

PART V.—ACCUMULATION.

Coins and
accounts.

761. The coins in circulation in Victoria are in all respects the same as those used in the United Kingdom. The accounts are kept in sterling money (£ s. d.).

Foreign
moneys.

762. In dealing with moneys or money values taken from returns where foreign moneys have been quoted, such values, for the purpose of this work, have been converted into their British equivalents according to the scale adopted by the Imperial Board of Trade, which is given in the following table:—

FOREIGN MONEYS AND BRITISH EQUIVALENTS.

Countries.	Foreign Moneys.	British Equivalents.		
		£	s.	d.
Austria-Hungary ...	Gulden ...	0	1	8
		or 12 to the £		
Argentine Republic ...	Peso nacional ...	0	4	0
Belgium ...	Franc ...	0	0	9·6
		or 25 to the £		
Bulgaria ...	Lew ...	0	0	9·6
		or 25 to the £		
Chile ...	Peso fuerte ...	0	4	2
China ...	Tael ...	Various*		
Denmark ...	Krone ...	0	1	1½
		or 18 to the £		
Egypt ...	Piastre ...	0	0	2½
		or 96 to the £†		
France ...	Franc ...	0	0	9·6
		or 25 to the £		
Germany ...	Mark ...	0	1	0
	Krone ...	0	10	0
	Doppel krone ...	1	0	0
Greece ...	Drachme ...	0	0	9·6
		or 25 to the £		
Holland ...	Gulden ...	0	1	8
		or 12 to the £		
Italy ...	Lira ...	0	0	9·6
		or 25 to the £		
Japan ...	Yen ...	0	3	1†

* The Tael is not a coin, but a weight. The ideal tael should consist of sycee (pure) silver, and should weigh 583·2 grains. As a matter of fact, however, the weight as well as the purity of the tael varies in different localities. The weight of the Haikwan tael—which is that employed by the Chinese Government in collecting revenue—is about 580 grains, and the fineness about '9855. The value of the tael is regulated by the price of silver; that of the Haikwan tael has been as follows in the nine years prior to the year under notice:—1891, 4s. 11d.; 1890, 5s. 2½d.; 1889, 4s. 8½d.; 1888, 4s. 8½d.; 1887, 4s. 10½d.; 1886, 5s. 0½d.; 1885, 5s. 3½d.; 1884, 5s. 7d.; 1883, 5s. 7½d.

† An Egyptian pound is 100 piastres, or £1 0s. 10d.

‡ The average value of the yen has been as follows in the years named:—1891, 3s. 4d.; 1890, 3s. 3d.; 1889, 3s. 0½d.; 1888, 3s.; 1887, 3s. 2d.; 1886, 3s. 3d.; 1885, 3s. 6d.; 1884 and 1883, 3s. 7½d.

FOREIGN MONEYS AND BRITISH EQUIVALENTS—*continued.*

Countries.	Foreign Moneys.	British Equivalents.		
		£	s.	d.
Mexico	Dollar	0	4	2*
Norway	Krone	0	1	1½
Portugal	Milreis	0	4	6
Roumania	Lei	0	0	9·6
Russia	Credit rouble	0	2	0
	Metallic rouble (gold)	0	3	2
Spain	Peseta	0	0	9·6
Sweden	Krona	0	1	1½
Switzerland	Franc	0	0	9·6
Turkey	Piastre	0	0	2·16
United States	Dollar †	0	4	2
Uruguay	Peso fuerte	0	4	2

763. The following is a statement of the metallic money which circulates in the various dominions of the British Empire:—

Coins in
British
dominions.

METALLIC CURRENCY IN BRITISH DOMINIONS. ‡

Countries.	Metallic Circulation.
Great Britain and Ireland Australasian Colonies (including Fiji) South African Colonies Falkland Islands St. Helena Channel Islands Malta West African Settlements West Indian Colonies	£ s. d. £ s. d., and a special subsidiary copper coinage. £ s. d., and a special ⅓ farthing called a grain. £ s. d., supplemented with other coins. British silver and bronze. In some places accounts are kept in dollars at 4s. 2d.
Canada Newfoundland Gibraltar Cyprus India	Dollars at 4s. 1·31d. Dollars at 4s. 2d. Mixed British and Spanish coins. British, French, and Turkish gold; British silver, and special bronze piastres. Rupees, annas, and pies.

* In making payments from the Imperial funds in places where the dollar is current, the valuation of the Mexican dollar is fixed by the Lords of Her Majesty's Treasury quarterly, according to the market price of silver. Upon this basis the price of the dollar was fixed at 3s. 5d. for the June, 3s. 2d. for the September, and 3s. 2d. for the December quarter of 1891; and at 3s. 2d. for the March, 3s. 1d. for the June, and 2s. 11d. for the September quarter of 1892. See 22nd Report of the Deputy Master of the Imperial Mint, page 32.

† The intrinsic value of the gold dollar (at par of exchange) is 4s. 1⅙d.; 4·8665 being equivalent to £1. The silver dollar, although maintained by the United States at the same value as the gold dollar, was in 1890 intrinsically worth only 3s. 4d; it is .9 fine, and weighs 412½grs. and contains, therefore, 371½grs. of pure silver. See also paragraph 799 *post*.

‡ The information in this table was obtained for the most part from a paper read before the Royal Colonial Institute, London, on the 11th February, 1890, by Mr. L. C. Probyn.

METALLIC CURRENCY IN BRITISH DOMINIONS*—*continued.*

Countries.	Metallic Circulation.
Ceylon	Rupees, and local subsidiary coins.
Mauritius	Rupees, and local subsidiary coins.
British Honduras	Guatemalan, and other dollars worth 2s. 11.15d.; special bronze cents.
Hong Kong	Mexican dollars worth 3s. 2.21d., with special subsidiary silver and bronze coins.
Labuan	Mexican dollars worth 3s. 2.21d., with subsidiary silver and copper coins of Straits Settlements and copper coins of British North Borneo.
Straits Settlements	Mexican dollars worth 3s. 2.21d., with special subsidiary silver and copper coins.
British North Borneo... ..	Mexican dollar worth 3s. 2.21d., with special subsidiary copper coins.

Royal Mint.

764. A branch of the Royal Mint was established in Melbourne in 1872, and was opened to the public on the 12th June of that year. The premises occupy 2 acres 1 rood and 26 perches of land, valued in October, 1880, at £8,500, but now probably worth ten times that amount; the original cost of the buildings, machinery, fittings, and furniture was £68,350.†

Gold
received
at Mint.

765. From the time of the opening of the Mint to the end of 1892, nearly $13\frac{3}{4}$ million ounces of gold were received thereat. In point of average purity, the gold sent to the Mint is considerably above the standard (viz., 22 carats, worth £3 17s. 10½d. per oz.), and thus the value of the whole quantity was rather over $54\frac{4}{5}$ millions sterling, or almost exactly £4 per oz.‡ The following table shows the quantity and value of the gold received in each year:—

GOLD RECEIVED AT THE MELBOURNE MINT, 1872 TO 1892.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	Oz.	£		Oz.	£
1872§ ...	190,765	765,024	1883 ...	786,021	3,159,609
1873 ...	221,904	887,256	1884 ...	945,709	3,803,320
1874 ...	335,366	1,349,290	1885 ...	836,433	3,351,767
1875 ...	489,823	1,948,067	1886 ...	756,611	3,029,783
1876 ...	543,304	2,149,890	1887 ...	770,222	3,075,487
1877 ...	378,410	1,492,207	1888 ...	757,813	3,023,414
1878 ...	570,079	2,268,001	1889 ...	761,931	3,030,958
1879 ...	656,724	2,638,393	1890 ...	752,923	3,003,635
1880 ...	758,937	3,062,663	1891 ...	805,231	3,208,352
1881 ...	692,425	2,793,810	1892 ...	880,052	3,491,757
1882 ...	819,142	3,311,894	Total ...	13,709,825	54,844,577

* See footnote (†) on page 397.

† See Amended Return to an order of the Legislative Assembly, Parliamentary Paper C.—No. 4*, Session 1880.

‡ See also paragraphs 766 and 774 *post*.

§ From the 12th June, the day the Mint was opened to the public.

766. A simple calculation, based upon the total value as shown in the lowest line of the last column of the table, will show that the gold received was equivalent to 14,085,285 ounces standard, valued at £3 17s. 10½d. per ounce, or 375,460 ounces more than the actual weight of gold received at the Mint. Gold received in standard ounces.

767. It will be observed that the gold received at the Mint in 1892 was more by 74,821 ounces than the quantity in 1891 and was also more than in any other year since 1884. In 1892 the number of deposits of gold was 3,814, and the average weight of a deposit was 231 ounces, as against averages varying from 276 to 410 in the previous nine years. Gold received, 1892.

768. Gold is issued from the Mint as coin or as bullion. The former, with the exception of 555,614 half-sovereigns, has consisted entirely of sovereigns. The following is a statement of the gold issued in each year, whether in the shape of coin or bullion:— Gold issued from Mint.

GOLD ISSUED AT MELBOURNE MINT, 1872 TO 1892.

