EVILS OF FALLING PRICES.

SPEECH

OF

HON. WM. M. STEWART,

OF NEVADA,

IN THE

SENATE OF THE UNITED STATES,

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SPEECH

OF

HON. WILLIAM M. STEWART.

The Senate having under consideration the bill (H. R. 7845) defining "options" and "futures," imposing special taxes on dealers therein, and requiring such dealers and persons engaged in selling certain products to obtain licenses, and for other purposes—

Mr. STEWART said:

Mr. PRESIDENT: This bill is instructive. It is evidence that there is a great deal of unrest in the country from some cause. It is not the first bill that has been urged here as a panacea for the evils under which the country suffers. We had the interstate-commerce bill, which it was alleged would cure all the evils, cheapen transportation, raise the price of property and farm products, and relieve the distress. It became a law. It made some good offices for very intelligent gentlemen, but we are not aware of its great beneficial results. In the last Congress we were told that the evil which afflicted the country was trusts, and we labored during many hours and days in that Congress to pass a bill limiting trusts. The bill was passed. We have not heard from it since. Whether it has done any good or not nobody has ascertained. So we go on session after session passing bills of this nature.

Mr. SHERMAN. Will my friend allow me to interrupt him?

Mr. STEWART. Certainly.

Mr. SHERMAN. The bill to which the Senator from Nevada refers, called the trust bill, has been embodied almost in whole or in large part by many of the States of the Union. It is enforced now by the courts of at least four, and I think several other States, and in two or three cases with marked results, as in the case of the Standard Oil Company.

Mr. STEWART. I am not aware that it has removed the difficulty or relieved the people from the growing evils which have rested upon them. On the contrary, here is another evidence of great dissatisfaction among the people. Here is an elaborate bill proposing to enter largely into the transactions of business, creating a large number of offices and much expense, and a measure which will be very difficult of execution, requiring many oaths and accounts, and all that; and those who are honestly engaged in business will have much inconvenience connected with it. I agree that if any great good can be accomplished we ought to pass it, but I fear that it will be numbered with the others, and that dissatisfaction will continue. I do not think it aims at the real difficulty, at the real disease. I do not think it can remedy that disease. I do not think it is the medicine required. I do not think it is the specific for the disease of falling prices. That is the disease which it attempts to remedy, to prevent falling prices in grain so that the farmer may get better prices.

I know very well that this speculation has worked to the advantage and the disadvantage of the farmer. Some years ago many rich men sank their fortunes in the attempt to corner wheat. They tried several times to buy up all the wheat in the country. They lost millions. I think I could name $30,000,000 or $40,000,000 that were lost in that way. The farmers who had wheat at the time had the benefit of that in selling their wheat at a high price. It is not absolutely certain whether the farmers lose more from bears than they gain from the bulls in the market. It is a very doubtful question indeed. Some farmers with whom I have talked think that the bulls do them more good than the bears do them harm.

But there appears to be a general disposition to have this bill passed. It is petitioned for by thousands of persons and urged upon the attention of Congress. But the evil of falling prices will continue whether we pass it or not. I was reading this morning an article in the Baltimore Sun, a very conservative paper, with regard to the falling prices of land and the vast change in the condition of our rural population from independent farmers to tenant farmers. As it is in point with what I am about to remark, I ask the Secretary to read the editorial which is marked.

The PRESIDING OFFICER. If there be no objection the Secretary will read as requested.

The Secretary read as follows:

INCREASE OF TENANT FARMERS.

The Census Bureau has lately begun to report the result of its investigations into the number of persons who own and cultivate their farms and the number who are simply tenants on farms owned by others. Thus far the report covers only ten counties in Kansas and ten counties in Ohio. In Kansas in 1890 the number of farmers cultivating their own lands was 66.75 per cent, and of tenant farmers 33.25 per cent. Assuming that this proportion of owners and tenants runs through the entire State, it is evident that one-third of the agricultural families are tenant farmers. A comparison with the census of 1880 shows that in the same counties at the end of that decade the number of families living on hired farms was only 13.13 per cent, and of farms worked by their owners 86.87 per cent. The increase, therefore, in the number of hired farms between 1880 and 1890 was over 20 per cent. This change for the worse may be accounted for, at least in part, by the bad crops of the three previous years and the foreclosure of mortgages given by farmers to tide them over their difficulties.

But the same reasoning does not apply so strongly to Ohio when ten counties chosen for comparison indicate even a greater increase of tenant farmers. In 1880 the number of farmers in Ohio tilling their own lands was 75.04 per cent and of tenant farmers 24.96 per cent. In 1890 only 63 per cent of the farmers owned the land they cultivated, and the number of tenant farmers had risen to 37 per cent. To what extent similar changes from ownership to tenantry are going on in other States we are yet to learn, if the inquiry of the Census Bureau extends to them also, as it is to be presumed that it will. We know, from the reports of the Massachusetts and New Hampshire commissioners, that there are in those States a large number of farms not only untenanted, but classed as "abandoned" by their owners, and offered for sale at incredibly low prices. The drift of the rural population into large cities where, besides the attractions they hold out, enterprising men may hope to do better than in farming and labor is better remunerated, has unquestionably induced the younger members of farming families to abandon the old homesteads and seek their fortunes elsewhere; but underlying the several causes we have mentioned there seems to be some force at work that is reducing the number of farmers of small means and is building up, as in Europe, a race of tenant farmers.

Intimately connected with the changes going on from independent to tenant farming is the decrease in the value of farm property. We have referred above to the abandoned farms in Massachusetts and New Hampshire, and to these may be added those of Vermont. We now come to the inquiry just made into the value of farms in Connecticut by Mr. T. S. Gold, secretary of the State Board of Agriculture. His report covers replies from 107 out of 168 towns in that State, and although the responses only come from 309 farms, they afford, in his opinion, a basis for computing approximately the value of the remainder. The average price of the farms on Mr. Gold's list is $28 per acre. In the census of 1880 the average value of the farm lands of the State was said to be $49.31 per acre. "Here," said the Providence Journal, "in a little more than a decade is an apparent decrease in value of more than $21 per acre, and though, of course, it would not be fair to put the average value in 1880 in comparison with the value of land in 1892, it is difficult to believe that a farm census to-day would show an average value close to that of 1880, for it is to be remembered that the price asked for the farms included in the secretary's réport is probably much higher than could be secured on actual sale." Moreover, the report shows that in certain small towns some 3,000 acres are offered at an average of $8 per acre, and farms with buildings in good repair at one-third the price that was asked for them twelve years ago. It is complained that one cause of the decline is the bad condition of the roads, and a similar complaint comes from Maine and Rhode Island, where a like depression in the value of farm lands exists.

Mr. STEWART. Mr. President, this shrinkage is not confined to farm lands. In the report just submitted by the Committee on Finance, who were instructed to ascertain the market price of commodities and labor, to ascertain whether that price was advancing or declining since the passage of the McKinley act, I am informed that there has been an average shrinkage in the price of commodities and of labor of about 3 per cent. That was up to the time the committee closed its labors, which was last December, was it not?

