exchange value of the rupee was the one financial question dominating all others in India. In the uncertainty as to the course of exchange from week to week, it was impossible to frame a budget with any approximation to certainty or to conduct a mercantile operation without either accepting a peculiar risk or making insurance against it. Henceforward our monetary standard will cease to be affected by the political and financial action of foreign countries while, if negotiations should again, at any future time, be initiated for an international agreement with regard to the coinage of gold and silver, India would be able for the first time to enter upon such negotiations on equal terms. We look forward to the removal of one of the main causes which have not merely hindered capital from seeking India, but have driven away capital that had already found its way to our shores; and the elimination of the uncertain element of exchange from our calculations may, we hope, enable us to direct our attention at an early date to the alleviation of the burden of taxation and the establishment of a financial reserve.

3. We now proceed to the consideration of the specific recommendations of the Committee. These are—

- (a) that the Indian mints shall continue closed to the unrestricted coinage of silver and should be opened to the unrestricted coinage of gold;
- (b) that the sovereign should be made legal tender and current coin;
- (c) that the ratio between the rupee and the pound sterling should be 15 rupees to the pound, *i.e.*, that the exchange value of the rupee should be *1s. 4d.*;

- (d) that no legal obligation to give gold for rupees should be accepted, but
 (e) that the gold reserve now in course of accumulation should be made freely available for foreign remittances whenever exchange should fall below gold specie point, under such conditions as the circumstances of the time may render necessary.

In addition to these five recommendations, which your Lordship has accepted, you commend to our particular attention the important suggestion made in a separate report by Mr. Hambro for the improvement and concentration of banking facilities by the foundation of a large bank on the lines of the Bank of England or the Bank of France. Your Lordship is also confident that the strong opinion against sterling borrowing for currency purposes expressed by three members of the Committee will have our careful consideration.

4. Having regard to the course of events during the last seven years, it is unnecessary to say more in regard to the recommendation to keep the mints closed to the unrestricted coinage of silver than that we entirely concur in the desirability of removing all doubt on this point. We consider that the exhaustive examination which this subject has received for so many years warrants us in regarding the discussion as now closed. In future, in so far as the coinage of rupees is concerned, the mints will be employed to coin only such quantity as may be demanded by the needs of the country for current circulation. And here we may remark that our estimate of such requirements would be materially facilitated if it should be found possible to give effect to the suggestion made by Mr. Hambro for the establishment of a bank. The proposal made by the Committee that any profit made on rupee coinage should be held in gold as a special reserve has not escaped our attention; but the need for the coinage of additional rupees is not likely to occur for some time, and a decision on this point may conveniently be deferred. Meanwhile, our mint operations with regard to silver will be confined to the coinage of fractional silver, to the recoinage of rupees which have ceased to be current from wear and tear or otherwise and are withdrawn from circulation, and possibly to the coinage into British Indian rupees of the silver coins of such Native States as may desire to make arrangements with us to substitute our rupees for their local coinage, following the example of the States of Bhopal and Kashmir.

5. Your Lordship is already aware of our intention to act upon the recommendation that the sovereign should be made legal tender and current coin by the introduction without delay in the Legislative Council of a Bill amending the Indian Coinage Act for that purpose. We understand that your Lordship is taking the necessary steps for the issue of a proclamation declaring the Bombay Mint a branch of the Royal Mint, authorising the coinage therein of British gold coins, and declaring gold coins coined in it legal tender in the United Kingdom. Our intended legislation will provide for such coinage at any of our mints declared to be a branch of the Royal Mint. We do not think it necessary to have the Calcutta Mint declared a branch of the Royal Mint, for most of the gold imported into India and all the gold produced in the Indian mines finds its way to Bombay. We have, indeed, had under our consideration the question whether the Calcutta Mint might not be abolished, but we prefer to reserve our decision until we ascertain whether the Bombay Mint, if declared a branch of the Royal Mint, can conveniently execute the coinage of rupees, and whether in that case this mint will be equal to all requirements as regards the coinage of gold, silver (including the British dollar) and copper.

6. We are aware that an opinion is entertained in certain quarters that it would be expedient to defer the legislation required to make the sovereign legal tender in India, because when gold coins become legal tender they may accumulate in our reserve less rapidly than when the rupee is the only legal tender. It is possible that when sovereigns are made legal tender they may be held by the banks in their reserves or may pass into circulation to some extent instead of going into our reserve. But admitting this to be possible, we do not believe that it will occur to an extent sufficient to make an appreciable difference in the rapidity with which sovereigns will find their way into our reserve. Such sovereigns as may be retained by the banks in reserve will be available for foreign remittance when exchange tends to decline and will *pro tanto* diminish resort for that purpose to the Government reserve. But whenever exchange rises above the rate of 1s. 4d., as it may be expected to do during every busy season, sovereigns, whether held by the banks or passed into general circulation, except such as may find their way into hoards, should be presented to us

by their holders for the profit to be made on their exchange for rupees. We consider, therefore, that when, after long consideration and discussion, it has been finally decided to make gold legal tender, and the rate has been settled, it would be inexpedient to delay giving effect to the decision.

7. We entirely agree with your Lordship in accepting the recommendation made by the majority of the Committee that the rate of exchange to be adopted in making gold legal tender should be 1s. 4d. the rupee. On this point the arguments of the majority carry to our minds infinitely more weight than the arguments in favour of a rate of 1s. 3d. which are indeed mainly based upon a comparison between the statistics of a fairly good year and two exceptionally bad years. To adopt any other rate at this moment than that to which prices and other conditions have been adjusted during the last twenty months would be an unnecessary disturbance of existing conditions, especially when we reflect that such disturbance must of necessity have for immediate effect a very large addition (over Rs. 1,500,000) to the number of rupees required to discharge our sterling obligations. Finally, if the lower rate were adopted, we do not believe that it would be steadily established in a short time; on the contrary, such a backward step would promote a sense of uncertainty and hesitation and there would be a revival of speculation in exchange based on the probability that the lowering of a rate which, if not originally intended to be final, has at any rate established itself as final in popular opinion, would sooner or later be followed by further changes. We are confident that it is not more difficult to secure permanent stability at the rate of 1s. 4d. than at any other rate.

8. We note with great satisfaction that the Committee and your Lordship are agreed that we should not accept any legal obligation to give gold in exchange for rupees. To undertake such an obligation at this stage would involve borrowing an indefinite amount of gold for the purpose of convertibility and to such a course there are the strongest and most obvious objections. Moreover, a stock of gold acquired for this object would be watched with excessive anxiety, and any shrinkage in its amount would be likely to foster apprehension if not panic. At the same time we hasten to add that we must aim at the attainment, with the least avoidable delay, of practical convertibility, such as exists in France.

9. We also concur in the determination that the rupee shall remain full legal tender as at present. It is not likely that gold will ever penetrate freely into the country, or be used except in the larger centres and to some extent along the railways, since gold coins represent too great a value for ordinary transactions, which will in the main continue to be carried out by the use of silver. Gold in our opinion will remain a marginal currency. Any restriction on the use as legal tender of the rupee would, moreover, be an unnecessary and arbitrary interference with the habits of the native population. The closing of the mints, essential as that measure was, has had a certain depressing effect upon that metal which forms the favourite investment of the savings of the people; and any semblance of hostility to silver should, in our opinion, be rigorously avoided. We do not anticipate any more inconvenience under such conditions than has been felt in France from the maintenance of the full legal tender value of a mass of silver currency which is probably at least equal to the dimensions of our rupee currency.

10. The question of making our gold reserve freely available for foreign remittance is one in which the Indian business community is keenly interested. It is a question that touches them more nearly than any other connected with the currency, and hence it is that they have given such a large measure of approval to proposals for establishing a fund to be specially kept available for foreign remittances. But, though we could not consent to such proposals, we have the strongest opinion that our gold reserve should be available for foreign remittances, and that the natural and proper function of gold, when the standard is established, will be to flow in and out of the country in response to the seasonal demands of trade, and so to impart elasticity to our currency. After the gold standard had been firmly established, the inflow and outflow of gold will be automatic; but at the beginning of the new system the particular manner in which the gold reserve may be drawn upon for the purpose of securing stability in exchange must be considered and determined in the light of circumstances as they may arise. Probably for some time to come the only method to be employed will be to remit gold to your Lordship when exchange shows a tendency to fall below specie point, and to reduce the drawing of Council bills by

an equivalent sum. We may also proceed in time to discharge obligations in gold, or to pay certain classes of currency notes in gold, and gold so paid would reach the banks and be made available for foreign remittance.

11. The question discussed in the preceding paragraph leads to the consideration of the opinion given by three members of the Committee against sterling borrowing for currency purposes. As we have already said, we are absolutely opposed to borrowing for the purpose of securing convertibility, and we are also opposed to any immediate borrowing in order to accumulate a stock of gold for the purpose of maintaining exchange. But our reasons in the two cases are different. We refuse to borrow to ensure convertibility because of the risk involved, and we prefer to adopt the sounder and safer course, which has been adopted by other countries, of proceeding by gradual steps to convertibility. We equally deprecate any immediate borrowing for the purpose of maintaining exchange; such borrowing may never become necessary, and would in that case impose an unjustifiable charge for interest on the taxpayer. At the same time, the increase of our gold obligations would tend to retard the success of our currency policy, and in this connection we may note that we concur with the Committee in deprecating the increase of our general sterling obligations. But we cannot conceal from ourselves that if India were afflicted with famine or other adverse circumstances in the earlier years of our new currency, and before an adequate reserve had accumulated, circumstances might arise in which borrowing to maintain the standard would become an absolute necessity. We should have preferred, as we have informed your Lordship by telegram*, to have been armed against such a contingency, which can never be left out of calculation by an Indian Government, not by actual borrowing but by obtaining power to borrow. The possession of such powers, in our opinion, would go far to render any exercise of them unnecessary owing to the public confidence which their existence would inspire. Such powers might have been taken for a limited period and for a definite amount, and would have been exercised exclusively, if ever necessity arose for exercising them, for the single purpose of maintaining stability in exchange. We further hoped that it might have been found possible to take such powers in conjunction with Her Majesty's Government. An association of the two Governments for so limited and specific a purpose would not have impaired the financial independence of India, and we cannot conceive that the Imperial Government would have been reluctant to give India the use of the Imperial credit for such an object. We have learnt with satisfaction since we urged these considerations that your Lordship has stated in the House of Commons, in the debate on the Indian Budget, that borrowing would be resorted to if it should prove to be necessary. But we think it right to explain fully the reasons which led us to urge our views upon your Lordship, and we believe that, had the course we advocated proved practicable, our new currency policy would have, at any rate in this country, commanded more immediate assent and confidence.

12. It only remains for us to discuss Mr. Hambro's proposal for the establishment of a strong bank. There can, we think, be no question that, for the purpose of the effective maintenance of the gold standard, a bank with a large sterling capital, and constituted on the model of the Bank of England or Bank of France, would be a very powerful support to the State. Such a bank would be better able to measure and deal with the requirements of trade for foreign remittances than any Government, and it would have the capacity, which a Government Department cannot be expected to possess, of preventing unnecessary export of gold without hampering trade. An institution of the kind would also be most effective in promoting the circulation of gold. It would, again, be an effective agent for securing an increased circulation of fiduciary money, and we might find it possible to entrust it with the management of the Government paper currency. Apart altogether, however, from the question of the gold standard, we consider that the constitution of such a bank is desirable. The three Presidency banks do not command separately or together a capital adequate to the commercial requirements of the country, or sufficient to prevent excessive fluctuations in the rates of discount at different seasons of the year; while the legislative restrictions under which they conduct their business and the sharp division of their respective spheres of influence, however necessary or expedient at a former period, now form an obstacle to business. The Presidency banks, however, have in the past done good service, and the Government owe them full consideration apart from any actual contract or legal obligations.

* Not printed.

We think, therefore, that in the first instance the attempt should be made to absorb the three existing banks in one strong establishment, constituted on a sterling basis, care being taken that the interests of holders of shares in the banks should be fully protected and secured. The whole question is one that will require careful consideration, and we propose to address your Lordship again on the subject after ascertaining the views of the banks and of the mercantile community.

We have, &c.

(Signed) CURZON OF KEDLESTON.
W. S. A. LOCKHART.
E. H. H. COLLEN.
C. M. RIVAZ.
C. E. DAWKINS.
T. RALEIGH.
R. GARDINER.

No. 10.

TREASURY to INDIA OFFICE; dated 28th August 1899.

THE Lords Commissioners of Her Majesty's Treasury have had before them your letters of the 3rd August and 16th August on the subject of the proposal to give facilities for the coinage of gold in India similar to those which prevail in three of the Australasian Colonies; and I am directed to state that, in the opinion of this Board, the most helpful way in which my Lords can assist the immediate consideration of the subject will be to send you, for the information of the Secretary of State for India in Council, the enclosed copy of a report which has been obtained from the Deputy Master of the Mint in London.

It would seem that several points need to be carefully examined before any branch of the Imperial Mint in India can be actually established.

It occurs to my Lords that it may be well to direct the present Bombay Mint to send full particulars of its coinage appliances, of its staff employed, and of the salaries paid, and also a plan of the building.

I am to add that the opinion of the Law Officers may have to be invited on certain points, as, for instance, what provisions the proclamation by Her Majesty in Council will have to contain, and whether, regard being had to the wording of the Coinage Act of 1870 (33 Vict. c. 10. s. 11), the imposition of a charge for the coinage of gold could or could not be dispensed with.

Enclosure in No. 10.

ROYAL MINT to TREASURY, dated 15th August 1899.

UNDER the existing law (the *Indian* Coinage Act of 1870) the Governor-General in Council may by notification in the Gazette of India establish a mint at any place in British India, other than Calcutta and Bombay, and abolish any mint so established or any mint so now existing in British India—Section 28 (8) (9).

The only gold coins legally coinable at the Indian mints now or hereafter established are,—(1) the gold mohur or fifteen-rupee piece; (2) the five-rupee piece; (3) the ten-rupee piece; (4) the thirty-rupee piece or double mohur (Section 4). These coins are not legal tender (Section 12). A duty is leviable upon all gold and silver bullion and coin brought for coinage (Section 20), and also a charge for melting and cutting (Section 22). A further charge is prescribed for refining (Section 23). The Governor-General in Council can fix the number and duties of the officers of, and persons employed in, the mint (Section 27), and regulate any matters relative to coinage and to the mint which are not provided for by the Act.

So far as the Governor-General is concerned, therefore, he has no power to coin sovereigns without a fresh Act.

Under the Coinage Act of this country, 33 Vict. c. 10, sovereigns are coinable at the Royal Mint of the weight and fineness prescribed in the First Schedule of the Act. Under Section 4, gold coins issued by the mint are, within the conditions laid down by the section, legal tender for a payment of any amount. Under Section 5, no piece of gold, &c., of any value whatever shall be made or issued as a coin except by the mint. Under Section 8, gold bullion brought to the mint is, subject to conditions, to be assayed and coined and delivered to the persons bringing it free of charge.

Under Section 11 (8) it is lawful for the Queen in Council to direct by proclamation the establishment of any branch of the Mint in any British possession, and to impose a charge for the coinage of gold thereat, to determine the application of such charge, and the extent to which such branch is to be deemed part of the Mint, and to which coins issued therefrom are to be current and a legal tender, and to be deemed to be issued from the Mint.

By definition under Section 2 the Mint means, except as expressly provided, Her Majesty's Royal Mint in England, and "British possession" means any colony, plantation, island, territory, or settlement within Her Majesty's Dominions and not within the United Kingdom. Under Section 14 the Chancellor of the Exchequer for the time being is master, worker, and warden of Her Majesty's Royal Mint in England, and all duties, powers, and authorities imposed on or vested in or to be transacted before him may be performed and exercised by or transacted before his sufficient deputy.

Under Section 15 the Treasury appoint Deputy Masters and others for carrying on the business of the Mint in the United Kingdom or *elsewhere*, and the Master of the Mint may promote, suspend, and remove them. The Act, save as expressly provided by it, or by any proclamation made thereunder, shall not extend to any British possession (Section 19), and by Section 11 (9) the Queen in Council may by proclamation apply the whole or any part of the Act to, and to be in force in any British possession with or without modifications contained in the proclamation.

Assuming, therefore, that British India is a British possession within the meaning of the Act, the Queen has power to establish a branch mint there, and also to apply such portions of the Act there as may seem desirable.

In the recent report of the Indian Currency Committee, they state, paragraph 54, that they are in favour of making the British Sovereign a legal tender and a current coin in India, that they consider that at the same time, the Indian mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian branches of the Royal Mint. The result would be that, under identical conditions, the Indian sovereign would circulate both at home and in India and in all sterling using colonies.

In connection with this recommendation, it must be borne in mind that the establishment of the branch mints in Australia was due solely to the discoveries of large gold deposits in New South Wales and Victoria, and latterly in Western Australia. These mints were not and are not required for the purpose of supplying the gold coinage needed for currency purposes in the Australasian Colonies, but in order to meet the wants of the mining community, who in remote parts of the continent were placed at a disadvantage from want of facilities in disposing of the result of their labour, and who wished to get the best return in their power for it.

On the contrary, the portion of gold coin retained in Australia for currency purposes bears but a small relation to the whole out-turn, and the bulk of it is shipped abroad. It is probable that when a gold standard is established in India a considerable portion of Australian sovereigns will find their way to India.

The production of gold in Australasia for the year 1898 amounted to 3,547,079 ounces, whereas that for India did not probably much exceed one-tenth of this amount.

The reasons which led to the establishment of mints in Australia, therefore, do not hold good in India, and the precise grounds on which the recommendation is based are not stated. But whatever these may be, I will set out briefly the conditions under which the Australian branch mints are carried on.

The Government of each colony in which a branch is situated provides a suitable building and machinery for coinage operations, and provides an annuity from Colonial funds for payment of expenses, which is administered by the Treasury, who make all appointments, regulate the number of the staff, and the expenditure, without intervention of the Local Government. The accounts of this expenditure are audited by the Exchequer and Audit Office, and the unexpended balances of the annuities are surrendered to the Colonial treasuries.

The Colonial Governments fix the charges for refining and coining, &c., in consultation with the deputy master of the branch concerned, and receive the revenue derived.

Following these precedents, the Indian Government would have to find an annual sum to be administered by the Treasury at home. On the other hand, if a branch mint were established in India it might be taken on the votes as an imperial concern

and the revenue derived paid into the imperial exchequer, but this would not be on the "terms and conditions such as govern the three Australian branches of the Royal Mint," unless those conditions were altered.

The India Office have adopted the proposals of the Currency Committee, and Lord George Hamilton, writing on the 25th of July last to the Governor-General, desires him to take the necessary steps for making the British sovereign a legal tender and a current coin, and "to make preparations for the coinage of gold under the conditions suggested by the Committee." The "preparations" must consist, then, in the first place, of an application to the Treasury for the establishment of a branch mint in India, to be followed by the issue of a Proclamation by the Queen applying parts of the English Coinage Act of 1870 to India to the issue of a Proclamation by the Queen establishing a branch mint in India, by the erection by the Indian Government of a suitable mint, or by handing over one or a portion of one already in existence with the necessary machinery and appliances for refining and for coinage operations. Notice will have to be given, either in the Proclamation establishing the branch mint or in one subsequently issued, that the sovereigns coined in India shall be legal tender in like manner and to the like extent as if they had been coined in England.

The "preparations" are confined, therefore, to the India Government asking for a branch mint, and, if this is conceded, to their providing a mint and machinery and an annuity for the payment of expenses--the other steps will be taken by the Imperial Government.

The Government of India will not issue sovereigns from the mints in that country, as stated in Sir A. Godley's letter, if the precedents of the Australian branches are followed as proposed by the Currency Committee and endorsed by Lord George Hamilton. Sovereigns are coined under the English Act of 1870, and the dies are furnished from England and are not made anywhere else.

With regard to the other point raised in Sir A. Godley's letter, although it will be a new departure to have two coining authorities in the same country, I do not know that there is any practical difficulty in the Indian Government having its own mints for the coinage of rupees and other silver coins and copper, but it would not be practical to have two authorities in the same mint, and if rupees and token coinage are required to be coined in the branch mint, they should be struck and issued on the requisition of the Indian Government, and on the supply by them of the necessary metal, with or without charge, as may be subsequently settled.

It appears to me that the *early* establishment of a mint in India to coin sovereigns is not necessary, and that the Australian precedents need not be too closely followed, seeing that the branches in that part of the world were established for dealing with the raw material existing there in such abundance, and not in order to bring a particular currency system into play.

It will be necessary to legalise in India sovereigns struck here and at the Australian branches, as well as to legalise in the United Kingdom and in sterling-using colonies the currency of sovereigns struck in India. It will also be necessary to provide for the pyxing of gold coins struck in India. It may be worth consideration* whether the gold coins struck there should not be restricted to sovereigns. The proportion of half-sovereigns struck in Australia to sovereigns is very small (3,557,084*l.* of the former against 159,948,921*l.* of the latter). There are a few other points for consideration to which it may be convenient to refer now.

(1) The maintenance of the gold currency in an effective condition. In Australia the loss falls on the last holder, and the light gold sent in for re-coinage is dealt with by weight and not by number of pieces. Since the establishment of the branches only 867,108*l.* have been re-coined there, the bulk of which has been received at Sydney. A large proportion of Australian sovereigns are contributed to our circulation here, and are re-coined here as they fall light, the loss being made good from the coinage fund. It will have to be decided how the Indian sovereign currency is to be dealt with, whether the loss is to fall on the last holder as in Australia, or whether a special fund is to be formed to make good the loss on light gold at the expense of the State. Possibly this might be met by setting aside the coinage or other similar charges to form a special fund for the annual loss on light gold, but such a plan would only diminish the receipts to be paid into the Treasury as a set-off against expenditure incurred for salaries, maintenance, and other mint expenses.

(2) We have no knowledge of the mint regulations at present in force in India, nor of the means they possess for carrying out a continued gold coinage.

It will be necessary for us to be fully informed on these points. It is doubtful whether any of the Indian mint officials have any practical knowledge of gold coinage.

(3) The question of coinage charge is an important one. In this country, of course, there is no charge. In Australia a charge was imposed, partly, no doubt, because the mints there were established for the benefit of the mining community, and it was felt that they rather than the community at large should bear a special charge.

Under Section 11 (8) Her Majesty is empowered to impose a coinage charge, and I believe it was held, at the time the Perth Mint Order in Council was being drawn, that this power is not an optional one. Assuming this to be a correct interpretation of the law, and that a coinage charge has to be imposed in India, it seems probable that no one will import gold into India for coinage purposes, for which they have to pay, when they can get it coined here for nothing. It is unlikely, therefore, that any gold will be brought to the Indian branch mint for coinage in excess of the very small quantity to which I have already referred as produced there.

It appears to me that everything points to the conclusion that the coinage of sovereigns will be within very narrow limits in India, and that consequently it is questionable whether the Imperial Government should take over in their entirety either of the existing mints, which are considerable establishments, for this exclusive purpose.

(4) Moreover, it will probably be unnecessary to have refining facilities such as exist in the Australian mints. The present Indian law is not very clear. Under section 19 of the Indian Coinage Act, the mint master has to receive all gold and silver bullion and coin brought to the mint, provided that such bullion and coin be fit for coinage, which appears to indicate that it will not be received if it requires refining; on the other hand, under section 23, a refining charge is imposed for the loss and expense of refining all bullion and coin which is inferior to the standard fineness prescribed by the Act, or which is unfit for coinage. It may probably be convenient to prescribe in the new regulations that the gold bullion brought to the mint must be fit for coinage.

(5) Under clause 6 of the Proclamation establishing a branch mint at Perth, that branch is deemed to be a part of the mint for the purposes of the coinage of gold coins only. If the Indian Government desire to have their own mints for the purposes of other coinages, this precedent might be adopted in the case of an Indian branch mint.

No. 11.

SECRETARY OF STATE TO VICEROY, dated 1st September 1899.

(Telegraphic.)

YOUR telegram, 16th August, gold. Treasury show various legal and technical difficulties preventing early issue of Proclamation. But you need not delay legislation for legal tender of British and Colonial gold coins as already sanctioned in my telegram of 16th August.

No. 12.

Despatch from the Right Hon. LORD GEORGE HAMILTON, SECRETARY OF STATE FOR INDIA, to the GOVERNMENT OF INDIA, No. 177 (Financial), dated 7th September 1899.

WITH reference to your Excellency's telegram of the 16th of August on the subject of the coinage of gold in India, I forward a copy of a correspondence* with the Treasury, from which it is evident that some time must elapse before the requisite authority can be given to your Government. I shall be glad to be favoured with any observations that you may make on the various points mentioned by the Deputy Master of the Royal Mint.

* To Treasury, dated 3rd August 1899, No. 5 of present series; to Treasury, dated 16th August 1899, No. 7 of present series; from Treasury, dated 28th August 1899 (with enclosure), No. 10 of present series.

2. The difficulties suggested may possibly render your Government less desirous of at once proceeding with the introduction into India of the coinage of sovereigns in that country; but they need in no way retard your taking measures for rendering British and Colonial sovereigns legal tender within the Indian Empire.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 13.

SECRETARY OF STATE to VICEROY, dated 27th September 1899.

(Telegraphic.)

YOUR Despatch in the Finance and Commerce Department 301, 24th August, paragraph 5, gold. See my despatch, dated 7th September, No. 177, enclosing papers sent demi-officially to Financial Member of Council, 29th August. I await your views before answering Treasury. They will probably require full information on points mentioned in Deputy Master of Mint's memorandum before they can act. Let me know your views by telegraph.

No. 14.

Letter from the GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, No. 346 (Finance and Commerce), dated 5th October 1899.

WE have the honour to acknowledge the receipt of your Lordship's despatch, No. 177, of 7th September 1899, forwarding correspondence with the Treasury relating to the proposal to declare the mint at Bombay a branch of the Royal Mint for the coinage of gold, and asking for any observations we may desire to make on the various points mentioned by the Deputy Master of the Royal Mint.

2. The points on which we are asked for definite information are those specified in paragraph 3 of the Treasury letter of 28th August 1899. We enclose a letter from the Mint Master, Bombay, replying to those enquiries (Enclosure No. 1). We are also, we understand, expected to report what mint regulations are at present in force in India. Full information on this subject will be found in the papers of which a list is given in Enclosure No. 2. We shall forward copies of such of those papers as are not already in your Lordship's possession.

3. We think it of great importance that the Bombay Mint should be authorized at an early date to coin gold, and we are anxious to do everything in our power to expedite the issue of the Proclamation, so as to give final effect to the policy adopted by your Lordship and Her Majesty's Government. We have, however, felt some difficulty in dealing with the present reference in the form in which it has been made. We have decided that the best way of meeting that difficulty and the most convenient course to adopt will be to prepare and forward for consideration by your Lordship and the Lords Commissioners of Her Majesty's Treasury a draft Proclamation embodying the substance of the provisions which we recommend for adoption. Our explanations of the provisions of the draft will deal with such of the points raised by the Deputy Master of the Mint as appear to require notice; and it will be seen that we suggest alternatives for some of the clauses of the draft regarding which we apprehend that the Treasury may possibly not accept our views.

4. The draft Proclamation forms Enclosure No. 3 of this Despatch. In preparing it we have followed the lines of the Proclamation establishing the branch mint at Perth, Western Australia, as given on pages 80, 81, and 82 of the Report of the Royal Mint for 1897. But we have varied certain provisions of that Proclamation because we are in agreement with the opinion expressed by the Deputy Master that the Australian precedents need not be too closely followed. Mr. Seymour clearly explains the differences between the circumstances which led to the establishment of branch mints in Australia and those which have caused the decision to adopt the same step in India. To what he says we need only add one very important point; prior to the establishment of branch mints in Australia there were no mints of any kind in that country; whereas in India there are completely

equipped mints in full working order, and their continued maintenance is necessary for purposes other than the coinage of gold; either of our two mints is capable of undertaking the coinage of gold, and it would be needless extravagance to direct that the coinage of gold should be carried on in a separate building, or otherwise than as a part of the general operations of one of our existing mints.

5. Doubts being expressed in the enclosures of the Despatch under reply whether the Indian mints possess the means for carrying out a continued gold coinage, we may assure your Lordship that there is no ground for this fear. The additions to the existing equipment of the Bombay Mint to enable it to undertake gold coinage will be very few, as will be seen by a reference to our Despatch, No. 270, of August 15th, 1893; and, while it is true that our mint officials have as yet had little practical experience of gold coinage, we have no hesitation in saying that they are quite competent to undertake and successfully perform any work of the kind which may be entrusted to them.

6. We now proceed to explain the successive provisions in the draft Proclamation, confining our remarks for the most part to points in connection with which we propose variations from the corresponding clauses of the Perth Proclamation.

7. In clause 1 of the draft we propose that the branch mint shall be located within the existing Bombay Mint. It is, in our opinion, unnecessary, and would be both inconvenient and expensive to establish the branch in a separate building. The suggestion made by Mr. Seymour that silver and copper should be struck and issued in the branch mint on the requisition of the Indian Government does not commend itself to us. We do not, however, consider the objections to this proposal as insuperable. What we contemplate is locating the branch mint in a part of the Bombay Mint, and we hope that it may be possible for the Treasury to appoint a Mint Master in conjunction with the Indian Government who would take charge of both the Imperial and Indian coinage operations. This would certainly be the most convenient and practical course, and we may point out that the mint artificers must of necessity generally be natives of India. But if this suggestion is considered impracticable, we should be willing in the last resort to transfer the whole of the Bombay Mint to the Imperial authorities, and procure therefrom upon requisition such silver and copper coinage as we might want. It should be remembered that the British dollar is also struck at the Bombay Mint.

8. In clause 2 of the draft we have followed the Perth Proclamation exactly, but we approve of the suggestion made by Mr. Seymour that the coinage of gold at Bombay should be restricted to sovereigns; it is not necessary to give powers to coin the half-sovereign or the two-pound and five-pound gold pieces.

9. In clause 5 of the draft, we have embodied the provisions regarding the receipt of bullion, and the seignorage, melting, and assaying charges which we consider desirable in India. They necessarily differ from the corresponding provisions in the Perth Proclamation.

10. In sub-clause (b) of that clause, we provide that no seignorage or coining charge shall be levied. It will apparently be necessary to take the opinion of the Law Officers on this provision. To us it seems to be admissible under the Coinage Act of 1870, as the imposition of a coinage charge is merely one of several things "all or any" of which section 11 makes it "lawful for Her Majesty to do." We consider it essential, and have throughout contemplated, that no charge should be levied for the coinage of gold in India. If a charge is imposed, the import of gold into India for coinage purposes will, as Mr. Seymour remarks, be improbable, seeing that gold is coined in London without charge. Should the Law Officers hold that the imposition of a charge is imperative, we should, much as we may dislike such a course, recommend that the charge should be fixed at a purely nominal amount.

11. We think it desirable to have power to levy a melting and cutting charge and a refining charge as provided in sub-clauses (c) and (e) of clause 5 of the draft, although it may very probably be decided not to levy such charges.

12. We are of opinion that it would be inexpedient to lay down that gold which is unfit for coinage by reason of being of lower fineness than the standard should not be received. As stated in our Despatch No. 199 of June 8th, 1899, we consider it very desirable to attract to the Bombay Mint the gold produced in India, now amounting in value to over a million and a half sterling, which has hitherto been shipped to England *via* Bombay. The regulations ought to provide both for the

receipt of gold of low touch and for the possibility of refining operations being carried out in the branch mint.

13. Sub-clause (*i*) of clause 5 of the draft is taken from proviso (*d*) of clause 5 of the Perth Proclamation, with the omission of the words referring to the delivery of the coined gold to the tenderer. The English Coinage Act contemplates the re-delivery to the tenderer, after coinage, of the gold brought to the mint. We prefer to adopt in India the practice which was in force when the mints were open to silver under the sections (19 to 25) of the Indian Coinage Act, 1870, which were repealed in 1893; under those sections, the mint did not undertake to re-deliver in its coined state the bullion which had been tendered for coinage, but granted to the tenderer a certificate for the value of the bullion; and the tenderer cashed the certificate at the General Treasury. We consider this practice more convenient, and it is almost imperative to adopt it when, as is now the case in India, both gold and silver are legal tender, while the certificates are payable in legal tender coin. Sub-clause (*f*) of clause 5 makes provision accordingly; and it is necessary to omit the reference to the delivery to the tenderer of the bullion brought to the mint in sub-clause (*i*) as well as in sub-clause (*a*). It will be noticed that sub-clause (*f*) retains the power which existed under the repealed sections of the Indian Coinage Act to make the certificates payable some time after date in case coin was not available to pay the certificates before the bullion could be coined.

14. Clause 6 of the draft proposes a complete departure from the Australian precedents. The expenditure of the Australian mints is not directly charged to the Colonial revenues; each colony provides an annual sum payable to Her Majesty to cover the expenses; the actual expenditure is administered and brought to account by Her Majesty's Treasury. It will, in our opinion, be more convenient to charge the expenditure of the branch mint at Bombay directly to Indian revenues. But if this is considered undesirable, we should be willing to accept the procedure followed in the case of the Australian colonies. We would ask your Lordship in this contingency to agree with the Treasury upon the amount of the annuity to be fixed.

15. Clause 7 of the draft reproduces the first two sub-clauses of clause 6 of the Perth Proclamation. But for sub-clause (*c*) we propose to substitute the provisions of clause 8 of the draft.

We do not expect that the gold brought to the Bombay Mint for coinage will be sufficient in amount to occupy fully the time of a separate deputy master and establishment. The most economical course will be to utilise the existing mint officers and establishment for the work of the branch mint. We hope that even if the appointment and control of the branch mint establishment were vested exclusively in the Treasury, our mint master would be appointed to be deputy master of the branch mint, and we think it desirable that the Government of India should be formally associated with the Treasury in the control of the mint. It is true that the Treasury and the Master of the Royal Mint must be responsible for the correctness of the coinage of gold at any branch of the Royal Mint. But, in our opinion, that responsibility will be best fulfilled by provisions ensuring that the gold coinage at Bombay shall be carried out in strict accordance with the rules which obtain in the Royal Mint; and by associating the Government of India with the Treasury in the control of the establishment. However, if these views prove unacceptable, we are prepared to accept provisions similar to those contained in the Perth Proclamation.

16. We do not think that any separate Order in Council or Proclamation extending the whole or any part of the English Coinage Act, 1870, to India will be necessary or desirable. Such of the provisions of that Act as can be conveniently adapted to India are contained in the Draft Proclamation.

17. If the substance of our Draft Proclamation is accepted, it will probably not be necessary for us to proceed with any further amendment of the Indian Coinage Act for the purpose of coining gold in India. The gold coinage will be conducted under the Proclamation. It will, however, be convenient to consolidate the Coinage and Paper Currency Acts.

18. It would not be expedient to adopt Mr. Seymour's suggestion that a fund should be formed to meet the cost of re-coining light sovereigns coined in India. We consider that light sovereigns coined in India should be treated in the manner, described by the Deputy Master, in which light sovereigns coined in Australia are treated.

19. We have in this Despatch stated the proposals adequate, in our opinion, for carrying out the establishment of a branch of the Royal Mint at Bombay, which, we think, may reasonably be accepted by Her Majesty's Treasury. But we recognise the possibility that the Lords Commissioners may not be prepared to go so far as we propose in the direction of associating the Government of India in the control of the branch mint. If this proves to be the case, we shall be prepared to accept the alternatives we have indicated in paragraphs 7, 14, and 15 of this Despatch; those alternatives are set forth in full in enclosure No. 4. We trust, however, that your Lordship will endeavour to secure the assent of the Treasury to the former proposals.

We have, &c.

(Signed) CURZON of KEDLESTON.
E. H. H. COLLEN.
C. M. RIVAZ.
C. E. DAWKINS.
T. RALEIGH.

Enclosure 1 in No. 14.

Letter from the MINT MASTER, Bombay, to the GOVERNMENT OF INDIA, No. 977, dated 3rd October 1899.

In reply to your letter, No. 4409A, dated 25th September 1899, I have the honour to enclose the following :—

- (1) A list of the coinage appliances of all kinds in this mint, with engines and boilers ;
- (2) A detailed statement of the staff employed, with the salaries paid and a copy of the pay abstract ;
- (3) A plan of the mint buildings and grounds.

Enclosure 2 in No. 14.

List of Papers showing the MINT REGULATIONS and RULES in force in India.

1. Code of Rules and Standing Orders of Her Majesty's Mint, Calcutta (copies sent by book post).

2. Resolution of the Government of India in the Finance Department, No. 3570, of 19th September 1884, laying down rules for the appointment of assay officers. (See Proceedings in the Finance and Commerce Department, Accounts, September 1884, Nos. 902-908.)

3. Resolution of the Government of India in the Finance Department, No. 3930, of 13th October 1884, laying down rules for the issue of coin from the mints. (See Proceedings in the Finance and Commerce Department, Accounts, October 1884, Nos. 1023-32.)

4. Resolution of the Government of India in the Finance Department, No. 4405, of 11th August 1888, laying down rules for the verification of standard weights and balances. (See Proceedings in the Finance and Commerce Department, Accounts, August 1888, Nos. 725-729.)

5. Notification by the Government of India in the Finance Department, No. 664, of 13th February 1891, laying down rules for the treatment of light weight and counterfeit coins. (See Gazette of India of February 1891, part 1, page 97; also Proceedings in the Finance and Commerce Department, Accounts, March 1891, Nos. 71-72.)

6. Notification by the Government of India in the Finance Department, No. 3714, of 25th August 1893, laying down rules for the receipt of gold at the mints. (See Gazette of India of August 1893, Part I., page 494; also Proceedings in the Finance and Commerce Department, Accounts, August 1893, Nos. 660-699.)

7. Notification by the Government of India in the Finance Department, No. 3218, of 14th July 1899, removing, in respect of gold produced in India, the

condition that it must be fit for coinage. (*See* Gazette of India of July 1899, Part I., page 683; also Proceedings in the Finance and Commerce Department, Accounts, July 1899, Nos. 510-17.)

8. Notification by the Government of India in the Finance Department, No. 1714, dated 16th July 1873, laying down rules for the receipt of bullion and coin in the Calcutta Mint, and also the byelaws of the Mint Bullion Depôt. (*See* Gazette of India of July 1873, Part I., page 647; also Proceedings in the Finance and Commerce Department, Mint, July 1873, Nos. 19-21.)

9. Notification by the Government of India in the Finance Department, No. 395, dated 18th January 1878, laying down rules for the payment of Assay Certificates to holders at the General Treasury or the Currency Office. (*See* Gazette of India, Part I., of January 1878; also Proceedings in the Finance and Commerce Department, Mint and Currency, January 1878, Nos. 1-3.)

10. Notification by the Government of India in the Finance Department, No. 2051 of 7th May 1889, laying down rules for the grant of Mint and Assay Certificates for silver and gold bullion tendered at the mint. (*See* Gazette of India of May 1889, Part I., page 263; also Proceedings in the Finance and Commerce Department, Accounts, May 1889, No. 589.)

Enclosure 3 in No. 14.

Draft Proclamation establishing a BRANCH of the ROYAL MINT at BOMBAY,
based on the PROCLAMATION for PERTH, WESTERN AUSTRALIA,
as given on pages 80, 81, and 82 of the Report of the Royal Mint for 1897.

We do hereby, by and with the advice of our Privy Council, proclaim, direct, and ordain as follows:—

1. A branch of Our Mint shall be established at Bombay within the Mint there established by the Governor-General of India in Council for the purposes of the Indian Coinage Act, 1870.

2. Gold coins may be coined at the branch Mint so established, and shall be of the same denominations, designs, weights, and fineness, and subject to the allowance of the same remedy, as gold coins coined at Our Mint in England.

3. The Master of Our Mint shall prepare and transmit dies for gold coins to be coined at the branch Mint at Bombay.

4. The gold coins coined in pursuance of this Proclamation at the branch Mint at Bombay shall be deemed to have been issued from Our Mint, and shall be current and a legal tender in like manner and to the like extent as if they had been coined and issued in England.

5. (a) Subject to the Mint-rules for the time being in force, the Deputy Master of the branch Mint at Bombay shall receive all gold bullion brought to the Mint provided that the bullion so brought is fit for coinage.

(b) No charge shall be levied at the Mint on the produce of any gold bullion brought to the Mint for coinage.

(c) The Governor-General of India in Council, if he deems it expedient, may, by notification in the Gazette of India, direct that a charge of one-fourth per mille on gold bullion brought to the Mint for coinage shall be levied for melting or cutting the same so as to render it fit for receipt into the Mint.

(d) Notwithstanding anything contained in the proviso to clause (a) of this Article, the Deputy Master of the branch Mint may, subject to such orders as the Governor-General of India in Council may issue in this behalf, receive any gold bullion brought to the Mint though the same is not fit for coinage.

(e) When the gold bullion brought to the branch Mint is such that it cannot be brought to the standard fineness of the coin to be coined thereout without refining the whole or some portion of it, the Deputy Master shall demand for assaying and refining the same such charge (if any) as the Governor-General of India in Council may from time to time fix.

(f) The Deputy Master of the branch Mint, on delivery of gold bullion into the Mint for coinage, shall grant to the proprietor a receipt, which shall entitle him to a certificate from the Assay Master for the net produce of such bullion, calculated at the rate of one rupee for 7.53344 grains troy of fine gold; such certificates shall be

payable at the General Treasury of the Government of India in Bombay after such lapse of time from the issue thereof as the Governor-General of India in Council may fix from time to time.

(g) The proprietor of any gold bullion delivered into the Mint for coinage may, if he is dissatisfied with the Assay Master's report of its value, within 24 hours after receiving such report, and subject to the payment of any fee which may be prescribed in this behalf by the Governor-General of India in Council, withdraw the bullion.

(h) No undue preference shall be shown to any person as respects the bullion brought to the branch Mint; and every person shall have priority according to the time at which he brought it, subject to the Mint-rules for the time being in force.

(i) The Governor-General of India in Council may make, and alter from time to time, Mint-rules for carrying into effect the provisions of this Article with respect to gold coin and bullion, and the bringing and coining thereof, and in particular for regulating the time and conditions at and under which it is to be so brought, assayed, and coined, and the minimum amount which may be so brought.

6. All the expenditure incurred in the maintenance and working of the branch Mint at Bombay shall be charged to the revenues of India; and the charges, if any, for cutting and melting and for refining collected by the Deputy Master, and all other receipts of the branch Mint shall be credited to the revenues of India. The expenditure and receipts of the branch Mint shall be treated as part of the expenditure and receipts of the Bombay Mint established for the purposes of the Indian Coinage Act.

7. Subject to the provisions of this Proclamation the branch Mint at Bombay shall, for the purpose of the Coinage of gold coins, be deemed to be part of Our Mint, and, accordingly—

(a) the Deputy Master shall comply with all directions he may receive from the Master of Our Mint, whether as regards the returns to be made, or the delivery of coin for public use, or the transmission of specimen coins to England, or otherwise; and

(b) the said specimen coins shall be subject to the trial of the pyx under Section 12 of the Coinage Act, 1870, so, however, that they shall be examined separately from the coins coined in England.

8. The Deputy Master of the branch Mint at Bombay shall be appointed by the Treasury in conjunction with the Government of India, and shall be in charge both of the branch Mint and of the Mint established at Bombay by the Governor-General of India in Council for the purposes of the Indian Coinage Act, 1870. The Treasury may also in conjunction with the Government of India appoint other officers and persons for the purpose of carrying on the business of the branch Mint, and assign them their duties and award them their salaries.

9. The Governor-General of India in Council shall cause the store of gold bullion and coin at the branch Mint at Bombay to be inspected half-yearly, and cause the persons inspecting the same to report thereon to the Deputy Master of the branch mint, stating the exact amount of coin and bullion inspected by them; and such report shall be transmitted by the Deputy Master to the Master of Our Mint in London.

10. The Master of Our Mint and the Governor-General of India in Council shall, in the execution of this Proclamation, act in accordance with any regulations made or directions given by the Lords Commissioners of Our Treasury.

11. In this Proclamation—

The expression "Mint" means our Royal Mint in England.

The expression "Governor-General of India in Council" includes any person exercising for the time being the powers of Governor-General under the Indian Councils Act, 1861.

12. This Proclamation shall come into force at once.

Enclosure 4 in No. 14.

ALTERNATIVES for certain CLAUSES in the DRAFT PROCLAMATION (see paragraphs 7, 14, 15, and 19 of the Despatch).