Year.	Coin.		Bullion.		Total Value of Coin and Bullion.
	Sovereigns.	Half-Sovereigns.	Quantity.	Value.	
	Number.	Number.	Oz.	£	£
1872*	748,180	...	1,313	4,028	752,208
1873	752,199	165,034	3,129	11,126	845,842
1874	1,373,298	...	2,912	10,416	1,383,714
1875	1,888,405	...	3,553	13,857	1,902,262
1876	2,124,445	...	3,624	14,145	2,138,590
1877	1,487,316	80,016	3,326	13,004	1,540,328
1878	2,171,457	...	3,691	14,640	2,186,097
1879	2,740,594	...	1,743	6,839	2,747,433
1880	3,053,454	...	1,861	7,219	3,060,673
1881	2,325,303	42,009	106,999	448,767	2,795,074
1882	2,465,781	107,522	189,837	789,687	3,309,229
1883	2,050,450	...	266,679	1,112,478	3,162,928
1884	2,942,630	48,009	200,766	835,728	3,802,364
1885	2,967,143	11,003	91,335	379,839	3,352,483
1886	2,902,131	38,008	25,701	107,719	3,028,854
1887	2,856,424	64,013	45,030	186,395	3,074,825
1888	2,830,612	...	46,611	194,219	3,024,831
1889	2,732,590	...	72,497	299,285	3,031,875
1890	2,473,537	...	126,430	527,144	3,000,681
1891	2,749,592	...	110,928	460,064	3,209,656
1892	3,488,750	...	1,318	5,184	3,493,934
Total ...	49,124,291	555,614	1,309,283	5,441,783	54,843,881

769. The difference in value between the gold coin issued from the Mint in 1891 and 1892 was £739,000, the excess being in favour of Gold coin issued.

* From the 12th June, the day the Mint was opened to the public.

the latter. The gold coin issued in 1892 was much in excess of that in any other year.

Gold bullion issued.

770. Nearly all the gold issued in the form of bullion is in 10 oz. ingots, and goes to India. The amount is very irregular, and depends on the amount of trade with India and on the exchange. The quantity so issued has fallen off very considerably since 1883, when its value amounted to over £1,100,000, or to 35 per cent. of the total value of coin and bullion issued; and in 1892 it amounted to only £5,184.

Victorian and other gold minted.

771. Over four-fifths of the gold received at the Mint since its first establishment was raised in Victoria, and rather less than a seventh came from New Zealand. The bulk of the remainder was contributed by the other Australasian colonies—chiefly Tasmania, South Australia (Northern Territory), and Western Australia—and a very small quantity by Natal. The following were the quantities received from these countries respectively prior to and during 1892:—

VICTORIAN AND OTHER GOLD RECEIVED AT MELBOURNE MINT,
1872 TO 1892.

Colony in which the Gold was raised.	Gold Received.		
	Prior to 1892.	During 1892.	Total.
	Oz.	Oz.	Oz.
Victoria	10,128,659	665,804	10,794,463
New South Wales	11,483	1,632	13,115
Queensland	9,171	265	9,436
South Australia	247,734	26,625	274,359
Western Australia	64,727	50,573	115,300
Tasmania	519,916	36,992	556,908
New Zealand	1,730,692	87,282	1,817,974
Natal	1,731	...	1,731
Light Gold Coin*	8,986	268	9,254
Unknown	106,674†	10,611	117,285
Total	12,829,773	880,052	13,709,825

Mint charges.

772. Gold deposited at the Mint is subject to a charge of 1½d. per ounce on the gross weight before melting if the deposit contains 1,000 ounces of standard gold or over; and 2d. per ounce if the deposit contains less than 1,000 ounces—the minimum charge on any deposit being four shillings.

Mint allowances.

773. Any silver in a deposit in excess of 4 per cent. of the weight of the deposit after melting is allowed for at a rate per ounce to be fixed from time to time by the Deputy Master. A reduction of a sixth of the charges is made on deposits containing more than 24 ounces of

* Prior to the year 1890 all deposits of Light Gold Coin were included under "Unknown."

† Including not quite 1 oz. from India.

unrefinable gold, or gold containing silver in less proportion than $4\frac{1}{2}$ per cent., and base metal in less proportion than 2 per cent., of the weight of the deposit after melting.

774. Standard gold contains 91·667 per cent. (22 carats out of 24) of pure gold, but the gold (chiefly dust and bars) received at the Mint in 1892 contained as much as 94·09 per cent. of pure gold, and therefore it had to be considerably reduced in fineness to bring it to a fit state for converting into coin. The silver in the gold received in 1892 amounted to 4·44 per cent., and the base metals to 1·47 per cent. These proportions vary but little from year to year.

Fineness of gold received at Mint.

775. The standard weight of the sovereign is ·25682 of an ounce (equal to 7·988 grammes, or 123·27447 grains troy), and the standard weight of the half-sovereign is ·12841 of an ounce. The standard fineness of those pieces is 916·6667 parts (or $\frac{1}{12}$) of pure gold in every 1,000 parts. In practice a small margin is allowed, and the actual fineness of the gold coins struck at the Melbourne Mint in 1891 and 1892 was 916·70.

Weight and fineness of gold pieces coined, 1891 and 1892.

776. By the *Victorian Mint Act* (31 Vict. No. 307) it is provided that the sum of £20,000 shall be paid annually to the Mint from the Consolidated Revenue, the unexpended portion of the subsidies to be paid back to the Treasury. The following table shows the amount of such unexpended balances, also the receipts, expenditure, and cost of the Mint to the colony in each of the last 10 years, and also the totals from the year in which the Mint was established to 1892:—

Mint receipts and expenditure.

MINT REVENUE AND EXPENDITURE, 1872 TO 1892.

Year or Period.	Paid into the Treasury.			Expenditure.	Excess of Expenditure over Receipts from the Public (Cost of Mint to the Colony). †
	Unexpended Balance of Subsidy. *	Receipts from the Public.	Total.		
	£	£	£	£	£
1872 to 1882	61,672	87,525	149,197	158,328	70,803
1883 ...	5,304	10,835	16,139	14,696	3,861
1884 ...	4,612	12,494	17,106	15,388	2,894
1885 ...	1,986	11,471	13,457	18,014	6,543
1886 ...	3,874	11,340	15,214	16,126	4,786
1887 ...	3,641	10,759	14,400	16,359	5,600
1888 ...	4,478	9,967	14,445	15,522	5,555
1889 ...	4,760	11,012	15,772	15,240	4,228
1890 ...	5,044	11,672	16,716	14,956	3,284
1891 ...	5,456	10,932	16,388	14,544	3,612
1892 ...	5,136	12,152	17,288	14,864	2,712
Total ...	105,963	200,159	306,122	314,037	113,878

NOTE.—The particulars for each year prior to 1883 will be found in the last issue of this work, Vol. I., table following paragraph 831.

* The Mint subsidy in each year was £20,000, or £420,000 in 21 years.

† Exclusive of the cost of lands, buildings, and machinery. See paragraph 764 ante.

777. In the period to which the table relates, leaving the interest on the value of lands, buildings, and machinery out of account,* the net cost of the Mint to the colony has averaged £5,423 per annum; during the ten years 1883-92 it averaged £4,308; and during the three years 1890-92, £3,203. The Mint authorities claim, however, that this loss is compensated many times over by the advance in the price of gold since the opening of the Mint, viz., from 76s. to 77s. 8½d. per oz., whereby the colony has gained during a period of 18½ years close on £70,000 per annum.†

778. Prior to 1887, the expenditure of the Melbourne Mint exceeded its revenue by a much smaller proportion than the expenditure of the Sydney Mint exceeded its revenue; but in 1887 and subsequent years the business of the Sydney Mint—and consequently its revenue—was increased by large accessions of gold, chiefly from Mount Morgan in Queensland; and as the Mint expenditure did not increase in a corresponding ratio, the proportional excess of it over the Mint revenue considerably diminished, and in each of the six years ended with 1892 was lower than the Victorian proportion. In 1892 the receipts of the Melbourne exceeded those of the Sydney Mint by £500, but the expenses were also higher by £1,520, and hence the deficiency in the former was over £1,000 larger than in the latter colony. In the London Mint, on account of the large profit made on the purchase of silver and bronze for coinage, the receipts in 1892 amounted to more than four times the expenditure, and it may be inferred that if Victoria and New South Wales were allowed the profit on the silver and bronze coinage used in the currency of the Australasian colonies, these establishments would become more than self-supporting institutions. The following is a statement of the revenue and expenditure, and difference between those items, in the three Mints during the past year:—

MELBOURNE, SYDNEY, AND LONDON MINTS.—REVENUE AND EXPENDITURE, 1892.

Locality of Mint.	Mint Receipts.†	Mint Expenditure.	Excess of Expenditure over Receipts.	
			Amount.	Percentage.
	£	£	£	
Melbourne ...	12,152	14,864	2,712	22·32
Sydney ...	11,652	13,344	1,692	14·52
London ...	343,726	83,722	+ 260,004	+ 310·56

NOTE.—The plus sign (+) indicates that the receipts exceeded the expenditure.

* See paragraph 764 *ante*.

† See 21st Annual Report of the deputy master of the London Mint, Appendix H., page 109.

‡ Receipts from the public only. The Government subsidy, amounting to £20,000 in Victoria and £15,000 in New South Wales, is not included.

Excess of expenditure over receipts.

Mint receipts, etc., Melbourne, Sydney, and London.

779. The Sydney Branch of the Royal Mint was established in Sydney Mint, 1855 to 1892. 1855, and from that date to the end of 1892, 19,490,467 ounces* of gold were received thereat, of which it is believed that 7,703,075 ounces, or about two-fifths, were raised in the colony of New South Wales; 7,684,888 ounces, or about two-fifths, in Queensland; 2,306,904 ounces, or about an eighth, in New Zealand; and 1,442,318 ounces, or about a thirteenth, in Victoria. In the same period, 67,538,500 sovereigns, 4,995,000 half-sovereigns, and 734,460 ounces of bullion (valued at £2,943,339), were issued from this branch, the whole being valued at £72,979,339. It should be mentioned that since the establishment of the Melbourne Mint only about 4,966 ounces of Victorian gold have been coined in Sydney.

780. The quantity of gold received at the Sydney Mint during 1892 was 785,208† ounces, valued at £2,780,829, nearly three-fourths of which was produced in Queensland, nearly one-fifth in New South Wales, about one-fourteenth in New Zealand, but only a very small quantity in the other colonies. The total value of coin and bullion issued in that year amounted to £2,837,872, consisting of 2,837,000 sovereigns, and 216 ounces of gold bullion valued at £872. The value of coin and bullion issued from the Sydney Mint was less by nearly half a million in 1891, and by £656,000 in 1892, than that issued from the Melbourne Mint in those years.