Mr. CARLISLE. If the Senator will allow me, I will state that the subcommittee undertook to ascertain the retail prices of two hundred and fifteen articles at seventy different places in the United States during the period of two years, beginning in June, 1889, and ending in September, 1891. The result of its labors shows that while prices of some articles rose more than 3 per cent during part of the time after the passage of the McKinley act, yet at the end of the period the prices of the two hundred and fifteen articles taken altogether were forty-four one-hundreths of 1 per cent lower than they were at the beginning.

Mr. STEWART. Notwithstanding the McKinley act?

Mr. CARLISLE. Yes; the prices first went up for several months after the act was passed and then the tendency to a reduction began to show itself.

Mr. STEWART. That was up to September, 1891?

Mr. CARLISLE. Yes.

Mr. STEWART. There have been about ten months of fall since then.

Mr. CARLISLE. It has been about eleven months.

Mr. PASCO. I wish to ask a question of the Senator from Kentucky. Does that include protected and unprotected articles?

Mr. CARLISLE. The committee selected 215 representative articles, which were supposed to enter into the common consumption of the country, without reference to the question whether the duties were increased or diminished upon those articles by the McKinley act.

Mr. STEWART. Did the committee extend its investigation as to prices of commodities in Europe during the same period?

Mr. CARLISLE. Part of the time the committee succeeded in getting the retail prices in England, but not to such an extent as to justify anything like an accurate comparison of prices.

Mr. STEWART. The fall in prices there would be greater than here.

Mr. CARLISLE. I am not able at this moment to state what it was.

Mr. STEWART. The fall in prices would be much greater in England. In my observation, from what little investigation I have been able to make, and from the statements of English papers, there has been in the last two years a fall of over 10 per cent, some put it as high as 15 per cent, in the general range of prices of commodities in Europe since the fall of 1890; and it is still going on, and it will continue to go on.

I do not believe that a bill of this kind will remedy the continual shrinkage of prices. The statisticians tell us that since 1875 the general decline has been from 35 to 40 per cent. I think it has been more than that in Europe on account of the rapid decline recently. But this decline must go on, notwithstanding the pending bill. It is not going to affect the general range of prices; and that is the evil under which the world is laboring.

This rapid increase of tenant farming has a parallel. At the time of the discovery of gold and silver in Mexico and South America the feudal system was at its zenith of power and perfection, but it so happened that in Great Britain land leases were for ninety-nine years. All who have studied Blackstone remember those leasehold estates. They were in the habit of allowing those long leases for ninety-nine years. Mr. Jacob, who is the best authority of anybody who has written upon the production of the precious metals, and is so recognized throughout the country, tells us that at the time of this discovery there were 30,000 landholders in Great Britain, and that in one hundred years the number of landholders increased to about 100,000.

At the end of the century there were 100,000 inhabitants of Great Britain who owned the land they lived on and cultivated He attributes it solely to the increase of the supply of money. He said that these long leases, payable in money, made it necessary for the large landholders to sell their land; that they could not live on their rents on account of the rise of prices. Money became cheaper and commodities dearer.

These one hundred thousand land-owners in Great Britain remained for about one hundred and fifty to two hundred years, the number of land-owners remaining about the same. During the Napoleonic wars the currency was wonderfully inflated, and immediately after the war the heroic remedy of resumption was applied. The people were doing business on a high range of prices. They were in debt, as our people were during our war, doing business on inflated prices. Contraction produced by resumption destroyed nearly all the enterprising men of that great nation and reduced the number of land-owners in a few years back to thirty thousand, where it now remains. All this shows the effect of contraction.

It has been stated that in this country the aggregate amount of mortgages is not increasing, but is growing less. This is because the mortgages are being foreclosed. The mortgagees are taking the property. The people are becoming tenant farmers.

What has produced this? A shrinking in the volume of money, because it is a law that can not be changed that the average range of prices is governed by the volume of money; I mean of real money, money that does not have to be redeemed. The volume of money determines the price. We witnessed that a year ago, when $75,000,000 of gold went out of the country. Every morning as the gold would go out stocks were marked down. No man would deal until he knew the amount of gold to be shipped. It was the thermometer that determined the range of prices. Every man could see the shipments of gold marked on the bulletin boards, and prices of commodities were marked accordingly.

Now, as the volume of gold money, which lies at the foundation, decreases in comparison with property and population, of course property must go down and prices must go down to correspond. It is just as difficult to keep prices up with a shinking volume of money as it would be to keep two levels of the water of the ocean. It never has been done, and never can be done.

The volume of gold is shrinking not only with the increase of population, but it is being diminished by the power of the creditor class operating upon the debtor class, compelling them to make gold contracts. They have even attempted to coerce Austria into adopting the gold standard. Is the Senate aware that it would have taken 6 per cent of all the gold in the world if they had succeeded in making Austria buy the two hundred millions which it was proposed to coerce her into buying? That would put up gold, make gold dear, and as the price of property is measured in gold, therefore, when gold goes up property must go down. That is the disease, and all the nostrums you can apply will effect very little.

It may be well to pass this bill, not for the good it will do, not because it will accomplish any good purpose, for I prophesy that it will simply make trouble and accomplish no good, but to show the people that it is not good medicine, that it does not reach the disease. If this bill should pass, next winter when we meet again the same clamor will be heard. As long as prices fall, as long as men are driven from their homes and become tenant farmers, it must continue. There can be no escape. The only good accomplished by passing this bill will be to show the people how inadequate it is to remedy the evil. Perhaps the education they will get may pay us for the inconvenience of thus meddling with the business of the country.

I have been weighing this matter in my mind and I have not yet determined how I ought to vote. I introduced a bill the other day to reduce the salaries of officers, and I wish to explain that in this connection.

The bill as introduced reads as follows:

That the salaries of all officers and persons receiving salaries from the United States in excess of $600 per annum shall, from and after the passage of this act, be reduced 25 per cent of such excess: *Provided*, That this act shall not apply to the salary of the President of the United States during the present term of that office, nor to salaries of judges of United States courts during the terms of the present incumbents.

I put the amount at $600. I think that was a mistake. On reflection I believe that those of that grade are simply laboring people, and a reduction as to them would be unfair. So I propose when this bill shall come up for consideration—for I introduced it in good faith—to substitute $2,000 for $600, and to reduce by 25 per cent the salaries of all persons receiving anything in excess of $2,000 from the Government. That will not affect the people who are doing the labor of the Government; it will only affect those with large fixed incomes.

My object in calling attention to this is the fact that as prices go down we are creating a favored class with fixed incomes. That favored class will fight for contraction the same as the bondholder will fight for contraction to enhance the value of his income.