For clause 1 substitute—

“A branch of Our Mint shall be established at Bombay, the Mint there established by the Governor-General of India in Council for the purpose of the Indian Coinage Act, 1870, being transferred to Us for use as a branch Mint.”

For (c) of clause 5 substitute—

“(a) Our Master of the Mint, if he deems it expedient, may by order, to be published in the Gazette of India, direct that a charge of one-fourth per mille on gold bullion brought to the Mint for coinage shall be levied for melting or cutting the same so as to render it fit for receipt into the Mint.”

In clause (d) of clause 5, for “the Governor-General of India in Council” substitute “Our Master of the Mint.”

For clause 6 substitute—

“The Government of India shall pay annually to Us the sum of thousand pounds to defray the expenses of the Branch Mint. From this annuity Our Master of the Mint shall defray the said expenses, surrendering to the Government of India any unexpended balance at the end of each year.”

For clause 8 substitute the following as an addition to clause 7:—

”; and
“(c) the Deputy Master and other officers and persons for the purpose of carrying on the business of the Branch Mint may be appointed, promoted, suspended, and their duties assigned and salaries awarded under section 15 of the Coinage Act, 1870: Provided that the Treasury and Our Master of the Mint may, if they deem it expedient, delegate the exercise of any of their powers in this behalf to the Government of India.”

In clause 10 omit the words “and the Governor-General of India in Council.”

No. 15.

SECRETARY OF STATE to VICEROY, dated 23rd October 1899.

(Telegraphic.)

YOUR Financial Despatch No. 346, enclosure 3, clause 5, subsection (f). Should it not be expressed that payment of certificates will if desired be made in gold coin and not in rupees to public bringing gold for coinage.

No. 16.

VICEROY to SECRETARY OF STATE, dated 25th October 1899.

(Telegraphic.)

YOUR telegram of 23rd October. Please refer to paragraph 13 of our Despatch No. 346, 5th October last. We should prefer to make the certificates payable in legal tender, that is to say, either in silver or gold or notes at our option, in which case we will endeavour to meet wishes of holders. But we shall not object to expressly giving the option to the public in the Proclamation if the point is expressed.

No. 17.

INDIA OFFICE to TREASURY, dated 7th November 1899.

With reference to your letter of the 28th of August last, No. 13,048, I am directed by the Secretary of State for India in Council to transmit a copy of a letter dated the 5th of October, No. 346, with its enclosures, which has been received from the Government of India, showing the measures of which they desire the adoption, in order to admit of the coinage of gold coins in India, which shall be equally current and legal tender with those coined in this country.

A copy is also forwarded of the papers mentioned in Enclosure No. 2 as showing the Mint Regulations and Rules in force in India.

The Lords Commissioners of Her Majesty's Treasury will observe, among the papers, a draft Proclamation, founded generally on that issued in the case of the Mint at Perth, but differing therefrom in various respects for the reasons explained in the letter of the Government of India. Although, according to the draft, power would be given to issue gold coins generally, the Government of India are willing that the coinage in India should be restricted to sovereigns. It is provided that no seignorage shall be charged, a point which the Government of India consider essential, if it can legally be so determined. And they desire to have power to receive gold even when of lower fineness than the standard. The other points will no doubt be carefully considered by their Lordships.

It may perhaps be necessary, in clause 5 (f) to make it clear that gold coin will, if desired, be issued to such of the public as may bring gold bullion to be coined; but, on this point, I am desired to draw attention to the thirteenth paragraph of the letter from India, and to the subsequent telegraphic correspondence herewith forwarded.

On the question of the mode of meeting the expenditure, the appointment of officers, and the control of the establishments, Lord George Hamilton trusts that no difficulty will be found in arriving at an understanding which shall be satisfactory both to the Lords Commissioners and to the Indian Government.

With reference to the fifth paragraph of the letter, I am directed to transmit an extract of the one dated the 15th of August 1893 (paragraphs 4 to 6), with its enclosure, showing what additions to the existing equipment of the two Mints were contemplated at that time.

I am at the same time, with reference to the second paragraph of Mr. Seymour's letter of the 15th of August, to forward a copy of the Indian Coinage and Paper Currency Acts corrected to the present date, and of Act II. of 1898, which show the present state of the law in India on this subject.

With these observations, I am instructed to add an earnest expression of the hope of the Secretary of State in Council that the requisite steps may be taken, without delay, for the issue of a Royal Proclamation.

No. 18.

TREASURY to INDIA OFFICE, dated 10th January 1900.

The Lords Commissioners of Her Majesty's Treasury, having given their careful consideration to the representations made in your letters* of the 3rd August and 7th November last, direct me to acquaint you, for the information of the Secretary of State for India in Council, that they are prepared to recommend to Her Majesty the establishment of a branch of the Mint in India, in accordance with the provisions of the Coinage Act, 1870 (33 & 34 Vict. c. 10), to be placed under the control of this Department as far as possible upon the same lines as the similar establishments in Australia, provided that the Government of India makes the necessary arrangements for defraying the expenses of the establishment.

My Lords have considered the draft Proclamation which accompanied the letter from the Indian Government of the 5th October last, and, while they are prepared to accept the general outlines of the arrangement proposed whereby the branch of the Imperial Mint is to be situated within the buildings of the existing establishment under the management of the Government of India at Bombay, they are of opinion that certain amendments are required, in accordance with the provisions of the Coinage Act.

* Nos. 5 and 17 of present series.

They have accordingly, in consultation with representatives of the India Office, caused a revised draft Proclamation to be prepared, which I am to transmit herewith, for his Lordship's consideration, together with a copy of a Memorandum* by the Parliamentary Counsel and an opinion* which has been obtained from the Law Officers of the Crown upon it.

I am to request that the special attention of the Secretary of State may be directed to the question of the provision to be made for the expenses of the Mint out of the revenues of India, as explained in the fourth paragraph of the opinion. It will be necessary that an assurance should be given that such provision will be made before the draft Proclamation is submitted to Her Majesty, and that the fact that it has been given should be recited in that document. I am accordingly to request that you will move Lord George Hamilton to take such steps as may be necessary to give effect to the financial arrangements proposed in the draft Proclamation, should he see no objection.

A further question will arise as to the treatment of worn gold coin in circulation in India, with which my Lords do not propose to deal in the Proclamation, as they consider it to be more properly a subject for Indian legislation. Under the Coinage Act, 1870, a duty is imposed upon all persons to whom gold coins below the current weight are tendered to break or deface such coins, the person tendering them to bear the loss. But, as the Secretary of State is aware, this provision was found to be in itself insufficient for maintaining the gold currency in a satisfactory condition, and it was provided by the Coinage Act, 1891, and Order in Council made thereunder, that all worn gold coins which had not been illegally dealt with should be exchanged by the Mint at their full nominal value. No similar provision has, however, up to the present been made in Australia, with the result that the worn gold coins in the Australasian Colonies are returned by the public to this country and redeemed at the expense of the British taxpayer. The cost of such redemption has, however, hitherto been more than covered by the seignorage on Imperial silver coin supplied for the use of the colonies concerned, and in these circumstances my Lords have not felt it incumbent upon them to call upon the Colonial Governments to make other arrangements.

In the case of India, on the other hand, it would be clearly inequitable to permit an arrangement under which the cost of maintenance of its gold currency would fall on the Imperial Exchequer, and my Lords presume that Lord George Hamilton will have no objection to giving an undertaking, on behalf of the Government of India, to make arrangement for the exchange of worn gold coins found in circulation in India upon the same terms as those from time to time in force in England.

I am to add that the Master of the Mint has been requested to report upon the sufficiency of the existing appliances of the Bombay Mint for the coinage of sovereigns, and, in inviting the observations of the Secretary of State upon the draft Proclamation, I am to state that my Lords will be prepared to submit the document for the signification of Her Majesty's pleasure as soon as they receive an assurance from the Secretary of State in Council that the necessary financial provision will be made, and they are satisfied that the Mint will be in a position to commence operations by the date of its promulgation.

Enclosure.

BOMBAY MINT.

Draft Proclamation.

BY THE QUEEN.—A Proclamation.

VICTORIA R.

WHEREAS under the Coinage Act, 1870, it is lawful for Us, with the advice of Our Privy Council, from time to time, by Proclamation, to direct the establishment of any branch of Our Royal Mint in England in any British possession, and determine the extent to which such branch is to be deemed part of Our said Mint and to which coins issued therefrom are to be current and to be a legal tender, and to be deemed to be issued from Our said Mint:

And whereas Our Governor-General of India in Council has applied for the establishment of a branch of Our Mint at Bombay:

* Not printed.

We, therefore, in pursuance of the said Act and of all other powers enabling Us in that behalf, do hereby, with the advice of Our Privy Council, proclaim, direct, and ordain, as follows:—

1. A branch of Our Mint shall be established at or near Bombay, and shall be situate either in the buildings of the Indian Mint at Bombay, or on such other site as the Governor-General of India in Council may approve.

2. Gold coins may be coined at the branch Mint so established, and shall be of the same denominations, designs, weights, and fineness, and subject to the allowance of the same remedy, as gold coined at Our Mint in England.

3. The Master of Our Mint shall prepare and transmit dies for the gold coins to be coined at the branch Mint.

4. The gold coins coined in pursuance of this Proclamation at the branch Mint shall be deemed to have been issued from Our Mint, and shall be current and a legal tender in like manner and to the like extent as if they had been coined and issued in England.

5.—(1) If any person brings to the branch Mint any gold bullion which, on assay, is in the opinion of the Deputy Master of the branch Mint fit for coinage, the bullion shall, subject to Treasury regulations, be coined and delivered out to that person without any charge for assaying or coining, or for waste in coinage:

(2) No undue preference shall be shown to any person as respects the bullion brought to the branch Mint under this Article, and every person shall have priority according to the time at which he brought the bullion.

6. All the expenditure incurred by the Deputy Master in the maintenance and working of the branch Mint shall be charged to the revenues of India, and all receipts of the branch Mint shall be credited to the revenues of India.

7. Subject to the provisions of this Proclamation, the branch Mint shall, for the purpose of the coinage of gold coins, be deemed to be part of Our Mint, and accordingly—

(a) The Deputy Master shall comply with all directions he may receive from the Master of Our Mint, whether as regards the expenditure to be incurred, or the returns to be made, or the transmission of specimen coins to England, or otherwise; and

(b) The said specimen coins shall be subject to the trial of the pyx under section twelve of the Coinage Act, 1870, so, however, that they shall be examined separately from the coins coined in England or at any other branch of Our Mint; and

(c) The Deputy Master and other Officers and persons employed for the purpose of carrying on the business of the branch Mint may be appointed, promoted, suspended and removed, and their duties assigned and salaries awarded in accordance with the provisions of section fifteen of the Coinage Act, 1870 (33 & 34 Vict. c. 10).

8. The Governor-General of India in Council shall cause the store of gold bullion and coin at the branch Mint to be inspected half-yearly, and cause the persons inspecting it to report thereon to the Deputy Master of the branch Mint, stating the exact amount of coin and bullion inspected by them; and the report shall be transmitted by the Deputy Master to the Master of Our Mint in London.

9. The Master of Our Mint shall, in the execution of this Proclamation, act in accordance with any regulations made or directions given by the Lords Commissioners of Our Treasury.

10. In this Proclamation—

The expression “Mint” means Our Royal Mint in England.

The expression “Deputy Master of the branch Mint” includes any person who lawfully exercises at the branch Mint the authority of Deputy Master.

The Interpretation Act, 1889, applies to the construction of this Proclamation.

11. This Proclamation shall come into force in India on the expiration of six months from the date thereof, unless it is sooner promulgated in India, and in that case on such promulgation.

No. 19.

Despatch from the Right Hon. LORD GEORGE HAMILTON, Secretary of State for India, to the GOVERNMENT OF INDIA, No. 12 (Financial), dated 25th January 1900.

ON the receipt of your Excellency's letter, dated the 5th of October 1899, No. 346 (a), respecting the coinage of gold in India, I lost no time in communicating to the Treasury a copy thereof, with the enclosures (some of which were received by a later mail), together with my telegram (b) of the 23rd of October and your reply of the 25th (c) relating to the payment of Mint certificates. A copy of the letter (d) to the Treasury, dated the 7th of November, is transmitted for the information of your Government.

2. Personal conferences ensued between representatives of the two offices, at which the Deputy Master of the Royal Mint was also present; and a letter (e) dated the 10th instant has now been received from the Treasury, a copy of which, and of its enclosures, I forward herewith to your Excellency.

3. I shall be glad to learn as soon as possible whether you desire to suggest any modification of the draft Proclamation which is now prepared, and whether you have any objection to my giving to the Lords Commissioners of the Treasury the assurance that the Government of India are not only willing to defray all charges of the branch Mint, but also to guarantee the repayment of any expenses that may be hereafter incurred in replacing worn gold coin that may be found in circulation in India.

4. As regards the sufficiency of the existing appliances at Bombay, and the ability of the staff to commence operations, I request that you will inform me whether you have anything to add to the statements contained in the enclosures of your letter No. 346, dated 5th October 1899.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 20.

Letter from the GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, No. 54 (Finance and Commerce), dated the 22nd February 1900.

WE have the honour to acknowledge the receipt of Your Lordship's Despatch No. 12 (Financial), dated the 25th January 1900, forwarding correspondence with Her Majesty's Treasury and the draft of a Proclamation to establish a branch of the Royal Mint at Bombay with a view to the coinage of gold in India.

2. We have no modifications to suggest in the draft Proclamation now prepared, and we shall be glad if it can now be promulgated.

3. We request that Your Lordship will give to the Lords Commissioners of the Treasury the assurance that the Government of India will defray all charges of the Branch Mint. We are also prepared to undertake to make arrangements for the exchange of worn gold coins other than half-sovereigns found in circulation in India on the same terms as those in force from time to time in England. We do not intend to coin half-sovereigns in India, and do not desire their circulation. We are therefore unwilling that our obligation in the matter of repaying the expenses incurred in replacing worn gold coin should be held to extend to light-weight half-sovereigns. With this modification we are prepared to repay the expenses incurred in recalling worn coin.

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- (a) No. 14 of present series.
(b) " 15 " "
(c) " 16 " "
(d) " 17 " "
(e) " 18 " "

4. As regards the sufficiency of the existing appliances at Bombay and the ability of the staff to commence operations, we have nothing to add to the statements contained in the enclosures of our Despatch No. 346, dated the 5th October 1899.

(Signed) We have, &c.
 CURZON OF KEDLESTON.
 E. H. A. COLLEN.
 A. C. TREVOR.
 C. E. DAWKINS.
 T. RALEIGH.
 DENZIL IBBETSON.

No. 21.

INDIA OFFICE to TREASURY, dated 10th March 1900.

IN continuation of my letter of the 6th of February, I am directed by the Secretary of State for India in Council to inform you that he has communicated to the Government of India the suggestion which has been put before him unofficially, and which, he understands, would be acceptable to the Lords Commissioners, viz., that Mr. Barton, when taking leave of absence from Melbourne at the close of this month, should proceed to Bombay, with the view of his making a report on the capabilities and requirements of the Mint at that place for the coinage of gold, and I am to state that the Government of India have reported that the arrangements proposed will suit them.

His Lordship assumes that the Lords Commissioners will give such instructions as may be necessary, and will communicate with him when any action on his part is required.

No. 22.

INDIA OFFICE to TREASURY, dated 20th March 1900.

WITH reference to your letter, dated the 10th of January, No. 324, relative to the coinage of gold in India, 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 Despatch, dated the 25th of January, No. 12, addressed to the Government of India, and of their reply dated the 22nd of February, No. 54; and I am desired to express Lord George Hamilton's hope that the assurances contained in the latter will prove satisfactory to their Lordships, and enable them to take the requisite steps for obtaining the approval of Her Majesty to the issue of the requisite Proclamation.

No. 23.

TREASURY to INDIA OFFICE, dated 28th March 1900.

WITH reference to your letter of the 10th instant (F. 959), I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Secretary of State for India in Council, a copy of a letter addressed on the 23rd instant by direction of the Master of the Mint to Mr. Barton, instructing him as to the points to be dealt with in his inquiry at the Bombay Mint.

As regards Mr. Barton's expenses, my Lords have undertaken to ask the Secretary of State to pay the cost of his passage from Melbourne to Bombay (outwards only), together with subsistence allowance at the rate of 10s. a night on

board ship, and 21s. a night on shore, in respect of the period to the date of his departure from Bombay, and an amount equal to one quarter of his full salary (Mr. Barton's leave of absence being, upon three-quarters salary) for the same period.

With Lord George Hamilton's concurrence, Mr. Barton will be instructed to make a claim upon the India Office accordingly upon reaching England.

Enclosure in No. 23.

TREASURY to Mr. BARTON, dated 23rd March 1900.

WITH reference to the telegram of the 1st instant, from the Master of the Mint, in which he desired that you would call at Bombay on your way home on leave, in order to report on the facilities of the Mint there for gold coinage, and stating that instructions would be sent to you, I am now directed to set out the points on which information is sought.

1. You are aware that the Indian Government, acting upon the recommendations of the Indian Currency Commission, have taken steps for making the sovereign legal tender and a current coin in India, the ratio adopted being 15 rupees to the sovereign.

2. They have also determined to take steps for the coinage of sovereigns in India, and in order to carry out this object it is necessary to set up a branch of the Royal Mint in India by proclamation under the provisions of the Coinage Act of 1870, 33 Vict. cap. 10.

3. It is proposed that the existing mint at Bombay shall be utilised for this purpose, and that a portion of it shall be set aside for the exclusive coinage of sovereigns, under the direction of the Master of the Mint, and a staff appointed by the Treasury.

4. Plans of the Bombay Mint have been submitted for examination in this country, and it appears probable that by rearrangement and additions the portion of the Mint forming the south-west angle of it could be adapted for the exclusive purpose of gold coinage, and that this portion could be entirely shut off, if necessary, from the rest of the Mint. A tracing of the plan, showing the portion referred to, is enclosed. The remainder of the present buildings will continue to be available for the coinage of silver and copper under the direction of the officers appointed by the Indian Government.

5. You are requested to report as to this, and to inform the Master of the Mint what steps it will be necessary to take in order to secure a suitable arrangement of rooms lying together for the various operations connected with the coinage of gold, it being understood that pre-melting operations, and operations for refining purposes will not be carried out in this portion of the Mint, but will be under the charge and direction of the Mint officials appointed by and responsible to the Indian Government.

The only arrangement, therefore, which you will have to consider, so far as melting is concerned, is the provision of a set of furnaces suitable for melting charges of gold of say 1,200 ozs. standard each, and adequate space for pouring into moulds for the manufacture of sovereign bars, with appliances for trimming them, &c.

6. Should, however, it appear to you on inspection of the premises that some other portion of the Bombay Mint is better adapted for the purposes of an exclusive gold coinage than that which I have indicated, you will inform the Master of the Mint accordingly, stating fully the various requirements which will have to be made good. You will bear in mind, however, that the coinage of sovereigns at Bombay is not likely to be a large one, affording continual work all the year round, that it will be undertaken only with gold fit for coinage, not requiring refining, and that the initial accommodation will, therefore, be comparatively limited. Provision for possible expansion in the future should, nevertheless, be borne in mind.

7. With regard to machinery and plant already in existence, you will report how far it is suitable and fit for gold coinage, and the extent to and the manner in which you would recommend that it should be supplemented.

8. Any machinery or appliances necessary or desirable for gold coinage which are not already in existence should be noted, in order that provision may be secured.

9. You will specially observe as to the efficiency of the rolling mills, the arrangements for annealing, and the condition of the automatic balances.

10. In connection with the foregoing directions, I am to enclose, for your information, a copy of a memorandum drawn up by the Superintendent of the Operative Department in this Mint, dealing with various points, on many of which it is impossible to form a definite opinion without that personal inspection which you are now requested to give, amongst them "motive power" and "stronghold accommodation" call for your special attention.

11. When your inspection has been sufficiently advanced to enable you to determine the best way to secure the accommodation required for coinage operations and for office purposes, you will take into consideration the staff which will be requisite for conducting the work.

12. In this respect the experience of the Royal Mint and its branches, resting as it has upon numbers and wages of those employed on the scales usually adopted for the employment of British and Australian workmen, will not be a sufficient guide. You will form your opinion as to the necessities of the case upon the advice afforded you by those whom you consult who are experienced in the use and control of native labour, whether in the Bombay Mint or outside it.

13. Assuming that the whole of the staff of workmen, including those employed in the melting-house, rolling, cutting, annealing, press and weighing rooms to be drawn from native sources, you will report how far the subordinate supervising staff such as foreman of rooms, gaugers, &c., may also consist of natives, or should be filled by Europeans.

14. You will report the numbers of the higher supervising and controlling staff which in your judgment will be required, and you will indicate how far the supervising staff in the Coining Department can combine the duties connected with operations and accounts. You will state in each case the duties to be entrusted to the individual.

15. Apart from the Coining Department you will report also as to the staff which will be necessary for carrying on correspondence, and keeping the accounts of receipts of gold bullion, and issue of coin, as well as the accounts with the Coining Department.

16. You will report as to the assistance to be given to the Assayer, whose duties will consist in the assay of the gold bullion sent in for coinage, of the bars manufactured in the melting-room before they are sent on for rolling, as well as of the coin before issue. The important duty of determining whether the gold sent in to the Mint is fit for coinage or not, whether by preliminary assay or after melting, will be entrusted to the Assayer, and it is absolutely necessary for him to be independent of the mints under the Indian Government, and responsible to the Master of the Mint alone.

17. You will report as to the accommodation and appliances necessary for the Assayer's staff, and to the extent to which it will be necessary to supplement the provision in these respects already existing.

18. In view of the comparatively small amount of work which may be expected to fall on the Bombay Branch of the Royal Mint, at all events at its commencement, it will be desirable to consider whether and how far it may be practicable to utilise a portion of the staff already employed in the Bombay Mint under the Indian Government. If any arrangement of this kind can be carried out, it will be essential that the staff common to the two mints shall be always available for the gold coinage when required, and that it must, when employed on that coinage, be amenable to the rules and discipline of the Deputy Master of the Branch Mint. It will be for your consideration whether any friction would reasonably be likely to arise by the employment of a common staff on the work of two independent establishments.

So far as the staff of artificers is concerned, men employed in the manufacture and repair of the machinery and coinage appliances, including balances, it would probably not be difficult to arrange that the existing staff should be utilised for the requirements of the Branch Mint for gold coinage.

19. It must be borne in mind that the cost of both the Bombay Mint and the proposed branch of the Royal Mint will be met by the Indian Government, and it will be a matter for consideration in what manner and to what extent the funds required for the staff connected with the coinage and issue of sovereigns shall be separated from the general expenses of the Bombay Mint, and carried to a separate account to be placed at the disposal of the Deputy Master of the Branch Mint.

20. Under the Proclamation which it will be necessary to issue for the establishment of a branch of the Royal Mint at Bombay, a copy of a draft of which is enclosed, the Deputy Master and other officers and persons employed there will be appointed and controlled by the Treasury in the same manner as in the Royal Mint and its existing branches in Australia. It seems open, therefore, to considerable doubt whether the controlling officers of the Branch Mint, such as the Deputy Master, the Superintendent, the Chief Clerk, and the Assayer, should be also in the employment and subject to the directions of the Indian Government. You will be able to weigh the practical objections which may arise by any such common service to two different, and possibly conflicting, authorities with greater nicety on the spot than can be done from here, and you will report on the point. The Master of the Mint, however, is inclined to lay great stress on his own ultimate responsibility for the integrity and accurate issue of the sovereign, wherever coined, and he leans at present to the view that the Deputy Master and the Assayer, at any rate, should be entirely independent of the Indian Government, both as regards appointment and control. In view of the limited nature of the operations to be performed, the offices of Deputy Master and Superintendent might be conveniently united in the same person.

21. You will understand, however, that upon the points raised in the last paragraph the Master of the Mint has no desire to fetter your judgment, and you will report on all the points which have been referred to you, whether as to the accommodation required, the machinery and apparatus and coining requisites necessary, the numbers and nationality of the staff, and the nature of its control, according as you think the public interests may be best served.

22. A separate communication will be addressed to you as to your expenses and remuneration.

Annexure.

Memorandum by the Superintendent of the Operative Department to the Deputy Master, dated 20th January 1900.

IN accordance with your directions, I beg to report on the machinery of the Bombay Mint, as set forth in the lists which accompany the Treasury letter of the 10th instant (324/1900), from the point of view of its suitability for the coinage of gold. I would, however, premise that such a mere list of appliances affords no means of judging as to their real efficiency for such a purpose, for the coinage of gold without undue waste is well known to require as an essential condition that every stage of manufacture, both metallurgical and mechanical, shall be conducted with the most minute accuracy. The real efficiency of the plant, therefore, can only be judged by close inspection and, in most cases, actual trial.

I proceed to consider the provision available in the several branches of the Mint.

Melting Department.

The melting and pre-melting departments contain no less than 21 and 25 furnaces respectively, of capacities varying from 10,000 to 1,400 ounces of silver per charge. All of them appear to be too large for gold melting according to English practice, but before being used for gold they would probably be rebuilt and their dimensions could then be reduced. It appears from the plan that they are distributed in sets over a considerable area, so that certain furnaces could doubtless be set aside for gold melting and refining operations without serious inconvenience. The number of mould carriages appears to be adequate, and it would not be difficult to fit the requisite sovereign moulds to these carriages.

The space marked on the plan for a gold refinery hardly seems sufficient, but this could be increased and a special stronghold could also be provided.

There is an abundant supply of minor appliances, except that no provision appears to be made for trimming the edges of bars.

Duplicate rolling, adjusting, cutting, annealing, and coining rooms already exist in the Bombay Mint, and there appears to be no difficulty in setting aside one of each for dealing exclusively with gold. An examination of the plans shows that the rooms best placed for this purpose are the south rolling and adjusting rooms, the old cutting room (dismantled), and the west annealing and coining rooms.

These rolling and adjusting rooms contain ten mills which, if efficient, should suffice for the preparation of accurate "fillets" without the use of the dragbench; at present this appliance is placed in the north adjusting room. In every case a very liberal supply of spare rolls already exists, and nothing seems to be wanting for the efficient working of these two rooms.

Cutting Room.

Although the cutting room, which appears to be most conveniently situated, is described on the plan as "dismantled," the schedule shows the Mint to possess no-less than 13 cutting-out presses, doubtless in the other room. This number is three more than exist in the London Mint, and it would apparently be an easy matter to erect a sufficient number in the room indicated, and to supply the requisite motive power. Sufficient space seems to be available for the accommodation of such minor appliances as would also be needed in this room, such as benches, balances, and sorting tables.

Annealing Room.

The details given of the contents of the west annealing room, the most conveniently situated, point to its having hitherto been chiefly used for copper coin, and it would probably require some re-arrangement. In the absence of information as to the nature of these fittings, however, it is impossible to discuss them in detail, but the two furnaces would possibly suffice, and the space available is ample for the coinage up to about five million sovereigns per annum, especially if the work is evenly distributed throughout the year.

From this point the provision necessary must to some extent depend on whether the English practice of only weighing finished coins, or the Australian, in which both blanks and coins are weighed, is contemplated.

In the former case, the blanks would pass easily to the west coining room, which contains twelve lever presses, more than could conveniently be fed by the existing rolling and cutting plant, and more than are needed for the coinage in view.

The present weighing room is very inconveniently placed, but contains a large number of automatic balances by Napier, no less than 68. Half of these, if in perfect order, would be ample provision for the gold mint, but in any case it will probably be necessary to erect a new room on a portion of the vacant space near the annealing room for their accommodation.

If the Australian practice is adopted no material increase in their number would be needed, but the arrangement of the room should be modified so that blanks and coin might be kept apart. The weight-reducing machines, which already exist, would in this case be erected in the blank weighing portion of the room.

Bullion Balances.

Ten suitable balances are stated to exist in the mint, and from these it would probably be easy to select a sufficient number for the service of the several rooms reserved for gold.

Motive Power.

The following steam-engines are available for driving the machinery in the rooms which it is here suggested should be devoted to the rolling, cutting, and coining of gold.

40 H.P. Low pressure condensing beam engine.

25 H.P. High and low pressure compound condensing horizontal engine.

It is open to doubt whether this provision of power would be adequate for the whole of the work, and some addition may be found necessary. A small special engine, a turbine, or other source of power, will also be required for the automatic balances.

It is assumed that the requisite office and stronghold accommodation already exists in the several rooms.

Assay Department.

In order to secure adequate and independent control over the composition of the coin a separate assay office is of the first importance, and the list of balances, &c., which already exists, points to the conclusion that they must be supplemented by a certain number of new instruments of greater delicacy, so as to meet the requirements of modern practice. None of the appliances required for the regular assay of gold, such as muffle furnaces and platinum boilers, are enumerated as forming part of the present outfit of the Bombay Assay Office.

No. 24.

TREASURY TO INDIA OFFICE, dated 10th April 1900.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 20th ultimo (F. 1044), with its enclosures, respecting the proposed establishment of a branch of the Royal Mint for the coinage of sovereigns at Bombay.

In reply, I am to request you to inform the Secretary of State for India in Council that my Lords are satisfied with the assurances given by the Government of India as to financial provision, and that they accept the proposal to exclude the half-sovereign from the arrangement whereby that Government undertakes to make good the loss on worn gold coin found in circulation in India, on the understanding that the coin in question is not made a legal tender in India.

As it is intended to coin sovereigns only in Bombay, my Lords have under consideration whether it will be more proper to take power in the Proclamation to coin pieces of that denomination only, or gold coin generally, as provided in the draft. Subject to this and to the addition of the recital referred to in the fourth paragraph of the Treasury letter of the 10th January last, they will be prepared to submit the instrument to Her Majesty as soon as Mr. Barton's report has been received and considered, and they are satisfied that adequate provision has been made at Bombay for the commencement of operations by the date of its promulgation.

I am to add that the Master of the Mint has expressed a wish to be furnished with a copy of the printed correspondence enclosed in your letter under acknowledgment, and any further correspondence upon the subject which has been printed, for purposes of record. My Lords would feel obliged if the documents could be furnished to them, for transmission to the Mint.

No. 25.

INDIA OFFICE TO TREASURY, dated 20th April 1900.

WITH reference to Sir Edward Hamilton's letter of the 10th of April, I am directed by the Secretary of State for India in Council to forward, for transmission to the Royal Mint, a copy of correspondence* with the Government of India relating to the proposed arrangements for the coinage of gold in that country.

No. 26.

INDIA OFFICE TO TREASURY, dated 27th April 1900.

I AM directed to acknowledge the receipt of your letter of the 28th March, forwarding a copy of the instructions which have been addressed to Mr. Robert

* To Government of India, dated 7th September 1899. From ditto, dated 5th October 1899. To ditto, dated 25th January 1900. From ditto, dated 22nd February 1900. To ditto, dated 3rd May 1900. Nos. 12, 14, 19, 20, and 27 of present series.

Barton, the Deputy Master of the Melbourne Mint, relating to the inquiries which he is to make as to the facilities existing at the Bombay Mint for the coinage of gold.

I am to express his Lordship's thanks to the Lords Commissioners of the Treasury for the trouble which has been taken in the matter, and his concurrence in the suggestions contained in your letter with reference to the payment to be made to Mr. Barton on his arrival in England.

No. 27.

Despatch from the Right Hon. LORD GEORGE HAMILTON,
Secretary of State for India, to the GOVERNMENT OF INDIA, No. 66 (Financial),
dated 3rd May 1900.

WITH reference to your letter of the 22nd of February, No. 54, I forward, for your information, a copy of further correspondence* with the Treasury relative to the arrangements for the coinage of gold in India.

2. I request that, when Mr. Barton, the Deputy Master of the Melbourne Mint, has concluded the inquiries referred to in the correspondence, I may be informed without delay of the dates of his arrival in, and departure from, India.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 28.

TREASURY to INDIA OFFICE, dated 27th June 1900.

WITH reference to your letter of the 10th March last (F. 959), on the subject of the investigation to be made by Mr. Barton into the provision required at Bombay for the establishment of a branch of the Royal Mint, I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, to be laid before the Secretary of State for India in Council, the enclosed copies of reports by the Deputy Master of the Royal Mint and by Mr. Barton.

My Lords would be glad to be favoured with the views of Lord George Hamilton at as early a date as possible upon the two questions suggested at the close of Mr. Seymour's report, namely, as to the choice between the two alternative sites indicated by Mr. Barton, and as to the amount of the annual coinage for which provision should be made.

For the convenience of your Department, I am also to enclose the plans in original, which I am to request you to be so good as to return.

Enclosure 1 in No. 28.

ROYAL MINT to TREASURY dated 18th June 1900.

I AM directed by the Master of the Mint to transmit, for the consideration of the Lords Commissioners of Her Majesty's Treasury, a copy of the report on the proposal to establish a branch of the Royal Mint at Bombay for the coinage of sovereigns, with its enclosures, which I have now received from Mr. Barton, the Deputy Master of the Melbourne Branch. It will be in their Lordships' recollection that Mr. Barton, being about to return to this country on leave of absence, was directed to call at Bombay in order that he might be in a position to advise the Master of the Mint, not only on the various points of detail which require considera-

* To the Treasury, dated 10th March 1900. To ditto, dated 20th March 1900. From ditto, dated 28th March 1900, and enclosures. From ditto, dated 10th April 1900. To ditto, dated 20th April 1900. To ditto, dated 27th April 1900. Nos. 21 to 26 of present series.

tion before the coinage of sovereigns can be prudently proceeded with at Bombay, but primarily as to the premises available, or which will require to be erected for the purpose.

In considering this latter point, it will be seen that Mr. Barton presents two alternative proposals:—(1) To reserve a portion of the present Mint in the south-west corner for the exclusive coinage of gold, a course which will necessitate certain alterations in the structure, and the erection of new premises for the accommodation of the Deputy Master and the assayers; (2) The erection of a new and complete gold Mint on vacant grounds at the north-east angle of the Bombay Mint. Mr. Barton recommends the latter course, and he urges in its favour that, while the former alternative is at best only a makeshift, the other will afford better provision for the purpose in view.

This second proposal must necessarily be the more expensive, being estimated to cost 194,000 rupees against 133,000 rupees in the former case, and must occasion considerable delay before the gold coinage can be inaugurated; and, in the absence of precise knowledge as to how far the Bombay Mint will be really required in the future, in addition to that at Calcutta for subsidiary currency, now that the free coinage of silver is discontinued, the Master of the Mint feels some difficulty in advising as to which course it is desirable to adopt. He understands that, although since 1893 the coinage at Bombay has been trifling in amount, the Mint was, at the time of Mr. Barton's visit, fully occupied on silver coinage, and that, if it is considered necessary that such an out-turn should always be possible in the future, no portion of the present premises can conveniently be dispensed with. It seems essential, therefore, before any steps can be taken in deciding as to the gold mint, that the Government of India should be invited to state definitely what are their intentions as to the future demands to be made on the Bombay Mint for subsidiary and other coin, and whether, when gold is coined there, any material portion of that work can be entrusted to the much larger Mint at Calcutta.

From an examination of the Reports of the Calcutta and Bombay Mints, it appears that during the six years 1893-94 to 1898-99, the annual average number of coins struck at Calcutta was 103,818,180, the largest number being 119,342,640 in 1897-98, while Bombay produced 24,841,600 annually, with a maximum of 55,125,269 in 1893-94. From these figures it would appear that the bulk of the work executed at Bombay could, without inconvenience, be transferred to the former Mint; and, if this is the case, the Master of the Mint would recommend that the first alternative proposed by Mr. Barton be adopted as a basis, as the initial cost would be considerably less, and the premises could be arranged for the new class of work with greater promptitude.

A second essential point which requires consideration is the capacity of the gold mint. Mr. Barton has provided for the coinage of all the gold at present produced in India, say 2,000,000*l.* per annum, and, although the suggested premises would doubtless be capable of dealing with a larger amount on an emergency, there appears to be no provision for enlargement should occasion arise. This is especially the case with the proposed new premises at the north-east corner, and, should it be determined to erect them, it seems most important that they should be altogether on a larger scale from the first. From an examination of the plan it appears that additional space could be secured by demolishing certain outlying buildings, or it might be considered preferable to erect the Mint elsewhere than in the present Mint enclosure.

In view of the uncertainty which at present exists in regard to the future demands likely to be made on the Bombay Mint for subsidiary silver and bronze coin, the Master of the Mint deems it unnecessary to consider in detail the arrangements of buildings, or the additional machinery which would be required, but I am to state that, on being informed as to the views of the Indian Government as to the two points referred to above, namely, (1) Whether any, and if so, what portion of the Bombay Mint can be assigned to the exclusive coinage of gold, and (2) What annual coinage is to be provided for, he will be prepared to consider how far Mr. Barton's proposals can be carried out, and whether any modification should be made in them. I am to add that it is desirable that this information should be obtained with as little delay as possible, in order that, should occasion arise, Mr. Barton can be consulted during his stay in this country.

Enclosure 2 in No. 28.

From Mr. BARTON to the ROYAL MINT, dated 28th May 1900.

IN accordance with the instructions conveyed to me in your letter of 23rd March last, that I should report on the facilities of the Mint at Bombay for gold coinage, I have now the honour to submit my report.

I may state at the outset that Mr. D. M. Forbes, the Chief Engineer of the Bombay Mint, is of opinion that the 25-horse engine worked up to a pressure of 85 lb. is more than sufficient to drive the machinery which it will be necessary to provide for this branch of the Royal Mint.

In view of this it appeared unnecessary to include the 40 and 20 horse engines, and the rooms containing the machinery driven by them, in the scheme of reconstruction.

The accompanying plan, marked A, shows approximately how a portion of the south-west angle can be adapted for a gold mint; the scheme is confined to the portion bounded by the wall H H on plan.

It is recommended that all openings (except windows) on this line of wall be permanently bricked up, the windows to be securely closed with a double covering of stout iron wire netting, leaving a space between the wire in order to prevent anything being passed through.

It is absolutely necessary in a climate like that of Bombay that provision should be made for a good circulation of air throughout the buildings, so wire netting is recommended in preference to closing with brickwork.

For the same reason a similar double wire netting fence will have to be constructed along the outer edge of the verandah E as shown by red line on plan.

A substantial stone coping surmounted by a high iron railing already exists on the frontage, and by continuing a similar fence along the side, from I to I on plan, the portion thus enclosed would be completely shut off from the rest of the Bombay Mint.

As will be seen by the plan, most of the rooms are very irregular in shape and are approached through long passages which I found to be more or less dark, and there are many places in which natives might conceal themselves.

To a certain extent these objections will be met by the proposed re-arrangement as shown on the plan, but it cannot be called a suitable arrangement for the various operations of a gold coinage conducted with native labour, and at the best is only a makeshift.

In view of the fact that native labour must be employed, I am inclined to think it would be preferable to construct a new Mint on a small scale. I have therefore had an alternative plan prepared, which, if carried out, would appear to be far more convenient and give greater security owing to the facilities of supervision.

An estimate of the cost of these two schemes is being prepared in Bombay and will be forwarded in due course.

There is a suitable piece of vacant ground available, about 3,700 square yards at the north-east corner of the Bombay Mint and within the Mint enclosure; it is already enclosed on two sides with a stone wall surmounted by a substantial high iron railing, and it would only be necessary to provide a similar fence on the other two sides.

Machinery and Plant.—The melting furnaces are round cast-iron frames lined with arch firebricks.

These furnaces are far too large and unsuitable for gold melting, and it will be necessary to construct say six furnaces in room marked B on plan. I would recommend that these furnaces be constructed on the same principle as those in use at Melbourne.

Bar Moulds.—A set of bar moulds and carriage for half-rupee bars is available, the carriage holds fifty bars, measuring $26\frac{1}{4}$ inches by $1\frac{5}{8}$ inches by $\frac{3}{8}$ inch. Melbourne sovereign bars measure 26 inches by $1\frac{9}{16}$ inches by $\frac{3}{8}$ inch, so these moulds would be suitable for sovereigns. If half-sovereigns are to be coined it will be necessary to provide new moulds in addition to the above.

Crane.—A travelling crane will have to be provided for lifting and pouring.

Crushing Mill, Shearing Machine.—A small crushing mill for crushing pots, and a mill for amalgamation of sweeps will also be required; also a shearing machine for cutting off ends of bars and punching out assay clip.

Chlorine Generators.—I would also recommend that two chlorine generators with fittings be provided for toughening gold, which might turn out to be brittle after melting.

Rolls.—I examined and tested the rolls and found them in excellent order, owing to accurate method of lapping devised by the Chief Engineer, Mr. D. M. Forbes.

So excellent is the rolling that the dragbench has been dispensed with.

Four pairs of rolls will be required, namely, two pairs of 14 or 12-inch breaking-down rolls and two pairs of 10-inch adjusting rolls, with duplicate spare rolls for each.

Cutting Presses.—Bearing in mind the possible expansion of the coinage of the future, I would recommend the eight cutting-out presses be provided, that is, one trial press, one standard press, and six others adjusted to cut different weights.

Washing Machine.—Blanks and scissel are not washed in the Bombay Mint, and no appliances exist for the purpose, and I recommend that a washing apparatus be provided similar to the one in use in the Melbourne Mint.

Annealing Furnaces.—The annealing furnaces are large reverberatory, and quite unsuitable for annealing sovereign blanks, it takes two-and-a-half hours to get up the necessary heat, and they burn upwards of 15 hundredweight of coal per day.

I would recommend that an annealing furnace, also a washing and drying apparatus as used in Melbourne, be provided.

Coining Presses.—Three coining presses will be required, and three Watts' lever presses are available.

Automatic Balances.—The automatic balances are in admirable order, and many of them are weighing sovereigns with precision; six of these balances will, I think, be sufficient for a commencement.

It will be necessary to provide a water tank and turbine to drive them. As the coinage will not be large, and apparently no necessity to complete it at short notice, blanks and sovereigns could be weighed on the same balances if it is considered desirable to do so.

Motive Power.—As stated at the beginning of my report the 25-horse engine is more than sufficient to drive all the above machinery; I append a list of machines it is at present driving.

Strongholds.—The strongholds throughout the Bombay Mint are admittedly very insecure. Their general construction is as follows:—Rubble walls about 2 feet thick, stone floors 6 inches thick laid on concrete, one or two windows in each about 15 inches square, closed with iron bars say 4 inches apart, covered with iron wire netting about $\frac{1}{4}$ -inch mesh wired on to bars, ceilings in some cases of T-iron, with stones 6 inches thick, cut to size and dropped in, the whole then cemented outside.

• The doors are of sheet iron, secured with two small locks throwing a small bolt, in some cases three bolts.

The keyholes are covered with a flat iron bar secured at one end with a Chubb's brass padlock and socketed at the other.

I recommend that proper stronghold doors, each with three keys, be provided, and that each of the strongholds shown on the plan be lined with steel plates.

All the strongholds are very lofty but it would not be necessary to carry the steel lining up to the roof.

Bullion Balances.—All the bullion balances in the Bombay Mint are used for weighing heavy drafts of silver bullion, 16,000 tolas equal to say 6,000 ozs. troy; these drafts are weighed to half a tola (90 grs.) only, these balances are not therefore sensitive enough and are unsuitable for weighing gold.

The following balances and weights will probably be required:—

- 1 Chancellor balance.
- 1 Oertling to carry 600 ozs.
- 3 large to carry 2,000 ozs. (Degrave, Short & Co.).
- 1 Pyx weighing scale.
- 2 scales for journeying coin.
- 2 gauger's balances.
- 1 Oertling to carry 200 ozs.
- 1 balance for weighing sovereigns by hand.
- 1 set of standard troy weights 600 ozs. down.

- 5 sets troy weights 600 ozs. down.
- 1 set troy weights 300 ozs. down.
- 1 iridio-platinum standard weight 10 ozs. troy.
- 1 iridio-platinum standard sovereign weight.
- 1 iridio-platinum standard half-sovereign weight.
- 2 sets grain weights 1,000 grs. down.

The Assay Master's Office of the Bombay Mint is well provided with every appliance for testing weights and those of the Branch Mint could no doubt be tested from time to time by the Assay Master on requisition.

Repairs to Machinery and Balances.—The Bombay Mint possesses extensive workshops fitted with every modern appliance and a good staff of engineers. All repairs to machinery and balances, lapping of rolls, &c., could be done in these workshops on requisition from the Branch Mint, thus saving the expense of new workshops.