781. Since the establishment of the Melbourne Mint in 1872, the value of gold coin exported from Victoria (£42,845,001), less the value of that imported (£3,070,683), has amounted to £39,774,318, or less by £9,627,780 than the total value of such coin issued from the Mint. In 1892 the value of the gold coin exported amounted to £1,844,388, or less by £373,346 than in the previous year; and the value of that imported was £10, or £325,552 less than in the previous year. The destination and value of the exports of gold coin in that year were as follow:—

EXPORTS OF GOLD COIN, 1892.

Destination.	£
United Kingdom	1,718,475
Tasmania	1,500
New Zealand	44,500
Hong Kong	37,889
Western Australia	10,000
Ceylon	500
New South Wales	31,400
France	124
Total	1,844,388

* Including 243,136 ounces of coin.

† Including 117 ounces of coin.

Australian
coinage at
Bank of
England.

782. The returns of the Bank of England show that a considerable quantity of the Australian gold coinage finds its way there. The figures are complete for the period 1875 to 1892, and in the following table are collated with those showing the amount of coinage struck during this period and in each of the last ten years at the two Australian Mints, the difference between the amount coined and the amount lodged in the Bank of England being also shown:—

AUSTRALIAN GOLD COINAGE.—AMOUNT STRUCK AND AMOUNT RECEIVED AT BANK OF ENGLAND.

Year or Period.	Nominal Value of Australian Gold Coinage.			Nominal Value of Australian Gold Coinage received at Bank of England.	Excess of Australian Gold Coinage over and above that received at the Bank of England.
	Struck at Mel- bourne Mint.	Struck at Sydney Mint.	Total.		
	£	£	£	£	£
1875 to 1882	18,371,528	12,304,000	30,675,528	20,825,000	9,850,528
1883 ...	2,050,450	1,218,000	3,268,450	1,518,000	1,750,450
1884 ...	2,966,635	1,595,000	4,561,635	284,040	4,277,595
1885 ...	2,972,644	1,486,000	4,458,644	3,012,000	1,446,644
1886 ...	2,921,135	1,708,000	4,629,135	2,187,000	2,442,135
1887 ...	2,888,431	2,069,000	4,957,431	202,000	4,755,431
1888 ...	2,830,612	2,187,000	5,017,612	3,535,000	1,482,612
1889 ...	2,732,590	3,294,000	6,026,590	3,423,500	2,603,090
1890 ...	2,473,537	2,808,000	5,281,537	1,361,000	3,920,537
1891 ...	2,749,592	2,673,000	5,422,592	3,778,000	1,644,592
1892 ...	3,488,750	2,837,000	6,325,750	2,485,090	3,840,660
Total ...	46,445,904	34,179,000	80,624,904	42,610,630	38,014,274*

NOTE.—With reference to this table, Mr. James Anderson, the Deputy-Master of the Mint at Melbourne, has made the following remarks:—"This table has been used in other quarters to show of how little value the Colonial Mints are to England, and in that point of view it is utterly unfair. England is not the whole Empire, and whether Colonial coin goes to the Bank of England or to India, or to any colony that has no Mint of its own, it is equally for the service of the Empire more than for the colony that coins it, though that colony bears the cost of coinage." The figures for each year prior to 1883 are given in the last issue of this work, Vol. I., table following paragraph 854.

Proportion
of Aus-
tralian
coinage
sent to
Bank of
England.

783. It will be noticed that although the value of the Australian gold coinage which found its way to the Bank of England in 1892 was exceeded in only 4 of the previous 9 years, the amount of their own coin retained by the colonies was, owing to the heavy coinage in 1892, considerably above the average. Thus the value of gold coin retained in 1892 was £3,840,000, or 60 per cent. of that coined, as compared with only $1\frac{2}{3}$ millions, or only 30 per cent. in 1891; an average of $2\frac{8}{9}$ millions per annum, or 54 per cent., in the five years 1887-91, and of nearly $2\frac{3}{4}$ millions, or 56 per cent., in the nine years 1883-91; whilst

* Net figures.

the proportion in the whole period of eighteen years was 47 per cent. The large proportion of coin retained in the years 1886-90 was due to the large and continuous remittances of British money to Australia during that period on account of public and private borrowings, as well as on account of British investments, the public debt of Australia and Tasmania alone having increased by $41\frac{3}{4}$ millions.

784. Besides supplying the silver and bronze coinage required for circulation in the Australasian colonies, as already stated, the London Mint also withdraws silver coin from the colonies after it has become worn or defaced, allowing for the same at its full nominal value. The following are the values of the coin supplied and withdrawn in the last fourteen years:—

Silver and bronze coin supplied and withdrawn.

COIN SUPPLIED TO AND WITHDRAWN FROM THE AUSTRALASIAN COLONIES BY THE LONDON MINT, 1879 TO 1892.

Colony.	Period.	Value of Coin Supplied.			Value of Worn Silver Coin Withdrawn.
		Silver.	Bronze.	Total.	
		£	£	£	£
Victoria ...	1879-90	591,900	17,185	609,085	227,328
	1891	35,200	2,500	37,700	2,521
	1892	...	...	...	1,566
New South Wales ...	1879-90	407,400	16,000	423,400	70,540
	1891	24,000	3,500	27,500	2,855
	1892	6,000	1,500	7,500	3,100
Queensland ...	1879-90	158,500	1,020	159,520	...
	1891	...	...	...	...
	1892	...	...	...	...
South Australia ...	1879-90	151,000	4,080	155,080	...
	1891	25,000	1,500	26,500	...
	1892	...	...	...	...
Western Australia ...	1879-90	5,000	400	5,400	3,290
	1891	5,000	...	5,000	...
	1892	...	...	...	...
Tasmania...	1879-90	32,400	620	33,020	10,045
	1891	...	...	...	...
	1892	...	...	...	...
New Zealand ...	1879-90	84,795	6,080	90,875	...
	1891	...	...	...	...
	1892	40,555	1,745	42,300	...
Total ...	1879-90	1,430,995	45,385	1,476,380	311,203
	1891	89,200	7,500	96,700	5,376
	1892	46,555	3,245	49,800	4,666

Proposition
to coin
silver in
Melbourne.

785. As far back as February, 1873, a memorial from representatives of ten banks doing business in Melbourne was forwarded to the then Governor (Lord Canterbury) setting forth the inconvenience entailed upon the public by the scarcity of silver coin circulating in the colonies, and praying His Excellency to petition Her Majesty to authorize the manufacture and issue of silver coin by the Melbourne Mint. This memorial was strongly supported by the then Treasurer, and was duly forwarded to the Colonial Office. Some correspondence ensued, and objections were raised. The Lords Commissioners of the Treasury represented that the nominal value of silver tokens exceeded the intrinsic value, and that the privilege of issuing implied the duty of withdrawing the tokens at their full nominal value. On this point the question was complicated. They further were of opinion that the coins should be distinct in character from those of the United Kingdom, in order that the British Government might not be called upon to withdraw, when worn, silver not issued from the Royal Mint; and that an adequate safeguard would have to be secured against the temptation to over-issue silver coinage. The then Deputy Master of the Melbourne Mint pointed out, moreover, that, as but little silver was at that time produced in the colonies, it would be necessary to import what silver was required for coining, and consequently little or no profit would result. It was, therefore, decided to proceed no further in the matter. Subsequently, silver mines of great richness having been discovered in Australia, the question was revived in 1890 by the then Treasurer (Mr. D. Gillies), and, in July, 1891, the subject was brought under the notice of the Governor by the successor to Mr. Gillies (Mr. J. Munro), who pointed out that, whilst the Imperial Government made an average profit of £11,000 per annum by coining the silver supplied to this colony, the Victorian Government lost on an average £5,000 per annum by coining gold. The Treasurer also showed how the objections previously raised might, in his opinion, be met, and suggested that the matter should be again brought to the notice of the Secretary of State for the colonies, with the view of its being again considered by Her Majesty's Government. The matter is at present the subject of negotiations between the Agent-General and the Imperial Government on the one hand, and Victoria and New South Wales on the other.

London
Mint, 1892.

786. No other metal than gold is coined at the Melbourne and Sydney Mints, the silver and bronze coinage required by the colonies being obtained from England. Besides gold, silver, and bronze

British money, silver, nickel, and bronze coins of various denominations are struck at the Royal Mint, London, for several of Her Majesty's possessions. The following table shows the number and value of coins of twenty-six different denominations issued from that Mint in 1892 :—

COINS STRUCK AT THE LONDON MINT, 1892.

Denomination.	Number of Coins.	Nominal Value.		
		£	s.	d.
Imperial—				
Gold—Sovereigns	7,104,720	7,104,720	0	0
„ Half-sovereigns	13,680,486	6,840,243	0	0
Silver—Crowns	451,334	112,833	10	0
„ Half-crowns	1,710,946	213,868	5	0
„ Florins	283,401	28,340	2	0
„ Shillings	4,591,622	229,581	2	0
„ Sixpences	6,245,746	156,143	13	0
„ Fourpences (Maundy money only)	8,524	142	1	4
„ Threepences	2,582,714	32,283	18	6
„ Twopences (Maundy money only)	11,583	96	10	6
„ Pence „ „ „	15,525	64	13	9
Bronze—Pence	10,501,671	43,756	19	3
„ Half-pence	2,478,335	5,163	3	11½
„ Farthings	887,240	924	4	2
Total	50,553,847	14,768,161	3	5½
Colonial—				
Canada, Silver—Fifty cents	151,000	15,513	14	0
„ „ Twenty-five cents	510,000	26,198	12	7
„ „ Ten cents	520,000	10,684	18	7
„ „ Five cents	860,000	8,835	12	4
„ Bronze cents	1,200,000	2,465	15	0
Hong Kong, Silver—Fifty cents	90,000	6,750	0	0
„ „ Twenty cents	450,000	13,500	0	0
„ „ Ten cents	5,550,000	83,250	0	0
„ „ Five cents	4,200,000	31,500	0	0
Ceylon, Silver—Fifty cents	250,000	8,723	19	2
„ „ Twenty-five cents	500,000	8,723	19	2
„ „ Ten cents	2,500,000	17,447	18	4
Total	67,334,847	15,001,755	12	7½

787. According to the table, the silver coined at the London Mint in 1892 represented an aggregate nominal value of £1,004,483, which was less by £340,441 than that coined in 1891, but was slightly below the average of the last ten years. Silver coined at London Mint, 1892.