When I first came to the Senate the salaries of Members and Senators were $3,000 a year; judges of the Supreme Court received $6,000 a year; and the President of the United States received $25,000 a year. I remember that once in those times I called upon the venerable Justice Nelson, and found him in the National Hotel with two rooms, very small, for himself, wife, and daughter. He had to do all his work in those two rooms. After some talk with him I asked him if he was able to live on his salary—for we were talking about that—and he said he could not pay his bills on his salary however economical he might be; that prices had gone up so he could not live on his salary. I found members of Congress complaining that it was impossible for them to pay their bills and live on their salaries. Prices then were high. The salary of the President of the United States was very small for those times.

In consequence of these facts I became an enthusiastic advocate for increasing salaries. We began with the judges of the Supreme Court. I had an ally in the then Senator from Wisconsin, Mr. Carpenter, who espoused the cause with great earnestness, and we succeeded in raising their salaries, and finally the salary of the President of the United States was raised to $50,000. There was no difficulty in raising the salaries of members of Congress. That came first. Those salaries were raised to correspond with the then range of prices.

Now we find that prices have gone below what they were in 1860, or when these salaries were fixed, and as they stood before Congress raised them. The prices of commodities have gone below those of any of this century; and I say that it is not in good keeping for officers who are serving the Republic to maintain this high range of salaries while prices are being forced down by the legislation of Congress, for they are being forced down by the legislation of Congress. In forcing the country to go to the gold standard we are forcing prices down, and we ought not to profit by our own wrong.

The President of the United States is receiving a salary of $50,000 a year. That salary is more than $100,000 would have been in 1871 when his salary was increased. If it were put back to $25,000 it would have a greater purchasing power than his salary had in 1860. I say $25,000 would now have a greater purchasing power than it had in 1860. Congress raised all these salaries on account of high prices. They should now be reduced on account of low prices. The President is interested in maintaining the gold standard to the extent of $50,000 a year. Because gold is worth a hundred per cent more than it was in 1871. We are told all around that the President will veto a silver bill. It will put money in his pocket to do so. He has a large salary and a large interest in the question. All good citizens hope he will not be influenced by such considerations and there is no foundation for the assertion that he would veto a silver bill.

This comes home to the people of the country in view of what has occurred in Pennsylvania. The disease at Homestead was falling prices. The Carnegie Company said the price of commodities had gone down, and therefore they must reduce the price of labor to correspond. If wages must be reduced to correspond with falling prices, why should not the compensation of high-salaried officers share the same fate, I ask? If the feudal lords of wealth can in a moment organize their armies and make war to put down wages, and if that war can be justified, how much more are we called upon to surrender our salaries if we insist that legislation shall put down prices?

The evil of the gold standard first fell upon the farming community. Our farmers were regarded as a brave and independent portion of citizens. We relied upon the farmers to resist encroachments of centralized power or any other power while they were prosperous. But you have robbed them of half their estate by reducing the value of their farms. You have driven them from their homes and made tenant farmers of 30 or 40 per cent of them, and the process is going on. They have lost much of their power in the body politic.

Who, then, will resist the encroachments of the gold kings? The labor organizations of this country are attempting to resist. They will get outside of the law. They will ultimately be crushed, because nothing can withstand the iron hand of contraction. This resistance has been tried in other civilization.

But as the money disappears feudal slavery follows. These men may resist for a time in this country; but see how they were treated in Germany a month or two ago when they were assembled to protest against a reduction of their wages. The imperial army fired upon them without notice, and they had no redress. Europe is a military camp and is controlled by the gold kings. Labor must submit there. The penalty of any resistance, or even of protest, is death. The condition of the laboring man in Europe is fast becoming what it was in the dark ages, and in this country the same iron hand of contraction is being laid upon him. He is the only one who stands to resist it, and he is denounced by the law-abiding citizens of this great Republic for protesting against the lowering of his wages, and he must ultimately be subdued if this goes on.

Ah, the evil lies deeper than the mere dealing in futures, speculation in futures, business transactions. It is brought about by the destruction of half of the money of the world and by the impossibility of increasing the other half. All the gold that is produced is consumed without making any appreciable increase in the gold coin of the world. It is estimated by statisticians that the gold coin of the world is no greater in amount than it was eighteen years ago. Nearly $40,000,000 of the annual product goes to Asia, never to return, because their exports always exceed their imports. The balance is used in the arts. Still, the gold kings insist that those who are attempting to use any other kind of money shall be forced to buy gold in order to increase the value of gold, the property they own, to make bonds more valuable. That is what is being done.

We passed a bill of relief in the Senate, to supplement gold coin with silver coin. But the edict of the gold kings went forth operating upon parties, upon men, and upon conventions, to make them forget their constituents, to make them forget the sufferings of the people whom they robbed. How long this will continue is a question for the future; but if it is not stopped we shall have a money famine the like of which the world has never seen.

Between 1810 and 1840 when a money famine was created by the Spanish-American wars the production of gold and silver was between $30,000,000 and $40,000,000 per annum, and some of that could be put into new money. From 1840 to 1850 little was added to it, about $10,000,000 a year from the gold mines of Russia. From 1850 to 1875 the world's product of gold and silver was more than $200,000,000 per annum. We had then rising prices, and business was conducted on the basis of high prices.

Since 1875 no addition has been made to the gold coin of the world, and we are marching more rapidly to decline than we were in the celebrated money famine in the early part of this century. Still we are here proposing relief to the people, getting patriotic over side issues, and allowing the evil to go on increasing!

Much has been said about the reasons for the fall of silver. Silver has not fallen. It will buy as much of all the commodities produced by man as it ever would. It is gold which has gone up. The average price of a bushel of wheat has been an ounce of silver in Liverpool every year for the last twenty years. The Indian farmer will take his bushel of wheat to Liverpool, sell it for an ounce of silver, take his silver home and coin it into $1.37. That silver has for the farmer of India the same purchasing power it ever had. The American farmer, on the other hand, takes his bushel of wheat to Liverpool, takes his ounce of silver for it, and brings it here and sells it for 87 cents. He is put in competition with the farmer of India, and in that way we are driven out of the foreign market. Russia is similarly situated in this respect to India.

So we go on putting up the price of gold and putting down the price of property, and the gold men say what a terrible thing it would be for some of this gold to go out of the country. If we had this gold in Europe, where we sell our products, the price might be higher there and we would be benefited. There is no place on earth where our gold would do us so much good as in Europe, where we sell our commodities. It is the falling of prices that casts such a financial gloom that no business man can contend against it.

There has been much said about India and Indian finances.

I have in my hand a digest of the laws of India with relation to issuing paper money. It is a synoposis of the Indian paper currency act of 1882, giving a synopsis of the contents of the act, with the financial status of India, and brought down to date.

In order that a person dealing with this question may have at hand the legislation of India enacted to depress the price of silver, I will print it in my remarks.

It will be seen from this publication that India from time to time not only issues paper money based on silver, but issues it on government security, the same as we issue our national-bank notes, and thus she avoids the necessity of buying silver. It is an elastic system and can be carried on by administration. They keep the demand for silver down so as to prevent the rise of the price of silver in this country.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Mississippi?