Staff.—The question of the staff of a gold mint to be worked with Native labour presents a problem of some difficulty.

The system of the custody of the bullion in the Bombay Mint is totally different to that of the London Mint or any of its branches, owing, I am informed, to the necessity of employing Native labour. It may be briefly stated thus :

The Mint Master appoints a Bullion Keeper, a Deputy Bullion Keeper and a staff of Assistant Bullion Keepers ; at present there are eight of the latter.

I append a list of the staff of the Bombay Mint showing the salaries paid to these gentlemen and the amount of security deposits they are required to find ; it should be stated that they are allowed interest on these deposits. (*Not transmitted to Treasury.*)

I also append a statement of their several duties furnished by Major Davidson, R.E., the Mint Master.

It will be observed that the Bullion Keeper is responsible for all the bullion in the Mint (except what is in charge of the melters).

These Bullion Keepers are Natives (Parsees) and therefore understand the language and management of Natives: this is the most important point.

They have certain executive duties to perform and are under the direction of the European Superintendents who direct the various coinage operations, and, should any loss occur, assist the Bullion Keepers to ascertain the cause.

Owing to the climate of Bombay it will be absolutely necessary to carry on the operations of the Mint with Native labour, as I am informed that Europeans could not stand the work in such a climate.

This being the case the system of Bullion Keepers as practised in the Bombay Mint appears to me to have special advantages, not only in providing good security for the gold but also a means of controlling the Native labour to the best advantage ; I therefore recommend its adoption.

I append a list of the staff which I think would be necessary under this system and with the arrangement of the rooms proposed as per plan, but if it is decided to construct a new Mint the list might require some modification.

I regard it of the utmost importance that the first staff of Superintendents should if possible be selected and transferred from the staff of the Bombay Mint.

This appears to me to be very desirable, as officers appointed from outside would be at a great disadvantage as to controlling power unless they understood and could speak the Native language.

Searching.—I may here state that the plan adopted in the Bombay Mint to prevent speculation is one of rigid search.

A staff of Native police and watchmen is employed throughout the Mint, and no workman is allowed to leave a room even for a few minutes without being previously searched. A native sepoy searcher stands at the door of every room.

Dual Control of Staff.—With reference to paragraphs 18 and 20 of your letter of instructions, it is not easy to conceive how it would be possible to have a staff common to the two Mints with dual control without friction; more especially if it is considered to be essential that the staff common to the two Mints shall always be available for the gold coinage as indicated in paragraph 18.

In view of the great stress laid by you on your own ultimate responsibility for the integrity of the sovereign issued, it would also appear to be advisable that the staff of the Branch Mint should be entirely independent of the Indian Government

both as regards appointment and control. This appears to be contemplated under clause 7 of the draft Proclamation.

With regard, however, to the workshops, there would probably be no difficulty in arranging that the existing staff of artificers of the Bombay Mint should be utilised to do the necessary repairs to machinery in the manner I have already suggested; these artificers would, of course, remain under the control of the Mint Master, Bombay, and their services would only be utilised on requisition from the new branch.

Assay Department.—It appears to me to be desirable that the Assay Department should be entirely independent of the Indian Government both as regards appointment and control, moreover the Assay Department of the Bombay Mint is not sufficiently equipped for the contemplated coinage of gold.

A complete modern plant will therefore have to be provided for the Assay Department.

In conclusion, I desire to express my thanks to Major Davidson, R.E., the Mint Master, and to his Staff for the great assistance afforded me while carrying on this enquiry.

Bullion Department.

The staff of the Bullion Department comprises a Bullion Keeper, a Deputy Bullion Keeper, and eight Assistant Bullion Keepers on the permanent establishment.

In addition to the above, extra Assistant Bullion Keepers are engaged temporarily as required from time to time, their number varying with the amount of coinage which is being carried out. All the appointments on the permanent establishment are made by the Mint Master, but the Bullion Keeper is allowed to nominate the men engaged on the extra establishment.

The Bullion Keeper (pay Rs. 300, security deposit Rs. 25,000) is responsible for all the gold, silver, and copper in the Mint (except what is in the charge of the melters), and holds one key of each stronghold, the other keys being with the Assistant Mint Master and Superintendents of Departments.

The Deputy Bullion Keeper (pay Rs. 70—100, security deposit Rs. 1,500) has charge, under the Bullion Keeper, of strongholds Nos. 2 and 4, where Government and merchants' bullion respectively is stored. Assists the Bullion Keeper to examine and check the accounts of the Bullion Department, and supervises the examination of uncurrent coin received from Government treasuries.

• Of the eight Assistant Bullion Keepers on the permanent staff, two are engaged in weighing bullion on its receipt into the Mint and issue to the Standard Melting Department. The other six Assistants are distributed among the various branches of the Mechanical Department, each having charge, under the Bullion Keeper, of a stronghold for which he is responsible.

When remittances of new coin are made from the Mint to the Reserve Treasury an Assistant Bullion Keeper is sent in charge, and supervises the examination of the coin at the Treasury.

The salaries of the Assistant Bullion Keepers range from Rs. 75 to Rs. 30 per mensem, and the security deposits from Rs. 500 to Rs. 100.

Extra Assistants engaged on the temporary staff are paid Rs. 30 per mensem, and furnish a security of Rs. 100.

The Deputy Bullion Keeper, and all the Assistants, are under the orders of the Bullion Keeper.

4th May 1900.

(Initialled) J. D.

Proposed Superior Controlling Staff of Branch Mint, Bombay.

1 Deputy Master and Superintendent.

Bullion Office.

- 1 Accountant and Chief Clerk, who, under the supervision of the Deputy Master and Superintendent, would be responsible for the receipt and issue of gold, and for the correspondence of the Mint.—European.
- 2 Clerks, who would keep the books.—Natives.
- 1 Bullion Keeper, who, under the supervision of the Accountant and Chief Clerk, would receive the gold, and would be primarily responsible for its safe custody until delivered to the Melter, and who would personally check the alligation of the standard pots in the Bullion Office balance, and then deliver the same to the Melter at the Melting House balance in the presence of the Melter.—Native.

Melting Department.

- 1 Melter, who, under the supervision of the Deputy Master and Superintendent, would direct the operations of his department, and be responsible to the Deputy Master and Superintendent for the bullion in his department.—European.
- 1 Clerk, who would keep the books of the department.—Native.

Coining Department.

- 1 Superintendent Engineer of Coining Department, who, under the supervision of the Deputy Master and Superintendent, will direct the operations of rolling, adjusting, cutting, annealing, and coining.—European.
- 1 Balance Mechanician, who, under the supervision of the Superintendent Engineer, will be responsible for the weighing by the automatic balances, and for all balances and weights in the Mint, and would take the place of the Superintendent Engineer if necessary.—European.
- 1 Assistant Bullion Keeper, who, under the direction of the Superintendent Engineer, and Bullion Keeper, will be responsible for the bullion while in the cutting, annealing, coining, and weighing rooms, and will keep the books of the room.—Native.
- 1 Assistant Bullion Keeper, who, under the direction of the Superintendent Engineer, and Bullion Keeper, will be responsible for the bullion while in the rolling and adjusting room.—Native.

Assay Department.

- 1 Chief Assayer.
- 1 Assistant Assayer.

Summary.

- 1 Deputy Master and Superintendent.—European.
- 1 Accountant and Chief Clerk.—European.
- 1 Melter.—European.
- 1 Superintendent Engineer of Coining Department.—European.
- 1 Balance Mechanician.—European.
- 1 Bullion Keeper.—Native.
- 2 Assistant Bullion Keepers.—Natives.
- 2 Clerks.—Natives.
- 1 Chief Assayer.—European.
- 1 Assistant Assayer.—European.

R. B.

Proposed Subordinate Working Staff, Natives.

Bullion Office.

- 2 Messengers.

Melting Department.

- 6 Furnace men. *

Coining Department.

6 Men, rolling and adjusting mills.
 7 Men, cutting presses.
 2 Men, washing machine.
 2 Men, annealing.
 2 Men, marking and weighing.
 3 Men, coining presses.
 1 Engine-driver.
 3 Men, firemen.
 1 Fitter.

Assay Department.

8 Firemen.

The above numbers of the working staff are only approximate, and would be subject to alteration at the discretion of the Deputy Master.

R. B.

List of Machines being driven by 25-horse engine.

West Coining Department.—12 Lever coining presses.

1 Packing machine (examining coin).
 1 Emery wheel (for grinding tools).

East Coining.—7 Screw coining presses (vacuum).

1 Packing machine.

Adjusting Department.—8 Pairs of rolls (10 inch diam.).

2 Lathes for turning punches and dies.
 1 Emery wheel.

Cutting Department.—13 Cutting presses (10 fitted with automatic feed cutting two rupee blanks at each stroke).

4 Circular files (for trimming edges of straps).

Weighing Department.—68 Automatic weighing machines.

4 Edging machines (marking).
 2 Filing machines (reducing blanks).
 1 Counting machine.
 1 Lathe.

Annealing Department.—1 Emery wheel.

1 Rouleaux machine.

R. B.

Articles which could be transferred to the New Branch Mint without crippling the Bombay Mint.

1 Dragbench.
 1 Trial cutting press.
 3 Watt's lever coining presses.
 6 Automatic balances.

R. B.

No. 29.

SECRETARY OF STATE TO VICEROY, dated 28th June 1900.

(Telegraphic.)

My Financial Despatch No. 66, 3rd May 1900, gold coinage. I have received from Treasury copy of Barton's report. He submits two alternatives: (1) to reserve a portion of present Mint, S.W. corner, for exclusive coinage of gold, which involves structural alterations and erection new premises for Deputy Master and Assayers; (2) to build new Mint on vacant ground N.E. angle present Mint. Probable cost No. 1, Rs. 133,000; No. 2, Rs. 194,000. Adoption of No. 1 would imply that you can safely dispense with a portion of present accommodation for silver coinage. Please consider whether this is advisable. Both alternative estimates depend on assumption gold coinage will not exceed two millions sterling per annum. If you

think this may not be enough, No. 2 must be adopted and estimate must be raised. Barton recommends No. 2. Desirable, if possible, to receive your views while Barton at home. Please telegraph as soon as possible. Copies of report go to you and to Mint Master, Bombay, by next mail.

No. 30.

VICEROY to SECRETARY OF STATE, dated 16th July 1900.

(Telegraphic.)

YOUR telegram 28 June. Gold coinage. We recommend adoption of Barton's second scheme. It is difficult to say whether annual coinage will exceed 2,000,000l. It will be sufficient to provide for that amount at the beginning. Buildings and machinery should be capable of extension if larger out-turn should prove necessary.

No. 31.

INDIA OFFICE to TREASURY, dated 24th July 1900.

WITH reference to your letter dated the 27th of June, No. 10,698, enclosing the reports of the Deputy Master of the Royal Mint and of Mr. Barton on the subject of the branch mint to be constructed at Bombay, 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 telegram which was addressed to the Viceroy on the 28th of June, and of his Excellency's reply dated the 16th of July.

Lord George Hamilton accepts the view of the Government of India that the alternative scheme recommended by Mr. Barton should be accepted; and that provision should, in the first instance, be made for an annual coinage of 2,000,000l. a year, the buildings and machinery being so constructed as to be capable of extension when required.

I am to request that such measures may be taken as will enable the necessary works to be begun with the least possible delay.

The original plans which accompanied your letter are herewith returned.

No. 32.

TREASURY to INDIA OFFICE, dated 18th August 1900.

WITH reference to your letter of the 24th ultimo (F 3541), I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Secretary of State for India in Council, the enclosed copy of a further report by the Deputy Master of the Royal Mint and its accompanying plan (in original) relating to the accommodation to be provided for the proposed Gold Mint at Bombay.

In view of the desire of the Government of India that Mr. Barton's second scheme should be adopted with provision for the extension of the buildings and machinery when required, Mr. Seymour now recommends a considerable extension of the area included under that scheme. This is in accordance with his former report of the 18th June, where he pointed out that the scheme as it stood afforded no opportunity for enlargement.

Mr. Seymour also recommends that, with a view to obtain precise information as to the cost of the new Mint, the authorities in Bombay should be directed to prepare working drawings of buildings on the lines indicated in the enclosed plan, and he adds that, if desired by Lord George Hamilton, the Master of the Mint will take steps to ascertain the cost of the machinery to be provided.

Enclosure in No. 32.

REPORT by the DEPUTY MASTER of the ROYAL MINT, dated 11th August 1900.

THE Indian Government having decided to adopt Mr. Barton's alternative suggestion to build a new mint for the coinage of gold, and whilst making provision for an annual coinage of 2,000,000/., to provide also for extension if a larger out-turn should be required, I think it will be necessary, not only for purposes of extension, but also in order to secure greater space for the working rooms in view of the trying climate of Bombay, to materially extend the area on which the new mint buildings will be erected, and to this extent to amend the plan marked C. submitted by Mr. Barton. I enclose a further plan accordingly, but this, like that of Mr. Barton, must only be regarded as drawn in order to show the general arrangement of the rooms required on the ground floor for the receipt and custody of bullion and for the various operations of and incidental to coinage. It is for the authorities on the spot to prepare plans for the elevation and working drawings, and to undertake the erection of the buildings themselves.

The total space enclosed within the boundary wall in Mr. Barton's plan C. is about 39,000 square feet, and that in the amended plan now submitted is 63,000 square feet, whilst the present Bombay Mint occupies a space of about 380,000 square feet. It is desirable that advantage should be taken of electricity as a motive-power for driving the machinery, and a separate enclosure with special entrance is reserved in the plan submitted on the south-east face of the present Mint for the boilers and engines which generate electricity, and for coal stores, repairing shops, &c. Besides serving to isolate the members of the staff who are not actually concerned in coinage operations, such an arrangement will prevent the serious waste of power required for driving long lines of shafting, while rendering it possible to drive the lighter machines by distinct engines from those supplying motive-power to rolling mills and other heavy machinery; if such a course is considered desirable it will enable the premises to be also lighted by electricity at a moderate expense.

From a comparison of the two plans it will be seen that, in extending in a westerly direction, some of the buildings, which already exist in connection with the present Mint, and are devoted to refining furnaces, washing room, and melters' stores; will be incorporated in the new premises, while some are left to the existing Mint and others demolished. It seems needless to enter into a detailed consideration of the plan, as it follows the general arrangement of that submitted by Mr. Barton, but it may be useful to set down the approximate areas of the principal rooms in the two plans as well as those of the corresponding rooms in the London Mint and in the Branch Mint at Melbourne. These particulars are given in the following tabular statement:—

APPROXIMATE AREAS of Principal Working Rooms in the London, Melbourne, and proposed Bombay Mints.

Room.	London Mint.	Melbourne Mint.	Proposed Bombay Mint.	
			Mr. Barton's Plan C.	Amended Plan.
	Sq. ft.	Sq. ft.	Sq. ft.	Sq. ft.
Melting house (gold) - - - - -	1,180	3,040	1,120	2,620
Melting house office - - - - -	300	510	780	870
Grinding rooms - - - - -	850	—	470	560
Rolling and cutting rooms - - - - -	4,700	7,300	1,420	2,660
Coining room - - - - -	2,200	—	—	1,400
Weighing room - - - - -	2,300	1,770	430	1,400
Assay office - - - - -	2,800	2,400	1,450	2,800
Boiler house - - - - -	1,080	860	460	1,700
Engine room - - - - -	1,050	560	420	1,530
Mechanics' shops, &c. - - - - -	3,500	1,130	—	2,880
	19,960	17,570	6,550	18,420
Coal store - - - - -	—	—	1,700	1,900
Total - - - - -	—	—	8,250	20,320

The experience of the officers of the Bombay Mint may lead them to recommend modifications in regard to this distribution of the space available. The main building, facing north, should probably be of two storeys, affording on the first floor offices for the Deputy Master and Superintendent, with waiting rooms, &c., and possibly additional space for the Assay Office. I should point out that in the plan now submitted, no provision whatever has been made for the refining of native gold or metal which is in any way unfit for coinage. These services will, it is understood, be otherwise provided for by the Indian Government.

Mr. Barton, in his report dated the 28th May last, makes certain recommendations in regard to the machinery and plant which will be required in the first instance, and he enumerates a few items which can be transferred from the present Mint. I only propose in the present report to refer to two general principles in connection with this branch of the subject, which it seems necessary to bear in mind when erecting an entirely new Mint.

Annealing Furnaces.—Experiments are now about to be made in the London Mint in the use of gas as fuel for annealing “fillets” and “blanks” for coinage, and should these be successful I recommend that gas, which is understood to be available at Bombay, should be used in the new Mint, as it is more cleanly and requires much less space for efficient working.

Motive Power.—It has already been suggested that this should be applied electrically, and I propose that not less than three engines should be provided (one of these being as a reserve) directly coupled to dynamos, and that all the heavier machinery should be driven from one engine, while the lighter machines, such as cutting and coining presses, should be driven from the other. The machines themselves would be driven by motors actuated by the dynamos, and would be coupled up to these motors in convenient groups. One of these dynamos could provide current for lighting purposes if so desired, and the lift in the Bullion Office could also be actuated by its means.

With a view to obtain precise information as to the cost of the new mint, I recommend that the authorities in Bombay should be directed to prepare working drawings of buildings on the lines indicated in the accompanying plan, and, if desired by the Indian Government, the Master of the Mint will take steps to ascertain the cost of the machinery to be provided.

No. 33.

INDIA OFFICE to TREASURY, dated 22nd August 1900.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 18th instant, No. 12,995, on the subject of the accommodation to be provided for the proposed Gold Mint at Bombay, and to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that a copy of your letter and its enclosures will be forwarded to the authorities in India, with a view to the preparation of working drawings of the buildings.

I am at the same time to request that the Master of the Mint will be so good as to ascertain the cost of the machinery to be provided.

No. 34.

Despatch from the Right Hon. LORD GEORGE HAMILTON, Secretary of State for India, to the GOVERNMENT OF INDIA, No. 158 (Financial) dated 6th September 1900.

IN continuation of my Despatch of the 3rd of May last, No. 66, and with reference to the telegraphic correspondence noted below,* I forward for the

* From Secretary of State to Viceroy, dated 28th June 1900. No. 29 of present series.
From Viceroy to Secretary of State, dated 16th July 1900. .. 30

information of your Excellency's Government, a copy of further correspondence with the Treasury,* in regard to the arrangements to be made at Bombay for the proposed gold mint.

2. A copy of the letter from the Treasury of the 18th August, and of its enclosures, was sent to the Mint Master at Bombay by the mail of the 24th of August; and, if you should consider that any modifications in the plan proposed by the Deputy Master of the Royal Mint are desirable, I request that an early communication on the subject may be made to me.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 35.

FROM VICEROY TO SECRETARY OF STATE, dated 26th September 1900.

(Telegraphic.)

YOUR Financial Despatch, No. 158, 6th September, branch Mint. We consider Seymour's proposed expansion of Barton's scheme unnecessary. Barton's scheme worked out on the spot appears sufficient, and is capable of expansion in future if necessary. We request approval to preparation of working plans for it instead of Seymour's expansion.

No. 36.

INDIA OFFICE TO TREASURY, dated 5th October 1900.

IN continuation of the letter from this Office of the 22nd August, I am directed to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that a telegram has now been received from the Government of India, stating that they consider Mr. Barton's scheme for the provision of a Gold Mint at Bombay, which was worked out on the spot, to be sufficient for the present, and to be capable of expansion in future, if necessary.

The Government of India accordingly request the approval of the Secretary of State for India in Council for the preparation of working plans for the proposed Mint, in accordance with Mr. Barton's scheme, instead of the expansion of that scheme, which was transmitted with your letter of the 18th August.

No. 37.

TREASURY TO INDIA OFFICE, dated 29th October 1900.

IN reply to Sir H. Walpole's letter of the 5th instant (F. 4998), I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State for India in Council, that the Deputy Master of the Royal Mint has conferred with Mr. Barton upon the proposal of the Government of India to adhere to the scheme which Mr. Barton prepared in India for the provision of a gold mint in Bombay.

Mr. Barton observes that, on going into the details of the machinery required, data for which were not at his disposal when in India, he now finds that the space provided in his plan for the machinery devoted to coining is insufficient. Having carefully reconsidered the matter, he now recommends that extra space be acquired by extending the whole plan to the southward, as suggested by Major Davidson in his report of 23rd July 1900.

* Letter from Treasury, dated 27th June 1900, and enclosures. No. 28 of present series.
Letter to ditto, dated 24th July 1900. No. 31 of present series.
Letter from ditto, dated 18th August 1900, and enclosures. No. 32 of present series.
Letter to ditto, dated 22nd August 1900. No. 33 of present series.

Mr. Seymour concurs with Mr. Barton in the opinion that the scheme in question, so far as space is concerned, is inadequate for the present needs, and he adds that it is not sufficiently elastic to provide for future extension except by a re-arrangement which cannot but prove very costly.

Mr. Seymour, in his report to this Board, proceeds as follows :—

If the Indian Government prefer that the extension should take place to the south rather than to the west, they can have drawings prepared accordingly, but it is obvious that some of the accommodation in Mr. Barton's plan is unduly contracted. The chlorine room for which he makes provision is not required, and I have no hesitation in saying that the space required for the engine room and boiler house, &c., should be outside the mint buildings, as proposed in the plan which accompanied my Memorandum of the 11th of August last.

With regard to the cost of the machinery to be provided, which was referred to in Sir A. Godley's letter of the 22nd of August last, any estimate can only be approximate, and must depend on the variation in price which may occur between the present time and the date when tenders are issued. On the assumption that electricity will be the sole source of power, as I have already recommended, and allowing for certain machines already on the spot in the Bombay Mint, and which it is understood will be available for the New Branch, such as two coining presses, six automatic balances, &c., the net cost of the machinery and appliances to be purchased may be taken at 9,000/ , including packing and delivery f.o.b. in London or Liverpool, but not reckoning charges for freight and erection in Bombay.

I should add that it is understood that the gold to be presented to us for coinage at Bombay is to be fit for coinage, and that the authorities of the Bombay Mint should accordingly be instructed to provide the necessary plant for gold refining, and to make themselves familiar with the processes without loss of time. The bulk of the gold which will reach them will probably be in a very rough state and require careful treatment.

No. 38.

Despatch from the Right Hon. LORD GEORGE HAMILTON to the GOVERNMENT OF INDIA, No. 207 (Financial), dated 8th November 1900.

IN continuation of my Despatch of the 6th of September, No. 158, and with reference to your Excellency's telegram of the 26th of September, I forward a copy of further correspondence* with the Treasury, relative to the proposed gold mint at Bombay; and request that the views of your Government may be communicated to me as early as may be practicable.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 39.

Letter from the GOVERNMENT OF INDIA to the SECRETARY OF STATE FOR INDIA, No. 11 (Finance and Commerce), dated 10th January 1901.

WE have the honour to acknowledge the receipt of your Lordship's Despatch No. 207 (Financial), dated the 8th November 1900, forwarding further correspondence with the Treasury relative to the proposed Gold Mint at Bombay.

2. We observe that Mr. Barton, after going into details which were not at his disposal when in India, came to the conclusion that his scheme No. II. as originally submitted did not afford sufficient space for the coining machinery, and

* Letter to Treasury, dated 5th October 1900. No. 36 of present series.
Letter from ditto, dated 29th October 1900. No. 37 of present series.

recommended that the whole plan should be extended to the southward. Moreover, Mr. Seymour points out that the original plan does not provide for future extension, and urges that the engine and boiler-house should be outside the Mint buildings.

3. We have, in accordance with these views, caused a revised plan to be prepared, in which both the above requirements are attained; and we enclose a tracing of this plan for your Lordship's information. We have requested the Mint Master to have working plans and estimates prepared according to the revised scheme.

4. We have also ordered the preparation of the necessary plans and estimates for the addition of a gold refinery to the Silver Mint. When these are ready, we shall forward them to your Lordship.

We have, &c.
 (Signed) CURZON.
 E. H. H. COLLEN.
 A. C. TREVOR.
 C. M. RIVAZ.
 T. RALEIGH.
 E. FG. LAW.

No. 40.

INDIA OFFICE to TREASURY, dated 29th January 1901.

WITH reference to your letter dated the 29th of October 1900, No. 17,435, regarding the construction of a Mint for the coinage of gold at Bombay, I am directed by the Secretary of State for India in Council to forward a copy of a letter from the Government of India, dated the 10th of January, No. 11, together with a tracing of the revised plan which has been prepared, to meet the views of the Deputy Master of the Royal Mint and of Mr. Barton.

A further communication will be made to you when the plans and estimates for the Mint and for the gold refinery are received from India.

No. 41.

TREASURY to INDIA OFFICE, dated 12th March 1901.

THE Lords Commissioners of His Majesty's Treasury caused your letter of the 29th January, with its enclosed plans for the proposed branch Mint at Bombay, to be referred to the Royal Mint for examination, and I am now directed to request you to inform the Secretary of State for India in Council that they learn from a report which has been received from the Deputy Master that the space which the Government of India propose to set aside for the branch Mint is considerably less than what was stated to be necessary in Mr. Seymour's Memorandum of the 11th August 1900, a copy of which accompanied the Treasury letter of the 18th idem.

As the reasons for this reduction are not stated, the Deputy Master is not in a position, upon the information before him, to accept the accommodation provided by the revised plans as adequate, and he proposes to await the further particulars promised by the Indian Government before attempting to criticise the details of the scheme. He points out, however, that even if, on account of a reduction in the estimated probable amount of coinage or other reason, it may be desirable to accept a less extensive scheme than that proposed by him, the plans of the Government of India will require modification in several important respects.

My Lords suggest that when the further information arrives from India a representative of your Department should be authorised to meet Mr. Seymour and discuss the matter with a view to reaching an agreement on the proposed arrangements.

No. 42.

INDIA OFFICE to TREASURY, dated 15th March 1901.

IN reply to your letter of the 12th instant, No. 1851, I am directed by the Secretary of State for India in Council to point out that the reason why the Government of India propose to set aside for the branch Mint at Bombay less space than the Deputy Master of the Royal Mint considered to be requisite, was stated in the Viceroy's telegram of the 26th of September 1900 to be that Mr. Barton's scheme appeared to be sufficient for present purposes, and was capable of expansion in the future, if necessary.

On the receipt of your letter of the 29th of October, in which it was stated that Mr. Barton found that sufficient space had not been provided in his plan for the machinery devoted to coining, and that Mr. Seymour considered that enough room had not been allowed for future extension, and that the engine and boiler-house should be outside the Mint buildings, the Government of India prepared a revised plan in which they stated that both those requirements had been attained.

It is with regret that Lord George Hamilton now learns that these plans cannot be accepted as adequate, and that, before attempting to criticise the details, Mr. Seymour proposes to await further particulars from India, a course which must occasion further delay.

Lieutenant-Colonel Scott, R.E., the Mint Master at Calcutta, is at present on furlough in England; and I am desired to enquire whether the Lords Commissioners of His Majesty's Treasury are of opinion that it would facilitate an arrangement if he were instructed to call at the Royal Mint and discuss the subject with the Deputy Master.

No. 43.

TREASURY to INDIA OFFICE, dated 4th April 1901.

I am directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of your letter of the 15th ultimo (F. 1317) further respecting the proposed establishment of a branch of the Royal Mint at Bombay.

In reply I am to request you to acquaint the Secretary of State for India in Council that they agree with him in regretting the delay which has taken place.

I am to point out, however, that responsibility would rest upon this Board if they concurred in the adoption of a scheme for a branch of the Mint which provided insufficient accommodation; that the Government of India have set aside the scheme submitted by the Deputy Master of the Mint and are proposing a scheme of their own, providing less extensive accommodation; and that my Lords have not yet received the communication promised by your letter of the 29th January (F. 453), which would presumably explain the reasons for the reduction and the grounds for considering the accommodation now proposed to be adequate.

My Lords will be glad to see any course taken which will facilitate an understanding between the Indian Government and the authorities of the Royal Mint. Accordingly they concur in the suggestion that the Master of the Calcutta Mint should discuss the subject with Mr. Seymour, provided Lord George Hamilton is satisfied that Colonel Scott has sufficient acquaintance with the circumstances of the Bombay Mint and the requirements of the present case, to be able to give the requisite information. It would be desirable that, before the interview, he should have an opportunity of going through the whole of the correspondence which has passed.

I am to add that, in their Lordships' opinion, the simplest way of expediting a settlement would be for the Government of India either to accept the scheme put forward by the Deputy Master of the Mint, or to say what are the precise reasons for objecting to it.

No. 44.

INDIA OFFICE to Lieut.-Colonel B. Scott, C.I.E., B.E., dated 15th April 1901.

WITH reference to your letter of the 24th of March, I am directed to inform you that the Lords of the Treasury have intimated that they concur in the suggestion that you should discuss with the Deputy Master of the Royal Mint the question of the provision to be made for the coinage of gold at Bombay.

I am therefore to request that you will be so good as to communicate with Mr. Horace Seymour, so as, if possible, to arrange for an interview at an early date.

A copy of correspondence on the subject, as noted below, is forwarded for your perusal. There is at this Office no copy of the tracing mentioned in the letter from the Government of India of the 10th of January last, which was forwarded to the Treasury on the 29th of January; but you will no doubt be able, on applying to the Deputy Master of the Mint, to see the one copy that has been received from India.

You will observe that two alternative schemes were prepared by Mr. Robert Barton, who, at the suggestion of the Treasury, was deputed to Bombay for the purpose; and that the Government of India, after expressing their willingness to carry out one of those schemes, have subsequently modified it in the hope of meeting the objections of Mr. Seymour. Mr. Seymour, on the other hand, has prepared a scheme in supersession of those put forward by Mr. Barton. What is now desired by the Secretary of State for India in Council is that it should be ascertained whether there is any hope that the modified scheme recently submitted by the Government of India may ultimately meet with the approval of the authorities at the Royal Mint.

Enclosure in No. 44.

List of Papers.

- Despatch to India, No. 140, dated 25th July 1899.
- Despatch to India, No. 177, dated 7th September 1899.
- Letter from Government of India, No. 346, dated 5th October 1899.
- Despatch to India, No. 12, dated 25th January 1900.
- Letter from Government of India, No. 54, dated 22nd February 1900.
- Despatch to India, No. 66, dated 3rd May 1900.
- Telegram to Viceroy, dated 28th June 1900.
- Telegram from Viceroy, dated 16th July 1900.
- Despatch to India, No. 158, dated 6th September 1900.
- Telegram from Viceroy, dated 26th September 1900.
- Despatch to India, No. 207, dated 8th November 1900.
- Letter from Government of India, No. 11, dated 10th January 1901.
- Letter to Treasury, dated 29th January 1901.
- Letter from Treasury, dated 12th March 1901.
- Letter to Treasury, dated 15th March 1901.
- Letter from Treasury, dated 4th April 1901.
- Letter to the Treasury, dated 15th April 1901.

No. 45.

INDIA OFFICE to TREASURY, dated 15th April 1901.

IN reply to Sir Edward Hamilton's letter of the 4th instant, I am directed to state that Lord George Hamilton is satisfied that Colonel Scott, who for two years was Master of the Bombay Mint, is competent to give useful information bearing on

the schemes for the adaptation of that Mint for the coinage of gold; and his Lordship trusts that a conference between Colonel Scott and Mr. Seymour may have the effect of expediting an agreement between the Government of India and the authorities at the Royal Mint as to the alterations which should be made in the buildings and arrangements at Bombay.

A letter, of which a copy is enclosed, has accordingly been sent to Colonel Scott, requesting him to take an early opportunity of discussing the subject with Mr. Seymour.

The plans and estimates referred to in the last paragraph of the letter from this Office of the 29th of January have not yet been received; but a telegram has been sent to the Government of India enquiring when they may be expected.

No. 46.

INDIA OFFICE to TREASURY, dated 22nd April 1901.

IN continuation of Sir Horace Walpole's letter dated the 15th instant, I am directed to inform you that a telegram has been received from the Viceroy, saying that the plans and estimates for the gold mint at Bombay will be forwarded by the beginning of July.

No. 47.

Despatch from the Right Hon. LORD GEORGE HAMILTON,
Secretary of State for India, to the GOVERNMENT OF INDIA, No. 82 (Financial)
dated 26th April 1901.

WITH reference to the letter from your Excellency's Government of the 10th of January last, No. 11, I forward for your information a copy of further correspondence* relating to the proposed establishment at Bombay of a branch of the Royal Mint.

2. On the 6th of April I sent a telegram to your Excellency, inquiring when I might expect the plans and estimates mentioned in the last paragraph of your letter, and I learn from your reply of the 22nd that they will not be forwarded till July.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 48.

Lieut.-Colonel B. SCOTT, R.E., to INDIA OFFICE, dated 3rd May 1901.

I HAVE the honour to inform you, with reference to the instructions conveyed in your letter of the 15th April 1901, with enclosures, that I communicated with the Deputy Master of the Royal Mint, and arranged a meeting to discuss the question of the provision to be made for the coinage of gold in Bombay, after studying the plans which the Deputy Master kindly sent me, and writing a rough note for the Deputy Master on the modified scheme proposed by the Government of India.

Our first meeting was on the 25th April, when we discussed the various schemes already proposed, and took up the modified scheme recently submitted by the Government of India, and having discussed the various objections raised by the

* To the Treasury, dated 29th January 1901. From ditto, dated 12th March 1901. To ditto, dated 15th March 1901. From ditto, dated 4th April 1901. To ditto, dated 15th April 1901. To Lieut.-Col. Scott, dated 15th April 1901. Nos. 40 to 45 of present series.

Deputy Master, we came to the conclusion that another drawing should be made embodying the alterations agreed upon, and a tracing made of it. I received this tracing on the night of the 1st May, and went on the morning of the 2nd for the final settlement, which has now been made after some slight alterations in the new plan, and the tracing has now been signed by me, and has the approval of the Royal Mint. I may add that the general plan of the modified scheme submitted by the Government of India has been retained, with the exception of four rooms which are slightly enlarged.

The enclosures to your letter will be sent subsequently.

No. 49.

INDIA OFFICE to Lieut.-Colonel B. SCOTT, R.E., dated 6th May 1901.

I AM directed to acknowledge the receipt of your letter of the 3rd instant, relative to the arrangements to be made at Bombay for the coinage of gold, and to convey to you the thanks of the Secretary of State for India for the manner in which you have discharged the duties entrusted to you.

No. 50.

INDIA OFFICE to TREASURY, dated 6th May 1901.

IN continuation of my letter of the 22nd ultimo, I am directed to forward a copy of a letter* from Lieut.-Colonel Scott, R.E., on the subject of the plans for the proposed branch mint at Bombay, and to inquire whether the Lords Commissioners of His Majesty's Treasury are of opinion that any further communication should be made, by telegraph, to the Government of India.

No. 51.

TREASURY to INDIA OFFICE, dated 22nd May 1901.

IN reply to your letter of the 6th instant (F. 2321) further respecting the proposed establishment of a branch of the Royal Mint at Bombay, I am directed by the Lords Commissioners of His Majesty's Treasury to state, for the information of the Secretary of State for India in Council, that they have received a report from the Deputy Master of the Mint on his conference with Lieutenant-Colonel Scott, R.E., enclosing a tracing of the plan agreed upon.

While expressing their satisfaction that an agreement has now been reached, my Lords think it desirable, before practical steps are taken to carry out the scheme, to invite Lord George Hamilton to review the arguments originally advanced in favour of the coinage of the sovereign in India, and to consider whether the course of events in the two years which have elapsed since the proposal was made, has not tended to diminish their force, and to render such advantages as are likely to accrue from the establishment of a branch mint wholly incommensurate with the expense to be incurred.

At the time when the future of the currency of India was uncertain, the decision of the Government to coin sovereigns was important as a proof of their adherence to the principle of a gold standard and of their intention to take practical measures to establish it. Information was not at the time available as to the amount of gold likely to come in for coinage in India, or as to the ease or difficulty attending the supply of Indian currency needs from other sources. The gold standard is now firmly established, and the public requires no proof of the intention of the Indian Government not to go back on their policy, which is beyond controversy. Sovereigns are readily attracted to India when required under existing conditions, while, with

additional facilities for their coinage which will probably be given before long in Canada and South Africa, there can be no question of a shortage of supply. On the other hand, the estimates of the Government of India of gold available for coinage in that country are less than was anticipated, nor is any considerable increase expected, at any rate for some time. It seems certain that work could not be found to employ the proposed mint for more than a small part of the year, and its administration would in these circumstances be a matter of considerable difficulty; the staff would have to be maintained in idleness for a large part of the year at considerable cost to the Indian Exchequer.

The practical difficulties of providing for a gold coinage of so small an amount as that anticipated by the Indian Government are explained in the enclosed copy of Mr. Seymour's report of the 9th instant, with whose conclusions my Lords are in substantial agreement. They are not, however, disposed to favour his alternative proposal that the Imperial Branch Mint should undertake work other than the manufacture of Imperial coinages.

It is of course for Lord George Hamilton to decide whether, in spite of these objections, the scheme is to be proceeded with. If he decides in the affirmative, it will perhaps be well to inform the Government of India by telegraph that a modified sketch plan agreed upon by the Mint and your Department for the proposed mint is being forwarded by the next mail. My Lords understand that the modifications involve the shifting of the whole structure from the position originally proposed. It is, therefore, important that work should not be commenced in accordance with the plan sent from India.

Enclosure 1 in No. 51.

ROYAL MINT to TREASURY, dated 9th May 1901.

WITH reference to Sir E. Hamilton's letter of the 4th ultimo, and its enclosure, I have now to request that you will inform the Lords Commissioners of His Majesty's Treasury that Colonel Scott, R.E., Mint Master at Calcutta, called here on the 25th ultimo and 2nd instant, after having had at his disposal the correspondence which has passed on the subject of the coinage of sovereigns in India and the accommodation to be provided for the purpose.

The points to which I had taken exception in the plan sent from India were mainly the placing of the Mint buildings directly on the street, the curtailment of the limits of some of the rooms so as not to afford sufficient accommodation for possible extension, and the very narrow space provided between the south-west side of the proposed mint and boundary wall, alterations made in India without any explanation of the cause which rendered them necessary or desirable. Having explained to Colonel Scott the nature of the objections entertained, with which his intimate acquaintance of the locality enabled him readily to deal, and after he had examined and discussed with Mr. Rigg, the Superintendent of the Operative Department, the various dimensions which have been under consideration, the enclosed sketch plan was drawn up, and Colonel Scott and I have signed it as meeting the requirements of the case, and being in many respects a more satisfactory arrangement of the area to be occupied than plans already submitted. It will, I hope, meet with the approval of the Indian Government.

I should in ordinary course have brought this letter to a conclusion at this point, but I feel that I should not be carrying out my duty adequately, if I were not, even at this late stage, to raise again the question as to whether a branch mint for the coinage of sovereigns in India is really needed, and whether the expenditure on its erection and maintenance will prove to have been justifiable.

Their Lordships are aware that one of the points to which I have attached importance in considering the accommodation to be required for a gold mint is the possibility of expansion. Indeed, if expansion in the future is only a possibility, it seems to me difficult to justify the outlay proposed. In my conversation with Colonel Scott, he pointed out very forcibly that a coinage of 2,000,000*l.* could not, if proceeded with on the most leisurely lines, possibly occupy more than three months in its execution. The establishment of a separate mint and the appointment of supervising officers responsible to the Master of the Mint alone, without work for

nine months in the year, is not a practical proposal; and the alternative, which I suggested when the subject of a gold mint at Bombay first came up in 1899 for discussion, seems to me, therefore, worth further consideration, viz., whether the mint at Bombay as it stands should not become a branch of the Royal Mint, when provision might be made for the coinage of gold at a considerably less cost than under the scheme proposed. In this case all profits on coinage and refining would be paid into the Indian Exchequer. It is, moreover, to be remembered that the Indian Government in their despatch of the 5th October 1899, paragraph 7, considered that "it would be both inconvenient and expensive to establish the "branch in a separate building," and that they did not consider the objections to my suggestion to coin silver and copper coin in the branch mint "to be insuperable"; and they went on further to say that "they would be willing in the last resort to "transfer the whole of the Bombay Mint to the Imperial authorities." Some experience has now been gained in connection with the establishment of a gold standard in British India, and as to how far a gold mint in India is necessary for its effective maintenance. No doubt there has been in the last two years a considerable flow of gold coin from Australia, and this experience may have modified the views of those who originally advocated the establishment of a gold mint. Their Lordships are aware, also, that since this question of coining sovereigns in India came up for consideration, proposals have been made for the establishment of branches of the Royal Mint in Canada and in the Transvaal. It is for their Lordships' consideration how far the matter should be represented to the Indian Government as one deserving careful reconsideration, before coming to any final settlement on the lines of the sketch plan now submitted for a new building.

No. 52.

Telegram from SECRETARY OF STATE to VICEROY, dated 23rd May 1901.

BOMBAY Mint. Calcutta Mint Master has seen Seymour. New proposals have been made, a despatch on the subject will follow. Better suspend work on plans and estimates until it arrives.

No. 53.

INDIA OFFICE to TREASURY, dated 18th June 1901.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of Sir Edward Hamilton's letter of the 22nd of May, on the subject of the proposed establishment in India of a mint for the coinage of gold.

2. In his letter to the Treasury of the 9th of May, Mr. Horace Seymour proposed that the present mint at Bombay should become a branch of the Royal Mint, at which arrangements could be made for the coinage of gold, silver, and copper, under the supervision of a Deputy Master responsible to the Master of the Royal Mint. The Government of India have already, as Mr. Seymour points out, expressed their willingness to accept this scheme, if no better can be found; and, in view of the discussion which has taken place since August 1899, his Lordship is disposed to think it preferable to either of the other two alternatives, viz., the establishment of a separate mint for the coinage of gold, or the entire abandonment of the decision to provide for the coinage of gold in India.

3. It is generally admitted that all successful currency schemes are based on confidence; and that the currency policy recently established in India has, so far succeeded because the public have confidence in the determination of the Government to maintain it, and in the adequacy of their resources for that purpose. The establishment of a mint for the coinage of gold in India is the clearest outward sign that can be given of the consummation of the new currency system; and to abandon the proposal now must attract attention and provoke criticism and unrest. In view of these facts, and of the recommendation of the Currency Committee, which has received the approval both of His Majesty's Government and of the Government of India, his Lordship is not inclined to abandon the scheme at the stage which it has now reached.

1. I am therefore to request that, before Lord George Hamilton again communicates with the Government of India, he may be favoured with a statement of the objections apparently entertained by the Treasury to Mr. Seymour's proposal. It has been suggested to the Government of India by telegraph that work should be suspended on the plans and estimates referred to in the correspondence ending with the letter from this Office to the Treasury dated the 22nd of April.

No. 54.

TREASURY TO INDIA OFFICE, dated 9th July 1901.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury your letter of 18th ultimo having further reference to the proposed coinage of gold at Bombay.

In reply they direct me to inform you that, while entirely concurring in the views of the Secretary of State for India in Council as to the importance of public confidence in the success of any system of currency, they are not inclined to anticipate that any distrust of the intentions of the Government of India to maintain the gold standard in that country would be caused if that Government should decide, owing to practical difficulties, to abandon one of the proposed methods of supplying such sovereigns as may be required for currency purposes. Indeed, my Lords are disposed to think that recent experience has shown that it is quite unnecessary to provide facilities for the coinage of gold in India, and they understand that it is the opinion of the Government of India themselves that the Indian public is likely to avail itself of such facilities, if provided, to only a very small extent. Indian currency needs are, in fact, provided for from other sources, and there is no real demand for the local coinage of sovereigns. My Lords cannot believe that the position of the gold standard in India will be strengthened, or public confidence in the intentions of the Government confirmed, by providing machinery for obtaining gold coins which is neither demanded nor required by the mercantile community; while, on the other hand, the failure or only partial success of a gold mint would undoubtedly be pointed to by the opponents of the gold standard policy (although without justification) as evidence of the breakdown of that policy. The large measure of confidence already established is sufficiently indicated by the course of exchange since the Committee's Report, and still more by the readiness with which gold has been shipped to India. This confidence is, in the opinion of this Board, much more likely to be put in jeopardy by such a result—of which the danger is by no means remote—than by the frank abandonment of one of the details of the policy recommended by the Indian Currency Committee, which experience has shown to be unnecessary.

If in spite of these considerations, Lord George Hamilton still thinks it advisable to proceed with the scheme, my Lords are of opinion that the plans agreed upon by the Deputy Master of the Mint and Colonel Scott should be adopted, and that a branch mint should be established at Bombay under the supervision of the Master of the Mint and of this Department for the coinage of gold only.