788. In 1892 gold to the value of nearly £13,945,000 was coined at the London Mint, which was nearly twice the value of that coined in any of the preceding three years, and also much more than in any year since 1872. This is due to the re-coinage of the gold coins of Gold coined at London Mint, 1883 to 1892.

former reigns, and of light gold coinage of the current reign, which has been called in. No sovereigns were struck at the London Mint in 1881, 1882, 1883, or 1886, and no half-sovereigns in the first two and last of those years, or in 1888 or 1889. In 1892 nearly one-half of the gold coinage consisted of half-sovereigns. The following is the nominal value of the gold coins struck thereat during the last ten years:—

NOMINAL VALUE OF GOLD COINS STRUCK AT THE LONDON MINT,
1883 TO 1892.

				£					£
1883	...	...	...	1,403,713	1889	...	...	...	7,257,455
1884	...	...	...	2,324,015	1890	...	...	...	7,662,898
1885	...	...	...	2,973,453	1891	...	...	...	6,869,119
1886	...	...	...	Nil	1892	...	...	...	13,944,963
1887	...	...	...	1,999,075					
1888	...	...	...	2,287,841				Total	...£46,722,532

Value of
Australian
Mints to
the Empire.

789. It has been pointed out that, although of late years the productive power of the London Mint has been so much extended that it could easily coin gold enough for all wants in addition to the other coinage, it was not always so; and the Australian Mints have been of great, though unacknowledged, value to the Empire during some years when the London Mint could coin little or no gold.

Gold coins
in the
United
Kingdom.

790. Some years ago, it was estimated that 80,000,000 sovereigns, and 45,000,000 half-sovereigns, of a nominal value in all of £102,500,000, were circulating in the United Kingdom, and that about half these were light. The Mint authorities stated that, exclusive of the expense of re-coinage, it would cost £804,390 to make good the deficient weight.

Loss of
weight of
gold coins
by circula-
tion.

791. It may be mentioned that, according to an inquiry made by the London Mint authorities in 1888,* the sovereign when in circulation loses .040 grain, and the half-sovereign .055 grain per annum. According to this rate of wear, the "legal life" of a sovereign would be $19\frac{1}{2}$ years, and of a half-sovereign 9 years of circulation.

Pre-Vic-
torian
gold coins
called in.

792. In 1889 light gold coins to the value of £603,531 were received at the London Mint, and were paid for according to weight;

* The deficiency permissible below the standard was thus raised from .774 grain for the sovereign, and .512 grain for the half-sovereign, under the Act of 1870, to 3 grains for either coin.

and subsequently, under the *Coinage Act* 1889, on the calling in of all gold coins issued prior to the reign of Her present Majesty—(allowing at their full nominal value for those which had become light by fair wear and tear, and were not more than 4 grains below the standard weight)—gold coins to the value of £2,463,148 (of which £45,671 was the value of withdrawals from Australia and the Cape) were received up to the 28th February, 1891, after which date they ceased to be legal tender in the United Kingdom. The deficiency in weight and standard of the whole of the pre-Victorian coins received amounted to a value of £51,300. To this has to be added the cost of re-coinage. Since the 28th February, 1891, it is estimated that pre-Victorian gold coins, of a nominal value of £25,000, were received at the Bank of England, and paid for according to weight.

793. All the pre-Victorian coin having been called in, steps were taken to restore the coinage of the current reign, and with this view the *Coinage Act* 1891 was passed on similar lines to the Act of 1889. This Act provides that gold coins of the realm which had not been called in by proclamation, and were below the least current weight (122·5 grains for the sovereign and 61·125 for the half-sovereign), as provided by the *Coinage Act* 1870, but which had become light by fair wear and tear, and were not more than 3 grains below the standard weight (123·274 grains for the sovereign and 61·637 for the half-sovereign), might be received and paid for at their nominal value ;* the sum of £650,000, of which £250,000 was provided by the *Coinage Act* 1893, to be set aside to meet expenses to be incurred in effecting this object—that amount being considered sufficient to provide for £29,000,000 in sovereigns, and £14,000,000 in half-sovereigns. An Order in Council was subsequently issued declaring that such coins would be received at the Bank of England at any time after the 17th March, 1892. The amount of coin so withdrawn up to the 30th April, 1893, was £18,900,000, consisting of £11,026,000 in sovereigns, and £7,874,000 in half-sovereigns; and the total value of the deficiency in weight amounted to £313,463, viz., £121,576 for sovereigns, and £191,887 for half-sovereigns. Thus the average deficiency per sovereign was 2·646d., corresponding to 1·359 grains, and per half-sovereign 2·924d., corresponding to 1·501 grains.

Light gold
coins of
current
reign
called in.

* See London Mint Report 1889, page 96.

Coinage of
the world.

794. The value of gold and silver coin issued from the mints of the different countries of the world in the three years ended with 1891 is stated to have been as follows* :—

GOLD AND SILVER COINAGE OF THE WORLD, 1889 TO 1891.†

Countries.	1889.		1890.		1891.	
	Gold.	Silver.	Gold.	Silver.	Gold.	Silver.
	£	£	£	£	£	£
Australia ...	6,026,590	...	5,281,537	...	5,422,592	...
Europe—						
Austria-Hungary ...	686,456	943,387	587,240	803,566	601,159	699,249
Denmark ...	...	5,751	114,152	...	...	25,364
France ...	702,753	15	828,403	...	700,510	...
" colonies of ...	...	...	...	1,341	...	...
Germany ...	10,034,634	36,891	4,965,732	...	2,934,750	237,344
Great Britain ...	7,604,695	2,255,750	7,786,558	1,735,882	6,816,798	1,071,165
Italy ...	...	12,543	54,860	227	52,083	...
Eritrea (Italian colony)	...	...	...	118,295	...	132,917
Monaco ...	...	...	...	...	80,416	...
Netherlands ...	171,655	27,638	...	41,456	...	76,458
Norway ...	...	11,167	...	25,125	...	27,916
Sweden ...	225,008	29,636	173,632	52,889	...	4,583
Portugal ...	20,025	141,750	84,825	112,500	35,325	1,516,050
Russia ...	3,928,145	240,344	4,526,300	336,338	439,789	560,604
Spain ...	703,881	982,506	1,885,327	308,157	...	2,550,417
Switzerland ...	80,417	45,235	100,521	58,302	80,416	30,156
Turkey ...	...	...	9,342	...	696,250	90,083
Asia—						
China ...	...	...	...	...	...	594,612
Cochin China ...	...	271,371	...	...	...	...
Hong Kong ...	...	229,167	...	89,583	...	312,500
India ...	22,985	7,903,712	...	12,069,026	24,460	6,806,354
Japan ...	369,794	1,982,575	248,760	1,520,134	225,776	1,775,813
Siam ...	...	301,380	...	...	...	...
Straits Settlements	...	62,500	...	...	...	70,000
Africa—						
British Africa ...	...	...	...	6,031	...	...
Egypt ...	...	...	...	...	...	67,182
Great Comoro ...	...	...	...	412	...	...
German East Africa	...	...	...	15,237	...	16,902
Morocco ...	...	...	...	...	...	50,000
South Africa Republic	...	...	...	...	15,626	...
Tunis ...	...	...	...	...	482,500	140,729
Zanzibar ...	...	...	...	...	...	12,500
America—						
Bolivia ...	...	...	...	185,000	...	350,937
Brazil ...	...	...	17,936	171,249	26,308	104,154
British West Indies	...	...	...	...	...	4,792
Canada ...	...	3,455	...	7,917	...	41,668
Columbia ...	...	45,028	...	...	...	...
Costa Rica ...	...	53,752	...	...	...	...
Hayti ...	...	...	...	62,500	...	...
Mexico ...	66,647	5,269,735	59,346	5,016,915	58,452	5,102,723
Peru ...	...	592,194	...	559,816	...	...
San Domingo ...	...	...	...	...	...	24,583
United States ...	4,461,236	7,395,142	4,263,996	8,167,272	6,087,918	5,733,095
Total ...	35,104,921	28,842,624	30,988,467	31,465,170	24,781,128	28,230,850

* Taken, except the figures for Australia, from the report for 1892 of Mr. Edward O. Leech, director of the United States Mint. Mr. Leech gives the amount in dollars, which have been turned into pounds sterling upon the assumption that £1 is equal to 4½ dollars.

† Calendar years, except for India and Mexico.

795. The figures in the table show that the value of the gold coin issued from the Australian Mints in 1891 was less by £1,394,000 than that issued from the Mint of Great Britain; and less by £665,300 than that issued from the Mint of the United States, but more by £4,983,000 than that issued from the Mint of Russia, more by £2,488,000 than that issued from the Mint of Germany, and considerably more than that issued from the mints of any of the other countries shown. It will moreover be noticed that the nominal value of silver coinage in 1891 was greater than that of gold; and that over three-fifths of the whole silver coinage was coined by India, the United States, and Mexico.

Coinage in
Australia
and other
countries.

796. The subjoined particulars of the currency system of the United Kingdom has been abstracted from a statement submitted by the Right Honorable G. J. Goschen to a monetary conference held in Paris in 1878* :—

Currency
system of
United
Kingdom.