Mr. STEWART. I do.

Mr. GEORGE. Does the Senator intend to have those statutes printed?

Mr. COCKRELL. I would suggest to the Senator that he ask that they be printed in document form also.

Mr. GEORGE. I want to suggest to the Senator, if he has those laws printed, that he get leave of the Senate to have the print in the ordinary type of the RECORD, and not in the small, fine, close type that nobody can read.

Mr. STEWART. I will have the synopsis printed in my remarks.

Mr. GEORGE. Has the Senator the consent of the Senate to have it printed in the ordinary type of the RECORD?

Mr. STEWART. Yes; and I will ask, if it be agreeable, that the act of India of 1882, which is the basis, and this synopsis, be printed together in document form so that people can have it. I am certain everybody would be glad to have it.

The PRESIDING OFFICER. If there be no objection it will be so ordered. The Chair hears no objection.

Mr. PADDOCK. I ask the Senator what document it is that is to be printed?

Mr. STEWART. The document that is to be printed is the currency act of India of 1882 and the condensation and statement of the effect of that act, continuing down to date, showing the legislation of India.

Mr. PADDOCK. Does that bear any intimate relation to the commercial evil of selling what you have not and buying what you never expect to have?

Mr. STEWART. Yes, I think it does, because no man can expect to have anything under this system. The antioption bill is to put money in the pockets of the farmer, which can not be done while the gold kings have it all.

Mr. PADDOCK. I have secured all the information I want.

The paper referred to by Mr. STEWART is as follows:

INDIAN PAPER CURRENCY.

The value of silver and gold does not depend on production alone. Both metals owe their present state almost entirely to the currency legislation of the different governments of the world. Taken together or separately they fail to supply a sufficiency of money for the trade requirements of the world, and government credit issues are inevitable. If the face value of all paper currency represented an actual deposit of coin or bullion to that amount held in trust to redeem it, and for no other purpose—and all base metals in use as fractional currency were likewise only issued against the value represented in silver and gold deposited to secure that—the supply of the precious metals would be inadequate.

It can not be made good by any monometallist that gold is capable of bearing the strain alone, nor can the advocates of silver claim a stronger position for that metal as a single standard, because either event can only be accomplished by an undue exercise of Government credit within range of and subject to many disasters. In this connection one should not be deceived by the assumption of the gold standard by the few governments claiming to have accomplished it, as a glance at the commercial world reveals their position a favored one, extremely partial and with no proof that their system can be successfully extended to cover the whole.

The present generation witnesses the opening up of more nations to trade and commerce under the influences of steam and electricity, while the increase of population in the enlightened countries is known to have been very great during the past hundred years, and the United States of America, by their growth, add, as it were, a new and greater nation each decade, and will long continue to do so, it being a fair estimate that their next census will show an increase of 15,000,000 of inhabitants. It is evident, therefore, with its rapidly developing and inexhaustible resources, that country can only be amused by those who maunder over its silver legislation.

The cause and the reason for the great decline in the value of silver during 1891 and 1892 is exceedingly simple once made known. On the one hand, it is unnecessary to go back further than the legislation of 1890 in the United States which culminated in the enactment of the monthly purchase of four and a half million ounces of silver; but on the other hand, to make out the case, it is essential to revert to "the Indian paper currency act of 1882," of which a synopsis is presented, with occasional remarks, before proceeding to sum up the conclusion. It is interesting to observe the keenness manifested by those who control Indian finance management respecting United States silver legislation, a matter the legislators of the United States appear to think nothing of.

"The India paper currency act" of 1882 was passed by the governor-general of India in council and "received the assent of the governor-general on the 26th of October, 1882." "This act may be called the Indian paper currency act of 1882. It extends to the whole of British India, and it shall come into force on the passing thereof." "Act No. 3 of 1871 (to consolidate and amend the law relating to the government paper currency) is hereby repealed." This act of 1882 begins with—

"Department of paper currency;" "head commissioner;"

"commissioners for Madras, Bombay, and Rangoon." Then comes "Power to establish circles of issue," as follows:

"SEC. 5. The governor-general in council may from time to time by order, notified in the General Gazette of India—

"(a) Establish districts to be called circles of issue, four of which circles shall include the towns of Calcutta, Madras, Bombay, and Rangoon respectively;

"(b) Appoint in each circle some one town to be the place of issue of currency notes as hereinafter provided;

"(c) Establish in each such town an office or offices of issue;

"(d) Establish in any town situate in any circle an office to be called a currency agency; and

"(e) Declare that for the purposes of this act, any town (other than Calcutta, Madras, Bombay, or any town situate in British Burmah) in which an office of issue is established shall be deemed to be situate within such presidency as is specified in the order."

The establishment of circles of issue has been quoted fully, because further on it will be important in connection with the circulation of this paper currency.

The act then continues, dealing with "deputy commissioners and currency agents;" "subordination of commissioners;" "appointment, suspension, and removal of officers;" "signatures to notes;" "issue of notes for silver by head commissioner, commissioner, and deputy commissioners;" "issue of notes for silver by currency agents;" "issue of notes for gold," which part of this act is no longer in force; "melting and assaying bullion or coin received for notes," which refers to foreign coin; "certificates for bullion or coin." The act now comes to "notes where legal tender," and it is interesting to read that "within any of the said circles of issue a currency note issued from any town in that circle shall be a legal tender for the amount expressed in that note in payment or on account of, any reserve or other claim to the amount of five rupees and upwards due to the Government of India, and any sum of five rupees and upwards due by the Government of India or by any body corporate or person in British India, provided that no such note shall be deemed to be a legal tender by the Government of India or any office of issue."

The purpose of the act to confine the currency notes to circulate as a legal tender only within the circle of issue to which each note belongs appears open to criticism, especially when it will be shown that the notes have as security the general credit of the Government of India. Bank of England notes are only legal tender in England and Wales, but the case is not a parallel one.

The act continues:

"Notes where payable:" "notes issued from currency agencies to be deemed to be issued from place of issue of circle."

The act now reaches the "reserve" of which it is to be borne in mind that at the present time no part of it consists of gold.

The whole amount of coin and bullion received under this act and under act 3 of 1871 for currency notes shall be retained and secured as a reserve to pay those notes, with the exception of such an amount, not exceeding 60,000,000 rupees, as the governor-general in council, with the consent of the secretary of state for India, from time to time fixes. The amount so fixed shall be published in the Gazette of India, and the whole or such part thereof as the governor-general in council from time to time fixes shall be invested in securities of the Government of India.

"The said coin, bullion, and securities shall be appropriated and set apart to provide for the satisfaction and discharge of the said notes, and the said notes shall be deemed to have been issued on the security of the said coin, bullion, and securities, as well as on the general credit of the Government of India."