My Lords have never disguised from themselves the fact that the administration by them of an Indian establishment, the expenses of which are to be borne on Indian Revenues is an anomalous arrangement, likely in practice to give rise to inconvenience and possible friction. Their responsibility for the integrity of the British sovereign indeed precludes the manufacture of this coin in India except under such conditions. The alternative scheme proposed by Mr. Seymour contemplated the coinage by the branch mint of British dollars and subsidiary coins for the Eastern Colonies, and also rupees for the Government of India under similar conditions. But the imposition of this duty is both unnecessary and undesirable as regards coinages in which the Home Government is only indirectly interested. Nor does it seem to be a satisfactory arrangement for India that responsibility for the production of its own rupee coinage should be divided between its own mints and an Imperial Mint in Indian territory.

For these reasons my Lords demur to undertaking responsibility for any minting operations in India other than the coinage of the sovereign, and they do not regard Mr. Seymour's alternative scheme as a practicable solution of the difficulties which have arisen.

No. 55.

Despatch from the Right Hon. LORD GEORGE HAMILTON, Secretary of State for India to the GOVERNMENT OF INDIA, No. 139 (Financial), dated 26th July 1901.

IN continuation of my Despatch of the 26th April, No. 82, I forward a copy of further correspondence* on the subject of the proposed establishment at Bombay of a branch of the Royal Mint for the coinage of gold. I also forward a tracing of a plan of buildings for the purpose, which has been prepared by Mr. Horace Seymour, the Deputy Master of the Royal Mint, and Lieutenant-Colonel Scott, the Master of the Calcutta Mint.

2. I request that I may be furnished with a statement of your views on the important questions that have been discussed in the correspondence between this Office and the Treasury.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 56.

Letter from the GOVERNMENT OF INDIA to the SECRETARY OF STATE No. 385 (Finance and Commerce), dated 25th December 1902.

WE have the honour to refer to the correspondence ending with your Lordship's Despatch No. 130 (Financial), dated 26th July 1901, on the subject of the proposed establishment at Bombay of a branch of the Royal Mint for the coinage of gold. After perusal of the documents forwarded with that Despatch, which set forth the criticisms of the Royal Mint and the objections of the Lords Commissioners of His Majesty's Treasury to the scheme, we carefully re-considered the question in all its bearings, and decided to make further enquiries into the present method of disposal of the gold produced in India, since the retention of this gold in the country was one of the main objects with which the proposal to undertake the coinage of gold in Bombay was originally put forward.

2. These enquiries delayed our reply to Your Lordship, and further delay was caused by the absence on leave of the Hon. Sir Edward Law. We have now ascertained that the chief mining companies have made arrangements, with which they are at present satisfied, for the regular sale of their gold in London; and we are doubtful whether any terms that we could offer, with a due regard to our own interests, would induce them, at an early date, to alter those arrangements and to bring their gold to the mint in Bombay. In the absence therefore of an assurance that a steady and permanent supply of gold of local production would be available for coinage in this country, we prefer to drop the scheme for the present, leaving its revival to the existence or revival of conditions which cannot at present be foreseen.

We have, &c.
(Signed) T. RALEIGH.
E. FG. LAW.
E. R. ELLES.
DENZIL IBBETSON.

* From Lieutenant-Colonel Scott, dated 3rd May 1901. To ditto, dated 6th May 1901. To the Treasury, dated 6th May 1901. From ditto, dated 22nd May 1901 (with enclosure). To ditto, dated 18th June 1901. From ditto, dated 9th July 1901. Nos. 48 to 51, 53 and 54 of present series

No. 57.

Despatch from the Right Hon. LORD GEORGE HAMILTON, Secretary of State for India, to the GOVERNMENT OF INDIA, No. 25 (Financial), dated 6th February 1903.

HAVING considered in Council your financial letter of the 25th December 1902, No. 385, I am willing that the proposal to establish at Bombay a branch of the Royal Mint for the coinage of gold should not be further proceeded with for the present.

I have, &c.
(Signed) GEORGE HAMILTON.

No. 58.

SECRETARY OF STATE to VICEROY, dated 16th May 1912.

(Telegraphic.)

YOUR telegram of 13th instant.* Coinage of gold. Have you ascertained, and are you forwarding, the views of Local Governments, Chambers of Commerce, and Presidency Banks regarding your proposals?

No. 59.

Letter from GOVERNMENT OF INDIA to SECRETARY OF STATE FOR INDIA, No. 110, (Finance), dated 16th May 1912.

WE have the honour to lay before your Lordship a proposal to open a gold mint in Bombay for the coinage of sovereigns.

2. Before setting forth the reasons which have led us, after much anxious consideration, to make our present recommendation, it would be as well to summarise briefly the more recent phases which the particular question of coining gold at the Indian mints has undergone:

3. It is, we think, an indisputable fact that the establishment of a gold currency was regarded as the logical and natural sequence of the closing of the mints to silver, and as the necessary accompaniment of the establishment of a gold standard. The report of Lord Herschell's Currency Committee of 1893† spoke of "familiarising the public with the use of a gold currency," and in a subsidiary note Lords Farrer and Welby added their view that the reforms then recommended would not be complete until gold was made full legal tender, which consummation, they contemplated, might be effected either by the free coinage of gold in India, or by the free reception by the Indian Government of English and Australian sovereigns. Lord Lansdowne's Government were, in fact, in favour of coining sovereigns in India almost simultaneously with the closing of the silver mints, and in their despatch of 15th August 1893 they put forward definite proposals for the coining of sovereigns at the Indian mints with the letter I under the Queen's effigy. Lord Kimberley, however, in his Despatch dated the 12th October 1893, pointed out that, if the gold coin of India was to be the sovereign, it would be necessary to obtain an Act of Parliament declaring the coins issued from the Indian mints to be legal tender within the United Kingdom, and he anticipated considerable opposition to the passing of such a measure until some evidence had been given of India's ability to accumulate a reserve of gold.

4. The Indian Currency Committee of 1898, better known as the Fowler Committee, regarded the throwing open of the Indian mints to the unrestricted

* This was a telegraphic summary in advance of the contents of the G. of I's. Letter of 16 May 1912 No. 110 (No. 59 in this series).

† Paragraph 152.

coinage of gold as a prominent feature of the currency policy recommended by them. In paragraph 54 of their report they said:—

“We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian branches of the Royal Mint. The result would be that, under identical conditions, the sovereign would be coined and would circulate both at home and in India. Looking forward as we do to the effective establishment in India of a gold standard and currency based on the principles of the free in-flow and out-flow of gold, we recommend these measures for adoption.”

5. This recommendation was accepted without qualification by your Lordship's predecessor, Lord George Hamilton, who, in his Despatch No. 140, dated the 25th July 1899, requested the Government of India to make preparations for the coinage of gold. A lengthy correspondence then ensued, of which the following is a brief summary:—The Government of India put forward definite proposals for establishing in the Bombay Mint a branch of the Royal Mint for the coinage of sovereigns. A proclamation to effect this object was drafted, and received the approval of the Lords Commissioners of the Treasury. Meanwhile, difficulties had arisen regarding a number of administrative details connected with the establishment of the proposed branch mint. These difficulties occasioned much correspondence between the Secretary of State, the Treasury, and the Government of India, and the latter expressed their willingness throughout to carry out the requirements of the authorities of the Royal Mint. In May 1901 the Mint authorities expressed themselves as satisfied, but the Lords Commissioners of the Treasury, for the reasons given in their letters, No. 8239, dated 22nd May 1901 and No. 10,489, dated 9th July 1901, copies of which were forwarded with Lord George Hamilton's Despatch, No. 130, dated the 26th July 1901, invited the Secretary of State to reconsider the whole question. They admitted that the original decision to coin sovereigns in India was a wise one, as indicative of the determination of the Government of India to adhere to a gold standard and of their intention to take practical measures to establish it. They pointed out, however, that subsequent experience had shown that the gold standard was already firmly established in the public confidence, that sovereigns were being readily attracted to India whenever required, and that there was no reason for believing that the position of the gold standard in India would be strengthened, or public confidence in the intentions of the Government of India confirmed, by the mere provision of machinery for the manufacture of gold coins in the country. They further pointed out the practical difficulties in the way of the establishment of a branch of the Royal Mint in India, an arrangement which they described as anomalous, and likely in practice to give rise to inconvenience and possible friction.

6. Upon receipt of the views of the Lords Commissioners, the Government of India decided, for the time being, not to persevere with the proposals. In their Despatch of 25th December 1902 they refrained from expressing any agreement or disagreement with the reasons advanced by the Treasury. But they had ascertained that the chief Indian Mining Companies had made arrangements for the regular sale of their gold outside the country, and that they were unlikely to alter those arrangements at an early date. In the absence of an assurance that a steady supply of Indian gold would be available for minting, Lord Curzon's Government preferred to drop the scheme, at the same time expressing their willingness to revive it should conditions change.

7. No public explanation was given in India of this sudden recession from what had hitherto been regarded as an essential feature of the currency policy inaugurated in 1893 and definitely established on the recommendations of the Currency Committee of 1898. Spasmodic suggestions have since been put forward from time to time for various developments in our gold currency, but it was not until last year, when a resolution was moved in the Imperial Legislative Council by Sir Vithaldas Thackersey, that the Government of India were formally invited to revive the proposals which had so nearly reached fruition a decade previously, and to embark on the coinage of gold. The discussion thus started has been vigorously taken up by the press and by commercial interests both in India and England, and the whole subject has been thoroughly ventilated in a manner which makes any special reference to mercantile bodies in this country unnecessary.

8. We consider, therefore, that the time has come for the revival of the scheme which was accepted by Lord George Hamilton and was only dropped as we have shown upon subsidiary considerations. It is true that there has been no subsequent change in the position as regards the output of the Indian gold mines. It is also true that sovereigns are readily imported from Egypt, Australia, and England, whenever the balance of trade is strongly in India's favour. But, in other respects, the position is now greatly different from that of 1902. Our currency system went through its first serious trial in 1907-08, and, although the crisis was safely tided over, the lesson was brought home to us that we must vigilantly aim at strengthening our gold position. In the second place, the past ten years have been marked by a change in the complexion of Indian affairs, which is little less than revolutionary. The very habits of the people at large have been affected, and nowhere is this change more striking than in matters relating to currency. In previous discussions a doubt has frequently been expressed whether the sovereign would ever be popular in this country, but the conservative spirit, which it was thought would be opposed to the introduction of a new coin, has in recent years, been greatly weakened. There can be no question that gold is now being taken with increasing freedom in payment for agricultural produce. So much is obvious from statistics, and there are strong indications also that gold is replacing silver in the hoards of the people. In the case of the sovereign then, the antipathy to change which has commonly been attributed to the Indian people has weakened perceptibly, and the same inference is to be drawn from the striking expansion in our note circulation which has followed the removal of circle restrictions and which demonstrates both the desire of the people for a handier form of currency than silver, and their readiness to work with a higher unit than the rupee. It is in this change of the popular attitude to currency matters, that we find the chief justification for reconsidering our future course.

9. There is, moreover, particular reason why we should undertake this reconsideration now. Since 1902 there has been a very large net addition to the Indian currency, in silver, gold and paper taken together. In 1908 there was a check in the absorption of the silver portion of that addition; but this has now passed away, and, although it is too early yet to form any definite estimates, it seems probable that we are now on the eve of a demand for further expansion, in the form of a fresh coinage of silver. Every increase to our silver currency adds to the weight of our responsibility for maintaining the gold value of the rupee, and any method which by encouraging an increase in the effective circulation of gold will lighten that responsibility has the strongest claim on our consideration.

10. We submit, therefore, that the time is opportune for examining afresh the question of coining gold in India. Before, however, reviewing, in the light of present conditions, the arguments for and against the specific proposal put forward by the Government of India in 1899, we think it very necessary, in view of certain misapprehensions which have been current from time to time—particularly since the discussion of the subject was revived a year ago—to state definitely what that proposal was, and what it was not.

11. It has been represented that the scheme would entail vast borrowings by the Government of India for the purchase of gold, which would be coined and forced upon the people. Gold coins would be substituted for rupees on a colossal scale and forced into circulation. The value of silver would drop many points and, it is said, a panic would seize the people, who would sell their silver ornaments and silver hoards at any sacrifice. At the same time Government would be spending, on the purchase of gold and in interest upon its coinage loans, huge sums which it ought to devote to education, sanitation, railways and irrigation. Taxation would be increased. Gold coins would disappear as soon as they issued. Our exchange position would not be a whit the stronger, and at the end the whole country would be greatly impoverished.

12. Consequences of this kind, however, have no relation to the proposal of the Government of India. The proposal was, and is merely to open one of the Indian mints (preferably that at Bombay) to the free coinage of sovereigns, the authorities of the Royal Mint being given such control over the operations as His Majesty's Government may consider to be necessary. To the mint would be attached a gold refinery, enabling us to deal with ornaments and alloyed gold in any form and also to receive raw gold from the Indian mines should that at any time be offered to us. The mint itself would be, at any rate at first, on a small scale. We

propose that it should be open to any one who brings gold bullion for manufacture into sovereigns, and that the bullion or assay should be paid for at the same rates as by the Royal Mint in London, no seignorage being charged for the coining. Sovereigns would not be issued except in payment for bullion so tendered, while worn and uncurrent sovereigns, wherever manufactured, would be withdrawn and re-coined in accordance with regulations similar to those in force in the United Kingdom.

13. That is our proposal, and we need hardly point out that it involves neither the raising of a loan, nor the purchase of an ounce of gold, nor the coining of a single sovereign except from bullion that is voluntarily brought to the mint for the purpose. It does not involve the forcing of gold into circulation or the withdrawal of silver from circulation, or the disturbance of the ordinary course of our recognised and established currency procedure.

14. Neither, in proposing to open a gold mint is it our intention to induce thereby an increased flow of gold to India. Indeed were that our purpose we recognise that it would certainly fail. The gold which we receive in India comes to us in settlement of our credits abroad. Its amount can be increased only by an increase in the volume of India's exports, or by a decrease in the volume of India's imports other than gold and the currents of trade are not affected by the establishment of a mint. The people may, and we believe they will, use the sovereign more extensively as a medium of exchange; but the aggregate inflow of gold will, so far as we can see, remain unaffected.

15. We trust that we have now made clear to your Lordship the nature and scope of our proposal. We have now to consider what we imagine to be the chief objections which may be advanced against it. It may be urged that the scheme would be ineffective, or that it is unnecessary, or that it would be extravagant, if not actually harmful.

16. In support of the view that the opening of a gold mint and the extension of gold circulation would be ineffective for the purpose of supporting exchange or of lightening our responsibility for maintaining the convertibility of our present token coinage, it may be argued that in a crisis gold coins would not be available for export. There is always a tendency at present, it is said, for the sovereign to go to a premium, and this tendency becomes very marked when exchange is weak. The argument, however, is not conclusive: it has force under present conditions, but it is not true universally. We look forward in fact to a state of affairs in which the sovereign will become a familiar enough feature in the Indian currency to command no premium in ordinary circumstances, and we cannot admit that when the proportion of gold to the total currency is substantial it will not be available for steadying the exchange value of the rupee.

17. The second line of objection to a gold coinage is that gold already enters India freely, that there is no internal-demand for sovereigns which the ordinary import channels do not satisfy, and that, so long as the Indian public can obtain as many sovereigns as they need, it is immaterial to them where the coins happen to have been minted. In support of this view is adduced the very large accumulation of sovereigns which has grown up in our Currency Reserve during the last 18 months of busy trade. The supply from the sources indicated continues, however, only so long as the export trade is brisk. It ceases the moment there is a slackening in the outward current of trade, and as the experience of 1908-9 most plainly shows, we are liable at any time to be left without the means of replenishing the active circulation.

18. It may also be argued that a gold coinage for India is unnecessary, because there is no essential connection between a gold standard and a gold currency. This assertion is one the complete application of which under Indian conditions may be questioned and that for two reasons. In the first place, metallic currency in this country forms a large proportion of the internal media of exchange. Secondly, the ebb and flow of currency requirements fluctuates greatly in India with its essential dependence on agriculture, and its liability to extreme vicissitudes of seasons. A glance at Indian currency statistics is sufficient to establish this proposition. After the famine of 1907-8 the return of superfluous currency to Government was extremely heavy, and practically the whole of the return was in rupees. The difficulties that arise in such a situation—and we have suggested that

they may, on another occasion, be much accentuated—are sufficiently obvious. These difficulties would disappear if for a substantial portion of our present and token coinage we could substitute a currency having intrinsic value and acceptable therefore in international trade, and we are driven to the conclusion that our only possible policy is to base our standard on two sure foundations, adding gradually to the reserve of gold in England an effective gold currency in this country.

19. Lastly we have to consider those objections to a gold currency which are based on the assertion that the coinage of gold in India would be wasteful or expensive. It would be wasteful, it is alleged, because our new sovereigns would be either melted or swallowed up in hoards as soon as they were issued. It would be expensive because we should have to bear all the cost of maintaining the purity of the coinage, as well as of the original minting.

20. These two arguments might, we think, be taken as mutually destructive. If the new sovereigns are to be melted as soon as they leave the mint, we cannot be at much expense in maintaining them. But we do not anticipate that either argument will be regarded as a serious impediment to our proposal. That the melting and hoarding of sovereigns will continue to be common practices in India is undeniable, just as the rupee was melted and hoarded in large quantities when the Indian mints were open to the free coinage of silver. But we cannot imagine that they will all be melted, or even the major part of them, for it is hardly likely that bullion will be brought to the mint if it is to be reconverted immediately. We do not think that there can be any reasonable doubt that some proportion of the new sovereigns would be retained, possibly at first a small proportion, but a proportion which will steadily grow, and as it grows, familiarity with the sovereign will increase, and its place in the active currency of the country will extend. Again every sovereign which goes into hoards, and releases fifteen rupees, is *pro tanto* a diminution in our responsibility for maintaining the parity of the rupee.

21. The objection that the sovereign would be an expensive coin is one that carries little weight. The actual minting of the sovereign, is we believe, comparatively simple and cheap, and the cost of making the necessary additions to the present equipment of the Bombay Mint would be inconsiderable. We understand that refining is also a simple matter, now that the electrolytic process has been perfected. It may be urged that the Government will become responsible for the purity of the coinage, and will have to bear all the cost of wear and tear, up to the legal tolerance. We think that the popular notion of this responsibility is greatly exaggerated. It already rests upon us in regard to the sovereigns which enter India in great quantities on the balance of trade, many of which are worn. If, instead of those worn coins, we are able to manufacture good coins from bullion which has been imported in the place of sovereigns, our responsibilities will be actually lightened. It is of course impossible at present to say what the loss will be on new coins minted in India. But we anticipate that the abrasion in India, owing to the different habits of the people, will be materially less than it is in England. When the late Lord Goschen undertook to rehabilitate the British coinage in 1891, he put aside only 600,000*l.* for the purpose. We understand that the greater part of this sum was expended in the re-coinage of half-sovereigns, with which we shall not be concerned; the remainder was all that was necessary to restore the sovereign coinage of the previous fifty years. If this may be regarded as an analogy—and we know of no other—the cost of the work to us, provided it is kept up to date, would be a very small fraction of the annual interest upon our profits from the coinage of silver.

22. In this review of the criticisms directed against our proposal, we have already brought to notice many of the arguments which favour it, but in conclusion it is, no doubt, desirable to develop briefly the affirmative side of the discussion. We may say at once that we do not claim that the coinage of gold in India will be a panacea for all our currency ills. Indeed we do not imagine that its influence will be greatly felt at first; but such a measure will mark a step along the path which has been authoritatively accepted as the line on which our currency policy must develop, and in time it will be of great assistance in maintaining the stability of our currency system.

23. This policy, we venture to think, will be materially assisted by the change in the habits of the people which we have already mentioned. In particular the

awakening interest in banking which is perceptible in many parts of the country, the growth of the co-operative movement, and the increase of commercial openings for local capital, give promise that the hoarding habit will decline. As gold ornaments and bullion come out of hoards some portion of them, at least, will find their way to the mint—if there is a mint open to receive them—and in this way it will be possible to add to the stock of sovereigns in the country. Even if the process be regarded as little more than hall-marking the people's gold for them, it will accustom the people to the idea that their savings are as easily converted into gold coin as into rupees or currency notes, and will help to dissipate the notion that the sovereign is a thing apart from everyday business. But we consider that the process will be more than mere hall-marking, and that it will not be confined to the ornaments now concealed in the people's hoards. We believe that much of the "high-touch" bar gold, which in favourable years enters India to settle the balance of trade, will be brought to the mint for conversion into the handier form of sovereigns. The present position indeed appears to us anomalous. Gold coin is readily converted into bullion, but there are no facilities for reversing the process. It cannot be expected that bullion in the country should be sent home to be coined and brought back in the form of sovereigns, and the current consequently sets all in one direction. Were a gold mint established in the country the position would be entirely changed. We have said that we cannot expect gold to come back to us in times of dull trade and dull exchange. But when trade is brisk and exchange high, there may be a stronger demand for gold in the shape of coin than as bullion, and it should, then, in place of importing sovereigns, be found more profitable to use the bullion already in the country by passing it through the mint. There may be occasions also when the Exchange Banks may find it to their advantage to import bullion for the purpose of coinage rather than sovereigns. In a matter of this kind no one can be dogmatic, but in any case there is at present an artificial barrier opposed to the free conversion, when required by circumstances, of bullion into coin, and it is one of the objects of our proposal that this barrier should be removed. A free movement being then established between coin and bullion in both directions, we cannot doubt that the effect would be to swell the volume of sovereigns in the hands of the people and increase their active circulation.

Of the advantages of such an increase in the circulation we have already spoken. It diminishes the pressure on the Government of India for the coinage of silver. It keeps down the heavy responsibility that rests on them for the convertibility of the rupee, and thus simplifies the problems of exchange.

24. The coin, which we ask permission to manufacture, is the British sovereign. On previous occasions, the relative advantages of the sovereign and of an Indian coin have been discussed at length, but the main argument in favour of a special coin has always been that the sovereign could never be popular, and this argument has now lost practically all its force. On the other hand, the disadvantages attached to gold pieces which would be exclusively Indian are obvious. For use in international exchanges it would be some time before they could establish a definite and unquestioned position, whereas the sovereign has already an immediate and universal currency. For the present, therefore, we hold that the gold coin to be minted in India ought to be the sovereign, which is the most powerful coin in the world and has been happily described by a distinguished Indian publicist as "the cement of the Empire."

25. Our proposal for a gold coinage has behind it the overwhelming support of Indian public opinion, the leaders of which are ready and anxious to extend the everyday use of the common coin of the Empire, and are unable to understand why India should be denied the same minting facilities as have been given to Australia and Canada. The time also, as we have said, is opportune. We trust, therefore, that your Lordship will accept our proposal in principle, and that on the submission of the necessary plans and estimates, you will be able to convince their Lordships of the Treasury, and the authorities of the Royal Mint, of our readiness both to accept all necessary technical requirements and to grant all reasonable facilities for inspecting and testing the work of minting and refining. We need hardly say that we are determined to take all possible measures to ensure that the British sovereign coined in India should in no way be inferior to that coined elsewhere. We do not submit any proposals for coining half-sovereigns, experience having shown

that this coin is not popular in India. Further, any present step to promote its circulation might conflict with the future possibility, should it be considered advisable, of introducing some other small coin, such as a ten-rupee piece, which would be more in accord with Indian sentiment.

We have, &c.

(Signed) HARDINGE OF PENSHURST.
 „ O'M. CREAGH.
 „ G. FLEETWOOD WILSON.
 „ R. W. CARLYLE.
 „ HARCOURT BUTLER.
 „ S. A. IMAM.
 „ W. H. CLARK.
 „ R. H. CRADDOCK.

No. 60.

VICEROY TO SECRETARY OF STATE FOR INDIA, dated 18th May 1912.

(Telegraphic.)

GOLD coinage. Your telegram [dated 16th May.* As stated in our Despatch, we have not obtained opinions of bodies you have mentioned. Matter has been twice subject of debate in Imperial Legislative Council, and during past year has been discussed vigorously in press, and by commercial interests in India and England, therefore do not think it necessary to collect further opinions.

No. 61.

INDIA OFFICE TO TREASURY, dated 27th June 1912.

I AM directed to invite attention to the correspondence which passed between His Majesty's Treasury, this Office, and the Royal Mint, in 1899-1901, on the subject of the proposed establishment of a branch of the Royal Mint for the coinage of gold at Bombay.

The proposal was dropped for the time being in 1902 for various reasons, among which were the expense involved in the maintenance of a separate establishment at Bombay solely for the coinage of sovereigns, and the objections raised by the Treasury to a more economical arrangement by which that staff might be utilised for the coinage of silver or copper coins as well as gold.

The Government of India now desire to reopen the question. While recognising that sovereigns flow freely into India in the adjustment of trade balances, and that the establishment of a local mint for the coinage of gold can have no effect in increasing this inflow, they believe that such a measure would have a beneficial effect in popularising the sovereign, and in stimulating the gradual but at present slow process by which it is passing into active circulation. They think also that the opening of a local mint for the coinage of sovereigns would be likely to attract bullion now hoarded in the country, the amount of which there is reason to believe is very large, and that some part of the bullion which is annually imported would go to the mint for coinage. It may be added that the coinage of gold in India has been strongly advocated in the Viceroy's Legislative Council, and the Government of India represent that it is very vigorously supported by Indian public opinion.

The definite proposal of the Government of India is to open the Bombay Mint to the free coinage of sovereigns, under such control of its operations by the Royal Mint as His Majesty's Government may consider to be necessary. They propose to attach to the mint a gold refinery, so as to deal with ornaments and alloyed gold in any form and to receive raw gold from the Indian mines. The portion of the mint used for the coinage of sovereigns would be, at any rate at first, on a small scale. It

* No. 58 of present series.

is believed that the cost of making the necessary additions to the present equipment of the Bombay Mint would be inconsiderable.

With a view to the establishment of a branch of the Royal Mint at Bombay at a cost not incommensurate with a moderate out-turn of sovereigns, I am to enquire whether the Lords Commissioners of the Treasury would be willing to agree to the maintenance of a staff at Bombay, subject to the control of the Royal Mint in respect of all purposes connected with the coinage of sovereigns, but at the disposal of the Government of India for the purposes of such duties as are now carried on under the orders of that Government.

If, as is hoped, the Treasury accepts this proposal in principle, and indicates what information is required for the preparation of a detailed scheme for carrying it into effect, the information will be obtained from the Government of India and submitted to the Treasury as soon as possible.

No. 62.

TREASURY to INDIA OFFICE, dated 8th August 1912.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Abrahams' letter of the 27th June last (F. 2649), on the subject of the proposed establishment in India of a local mint for the coinage of British sovereigns, and I am desired to request you to lay the following reply before the Secretary of State for India in Council.

In view of the correspondence which passed in 1899-1901 my Lords do not propose to discuss the general reasons for and against the proposal for establishing a mint for the coinage of sovereigns in India, and (subject to proper safeguards) are prepared to co-operate in giving effect to the proposal which the Government of India have decided to put forward for reasons of which they are the judges.

The first and most important point on which a decision is needed is, therefore, the question of the control to be exercised by the Royal Mint over the coinage of sovereigns in India. The proposal which the Marquess of Crewe puts forward is that a branch of the Royal Mint should be established at Bombay, in connection with the existing mint, and that that part of the staff which is engaged on gold coinage should be subject to the control of the Royal Mint in respect of all purposes connected with such gold coinage, but should be at the disposal of the Government of India for the purposes of such other duties as are now carried on under the orders of that Government.

My Lords regret that they are quite unable to agree to any scheme involving divided control. In their opinion it is essential that the control should be undivided whether the staff be engaged upon gold or upon other coinage work; and, as is admitted in the letter under reply, the control over the gold coining staff must necessarily be that of the Royal Mint.

This being so, the only alternatives open to discussion appear to My Lords to be those mentioned in the penultimate paragraph of the letter* from this Department of the 9th July 1901 (No. 10,489/01). Either (i) a branch mint must be established at Bombay or elsewhere solely for the coinage of gold under the supervision of the Master of the Mint and of this Department, as in the case of the three branch mints in Australia—a scheme which, if their Lordships' anticipations as to the volume of work to be done are correct, involves the maintenance at the expense of the Indian Government throughout the year of a building and a highly-paid staff for work which will not occupy more than (say) one-third or one-fourth of the year. Or, alternatively, (ii) the control of the whole of the existing mint at Bombay must be taken over by the Government of this country, and the precedent of the Ottawa Branch Mint adopted, under which His Majesty's Government undertake, at the expense of the Local Government, the responsibility for an establishment producing, not only British gold coins, but also, and in overwhelmingly greater proportions, local subsidiary coins which are not legal tender outside the country where the branch mint is situate.

In 1901 my Lords were not prepared to regard this alternative as a practical solution of the problem, but since that date they have had the experience of the establishment and satisfactory working of the Ottawa Mint on these lines, and, if the Government of India is prepared to fall in with the arrangement, my Lords are now disposed to think that it is the best and indeed the only practical method of securing the necessary control by the Royal Mint and at the same time providing the mint to be established in India with sufficient work to occupy it throughout the year.

Should the Marquess of Crewe be able to agree in principle to this scheme, my Lords would suggest that the next step should be the despatch to Bombay of an experienced official from the Royal Mint in London to consider on the spot, in consultation with the officials of the Bombay Mint, what alterations and additions would be needed for the purpose of gold coinage.

No. 63.

Despatch from the Most Hon. the MARQUESS OF CREWE to the GOVERNMENT OF INDIA, No. 139 (Financial) dated 18th October 1912.

IN your letter of the 16th of May, No. 110, you submitted proposals for the coinage of sovereigns at Bombay. The chief result that you anticipate from this measure is that it would attract to the Mint bullion now held in India, which, since the issue of your Notification No. 6908*, dated 11th December 1906, has not been received there. You hold the opinion, which seems clearly correct, that it would not be likely to increase the importation of gold into India.

2. The conclusion that I reached after considering your letter was that, having regard first to the ease with which holders of gold bullion in India can, as a rule, exchange it for currency, whether sovereigns, notes, or rupees, if they wish to do so, and secondly, to the probability that the gold imported into India is so imported because it is preferred in that form rather than in that of coin, the adoption of your proposal would not be likely to have any considerable effect of the kind that you anticipate, but that the experiment is worth trying if it can be done at a moderate expense, or on a self-supporting basis. It was necessary for me to communicate with the Treasury on the subject, since, under the English and Indian Coinage Acts, sovereigns are not legal tender in India or England unless coined at a branch Mint established under a proclamation issued by His Majesty with the advice of the Privy Council. I accordingly placed before the Treasury proposals intended to enable the proposed measure to be carried out economically.

3. From the enclosed correspondence† you will see that the Lords Commissioners of the Treasury are unable to accept my proposal. They offer two alternatives, (1) that a branch Mint be established at Bombay solely for coinage of gold under the supervision of the Royal Mint and His Majesty's Treasury; (2) that the control of the whole of the existing Mint at Bombay be taken over by His Majesty's Government, who would accept at the expense of India the responsibility for an establishment producing not only British gold coins, but also coins for circulation in India, that is silver and nickel.

4. The former alternative would involve the maintenance at Indian expense of a separate building and highly paid staff for work which might occupy only a small part of the year. The second would involve the placing under control of the Treasury of some part at any rate of your silver coinage operations as well as the coinage of sovereigns. I doubt whether either alternative will commend itself to Your Excellency's Government.

5. If both are dismissed it will remain to consider whether it is desirable to produce at one of the Indian Mints a separate Indian gold coin of the denomination of, say, Rs. 10; this course would be inexpensive and would avoid the intervention of the British authorities in your general coinage operations. There is also some reason

* For this and connected Notifications, see Appendix, page 66. † Nos. 61 and 62 of the present series.

to expect that a gold coin of the denomination suggested would satisfy such currency requirements as are not met by the present facilities for obtaining sovereigns, rupees and notes. I am prepared, if you so desire, to sanction the issue of such a coin, subject to the settlement of such details as the design, the charge for seignorage, and the expenditure to be incurred on buildings, plant and additional staff.

I have, &c.
(Signed) CREWE.

APPENDIX.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 3,517, dated 23rd November 1864.

The Governor-General of India in Council, considering it expedient that the circulation of British and Australian sovereigns in all parts of British India and its dependencies should be encouraged and facilitated, is pleased hereby to direct that, from and after the publication of this notification, sovereigns and half-sovereigns coined at any authorised Royal Mint in England or Australia of current weight,* shall, until further notice, be received in all the treasuries of British India and its dependencies, in payment of sums due to the Government as the equivalent of ten and five rupees respectively, and that such sovereigns and half-sovereigns shall, whenever available at any Government Treasury, be paid at the same rates to any person willing to receive them in payment of claims against the Government.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 3,287, dated 28th October 1868.

In modification of the Notification by the Government of India, No. 3517 of the 23rd November 1864, the Governor-General of India in Council is pleased to direct that, from and after the publication of this notification, sovereigns and half-sovereigns coined at any authorised Royal Mint in England or Australia of current weight 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 ten rupees and four annas, and five rupees and two annas respectively, and that such sovereigns shall, whenever available at any Government Treasury, be paid at the same rates to any person willing to receive them in payment of claims against the Government. The gold pieces stated in Section XIII. of Act XVII. of 1835 will also henceforth be received as above according to the values stated in that Act.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 2,662 (FINANCE AND COMMERCE), dated 26th June 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.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 2,663 (FINANCE AND COMMERCE), dated 26th June 1893.

In supersession of the notification by the Government of India in the Financial Department, No. 3,287, dated the 28th 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.

* The standard weight of the sovereign is grains 123.274 and it ceases to be current when, from wearage or other causes, it falls in weight below grains 122.5.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 2,664 (FINANCE AND COMMERCE),
dated 26th June 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.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 4,071 (FINANCE AND COMMERCE),
dated 11th September 1897.

In continuation of the Notifications No. 2,662, No. 2,663, and No. 2,664, dated June 26th, 1893, the Governor-General in Council hereby notifies for public information 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 will be received at the Reserve Treasuries at Calcutta, Madras, and Bombay, and rupees will be issued in exchange therefor, the sovereign and half-sovereign being taken as the equivalent of fifteen rupees and of seven rupees eight annas respectively.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 3,218A (ACCOUNTS AND FINANCE),
dated 14th July 1899.

No. 3,218A.—In modification of Notification No. 2,662, dated the 26th June 1893, the Governor-General in Council is pleased to remove, as regards gold produced at the Indian mines and tendered at the Bombay Mint by the agents of the mining companies, the restriction that it shall be fit for coinage, and to direct that it shall be received at the Mint in the condition in which it has hitherto been shipped for export.

NOTIFICATION OF THE GOVERNMENT OF INDIA, No. 6,908A, dated 11th December 1906.

Receipt by the Mints of Calcutta and Bombay of Sovereigns and Half-Sovereigns only.

In supersession of the notifications by the Government of India in the Financial Department, No. 2,662, dated the 26th June 1893, and No. 3,218A, dated the 14th July 1899, which are hereby cancelled, the Governor-General in Council is pleased to direct that, with effect from 1st April 1907, gold bullion and gold coins, other than sovereigns and half-sovereigns, will not be received by the Mint Masters of the Calcutta and the Bombay Mints.

COMMITTEE ON INDIAN EXCHANGE AND CURRENCY.

REPORT
OF THE
COMMITTEE

Appointed to enquire into Indian Exchange and
Currency.



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REPORT OF COMMITTEE ON INDIAN EXCHANGE AND CURRENCY, 1919.

TO THE RIGHT HON. EDWIN S. MONTAGU, M.P., SECRETARY OF
STATE FOR INDIA.

1. We were appointed, on the 30th May 1919, as a Committee to advise in regard ^{Terms of ref} to the future of Indian Exchange and Currency. Our terms of reference were as follows:—

“To examine the effect of the war on the Indian exchange and currency system and practice, and upon the position of the Indian note-issue, and to consider whether, in the light of this experience and of possible future variations in the price of silver, modifications of system or practice may be required; to make recommendations as to such modifications, and generally as to the policy that should be pursued with a view to meeting the requirements of trade, to maintaining a satisfactory monetary circulation, and to ensuring a stable gold exchange standard.”

INTRODUCTORY.

2. We have held 40 meetings and examined 28 witnesses. We have endeavoured ^{Witnesses.} to obtain evidence of as widely representative a character as possible. The official side of the case has been placed before us by Sir Lionel Abrahams, K.C.B., Assistant Under Secretary of State, Mr. F. H. Lucas, C.B., C.V.O., Financial Secretary at the India Office, and Mr. M. M. S. Gubbay, C.S.I., C.I.E., Controller of Currency in India, who, in addition to serving as a member of our Committee, was the accredited spokesman of the Government of India. Sir W. Meyer, G.C.I.E., K.C.S.I., who was Financial Member of the Governor-General's Council in India for practically the whole period of the war, also gave evidence. In addition, we had the advantage of hearing Sir David Barbour, K.C.S.I., K.C.M.G., who occupied the post of Financial Member of the Governor-General's Council from 1887-93, when the policy of closing the Indian mints to the free coinage of silver was adopted, and subsequently served as a member of the Indian Currency Committee presided over by Sir Henry Fowler (later Lord Wolverhampton) in 1898-99.

In order to ensure that all important representative associations in India should be given the fullest opportunity to nominate witnesses, we requested the Government of India, through the Secretary of State, to renew the invitation they had issued prior to our first meeting, and to facilitate the deputation of witnesses to this country. The majority of the Chambers of Commerce and other representative associations in India elected to submit their views in writing rather than depute a witness for the purpose. All the memoranda received from them will be found in the volumes of our proceedings, and we need scarcely say that we have given them the careful consideration to which the responsibility and experience of their authors entitle them. Witnesses were specially deputed from India on behalf of the Indian Merchants' Chamber and Bureau and the Bombay Mill-owners' Association.

Eight other witnesses representative of financial, commercial, and banking interests in the East appeared before us. Apart from the representatives of the Eastern Exchange Banks Association, these included Lord Inchcape, G.C.M.G., K.C.S.I., K.C.I.E., who served on the Secretary of State's Council from 1897 to 1911; Mr. M. de P. Webb, C.I.E., C.B.E., formerly Chairman of the Karachi Chamber of Commerce; Mr. J. N. Stuart, of the Indian Tea Association; Sir E. Rosling, of the Ceylon Association; Mr. J. F. N. Graham, who represented the Glasgow Chamber of Commerce; and Mr. S. R. Bomanji, member of the Indian Merchants' Chamber and Bureau, Bombay. Invitations were also issued to the East Indian Section of the London Chamber of Commerce and the Manchester Chamber of Commerce, but these bodies did not consider it necessary to nominate a special witness. The Ceylon Chamber of Commerce also found it impossible to depute a representative to give evidence before us.

3. Prior to our appointment the Secretary of State had appointed Professor C. G. Cullis, D.Sc., and Professor H. C. H. Carpenter, F.R.S., of the Imperial College of Science and Technology, to conduct an enquiry into the conditions of silver production, the prospects of future output, and the causes by which it was likely to be influenced. We were able to avail ourselves of the results of this valuable investigation, and the two gentlemen who had conducted the enquiry appeared before us. Mr. E. L. de M. Mocatta, partner in the firm of Messrs. Mocatta and Goldsmid, bullion brokers, also gave evidence on the conditions and prospects of the silver market.

We found it necessary to examine the bearing of the exchange value of the rupee on the level of prices in India, and, in response to our request for evidence on this point, the Government of India deputed Mr. K. L. Datta, who in 1910-13 had conducted an enquiry into the rise of prices in India from 1895, to appear before us, not indeed as the official spokesman of the Government, but as an authority on prices and economic conditions in India. We also took evidence from Sir James Douie, K.C.S.I., a retired officer of the Indian Civil Service, and Mr. James Campbell, O.B.E., I.C.S., on this aspect of the case.

Sir Brien Cokayne, K.B.E., Governor of the Bank of England, gave evidence with reference to the Indian demand for the precious metals.

The remaining witnesses were:—Mr. F. T. Rowlatt, Governor of the National Bank of Egypt; Mr. F. I. Kent, Director of the Foreign Exchange Section of the Federal Reserve Board of the United States of America; Sir Stanley Reed, K.B.E., Editor of the *Times of India*; Mr. J. M. Keynes, C.B., a Member of the Royal Commission on Indian Finance and Currency, 1913-14; Professor H. Stanley Jevons, of Allahabad University; and Mr. S. K. Sarma, a student of Indian currency questions.

We wish to express our sincere regret at the premature death of Sir Lionel Abrahams, K.C.B., Assistant Under Secretary of State for India, and our sense of the loss which the public service has suffered in the death of an officer of unrivalled knowledge and experience in all questions connected with Indian currency and finance. Our records show the high value and wide scope of the evidence which we received from him in the course of our enquiry.

LIMITS OF TERMS OF REFERENCE.

4. At the outset of our Report we would draw particular attention to the last phrase of our reference under which we are directed to make recommendations with a view "to ensuring a stable gold exchange standard." This precluded us from considering the question of returning to a silver standard such as existed before 1893, or of introducing a bimetallic standard. We think it well, however, to add that we are unanimously of opinion that no useful end would have been served by an enlargement of our reference so as to permit the consideration of these alternatives.

THE CHAMBERLAIN COMMISSION.

5. The history of the Indian currency system from 1893, when the Indian Mints were closed to the free coinage of silver, to 1914, is briefly described in paras. 12-43 of the Report of the Royal Commission on Indian Finance and Currency, which sat in 1913-14 under the Chairmanship of the Right Hon'ble Austen Chamberlain, M.P., now Chancellor of the Exchequer. In this report, issued a few months before the outbreak of war, the Commission generally endorsed the policy and measures which had been adopted with a view to the establishment of the exchange value of the rupee on a stable basis. They made important recommendations regarding the use of gold as currency, the minting of gold in India, the development of the note-issue, the utilisation of Government balances in India and England, the sale of drafts on India and London, the constitution and location of the Gold Standard and Paper Currency Reserves, the organisation for the discharge of financial business at the India Office, and the question of establishing a State or Central Bank in India. These recommendations were under the consideration of the Government of India when the financial and economic upheaval consequent on the outbreak of war supervened, and it was decided to postpone further action until the return of normal conditions. We shall refer in later passages of our Report to those suggestions made by the Royal Commission which more particularly concern our enquiry.

POSITION AT THE OUTBREAK OF WAR.

6. At the outbreak of war the main facts of the Indian currency system were as follows* :— Currency in circulation.

The Indian currency consisted of British gold coins, silver rupees, subsidiary coins of silver, nickel, and bronze and currency notes.

The British sovereign and half-sovereign were unlimited legal tender for 15 and 7½ rupees respectively, and the Government had undertaken, by notification, to issue rupees, to the public in exchange for sovereigns and half-sovereigns at the rate mentioned above, being the equivalent of 1s. 4d. per rupee. The rupee (as also the half-rupee) was unlimited legal tender and was the main metallic medium for the transaction of business. Currency notes of denominations of Rs. 5 and upwards were in circulation, and were legal tender without limit of amount. They were redeemable in coin on presentation at the Currency Offices.

Sovereigns have not been minted in India before the war, but the Government of India ordinarily issued them in exchange for rupees or notes in response to any demand from the public, although they had not undertaken to do so. The extent to which gold coin actually circulated in India before the war is uncertain, but in Bombay and parts of the Punjab its use as currency was not uncommon. In any case, the amount of gold coin absorbed was large, as will be seen from the figures for the five years before the war :—

Absorption of sovereigns and half-sovereigns in India.

	£
1909-10	2,873,000
1910-11	1,438,000
1911-12	8,887,000
1912-13	11,100,000
1913-14	12,070,000

7. There was normally a steady demand for remittance to India as the result of a favourable trade balance. This was adjusted partly by the importation of the precious metals, which was unrestricted, and partly by the sale by the Secretary of State in Council of drafts on the Government of India. The sale of these drafts, generally known as Council Drafts, was primarily intended to provide funds for meeting expenditure on behalf of the Government of India in the United Kingdom. It had the effect of releasing currency (metallic rupees or notes or, exceptionally, gold) in India against payment of sterling in London, and it was found convenient to extend the sales so as to provide additional currency in response to the requirements of trade. The same result would have been produced by the shipment of gold to India and its tender to the Government in exchange for rupees; but the acceptance in London of sterling (which was then equivalent to gold) instead of gold in India was convenient both for the Government and for the purchasers of Council Drafts. Sale of Council Drafts.