“Gold is the only standard metal.

“The silver coinage is a legal tender to the amount of 40 shillings only.

“The bronze coinage is legal tender to the amount of one shilling.

“The gold coined is .917 fine, *i.e.*, $\frac{11}{12}$ pure gold, and $\frac{1}{12}$ alloy.

“The sovereign, representing the pound sterling, contains 113.001 grains of pure gold, or 123.27447 grains of standard gold. The half-sovereign precisely half of the above.

“Sovereigns and half-sovereigns are legal tender to any amount, provided that the pieces be not worn below 122.5 and 61.125 grains respectively.

“Below these weights they may be refused, and the Bank of England cuts all such light coins tendered to it, and receives them only as so much standard gold. The loss on light gold is thus borne by the public. Special arrangements have, however, been made under which the State will bear the loss on light pre-Victorian gold coins presented up to a certain date.

“Every person is entitled to bring gold to the Mint for coinage, and to receive it back, in his turn, cut into coins, stamped with the proper die, as a certificate of due weight and fineness, at the rate of £3 17s. 10½d. per ounce troy of standard gold—that is to say, 1,869 sovereigns for 40 lbs. troy of standard gold.

“If the gold so brought to the Mint is higher or lower than the standard, the Mint adds alloy or fine gold for the account of the owner, according as it is needed, to bring it down to the standard or to bring it up.

“The Bank of England is by law obliged to receive all gold brought to it by the public, paying for it immediately at the rate of £3 17s. 9d. per ounce standard.

“The silver to be coined is .925, or $\frac{37}{40}$ fine, and one troy pound, costing about 45 shillings at the present market price, is coined into 66 shillings, a sum fixed when the price was nominally about 60 shillings.

“One pound avoirdupois of bronze is coined into 48 pence. The same quantity is coined into 80 halfpence or into 160 farthings. Thus, two halfpence, or four farthings, weigh more than one penny.

“It will be seen that, beyond the cost of making the subsidiary coins, a considerable seigniorage is charged on both silver and copper, which contributes towards the cost of coining the sovereign, and of replacing the silver coinage which is withdrawn from circulation as soon as any pieces are so worn by use that neither effigy nor legend are distinguishable.”

* See also *Victorian Year-Book*, 1890-91, Vol. I., paragraph 751.

Seigniorage
on silver
coinage.

797. Although British silver coins are merely token money, and since 1816 have been limited as a legal tender to the sum of forty shillings, yet they were at first only slightly below their intrinsic value. For prior to 1873, standard silver ($\cdot 925$ fine) was worth $60\frac{7}{8}$ d. per oz.—on the then existing bi-metallic relation of $15\frac{1}{2}$ parts of silver (by weight) to 1 part of gold, and as the nominal value of 1 oz. of standard silver is 66d. when coined, the difference—being profit or seigniorage obtained by the Mint—was only 5d., or less than $8\frac{1}{2}$ per cent., on the then market price of the metal. Ever since that period, however, the rate of seigniorage has gradually increased with the fall in the price of silver. Starting with from 9 to $9\frac{1}{2}$ per cent. in the years 1870-2, it gradually rose, with some fluctuations, to $17\frac{3}{4}$ per cent. in 1877, 36 per cent. in 1885, and 54 per cent. in 1889, and although it fell back again to $35\frac{1}{2}$ per cent. in 1890, and $45\frac{3}{4}$ per cent. in 1891, it rose in 1892 to nearly $65\frac{3}{4}$ per cent.—its highest point. In 1892 the average price of silver purchased by the London Mint was $39\frac{1}{6}$ d., and thus the seigniorage was $26\frac{3}{6}$ d., or at the rate of $65\frac{1}{6}$ d. per cent. The total profit made by the Mint upon silver bullion purchased for coinage in the same year was £287,323; in addition to which there was a profit on bronze coinage of £45,840. As against this, however, there was a loss of £25,943 on worn silver coin exchanged. In the ten years ended with 1892, the total profit or seigniorage on silver bullion purchased amounted to nearly £4,747,000. This large profit accruing is apt to lead to excessive issues of silver coin, unless proper safeguards be used, and it was found by means of a census taken by the London Institute of Bankers in 1892 that the banks of the United Kingdom (except about 2 per cent. which did not furnish returns) had about $4\frac{1}{2}$ millions sterling of silver coin on hand at the close of a certain fixed day, of which about $1\frac{1}{6}$ millions (net) was in excess of average requirements.*

Fall in
price of
silver.

798. Prior to 1871 both gold and silver were used in unlimited quantities for the coinage of money in almost all the countries of the world, except the United Kingdom, which has had a mono-metallic gold standard since 1816; and by this extended use of the two metals in bi-metallic relation, it so happened that an almost uniform ratio prevailed between the values of the two metals closely approximating to $15\frac{1}{2}$ of silver to 1 of gold.† In 1871, however, Germany, followed by Sweden, Norway, and Denmark, broke the spell by adopting a gold standard, and ever since 1873, an almost continuous fall has taken

* See *Bankers' Magazine* for July, 1893, page 10.

† This proportion is still adhered to in the Latin Union, whilst in the United States the proportion of 16 to 1 is maintained.

place in the value of silver, whilst the ratio of value between the two metals has increased to over 20 to 1, the maximum reached being 22 to 1, in 1889. The causes which brought about this result have been the subject of much controversy; it is generally recognized, however, that although partly to be attributed to the increased production of silver,* it was much accelerated by the general scramble for gold which followed the demonetization of silver, and by the restriction or entire suspension of the free coinage of silver in silver-using countries—especially in those comprised in the “Latin Union” (including France, Belgium, Greece, Italy, and Switzerland) and the United States—which causes, moreover, tended to appreciate gold, and, as a consequence, to depreciate the gold prices of commodities. As fine gold is worth £4 4s. 11½d. per ounce, fine silver, as measured by the gold standard, would be worth, on the basis of the original ratio of 15½ to 1, 65¾d. per oz., and standard silver (.925 fine) 60⅞d. per oz., which was actually the average which prevailed during the ten years 1861-70. Starting with this level, the gradual decline in the price of silver may be traced by the following quotations of the average price on the London market from 1861-70 to the present time:—

AVERAGE PRICE OF STANDARD SILVER (.925 FINE) IN THE LONDON MARKET, 1861 TO 1892.

Year.	Price per Ounce Standard.	Year.	Price per Ounce Standard.
	d.		d.
Average 10 years† } 1861 to 1870 }	60⅞	1881 ...	51⅞
1871 ...	60 ⁹ / ₁₆	1882 ...	51 ¹³ / ₁₆
1872 ...	60 ¹ / ₄	1883 ...	50 ⁹ / ₁₆
1873 ...	59 ¹ / ₄	1884 ...	50 ¹¹ / ₁₆
1874 ...	58 ⁵ / ₁₆	1885 ...	48 ⁵ / ₈
1875 ...	56 ¹³ / ₁₆	1886 ...	45 ³ / ₈
1876 ...	53	1887 ...	44 ⁵ / ₈
1877 ...	54 ³ / ₄	1888 ...	42 ⁷ / ₈
1878 ...	52 ⁹ / ₁₆	1889 ...	42 ¹¹ / ₁₆
1879 ...	51 ³ / ₁₆	1890 ...	47 ³ / ₄
1880 ...	52 ¹ / ₄	1891 ...	45 ¹ / ₁₆
		1892 ...	39 ¹³ / ₁₆

NOTE.—These quotations were taken from the Annual Reports of the Deputy Master of the Royal Mint, England. The price of silver in the United States appears to closely correspond with that in London; as the average price of fine bar silver at New York in 1891 was \$99033, equivalent, at par of exchange, to 45³/₁₆d. per oz. (British) standard; whilst the price paid by the United States Mint, during 1891-92, averaged \$94 per fine oz., being equivalent to 42⁷/₈d. per oz. standard.

799. In order to indicate the serious effect of this fall on the intrinsic value of the silver coinage in the various silver-using countries of the world—notably India and the United States—the

Effect of fall of price of silver on silver coinage.

* In the decade 1851-60 the annual production averaged 4½ silver to 1 of gold; in 1861-70, 6½ to 1; in 1871-80, 13 to 1; and in 1881-90, 18¾ to 1.

† During this period the extreme average prices were 60½d. in years 1868-69-70 and 61½d. in 1863.

following table, extracted from the report of the Director of the U.S. Mint for 1892, has been selected, which shows the commercial value of the American silver dollar for each year since 1873, when it was slightly above par. With exchange at par, the silver dollar is nominally worth $\text{£}\frac{1}{4.8665}$, or 4s. $1\frac{5}{8}$ d.; it weighs $412\frac{1}{2}$ grains, and is of the fineness of $\cdot 9$, *i.e.*, it consists of nine-tenths pure silver and one part alloy:—

BULLION VALUE OF THE SILVER DOLLAR, 1873-1891.

Calendar Year.				Average Price.	Calendar Year.				Average Price.
1873	...	...	...	\$1.004	1883	...	...	...	\$0.858
1874	...	...	...	.988	1884	...	...	...	.861
1875	...	...	...	.964	1885	...	...	...	.823
1876	...	...	...	.894	1886	...	...	...	.769
1877	...	...	...	.929	1887	...	...	...	.758
1878	...	...	...	.891	1888	...	...	...	.727
1879	...	...	...	.868	1889	...	...	...	.724
1880	...	...	...	.886	1890	...	...	...	.809
1881	...	...	...	.881	1891	...	...	...	.764
1882	...	...	...	.878					

Drastic measures adopted by the United States in 1878 and 1890.