The act then deals with "trustees of securities purchased under the act;" "power to sell and replace securities;" "accounts of interest on securities;" "prohibition of issue of private bills or notes payable to bearer on demand;" "penalty for issuing such bills or notes;" "prosecutions;" "monthly abstract of accounts," which "shall be made up monthly by the head commissioner, and published as soon as may be in the Gazette of India."

We arrive now at section 28, which ends the "act" as passed in October, 1882, and is "supplementary powers of the Government of India," as follows:

The governor-general may, from time to time, by notification to the Gazette of India, regulate any matters relative to paper currency which are not provided for by the act, revoke or alter any notification previously published under this act.

The contents of this Indian act of 1882 have been presented in full text, because it is necessary to have an idea of it in order to comprehend what is to be said, at the same time remembering that this act has been subjected to some changes since 1890, respecting which all information has not been obtainable as yet.

In dealing with the silver question in India it must be remembered that the surveillance of financial England from the standpoint of a monometallist, favoring only such silver legislation as is thought to inure to the benefit of her gold standard, is none the less powerful behind the scenes than is that army which holds the country in subjection.

Referring to the results from these Indian currency acts of 1871 and 1882 to 1890, and then from the latter period to the present year, stating definitely what has occurred and the apparent reasons therefor, especially since 1890, it is found that from 1871 to 1890 the total issue of paper currency amounted to 161,514,960 rupees, and the reserve to secure that was 60,000,000 of Government of India securities, 91,995,970 coined rupees (silver), and 9,579,000 rupees' worth of silver bullion, making of silver coin and bullion at that time (January 1, 1890) held a total of 101,574,970 rupees.

The sixty millions of Government securities, and the one hundred and one millions of coined silver and buillion just mentioned, constituted in 1890 the reserve to secure the one hundred and sixty-ones millions of paper currency at that time issued, all of which is under the control of the comptroller of currency. This comptroller of currency also has control of the Government of India public money, which fact is mentioned in this connection because, while it is stated that he can not and does not at any time deposit any portion of the coined silver (paper currency reserved fund) in any of the banks either in Bombay, Calcutta, or elsewhere, yet he does at times make deposits in the banks of Bengal, Calcutta, and other cities from the government fund.

Referring now to the circles of issue and the various provinces, we find that during the crop seasons the comptroller of currency has the total amount of the coined silver (paper currency) reserve fund absolutely at his disposal, and moves it from one point to another as he deems trade requirements necessary, for the sole purpose, it is stated, of redeeming currency notes when presented for silver. These facts are particularly mentioned in order to call attention to a formidable financial power, which shall be again referred to before closing.

Having given the status of Indian paper currency as it was in the beginning of 1890, we distinctly assert that admitting the action of the United States Congress in 1890 was made a cause for an uncalled-for rise in silver, the continued decline since that rise culminated is chiefly, if not entirely owing to the usage of silver in connection with Indian paper currency. It is not necessary to go back further than 1871 to 1890, therefore from 1871 to 1890, a period of nineteen years, the total amount of India rupee paper currency issued by the Government amounted to, in round numbers, one hundred and sixty-one millions; but within seventeen months after the passage of the 1890 act by the Congress of the United States, this issue of Indian paper currency increased to two hundred and sixty-one millions. This most remarkable increase is claimed to be entirely owing to private speculation in silver; that large purchases were made in anticipation of a yet greater rise than the one which occurred, and that the purchasers at once converted their coin into paper currency.

It is also claimed that this movement resulted in a redundancy of silver money and that the financial condition of India directly became abnormal, money being cheaper than ever before, but it is significant to note that the Government of India saw fit just at this time to pass an act increasing their issue of this paper currency on Government of India securities from 60,000,000, where it had remained a number of years, to 80,000,000, thus making 20,000,000 more silver paper currency (based on government securities) available. That amount is not very great, but when it is reflected that the nominal purchases of India amount to 30,000,000 ounces per annum or more, we have nearly 30 per cent, taking the government valuation of the rupee at 2*s.* of one year's purchases most conveniently supplied and at the disposal of what is asserted to have been a loaded market. It is very important to bear in mind this handy support of silver paper currency secured by government securities, 10,000,000 of it having been issued at an opportune moment during the height of the decline, which we are presumed to suppose a mere coincidence.

During the past year, and while the decline in silver was progressing. India's purchases of silver fell about 15,000,000 ounces below the usual quantity taken, owing it is said to the abundant supply which has been mentioned, but it is now admitted that there is no longer a surplus, silver is needed and the country has resumed its normal condition of wanting the white metal; but notwithstanding that every nerve shall be strained to keep from purchasing except at a price.

There are two indisputable facts bearing on the silver market of 1891, and nearly to the sharp decline of 1892, which latter is entirely resultant:

First. That in little if any more than twelve months' time the Indian paper currency increased by over 60 per cent of what it had previously taken nineteen years to reach.

Second. That during 1891 India fell short of her normal purchases of silver 15,000,000 ounces.

There are two ways of summing the matter up, both of which tend to strengthen the real position of silver. It is proclaimed that the act of 1890 by the United States has failed in its intent because silver has declined, but it is now apparent that in spite of the enormous quantity of silver run into India either as a speculation or as an offset to the action of the United States in 1890, that country is now badly in need of silver, and although abstaining for a time from usual purchases, yet the supply of silver bullion in the commercial world has been continually decreasing all the while. The writer, basing his conclusions on the statistical position of silver at that time, predicted in this city that it would take two years for the real effects of the act of 1890 to become perceptible, and from the date of its passage no people are better aware that such is the case and more thoroughly alarmed at its continuance in force than those who manage the finance and commerce of India. We believe that it is now admitted that the available (commercial supply) of silver bullion is about 70 per cent less than two years ago.

Accepting, therefore, as facts the statements made by Indian officials that all that has happened has been the result of mere speculation because of the action taken by the United States, who constitute the great worker of iniquity in their eyes, standing convicted of a great mistake, and about which they are overwrought with anxiety, namely, that the United States will lose all their gold if their buying of silver continues, we still find that the statistical position of silver is stronger than for several years, but one reserves to oneself the privilege of forming one's own conclusions when told that English influence meekly allows the silver question in India to drag along its own way, for when that is said we are at the same time informed that while "India is now badly in need of silver she will not buy except at a price, and a low one." Venturing the suggestion that 25*d.* per ounce would probably suit them if they had their way, and being taken seriously, the reply was, "Oh, no, that would be too low," but from what can be inferred 35*d.* or 37*d.* would be acceptable. These remarks are the result of personal investigation and interviews.

In taking the other view of the matter, while the statements made respecting the speculative movement of silver may be granted true and honestly expressed, it is to be remembered that a vast deal more than is seen exists, and those who are conversant with the state of alarm and anxiety manifested by certain circles in London after the action of the United States in 1890, and especially when it became apparent that the November elections of that year had resulted in a sweeping victory for the advocates of silver, can well appreciate that it requires no stretch of the imagination to perceive a desperate attempt to counteract the United States and depreciate silver, in order, if possible, to discredit future legislation and perchance bring about the repeal of what had taken place.