The amount of the Council Drafts offered for sale each week was therefore fixed not only with reference to the requirements of the India Office, but also with reference to the demands for remittance to India, subject always to the capacity of the Government of India's resources to meet them. The rate obtained for the drafts varied from time to time according to trade demand, but as there was a standing offer to sell bills without limit of amount at 1s. 4½d. per rupee, the price never exceeded this figure, which corresponded to the theoretical gold export point. The Secretary of State also maintained the practice of not selling his bills below 1s. 3¾d. per rupee. If, owing to a temporary change in the normal current of trade, there was a tendency for the exchange value of the rupee to fall below this Reverse Current

* The following information may assist readers of the Report who are not familiar with Indian terms and statistics. One lakh=1,00,000. One crore=100 lakhs=1,00,00,000. At the exchange rate of 1s. 4d. per rupee, one lakh of rupees=8,666½. One crore of rupees=866,666½. The weight and fineness of the rupee and silver dollar and of the sovereign and gold dollar are shown in the table below :—

	Weight.	Amount of Fine Silver.
Rupee	180 grains (one tola).	165 grains.
Silver dollar	412½ grains.	371.25 grains.
		Amount of Fine Gold.
Sovereign	123.27447 grains.	113.0016 grains.
Gold dollar	25.8 grains.	23.22 grains.

figure, and if this tendency was not sufficiently counteracted by a cessation of the sales of drafts, the situation was met by the sale in India of bills on London, generally known as "Reverse Councils," at 1s. 3½d. per rupee. The Gold Standard Reserve, which had been accumulated from the profits on the coinage of rupees, was available for the purpose of meeting these Reverse Drafts, thus answering the purpose for which it was created, and preventing any further fall in the exchange value of the rupee.

The effect of these arrangements was to keep the exchange value of the rupee very near to the ratio of 15 rupees to the £. Such fluctuations as occurred were similar to those that occur from time to time in the exchange between gold standard countries where the variations are limited by the cost of moving gold to adjust the balance of indebtedness.

The effective maintenance of this fixed relation depended not upon the import and export of gold, but upon the action of the Secretary of State and the Government of India in giving rupees in exchange for gold or sterling, and sterling for rupee currency, in the manner explained above. The Indian standard of value has therefore been described not as a gold standard but as a gold exchange standard. This designation, however, is open to criticism on the ground that it does not take account of the distinction which it has now become necessary to observe between gold and sterling. This distinction, as we shall see later, introduces a new and critical problem in connection with the exchange.

8. The precious metals played a part little less important than that of Council Drafts in the adjustment of India's trade balance. The following table sets forth the balance of trade on private account, the net imports of treasure on private account, and the sales of Council Drafts for the ten years prior to the outbreak of war:—

	Excess of Exports over Imports on Private Account.	Net Imports of Treasure on Private Account (Gold and Silver, Coin and Bullion).	Net Sales of Council Drafts (i.e., Council Drafts less Reverse Drafts).
	£	£	£
1904-5	40,548,200	16,700,600	24,150,000
1905-6	39,086,700	9,846,900	31,480,000
1906-7	45,506,600	14,420,000	34,069,400
1907-8	31,640,000	18,253,300	16,676,700
1908-9	21,173,300	11,116,300	6,335,200
TOTAL	177,954,800	70,137,100	111,117,400
1909-10	47,213,000	20,688,000	27,710,600
1910-11	53,685,300	21,700,000	26,389,800
1911-12	59,512,900	28,706,000	26,917,500
1912-13	57,020,900	29,435,000	25,988,500
1913-14	43,753,900	19,713,000	31,200,800
TOTAL	261,166,000	120,242,000	138,202,200

It is impossible, however, to arrive at any exact analysis of all the elements contributing to the settlement of India's trade balance, since the "invisible" exports and imports (freights, insurances, interest, transfer of profits, movements of capital, &c.) cannot be valued accurately.

EFFECT OF OUTBREAK OF WAR ON FINANCIAL POSITION IN INDIA.

9. The outbreak of war immediately caused, in India as elsewhere, a general dislocation of trade and business of which the principal symptoms were the weakening of exchange, withdrawals of Savings Bank deposits, a demand for the encashment of notes, and a run on Indian gold stocks.

The weakening of exchange was met by the proved expedient of offering drafts on London. Between 6th August 1914 and 28th January 1915 Reverse Councils were sold to the extent of 8,707,000%. In February 1915 the demand for Council Drafts revived, and, apart from further periods of weakness in 1915-16, and between November 1918 and April 1919, when Reverse Councils were sold to the extent of 4,893,000% and 5,465,600%, respectively, Indian exchange remained strong throughout the duration of the war.

old Standard
Reserve.

Stabilisation
exchange.

part played by
Council Drafts and
precious metals in
adjustment of
trade balance.

weakening of
exchange.

The net withdrawal of Savings Bank deposits amounted in the first two months of the war to Rs. 6 crores, out of the total deposits of 24½ crores on 31st July 1914. From September to October 1914 there were further withdrawals to the extent of Rs. 2 crores. Subsequently there was a recovery, but the net withdrawals for the year 1914-15 amounted to over Rs. 8 crores. The tide turned in 1915-16, and since that date deposits have continued to increase, with the result that the figure at the end of 1918-19 was 18½ crores. There was also a run on the banks, but this proved of short duration.

Withdrawal of Savings Bank deposits.

10. Some lack of confidence in the Indian note issue manifested itself at the outbreak of war and resulted in a net return of currency notes to the extent of 10 crores between 31st July 1914 and 31st March 1915, at which date the net circulation¹ had declined from Rs. 66·28 crores to Rs. 55·65 crores. The silver held in the Paper Currency Reserve fell from Rs. 33·94 crores on 31st July to Rs. 29·87 crores on 31st December 1914. But from the spring of 1915 onwards there has been a steady increase of the note circulation, and on 30th November 1919 the net circulation amounted to Rs. 178·93 crores.

Encashment of notes.

At the end of July 1914 there arose a keen demand for gold in exchange for notes, and between the 1st and 4th of August the Government of India lost about 1,800,000² of gold. Some precautions had been taken to discourage the withdrawal of gold for internal purposes when there was a demand for its use as a means of foreign remittance; but when it was seen that the precautions were unavailing it became necessary, on 5th August, to suspend the issue of gold to private persons. After that time notes presented for encashment were paid in silver coin only.

Demand for gold.

The disquieting symptoms to which we have referred lasted only for a short time. The return of public confidence was assisted by the assurance given to the banking and commercial community of adequate and continuous facilities for remittance and by the readiness with which the Government of India met demands for the encashment of currency notes.

CURRENCY DIFFICULTIES.

11. It is not surprising that the outbreak of war should have caused a temporary disturbance of Indian financial conditions, but when the first shock had passed away the currency mechanism worked smoothly. It was not until the end of 1916 that acute complications arose in the sphere of Indian currency and exchange. These complications showed themselves mainly in the rapid rise in the price of silver and later in the increasing difficulty of obtaining silver to meet the heavy demands for silver coin. The causes contributing to these results were various, and it will be necessary to trace them in some detail.

Symptoms of currency difficulty.

12. The Government of India, as is well known, are under the obligation of meeting heavy sterling payments in the United Kingdom. The net amount of these in the years 1910-14 averaged over 25,000,000² a year. The ability of the Government of India to remit to London the funds required for these payments and also the successful working of the Indian currency system depend on the existence of a substantial balance of trade in India's favour. In the period immediately preceding the outbreak of war India had enjoyed a series of remarkably prosperous seasons, as will be seen from the following table, which exhibits the value of her exports and imports on private account for the years 1909-10 to 1913-14:—

Large trade balance in favour of India.

Exports and Imports of Merchandise on private account.³

Year.	Exports.	Imports.	Net Exports.
	₹	₹	₹
1909-10	125,253,000	78,040,000	47,213,000
1910-11	139,021,300	86,236,000	53,685,300
1911-12	151,898,100	92,383,200	59,514,900
1912-13	164,364,800	107,343,900	57,020,900
1913-14	165,919,200	122,165,800	43,753,400
Average for 5 years	149,470,900	97,283,700	52,287,200

¹ The term "net circulation" means the amount of notes issued ("gross circulation") less those held in Reserve Treasuries.

² These figures represent rupee values converted at the statutory rate of Rs. 16=£1.

The corresponding figures for the years 1914-15 to 1918-19 are as follows :—

Year.	Exports.	Imports.	Net Exports.
	£	£	£
1914-15	121,061,100	91,952,600	29,108,500
1915-16	151,586,500	87,580,200	44,026,000
1916-17	160,591,200	99,748,000	60,843,200
1917-18	161,700,000	100,280,000	61,420,000
1918-19	169,230,000	112,690,600	56,540,000
Average for 5 years	148,633,800	98,446,100	50,387,700

It will be observed that the average balance in India's favour was slightly higher in the earlier quinquennium than in the later, mainly owing to the heavy fall in the first two years of the war. But if we take the three years 1916-17, 1917-18, 1918-19, when Indian currency difficulties were most acute, the average balance of trade in India's favour, *vis.*, 59,601,100*l.*, will be seen to have been decidedly in excess of the average of the last three years of the pre-war period (1911-12 to 1913-14), *vis.*, 53,429,200*l.*¹ During the war imports into India were limited by the restriction of the available supplies from manufacturing countries in Europe. Imports from Germany and Austria ceased entirely on the outbreak of war, whilst the productive power of the United Kingdom and her Allies was more and more completely absorbed on war industries as hostilities were protracted. There was consequently a large reduction in the quantity of goods imported into India, and it was only the rise in prices that maintained the value of the import trade and prevented its actual contraction. Exports from India, on the other hand, though restricted by difficulties of transport and finance, were in great demand. Supplies of raw materials and food-stuffs were required for the use of the Allied Powers, and the prices they realised were abnormally high. Enhanced values counteracted the shortage of freight and restrictions of finance, with the result already indicated, that the favourable trade balance was not only maintained, but even showed a tendency to increase.

Exceptional disbursements on behalf of His Majesty's Government, etc.

13. The large balance of trade indebtedness in India's favour was reflected in the strength of exchange and the heavy demand on Government for currency; and other special causes were at work during the war to intensify this demand. India formed the base of important military operations in Mesopotamia, Persia, and East Africa. The Government of India were called upon to provide funds for the payment of British and Indian troops engaged, for the purchase of a large part of the supplies, and for other expenses incidental to a modern campaign, and also for meeting civil expenditure in occupied territory. The amount of the recoverable expenditure incurred by the Government of India on behalf of the Imperial Government between 1914 and the present date has exceeded 240,000,000*l.*, and expenditure of this nature has not yet ceased. In addition to the above, arrangements were made for the financing of purchases in India on behalf of certain Dominions and Colonies and for the provision of rupee credits, amounting to 20 crores in 1917-18 and 1918-19, for American importers of Indian produce.

These exceptional disbursements created a heavy additional demand for Indian currency.

Decrease in imports of precious metals.

14. We have already referred to the part that the imports of gold and silver into India play in normal conditions in adjusting India's favourable trade balance. We shall deal later with the nature of the Indian demand, monetary, industrial, and social, for the precious metals. At present we are concerned with the deficiency in the satisfaction of this demand in the period of the war. The following table exhibits the value of India's imports of gold and silver for the five years 1909-10 to

¹ The excess would be somewhat greater if in the last two years the rupee values were converted at the then current rate of exchange.

1913-14, and the corresponding value in the years 1914-15 to 1918-19:—

Net Imports into India of Treasure on Private Account.

	Gold Coin and Bullion.	Silver Coin and Bullion.	Total.
	£	£	£
1909-10	14,446,000	6,242,000	20,688,000
1910-11	15,983,000	5,714,000	21,700,000
1911-12	25,178,000	3,528,000	28,706,000
1912-13	25,052,000	4,383,000	29,435,000
1913-14	15,550,000	4,163,000	19,713,000
Total	96,212,000	24,030,000	120,242,000
1914-15	5,637,000	6,676,000	12,313,000
1915-16	3,267,000	3,717,000	6,984,000
1916-17	2,797,000	—1,440,000	1,357,000
1917-18	14,306,000	971,000	15,277,000
1918-19	15,000	38,000	53,000
Total	26,022,000	9,962,000	35,984,000

Several factors contributed to the remarkable decline in the import of the precious metals during the latter period.

The first, and far the most important, factor was the difficulty of obtaining gold. The free market in London, on which India had been able to draw in the past, disappeared on the outbreak of war. Restrictions on the export of gold were imposed by belligerent Governments desirous of maintaining their stocks of the metal for war purposes, and India was accordingly only able to obtain very limited quantities. The relatively high imports in 1917-18, mainly from Japan and the United States, were largely caused by the difficulty of obtaining rupee exchange when the sales of Council Drafts were limited and controlled. The low figure for 1918-19 was mainly due to restrictions placed upon the export of gold from the United States.

15. The dearth of gold created a strong demand for silver. This would have tended normally to increase private imports of silver, which remained unrestricted until September 1917. But during this period of the war the silver market was subject to conditions of supply and of demand which severely limited the amount of the metal available for private purchasers. Shortage of silver supply.

There was, in the first place, a great shortage of supply. The world's production of silver from 1914 onwards exhibited a marked decline from the production of the preceding years. The question is fully discussed in the Report on the World's Production of Silver, by Professors Carpenter and Cullis, which is included in the Appendices to our Report. Their statistics are summarised in the following table:—

Mine Production of Silver (in Fine Ounces, 000 omitted).

Year.	Canada.	U. S. A.	Mexico.	Rest of World.	Total of World.
1910	32,869	57,599	71,372	57,249	219,089
1911	32,559	61,109	79,033	57,683	230,384
1912	31,956	66,041	74,640	60,423	233,060
1913	31,806	71,200	70,704	57,966	231,676
Average for 4 years 1910-13	32,297	63,987	73,937	58,981	228,552
1914	28,449	69,634	27,547	50,418	176,048
1915	26,626	72,369	39,570	47,180	185,745
1916	25,160	78,875	22,838	48,283	175,456
1917	22,221	70,666	31,214	50,949	175,050
Average for 4 years 1914-17	25,689	72,886	30,292	49,208	178,075

Approximately three-quarters of the world's silver is mined in North America and Mexico. The decrease in the Canadian production, due to the progressive exhaustion of the Cobalt field, was more than compensated by an increase in the production of the United States of America; and the key to the shortage of silver is to be found in Mexico, where, owing to political disturbances, the production of silver fell from an average of 73,937,000 fine ounces for the years 1910-13 to an average of 30,292,000 fine ounces for the years 1914-17, a reduction of 43·6 million ounces out of a total reduction of 50·5 million ounces in the world's production. It will be noted that the fall in Mexican production, though it coincided approximately with the beginning of the war, was not caused by the war, but by internal conditions in Mexico.

Heavy world demand for silver.

16. Had the world's demand for silver remained normal, the marked decline in supplies from 1914 onwards could hardly have failed to produce a rise in price and must have influenced the quantity of the metal available for India. But actually the world's demand for silver was unusually keen, particularly for coinage. The coinage of the British Empire, for example, absorbed nearly 108 million fine ounces of silver in the years 1915 to 1918 as against 30·5 million fine ounces in the years 1910 to 1913, and there is evidence that there were similar increases in the silver coinage of other countries.

There has also been a heavy demand for China during the last two years. In the years 1914-17 China was a seller of silver and her net exports of the metal amounted to over 77,000,000 standard ounces. From 1918, on the other hand, China has been a persistent buyer, and in recent months the intensity of her demand has been the dominating feature of the silver market. It is probable that the export of the previous years has now been made good, but so far there is no indication of any slackening in the demand.

Indian demand for silver for coinage.

17. We have seen that war conditions militated against the normal flow of the precious metals to India, where their import would have assisted in the liquidation of the trade balance in India's favour. The burden of liquidating this balance was thus focussed on the Government of India and took the form of heavy demands for currency. The efforts made to meet these demands are indicated by the fact that between April 1916 and March 1919 over 300,000,000 standard ounces of silver¹ were bought in the market for coinage in addition to 200,000,000 fine ounces purchased under the Pittman Act (*see para. 23*), as compared with about 180,000,000 standard ounces between April 1904 and March 1907, when the Indian demand was specially heavy and continuous.

Rise in price of silver.

18. These large purchases, combined with the decrease in the supplies of silver and the increased demand from other quarters, reacted strongly on the price of the metal. In 1915 the highest price of silver in the London market was 27½*d.* per standard ounce. By April 1916 it had risen to 35½*d.* and in December had reached 37*d.* The rise in price continued throughout the first part of 1917, and in August it exceeded 43*d.* We invite attention to this figure, because it marks the point at which the exchange value of the rupee at 1*s.* 4*d.* is equivalent to its bullion value, and it was the rise in the price of silver to this figure and above it that necessitated the alterations in exchange to which we refer in paragraph 22. In September 1917 the price of silver rose to 55*d.*

In September 1917 the United States Government instituted control over the trade in silver and prohibited the export of the metal except under licence. The effect of this control was to check the rising tendency of silver prices, and between October 1917 and April 1918 the London quotation varied between 41½*d.* and 49½*d.* per standard ounce. After the passing of the Pittman Act in April 1918 (*see para. 23*), no export licences were granted by the Government of the United States of America except for silver which was bought at 101½ cents, or less, per fine ounce, and was required for purposes connected with the prosecution of the war. Similar measures were adopted by the Canadian Government, and the British Government fixed a maximum price for silver corresponding to the American maximum. These measures had the effect of stabilising the market price of silver at about a dollar per fine ounce, and facilitated purchases for India. Between May 1918 and April 1919 the London price for silver ranged between 47½*d.* and 50*d.* per standard ounce. But when in May 1919 the United States Government and the British Government withdrew control over the silver market a further rise in price occurred, and in May the London price reached 58*d.*, or more than double the maximum attained in 1915. Since that date, mainly on account of the exceptional demands from China, the price has risen still further and on 17th December stood at 78*d.* per standard ounce.

¹ Standard silver is 925 fine.

19. It is necessary at this stage to refer to another factor tending to raise the price of silver in the London market. During the war arrangements were concerted between the British and American Governments under which the sterling exchange on America was "pegged" at \$4.76 $\frac{7}{8}$. Government support of exchange was withdrawn on 20th March 1919 and since that date the London-New York exchange has moved heavily against the United Kingdom. On 17th December the £ sterling was equivalent to only \$3.83 as against its par value of \$4.8666. As America is the principal source of the world's silver supply, the chief payments for the metal have to be made ultimately in that country. The sterling price of silver accordingly takes account of the state of the London-New York exchange, and any rise or fall in that exchange is reflected in the London price. A fall in sterling exchange has thus the effect of raising the London quotation for silver. For any given sterling value of the rupee there is a corresponding sterling price for silver above which silver for coinage into rupees can only be purchased at a loss. If, without any change in the gold price of silver as measured in dollars, the London quotation should rise in consequence of a fall in the London-New York exchange, purchases of silver for India may be rendered impracticable unless the rupee exchange is raised to redress the fall in sterling. The position may be made clear by an illustration. If the exchange value of the rupee is 2s., the Secretary of State can buy silver for coinage into rupees without loss at 63d. per standard ounce. If the London-New York exchange fell 10 per cent., the sterling quotation for silver would *ceteris paribus* react in proportion and assuming that the price stood at 63d. before the fall in American exchange, it would rise to over 69d. as the direct consequence of the fall in exchange. If in these conditions the Secretary of State wished to purchase silver for coinage without loss it would be necessary for the rupee exchange to be raised to about 2s. 2 $\frac{1}{2}$ d.

Influence of d sterling exchar on London pri silver.

20. In the circumstances we have described the purchase of silver for coinage was attended with serious difficulty. In paragraph 23 we give details of the purchases made. Though these purchases represent a considerable proportion of the world's annual supply, they were insufficient for the heavy and continuous requirements for silver coin. This fact, taken in conjunction with the rising price at which purchases had to be effected, rendered the maintenance of the pre-war currency and exchange system impracticable. The Secretary of State was unable to maintain his offer to sell Council Drafts without limit of amount, while in view of the rise in the price of silver to a level higher than that which corresponds to a bullion value of 1s. 4d. for the rupee, he was compelled to raise the rate at which he sold the limited amount of Council Drafts which he was able to offer.

Maintenance o pre-war curren system impracticable.

These fundamental changes in the system were accompanied by a number of supplementary measures designed to meet special difficulties which arose from time to time. We propose to deal first with the changes in the machinery for regulating exchange, *viz.*, (a) the Government control of exchange and (b) the raising of the rate for the sale of Council Drafts, and then to pass on to the other measures adopted by the Government to conserve their resources and to meet the exceptional demands for currency.

MEASURES TAKEN.

(a) Control of Exchange.

21. After exchange had recovered from the temporary dislocation consequent upon the outbreak of war, the demand for Council Drafts continued on a normal scale until October 1916. During November the amount of the weekly sales increased rapidly, and in the first fortnight of December they exceeded 5,000,000l. The rupee holding in the Paper Currency Reserve had then fallen to 14 crores, and though there was silver awaiting coinage and the Secretary of State had made large purchases, it was evident that the continuance of sales on this scale would endanger the convertibility of the note issue. To avoid this danger the Council Drafts sold by the Secretary of State were limited from 20th December 1916, the weekly amount, which varied between 120 lakhs, and 30 lakhs, being fixed from time to time mainly on a consideration of the rupee resources of the Government of India. The limitation of the amount of Council Drafts at a time when the demand for remittance to India was exceptionally strong and no adequate alternative method of remittance was available led to a divergence between the market rate of exchange and the rate at which the drafts were sold. It also became evident that the remittance available might be insufficient to finance the whole of the Indian export trade, and it was essential that the exports

Limitation of sales of Council Drafts.

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required for war purposes should not be impeded. It was found necessary, therefore, to introduce certain measures of control. From 3rd January 1917 Council Drafts were sold at a fixed rate, which at the outset was *1s. 4½d* for immediate telegraphic transfers, and the sale was confined to banks and firms on the "Approved List," which included the chief exchange banks and a few large purchasers of drafts. A little later these banks and firms were required to do business with third parties at prescribed rates and to apply their resources primarily to financing the export of articles of importance to the Allies for the purpose of carrying on the war, a list of which was drawn up by the Secretary of State. An appeal was at the same time addressed to other firms engaged in Indian trade to conduct their remittance transactions through the exchange banks. Further, in order to encourage the exchange banks to buy export bills in excess of their purchases of exchange in the other direction, the Secretary of State insured them against the risk of a rise in exchange, by undertaking to sell to them within a year after the war exchange up to the amount of their overbuying at the rate at which their excess purchases had been made.

This scheme of Government control constituted a complete departure from the system of free and unlimited remittance that prevailed before the war, and was naturally unpalatable to the commercial community. But the evidence we have taken shows that the intervention of Government was regarded as inevitable in the circumstances, and it was due largely to the hearty co-operation of the exchange banks and trading firms with the Government that the market rate of exchange was maintained near the rate at which Council Drafts were sold and the necessary finance was successfully provided for the large volume of exports of national importance.

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ontrol.

After the conclusion of the armistice the necessity for reserving finance for particular exports ceased. The overbuying guarantee was in due course terminated, and the list of articles to which priority of export finance was given was abolished. On the withdrawal of these restrictions, importers were naturally unwilling to continue incurring loss by effecting homeward remittances through the exchange banks, and a considerable business was transacted between importers and exporters direct at rates appreciably higher than the rate for Council Drafts. Meanwhile, the revival at the end of July 1919 of a free market for gold, to which we shall refer below, provided an alternative method of remittance, and facilitated the return to more natural conditions than had been possible during the latter part of the war. From 18th September 1919 drafts have been sold by open competitive tender, subject to a minimum rate and subject to the condition that no applicant may apply for more than 20 per cent. of the amount offered each week. The amount of drafts offered weekly is fixed on a consideration of the trade demand and the resources of the Government of India.

(b) *Raising of Rate for Sale of Council Drafts.*

rise in exchange.

22. The rise in the price of silver to a point at which the bullion value of the rupee exceeded *1s. 4d.* made the sale of Council Drafts at the rates fixed on 3rd January 1917 impossible, except at a loss to Government. There was also a danger that if the rupee were undervalued it would tend to disappear from circulation, to be melted down and possibly to be exported. These tendencies probably existed in any case owing to the prohibition of the import of silver, but would have been aggravated by any undervaluing of the rupee. These considerations led to a series of changes in the rate of exchange. The first of these changes took place on 28th August 1917, when the rate for immediate telegraphic transfers was raised from *1s. 4½d.* to *1s. 5d.* Shortly afterwards the Government of India announced that the price at which Council Drafts would be sold in future would be based roughly on the price at which silver could be bought, and this policy has governed alterations in the rate of exchange up to the present time. On 12th April 1918, in consequence of the agreement with the United States Government for the purchase of silver from the dollar reserve at $101\frac{1}{2}$ cents per fine ounce, the price for immediate telegraphic transfers was raised to *1s. 6d.* This rate was maintained until 13th May 1919, when the removal of the American control over the export of silver led to a rise in the price of the metal and necessitated a further rise to *1s. 8d.* While we have been conducting our enquiries, the price of silver has broken all records, and the rate has been raised successively to *1s. 10d.* on 12th August 1919, to *2s.* on 15th September 1919, to *2s. 2d.* on 22nd November 1919 and to *2s. 4d.* on 12th December 1919. The last figure is now the minimum rate for the sale of immediate

telegraphic transfers by competitive tender, while the Secretary of State has announced that he will sell reverse immediate telegraphic transfers at the rate of 2s. 3½d. if the demand for them should arise. Thus the rate of exchange has been raised by successive steps from 1s. 4d. to 2s. 4d., as shown in the following table:—

Date of Introduction.	Minimum Rate for Immediate Telegraphic Transfers.
3rd January 1917	1 4½
28th August 1917	1 5
12th April 1918	1 6
13th May 1919	1 8
12th August 1919	1 10
15th September 1919	2 0
22nd November 1919	2 2
12th December 1919	2 4

(c) *Purchase of Silver.*

23. These modifications of system would not have been effectual in meeting the situation unless special measures had also been taken to increase the supply of currency. In February 1916 the necessity for rupee coinage on a large scale became apparent and the Secretary of State began to purchase silver. In 1915-16 and the subsequent years he bought in the market the amounts shown below. To facilitate his operations, by excluding from the market Indian buyers who would otherwise have bought for non-coinage purposes, the import of silver into India on private account was prohibited on the 3rd September 1917. This measure, however, removed only a few of the smaller competitors for the world's diminished supply of silver, and the world demand remained so heavy that it was impossible to satisfy India's demand without tapping sources of supply outside the ordinary market. The Government of the United States of America, therefore, were approached, through His Majesty's Government, on the subject of releasing a portion of the silver dollars held in their reserve. These representations met with a ready response, and on 23rd April 1918 the United States Congress passed the Pittman Act, which authorised the sale to other Governments of silver not exceeding 350,000,000 silver dollars from the holding in the dollar reserve. Of this amount the Government of India acquired 200,000,000 fine ounces at 101½ cents per fine ounce. Delivery in India began in July 1918, and was spread over a period of about a year. The timely help thus rendered by the United States Government in placing at India's disposal a supply of silver which represents considerably more than the world's annual mine production since 1914, enabled the Government of India to tide over a very serious currency crisis and to maintain the convertibility of the note issue.

The following table shows the amount of silver purchased by the Secretary of State in the last five years.

	In open Market (Standard Ounces).	From United States Dollar Reserve (equivalent in Standard Ounces).
1915-16	8,636,000	...
1916-17	124,535,000	...
1917-18	70,923,000	...
1918-19	106,410,000	152,518,000
1919-20 (to 30th November 1919)	14,108,000	60,875,000
Total	324,612,000	213,393,000

The total amount is thus 538,005,000 standard ounces.

(d) *Measures for Conservation and Economy of Silver.*

24. These special measures for obtaining silver were supplemented by endeavours to protect the currency against depletion by export or melting. From 29th June 1917 the use of silver or gold coin for other than currency purposes has been illegal, and from 3rd September 1917 the export of silver coin and bullion from India

Issue of notes of small denominations and new nickel coins.

has been prohibited except under license. Steps were also taken to economise silver by the issue of Rs. 2½ and one rupee notes, to which we shall refer in more detail below, and by extending the use of nickel for coin of small denominations. At the end of March 1918 a new two-anna nickel coin was issued to replace the silver two-anna piece, and this new coin has been so readily accepted that legislation was passed in September 1919 authorising the issue of four-anna and eight-anna nickel coins. The eight-anna nickel piece will not be unlimited legal tender like the corresponding silver coin; it will be legal tender up to one rupee only. We understand that the new coins will be issued at an early date.

(e) *Acquisition and Use of Gold.*

Acquisition of imported gold.

Coinage of gold.

25. In view of the shortage of silver it was important that the Government stock of gold should be as large as possible. With this object an Ordinance was issued on 29th June 1917, requiring all gold imported into India to be sold to Government at a price which, being based on the sterling exchange value of the rupee, took no account of the premium on gold as compared with sterling. The gold so obtained was placed in the Paper Currency Reserve as a backing against the issue of additional notes. To enable the gold bullion and foreign coin held by the Government of India to be converted into sovereigns without the delay involved by sending it to Australia for coinage and return, a branch of the Royal Mint was opened in Bombay in August 1918. Pending the establishment of the Royal Mint, the gold mohur, a 15-rupee coin of the same weight and fineness as the sovereign, was minted as an emergency coin in order to supplement the stock of sovereigns available for issue as currency during the crisis of 1918. 2,110,000 gold mohurs and 1,295,000 sovereigns were coined in Bombay before the suspension of gold coinage in April 1919, when in view of difficulties in supplying the necessary staff it was decided to close temporarily the branch of the Royal Mint.

Gold as currency.

As we have mentioned above, the issue of sovereigns was stopped shortly after the outbreak of war. Owing to the demand for gold for social and industrial purposes and the restricted supply, the bazaar price of the sovereign gradually rose and remained considerably above its statutory rate of Rs. 15. This premium on gold precluded its use as currency except in emergencies, but on two occasions attempts were made to prevent a further diminution of the rupee stocks by the issue of gold. At the beginning of 1917 gold bullion of the value of about 4,000,000*l.* was sold and subsequently sovereigns to the amount of about 5,000,000*l.* were issued for the purchase of crops in certain areas. Again, from February 1918 sovereigns and gold mohurs amounting to nearly 6,000,000*l.* were issued for the financing of certain crops. The earlier issue of sovereigns was coincident with a large return of rupees from circulation, especially in those districts where sovereigns had been issued, but in 1918 the issue of gold was not followed by a return of rupees.

Recent measures for acquisition of gold.

26. During the war the amount of gold which could be obtained by India was limited by the restrictions on its export from belligerent countries. The removal of the embargo on the export of gold by the United States Government on the 9th June 1919, and the freeing of the market for South African and Australian gold enabled India to obtain a larger supply. From 18th July 1919, immediate telegraphic transfers on India were offered against deposit at the Ottawa Mint of gold coin or bullion at a rate corresponding to the prevailing exchange rate. Very little gold was obtained from this source, and the arrangement was terminated on 15th September 1919. From 22nd August 1919 a limited amount of immediate telegraphic transfers on India were offered weekly for sale by competitive tender in New York, the proceeds of the sales being remitted to India in gold. Towards the end of October the demand for these transfers fell off and the sales were discontinued. The amount of gold obtained in this way was about 467,000* fine ounces. Arrangements were also made for the direct purchase of gold in London, the United States and Australia, and by 30th November 1919 about 2,455,000 fine ounces had been purchased. Finally, on 15th September 1919, the rate paid by the Government of India for the acquisition of gold brought into India on private account was fixed so as to include the premium on gold over sterling as measured by the dollar-sterling exchange, and has been varied from time to time approximately in accordance with the fluctuations of this exchange. The effect of the change in the basis of the acquisition rate was to re-establish an effective gold point, and to facilitate the import of gold in payment

*100 ounces of fine gold is the equivalent of the gold content of 425 sovereigns.

for exports as an alternative to the purchase of Council Drafts. The amount of gold imported on private account and tendered to the Government of India between 15th September and 30th November was approximately 345,000 fine ounces.

27. In order to make a portion of the gold so obtained available for the use of the public of India, the Government of India announced, at the end of August 1919, that sales of gold would be held fortnightly until further notice, and that in each of the first three months not less than the equivalent of the gold content of 1,000,000 sovereigns would be offered for sale. The amount offered at the second sale in November was increased to 500,000 tolas (equivalent to nearly 800,000 sovereigns), and it was announced that this amount would be offered fortnightly for the three months beginning from December. The immediate effect of these sales was a considerable drop in the bazaar price of gold. The price of English bar gold fell from Rs. 32.12 per tola (Rs. 20.9 per sovereign) on 15th August to Rs. 27 per tola (Rs. 16.5 per sovereign) on 22nd September, but by the end of October the market had recovered and the price was Rs. 29.12 per tola (Rs. 18.11 per sovereign). At the beginning of December the price had again fallen to Rs. 28.5 per tola (Rs. 17.11 per sovereign). The total amount of gold sold up to 30th November amounted to about 2,159,000 tolas, being the equivalent of the gold content of about 3,439,000 sovereigns.

Sales of gold

(f) *Increase in the Note Issue.*

28. The difficulties of obtaining sufficient quantities of the precious metals for coinage purposes, and as backing for the issue of additional notes, made it necessary to increase the fiduciary portion of the note issue. Prior to the war the invested portion of the Paper Currency Reserve was limited by law to 14 crores of rupees. Since the beginning of November 1915 the legal limit of the invested portion of the Reserve has been modified nine times and now stands at 120 crores of which 20 crores may be invested in securities of the Government of India. During this period the gross circulation of notes has increased nearly threefold, while the percentage of metallic backing has decreased by nearly one-half. The following table shows the growth of the circulation and the changes in the composition of the Reserve:—

Expansion of note circulation.

Date.	Lakhs of Rupees.					Percentage of Total Metallic Reserve to gross Note Circulation.
	Gross Note Circulation.	Composition of Reserve.				
		Silver.	Gold.	Securities.	Total.	
31st March 1914	66.12	20.53	31.59	14.00	66.12	78.9
" 1915	61.63	32.34	15.29	14.00	61.63	77.3
" 1916	67.73	23.57	24.16	20.00	67.73	70.5
" 1917	86.38	19.22	18.67	48.49	86.38	43.9
" 1918	99.79	10.79	27.52	61.48	99.79	38.4
" 1919	153.46	37.39	17.49	98.58	153.46	35.8
30th November 1919	179.67	47.44	32.70	99.53	179.67	44.6

The use of paper currency was further stimulated by the issue in December 1917 and January 1918 of notes for Rs. 2½ and one rupee respectively, to supplement the notes of Rs. 5 and higher denominations already in circulation. At first these notes of small denomination did not circulate to any appreciable extent, but later, when the supply of rupees was curtailed, their circulation increased rapidly, and on 31st March 1919 the gross circulation exceeded Rs. 1,84 lakhs in the case of the Rs. 2½ denomination and Rs. 10,50 lakhs in the case of the one-rupee denomination.

29. The encouragement of the use of notes by the provision of ample facilities for their encashment had been one of the most prominent features of the currency policy of the Government of India in the years preceding the outbreak of war, and this policy was continued as long as the supply of rupees was adequate. From 1916, owing to the cause which we have already indicated, the absorption of rupees was abnormally large, the figure for 1916-17 being Rs. 38,81 lakhs and for 1917-18 Rs. 27,86 lakhs; and on 1st April 1918 the silver balances had fallen to under 10½ crores or about 8 crores less than what was considered a safe minimum in the period before the war. The unfavourable war news in March and April 1918 caused a run on the Bombay Currency Office for the encashment of notes, and this was followed by similar

Restrictions on facilities for encashment.

difficulties elsewhere, notably in Lahore. Inconvertibility appeared to be inevitable, and was only averted by the energy and resource of the officers responsible, and by the timely announcement of the acquisition of the Pittman silver. By the first week in June the rupee balance had diminished to little more than 4 crores. From July the delivery of the Pittman silver commenced and the situation gradually improved, but the necessity for conserving their reduced stock of rupees had forced on the Government a reversal of their previous policy. Facilities for the encashment of notes at district Treasuries were in a large degree withdrawn. The conveyance of specie by rail and river steamer was prohibited, and an embargo was placed on its transmission by post.¹ Later, in January 1919, owing to the practical administrative difficulties of dealing in full with the demands for encashment at the Currency Offices during the busy season, the daily issues of rupees to single tenderers of notes were limited to a figure which made it practicable to satisfy large demands in part and small demands as a rule in full. The result of these restrictions was the substitution to a large extent of notes for rupees as the common circulating medium.

The evidence which we have had regarding the extent of this substitution, and the ease with which it was accomplished, is rather indefinite. The continued abnormal absorption of rupees—Rs. 45,02 lakhs were absorbed in 1918—19—points to a very large use of rupees as currency. On the other hand, there is little doubt that large quantities of rupees have been retained as a store of value or have been used for industrial purposes in spite of the prohibition of melting, while the purchase of jute, cotton and other crops from the cultivators has recently been effected almost entirely by means of notes. There was in many parts of India a considerable discount on notes, especially the new Rs. 2½ and one-rupee notes, when they were first issued in large quantities to replace rupees. Discounts as high as 15 per cent. and 19 per cent. have been reported; but the discount rapidly diminished when it was seen that the notes were freely accepted in payment of Government dues and when small coin was made available in large quantities. The reports received by the Government of India in the year 1919 do not show any discount on the notes as compared with silver coin exceeding 3 per cent.

FINANCIAL MEASURES.

30. Our summary would be incomplete without a brief reference to other financial measures which affected the currency situation indirectly. Throughout the war ordinary expenditure and, in particular, capital expenditure, were kept as low as possible, while from 1916-17, onwards additional taxation was imposed which, together with the normal growth of revenue, raised the total revenue of the Government of India from 84,413,500*l.* in 1915-16 to an estimated figure of 123,404,200*l.*² for 1919-20. The resources available for meeting the heavy war expenditure in India were further increased by extensive borrowing in India. The loans of 1917, 1918 and 1919 yielded about Rs. 130 crores and from October 1917 short-term Treasury Bills have been issued in considerable quantities, the amount outstanding on 30th November 1919 being about Rs. 65.58 crores.

These measures materially assisted towards meeting the heavy demand for remittance to India.

SUMMARY OF PRESENT POSITION.

31. We may now summarise the main facts of the present position. Council Drafts are being sold by competitive tender, subject to a minimum rate, at present 2*s.* 4*d.* sterling, the amount being fixed weekly by the Secretary of State. It has been announced that reverse immediate telegraphic transfers will be sold at the rate of 2*s.* 3½*d.* if the demand for them should arise. All gold imported into India has to be sold to Government at a prescribed price. The rate fixed contains an allowance to cover the premium on gold over sterling. As there is now a free market for gold, this import acquisition rate, which is varied from time to time in accordance with the movement of the dollar-sterling exchange, fixes an upper gold point which tends to prevent the rate bid for Council Drafts from rising above the minimum rate by much more than the cost of shipping gold, except possibly for short periods when the demand for remittance is urgent. The rate in force for the sale of Reverse Council's

¹ The restrictions on the movement of gold were removed in September 1919.

² At the conventional exchange of 1*s.* 4*d.* per rupee.

Other financial measures affecting currency situation.

Summary of existing situation.

fixes a limit to the fall of exchange so long as the means for meeting them are available.

The sovereign is still legal tender in India for Rs. 15, and the Government is under an obligation to pay Rs. 15 for sovereigns presented for encashment. As, however, the bazaar price of gold is considerably above this parity, sovereigns have disappeared from circulation and are not being issued by Government. The import and export of silver are prohibited, and its price is at a level which prevents purchases by the Secretary of State for coinage except at a loss. The restrictions on the encashment of notes to which we have referred in paragraph 29 are still in force.

32. We have now completed our sketch of the developments in the Indian exchange and currency system since 1914. Before passing on from this section of our Report, those of us who are not connected with Indian official administration desire to place on record our recognition of the skill, courage and resource which the Government of India and the authorities at the India Office have shown in dealing with the complicated and ever-changing problems that presented themselves throughout the latter part of the war in connection with the Indian currency system.

Appreciation
officials connect
with Indian
currency
administration

CONCLUSIONS AND RECOMMENDATIONS.

33. Having traced the history of the Indian currency system during the period of the war we proceed to state the conclusions which we draw from it, and our recommendations for future action.

Introductory.

The system built up since 1893 worked well, and was beneficial to India. It supplied suitable media for the internal circulation, provided means for the settlement of the balance of trade, and secured stability between the rupee and sterling, which until recently was in practice synonymous with gold. It has proved effectual in preventing the fall in value of the rupee below 1s. 4d., and unless there should be profound modifications in India's position as an exporting country with a favourable trade balance, there was no reason to apprehend any breakdown in this respect.

But the system was not proof against a great rise in the value of silver. In framing it this contingency had not been taken into account. So little was it anticipated that the system was not criticised on this ground, so far as we are aware, by any of the witnesses who have appeared before the successive Committees and Commissions on Indian currency. But the unexpected has happened. The price of silver has risen to unprecedented heights, partly, as we have seen, owing to the shortage of supplies from Mexico (caused by internal conditions independent of the war), and partly owing to causes arising out of the war, with the result that there has been extreme difficulty in obtaining the silver required for Indian currency, that the convertibility of the note issue has been in danger, and that the exchange value of the rupee has been raised by successive steps from 1s. 4d. to 2s. 4d.

STABILITY OF EXCHANGE: ITS ADVANTAGES.

34. The terms of our reference place before us as one of the objects of our enquiry the re-establishment of stability. We find it necessary, before formulating our recommendations, to examine in what respects exchange stability is important, and what degree of urgency attaches to its re-establishment.

The evidence we have received was unanimous as to the benefit which India has derived from the maintenance of a fixed rate of 1s. 4d. per rupee for the 20 years from 1898 to 1917; but some witnesses expressed the opinion that fixity is not indispensable. Our conclusion, after considering the views put before us, is that, for the current operations of trade, stability is an important facility rather than an essential condition. There are many instances, including that of India herself before the closing of mints, which show that trade has flourished, and can flourish, with a fluctuating exchange. The conditions are somewhat more speculative, but the difficulties which may arise are not insuperable, and the banks are not slow to supply machinery which enables the merchant to cover his risks.

Advantages to
trade.

This is specially true of day-to-day fluctuations of exchange of moderate scope. If the movements are of greater extent and produce large changes in the basis of relative values, a different set of considerations comes into play. For a time, at any rate, a large rise in exchange tends to stimulate the import trade and to

impede the export trade, while the reverse effect is produced by a fall in exchange. If exchange is made stable at a new level we believe that these effects are in the main transitory, and do not continue beyond the period necessary for wages and other elements of cost to adjust themselves to the new conditions. But this process of adjustment is a difficult and sometimes a prolonged one, and causes severe strains in the social fabric.

35. The question must also be considered in relation to the movements of capital. Stability is a necessary condition for the free investment of external capital in India as well as for the protection of capital already invested. The effect on new investments may be less important in the next few years, since it is to be anticipated that Indian capital will play an increasing part in the development of Indian resources, and that owing to the urgent demands arising in the United Kingdom and elsewhere, the supply of external capital available for India may be comparatively small. The above observations apply specially to permanent or long-term investment; but they are also true as regards the more liquid employment of money. A stable exchange facilitates the free movement of funds to and from India, thus assisting commercial finance and tending to avert temporary stringencies.

Whatever the evils and inconveniences of instability may be, they are increased if the movements of exchange are brought about not by the automatic action of economic causes, but by administrative acts. The commercial community are prepared to deal with fluctuations in exchange as well as with fluctuations in the other elements entering into a transaction, and to provide against any risks that may arise; but they feel that if official action intervenes to interrupt the play of natural forces and to give effect to them, an element of uncertainty is introduced which is beyond their reckoning. However complete the integrity and however great the intelligence on which official action is based, an automatic system, which does not depend upon such action for its operation, is greatly to be preferred.

36. Our conclusion, therefore, is that a stable level of exchange gives the most healthy condition for production and trade, and for the employment of capital, and that large changes in the exchange value of a currency are an evil, which should be avoided so far as possible; but if a large change has taken place it may be preferable to establish stability at the new level rather than to submit to the further change which is necessary for a return to the old level, especially if the former course shortens the period of uncertainty.