800. With a view of raising the price, and thus paving the way for the free coinage of silver, the United States Government had since 1878, under the authority of Acts of the Legislature, been buying up largely, and coining certain fixed quantities of silver bullion—the produce of mines of the United States. Under *The Bland Act* of 1878, the annual purchases were not to be less than 24 million nor more than 48 million dollars' worth (equivalent to from 20,625,000 to 41,250,000 fine ounces), and the minimum fixed was purchased in each year; but in August, 1890, a new law (*The Sherman Act*), repealing the former one, came into force, requiring the purchase of as much as 54,000,000 oz. of silver per annum. The latter is equivalent to over one-third of the whole annual production of the world. According to these laws, the United States Treasury bought up during the fiscal year 1890-91, 56,878,325 U.S. standard ($\cdot 9$ fine) ounces, and paid therefor \$53,626,925, being at the average rate of \$1.0475 per fine ounce (or $47\frac{3}{4}$ d. per ounce British standard); and in 1891-2 it purchased 54,355,748 fine ounces, and paid therefor \$51,106,608, being at the rate of \$.9402 per fine ounce (or $42\frac{7}{8}$ d. per ounce British standard). Owing, however, to the increased stimulus given to silver production by this action,* the object aimed at failed, and although the price was temporarily raised—reaching a maximum of $54\frac{5}{8}$ d. in

* In 1891-2, the quantity offered to the Mint exceeded 97,800,000 fine ounces. It is possible, however, that this amount may have been swelled by the same parcels of silver having been offered several times during the year, more especially as the annual production of the United States in 1891 did not exceed 60 million ounces.

September, 1890—it subsequently fell lower than it had ever been previously.* The climax was reached in July, 1893, when the President summoned a special Congress for the purpose of repealing the Act by means of the following proclamation†:—

“Whereas the distrust and apprehension concerning the financial situation which pervade all business circles have already caused great loss and damage to our people, and threaten to cripple our merchants, stop the wheels of our manufactures, bring distress and privation upon our farmers, and withhold from our workmen the wages of their labour, and whereas the present perilous condition is largely the result of a financial policy which the Executive branch of the Government finds embodied in unwise laws which must be executed until repealed by Congress. Therefore, I, Grover Cleveland, President of the United States, in performance of my constitutional duty, do, by this proclamation, declare that an extraordinary occasion requires the convening of both Houses of Congress on the 7th of August, to the end that the people may be relieved, through legislation, from the present impending danger and distress.”

801. Three important events have quite recently occurred having an important bearing on the silver currency question, viz., the meeting of another International Monetary Conference at Brussels, convened by the United States, to devise remedies for the continued depreciation of silver, and means for extending the use of silver money, which, however, was unable to come to any unanimous decision whatever on the questions at issue; the closing of the Indian mints to the free coinage of silver on the 26th June, 1893, and fixing the gold price of the rupee at 1s. 4d.; and the summoning in July, 1893—as already stated—of the United States Congress to repeal the Sherman Act, under the compulsory provisions of which 54 million ounces of silver were purchased annually by the Government, as stated in the last paragraph. In connexion with these circumstances it should be borne in mind that more than one-third of the world's annual production‡ of silver has been consumed in the United States, and nearly one-fourth in India, for currency purposes alone.

Important events affecting the silver currency question.

802. The fourth Monetary Conference, convened by the United States, assembled at Brussels on the 22nd November, 1892, at which the principal European countries and the United States were represented. The proposals of the United States were framed with the object of arriving at an international agreement for the free coinage of gold and silver, and for fixing a ratio between the two metals. Although the proposals were favoured by France, Holland, Spain, and Mexico,§ they were rejected by the Conference as a whole; and no scheme propounded was seriously entertained until at length, on the suggestion of the president (Mr. Alfred de Rothschild),

Brussels monetary conference.

* On 31st May, 1893, the price of standard silver in London fell to 37½d., which was, probably, the lowest on record. See *London Bankers' Magazine* for July, 1893, page 65.

† See *Bankers' Magazine* for August, 1893, page 247. The Silver Act was repealed in October, 1893.

‡ See Part “Production” in Vol. II., *post*.

§ See *Australasian Insurance and Banking Record* for December, 1892, page 868.

a plan was considered for the purchase by the European countries of 30 million ounces of silver annually for at least 5 years, the purchases to be suspended as soon as the quotation to be agreed upon should be reached, provided that the United States continued their purchases, which plan, however, was eventually rejected by 7 votes against 6; but another scheme, in favour of the withdrawal of gold coins and notes (except those representing silver) of smaller value or for smaller sums than 20 francs, was adopted by a large majority. The president (a monometallist), in urging the conference to take some action to arrest the depreciation of silver, reminded it that the stock of silver in the world was estimated at some thousands of millions, and was of opinion that if the conference were to break up without arriving at any definite result, there would be a depreciation in the value of that commodity which it would be frightful to contemplate, and out of which a monetary panic would ensue, the far-spreading effects of which it would be impossible to foretell.*

803. Anticipating that the Brussels Conference would fail, as it signally did, to agree to any course tending to check the demonetization and depreciation of silver, the India Office appointed, in October, 1892, a committee of seven members—called the Indian Currency Committee—presided over by Lord Herschell (the Lord High Chancellor), to consider the expediency of adopting the recommendations of the Indian Government, viz., to at once close the Indian Mints to the free coinage of silver, if no satisfactory result be arrived at by the Brussels Conference, and to establish a gold standard for India, although it possessed little or no gold currency, with a view of checking the further depreciation of the rupee. The recommendations of this committee were on the whole favourable to the project, as will be seen from the following extracts from their report, dated 31st May, 1893†:—

“It is impossible thus to review foreign systems of currency without feeling that, however admirable may be the precautions of our own currency system, other nations have adopted different systems which appear to have worked without difficulty, and have enabled them to maintain for their respective currencies a gold standard and a substantial parity of exchange with the gold-using countries of the world, which has, unfortunately not been the case with India. This has been effected under all the following conditions, viz.:—(a) with little or no gold coin, as in Scandinavia, Holland, and Canada; (b) without a mint or gold coinage, as in Canada and the Dutch East Indies; (c) with a circulation consisting partly of gold, partly of overvalued and inconvertible silver, which is legal tender to an unlimited amount, as in France, and other countries of the Latin Union, in the United States, and also in Germany, though there the proportion of over-valued silver is more limited, the mints in all these countries being freely open to gold, but not to silver, and in some of them the silver coinage having ceased; (d) with a system under which the banks part with gold freely for export as in Holland, or refuse it for export as in France; (e) with mints closed

* See *Bankers' Magazine* for January, 1893, page 40.

† See British Parliamentary Paper [C. 7,060], 1893, pages 26 and 38.

against private coinage of both silver and gold, and with a currency of inconvertible paper, as has been temporarily the case in Austria; (f) with a circulation based on gold, but consisting of token silver, which, however, is legal tender to an unlimited extent, as in the West Indies.

* * * * *

“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 realized, 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 necessary steps if and when it appears to them and to him necessary to do so.”

804. Almost immediately after the receipt of this report the Indian Government passed a law embodying these recommendations, which was communicated to the House of Commons by Mr. Gladstone on the 26th June, 1893, in the words of the following telegram received from India:—

Closing of
Indian
Mints and
fixing value
of rupee.

“Council has passed an Act, which takes effect at once, to carry out the plan recommended by Lord Herschell’s committee. Act provides for close of Indian Mints to free coinage of silver from and after date of passing. Arrangements will be made to issue rupees from the mints in exchange for gold and sovereigns at the rate of 16d. per rupee [until further notice] and to receive sovereigns and half-sovereigns at public treasuries, in payment of Government dues, at the same rate. It is intended to introduce a gold standard into India, but gold will not be made legal tender at present.”*

805. The rupee weighs 180 grains, and consists of 15 grains of alloy and 165 grains of pure silver, which, being valued at 16d., is equivalent to 7.533 grains of pure gold. Silver and gold are thus fixed by the Indian Government at the ratio of 21.90 to 1.

Weight and
value of the
rupee.

806. The following extract from a speech by the British Premier, Mr. Gladstone, which was delivered in the House of Commons on the 28th February, 1893, in opposition to a motion by Sir W. H. Houldsworth, Bart., bearing on the silver question, may be taken as an exposition of the views of the British monometallists:—

Mr. Glad-
stone on bi-
metallism.

* See *London Bankers' Magazine* for August, 1893, page 156.