This part of the question is difficult to handle, because official data can not be obtained, but British diplomacy, whether in state or financial affairs, allows nothing that can be overcome by the use of any means whatsoever to stand in the way of success. No one can dispute this proposition, viz, that the Government of Great Britain holds to the single gold standard. It does not require special acuteness to conclude that England's influence is opposed to any action taken or movement favoring the parity of silver and gold, and that her influence has exerted and will continue to exert itself to the utmost to throw discredit upon and checkmate any attempt in that direction, and such is the spirit animating and pervading the Government offices. We now make the prediction that England will never join any bimetallic movement with honest intent until compelled, by a force of circumstances beyond her control, to do so; further that such a time has not yet arrived, and if she is represented in any movement now progressing, it will be merely for the purpose of soft-soaping and making a fool of it.

In order to maintain her commercial sway over the world England's opinion is that gold must be kept the best money and her dues paid her in it. Therefore to accomplish this successfully and thus insure the continued supremacy of her merchant marine, it is her desire that all the other commercial nations of Europe and the United States shall hold silver demonetized, and then with her control over India she will be able to hold such a price on silver as to satisfy her trade requirements and prevent any future attempt at the establishment of a ratio between silver and gold save as she may deem necessary. It is needless to expatiate on the advantages England would derive from such a state of affairs were she allowed for all time the peaceful possession of India, a result hardly probable, but not to be regarded as a present danger.

In treating of the present condition of silver and the causes operating respecting it, there is one fact all persons should constantly keep in view, viz, silver has not yet been rehabilitated and therefore it is not on trial as money. Legislation favoring it as money is only partial; therefore as a commodity it has been and is subject to any speculative attack brought to bear upon it. This statement being indisputable, upon turning to the commercial world we find that the Baring failure and the action taken to cover it, wise or unwise, has hung over the commercial world like a nightshade, causing large gold exports from the United States, and yet that condition of things did not affect silver. The antisilver legislation in Austria-Hungary had nothing to do with establishing the decline, and we revert to the position that, had not India abstained from the silver market, backed by all that English influence could accomplish together with encouragement from the monometallists of the United States principally influenced by the national banks, the fall in silver could not have taken place.

Overproduction can not be taken into account, for accepting the figures of Mr. E. O. Leech, the Director of the United States

Mint, for the world's total production of silver during 1891 to be in round numbers 140,000,000 ounces, we on the other hand find that the United States requires for coinage and other uses about 63,000,000. India's normal requirements are acknowledged to be more than 30,000,000, while in reality they are nearer fifty annually, absorbing some from China. During the past five years England's coinage has absorbed over 5,000,000 ounces annually, and it is exceedingly fair to credit Great Britain with a consumption of 10,000,000 ounces annually, and then allowing the whole of Europe, including Russia, 20,000,000 ounces, which is ridiculously small, we have only 17,000,000 left for the rest of the world, including China, with its 300,000,000 inhabitants.

If correct in the position—which is that maintained by clever statisticians—respecting the decline in the available stock of silver bullion during the past two years, had a buying-pool been formed in January, 1892, and with a comparatively small capital, the price of silver could have easily been advanced to more than 45 in London or 100 in New York, instead of the decline to 38 and 85 respectively; in which event the temporary panic in the United States Congress might not have occurred over the free-coinage measure, and the condition of supply on the market certainly favors any operation for a rise at the present time.

Respecting the present condition of things in India, the amount of paper in circulation has declined from two hundred and sixty-one millions to two hundred thirty-one millions since February, 1892; that is, thirty millions of coined rupees have been drawn from the silver reserve by presenting paper money, a fact which is significant. Europeans have funny notions respecting the United States, and the English Indian financiers thought they had given silver the "*coup de grace*" in connection with their New York allies when they sent it humming downwards in the face of the United States Congress. Well-informed men have seriously asked if it was possible to introduce the free-coinage measure again in the Congress of the United States.

We are told, and the information is from an official source, that India needs silver badly, but will only buy at a price. It is also stated that "under Indian financial management, which England never influences, it is impossible to affect silver from any speculative standpoint," and that "the silver reserve is kept scrupulously intact," and yet "India will only buy at a price."

The fact has been mentioned that the "comptroller," who is also the "head commissioner" under the "Indian paper currency act," has the coined silver reserve absolutely under his control, to move from place to place, as he may deem necessary, as well as the control of government, public, or revenue money, and that he (it is said) can only make a certain use of that coined reserve. Now, it is indisputable that the whole British history of India from its inception is founded simply on the idea of making money, its origin being entirely financial.

One would have to be more than credulous to believe that financial matters in India are managed entirely from a disinterested standpoint, or run on a millenium basis. The British lion and the Indian lamb setting an example of honesty the whole world should pattern after. The fact of the matter appears to be that one-man power is vast and far-reaching in India, and always has been when it leans in favor of England's interests, and the more that one sees, hears, thinks, and knows, so much greater is the impression that Indian financial management constitutes a formidable machine, and one which has been used during the past seventeen months most effectually to depreciate silver. It may be, as is stated, that the coined silver reserve is scrupulously held intact, etc., but there are many ways of doing things, as for instance:

The banks want money and the comptroller concludes to make a deposit of government money on hand. He can not take it from the coined silver reserve represented by the paper currency, but he can hand over the paper currency notes taken in from revenue, which upon presentation can be instantly converted into silver from that coined silver reserve.

In the same manner the paper money issued, based on government securities, may at once be deposited in banks and silver at once obtained therefor from the coin reserve. We are informed that last February or March the Government of India issued (silver) paper money on government securities amounting to 10,000,000 rupees. It has been mentioned that during March 30,000,000 of rupees in silver were drawn from the reserve by holders of currency notes, a matter of no small significance.

The present position of silver is a very strong one from every legitimate standpoint, and its present value entirely too low. India wants silver, "but will only purchase at a price," which entirely depends as to whether or not they can manage the matter. It will not be long before the United States purchases, continuing in the even tenor of their way, will have an appreciable effect; at the same time, if there be any possible way to array public opinion in the United States against silver, the monometallists in the United States may confidently count on Indian manipulation to help them discredit silver. The capacity of India to absorb silver is greater than ever before; during the past ten years India has absolutely absorbed 500,000,000 ounces of silver, which has utterly disappeared from view.

The shell currency of the masses is being gradually dispensed with, and they are learning the value of silver. Any talk of India's adopting a gold standard is entirely visionary and not practical; all the gold has been and continues to be used as ornaments. Indians of wealth are very fond of decorating their wives, and to suppose that their jewelry would go into coin is amusing to those who know anything about it.

In finishing we make the prediction that with the United States support of silver continuing firm, India will be compelled in less than twelve months to become a steady buyer, much to British chagrin. They want silver, they will have it, and their paper money manipulations can not be continued beyond a certain point. But this must not be overlooked, viz: India intends to pursue the policy at present of an irregular buyer, for ulterior purposes, and the purchases now being made may enable them, in the desperate hope of influencing the course of the United States, to withdraw from the market again during the coming summer or autumn, and that, too, knowing well their risk is a terrible one if they fail to accomplish their object.