The object should therefore be to restore stability to the rupee at as early a date as practicable, and also to restore the automatic working that characterised the Indian currency system in the past.

SUGGESTED MODIFICATIONS OF SYSTEM.

37. It will be convenient to consider, first, certain special proposals that aim at giving stability to the exchange value of the rupee in such a way as to avoid the necessity for following the price of silver to higher levels, or, in the view of some witnesses, with the object of making it possible to revert to a value for the rupee not much above the old level of 1s. 4d. In a later part of this Report (paragraphs 44—54) we give our reasons for considering a high exchange value to be preferable to a low value; but as the proposals to which we refer are inadmissible on other grounds, it is desirable to deal with them at the outset.

(i) *Reduction of the Fineness or Weight of the Rupee.*

38. It has been suggested that a new rupee should be issued having a lower silver content than the present coin. If the existing standard of fineness or the weight were sufficiently reduced, it would be possible to fix the exchange value of the rupee at any level that might be chosen, and to maintain its token character however great the rise in the price of silver might be.

The evidence we have taken was decisively hostile to this proposal. It has been urged in support of it that in the Straits Settlements and elsewhere the reduction of the silver content of full legal tender coins has been successfully made; but in none of the cases brought to our notice were the conditions similar to those existing in India. The fineness of the present rupee, which is known to every village goldsmith and silversmith, has remained unaltered since 1835, and its use is so firmly rooted

advantages in connection with movements of capital.

special objections to instability under an automatic system.

conclusion as to importance of stability.

issue of rupee of lower silver content impracticable.

in the habits of the Indian people as to have given it the character of a standard weight. Modification of the fineness or weight of the standard coin of the country would, we have been assured, react gravely on the credit of the Government, and possibly lead to serious social and economic consequences. A new rupee of lower silver content would, in accordance with Gresham's law, tend to drive the present rupee out of circulation, and very large quantities of the new rupees would be required to meet demands for metallic currency. Even if the problem of minting on the scale required could be overcome, there might be great difficulty in obtaining the necessary supplies of silver either from existing currency or otherwise. We concur, therefore, in the view of the Government of India that proposals of this character must be dismissed as impracticable.

(ii) *Issue of 2- or 3-Rupee Coins of lower proportional Silver Content.*

39. A suggestion of a similar nature is that while the shortage of silver continues, 2- or 3-rupee pieces of lower proportional silver content than the rupee should be issued, with the intention that they should circulate side by side with the existing rupee, the coinage of which would be temporarily suspended. This proposal is open to many of the objections stated in the previous paragraph. Rupees would tend to disappear from circulation before the competition of the new and baser coins, and the credit of the Government would be affected by the decision to stop the minting of the coin to which India has been so long accustomed. Moreover, a 2- or 3-rupee unit would be inconveniently large for the great bulk of retail transactions in India.

Objections to 2- or 3-rupee coins of low silver content.

(iii) *Nickel Coins.*

40. For the same reasons we are unable to support the suggestion that a nickel rupee should be issued, either alone or in association with 2- or 3-rupee pieces of lower proportional silver content than the existing rupee; but we welcome the recent legislation of the Government of India authorising the issue of 4-anna and 8-anna nickel coins. Witnesses who have appeared before us have emphasised the fact that the reluctance to use Rs. 2½ and one-rupee notes when these were first issued in large quantities was due in great measure to the difficulty of obtaining small change. We hope that abundant supplies of the new nickel coins will be made available as soon as possible, and if the low legal tender limit of one rupee for the 8-anna nickel piece should prove an obstacle to its free circulation the question of raising the limit to Rs. 5 or Rs. 10 should be considered.

Nickel rupee not recommended but subsidiary nickel coins approved.

(iv) *Inconvertible note issue.*

41. Another proposal aiming at the establishment and maintenance of a stable exchange, even though silver should continue to rise in price, is that which was put forward by the Government of India,* before our enquiry began. Circumstances have changed since then, especially by the establishment of a free gold market, and the later proposals of the Government of India† are of a different character; but it is necessary to explain the reasons against the adoption of the earlier proposal.

Convertibility note issued since

It was proposed that exchange should be stabilised at a rate which could reasonably be expected to afford an assurance that the rupee would remain a token coin. If, contrary to expectations, the price of silver should rise to a height which would defeat this assurance, the Secretary of State should be prepared to suspend the purchase of silver. In that case it would probably be impossible to provide silver coin to meet the demands of India, and the notes would become inconvertible.

It was suggested that this situation would not last long, since the Indian demand for silver is so important a factor in the silver market that the abstention of the Government of India from purchases would very soon bring about a fall in price. Recent experience, however, has shown that this result is not necessarily produced in all circumstances. For the last six months the Secretary of State has made no purchases of silver, but in spite of his abstention the price has risen to an unprecedented height. We cannot shut our eyes to the possibility that under the influence of an intense demand from China (such as has prevailed recently), or from some other quarter, a considerable period might elapse in which the price of silver might remain beyond the reach of the Government of India.

*See Appendixes, page 6.

†See Appendixes, page 177.

It was suggested also that the inconvertibility might be partial; that is to say, that the Government of India should take powers to restrict the issue of rupees from the Currency Offices and should issue them only under such conditions as they might think advisable. Some of the practical inconveniences of complete inconvertibility might be avoided in this way, but there would be difficulties in the administration of such a system, and we do not think that in its effect on the credit of the Government and on popular confidence in the note issue it would differ greatly from complete inconvertibility.

The evidence submitted to us was strongly opposed to allowing the note issue in India to become inconvertible, whether wholly or partially, if it can possibly be avoided. It is true that as a result of the war the paper currency has become practically, if not legally, inconvertible in many countries, including the United Kingdom. In Egypt, for instance, where the currency position was affected by influences in some respects similar to those that operated in India, the note issue has been inconvertible since August 1914, and the change was accomplished without difficulty. We believe, however, that the note-using habit is not yet sufficiently established in India to render the introduction of a similar measure there possible without grave risks. Until recently the circulation of notes outside the larger towns was comparatively small, and only two years have passed since notes of small denomination have been introduced. In many parts of the country the climate is not suitable for the use of paper money, and the preference for coin will probably prevail among the mass of the population for many years. In these circumstances a failure to maintain convertibility may be expected to lead to a considerable discount on the note, the extent of which cannot be predicted with any accuracy. The credit of the Government would suffer a severe blow, and if belief in the convertibility of the note were once shaken it might take many years of anxious labour to restore confidence, while the set-back to the development of a sound and economical monetary circulation in India would be disastrous.

We hold, therefore, that the maintenance of the convertibility of the note issue is a vital part of the Indian currency system.

PRICE OF SILVER.

Factors influencing
future price of
silver.

42. We have in paragraphs 15—19 traced the causes of the rise in the price of silver. The enquiry conducted by Professors Cullis and Carpenter suggests that on the restoration of order in Mexico the pre-war figures of production will again be reached, and that it is possible that the increasing world demand for the base metals with which silver is associated as a by-product, together with improvements in the method of extraction and the stimulus of high prices, may at an early date lead to a considerable increase in production. On the other hand, the evidence suggests that the demand for silver is likely to continue for a few years on a large scale. The general rise in prices creates a demand for increased supplies of subsidiary silver coinage throughout the world, and though the high price of silver may tend to reduce the demand for the arts, it is difficult to say whether the reduction will be on a sufficient scale to influence appreciably the price of the metal. We have been unable to obtain any reliable evidence regarding the probable demand from China in the near future. As we have stated, China has already imported sufficient silver to counterbalance her exports during the war, but she is still buying, and it is impossible to foresee how long her demand is likely to continue. It would be rash, therefore, to formulate any definite conclusion as to the level at which the price of silver is likely to stand.

43. There are, however, certain considerations which must be taken into account. The Pittman Act imposes on the United States Government the obligation of replacing the silver taken from their reserves, and lays down that until this silver has been replaced they must buy for this purpose at the price of one dollar per fine ounce any silver "of the product of mines situated in the United States, and of reduction works so located," which is tendered to them for purchase. As this replacement will involve the acquisition of considerably more than a year's total production of silver on the present basis of output, while the world's demand for silver is likely to remain high, the process of replacement cannot be completed for some years. During the interval the price of silver cannot be expected to fall below one dollar per fine ounce. Even when the dollar-sterling exchange returns to par, it

will be impossible to mint rupees without loss from silver purchased at this price unless the exchange value of the rupee is fixed at 1s. 6d. or some higher figure.

It is more difficult to form any conclusion as to the maximum beyond which the price of silver is unlikely to rise. When the exchanges are at par, the prices of silver at which the principal silver coinages of the more important countries have a bullion value equivalent to their nominal value, are as follows:—England, 66d.; France (5 franc piece), 60½d.; U. S. A. (dollar), 59½d. If the price of silver were to remain for any long period at a level substantially over that corresponding to the above figures, it would threaten the silver coinages of France and the United States with the risk of depletion by melting and export, and would also offer inducements to these countries to convert their silver reserves into gold at a favourable rate. In support of this view, we may refer to the recent announcement that the American Treasury has decided to sell to certain American Banks established in the Far East silver obtained by melting the available dollars in their possession (now \$55,000,000) at their gold equivalent of 129.29 cents, *plus* melting, insurance, and shipping charges, whenever that price can be obtained, the intention, presumably, being to prevent silver rising to a point which would lead to the melting down of subsidiary coin. When the price of silver is 137.8 cents per fine ounce, corresponding to 63.9d. (gold) per standard ounce, and therefore well above both the French and the American parity, the corresponding bullion value of the silver in the rupee is 1s. 11.36d. (gold), and the cost of the rupee (including all charges) is approximately 2s. (gold). We believe that, if the exchange value of the rupee is fixed at a figure not lower than this, there is substantial ground for holding that the rupee can be established as a token coin, and the maintenance of a satisfactory monetary circulation in India assured.

EFFECTS OF A HIGH RATE OF EXCHANGE.

44. Our conclusion that a high level of exchange is essential for the establishment of a sound monetary system leads us to a consideration of the more general economic effects of a high rate. Some of the witnesses who have appeared before us have laid great stress on the dangers attending a high level of prices in India, and on the beneficial effect of a high rate of exchange in restraining the rise of prices; others have expressed apprehension as to the effect that a high rate of exchange might have on the well-being of the people of India, the maintenance of Indian trade and the development of Indian industry. We recognise the great importance of the arguments laid before us from these opposite points of view, both in oral evidence and written memoranda, and we now proceed to examine the issues raised by this aspect of the case. This review will lead us to consider the effect of a high rate of exchange on the remittance of funds from India to meet the requirements of the Government.

(a) *Effect on the Level of Prices in India.*

45. At the outset of our enquiry we requested the Government of India to furnish us with up-to-date information regarding price movements in India. The particulars we received in response to our request will be found on pages 159 to 176 in the volume of Appendices to our Report, and we invite attention to the memorandum submitted by the Government of India on the subject.

Movements of prices in recent years.

In illustration of the rise in the price of necessaries of life we cite the following index numbers for the prices of selected articles in 1914, 1915—17 and 1918-19, based on the average wholesale prices for 1900—09 which are taken as the equivalent of 100.

	1914.	1915—17.	1918—19.
Wheat	118	135	180
Country rice	126	122	139
Ghi	132	136	183
Jawar	123	103	236
Bajra	130	123	249
Dal	125	130	166
Raw sugar (<i>gur</i>)	101	134	148
Country salt	111	214	413
Cotton piece goods (Indian made)	109	94	164
Cotton piece goods (imported)	112	138	206

The following table exhibits the rise in Indian prices since 1910, this year being taken as the basis year for the preparation of the table : -

*Index Numbers of Prices in India.**

Year.	Special Index Number for Food Grains (Retail Prices). Col. 1.	Special Index Number for imported Articles (Wholesale Prices). Col. 2.	Special Index Number for Articles exported (mostly Wholesale Prices). Col. 3.	General Index Number for the Articles covered by Columns 2 and 3. Col. 4.
1910	100	100	100	100
1911	96	104	107	108
1912	112	107	114	112
1913	118	107	121	117
1914	132	105	126	120
1915	130	134	122	125
1916	120	217	128	151
1917	120	240	134	161
1918	161	265	157	164

For comparison with the above we give for the same years corresponding figures deduced from Mr. Sauerbeck's tables for prices in the United Kingdom, which, though based entirely on wholesale prices, may serve to give an indication of the comparative rise in the two countries :—

Year.	Index Nos. of Prices in United Kingdom.	General Index Nos. for the Articles covered by Cols. 2 and 3 (see Col. 4 above).	Year.	Index Nos. of Prices in United Kingdom.	General Index Nos. for the Articles covered by Cols. 2 and 3 (see Col. 4 above).
1910	100	100	1915	130	125
1911	103	106	1916	176	151
1912	110	112	1917	226	161
1913	110	117	1918	240	184
1914	110	120			

46. It will be seen from these tables, and from the more detailed information contained in Appendix XXVIII† that there has been a great increase in all prices in India in the last few years. The upward movement had begun before the war, but it has continued, and during the last two years its rapidity has greatly increased. The serious and widespread failure of crops in 1918 was in part responsible for the special rise in the price of food-grains in 1918-19; but the general upward movement is mainly due to causes resulting from the war, including the excessive creation of credit and paper currency and restraints upon free commercial intercourse, which have raised prices throughout the world and have been operative in India as well as elsewhere.

The figures show that on the whole the rise of prices in India has not been so great as the rise in the United Kingdom. A similar conclusion would probably be reached if a comparison were made between Indian prices and prices in other countries outside India whose currencies are depreciated. Amongst the various causes, not easily to be disentangled, which have contributed to this result, the one which specially concerns us is the rise in the exchange rate of the rupee. We shall examine later the operation of this cause and the inferences to be drawn from it as to the level of exchange which it is desirable to establish; but in the first place we proceed to examine the economic effects of a rise in prices on the population of India.

* This table is based on the statistics contained in Appendix III, to Sir Lionel Abrahams' Memo. B. (Evidence, page 89).

The Index numbers are based on the prices of the following articles at selected stations :—

Column 1.—Rice, wheat, jawar, bajra, gram, barley, ragi (retail prices).

Column 2.—Iron, copper, spelter, grey shirting, grey yarn, coloured yarn, sugar, raw silk, coal, kerosene oil, and salt (wholesale prices).

Column 3.—Jawar, bajra, gram, barley, ragi (retail prices); wheat, rice, tea, sugar, ghi, raw hides, raw cotton, raw jute, raw silk, saltpetre, raw wool, castor oil, linseed, rape seed, sesamum, poppy seed, coal, cotton, yarn, T cloth, gunny bags, dressed skins, shellac, indigo (wholesale prices).

Column 4.—Articles included in columns 2 and 3.

† See Appendices, page 159.

47. As India is a country whose export trade is more valuable than her import trade, it might be thought that an increase in prices would be on the whole advantageous to her. This view has been strongly represented by some of our witnesses; whilst others have expressed equally strongly the opinion that any considerable increase in prices is an evil and a danger. In order to decide between these conflicting views, we have endeavoured to examine the effect of rising prices on the main classes of the population.

Effect of rise in prices on population of India.

According to the census of 1911, 217 millions, that is, 72 per cent. of the population of India, are engaged in pasture and agriculture. But this number embraces classes who are differently affected by the rise in prices. Of 167 million cultivators of their own or rented land, those who have a surplus for sale would ordinarily benefit by a rise in the price of the commodities they produce, but even these—and perhaps their position is the most favourable—have had to contend with the large increase in the price of imported articles, notably cotton piece goods and other necessities of life. Moreover, if, as is often the case, the cultivator has received advances for his maintenance and for seed, repayable in grain after the harvest, any increase in the value of the grain repaid benefits the money-lender and not the cultivator. On the other hand, the agriculturist who has little surplus produce to sell and lives on what he produces, would, in so far as he maintains himself on his own produce, be unaffected by a rise in the price of foodstuffs, and he would have only a small profit to set against the heavy rise in the cost of the articles he has to buy. The numerous class of farm servants and field labourers, estimated in the census of 1911 at over 41 millions, would ordinarily stand to lose by a rise in prices, except in so far as their wages are payable in kind and not in money. The large class of persons with fixed incomes, which would include persons living on rents, Government servants, professional men, and pensioners, have suffered severely from the rise in prices of the commodities they require, and the urban population, who are not producers, may be placed in the same category. Industrial wage-earners, labourers, and domestic servants have, as a result of increased demands for their services during the war, been able to obtain increased wages. But the evidence which we have received suggests that wages generally in India have advanced more slowly than prices, and much suffering is entailed in the course of the adjustment of wages to new price levels.

48. The general effect of the rise in prices is summarised in the following passage which we quote from the Government of India's memorandum:—

View of Government of India.

“The effect has of course been felt most directly by the poorer classes, but it has reacted on all sections of the community. Complaints on the subject have been universal throughout the country, and it is reported from the districts that in recent months the topic of high prices has engaged the minds of the people at large to the exclusion of every other; they could understand dearness during the war, but cannot understand why prices do not fall now that the war is over; they can account for some of the rise in the price of food-grains by last year's poor monsoon, but they are puzzled by large increases in the prices of their other necessities of life, the supply of which is not dependent on a good rainfall. There is no longer any room for doubt that the resultant increase in the expense of living due to the high prices of food-grains, as also of other necessities, such as cloth, kerosene oil, and the hardships which this increase has entailed on the poorer classes and those on fixed incomes, have been a very important factor in promoting unrest and discontent. At the same time the cultivator, who would ordinarily be the first to profit by the high prices of produce, whether food-grains or other raw material such as jute and cotton, has seen his profits disappear owing to the simultaneous rise in the price of other necessities. The wages of manual labour have no doubt been to some extent readjusted, and ultimately the wages of the clerical and other classes of employees will undergo a similar readjustment. But the process of adjustment, however rapid, must inevitably be a painful one, which no amount of administrative palliatives, such as control of distribution, can alleviate.”

These views are not a matter of theory alone. Disturbances have actually arisen in various parts of the country from time to time as a result of high prices, and the social and economic discontent to which they give rise is especially serious in a country where the mass of the population is ignorant and uneducated, and inclined to attribute all calamities to the action of the Government. The rise in prices in India has now reached a point at which it is injurious to the country as a whole, and we believe that any measures tending either to reduce prices or to check a further increase would be beneficial to the mass of the population.

Effect of rise
in exchange
on prices.

49. The exceptional conditions under which trade was conducted in the course of the war make it impossible to arrive at any precise conclusions as to the extent to which the rise in prices has been influenced by the rise in the exchange value of the rupee. Government control over the movement and prices of food-grains in India undoubtedly prevented prices rising to the full extent that might otherwise have been the case. Restrictions on finance and freight also exerted a powerful influence in the same direction. Again, the scarcity in 1918 operated to raise the prices of food-grains to an abnormal height. While these complicated factors make it impossible to estimate in precise terms the effect of the rise in the exchange value of the rupee on Indian prices, we see no reason to doubt that, in accordance with accepted economic theory, Indian prices would, but for the rise in exchange, have been still further enhanced. Taking the case of imported commodities, the sterling price at which the merchant can lay down goods in India is determined by the cost of production and the transport and other charges. If the exchange value of the rupee rises, this sterling cost is represented by a smaller number of rupees, and the goods can be sold at a lower rupee price. Again, in the case of exports such as wheat, whose price outside India is determined by world-wide conditions of production and consumption, the sterling price which can be obtained for a given quantity of wheat will, if exchange rises, be represented by a smaller number of rupees, and the price which the grower will receive must necessarily be lower.

These considerations do not apply with equal force to exported produce such as jute, of which India enjoys a practical monopoly, since, if exchange rises, the Indian producer has it in his power to exact a larger sterling price in order that he may receive the same number of rupees. But even for such commodities as jute, the power of varying the price to be paid by the consumer is far from absolute, and it is probable that a higher exchange means a somewhat lower price to the producer. Nor do precisely the same considerations apply to products which are grown almost entirely for internal consumption, as, for instance, food-grains such as jawar or bajra. While, however, movements of exchange have little direct effect on the price of such products, it is probable that they have indirect effects, which give a result similar in kind though less in degree.

High level
of exchange
advan-
tageous.

50. We are led therefore to the conclusion that on economic and social grounds it is not desirable to restore a low level of exchange for the rupee under present conditions. Such a level would tend to augment prices generally and to aggravate the dangers of social and economic discontent. Having regard to the conditions under which the large mass of the population lives, we are satisfied that in so far as the rise in exchange has mitigated a rise in Indian prices, it has been to the advantage of the country as a whole, and that it is desirable to secure the continuance of this benefit.

(b) *Effect on Indian Trade.*

Influence of
high ex-
change on
Indian trade.

51. We now pass on to consider how far Indian commerce is likely to be affected by the maintenance of the exchange value of the rupee at a high level. We have already referred to the effects of a rise in exchange in stimulating imports and checking exports, and have expressed the opinion that these effects are transitory, and that they are no longer operative when wages and other elements of cost have adapted themselves to the new level of exchange.*

Indian trade is at present prosperous, and India is in a favourable position for maintaining this prosperity. The world shortage of raw materials and food-stuffs is likely to ensure a continuing demand for Indian produce during the period necessary for complete adjustment, while the great rise in the level of prices in countries importing from India should generally enable the Indian producer to obtain a satisfactory rupee price for his commodities in spite of the high exchange. It has, moreover, to be remembered that a high exchange brings with it certain counter-balancing advantages even to producing interests. It tends, for instance, to keep down the cost of imported stores and machinery as measured in rupees, and, as we have pointed out above, exercises a check on the rising cost of living in India and consequently on the rise in wages.

We do not think it necessary to enter into a detailed review of the conditions under which trade in India's staple products is conducted. Some of these

*This question was discussed fully in the Report of the Herschell Committee of 1893 (paragraphs 27 and 116-120). See also Memorandum received from the Government of India regarding Indian price movements (Appendix, page 164, § 15).

commodities, of which jute is the most important, are virtually monopolies with assured markets, while others, such as tea, cotton, seeds and hides, are articles for which the world demand is insistent despite the high range of prices. Exchange is only one and not necessarily the most important factor of which account has to be taken. After careful consideration of the evidence placed before us we have arrived at the conclusion that Indian trade is not likely to suffer any permanent injury from the fixing of exchange at a high level.

There is one qualification which it is necessary to add to the above statement. It seems probable that prices generally will remain at a high level for a considerable time, and that any return to lower levels will be gradual; but if, contrary to this expectation, a great and rapid fall in world prices were to take place, a new element of disturbance would be introduced. The costs of production in India might fail to adjust themselves with equal rapidity to the lower level of prices, and Indian exports might suffer to an extent which would endanger the maintenance of exchange at the level which we propose. In that case it would be necessary to consider the problem afresh, and take the measures which might be required by the altered circumstances.

(c) *Effect on Indian Industrial Development.*

52. Our attention has been drawn by certain witnesses to the important movement that is now taking place in the development of industry in India, and some apprehension has been expressed lest a high rate of exchange should exercise a retarding influence on this welcome activity. We recognise that competitive imports into India may be temporarily stimulated by the high rate of exchange, especially from countries where the cost of production is low; but even in the period which may elapse before the adjustment of prices and other conditions to the new level is complete, this influence, so far as manufactured articles from Europe and America are concerned, is likely to be counteracted by the greatly increased cost of production in the exporting countries at the present time. Moreover, a high exchange will tend to retain for India the advantage of a low cost for wages and raw materials, and in so far as nascent industries are dependent on imported machinery, plant and stores, they will benefit from the lower rupee prices payable for them. On a review of all the facts, we are of opinion that the development of Indian industry will not be seriously hampered by a high rate of exchange.

Influence of exchange on industrial development

(d) *Effect on Home Charges.*

53. One of the reasons for the closing of the mints to the free coinage of silver in 1893 was the increasing difficulty experienced by the Government of India in providing for their sterling obligations when the exchange value of the rupee was continuously falling. The fixing of the rupee at 1s. 4d. materially improved the revenue position and enabled the Indian Treasury to do without the additional taxation that would otherwise have been necessary. A high rate of exchange would result in further advantages in this direction. When the exchange value of the rupee was 1s. 4d. the rupee equivalent of the Home charges on the basis of 25,000,000l. a year was 37½ crores; while, if the necessary sum were remitted at an exchange of 2s., the cost would be 25 crores only, a saving of 12½ crores.

Home charges: effect of high rupee.

On the other hand, there would be a loss involved in the revaluation in rupees of the sterling investments and the gold in the Paper Currency Reserve.

If the revaluation were made at 2s. to the rupee, the depreciation to be made good would amount to 38.4 crores. If the whole of the revenue saved in respect of the Home charges could be employed for the purpose of meeting this loss it would be recouped in about three years. Thereafter a considerable surplus revenue would remain which might be employed in furthering the development of India or in the reduction of taxation.

This is an incidental advantage in fixing a high rate of exchange which must be taken into consideration.

54. We are thus led to the conclusion that the material interests of India are not likely to suffer from the fixing of a high rate of exchange for the rupee, and that certain important advantages will follow from such a course of action. The question now arises as to the manner in which the exchange should be fixed.

Conclusion as to effect of high rupee.

SHOULD THE RUPEE BE FIXED IN RELATION TO GOLD OR STERLING ?

55. Before the war the convertibility of sterling into gold was complete. Sovereigns and half-sovereigns were in circulation, and Bank of England notes and other bank notes which were in use in the United Kingdom could be exchanged without any difficulty for gold. It was therefore unnecessary in considering the problems of Indian exchange to make any distinction between the two. At the present time, however, gold coin is no longer in circulation in the United Kingdom, and Treasury notes, which form the great bulk of the full legal tender currency, are not in practice convertible into gold. The result is that there is a divergence between the value of the pound sterling and the sovereign. One hundred ounces of fine gold can be coined into 425 sovereigns; but at the quotation on 17th December (108s. 0d. per oz.) 100 ounces of fine gold cost approximately 544l. in sterling, i.e., in notes. Thus 1l. sterling (paper) is equivalent to $\frac{1}{5} \frac{1}{4}$, or 78 of the sovereign (gold), a discount of 22 per cent.; or, conversely, the sovereign (gold) is worth $\frac{4}{1} \frac{1}{4}$ l., or 1.28l. sterling (paper), a premium of 28 per cent.

A corresponding depreciation is shown in the exchange between sterling and the American dollar, which is convertible into gold. The gold sovereign is equivalent to \$4.8666, while the pound sterling was quoted on 17th December at \$3.83, a depreciation of over 21 per cent.

It therefore becomes necessary to consider whether, if the rupee is to be stabilised, its fixed relation should be with sterling, as hitherto, or with gold. In the latter case the necessary result will be that, until the gold basis of the British currency is restored and sterling becomes equivalent to gold again, the rupee-sterling exchange will fluctuate in the same manner as the dollar-sterling exchange. This issue was brought into prominence by Mr. Lucas, Financial Secretary at the India Office, who in his written memoranda and oral evidence has argued the case for a fixed relation with gold with much force and ability. We have given anxious consideration to this question, and our unanimous conclusion is that, for the reasons which we proceed to state, the balance of advantage lies in fixing the relation of the rupee with gold rather than with sterling.

Advantages
of fixing in
sterling.

56. The main inducement for retaining the fixed relation with sterling is that a larger part of the trade of India is with sterling-using countries than with countries upon an effective gold basis. The only important countries to be placed at present in the latter class are the United States and probably Japan. The exports to these two countries in 1918-19 amounted to 25 per cent. of the total exports of India (as compared with 14 per cent. before the war), while the import trade from them was 30 per cent. of the total (as compared with 5 per cent. before the war). On the other hand, the trade with the British Empire (excluding those portions which do not use sterling) amounted to 40 per cent. for exports and 48 per cent. for imports. It is argued that the advantage of fixity of exchange should be retained for the most important section of India's trade; and also that, in the interests of the Empire as a whole, it is desirable that the exchange system should be such as to facilitate and promote trade within the Empire rather than outside it, and, we may add, to retain for centres within the British Empire the finance of Indian trade.

This consideration has undoubtedly some weight, especially as the effect of war conditions has already been to divert to Japan and the United States a part of the trade formerly exchanged with the United Kingdom and other European countries. We do not, however, consider that a fluctuating sterling exchange will create an obstacle of a serious character to trade between the United Kingdom and India or to existing methods of financing that trade, provided that the system in force is such as to enable trade requirements for remittance to be met readily and to their full amount. In any case the fluctuations of the rupee-sterling exchange will only exist until the gold basis of the British currency is restored.

Advantages
of fixing in
gold.

57. The advantages, on the other hand, of fixing the exchange value of the rupee in relation to gold may be stated as follows:—

(i) Great and admitted inconveniences attach to a currency which is depreciated and may suffer further depreciation. If India's currency is linked to sterling it will share those inconveniences. Her position as an exporting country with a favourable trade balance enables her to avoid them by linking her currency to gold.

(ii) We have already stated our conclusion that it is desirable to stabilise the rupee at as early a date as practicable at a level which will ensure that it remains a token coin, and will remove the necessity for further increases in its value to meet further rises in the sterling price of silver. We have also pointed out that such rises might result from further depreciation of sterling. This possibility increases very seriously the difficulty of fixing a sterling value for the rupee which could be maintained with certainty; but if the value of the rupee is fixed in relation to gold and not to sterling, one disturbing cause at least is eliminated, since any rise in the sterling price of silver resulting from further depreciation in sterling would be counterbalanced by a similar automatic rise in the sterling value of the rupee.

(iii) The value which it would be necessary to fix in sterling at the present time, in order that the rupee might have an exchange value exceeding that of its silver content, would be a high one. Under present conditions we do not, as we have explained, regard that as a disadvantage. But if at some future time sterling recovers its value and becomes equivalent once more to gold, the sterling value for the rupee imposed by present conditions might be found too high, since that value would have increased in relation to gold, and probably in relation to other commodities, in proportion to the recovery of sterling from its depreciation. It may be answered that if the value is found to be too high, it can be reduced. But any reduction of the value fixed would have to be made by the legislature or by acts of the executive, similar in character to those which have enforced successive rises in value but arbitrary because not dictated by circumstances and therefore specially injurious to commercial confidence. If, on the other hand, the value is fixed in relation to gold, it can be fixed with safety at a lower figure; and although at the present time the corresponding sterling value of the rupee will be no less high than if it had been fixed in sterling, the sterling equivalent will automatically fall in correspondence to any recovery in sterling, and will ultimately coincide with the gold value.

(iv) If the relation of the rupee to sterling is fixed, while sterling varies in relation to gold, it is evident that the relation of the rupee to gold will vary. But if (as we think essential) the rupee and the sovereign are both to remain unlimited legal tender in India, and to be available for circulation, it is necessary that the relation of the rupee to the sovereign should be fixed, since two coins cannot remain in circulation as unlimited legal tender and at the same time stand in a variable relation to one another. The result would be that the relation of the sovereign to gold would vary—in fact, that the sovereign would become a token coin in India, divorced from its bullion value, and rated at a fixed number of rupees. It would follow that the import of sovereigns by the public must be prohibited, that the danger of smuggling and illicit coining must be incurred, and that gold coin and bullion would not be interchangeable.

(v) In paragraphs 65-67 we state our view that it is very desirable to permit the free export and import of gold bullion and coin, and to issue gold coin in India for an equal weight of gold bullion subject only to an appropriate coinage charge. It is clear from what we have said above that these objects can be attained in the near future if the rupee stands in a fixed relation to gold, but not otherwise.

The balance of advantage appears to us for these reasons to be decidedly on the side of fixing the exchange value of the rupee in terms of gold.

Balance of advantage on side of fixing in gold.

POSTPONEMENT OF DECISION UNDESIRABLE.

58. We have now dealt with the various aspects of the question which it was necessary to examine, and we are in a position to formulate our definite recommendations as to the course to be pursued; but before doing so we must give our reasons for not accepting the view, which has been pressed upon us, that no attempt should be made at the present time to fix any definite or final figure for the relation between the rupee and either gold or sterling, but that the policy followed since 1917 should still be pursued. For the development of this view and the explanation of the practical steps which would give effect to it, we must refer to the very able evidence of Sir Lionel Abrahams.

Reasons against postponing decision.

It is true, as we readily admit, that present circumstances are abnormal, and that it is extremely difficult to foresee future developments. This has been demonstrated by the changes in the situation which have taken place since our inquiry began, and this fact was advanced as a reason for recommending that policy should wait upon events, that the exchange value of the rupee should be raised, if

a further increase in the price of silver required it, and that it should again be lowered if events proved that the level reached was inconveniently high. But in our terms of reference we are directed to make recommendations with a view "to ensuring a stable gold exchange standard," and we do not think that it would be an adequate discharge of our responsibilities to submit proposals which did not aim at securing stability in the near future, if, as we believe, such a result is attainable. The postponement of a decision which is synonymous with the continuance of the existing uncertainty would be open to serious criticism, and would entail the prolongation of Government control over exchange and over the import of the precious metals into India.

THE RATE RECOMMENDED.

59. We have now arrived at the following conclusions:—

- (i) The object should be to restore stability to the rupee, and to re-establish the automatic working of the currency system at as early a date as practicable (paragraph 36).
- (ii) The stable relation to be established should be with gold and not with sterling (paragraph 57).
- (iii) The gold equivalent of the rupee should be sufficiently high to give assurance, so far as is practicable, that the rupee, while retaining its present weight and fineness, will remain a token coin, or in other words, that the bullion value of the silver it contains will not exceed its exchange value (paragraph 43).

After most careful consideration we are unanimous (with the exception of one of our members, who signs a separate report) in recommending that the stable relation to be established between the rupee and gold should be at the rate of ten rupees to one sovereign, or in other words, at the rate of one rupee to 11.80016 grains of fine gold both for foreign exchange and for internal circulation. While some of our number would have preferred that the rate to be adopted should be nearer to that which has been in force for the last 20 years, we all recognise that no lower rate will attain the objects which we find to be indispensable. Our recommendation accords with the views expressed by the Government of India* after they had taken account of the changes in the situation since the preparation of their original proposals. They strongly support the establishment of a fixed relation between the rupee and gold, and the adoption of the rate of ten rupees to one sovereign, and they express the view that this solution "combines a more real stability with maximum possible assurance of convertibility, and has, in fact, all the elements of a completely satisfactory permanent system."

We believe, as we have already stated (paragraph 43), that strong forces will come into operation to prevent the price of silver rising to a point which will cause the bullion value of the rupee to exceed 2s. (gold). If, however, contrary to our expectation, the price of silver should rise for more than a brief period to such a point, the situation should be met by all other available means rather than by impairing the convertibility of the note issue. In the event of such a rise in the price of silver, the Government might diminish the demands upon them for currency by reducing as far as possible the sale of Council Bills, relying on the free import of gold and silver, which we recommend, to provide alternative means of remittance. They would naturally endeavour to meet the demands for metallic currency by the use of gold, and abstain as far as possible from purchasing silver. If, in their judgment, it should be absolutely necessary to purchase silver, they should be prepared to purchase even at a price such that rupees would be coined at a loss.

The principal steps for giving effect to our recommendation are (1) a notification changing the present acquisition rate for imported gold and fixing it at the rate of Rs. 10 to the sovereign, (2) an amendment of the Indian Paper Currency Act and Indian Coinage Act, so as to make the sovereign legal tender for Rs. 10 instead of for Rs. 15, and (3) the withdrawal of the existing undertaking to give Rs. 15 for a sovereign.

In this connection it is necessary to consider whether an opportunity should be given to holders of sovereigns to present them for exchange at the existing rate at the time of the introduction of the new ratio (see paragraph 69 below).

Establishment of a
stable relation
between the rupee
and gold at the rate
of ten rupees to one
sovereign
is recommended.

Other steps necessary as regards—

- (1) sales of Council Drafts and Reverse Councils
- (2) import and export of gold and silver;
- (3) coinage;

and also as regards the Paper Currency Reserve and the Gold Standard Reserve, are dealt with in the appropriate paragraphs of this Report

60. Two objections have been raised to the course which we recommend:—

Replies to
possible
objections.

- (i) It is suggested that if the sovereign, or the weight of gold in a sovereign, is obtainable for Rs. 10 instead of Rs. 15, or an even larger number, Indians will regard gold as exceptionally cheap, and will absorb greatly increased quantities. It is possible that the Indian demand may, to some extent, be diverted from silver to gold; but in the present conditions of the supply of the two metals, and the demand for them, we do not regard this necessarily as an evil. At the same time, we emphasise the necessity for using all possible means for encouraging the people of India to employ their savings in more useful and fruitful ways than in the acquisition of precious metal, whether gold or silver;
- (ii) It is urged that the existing ratio between gold and silver in India is sanctioned by the law and has been in existence for a considerable period, and that to disturb it will be contrary to sound policy. We only agree in this argument to the extent that the legally established ratio ought not to be modified lightly or on insufficient grounds. The modification is, however, clearly within the competence of the legislature, and if it is necessary, in order to remove the grave evils of the present position and to re-establish a sound and automatic currency system, we think it is undoubtedly justified. We believe that it is open to far less objection than any of the other alternative courses that have been suggested.

REMITTANCE TO AND FROM INDIA : COUNCIL DRAFTS AND REVERSE COUNCILS.

61. We now proceed to consider questions connected with the system of remittance to and from India.

Extent to
which
Council
Drafts
should be
sold.

We agree with the Chamberlain Commission in holding that Council Drafts are sold not for the convenience of trade, but to provide the funds needed in London to meet the requirements of the Secretary of State on India's behalf in the widest sense of the term. There is, in our opinion, no obligation to sell drafts to meet all trade demands. If our proposals in paragraphs 65 to 67, regarding the free import of gold into India and the maintenance of a gold mint are adopted, the way will be open for the settlement of trade balances by means which are independent of the sale of Council Drafts. India, however, normally enjoys a large favourable balance of trade, and the adjustment of this balance mainly by the import of gold would probably involve the shipment to India of more gold than is actually required for absorption by the public. If, therefore, without inconvenience or with advantage, the Secretary of State is in a position to sell drafts in excess of his immediate requirements when a trade demand for them exists, we see no objection to his doing so, provided that due regard is had to the proper location of the reserves, to which we refer later. Such sales would tend to economise the movements of gold, and would provide additional facilities for telegraphic remittance, which is an advantage to trade.

The above observations apply to normal times when the purchase of silver for coinage can be readily effected. So long as the existing difficulties continue it will be advisable to adhere to the system at present in force, according to which the actual amounts of Council Drafts sold weekly are fixed with reference to the Secretary of State's requirements and the capacity of the Government of India to meet them.

While sterling continues to be divorced from gold the fixing of the rupee in terms of gold will involve fluctuations in its sterling equivalent; and the minimum rate for Council Drafts will be fixed from time to time on the basis of the sterling cost of shipping gold to India. When sterling is again equivalent to gold the minimum rate will remain fixed and the price obtained for Council Drafts will vary between the gold points according to the demand.

Minimum
rate.

Reverse Councils should be readily available and include telegraphic transfers.

62. The Chamberlain Commission recommended that the Government of India should make a public notification of their intention to sell in India bills on London at a price corresponding to the gold export point, whenever they were asked to do so, to the full extent of their resources. We agree entirely with this recommendation. We are informed that inconvenience has resulted in the past from the necessity of consulting the Secretary of State before offers of reverse remittance were announced, and to ensure public confidence in the system it is desirable that the authorities in India should be in a position to take action without the delay involved by reference to London. We are also informed that facilities for telegraphic remittance, which were first offered in connection with the sales at the outbreak of the war, were greatly appreciated by the commercial community in India. We, therefore, recommend that the Government of India should be authorised to announce, without previous reference to the Secretary of State on each occasion, their readiness to sell weekly a stated amount of Reverse Councils (including telegraphic transfers) during periods of exchange weakness. The rate will, as in the past, be based on the cost of shipping gold from India to the United Kingdom. So long as sterling is divorced from gold it will not be possible to announce a fixed rate at which sales will uniformly be made, but the Government of India should be prepared to quote the appropriate figure as soon as the demand for remittance from India makes itself apparent. During this period, assuming that our recommendations regarding the exchange value of the rupee are adopted, 10 rupees will purchase the sterling equivalent of one sovereign less a percentage to cover the charges of remittance.

INDIAN DEMAND FOR PRECIOUS METALS.

Character and extent of Indian demand for gold.

63. We now turn to the policy that should be adopted in regard to the import and export of the precious metals into and from India.

Statistics regarding the imports of gold into India on private account in recent years are shown in paragraph 14. It will be seen that during the five years preceding the war India's average annual import of gold coin and bullion exceeded 19,000,000*l*.

It has frequently been alleged that an undue proportion of the world's gold supply is absorbed by India. It must be remembered, however, that the population of India exceeds 815 millions, and that the use of gold (or, alternatively, of silver) plays an important part in social ceremonies sanctioned by religion and tradition. Presents of gold or silver ornaments are obligatory at weddings and on other ceremonial occasions; and this custom is supported by the practical consideration that a woman, whether Hindu or Moslem, who possesses gold and silver ornaments, or coins converted into ornaments, is entitled to hold them as her personal property. It has also always been the habit in India to use the precious metals as a store of value, and to hold savings in this form; nor, until banking and investment facilities have been extended, and the habit of using them has been acquired by the people of India, is it easy to see in what other form savings can be accumulated. We do not, therefore, consider that the quantity of gold taken by India for all purposes in the period before the war was disproportionately large in relation to her economic condition, and it must be assumed that so long as existing conditions prevail India will continue to require a considerable quantity of gold for the purposes named above.

64. We have previously pointed out that the normal balance of trade makes India a creditor country, and as such she is entitled to require payment for her produce in the form most acceptable to her people. Indeed, India's capacity to draw gold from other countries depends in the last resort on the desire of her customers to secure her produce, and, so long as they continue to take it, India will be in a position to demand gold, in so far as she may prefer payment in this form to the import of commodities or the investment in foreign securities of credits due to her.

We do not wish, however, by these remarks to lend support to any suggestion that the import of precious metals is the most advantageous way by which India can adjust her claims against other countries. The accumulation of stores of gold and silver is an unprofitable method of saving, and it would undoubtedly be to India's own interest, and to the interests of the world at large, for her to employ her wealth in productive directions. We are, therefore, glad to learn that an increasing interest is now being shown by Indians in the promotion of industrial enterprise, and we consider (see para. 73) that facilities for the deposit and investment of savings should be increased in all practicable ways. This may tend ultimately to reduce India's demand for the precious metals.

IMPORT AND EXPORT OF GOLD.

65. Under the Gold Import Act all gold imported into India has to be tendered to Government at a specified rate based on the exchange value of the rupee and the premium on gold. The export of gold is not prohibited, but owing to the fact that gold commands a substantial premium in the Indian bazaar there is no tendency for it to leave the country under existing conditions. The provisions regarding the import of gold were avowedly enacted under the stress of war and were only intended to be temporary. It is, in our opinion, desirable that the entry of gold into India should be freed from regulation or control by the Government. We accordingly recommend that the Gold Import Act should be repealed as soon as the change in the Statutory ratio of the rupee to the sovereign, to which we refer below, has been effected. Movements of gold to and from India would of course continue, as in the past, to be reported for registration and statistical purposes.

Free import and export of gold advocated.

GOLD AS CURRENCY.

66. The fixation of the rupee in terms of gold and the disappearance of the internal premium on gold due to the removal of the prohibition on import will again enable gold to circulate as currency. It is, therefore, necessary to consider how far the extended use of gold currency is desirable in India. We agree in principle with the recommendations of the Chamberlain Commission in this connection, but the position has changed in certain respects since the issue of their report and some modifications in the policy suggested are advisable. We agree with their conclusions that the Government should continue to aim at giving the people the form of currency which they demand, whether rupees, notes or gold, that the use of the note should be encouraged, that the currency most generally suitable for the internal needs of India consists of rupees and notes, and that it would not be to India's advantage actively to encourage the increased use of gold in the internal circulation. We also share the view that gold can be more advantageously employed in the Government reserves, where it is available for meeting demands for foreign remittance, than in the hands of the people in the form of currency. For some time, however, it may be difficult to meet all demands for metallic currency in rupees, and a more extensive use of gold may be necessary to ensure confidence in the note issue. We understand that on recent occasions the issue of gold coin by the Government has been looked upon in certain parts of India as an indication that the Government were in difficulties regarding the provision of metallic currency. In order to avoid creating this impression by exceptional issues, we think that so long as the purchase of adequate supplies of silver continues to be difficult it would be advisable for the Government as one of the normal methods for meeting demands for currency to issue gold coin in moderate quantities. When the supply of silver has ceased to be difficult the necessity for the issue of gold coin will diminish, but it is probable that there will always be a demand for gold in certain parts of India. We consider, therefore, that the Government of India should maintain their pre-war practice of making gold coin available when it is demanded by the public.