“ I will come to the consideration of what is the standard of value, and what are the qualities which give to that standard of value those merits which have led mankind to seek it through a long and painful process, to find their way, step by step, towards it. What is to take place in this country with respect to the enormous sums of money that are held at call? What is the state of the facts? The complaint is a complaint of low prices. The desired condition which it is sought to bring about is a state of rising prices; the means to be adopted are to supply the people who require money for the payment of debts or purchase of commodities, with a currency to which they will have access on easier terms. They are to get that currency cheaper. Very well, the consequence of that will be, if that currency is to be obtained cheaper, that any given nominal amount will be worth less in that currency than it is in the present currency. It is unquestionably easier to lower the currency a little by a very mild and genial process, like some of those medicines which are administered to the system and which work without violence or pain. Now, I ask any gentleman in this House to put himself in the position of a man who has money at call. That money must be paid to him under the law, every farthing of it, in sovereigns. But suppose this House to pass a Bill, by which after a particular day the money out at call, and now repayable in sovereigns (and in nothing worse), would become repayable in either sovereigns or silver in a ratio arbitrarily fixed by the State, what would be the effect? After that particular date they would get for the money out at call rather less in real value than they would get before that date. The consequence would be that monometallists, bimetalists, silver men, and gold men—every one of you—would call in every farthing you have out at call. You are not going to be content with £90 or £95 after a given date if you can get £100 by calling in your money before that given date. By-the-bye, I think Mr. Giffen estimates that the sum out at call is about £600,000,000; and I want to know what is to be the effect of saying to the owners of that £600,000,000, “ Allow your money to remain where it is, and you will have to take £90 or £95 for every £100, but before a given date you could get £100.” I want to know whether they would not call in their money when they could get £100. I want to know, too, what would be the effect on the credit of the country and on the stability and firmness of the best banking houses in the land. What I have endeavoured to bring to my own mind, and what I should like to bring to the minds of others, is the consideration of this question—What is the standard of value? We know perfectly well that gold is our standard of value. But what is meant by a standard of value? Until we know this I do not see how we are to attain to a right position for judging of the qualities which ought to recommend to us this or that form of legislation, including the estimation of our own standard of value. I understand by a standard of value a common measure of commodities. It is a commodity itself. I admit that ought to be fully recognised, but when you seek for a good standard of value, you seek for that by the terms of which you may express the real value—that is, the real purchasing power and force of every other commodity whatsoever. What is important to the owners of, or the persons interested in, those other commodities? To supply them with a good standard of value. We have passed beyond the stage of barter. Barter and exchange are the primary necessity of mankind in their first efforts towards civilisation. Barter may be the first form of that exchange, but barter is so inconvenient, and so hampered by the conditions under which it acts, that no large extension of human intercourse or commerce can take place under that system, and, consequently, from the very first stages of the history of mankind there are efforts, sometimes of barbarous tribes, more energetic and more forcible as they attain more strongly towards civilisation, to get at something like a standard of value. The object of it is this—that to the man who has goods to sell, and is going to accept for those goods a certain portion of the standard of value, the object of the standard of value is that he should know the real compensation he receives for the thing he is going to give up, and what he can make of the money which is to be given to him as representing the value of the object he is parting with. In the same way, with regard to the man who buys, he also wants a standard of value which will represent to him as exactly as possible the power that will be in his hands when he has bought the commodity with its value measured by the amount of circulating medium that he is willing to give for it. It is exactly like the case of a standard of height by which you can compare with the utmost exactitude the man of five feet with the man of six

feet. What you want in this standard of value to make it do its work properly is fixity, steadiness, stability, and continuity. You want its properties to be such that what it is to-day it shall be to-morrow, and what it is to-morrow it shall be the next day. Fixity and invariability are the first elements of a standard of value. It should be valuable, uniform, and portable, and these are qualities which gold possesses. But the grand thing is, if it is to be a good standard of value it should have fixity and invariability. That fixity and invariability cannot be absolute. If you find any commodity which should always maintain exactly one and the same relation to the sum total of all the exchanges effected in the world, then you will have an absolutely perfect standard; but that you cannot do. We do not pretend that gold is an absolutely unchangeable standard of value, but the belief is at any rate held by a large portion of mankind—it is a belief growing and gaining ground from year to year—that gold is the best standard of value, because, above all, it is the least variable standard. The Commission which sat some time ago did not admit that the supposed scarcity of gold had been proved. There are no proofs. There are some great commodities which were very low. It is not for me to dogmatize about it; but this I will say, that no proof of a gold famine has been supplied. It is just to observe that the fall in some commodities, in wheat most conspicuously, is the natural result of the combined action of certain causes the existence of which is well known, one of them being the long continuance of peace, and, therefore, the larger and the more free application of human industry to the business of production, and the enormous cheapening of the means of communication. Is it true that every great commodity has fallen in value? Quite the contrary. Let us look at another very great commodity, at what is, perhaps, the greatest commodity in the world—that of human labour. I want to know whether that is not rising all over the world, and whether it has not risen enormously in this country, in almost every branch that can be named. Compare the wages of domestic servants with what they were thirty or forty years ago. Take also the limited class, about whom I happened to hear the other day—the theatrical profession. I have it on unquestionable authority that the ordinary payments received by actors and actresses have risen largely. No one is unaware of the increase of fees in the medical profession, and I am bound to say that there are none more nobly earned in the world. I do not know whether there are any in this House who are personally cognizant of all the circumstances connected with the gold discoveries. They were extremely curious and of the greatest interest; and I make this concession—that at the period of the gold discoveries, had it not been for those discoveries, we must have had a gold famine in the world; but owing, as some would say, to a happy accident, or, as others would say, under the influence of an old-fashioned belief, to the wise, providential adaptations constantly at work, the gold discoveries in California and afterwards in Australasia corresponded with the most astonishing development of industrial power ever known in the history of the world. It was at that very time when the railway system began, when the ocean steamer system was transformed, when the telegraph came into existence, and a multitude of material changes were operating in the same direction, and at that very time came what is probably more powerful than all—free-trade legislation. The result was an enormous extension of human industry, and a vast enlargement of the exchanges which had to be effected in the world. The gold discoveries appeared to meet the great want thus created, and certainly no gold famine was experienced in England at the time; but these gold discoveries became exceedingly large, especially when the Australian discoveries were rapidly and constantly accumulated on the Californian supply. The effect was that there went abroad an opinion entertained just as strongly and as conscientiously as the present opinion about a gold famine, that there was a gold plethora. I am not exaggerating when I say that not only the ignorant herd, but many men of sense, and practical men who were high authorities on questions of economy, believed firmly about forty or forty-five years ago that gold was depreciated 20 per cent. I might mention a few names. There was the late Viscount Cardwell, as good an economist as I have ever known among purely political men; there was Mr. Cobden, who, in addition to his other great gifts and powers, undoubtedly stood very high as a political economist; and there was a distinguished friend of Mr. Cobden, M. Chevalier, who published a book, the main proposition of which was that gold had undergone a real depreciation of 20 per cent. All that has blown over now, and nobody believes at present in any such depreciation.

It happened, too, at that period, that silver was in a state of considerable steadiness, and afforded a very fair test of values in the market. I think I am right in saying that silver then rose from 5s. to 5s. 3d. per ounce and that gold fell about 3 per cent. That was a most severe trial, and there is no epoch in history, not even in the 16th century, when such remarkable changes were produced by the discovery of America, when so vast and enormous an addition had been made, almost at a moment's notice, to the monetary transactions of the world, and to the necessity thereby created for an enlargement of the circulating medium. Yet gold has not varied more than about 3 per cent. I should say that is a very respectable case to make out for gold as a circulating medium. If under such pressure and such an agony of trial, the fluctuation of gold amounted to only a trifle, the position of gold as a standard of value is splendidly demonstrated. It is now proposed that silver shall be used as a circulating medium, but what has been the case with regard to silver? The supply of silver appears to be subjected to more extraordinary variations than any ever known in the case of gold. The variation in the value of silver within the last twenty or thirty years is not less than 40 per cent., and not only that, but we are told that we are not at the end of that variation, and that the rupee, which was once worth 2s., and which is now worth 1s. 2½d., will probably go down further to 1s. or even to 9d. That means, therefore, that unless you step in and give the artificial assistance of the law, this great commodity of silver, which it is proposed to bring into partnership with gold as supplying a standard of value for the conduct of all exchanges, will, under the operation of actual facts, aided a little by prophecies, fall between 60 per cent. and 70 per cent. Am I right in contending that fixity is the proper requirement of a standard of value? If it is, I want to know how you can improve that standard of value which, under the severest circumstances, has never varied more in this country than 3 per cent. or 4 per cent., by associating with it a commodity which has actually varied to the extent of 40 per cent., and with respect to which those who regard it with the largest amount of favour anticipate a further variation of 25 per cent. or 30 per cent. Do you suppose this is all to be set right by fixing a ratio? On what day will you fix a ratio? And if you fix your ratio, what will be the state on the next day of the markets with reference to the commodities for which you are fixing a ratio? Do you think a man who has money to receive will be content to take less because, stepping out of your province, you have told him that he ought to be satisfied with a less valuable commodity than that which he expects? I do not believe it. I believe the opinion of those who look to fixing a ratio is that it must be a mutable ratio. I do not enter into the question whether a double standard is conceivable under certain circumstances. I believe it is. I look at the actual facts which are before me, and I ask--Is there any period during the last thirty years when you could have fixed a ratio between gold and silver by law on a given day, and when you would not have been compelled to change it again and again? If that is so, what is our standard of value to be? Are we to choose it for its fixity, or are we to choose it for its liability to indefinite and eternal change? This country is the great creditor country of the world; of that there can be no doubt whatever; and it is increasingly the great creditor country of the world. I suppose there is not a year which passes over our heads which does not largely add to the mass of British investments abroad. I am almost afraid to estimate the total amount of the property which the United Kingdom holds beyond the limits of the United Kingdom; but of this I am well convinced, that it is not to be counted by hundreds of millions. One thousand millions probably would be an extremely low and inadequate estimate. Two thousand millions, or something even more than that, is very likely to be nearer the mark. I think under these circumstances it is rather a serious matter to ask this country to consider whether we are going to perform this supreme act of self-sacrifice. I have a profound admiration for cosmopolitan principles. I can go a great length in moderation in recommending their recognition and establishment; but if there are these two thousand millions, or fifteen hundred millions of money which we have got abroad, it is a very serious matter as between this country and other countries. We have nothing to pay to them; we are not debtors at all; we should get no comfort, no consolation out of the substitution of an inferior material, of a cheaper money, which we could obtain for less and part with for more. We should get no consolation, but the consolation throughout the world would be great. This splendid spirit of philanthropy, which

we cannot too highly praise—because I have no doubt all this is foreseen—would result in our making a present of fifty or a hundred millions to the world. It would be thankfully accepted, but I think that the gratitude for your benevolence would be mixed with very grave misgivings as to your wisdom. I have shown why we should pause and consider for ourselves once, twice, and thrice before departing from the solid ground on which you have within the last half-century erected a commercial fabric unknown in the whole history of the world—before departing from that solid ground you should well consult and well consider, and take no step except such as you can well justify to your own understanding, to your fellow-countrymen, and to those who come after us.”