THE INDIAN PAPER CURRENCY ACT 1882.

CONTENTS.

ACT NO. XX OF 1882.

Passed by the governor-general of India in council. (Received the assent of the governor-general on the 26th of October, 1882.)

An act to amend the law relating to the government paper currency.

Whereas it is expedient to amend the law relating to the government paper currency, it is hereby enacted as follows:

I.—*Preliminary.*

1. This act may be called the Indian paper currency act, 1882;
It extends to the whole of British India;
And it shall come into force on the passing thereof.

2. (1) Act No. III of 1871 (to consolidate and amend the law relating to the government paper currency) is hereby repealed.

(2) All appointments made, rules prescribed, notifications published, authorities conferred, securities purchased, and notes issued under the said act, or any act thereby repealed, shall, if in force, undisposed of, or in circulation when this act comes into force, be deemed to be respectively made, prescribed, published, conferred, purchased, and issued under this act. And all references made to any portion of the Indian paper currency act, 1871, or any act thereby repealed, in acts or regulations passed before this act comes into force, shall be deemed to be made to the corresponding portion of this act.

II.—*The department of paper currency.*

3. (1) There shall continue to be a department of the public service whose function shall be the issue of promissory notes of the Government of India, payable to bearer on demand, for such sums, not being less than 5 rupees, as the governor-general in council from time to time directs.

(2) Such notes shall be called currency notes.

(3) The department shall be called the department of paper currency.

4. At the head of the department there shall be an officer called the head commissioner of paper currency, and there shall be three other officers, called, respectively, the commissioner of paper currency for Madras, the commissioner of paper currency for Bombay, and the commissioner of paper currency for Rangoon.

5. The governor-general in council may from time to time, by order notified in the Gazette of India—

(*a*) Establish districts, to be called circles of issue, four of which circles shall include the towns of Calcutta, Madras, Bombay, and Rangoon, respectively;

(*b*) Appoint in each circle some one town to be the place of issue of currency notes, as hereinafter provided;

(*c*) Establish in each such town an office or offices of issue;

(*d*) Establish in any town situate in any circle an office, to be called a currency agency; and

(*e*) Declare that, for the purposes of this act, any town (other than Calcutta, Madras, Bombay, or any town situate in British Burmah) in which an office of issue is established, shall be deemed to be situate within such presidency as is specified in the order.

6. For each circle of issue, other than those which include the towns of Calcutta, Madras, Bombay, and Rangoon, there shall be an officer, called the deputy commissioner of paper currency, and for each currency agency an officer called the currency agent.

7. For the purposes of this act,

(a) The commissioners of paper currency for Madras, Bombay, and Rangoon, and the deputy commissioners of paper currency in the presidency of Fort William in Bengal, shall be subordinate to the head commissionor of paper currency; and

(b) The deputy commissioners of paper currency in the presidencies of Fort St. George and Bombay, and in the Province of British Burmah, shall be subordinate to the commissioners of paper currency for Madras, Bombay, and Rangoon, respectively.

(c) The currency agent at any town shall be subordinate to the head commissioner, commissioner, or deputy commissioner, as the case may be, of paper currency for the circle of issue in which that town is situate.

8. All officers under this act shall be appointed and may be suspended or removed by the governor-general in council.

III.—*Supply and issue of currency notes.*

9. (1) The head commissioner shall provide currency notes of the denominations prescribed under this act, and shall supply the commissioners and the currency agents subordinate to him, and the deputy commissioners, with such notes as they need for the purposes of this act.

(2) The commissioners and deputy commissioners shall supply the currency agents subordinate to them, respectively, with such notes as those agents need for the purposes of this act.

(3) Every such note shall bear upon it the name of the town from which it is issued.

10. (1) The name of the head commissioner, of one of the commissioners, of a deputy commissioner, or of some other persons authorized by the head commissioner, or by one of the commissioners, to sign currency notes, shall be subscribed to every such note, and may be impressed thereon by machinery.

(2) Names so impressed shall be taken to be valid signatures.

11. The head commissioner, the commissioners, and the deputy commissioners shall, in their respective circles of issue, on the demand of any person, issue from the office or offices of issue established in their respective circles, currency notes of the denominations prescribed under this act, in exchange for the amount thereof—

(a) In current silver coin of the Government of India;

(b) In current silver coin made under the Portuguese convention act, 1881;

(c) In current silver coin made under the native coinage act, 1876, as to which coin a declaration has been made under section 3 of that act; or

(d) In silver bullion or foreign silver coin, not being coin of the descriptions mentioned in clauses (b) and (c), at the rate of 979 rupees per 180,000 grains of silver fit for coinage and of the standard fineness prescribed by the Indian coinage act, 1870:

Provided, That in all places where there is no mint of the Government of India, any such head commissioner, commissioner, or deputy commissioner may refuse to issue notes in exchange for the bullion or coin receivable under clause (*d*).

12. Any currency agent to whom notes have been supplied under section 9 may, if he thinks fit, on the demand of any person, issue from his agency any such notes in exchange for the amount thereof in any coin specified in clause (*a*), clause (*b*), or clause (*c*) of section 11.

13. The governor-general in council may, from time to time, by order notified in the Gazette of India, direct that currency notes, to an extent to be specified in the order, not exceeding one-fourth of the total amount of issues represented by coin and bullion as provided by this act, shall be issued at such offices of issue as are named in the order, in exchange for gold coin of full weight of the Government of India, or for foreign gold coin or gold bullion, at the rates, and according to the rules and conditions, fixed by that order.

14. (1) The head commissioner, commissioners, and deputy commissioners may require any bullion or foreign coin received under section 11, clause (*d*), or under section 13, to be melted and assayed.

(2) Any loss of weight caused by such melting or assay shall be borne by the person tendering the bullion or coin.

15. (1) Every person tendering bullion or foreign coin under section 11, clause (*d*), or under section 13, and depositing it in any office of issue, shall, after the expiration of time necessary for melting and assaying the same, be entitled to receive for it a certificate signed by the person authorized to issue the notes aforesaid.

(2) The certificate shall—

(*a*) Acknowledge the receipt of the bullion or coin;

(*b*) State the amount of notes issued under this act, or of such notes and cash, to which the holder is entitled in exchange for the bullion or coin; and

(*c*) State the interval on the expiration of which, if the certificate is presented to the office, the holder shall be entitled to receive that amount.

IV.—*Notes where legal tender and where payable.*

16. Within any of the said circles of issue a currency note issued from any town in that circle shall be a legal tender for the amount expressed in that note, in payment or on account of—

(*a*) Any revenue or other claim, to the amount of 5 rupees and upwards, due to the Government of India; and

(*b*) Any sum of 5 rupees and upwards, due by the Government of India, or by any body corporate or person in British India:

Provided, That no such note shall be deemed to be a legal tender by the Government of India at any office of issue.