Use of gold as currency.

67. In order that gold currency may be available when required it is important to provide facilities in India for the conversion of gold bullion into legal tender coin. These facilities might be given by the establishment of an Indian gold mint, which would mint Indian gold coins such as the gold mohur, or by the re-opening of the branch of the Royal Mint in Bombay. After careful consideration we have come to the conclusion that it will be more advantageous to India to continue to use the form of gold currency to which she has become accustomed, and which on account of its wide circulation is a universally recognised medium for the settlement of external obligations. We therefore recommend that the branch of the Royal Mint, which was opened in Bombay during the war for the coinage of sovereigns and half-sovereigns and has since been temporarily closed, should be re-opened, and that arrangements similar to those in force in the United Kingdom should be made for the receipt of gold bullion from the public for coinage. The Government of India should announce its readiness to receive gold bullion from the public, whether refined or not, and to issue gold coin in exchange at the rate of one sovereign for 113.0016 grains of fine gold, subject to a small coinage charge. This undertaking would not, of course, require the constant operation of the gold mint, if the demand for the coinage of gold did not justify it. The issue of gold coin in exchange for unrefined gold makes a gold

Facilities for minting silver in India and gold recommended.

refinery necessary. If the need is not met by private enterprise we recommend that facilities should be given to the public by which they may be able to have gold refined at the Government refinery on payment of charges sufficient to cover the cost of the operation.

Withdrawal of obligation to give rupees for sovereigns recommended

68. Sovereigns and half-sovereigns have been for many years legal tender in India, and, as we have stated in paragraph 6, the Government of India have undertaken by notification to issue rupees in exchange for sovereigns presented to them. In normal times, and whenever the supplies of silver permit, the Government of India will, doubtless, offer all facilities for the conversion of legal tender gold into legal tender silver coin, and *vice versa*; but, in view of the present shortage of silver, we consider that the obligation to give rupees for sovereigns should be withdrawn.

Protection of existing holders of sovereigns and gold mohurs against loss from change of ratio.

69. Under the scheme we have advocated the gold content of the sovereign will be exchangeable in India for R10, and in order to put this rate in force it will be necessary to amend the statutes under which the sovereign is rated at R15, and to reduce the rate to R10. It will also be necessary to cancel the notification under which the Government have undertaken to give R15 for all sovereigns tendered at the Reserve Treasuries. The question thus arises as to the treatment that should be accorded to the present holders of sovereigns in India. It is undoubtedly open to the Government to enact through the competent legislature that the rate at which the sovereign is legal tender should be reduced from R15 to R10 and to cancel the notification to which we have referred. We do not recognise any legal obligation on the part of the Government to indemnify holders of sovereigns from loss through change of rate, but we think that reasonable opportunities should be given to the public to exchange sovereigns in their possession at the rate of R15 at the time of the introduction of the new ratio. In order to reduce the period of transition, which must necessarily be attended by obvious risks and inconveniences, the offer should run for a short period only, and if the impending change is widely notified and opportunities for the tender of sovereigns are made available at a large number of places (which would include all Treasuries and possibly all Sub-Treasuries) we hope that it may be found practicable to limit the period to a calendar month. The period suggested is short, and its precise duration should be determined on the discretion of the Government of India; but we feel strongly that action, when taken, should be prompt. In order to prevent an excessive call upon their resources of silver, the Government should reserve to themselves the option of redeeming sovereigns in gold coin at the rate corresponding to the new ratio (*viz.*, $1\frac{1}{2}$ sovereigns for each sovereign), to be payable after the termination of the period of redemption, and to be represented in the meantime by certificates or other suitable instruments created for the purpose.

There would be advantages in carrying out this operation at an early date so that the imports of gold coin and bullion into India may be free from control, and that the sovereign may be put into circulation as the equivalent of R10. But it must be for the Government to determine the detailed steps by which effect should be given to our suggestions.

The gold mohurs which were coined and issued during the war as the equivalent of 15 rupees should also be redeemed at that rate either now or at some later period as may be convenient. After a reasonable opportunity for redemption has been given any remaining unredeemed should be demonetised.

IMPORT AND EXPORT OF SILVER.

Removal of prohibition of import of silver recommended.

70. We have already indicated that we are in favour of the removal of Government intervention in the free flow of the precious metals to and from India as soon as practicable. The import of silver was prohibited at a time of abnormal demand for currency and limitation of supply with the object of preventing private buyers in India from competing in the silver market with the Secretary of State. It is difficult to estimate how far the removal of their competition has facilitated the silver purchases of the Secretary of State during the last two years. The evidence we have taken suggests that, in spite of the prohibition of the melting of silver coin, the melting of rupees has taken place on a large scale. When the bullion value of the rupee approximates closely to its exchange value the most economical method of obtaining silver in India is by melting coin. In so far as the demand for silver for social and industrial purposes, enhanced by the scarcity of gold, has been met in this way, the effect of the prohibition of private imports was to increase the amount of silver which the Secretary of State had to purchase. If the restrictions on gold are

removed the demand for silver may be expected to decrease, but a considerable quantity will always be required for social and industrial purposes. We consider that the disadvantages of meeting the public demand through Government agency by the indirect and expensive method of issuing additional currency, outweighs any advantage which may be gained in respect of the Secretary of State's purchases. We, therefore, recommend the removal of the prohibition on the import of silver as soon as is convenient.

71. Prior to the year 1910 silver bullion and coin other than current coin of the Government of India were included in the general tariff schedule of articles liable to an import duty of 5 per cent. *ad valorem*. In that year it was necessary to raise additional taxation, and it was decided that silver was a luxury article on which an additional import duty might suitably be imposed. The rate was accordingly raised to four annas per ounce. At that time the price of silver was such that the additional duty on silver could have no influence on the currency system, but the rise in the price of silver to a height at which the bullion value of the rupee approximates to its exchange value introduces fresh considerations; for whenever the exchange value of the rupee does not exceed the bullion value by the amount of the duty, it is cheaper to obtain silver for the arts in India by melting the currency than by importing silver bullion. So long, therefore, as the divergence between the bullion value and the exchange value of the rupee is not large, the retention of the import duty may throw upon the Government of India the burden of providing rupees in excess of the needs for currency purposes. The removal of the duty has also been advocated on the ground that it imposes an unfair burden on the poorer classes, to whom a certain quantity of ornaments is a social necessity rather than a luxury. We do not attach weight to this argument, but we believe that there is a strong feeling in India against the retention of the duty in that it is an obstacle to the establishment of a world market for silver in Bombay, and places the Indian consumer of silver at a disadvantage in comparison with that of the population of other countries. The Government of India would prefer to defer consideration of the removal of the duty until the results of the relaxation of the control over the movement of the precious metals have been observed,¹ but we see no reason for the postponement of the decision on the point of principle involved. Since the prohibition of the import of silver, the revenues of the Government of India have been deprived of the yield from the silver duty, which was about one crore annually before the war, and the gap has been filled from other sources. The abolition of the duty at the present time would, therefore, involve no readjustment of the burden of taxation. For these reasons we recommend that when the prohibition of import of silver is removed, the duty should also be removed, unless, in the opinion of the Government of India, the fiscal position demands its retention.

Removal of imp
duty on silver
recommended.

72. As regards the export of silver, we are unable to recommend the removal of the prohibition at present, although we think that the removal of all restrictions is an ideal to be attained as soon as circumstances permit. As long as the bullion value of the rupee is near its exchange value, it is possible that the export of silver rupees or silver obtained by melting rupees will be a profitable transaction, and it is necessary that Government should be in a position to protect the currency from depletion by export. We recommend, therefore, that the export of silver, except under license, should be prohibited, until changed conditions again definitely establish the rupee as an over-valued token coin. Meanwhile it is important that the production of silver in India should not be discouraged by a measure which is intended only to protect the currency. We understand that silver mined in India is now purchased by the Government of India at rates fixed by contract with the producers. We hope that so long as the Government of India require silver this arrangement will be continued on suitable terms; but if at any time before the removal of the export prohibition the continuance of the purchase by Government of silver mined in India should be unnecessary or impracticable, we consider that the producers should be permitted to export freely under license the silver produced from their mines.

Retention of
control over exp
of silver for the
present
recommended.

FACILITIES FOR SAVING AND INVESTMENT.

73. We have already referred to the extensive use in India of the precious metals, mainly in the form of currency, as a store of value. It has been urged that this practice is largely due to the inadequacy of the facilities for the disposal of savings in a manner which will enable them to be used productively. We, therefore, welcome the recent announcement of the Government of India

Increased
opportunities
for saving and
investment
recommended.

¹ See Appendices, page 176, paragraph 7.

that a feature of the scheme for the amalgamation of the Presidency Banks is the opening of at least 100 new branches within the next five years. We recommend that this policy should be actively pursued. By the extension of the activities of the amalgamated Presidency Banks and other sound banking institutions in India, we hope that facilities for the deposit of savings will gradually be made available in all headquarters of administrative districts and other towns where no banks have yet been established. We suggest also that the Government of India should consider whether it is practicable to abolish the existing stamp duty on cheques.

An extension of banking facilities, however, on such a scale as would attract deposits from the remoter areas is unlikely in the near future, and we think, therefore, that the rural population should be encouraged to take fuller advantage of the opportunities for making interest-bearing deposits in Co-operative Credit Societies and the Post Office Savings Banks. We are impressed by the comparatively insignificant figure of the total deposits in the Post Office Savings Banks, amounting to only R24½ crores on 31st July 1914, before the conditions that ensued on the outbreak of war led to the heavy withdrawals referred to in paragraph 9. We understand that the substantial increase in deposits in the years 1912-13 and 1913-14, amounting to over four crores, was due mainly to the grant of additional facilities, and we recommend that the Government of India should examine how far, notwithstanding the admitted administrative difficulties, it may be possible to improve the present procedure for the deposit and withdrawal of money, and to increase the number of post offices conducting savings bank business.

In addition, we advise that all possible facilities should be made available for the investment of savings in Government Loans. In particular, in view of the success which has attended the Government of India's war borrowings through the Post Office, notably in the form of cash certificates, we suggest that a Postal Section should be retained as part of the normal borrowing system of India.

It has been suggested to us that Indian investors would be prepared to purchase sterling securities of the Indian Government if facilities were given for the purpose. We are not in a position to judge how far this proposal is practicable or expedient, but we desire to bring it to the notice of the Secretary of State and the Government of India.

PURCHASE OF SILVER FOR COINAGE.

silver purchases.

74. Before leaving the subject of the precious metals, it will be convenient to deal with the criticisms of certain witnesses regarding the conditions under which purchases of silver for coinage have been made. The allegations of the critics are to the effect that the method of purchase through a broker, mainly in the London market, is unsatisfactory, and has resulted in purchases being made at an unnecessarily high price; and that purchases by open tender in India would give better results. We have considered the subject carefully, and without entering into unnecessary details, we are satisfied that the purchases of the Secretary of State, which are made in the same manner as the purchases of His Majesty's Mint, many foreign Governments, and the banks concerned in the supply of silver to the Far East, are suitably conducted. We do not, therefore, make any recommendation for modifying the present practice, though we have no wish to suggest any limitation of the freedom which the Secretary of State now enjoys of making purchases in India or elsewhere than in the United Kingdom should he think it advantageous to do so.

PAPER CURRENCY RESERVE.

principles
underlying
our recommendations
regarding note
issue.

75. In paragraph 28 we have referred to the large expansion of the note issue during the war. This expansion has been in great part due to special causes arising from the war; but we believe that it has been beneficial to India, and we should welcome any further action that might tend to foster the note-using habit, especially under present conditions when the purchase of silver for coinage is attended with serious difficulty. But the continued popularity of the note can only be assured if its convertibility is guaranteed beyond all possible doubt. Our recommendations regarding the note issue have accordingly been framed with the express purpose of justifying the confidence of the Indian public in the note by the provision of an adequate metallic reserve and the grant of ample facilities for converting the note into coin. We also take into account the necessity of avoiding, on the one hand the inconveniences attending an inelastic currency and, on the other, the risks of inflation arising from a currency which can be expanded with undue ease.

76. At the outbreak of war the limit to the invested portion of the Paper Currency Reserve was 14 crores, of which 4 crores might be held in sterling securities, defined as "Securities of the United Kingdom of Great Britain and Ireland or securities issued by the Secretary of State for India in Council under the authority of Act of Parliament, and charged on the revenues of India." The great expansion of the note issue during the war, coupled with the difficulty of obtaining gold or silver, made it necessary to enlarge these limits. The limits of investment were modified by no less than nine Acts and Ordinances, and the statutory maximum is now 120 crores, of which 20 crores may be held in securities of the Government of India. The increased powers of investment taken since the outbreak of the war are temporary and will, unless re-enacted, lapse six months after the official date for the termination of the war.

77. The Chamberlain Commission commented in paragraphs 103 to 105 of their Report on the inelasticity of the Indian Paper Currency system. The maximum limit for the invested portion of the reserve is fixed by Statute, and when that limit is reached any further increase in the note-issue requires the deposit of an exactly equal amount of gold or silver in the reserve. Special application to the legislature is necessary when an increase in the circulation renders it expedient to increase the amount of the invested reserve. It may be added that legislation would equally be required if a decrease in the circulation made it desirable to reduce the limit of investment. We recognise the special need for caution in dealing with the note-issue in such a country as India, where a large part of the population is illiterate and the extended use of paper currency is a habit of very recent growth; but we think it essential to introduce some elasticity into the system, and at the same time to obviate the necessity for constant fresh applications to the legislature as the circulation grows. Both these objects can be attained, if instead of laying down that the invested portion of the reserve must not exceed a fixed maximum, the legislature prescribes that it shall not exceed a maximum percentage of the total issue; or, alternatively, that the metallic portion shall not fall below a minimum percentage of the total issue. In recommending that this method should be adopted we find ourselves in accord in principle with the views of the Chamberlain Commission, and also with those expressed in the memorandum * annexed to the statement submitted on behalf of the Government of India.

78. The Chamberlain Commission recommended that the fiduciary portion of the Paper Currency Reserve, which at the time of their Report stood at 14 crores, should be increased at once to 20 crores and should thereafter be fixed at a maximum of the amount of notes held by Government in the Reserve Treasuries, plus one-third of the net circulation. The large increase in the note circulation that has taken place during the course of the war and subsequently, has modified the position as it existed when the Commission reported. Under their recommendation it would be necessary that on the present basis of circulation the metallic reserve should amount to 119 crores of rupees, as compared with 80 crores so held at the present time. We do not consider that so large a reserve is required for ensuring the convertibility of the note issue, especially when it is remembered that in the case of any drain arising from demands for foreign remittance the Gold Standard Reserve is also available. We recommend that the statutory minimum for the metallic portion of the reserve should be 40 per cent. of the gross circulation.

Minimum for metallic portion of reserve to be 40 per cent. of gross circulation.

It would, of course, be desirable to maintain in the metallic reserve a substantial margin above the statutory minimum, especially at the beginning of the busy season, which always brings a demand for issues of coin.

It might appear that our recommendation is less cautious than that put forward by Mr. Howard,† who proposes for the metallic reserve a minimum proportion of 50 per cent. But he applies the percentage not to the circulation of the moment, but to the average of the gross circulation on the closing days of the three preceding financial years. In times when the circulation is growing rapidly the figure so ascertained is greatly reduced. At the present time, for instance, Mr. Howard's proposal would fix the minimum metallic reserve at 56½ crores, while our recommendation would make it nearly 72 crores.

79. As regards the composition of the fiduciary portion of the reserve, we recommend that the amount to be held in securities issued by the Government of India

Composition of fiduciary portion of reserve.

* See memorandum by Mr. Howard, Secretary to the Government of India, Finance Department, Appendices, p. 29.

† See Appendices, p. 33.

should be limited to 20 crores, the figure at present permissible under the temporary legislation now in force, and that the balance should be held in securities of other Governments comprised within the British Empire. Of the amount so held no more than 10 crores should be invested in securities with more than one year's maturity, and any securities so held should be redeemable at a fixed date. The balance of the invested portion of the reserve over and above the 30 crores already provided for should be held in short-dated securities with not more than one year's maturity, issued by Governments within the British Empire other than the Government of India. The operation of our recommendations may be illustrated by the following figures exhibiting the composition of the reserve as it stood on 30th November 1919, as it would stand if the invested portion stood at the maximum permitted under the existing law and consequently if the metallic reserve was at the minimum permissible, and as it would stand if the metallic reserve did not exceed the minimum permitted under our recommendations:—

	Gross Note Circulation.	Composition of Reserve (Lakhs of Rupees).				Percentage of Total Metallic Reserve to Gross Note Circulation.
		Silver.	Gold.	Securities (Indian).	Securities (British)	
Actual figures for 30th November 1919.	179,67	47,44	32,70	17,09	82,50	44.6
Figures showing maximum fiduciary issue under present law.	179,67	59,67		20,00	100,00	33.2
Figures showing maximum fiduciary issue under proposals in report.	179,67	71,87		20,00	87,50*	40

These are our proposals regarding the permanent constitution of the Paper Currency Reserve, but we recognise that it may not be possible to maintain continuously such a large proportion of the reserve in metal in the immediate future. We accordingly recommend that, when permanent legislation is introduced in replacement of the present temporary provisions, authority for retaining for a limited period the existing permissive maximum of 120 crores for the fiduciary issue should be sought.

The change in the gold equivalent of the rupee will involve a revaluation of the sterling investments and gold now held in the reserve. We recommend that the sterling investments should be valued at the rate of 10 rupees to the £, no account being taken for this purpose of the temporary depreciation of sterling in terms of gold. The revaluation of the sterling investments and gold at 2s. to the rupee will lead to a deficiency amounting to Rs. 38.4 crores in the reserve. It will be impracticable to make good this deficiency at once, but we are of opinion that any savings or profits arising from the rise in the equivalent of the rupee from 1s. 4d. to 2s. gold, such as the saving in the remittances made to meet the direct Home expenditure of the Government of India, will supply a suitable means for discharging this liability in a limited number of years.

50. While our recommendations introduce a measure of elasticity into the Indian note issue, we think it desirable to provide for a further limited power of expansion with a special view to meeting the seasonal demand for additional currency which is normal in India. The proposals formulated by Mr. Howard contemplate that the note-issue should be based in part upon commercial bills of exchange. We have given careful consideration to this plan, with special reference to its application on the largest scale as the basis of the Federal Reserve Note system in the United States of America; and we recommend that it should be tried experimentally in India on a small scale, as the basis for the special power of expansion which we find to be advisable. The requirements of the case would, we think, be met by authorising in the first instance, the issue of notes up to 5 crores on the security of commercial bills of exchange in addition to the normal issue. The issue would take the form of loans to the Presidency Banks on the collateral security of bills endorsed by the Presidency

* Securities issued by Governments within the British Empire.

Revaluation of sterling investments and gold in reserve.

Limited powers of expansion in view of seasonal demand for currency.

Banks and having a maturity not exceeding 90 days. The interest charged to the banks for such advances should be not less than 8 per cent. per annum. The advances should be outside any loans made from Government Treasury balances. The bills tendered as collateral should be *bonâ fide* commercial bills against goods under export, not only because such bills would lead to the automatic retirement of the emergency note issue on their maturity, but also because such bills are more easily identifiable as representing a definite commercial transaction than internal bills which may be created for purposes of finance or against goods held for speculative transactions. If the difficulty of connecting internal bills with definite transactions in commodities can be overcome, we should see no objection hereafter to authorising the tender of such bills as collateral in addition to export bills, but we think that at the inception of a scheme which is admittedly experimental it would be wiser to authorise the tender of export bills only.

81. The location of the Paper Currency Reserve has given rise to considerable discussion in the past. The main facts of the position may be stated as follows:—
The reserve exists primarily for the redemption of notes, and the proper place for holding the greater part of the reserve must therefore be in India where the notes may have to be met. The silver reserves should, therefore, as in the past, be normally held in India, but silver under purchase or in the course of shipment should be treated as part of the reserve pending its arrival in India.

The gold also in the Paper Currency Reserve should normally be held in India; but some Paper Currency Gold may at times be held in London, either because it has been purchased there and is awaiting shipment, or because it is held in anticipation of its use in payment for purchases of silver.

Of the securities held in the Paper Currency Reserve, the Government of India's securities would naturally be held in India, while the remainder would be held in the United Kingdom where they would be redeemable or realisable in event of need.

82. As soon as circumstances permit, free facilities for the encashment of notes should be given, and the restrictions imposed during the course of the war should be withdrawn. We do not suggest that the legal obligation of Government to encash notes should be extended beyond the Currency offices, but we are satisfied that the additional facilities provided by the Government have tended to encourage confidence in the note issue, and we would, therefore, welcome their restoration, although we recognise that this may not be practicable at the moment. The obligation of the Government to redeem its notes should be to redeem them in full legal tender coin. It is not necessary that the public should have the option of demanding gold or silver when they present notes. The choice of the metal should be, as it is now, at the option of the Government, who would no doubt, in normal conditions, endeavour to make payment in whatever form of currency is preferred by the tenderer of the note.

GOLD STANDARD RESERVE.

83. The Chamberlain Commission held that no limit could be fixed at the time when they reported to the amount up to which the Gold Standard Reserve should be accumulated, and that the profits on the coinage of rupees should continue to be credited exclusively to the reserve. During the war the circumstances have been abnormal, and we consider that it will be advisable to await the return of normal conditions before fixing any maximum figure for the reserve. In reaching this conclusion we are also influenced by the proposal we have made in regard to the new ratio for the rupee. So long as prices throughout the world remain at or about the present level, we believe that India will maintain a prosperous export trade, and that the present strength of the Gold Standard Reserve, assisted by the other resources at the disposal of the Secretary of State, will suffice to maintain the exchange value of the rupee at the point we suggest. But if there were a sudden fall in world prices it is possible, as we have pointed out in paragraph 51, that the normal current of Indian trade might be affected for a period, and that a heavier call might be made on the resources for supporting exchange than has occurred in the past. We hold, therefore, that when profits again accrue on the coinage of rupees they should be credited in their entirety to the reserve.

84. The recommendation of the Chamberlain Commission that the silver branch of the Gold Standard Reserve, which in June 1914, amounted to 6 crores of rupees should be abolished, has already been carried out.

At present the reserve is held almost entirely in securities, and on the 30th November 1919 was constituted as follows, the figure given representing in each case the face value of the security :—

	£
British Treasury Bills, maturing between December 1919 and March, 1920	5,219,000
Exchequer Bonds, redeemable between February 1920 and October 1921	16,199,300
National War Bonds, redeemable 1st October 1922	7,500,000
Five per cent. War Loan, 1929-47	3,762,181
Local Loans, 3 per cent. Stock	200,000
Irish Land Stock, 2½ per cent.	438,720
Transvaal Government, 3 per cent. Guaranteed Stock, 1923-53	1,092,028
	<hr/>
	37,411,224
Cash	27,093
	<hr/>
Total	37,438,317

The Chamberlain Commission were of opinion that a considerable portion of the reserve should be held in gold, and suggested that the total gold holding should be raised as opportunity offered to 15,000,000*l.*, and that the authorities should thereafter aim at keeping one half of the total reserve in actual gold. We agree in principle that the reserve should contain a considerable proportion of gold, but we do not anticipate that under the changed conditions a large gold holding will be attainable for some years, and we feel that in the present state of the note-issue such gold as the Government of India can obtain should be added to the Paper Currency Reserve rather than to the Gold Standard Reserve. At the present moment, therefore, the most satisfactory course lies in keeping the reserve as liquid as possible by an ample holding of securities with early dates of maturity. This condition is secured under the present scheme of investment. From the statement given above it will be seen that, with the exception of about 5,500,000*l.*, the securities in the reserve are redeemable by October 1922 at the latest. We are of opinion, that the amount of securities with a maturity exceeding three years should not be increased, and that the authorities should aim at holding all the invested portion of the reserve in securities issued by Governments within the British Empire (other than the Government of India), and having a fixed date of maturity of not more than 12 months.

Location of the Gold Standard Reserve.

85. The object for which the Gold Standard Reserve exists is to afford protection against a fall in exchange by meeting demands for sterling remittance to London, and it is evident that its resources will be most readily available for this purpose if they are held in London. This consideration has governed the location of the fund hitherto, and was considered by the Chamberlain Commission to be decisive.

There is, however, a strong sentiment in India in favour of the location of the whole, or at any rate a large part, of the reserve in India. In currency matters the possession of public confidence is an asset of great value, and we therefore think it advisable to comply with the Indian demand, so far as this can be done without detracting from the utility of the fund for the purposes for which it exists. Gold in India can be made available for the purpose of foreign remittance, either by export or by transfer to the Paper Currency Reserve in India against a corresponding release of Paper Currency assets in the United Kingdom or, in circumstances of urgency, by arranging to earmark it for the Bank of England. We consider, therefore, that a portion of the gold in the Gold Standard Reserve should be held in India; but the gold so held should not exceed one-half of the total, and steps should be taken to ensure that it is not made available to the public except for the purpose of export.

The sterling investments of the Gold Standard Reserve (including cash on deposit) should, as in the past, continue to be held in London.

Minority Report by Mr. Dalal.

86. Our colleague, Mr. Dalal, submits a separate report. While we regret that he does not share our conclusions, we wish to record our appreciation of the assistance which we have derived from his knowledge and experience.

SUMMARY OF CONCLUSIONS.

87. We now proceed to summarise the main conclusions at which we have arrived. Summary conclusion

(i) It is desirable to restore stability to the rupee and to re-establish the automatic working of the Indian currency system. (para. 36.)

(ii) The reduction of the fineness or weight of the rupee (Para. 38), the issue of 2 or 3 rupee coins of lower proportional silver content than the present rupee (para. 39), or the issue of a nickel rupee (para. 40) are expedients that cannot be recommended.

If the legal tender limit of one rupee for the 8 anna nickel coin should prove an obstacle to its free circulation the question of raising the limit to R5 or R10 should be considered. (Para. 40.)

(iii) The maintenance of the convertibility of the note-issue is essential, and proposals that do not adequately protect the Indian Paper Currency from the risk of becoming inconvertible cannot be entertained. (Para. 41.)

(iv) The rise in exchange, in so far as it has checked and mitigated the rise in Indian prices, has been to the advantage of the country as a whole, and it is desirable to secure the continuance of this benefit. (Para. 50.)

(v) Indian trade is not likely to suffer any permanent injury from the fixing of exchange at a high level.

If, contrary to expectation, a great and rapid fall in world prices were to take place, and if the costs of production in India fail to adjust themselves with equal rapidity to the lower level of prices, then it might be necessary to consider the problem afresh. (Para 51.)

(vi) The development of Indian industry would not be seriously hampered by a high rate of exchange. (Para. 52.)

(vii) The gain to India of a high rate of exchange for meeting the Home charges is an incidental advantage that must be taken into consideration. (Para. 53.)

(viii) To postpone fixing a stable rate of exchange would be open to serious criticism and entail prolongation of Government control. (Para. 58.)

(ix) The balance of advantage is decidedly on the side of fixing the exchange value of the rupee in terms of gold rather than in terms of sterling. (Paras. 56—7.)

(x) The stable relation to be established between the rupee and gold should be at the rate of R10 to one sovereign, or, in other words, at the rate of one rupee for 11.30016 grains of fine gold, both for foreign exchange and for internal circulation. (Para. 59.)

(xi) If silver rises for more than a brief period above the parity of 2s. (gold) the situation should be met by all other available means rather than by impairing the convertibility of the note-issue. Such measures might be (a) reduction of sale of Council bills; (b) abstention from purchase of silver; (c) use of gold to meet demands for metallic currency. If it should be absolutely necessary to purchase silver, the Government should be prepared to purchase even at a price such that rupees would be coined at a loss. (Para. 59.)

(xii) Council drafts are primarily sold not for the convenience of trade, but to provide for the Home charges in the widest sense of the term. There is no obligation to sell drafts to meet all trade demands; but, if without inconvenience or with advantage the Secretary of State is in a position to sell drafts in excess of his immediate needs, when a trade demand for them exists, there is no objection to his doing so, subject to due regard being paid to the principles governing the location of the reserves.

Council drafts should be sold, as now, by open tender at competitive rates, a minimum rate being fixed from time to time on the basis of the sterling cost of shipping gold to India. At present this rate will vary; but when sterling is again equivalent to gold, it will remain uniform. (Para. 61.)

(xiii) The Government of India should be authorised to announce, without previous reference to the Secretary of State on each occasion, their readiness to sell weekly a stated amount of Reverse Councils (including telegraphic transfers) during periods of exchange weakness at a price based on the cost of shipping gold from India to the United Kingdom. (Para. 62.)

(xiv) The quantity of gold taken by India for all purposes in the period before the war was not disproportionately large having regard to her social customs and economic position; but more productive methods for employing wealth should be encouraged. (Paras. 63—4.)

(xv) The import and export of gold to and from India should be free from Government control. (Para. 65.)

(xvi) The Government should continue to aim at giving the people the form of currency which they demand, whether rupees, notes, or gold; but gold can be employed to the best advantage in the Government reserves, where it is available for meeting the demand for foreign remittance.

It would not be to India's advantage actively to encourage the increased use of gold in the internal circulation, but it may for some time be difficult to meet all demands for metallic currency in rupees, and a more extensive use of gold may be necessary. In order that confidence may not be disturbed by exceptional issues, the issue of gold coin in moderate quantities should be one of the normal methods of meeting demands for currency. (Para. 66.)

(xvii) The Bombay branch of the Royal Mint should be re-opened for the coinage of sovereigns and half-sovereigns and facilities should be afforded to the public for the coinage of gold bullion and for the refining of gold. (Para. 67.)

(xviii) The obligation of the Government to give rupees for sovereigns should be withdrawn. (Para. 68.)

(xix) Opportunities should be afforded to the public to exchange sovereigns in their possession at the rate of 15 rupees per sovereign at the time of the introduction of the new ratio. Similar opportunities should be given to holders of the gold mohur which should eventually be demonetised. (Para. 69.)

(xx) The prohibition on the import of silver should be removed as soon as is convenient. (Para. 70.)

(xxi) When the prohibition on the import of silver is removed the import duty should also be removed, unless the fiscal position demands its retention. (Para. 71.)

(xxii) The prohibition on the export of silver should be retained for the present with a view to the protection of the silver currency from depletion by export.

If the silver mined in India should cease to be purchased by the Government, its export should be permitted under licence. (Para. 72.)

(xxiii) Improved banking facilities and increased opportunities for the investment of savings should be afforded. (Para. 73.)

(xxiv) No recommendation is made for modifying the present practice regulating the purchase of silver for coinage. (Para. 74.)

(xxv) The statutory minimum for the metallic portion of the Paper Currency Reserve should be 40 per cent. of the gross circulation.

As regards the fiduciary portion of the reserve, the holding of securities issued by the Government of India should be limited to 20 crores. The balance should be held in securities of other Governments comprised within the British Empire, and of the amount so held not more than 10 crores should have more than one year's maturity, and all should be redeemable at a fixed date. The balance of the invested portion above these 30 crores should be held in short-dated securities, with not more than one year's maturity, issued by Governments within the British Empire.

The existing permissive maximum of 120 crores should be retained for a limited period.

The sterling investments and gold in the Paper Currency Reserve should be re-valued at 2s. to the rupee. The depreciation which will result from this re-valuation cannot be made good at once, but any savings resulting from the rise in exchange will afford a suitable means for discharging this liability in a limited number of years. (Paras. 78—79.)

(xxvi) With a view to meeting the seasonal demand for additional currency provision should be made for the issue of notes up to five crores over and above the normal fiduciary issue as loans to the Presidency Banks on the security of export bills of exchange. (Para. 80.)

(xxvii) The silver and gold in the Paper Currency Reserve should be held in India except for transitory purposes. (Para. 81.)

(xxviii) As soon as circumstances permit, free facilities for the encashment of notes should be given, and the restrictions imposed during the war should be withdrawn. The Government should have the option of redeeming its notes in full legal tender gold or silver coin. (Para. 82.)

(xxix) No limit can yet be fixed to the amount up to which the Gold Standard Reserve should be accumulated, and when profits again accrue on the coinage of rupees they should be credited in their entirety to the reserve. (Para. 83.)

(xxx) Under present conditions Government should hold such gold as they obtain in the Paper Currency Reserve rather than in the Gold Standard Reserve. The

Gold Standard Reserve should when practicable contain a considerable proportion of gold ; but the most satisfactory course at present lies in keeping the reserve as liquid as possible by the holding of securities with early dates of maturity.

The amount of securities in the reserve with a maturity exceeding three years should not be increased, and the aim should be to hold all the invested portion of the reserve in securities issued by Governments within the British Empire (other than the Government of India) and having a fixed date of maturity of not more than 12 months. (Para. 84.)

(xxxi) A portion of the gold in the Gold Standard Reserve, not exceeding one-half, should be held in India ; the sterling investments should continue to be held in London. (Para. 85.)

88. We desire to place on record our high appreciation of the services rendered by Mr. C. H. Kisch, C.B., and Mr. H. Denning, I.C.S., as Secretaries to the Committee. They have discharged the duties entrusted to them with unfailing promptness and courtesy, and their valuable assistance has greatly facilitated our enquiry.

(Signed.) H. BABINGTON SMITH.
CHALMERS.
MARSHALL REID.
J. B. BRUNYATE.
F. C. GOODENOUGH.
C. S. ADDIS.
C. T. NEEDHAM.
M. M. S. GUBBAY.
W. B. HUNTER.
T. W. McMORRAN.

C. H. KISCH,
H. DENNING,
Secretaries.

Dated the 22nd day of December 1919.

MINORITY REPORT BY MR. DADIBA MERWANJEE DALAL.

TO THE RIGHT HON. EDWIN S. MONTAGU, M.P., SECRETARY OF STATE FOR INDIA.

INTRODUCTORY, WITH RECOMMENDATIONS.

1. I regret that the divergence of opinion between my colleagues on the Committee and myself on vital currency principles is so great as to render it impossible for me to concur with the views of the majority.

2. The tragedy of the great war in its world-wide effects has dealt very unequally with different countries. To India, as a whole, it brought a period of great economic prosperity, because India was able to supply produce and material which were urgently required in connection with the prosecution of the war, besides taking a full active part in the conflict. Notwithstanding this prosperity, which might have been expected to increase her financial strength, India has been called upon to face a veritable revolution in her currency arrangements which must cause widespread and lasting hardship amongst the masses of the people of India.

3. This revolution has been brought about by the executive action of the authorities by means of raising the sterling rate of exchange. The only occasion on which this Committee were consulted regarding the changes made was when the rate was altered from 2s. to 2s. 2d. Against this alteration I felt it to be my duty to protest.

4. The rate of exchange was raised by stages from the normal rate of 1s. 4d. to 2s. 4d., and the reason assigned was that, owing to the rise in the price of silver, the bullion value of the rupee was above the rate fixed from time to time in relation to sterling. But that reason cannot be held to be the sole reason, since even if the price of silver should fall the intention is to maintain the rate of exchange at a much higher level than 1s. 4d.

5. I cannot acquiesce in the great change in the money arrangements of India which must accompany this alteration in the rate of exchange. The legally-established money standard is the sovereign, with rupees definitely related thereto at the rate of 15 to 1. That standard ratio has been broken by the raising of the rate of exchange, and I hold that it is vitally important that that ratio should be maintained.

6. In my opinion the reason given for raising the rate of exchange is altogether inadequate. The rise in the price of silver could have been prevented by removing the embargo on exports of silver from India after the war had ended, and it was after the war that the greater part of the rise in exchange was brought into force. India could easily have spared silver for export; such exports would have been profitable to her, and they would have prevented the great rise in the price of silver upon which so much has been made to depend through the raising of the rate of exchange. It was chiefly because the export of silver from India was prohibited, and because India was made a potential buyer instead of a seller, that the silver markets were inflamed and the price was raised.

7. Even if silver exports from India were not considered desirable there was still no occasion for raising the rate of exchange after the war because of the rise in the price of silver. It would only have been necessary to stop the sale of rupee bills by Government in excess of their own Treasury requirements and leave the balance of trade to be adjusted by other means than silver.

8. There was one important obstacle to the removal of the embargo on silver exports. The Paper Currency had been heavily watered by the issue of notes not backed by coin but by British Treasury bills held in London. As a war measure and a temporary expedient to meet the difficulties of the time this might have been excused. After the war, however, this temporary expedient had the effect of blocking the removal of the embargo on silver exports by providing the only strong reason for retaining it, namely, the protection of the paper currency coin reserves against withdrawals of silver for export. This temporary expedient, therefore, turned to the permanent disadvantage of India when it provided a reason for retaining the embargo. But the necessity for protecting in this way the paper currency coin reserves was due to the very artificial conditions created by the extensive watering of the note-issue, and consequently the need for the embargo was artificial.

9. As long as a world-wide embargo on gold exports existed a rise to some extent in the rate of exchange could not, perhaps, be temporarily avoided; but when the United States became a free market for gold on the 9th June, 1919, and the gold production of South Africa became available to the highest bidders in London from the 18th July, 1919, the need for further raising the exchange rate from 1s. 8d. by four stages to 2s. 4d. was absolutely uncalled for.

10. These new currency arrangements must, if continued, have disastrous consequences to India and to the people of India. They must seriously disturb the relations existing between creditor and debtor. They will cause dislocation and a set-back to several Indian industries and vast continuous losses on the exports of Indian produce. There is a danger of India's balance of trade turning against her and so checking her prosperity. And it should be remembered that between 100 and 200 millions of people live on the brink of starvation, and a great permanent change in the rate of exchange must ultimately bring intense distress to millions of the helpless masses. A fixed high level of exchange must also cause enormous losses in the rupee value of the invested reserves in sterling securities and of gold held as part of the metallic reserves against the note issue. It will also cause a colossal loss if the sovereigns now held by the Indian public, estimated to amount to about 50,000,000, have to be redeemed at the statutory rate of 15 rupees to the sovereign.

11. In my opinion the gold exchange standard as applied to India is entirely discredited as a currency system intended to meet Indian conditions. I make every allowance for the difficulties with which it had to contend during and since the war, but the raising of the rate of exchange after the war was over was wholly unnecessary. The people of India have strong objections to the purchase of silver at the present inflated and thoroughly artificial price.

12. I discuss in detail below these and other points referred to the Committee, and now state here the recommendations I desire to make:—

- (a) The money standard in India should remain unaltered; that is, the standard of the sovereign and gold mohurs with rupees related thereto at the ratio of 15 to 1.
- (b) Free and unfettered imports and exports by the public of gold bullion and gold coins.
- (c) Free and unfettered imports and exports by the public of silver bullion and silver coins.
- (d) The gold mint at Bombay to be continued and to receive gold bullion from the public and to coin free of charge gold mohurs of the same exact weight and fineness as the sovereign and to hand them over to the tenderers of gold bullion in less than 15 days.
- (e) The Bombay mint to undertake refining of raw gold for the public and not to make any profit on the transaction.
- (f) The existing silver rupees of 165 grains of fine silver at present in circulation to continue full legal tender.
- (g) As long as the price of silver in New York is over 92 cents Government should not manufacture silver rupees containing 165 grains fine silver.
- (h) As long as the price of silver is over 92 cents Government should coin 2-rupee silver coins of reduced fineness compared with that of the present silver rupee and the same to be unlimited legal tender.
- (i) Government to coin a new 8-anna silver piece of reduced fineness and the same to be unlimited legal tender.
- (j) Government not to coin an 8-anna nickel piece.
- (k) Government to sell Council bills by competitive tenders for the amount defined in the Budget as required to be remitted to the Secretary of State. The Budget estimate to show under separate headings the amount of Council bills drawn for Home Charges, for Capital Outlay, and Discharge of Debt. Council bills to be sold for Government requirements only and not for trade purposes, except for the purpose mentioned in the next succeeding recommendation.
- (l) "Reverse" drafts on London to be sold only at 1s. 3½d. The proceeds of "Reverse" drafts to be kept apart from all other Government funds

and not to be utilised for any purpose except to meet drafts drawn by the Secretary of State at a rate not below 1s. 4½d. per rupee.

- (m) Currency notes should be printed in India.
- (n) Government not to interfere with the immemorial practice of the Indian public of melting current coins.
- (o) The sterling investments held against the Indian note issue to be liquidated as early as possible and transmitted to India in gold.
- (p) The use of one-rupee currency notes to be discontinued as early as possible and meanwhile not to be forced into circulation.

REPORT ON THE TERMS OF REFERENCE.

13. The Terms of Reference to the Committee were as follows :—

“To examine the effect of the war on the Indian exchange and currency system and practice and upon the position of the Indian note issue, and to consider whether in the light of this experience and of possible future variations in the price of silver, modifications of system or practice may be required, to make recommendations as to such modifications, and generally as to the policy that should be pursued with a view to meeting the requirements of trade, to maintain a satisfactory monetary circulation, and to ensuring a stable gold exchange standard.”

I.—*Breakdown of the Standard Ratio between Rupees and the Sovereign.*

14. The outstanding effect on the Indian exchange and currency system has been that the system has broken down at a time when India enjoyed a large measure of prosperity as displayed by the foreign trade returns. The undertaking by the authorities to supply rupees without limit of amount at the rate of fifteen to the sovereign could not be maintained owing to the rise in the price of silver which made it impossible to supply fresh rupees (containing 165 grains of fine silver) at that ratio without loss. In consequence of this rise in the price of silver the standard ratio of rupees to the sovereign was given up, the sterling rate of exchange for the rupee was raised by stages to 2s. 4d., and the Secretary of State for India is now selling rupee bills at that rate which makes the present relationship of the rupee to the sovereign in working practice 11 to 1.

15. It is true that the main object which the authorities kept before themselves in working the system was to maintain the exchange value of the token rupee in meeting foreign payments. In the words of the Chamberlain Commission the “cardinal feature” of the system was “absolute security for the convertibility into sterling of so much of the internal currency as may at any moment be required for the settlement of India’s external obligations.” But whatever object the authorities had in view in working the system, this cannot alter the fundamental fact that the Indian currency was founded on the sovereign (a full value gold coin) as the money standard with rupees (token silver coins) definitely related to the sovereign at the rate of 15 to 1, and if it is impossible to maintain this ratio between the sovereign and rupees I consider that the system has failed in its most important part.

16. In support of this opinion it is necessary to recall the alterations made in the Indian currency arrangements in 1893. Up to that time India had a silver standard with mints open to the free coinage of silver. The mints were then closed and the silver standard was given up. The silver standard was replaced a few years later by the standard of the sovereign, sovereigns and half-sovereigns being made legal tender for 15 and 7½ rupees respectively, rupees being thus definitely connected with the sovereign at the ratio of 15 to 1 and also remaining full legal tender.

17. There has been a difference of opinion as to the effect of these alterations in the currency arrangements. According to information placed before the Committee they have sometimes been described as having placed India on a gold standard; while, on the other hand, some authorities prefer to describe the Indian standard of value as a gold exchange standard since the effectiveness of the arrangements largely depended in practice on the action of the Secretary of State and the Government of India in selling or exchanging rupees for gold or sterling and sterling for rupees. But whether the standard is called a gold standard or a gold

exchange standard, the alterations referred to could have no meaning except on the hypothesis that the money standard had been changed from a silver standard to the standard of the sovereign and that rupees were in effect made a fixed fraction of the sovereign. I cannot conceive that the mere title by which the standard is described, or any mere arrangements followed in working practice, can admit of any alteration of the ratio legally established between the rupee and the sovereign.

18. It seems to me to be impossible to exaggerate the importance of the legal standard for money payments. This standard should be, and usually is, regarded as less open to repeal or modification than perhaps any other legislative Act. It gives the people rights as to the kind of money they may demand in exchange for their labour or goods, rights which cannot be removed or modified without inflicting widespread injury and risking the gravest discontent. The Indian money standard was definitely changed from silver to gold so recently as 1893 for reasons affecting directly the Government of India and the Indian people, and proved to be of great benefit to India as a whole. But it is impossible to contemplate another permanent change in the rupee value of the sovereign for reasons which have not originated in India and at a time when neither the Government (apart from the part they play in the currency policy) nor the public have been inconvenienced by the standard legally established.

19. It is true that under the stress of war it has been a common expedient of Governments concerned to treat their money standards as of little account and to resort to inflation of currency as a means of conducting the finance of war. No such reason applies to the Indian case. The inflation of the Indian currency during the war was a genuine inflation as distinguished from the artificial inflation witnessed in most of the belligerent countries. It arose from the balance of indebtedness due to India. The breakdown of the system was not due to war expenditure by the Government of India. It was caused by the acceptance in London of payments due to India in the form of sterling, which could not be transmitted to India by the usual methods. The commitments to India of the belligerent nations, as to other countries, could not be met in the usual manner through exchange operations or specie remittances. They were, in fact, unable to pay in international money, and obviously the best course to follow was that in fact followed in settling similar commitments in the United States by the flotation of loans.

20. Unfortunately, India had not been prepared financially for absorbing her favourable trade balances in any other form than the precious metals. Although India is normally a creditor country with trade balances running highly favourable to her, other means of adjusting favourable balances than the precious metals have not been actively sought for. That is one of the disadvantages of currency arrangements conducted by the Government. Great Britain as a creditor country set an excellent example of cancelling her favourable balances by investments abroad. There has been no encouragement in India of that method of settling trade balances. There is far more British and other money invested in India than Indian money invested abroad. Still, there is little room for doubt that, during the war, British Government loans could have been successfully floated in India on a very large scale, on the same lines and terms as some of those publicly floated in the United States to meet the expenditure of the Imperial Government. It is also probable that something could have been done to encourage Indian investors to buy the Indian sterling loans held in London, if arrangements had been made for payment of the interest at the Government district treasuries in India.

21. The break in the standard ratio during the war was, however, less serious than the still greater break during the present year. The overwhelming demands for war requirements were at an end, and, although trade demands were urgent, it was imperative, in the interests of the great majority of the people of India, that their rights in the standard money of the country should have been protected from further modification. Trade and circumstances, especially in peace, must conform to the standard of money rather than that the money standard should accommodate itself to them. If it was impossible to meet trade demands without breaking the standard, that would be a reason for declining to meet them, but hardly a reason for meeting them and breaking the standard.

II.—*Watering the Note Issue.*

22. With regard to the note issue there has been a complete reversal of the procedure formally observed in the matter of the fiduciary issue the effect of which

on the note issue itself can only be described as extremely unfortunate. The former practice was to increase the fiduciary issue by investment of a portion of the metallic reserves, and this was done only when the proportion of the latter to the total of the notes in active circulation had shown, over a considerable period, a position sufficiently strong to warrant an extension of the invested reserves and a corresponding diminution of the metal reserves. During the war, however, the fiduciary issue was expanded to an enormous extent without regard for the considerations which formally decided extensions of that form of issue. It was no longer a case of investing a portion of the metallic reserves held in India against outstanding notes; notes were boldly issued against which no metallic reserves in India had ever existed. Also the proportion of the metallic reserves to the total of the outstanding notes was not allowed to have any weight. It was a case of simply watering the note issue in its worse form—issuing notes without any metallic backing. In other words, it was a forced loan from the Indian public free of interest. It was an extreme measure to apply to the Indian note issue even during the war and at a time when there were immense sums held in London belonging to the Indian currency. Indeed, it appears to have been adopted because of the difficulty of transferring the balances held in London to India. But even so, the warnings which had been given at the outbreak of the war, when there was a run on the paper currency offices for the encashment of notes, should have shown the necessity of maintaining the note issue in a strong position and the undesirability of weakening it by an over-issue of notes.

23. No exception can, of course, be taken to the security held against the notes thus issued which consisted of British Treasury bills, but the better course would have been to invite the public to take up the bills or some other form of British securities. The public might not have cared to accept the same rate of interest as the India Office obtained on the investments, but even if it had been necessary to pay a higher rate of interest, it would have been better to face this cost rather than imperil the safety of the note issue.

24. Not unnaturally there was much discussion as to the note issue becoming an inconvertible issue, and, indeed, an actual state of inconvertibility was only avoided by the narrowest of margins. To my mind inconvertibility would be a disaster of the first magnitude for the note issue and for India. It would destroy all confidence in Government's own paper money. Not only so but, seeing that British Government securities are so largely held against the note issue (the amount is Rs. 835,000,000 which at the present rate of exchange of 2s. 4d. is approximately 93,000,000l.), the credit of Great Britain is also involved.

25. I have mentioned that an actual state of inconvertibility was avoided only by the narrowest of margins. This was aided by the exceptional measures taken restricting the movement of coin by rail and steamer, which had the effect of confining exchangeability of notes into coin to the seven head currency offices. Even now in these offices conversion of notes into coin is directly or indirectly impeded.

26. Nothing can better show the effect on the public mind of the great expansion in the fiduciary issue and the methods adopted to avoid demands for encashment than the fact that currency notes were quoted at a heavy discount. A telegram from the Viceroy, dated the 8th November, 1919, stated that the highest rates of discount on currency notes reported during 1918 were 19 per cent. in the Central Provinces, 15 per cent. in Bengal, 13½ per cent. in Burmah, but His Excellency added that during 1919 the highest rate reported was 3 per cent. This telegram showed not only a very high rate of discount in 1918, but also that it was widely spread throughout the country, and, while it is satisfactory that the rate of discount has fallen to a low figure this year, the fact that such a considerable discount existed is one that must have a lasting influence on the minds of the public. The Governor of the Bank of England, in the course of his evidence before the Committee, remarked that a premium on gold was a very vicious thing. I think that, in the sense that a premium on gold is vicious, a discount on currency notes within India is equally vicious.

27. In view of the great disturbance to the credit of the paper currency arising from the great expansion of the fiduciary issue, I consider that the metal reserves should be strengthened as early as possible by the liquidation of the reserves invested in London, and also that, in order to re-establish confidence, a high percentage of cash reserves should be maintained for many years to come. About 80 per cent. would not be too high a figure to fix as a normal proportion of metallic reserves to the total of notes outstanding. It must be remembered that this metallic proportion on the 31st March of each year from 1910 to 1915 inclusive averaged 78·2 per cent.

28. A well-conducted note issue is not only an economical and therefore profitable form of money, but also has an important educative effect in a country like India with a backward and ignorant mass of people. Also, it should be remembered that the internal trade of India is much larger than the external trade. Mr. E. M. Cook, C.I.E., of the Finance Department, has expressed the opinion that the internal trade is certainly fifteen times larger than the external trade, and that possibly the proportion is even higher. The ultimate possibilities of extending the note issue are therefore very great, but the first essential is to ensure that there shall be no grounds for distrust of the issue, and particularly that nothing should be done to give cause for the notes to pass at a discount.

III.—*The Price of Silver.*

29. The Committee were also asked to consider the bearing of possible future variations in the price of silver on the currency system and practice. The reference of this question to the Committee shows the great importance attached by the authorities to the continued use of silver in settling India's trade balances, even although the use of silver cannot be continued for the present without breaking the standard ratio. It is, in fact, the crux of the whole situation.

30. Information placed before the Committee lays great stress on the effect of the Pittman Act in the United States in its reaction on the price of silver and on the Indian currency position, and it was the high price of silver which was the reason given for raising the rate of exchange during recent months which had the effect of altering the standard ratio between rupees and the sovereign.

31. It is almost impossible to exaggerate the effect on the silver market of the raising of the rate of exchange for the rupee and making the rate more or less closely dependent on the price of silver on the ground that that price made the rupee more valuable as bullion than as a coin if the rate was not altered. It excited and inflamed the silver markets with anticipations of continued buying on account of the Indian currency at rising prices, and there are not wanting signs that silver interests are prepared to take full advantage of the situation created by this measure.

32. I am unable to fall in with the idea that the rise in the price of silver afforded solid ground for this recent great alteration in India's money standard. On the contrary, I contend that the price of silver has been artificially forced to its high level by the exclusion of stocks of Indian silver from the world's markets by means of the continuance of the prohibition of exports of silver and the raising of the exchange rate. The position is that the American production of silver is shut out of the world's market automatically by the operation of the Pittman Act if the price of silver should fall below 1 dollar per fine ounce. The Act requires that until the silver taken from the dollar reserves is restored, the United States Treasury must buy at 1 dollar per fine ounce any silver of American origin tendered to it at that rate. This provision in the Pittman Act has been taken as establishing in effect 1 dollar per fine ounce as the minimum price of silver until the amount of silver withdrawn from the dollar balances has been restored, and since the silver dollars withdrawn under the Pittman Act for the Orient represent between twice and three times the normal American production, it is estimated that the process of restoration will extend over a period of several years. The future production of American silver being thus assured of a market at a stated price, owing principally to the demands for Indian coinage during the war, and the current of trade showing the probability of fresh demands for India, while China was a keen buyer, it was only to be expected that the price of silver would rise. At the moment of writing the price in London is about 78*d.* This price has been made possible only by the prohibition of exports of silver from India and by the raising of the rate of exchange, which has the effect of lowering the rupee value of all silver held there and making exports unprofitable. But for the prohibitory orders and the raising of the rate of exchange it would have been profitable for Indian holders to sell silver, and Indian sales would have prevented the great rise in price which has taken place. Under these circumstances the high world price of silver can only be regarded as wholly artificial, and consequently as a reason for such a drastic step as the alteration of the money standard ratio between rupees and the sovereign has no weight.

33. It is frequently said that India is a sink for the precious metals and never allows them to come out. Here was an opportunity of disproving such statements. Silver would have been freely exported but for the measures taken by Government to prevent exports.

34. The exclusion of India's silver from the world's market is not altogether a new thing. It was practically excluded by imposing a duty on silver imports and not refunding the full duty paid when the silver was re-exported, and granting no refund of duty whatsoever on melted silver ornaments coming from the districts even in time of famine. I add a note on this subject in the ancillary problems dealt with at the end of this report.

35. There is the objection that it was necessary to protect the silver currency against depletion by export by means of ordinances forbidding exports. This is an objection which would have very great force in a country like the United Kingdom where the subordinate silver currency forms a small percentage of the total amount of all kinds of currency in active circulation the loss of which by export would cause the greatest inconvenience. In India it has very little force because the total amount of silver currency is far in excess of the quantity in active circulation and held against the note issue. It is estimated that there are about 3,000,000,000 to 4,000,000,000 of rupees in India. Moreover, the amount that India could sell for export could not have reached very important dimensions because foreign buying power is limited, while Indian silver would not be accepted by the United States Treasury to replace the dollar balances since the replacement has to be made from silver of American origin.

36. A more serious objection to permitting silver exports was the extreme vulnerability of the paper currency reserves of coin, because of the extent to which the note issue had been watered by ordinances sanctioning the issue of notes in India against British Treasury Bills held in London. But here again the position was most artificial. The expansion of the note issue on the security of British Treasury Bills was, in effect, a forced loan from the Indian people, a method of meeting the difficulties of the time which I venture to suggest should not have been resorted to. The proper course was to suggest to the British Treasury the desirability of floating public loans in India on the lines of those raised by the British Government in the United States if the payments to India in London could not be completed by transmission to India in the usual manner.

37. A real practical difficulty in the way of removing the embargo on silver exports, as contrasted with the difficulty artificially created by the watering of the paper currency, was that silver exports would have increased the amount of the balance due to India, which the authorities were already unable to transmit to India, and would also have involved a change in the method of adjusting the balances. Obviously, with silver exports, it would have been absurd to continue to settle the trade balances by means of the sale of rupee bills in London. The settlement would have had to be made in gold or by some form of deferred payments. The latter form of adjustment would not have been easy in the absence of preparation of the Indian market to take outside securities. And there would, no doubt, have been the usual objections to India being paid in gold. Still, I venture to think that even if gold had been required India could reasonably have expected consideration in the special circumstances of the case, especially after the war was over, and the embargo on gold exports had been removed in the principal money centres. The point at issue was a vital one for India, namely, whether India should be compelled to give up a vital part of her established money standard because the price of silver had made her token silver currency more valuable as metal than as coin. India had the power, and it would have been profitable for her and to her interest to prevent the rise in the price of silver by sales of the metal. The mere fact of Indian sales would have broken the strength of the silver market. In such circumstances it would not have been unreasonable for India to ask that her trade balances should be paid in gold so that she should be able to export silver for the preservation of her money standard.

38. Since the above was written it has been reported that the United States Government have followed the method here suggested by offering to sell silver currency when the price of silver went above the melting value of their silver coinage. It seems to me that what is being done in America could have been done in India.

39. But even if exports of silver were not allowed for the purpose of preventing the price of silver from rising, there was still no occasion to adopt the extreme measure of raising the rate of exchange, and so breaking the standard ratio. India did not require additional supplies of rupees. She could carry on for many years without any new silver coinage. The only alteration required would have been to

stop the coinage of rupees, and that would have occurred automatically by reason of the loss coinage would involve. But if the coinage of silver ceased because it was unprofitable, the trade balances if they continued to be favourable would have to be settled by other means than importing silver. It appears to me that the authorities were not willing to permit of a settlement by other means. They had come to regard the practice of selling rupee bills in London without limit of amount as an all essential part of their duties in the administration of the currency which could not be given up. Yet the position proved that there was in fact a limit to the issue of rupees if the standard ratio was to be maintained since rupees could no longer be coined without loss at that ratio. Rather than give up the sale of rupee bills the authorities raised the rate of exchange, so breaking the ratio, and continued to offer rupee bills for sale.

40. Still another method of avoiding the raising of the rate of exchange because of the high price of silver would have been to impose a duty on all exports at a rate sufficiently high to provide the means of meeting the additional cost of silver over the price at which silver could be bought and coined without loss at the fixed ratio. Such a duty would have the effect of moderating the foreign demand for Indian produce, and thereby moderating the balance of trade due to India; while, on the other hand, if India is compelled to accept payment in silver, the duty would enable India to avoid paying more for it than the price at which it could be bought and coined without loss.

41. The authorities considered that there were only two alternatives open to them, either to raise the rate of exchange or to debase the silver coinage. I have endeavoured to show that there were other courses open to them without raising the exchange or debasing the rupee coins. But even if it were the case that they had only these two alternatives it is by no means certain that they took the better of the two. My own belief is that the people of India would prefer debased silver coins to an alteration of the ratio which the raising of the exchange involves. It would not be practicable or advisable to call in all the rupees in the hands of the public to be re-coined, but any new coinage that became necessary could be issued in the form of a special silver coin, such as, for example, a two-rupee coin containing a reduced quantity of silver.

42. In connection with the question of debased coins I may say here, by way of parenthesis, that although the Government of India have taken power to issue a nickel half-rupee or eight-anna coin I trust that they will hesitate before putting it into circulation, and also that the suggestion which has been made that the eight-anna nickel piece should be made legal tender for a larger amount than one rupee will not be agreed to. The appearance in the currency system of one-rupee paper notes and of two-anna nickel coins has sufficiently alarmed the Indian people and led to the hoarding of rupees. It is unsafe to carry the debasement of the coinage any further by the use of nickel coins. I am of opinion that the eight-anna nickel piece should not be put into circulation at all, and I suggest that instead of it an eight-anna silver piece of reduced fineness should be coined and made unlimited legal tender, the existing eight-anna coins being withdrawn from circulation for re-coinage at the reduced fineness. The practice of issuing subordinate coins of reduced fineness has been followed in the coinage of France and of the United States, and it seems to me much preferable to the use of nickel for such a high valued coin as the eight-anna piece in India.

43. The authorities in raising the rate of exchange were, no doubt, influenced by the difficulties there would have been in settling the balance of trade by other means than silver, and especially gold. But I venture to question whether they had the right, by executive action, to disturb the legally-established money system. The people of India are accustomed to complaints from financial quarters about India's absorption of gold, but they were fairly entitled to expect that their rights in the money standard would have been protected so far as the Government authorities were concerned.

44. Also, it is difficult to see where the advantage lies in making the rate of exchange follow the price of silver. If silver has to be bought at present prices and coined into rupees at the present rate of exchange there is no economy of any consequence in using silver instead of gold. One of the advantages claimed in former years for issuing rupees instead of sovereigns was that it was economical. The rise in the price of silver took away that advantage.

45. I deal later with some of the objections raised to Indian demands for gold, but here I may point out that there is some misapprehension on the subject. The foreign trade of India is normally conducted with 77 other countries. From the following statement which I had supplied to the Indian press it will be seen that in the year 1913-14 (which was the last normal year before the war) the trade with each country resulted in a balance against India in the case of only five principal countries, the total adverse balance being 47,807,900*l.*, of which the principal one, the United Kingdom, had a balance due by India of 40,098,800*l.* All the other countries trading with India had to pay over 88,462,300*l.* to India. When, therefore, India takes gold it is because gold as the international form of money is due to her in payment of commodities supplied to those other countries.

Countries.	Exports of Merchandise from India.	Imports of Merchandise into India.	Balance of Trade against India.	Balance of Trade in favour of India.
	£	£	£	£
United Kingdom	88,234,800	78,833,100	40,098,800	...
Java, Borneo, and Sumatra	1,415,500	7,773,900	6,358,400	...
Mauritius and Dependencies	887,700	1,886,100	817,400	...
Norway and Sweden . . . . .	...	497,400	497,400	...
Persia	438,800	474,700	85,900	...
Japan	15,124,400	3,187,700	...	11,936,700
United States of America	14,518,100	3,186,100	...	11,332,000
France	11,711,500	1,794,900	...	9,916,600
Germany	16,887,800	8,452,000	...	8,435,800
Ceylon	5,866,800	548,100	...	5,318,700
Belgium	8,008,400	2,889,000	...	5,119,400
Hong Kong	5,102,300	654,900	...	4,447,400
Italy	5,219,000	1,478,100	...	3,740,900
Austria-Hungary	6,408,800	2,844,800	...	3,564,000
South America	3,181,800	800	...	3,181,000
Egypt	3,202,700	199,700	...	3,003,000
Australasia and Oceania	3,321,500	631,800	...	2,689,700
China Treaty Ports	3,799,200	1,186,700	...	2,612,500
Straits Settlements	4,807,500	2,293,200	...	2,514,300
Russia	1,686,200	37,700	...	1,648,500
Spain	1,479,200	...	...	1,479,200
Turkey in Asia	1,782,900	379,200	...	1,403,700
Holland	2,359,700	1,033,400	...	1,326,300
Canada	952,000	...	...	952,000
West Indies	561,900	...	...	561,900
Natal	535,100	...	...	535,100
Aden Dependencies	816,200	286,700	...	529,500
Indo-China	502,400	...	...	502,400
East African Ports	542,000	66,600	...	475,400
Siam	621,900	185,800	...	436,100
Arabia	796,400	383,100	...	413,300
British East Africa	506,000	268,900	...	237,100
Cape Colony	243,700	...	...	243,700
Portuguese East Africa	331,100	100,500	...	230,600
Turkey in Europe	70,800	...	...	70,800
Other Countries	1,421,400	1,408,900	...	17,500
TOTAL	162,821,500	122,167,100	47,807,900	88,462,300

IV.—The Requirements of Trade.

46. The Committee were further asked to make recommendations as to the policy that should be pursued with a view to meeting the requirements of trade and to maintaining a satisfactory monetary circulation. It is a very easy to exaggerate the importance of meeting the requirements of trade. Trade elsewhere is accustomed to finding its requirements met without the active intervention of Governments by means of sales of Government bills. The usual and correct attitude of Governments is to provide machinery of coinage and to leave it to its own automatic action, except for the provision of subsidiary coins. There seems to be no good reason for trade with India to be conducted on different lines from those followed by other advanced countries. The requirements of trade in this connection consist of finding the means of exchanging foreign money for Indian goods to satisfy the needs of the moment. Trade as such is not concerned with currency policy or with the economic effect produced by the method of carrying out its exchanges. Its concern is purely personal and temporary to see each transaction completed. The concern of the Government, on the other hand, should be to protect and safeguard the interests of the people as a whole in the maintenance of the legally-settled standard, and I consider that Government would be performing its duty better by paying more attention to this aspect the question than by showing anxiety for trade requirements. It is no doubt

a convenience for banks and some of the public to be able to get Government rupee bills for making remittances to India, and, when required, also from India. But it is not a convenience that trade has any right to look for. So far as the Secretary of State has to sell bills to meet Government's own requirements, the practice of offering the bills for sale is unobjectionable. But that is not the case when bills are sold in excess of Government's own needs and without limit of amount on the ground that such sales meet trade requirements. The real reason for this latter practice is not so much to meet the convenience of trade as to retain the power of diverting payments of India's foreign balances from gold to silver.

V.—*The Gold Exchange Standard.*

47. The Committee were further asked to make recommendations as to the policy which should be pursued with a view to ensuring a stable gold exchange standard.

48. Before examining the working of the gold exchange standard I think it desirable to refer to some of the objections raised to the Indian money system.

49. The Governor of the Bank of England in the very important evidence he gave before the Committee, while he disclaimed any knowledge of Indian conditions, commented freely on the money methods practised in India. This criticism, coming from the highest currency authority in England, calls for careful consideration. A few of what appear to me to be his principal objections may be stated.

50. He took exception to the medium of exchange (gold) being used as a vehicle for hoarding instead of being left to play its part in the regulation of the exchanges. It was a wasteful employment of gold and detrimental to the interests of the individuals who practised it and to those of India as a whole. He thought it would be much more to the interests of India as a whole that her favourable trade balances should be invested in some productive form abroad, as Great Britain used to settle her favourable balances by investing them in foreign interest-bearing securities. He also thought the Imperial Government would have some grounds for imposing restrictions upon the unlimited demand of India for gold in satisfaction of the balance of trade, and also because India had managed with reduced supplies of gold during the war he thought she ought to be able to continue to do so. For internal circulation notes, he said, were as good as gold, as the experience during the war had proved in England, and all the gold that was required was the amount likely to be withdrawn for export by presenting notes.

51. From these opinions it is clear that the Governor of the Bank thinks that India should economise the use of gold on the same lines as those followed in England. This is not the place to discuss the merits and demerits of the English system, but since it is put forward as an example for India to follow it seems necessary to say that, so far as the economy of gold in the internal circulation is concerned, the greatest agency in securing it has been the deposit-cheque system which originated with the bankers and their customers, apart from, and it is sometimes said in spite of, the Government or legal system of currency. Also, the methods by which the internal economy of gold for circulation purposes was attained in England developed simultaneously with the growth of the method of cancelling or avoiding gold imports in settlement of favourable foreign exchanges by means of foreign investments.

52. With regard to the suitability of this system for India it seems necessary also to draw attention to the psychological difference between the people of India and the people of England. The people of India are a subject people with a history of many centuries behind them of insecurity of private property. They have been driven by the force of circumstances in the past to secrete as far as possible such property as they valued. The British people, on the other hand, have a long, proud record of insular security. They are an independent race, and their enterprise has carried them all over the world, where they have formed connections and found favourable investments to the great advantage of individuals and of their mother-country. If, therefore, the British people have themselves, independently of their Government, been successful in developing currency measures which have economised gold so satisfactorily to themselves, this must very largely be attributed to their national characteristics and their historical sense of security. It cannot necessarily follow that the same gold-economising measures are suitable to India, where the people have different traditions.

53. So far as the objectionable hoarding of gold is concerned there is not only the old tradition of insecurity of property inducing them to hoard, but there is the comparatively new form of internal token currency, not exchangeable into gold,

which makes a very strong additional inducement to those who can afford it to hoard gold for security, as explained in a later paragraph.

54. In the matter of internal currency, India has nevertheless made considerable progress in the direction of following English currency methods, particularly in the form of notes and cheques, although she is a long way from economising to the same extent as in England in the metallic backing to cheques.

55. But while India still requires, and must require for a long time to come, a very solid metallic backing for her credit currency, that is not to say that she requires constant additions to her metallic currency merely because her trade balances are favourable. When the Governor of the Bank of England suggested that India should follow the English practice of settling favourable foreign balances by investments abroad he touched the weakest spot in the administration of the Indian currency system, and pointed the way to the real remedy to avoid excessive demands for the precious metals and particularly gold. The policy has been to sell rupee bills on India in London without limit of amount, which meant to any extent that might be necessary to settle the trade balances, and while the policy did not exclude Indian investments abroad, it left the matter to individual initiative, and did nothing to favour or encourage such investments. Yet, if the objections raised to the absorption of the precious metals in adjustment of trade balances are to be satisfactorily met it can only be by means of investments abroad by India, or, which is very much the same thing, by other countries borrowing in India.

56. The war afforded a favourable opportunity for getting India into the way of absorbing favourable trade balances by lending to Great Britain, an opportunity of which advantage was not taken. It may be said that India had some difficulty in raising the loan of 100 millions which she voluntarily contributed to the cost of the war. There was not the same inducement in that case that there would have been in the case of a loan offered by the British Government, and the rate of interest offered was not so good as the interest paid in some cases for similar public loans raised elsewhere by the Imperial Government. India is full of money, and notwithstanding the general idea that it is not available for investment, in my opinion it is a question of terms and security.

57. Since the wide break in the standard ratio between rupees and the sovereign with its attendant unsettlement and feeling of insecurity there is now less chance of India seeking investments abroad than ever. There are in addition to the instability and insecurity of the money standard, questions connected with foreign investments which must scare Indian capital, such questions, for example, as foreign taxation, capital levies, and inflated values due to artificially-inflated currencies. But the same results, so far as the settlement of exchanges are concerned, could be obtained by the raising of foreign and particularly British loans in India.

58. Under the present system it can no doubt be claimed that India does in fact lend abroad through the investments held against the paper currency issue. But in so far as such investments represent either a forced loan from the people of India free of interest, or a tax on the money of the Indian people as explained later, they are not free of objections. I hardly think the Governor of the Bank had such loans in view when he made his suggestion as to India investing abroad.

59. Coming now to the working of the gold exchange standard it seems necessary to mention the fact that the Indian money standard has been the subject of constant public controversy for many years. I have already referred to the difference of opinion as to whether it was a gold standard or a gold exchange standard. But the mere fact that there is any opening for this controversy is, by itself, a most undesirable and unsettling feature in money affairs. The standard should be so fixed and defined as to leave no possibility of dispute or question as to what it really is. As already stated, I take the view that the legally-established money standard is the sovereign with rupees definitely related to the sovereign at the rate of 15 to 1.

60. In contradistinction to this legally-established standard the gold exchange standard has no legal validity. It has not been clearly and explicitly defined. The authorities who conduct it exercise the widest discretion in its regulation, but hitherto have been careful to respect the legally-constituted ratio between rupees and the sovereign. Its usual working characteristics are well known. In one direction the object aimed at is to provide absolute security for the convertibility into sterling of so much of the internal currency as may be required

for the settlement of India's external obligations. In the opposite direction it undertakes to sell rupee bills on India without limit of amount. In aiming at the maintenance of the sterling exchange it resembles the English system which, before the war, made a point of seeing that the exchanges remained within the gold points. In undertaking to sell rupee bills on India without limit the gold exchange standard system is unlike the English model, which, by means of the Bank rate, restricted expansion in the volume of internal credit currency and made it dependent upon the extent of the gold reserves.

61. The undertaking to provide rupees, which are token coins, without limit of amount, may in one sense be considered as authorised by the circumstance that rupees equally with sovereigns and half-sovereigns are full legal tender. Under the old silver standard rupees were, of course, legal tender, and when the standard was altered it was necessary to continue them as legal tender because of the great quantity which was then in circulation. But whether, from the point of view of the statutory standard of the sovereign, the tremendous volume of rupees which has been added to the token currency can be justified is another matter. In reality the endless issue of token coins, much in excess of what is needed for internal exchange purposes, amounts to a form of taxation on the money of the public. It is this circumstance that is to a very large extent responsible for the extraordinary demands for gold and sovereigns in India. It virtually compels the Indian people to seek full value for the token money with which they have been over-supplied for ordinary currency purposes, and is thus largely responsible for the hoarding of gold of which so much is heard. India's hidden stores of gold can never be expected to be used profitably for the benefit of the holders or of the State so long as no reasonable assurance is provided that, when used, they will remain a gold asset, and that assurance is not provided by a currency in circulation entirely composed of or based upon token coins.

62. When I say that the issue of rupees largely in excess of what is needed for ordinary internal exchanges constitutes a form of taxation on the money of the public, it is necessary to add that the difference between the cost of gold coins and silver coins which is the amount of the tax, does not go into the Indian Treasury balances, but goes to form gold or invested reserves in London which are intended to meet remittances from India at a fixed rate which cannot be made so advantageously through other channels. But even if the profits on coinage went to swell the revenues of the Government they would be no less open to the very serious objection that they really formed a tax on the money of the public.

63. In present circumstances, however, this form of taxation has practically ceased, since the coinage of rupees at the moment is not profitable. But as a counter balance to the virtual disappearance of this tax, the latest development of the gold exchange standard system has, by raising the rate of exchange and breaking away from the statutory standard ratio, depreciated the commercial value in rupees of the whole of the rupee currency which has already been taxed.

64. This latest development gives ground for the gravest anxiety, not only on account of the depreciation in value of the immense volume of the rupee currency, but also because it means a revolution in the financial and economic life of India.

65. It alters as it were by a stroke of the pen, the existing relations between creditors and debtors. It cuts down the value in rupees of all existing holdings of the precious metals in India relatively to their value in the markets of the world, including the gold portion of the reserves held against the note issue, and similarly, it cuts down the value in rupees of all existing and future stocks of Indian produce, and through this effect on the value of produce it is bound to prejudicially affect scores of millions of Indians engaged in agriculture, whose struggle for existence is already most severe. It is not too much to say that it will threaten the very existence of millions of such people. It will further handicap Indian industries in competition with similar industries abroad, and will severely check the prosperity of India. No doubt there will be some compensation. The finance of the Government will be relieved so long as the rate of exchange remains high, since the Home remittances will cost considerably less in rupees, and it will be an advantage to those who buy imported goods or have payments to make outside of India.

66. It has been urged that one beneficial consequence will be the lowering of the high price level in India. This may be granted, since the value in rupees of Indian produce, the price of which is ruled by outside markets, must fall. But it is nevertheless a questionable method of reducing prices. There has been no artificial inflation of the currency. Inflation of the currency has been a genuine inflation in

India caused by a surplus of sales over purchases abroad. Even the forced loan in the paper currency issue is represented by debts due by the British Government. By the change in the standard ratio prices will be brought down, since prices are reckoned in rupees; but there is not the same good reason for changing the standard money to reduce prices that there is for deflating an artificially inflated currency to obtain the same result. In my opinion the inflation of currency in India is the consequence rather than the cause of high prices. The currency has been inflated because the balance of trade was favourable and because additions to the currency were the normal way of settling trade balances. The balance of trade was increased by the increased prices paid for commodities for export. In this way the additions to the currency were a consequence of high prices. On the other hand the inflation of currency cannot in its turn be held to have raised prices, since all accounts go to show that currency of all kinds has been hoarded on a very large scale, and hoarded money does not act on prices. The change in the standard ratio will bring down rupee prices, but it will leave undisturbed the real cause of the high prices in India which was that world prices were high and world prices were high mainly because the currencies of many countries were artificially inflated. It is simply a case of altering the nature of the money in which prices are reckoned, and, when advanced in excuse for the change of ratio, can only be regarded as an argument to deceive the people.

67. The effect of the change outside of India cannot be so clearly estimated. But the probabilities are that with the higher sterling cost of the rupee the demand for Indian produce will fall off, while remittances from India being cheaper in rupees imports will be stimulated. If these probabilities should materialise India's trade balances will become less favourable to her than they have been, or it may be the trade balances will turn against her. In either event the London market, where India's international trade is mostly financed and finally adjusted, will be relieved of the necessity of settling India's trade balances by means of specie remittances to the same extent as formerly, if indeed specie remittances to India will be necessary at all, while in addition to that advantage the stimulation of imports by the reduced rupee cost of sterling exchange will increase the demand for English textile manufactures.

68. These revolutionary changes in the Indian money system should not have been possible and much less necessary at a time when immense sums were due to India in exchange for her commodities. They are to be explained by the particular bent of the policy followed—a policy of making India accept payment in India of the balances due to her as far as possible in the form of rupees. A policy less rigidly bent in that direction would have been susceptible to the need for meeting the very special circumstances of the time by other methods, such, for example, as that suggested by the Governor of the Bank of England when he pointed out the desirability of investments abroad in settlement of India's foreign claims. It is a policy which has persistently ignored the essential safeguards of a gold standard, and particularly the safeguard of limiting the issue of token coins. It has by mere executive action changed the legally-established gold standard into a gold exchange standard, making the maintenance of exchange the object to be attained in place of the provision of gold money with a limitation of token money. And while the maintenance of exchange was the main object, the policy has broken away from the normal rate of exchange on the ground that the rise in the price of silver renders that course necessary, although, as I have endeavoured to show, there was no real necessity for doing so. The fact that the maintenance of exchange was so readily abandoned and the sale of rupee bills continued, combined with the persistent flooding of India with silver token money, gives ground for the theory that fixity of exchange was only the ostensible object of the policy and that the real object was to compel India to take silver in place of gold money. Further, it is a policy which is settled and managed in London, and which necessarily operates in the markets of London and India. That the interests of the London market have not been without influence in shaping the policy may be gathered from the enormous sums of money or investments belonging to the Indian currency which have been accumulated there. The profits on silver coinage were steadily collected into the gold standard reserves in London, and now that the coinage of silver has ceased to be profitable, a new departure has been made in the issue of currency notes in India on the security of investments in London, which has had the effect of rapidly accumulating an enormously increased store of Indian currency money in London. These are changes which will be viewed in India with the gravest concern and mistrust.

69. India is fairly entitled to a system of sound money. The gold exchange standard has failed to provide such a system, and I am unable to make any recommendations for its continuance, which would secure the stability it has lost. I consider that the authorities had no right to take the action of raising the rate of exchange and, in my opinion, it is their duty to proceed to undo what they have done.

VI.—Policy.

70. On the subject of policy I desire to associate myself generally with the views expressed in the following extract from the able memorandum submitted to the Committee by Sir Stanley Reed, Kt., K.B.E., LL.D., of Bombay:—

“ . . . I am strongly of opinion that the control now exercised by the Secretary of State over the Indian exchanges should be abolished at once. Official control over the exchanges is always a bad thing, and whilst possibly justified under the immense strain of the war, should not be retained a moment longer than is absolutely necessary. It has already been abolished in every other country in the world, and it should be abolished in the case of India with the minimum of delay. Whilst this is true as a financial proposition, it is specially true of a country in the political condition of India. The Government of India, and to no less a degree the Secretary of State, is suspect in the eyes of a large section of the Indian community. All its actions are jealously regarded, often misunderstood, no less frequently misrepresented. The Secretary of State operates 6,000 miles from the great Indian financial centres. He is surrounded by, and naturally amenable to, interests which are not Indian in their ideas and aims. He acts in secret, and it is frequently impossible to obtain any information in India of the groundwork of measures which, however wise and expedient in themselves are not understood and are liable to perversion in India itself. The political disadvantages of such complete powers being exercised in secret so far from the people who are vitally affected by them, cannot easily be exaggerated. The only remedy is for the Secretary of State to divest himself as completely as possible from the management of the Indian currency and exchanges and to allow these to be governed by normal conditions. It is essential, therefore, that the fixing of the exchanges by the Secretary of State and the distribution of Council bills amongst a limited circle of ‘approved’ buyers should not be restored. Council bills should be sold by open tender to whomsoever may apply, the only limitation being the smallest amount to be tendered, which might be retained at the figure of 10,000 rupees. Whatever inconveniences may attach to this procedure will be outweighed by the practical advantage of freeing the Secretary of State from the suspicion which, however unwarranted, is widely entertained, of subordinating the interests of India to those of financial institutions in the City of London, and of giving banks with their headquarters in London a preference over banks with their headquarters in India.

“ The first of these essential steps is to remove all restrictions on the free movement of gold and silver bullion to and from India, and to establish free and unfettered trade in both precious metals. It is the inalienable right of every creditor country to determine for itself the form in which its debts shall be paid. India is a creditor country and will remain a creditor country for as far ahead as we can see. India is a bullion-using country, and the present exchange and currency difficulties have largely arisen from the arrest of the normal flow of gold to India and the substitution of credits abroad by Government for the liquidation of the large balance of trade. Deprived of the normal supply of gold bullion, India has turned to the only precious metal available, and has absorbed coined rupees in prodigious quantities. There can be no financial health in India until this traditional demand for bullion is satisfied. The Currency Commission of 1913, presided over by Mr. Austen Chamberlain, laid down that ‘the extent to which India should use gold must, in our opinion, be decided solely in accordance with India’s own needs and wishes, and it appears to us to be just as unjust as to force gold coins into circulation in India on the ground that such action will benefit the gold-using countries of the rest of the world, as it would be to attempt to refuse to India facilities for obtaining gold in order to prevent what adherents of the opposite school have called the drain of gold to India.’ The demand for freedom of trade for India in the precious metals comes from every important financial and commercial authority in the land, and it must be boldly and unequivocally recognised.

"It is objected that India is a bottomless sink for the absorption of the precious metals, and that gold once passed into general consumption in India is permanently lost to the rest of the world. This attempt to fasten upon India an exceptional and invidious responsibility for the consumption of gold cannot be too vigorously combated. India is still an illiterate country, whose credit and banking facilities are miserably unorganised and where the practice of holding small savings in gold and silver ornaments is centuries old. Yet its normal demand for the industrial arts, and for the satisfaction of the social customs of three hundred and fifteen millions of people, was met before the war by about ten millions of gold annually. The United States of America was reported recently to be absorbing a million sterling gold per month for industrial purposes. Yet no one says that the United States is a bottomless sink in the matter of her gold absorption. It is stated that in England one of the most flourishing trades during the war was that in cheap jewellery, in which form the working classes invested a substantial proportion of their increased earnings. Every country in the world uses gold and silver for industrial and domestic purposes, and it induces a sense of angry injustice to find that the Indian demand for the precious metals, for precisely the same purposes, is perverted into senseless hoarding, especially when the history and conditions would justify a far larger gold absorption than the Western nations with their general literacy and highly organised credit systems can claim.

"The success of these and any other measures which may be adopted will largely depend on the publicity with which they are carried into effect.

"Attention has already been drawn to the particularly difficult task which the Government of India has to discharge owing to the political status of India. That political status inevitably exposes all the acts of the Government of India to distrust, misrepresentation, and prejudice. Whilst this is true of the Government of India, which is in close contact with Indian opinion, whose members are well known in all commercial and financial centres, and where successive Finance Ministers have made it a practice for a number of years to keep in personal touch with financial and commercial opinion, it is doubly true of the Secretary of State, that final authority in all financial matters affecting India who operates six thousand miles away, remote from Indian thought, feeling, and influence, but in living contact with the London market. Experience has taught us that the only remedy for misunderstanding in India is publicity; the antidote to misunderstanding and distrust is the truth. A mountain of misunderstanding of the most regrettable character, involving political dangers of great magnitude, has been reared by the secrecy with which the Secretary of State controls Indian financial policy; this mountain can be levelled only by the truth, spread with the widest publicity. It follows, then, that all financial operations carried on by the Secretary of State should be conducted in public, and that the path of wisdom lies in the Secretary of State divesting himself so far as possible from the management of the Indian currency and exchanges, and substituting for this management automatic operations carried out in the gaze of the public.

"An important step in this direction will have been taken if a free, open, and automatic exchange is established, Council bills being sold to the highest tenderers. But it will be necessary to supplement this measure by others in the same direction. All purchases of silver for the Government of India should be by open tender to be delivered in Bombay. Quite apart from the fact that this will attract to the great bullion market of Bombay silver from all parts of the world, it is the only means whereby the cloud of suspicion which overhangs the purchases of silver for the Government of India can be dispersed. The returns relating to all operations—currency and exchange—undertaken by or for the Government of India, should be couched in the fullest possible form and published at frequent and regular intervals. The financial position of India is such that she has nothing to fear from publicity; publicity is the great instrument through which to strengthen her credit abroad, and the position of the Government of India at home. *Magna est veritas, et praevalabit*—but truth cannot prevail if it is interned in the archives of the India Office."

ANCILLARY PROBLEMS.

Duty on Imported Silver.

71. In my opinion the duty charged on silver imported into India is closely connected with the currency policy, and is calculated to deter the economic advancement

of the people of India. This is a question which is not of importance so long as the embargo on private imports of silver is maintained, and no duty is consequently being levied. But when the embargo is raised I suggest that the duty should be given up because it is, in effect, a levy on the petty savings of multitudes of the people. The practice which custom impels the Indian masses to place such small cash reserves as they can scrape together in unfruitful investments in silver ornaments is, of course, a matter for regret, but it is simply a continuance of long established custom on the part of poor and ignorant classes whose individual accumulations are very small, and, as a form of savings, not a fit subject for taxation.

72. It has to be remembered that the Indian masses were for long accustomed to see the values of silver, and of rupees on an equality. They could at any time convert their silver ornaments into rupees with little loss. With the closing of the Mints to the free coinage of silver this traditional equality of silver with rupees was broken. Rupees became of more value than silver. That change by itself was startling enough to the poorer and uneducated classes, but while it had the effect of depreciating the value in rupees of their holdings of silver, it gave them the opportunity of putting future savings into the customary form of silver at an advantageous rate relatively to rupees. To this great change in the position of silver relatively to rupees there came to be added another innovation in the form of an import duty on silver, which meant that everyone who followed the usual custom of purchasing silver was called upon to pay a contribution to the State. The amount of the duty is a minor consideration. It is the fact of the duty being levied which is objectionable, for if the principle of a duty is admitted there is always the risk of the duty being expanded, and that has already happened.

73. The great alteration caused in the rupee valuation of silver by the change in the monetary standard from silver to gold, followed by the duty on silver imports, cut right into the established traditions and habits of the masses in the matter of their savings; but while there was good reason for the change in the standard, there seems to me to be no sufficient reason for the silver duty. It is not calculated to inspire the masses with a sense of fairness on the part of Government towards their monetary habits, and on that account, is, I consider, likely to retard their economic advancement on sounder lines.

74. The duty on silver as carried out in practice is objectionable in other ways. When imported silver is re-exported the duty paid on importation cannot be recovered in full, thus placing an unfair burden on the Indian purchaser. In consequence of this inability to recover the duty in full on re-exports, the Indian silver market is placed at a disadvantage in competition with silver markets elsewhere, leading frequently to silver being retained in India when it might be re-exported. This disadvantage to the market reacts on holders of silver when they have occasion to dispose of their holdings, because, although they have paid the duty at the time of purchase, they may find when they come to sell that purchasers will deduct the duty from the market price on the ground that the silver may have to be sold abroad in competition with other silver markets.

India's Banking Problem.

75. India has an area of 1,802,657 square miles, and it contains 2,253 towns with 29,748,228 inhabitants and 720,342 villages with a population of 285,406,168. On the 31st December, 1917, the total number of banking offices in India was only 402, and many of them overlapped in the larger towns. In fact, on that date there were in the whole of India only 165 towns which had bank offices. The United Kingdom, with a population of 48,000,000, had 9,138 banking offices. Canada, with a population of 8,460,000 has about 4,000 branches of banks. Further, there are 294,875,000 illiterate people in India, and out of the 18,539,578 literates there are only 1,670,387 literates in English.

76. The vast and scattered population of India has thus modern banking facilities at 165 stations only, and consequently the financial power of India is insufficiently mobilised. Money lies dormant in endless small hoards.

77. It will be seen that there is a vast virgin field for the development and expansion of banking and for the collection into bank reserves of the innumerable stores of money lying idle throughout the country which could be utilised for the benefit of the holders and for the good of trade and of the State. At the same time

expansion must necessarily be slow. The Indian public cannot be hurried or hustled in such matters.

78. It is sometimes said that a greater development of banking would cure the currency troubles. That seems to me to be putting the cart before the horse. The first essential to a great extension of modern banking is a currency system which inspires the public with absolute confidence. A credit system cannot overcome the difficulties arising from a system of money which is liable to violent changes in the valuation of the different forms of money of which it is composed, such as the present alteration in the ratio of rupees to the sovereign. No credit system could cure the fault in the money on which it rests. On the contrary, unsound money would imperil the credit system. Hence, in my opinion, the need for making the money system in India a specially strong and sound one if the money resources of India are ever to be mobilised in a great banking system.

79. In conclusion, I desire to add my tribute to the great ability and courtesy with which the Secretaries, Messrs. Kisch and Denning, have discharged their duties.

DADIBA MERWANJEE DALAI