17. A currency note shall be payable only—

(*a*) At the office or offices of issue of the town from which it has been issued, and

(*b*) In the case of notes issued from any town not situate in British Burmah, also at the presidency town of the presidency within which that town is situate.

18. For the purposes of sections 16 and 17, notes issued from any currency agency shall be deemed to have been issued from the town appointed under section 5 to be the place of issue in the circle of issue in which that agency is established.

V.—*Reserve.*

19. The whole amount of the coin and bullion received under this act, and under Act III of 1871, for currency notes, shall be retained and secured as a reserve to pay those notes, with the exception of such an amount, not exceeding 60,000,000 rupees, as the governor-general in council, with the consent of the secretary of state for India, from time to time fixes.

20. The amount so fixed shall be published in the Gazette of India, and the whole or such part thereof as the governor-general in council from time to time fixes, shall be invested in securities of the Government of India.

21. (1) The said coin, bullion, and securities shall be appropriated and set apart to provide for the satisfaction and discharge of the said notes; and the said notes shall be deemed to have been issued on the security of the said coin, bullion, and securities, as well as on the general credit of the Government of India:

Provided, That any silver bullion or coin received under section 11, clause (*d*) may be sold or exchanged for silver coin of the Government of India, and that any gold coin or bullion received under section 13 may be sold or exchanged for silver coin or bullion, to be so appropriated and set apart instead of the coin or bullion sold or exchanged.

(2) For the purposes of this section, silver bullion and coin shall be rated at 98 rupees per 18,000 grains of standard fineness, and gold bullion and coin at the rates fixed by the governor-general in council under section 13.

22. The securities purchased under section 20 shall be held by the head commissioner and the master of the mint at Calcutta, in trust for the secretary of state for India in council.

23. (1) The head commissioner may, at any time when ordered so to do by the governor-general in council, sell and dispose of any portion of the above-mentioned investment.

(2) For the purpose of effecting such sales, the master of the mint at Calcutta shall, on a request in writing from the head commissioner, at all times sign and indorse the securities, and the head commissioner, if so directed by the governor-general in council, may purchase securities of the Government of India to replace such sales.

24. (1) The interest accruing due on the securities purchased and held under this act shall be entered in a separate account to be annually rendered by the head commissioner to the governor-general in council.

(2) The amount of the interest shall, from time to time, as it becomes due, be paid to the credit of the Government of India, under the head of "profits of notes circulation."

(3) An account showing the amount of the profits and of the charges and expenses incidental thereto, shall be made up and published annually in the Gazette of India.

VI.—*Private bills payable to bearer on demand.*

25. No body corporate or person in British India shall draw, accept, make, or issue any bill of exchange, hundí, promissory note, or engagement for the payment of money payable to bearer on demand, or borrow, owe, or take up any sum or sums of money on the bills, hundís, or notes payable to bearer on demand, of any such body corporate or of any such person:

Provided, That checks or drafts payable to bearer on demand or otherwise, may be drawn on bankers, shroffs, or agents, by their customers or constituents, in respect of deposits of money in the hands of those bankers, shroffs, or agents and held by them at the credit and disposal of the persons drawing such checks or drafts.

26. (1) Any body corporate or person committing any offense under section 25 shall, on conviction before a presidency magistrate, or a magistrate of the first class, be punished with a fine equal to the amount of the bill, hundí, note, or engagement in respect whereof the offense is committed.

(2) Every prosecution under this section shall be instituted by the head commissioner, commissioner, or deputy commissioner, as the case may be, of paper currency for the circle of issue in which the bill, hundí, note, or engagement is drawn, accepted, made, or issued.

VII.—*Miscellaneous.*

27. An abstract of the accounts of the department of paper currency, showing—

(*a*) The whole amount of currency notes in circulation;

(*b*) The amount of coin and bullion reserved, distinguishing gold from silver; and

(*c*) The nominal value of, and the price paid for, the government securities held by the said department—

Shall be made up monthly by the head commissioner, and published, as soon as may be, in the Gazette of India.

28. (1) The governor-general in council may, from time to time, by notification in the Gazette of India—

(*a*) Fix the amounts (not being less than 5 rupees) for which currency notes shall be issued;

(*b*) Alter the limits of any of the circles of issue;

(*c*) Declare the places at which currency notes shall be issued;

(*d*) Fix the rates, rules, and conditions at and according to which gold may be taken in exchange for currency notes.

(*e*) Fix the charge for melting and assaying bullion and foreign coin received for such notes;

(*f*) Fix the interval on the expiration of which holders of certificates under section 15 shall be entitled to receive such notes.

(*g*) Regulate any matters relative to paper currency which are not provided for by this act; and

(*h*) Revoke or alter any notification previously published under this act.

(2) Every notification under this section shall come into force on the day therein in that behalf mentioned, and shall have effect as if it were enacted in this act.

(3) Provided that no notification under clause (*d*) of this sec-

tion shall have effect until six months have elapsed from the date of its appearance in the Gazette of India.

Mr. STEWART. I would remark here that the legislation of India is English legislation; that the people of India have nothing to say about it. It is arranged for the purpose of carrying out the English scheme of finances.

Now, there are in England two parties. The most numerous party and the suffering party are in favor of bimetallism. The owners of real estate in England are suffering the same as they are here. Wages are declining there and on the Continent the same as they are here and more so, because they have an army at hand there to keep them down. But England has the world at her feet. She has a mortgage upon the energies of mankind in the shape of an enormous debt which she holds. The dearer she can make money and the cheaper she can make property the greater her commercial, her political, and her financial power will be. She dominates the world because she is the center of a bondholding fraternity, and the thousands of millions that are paid annually by labor to the bondholders are riveting the chains of slavery upon mankind.

What I say here, after much reflection, is that the demonetization of silver has done more to advance the cause of slavery than all the efforts of the patriotic men to advance the cause of freedom has accomplished in fifty years. In other words, the crime of 1873 has done more for slavery than the abolition of African slavery has done for liberty. The contraction of the world's money one-half after the world became in debt $100,000,000,000, on the basis of the larger supply, means ultimate slavery of both whites and blacks. It is making tenant farmers. It is making dependent men. It is crushing the energies of the people.

Those who have read Sir Archibald Alison's statement of the effect of the gold and silver from California and Australia in breaking the shackles of slavery and letting loose the energies of men and breathing new life into enterprise throughout the civilized world, can now realize the terrible effects of a counter movement to rob the world of its money after having secured the obligations, the payment of which by this new standard invented by the gold kings means ultimate slavery. It is coming. It is coming in Illinois, it is coming everywhere.

It is admitted that the farmers have lost half their property by shrinkage in the value of their farms. It is admitted that armies have become necessary to keep down troubles with organized labor, and this must be done in the name of law. I ask in the name of justice that the laws which have produced these results be repealed.