807. In commenting on this speech, the *London Statist*, whilst commending Mr. Gladstone's as a sound policy, incidentally disagreed with the view that gold had remained stable in value, whereupon Sir W. Houldsworth (in a letter to that paper) pointed out that the stability of the gold standard was not only the foundation of the argument, but was put forward as the great primary consideration which governed the whole question. Sir William Houldsworth maintains that silver has changed but little, but gold very materially, in relation to other commodities; and this is borne out by figures as calculated by Sauerbeck, given in a subsequent table.*

Comments
on Mr.
Gladstone's
views.

808. Some idea of the principles, arguments, and objects of the Bimetallic League will be obtained from the following extracts from manifestoes promulgated by that body:—

Objects of
bimetallic
league.

THE CASE FOR BIMETALLISM.†

“Until the year 1873 the ratio at which gold and silver were interchangeable was steady, because the Mints of France and other European countries were open to all the world for the unlimited coinage of both metals, on the fixed basis of 15½ oz. of silver to 1 oz. of gold.

“‡ It may be stated generally that during the last century the national unit of coinage which constituted the standard of value in the principal countries practically rested on both metals, silver being usually the nominal standard with gold rated to it, at the discretion of each Government.

“In the United Kingdom, from 1717 to 1816, this system prevailed, the ratio of gold to silver having been fixed at 1 to 15·21.

“In the United States of America the joint gold and silver standard was originally adopted in 1786 with a ratio of 15·25 to 1; changed in 1792 to 15 to 1, and in 1834 to 16 to 1.

“In 1803 the joint standard, with a ratio of 15½ to 1, was definitely adopted by France, and in 1865 the formation of the Latin Union, ultimately consisting of France, Italy, Belgium, Switzerland, and Greece, extended and confirmed it.

“Owing to this, the par of exchange between gold and silver standard countries kept practically uniform, and silver, as fully as gold, performed the functions of money throughout the world.

“The action of England, in 1816, in adopting the single gold standard, did not disturb the steadiness of the ratio between the two metals, so long as the Continental Mints remained open to the unrestricted coinage of silver; but when Germany, which

* See table following paragraph 809 *post*.

† See *Bankers' Magazine* for December, 1892, page 848.

‡ This and the three following paragraphs are from the “Note” appended to the final report of the Royal Commission on gold and silver, by the late Right Hon. Sir Louis Mallet, C.B., one of the Royal Commissioners.

had previously had a silver standard, in 1873 introduced a single gold standard, the old equilibrium was destroyed, because France and the other bimetallic countries, in view of the heavy sales of silver made by Germany, suspended their free coinage.

“This action caused the price of silver, as quoted in gold, to fall, and it (the gold price of silver) has since fluctuated violently, affecting all international exchanges between silver standard and gold standard countries. In the case of India the rupee, formerly worth about 2s., has gradually dropped to 1s. 3½d. in English money, with increasing uncertainty as to its prospective exchangeable value as against gold.

“The substitution of gold for silver, and the greater amount of exchange work that is in consequence thrown upon gold, has led to the ‘appreciation’ of that metal, and to a fall in price of commodities, as measured in gold, which is everywhere visible, and everywhere baneful in its effects upon commerce, upon manufacturing and agricultural industry, and upon the growth of employment necessary to provide work for our rapidly increasing population.

“The aim of the Bimetallic League, as already mentioned, is to secure, by international agreement, the opening of the mints of the leading commercial nations to the unrestricted coinage of silver and gold at such fixed ratio as may be mutually agreed upon amongst those nations. By this means a par of exchange would be secured; the two metals would again acquire an international character as money, and would move freely from nation to nation, according to the monetary requirements of the various markets, whilst prices and wages in all countries would be adjusted by a uniform standard.

“Convinced of the evils resulting from existing conditions of our monetary system, and of the hindrance to trade and agriculture, which are largely due to the disturbed relation between gold and silver, we appeal to everyone for co-operation in carrying out the objects of the league.

“There is every encouragement to press the matter, seeing that the United States of America, France (with the other States of the Latin Union), Germany, and Holland are willing and eager to co-operate. These powers, it is known, will not move without England, and under an erroneous conception of the advantages of a single gold standard, this country has hitherto stood aloof.

“The final report of the Royal Commission on gold and silver is however of a character so favourable to the cause advocated by the league that the question is now thoroughly ripe for settlement.

“It is advisable, therefore, that the facts of the case may be made widely known throughout the country in order to bring the force of public opinion to bear upon Parliament and upon the Government, so that England, instead of being a barrier in the way of international convention, may take her due share in the settlement of a question so vital to the well-being of the Empire, so essential to the interests of British and Irish agriculture, and of commerce everywhere, and to the financial stability of India.”

COMMENTS ON THE ACTION TAKEN BY THE INDIAN GOVERNMENT.*

“The step is a very grave one, and must lead to consequences affecting more or less all the nations of the world. Misapprehensions seem to exist in some quarters as to the relation between this new policy of the Government and the policy which has been, and is, advocated by the Bimetallic League. The Council of the League desire, in the clearest and strongest language, to disown any connection whatever between the two. It is true that at last the British Government has been compelled to recognise and to admit the existence of some of those evils which the League has for years pointed out. It has also been forced to attempt a remedy so far as the finances and trade of India are concerned. Moreover, it is evident that the Government now admits the economic principle that it is in the power of legislation to secure a par of exchange between gold and silver moneys, and recognises that it is one of the duties of Government, under certain circumstances, to take steps to attain such parity.

“The measure just adopted, however, aims at remedying only one particular phase of the currency difficulty, and that by no means the most important or the most

* See *Bankers' Magazine*, 1893, page 196

comprehensive. The policy of the league, on the other hand, which it has consistently advocated, has been the establishment of one money for the whole world, and the settlement of the monetary question upon a broad international basis.

* * * * *

“But there is a more serious aspect of this question. The appreciation of gold has been the chief cause of the depression which has for so long afflicted manufacturing, agricultural, and other productive industries. It is manifest that the new policy of the Government of India must still further intensify this appreciation. If the limited scheme of the Government is to succeed at all, and the rupee is to be maintained at its artificial value, India must increase her imports of gold. To that extent there will be a new demand for gold, and if there is a new demand for gold it must still further appreciate the value of that metal. It is important also to remember that the effect of the actual accumulation of gold in India, however serious that may be, is insignificant compared with the danger inseparable from the increased general scramble for gold which this policy will naturally bring about. Then not only must the gold price of commodities fall, but the burden of debt must be largely increased both upon Governments and upon individuals, on whose financial stability and prosperity the commercial development of the British Empire so much depends. In any case, it is certain that there must be months, perhaps years, of disturbance; while, on the other hand, there is no assurance that solid ground will at any time be reached under a novel and empirical system which unsettles everything and establishes nothing.”

809. The following figures, taken from a paper read before the Index of
prices. Royal Statistical Society in April, 1893, by Mr. Augustus Sauerbeck,* affords an indication of the relative fall in the prices of commodities as compared with that in the price of silver, and, on the other hand, with the appreciation of gold as indicated by the price of consols. The index prices of commodities are based on an arithmetical mean of the index numbers of 45 leading articles of consumption, the average index price of the period 1866-77 being represented by 100, which was also identical with the price in 1871. Mr. Sauerbeck, whilst admitting the importance of lower freights and the expansion of railways in cheapening production, does not consider that a lowering of freights must necessarily be followed by a fall in prices, as it seemed to him that freights helped to open up new countries, and make production more remunerative. More would therefore be provided, and the quantities acted on prices, but from 1850 to 1873 there had been an enormous increase in production without a fall. Notwithstanding the economy now made in the use of money, he did not consider that much was economized in international trade, as the precious metals were still sent about as much as ever; the exact connection between the quantity of money and prices was difficult to define. With a uniform system of banking and currency, the increase of population and commerce would require more money to be in circulation if prices were to be kept up:—

* See Journal for June, 1893, page 247.

SUMMARY OF SAUERBECK'S INDEX NUMBERS OF PRICES IN THE
UNITED KINGDOM, 1871 TO 1892.

(Prices 1867-77 = 100.)

Year.	Index of Prices, Grand Total.	Silver.*	Wheat Harvest. †	Average Price of Consols. ‡	Average Bank of England Rate. ‡
1871 ...	100	99·7	90	92 $\frac{3}{4}$	2 $\frac{7}{8}$
1872 ...	109	99·2	92	92 $\frac{1}{2}$	4 $\frac{1}{8}$
1873 ...	111	97·4	80	92 $\frac{1}{2}$	4 $\frac{3}{4}$
1874 ...	102	95·8	106	92 $\frac{1}{2}$	3 $\frac{3}{4}$
1875 ...	96	93·3	78	93 $\frac{3}{4}$	3 $\frac{1}{4}$
1876 ...	95	86·7	96	95	2 $\frac{5}{8}$
1877 ...	94	90·2	74	95 $\frac{3}{8}$	2 $\frac{7}{8}$
1878 ...	87	86·4	108	95 $\frac{3}{16}$	3 $\frac{3}{4}$
1879 ...	83	84·2	64	97 $\frac{1}{2}$	2 $\frac{3}{8}$
1880 ...	88	85·9	93	98 $\frac{3}{8}$	2 $\frac{3}{4}$
1881 ..	85	85·0	97	100	3 $\frac{1}{2}$
1882 ...	84	84·9	100	100 $\frac{1}{2}$	4 $\frac{1}{8}$
1883 ...	82	83·1	93	101 $\frac{3}{16}$	3 $\frac{9}{16}$
1884 ...	76	83·3	103	101	3
1885 ...	72	79·9	108	99 $\frac{1}{4}$	3
1886 ...	69	74·6	93	100 $\frac{3}{4}$	3
1887 ...	68	73·3	110	101 $\frac{3}{4}$	3 $\frac{3}{10}$
1888 ..	70	70·4	96	101	3 $\frac{3}{10}$
1889 ...	72	70·2	103	98	3 $\frac{6}{10}$
1890 ..	72	78·4	106	96 $\frac{1}{2}$	4 $\frac{5}{10}$
1891 ...	72	74·1	108	95 $\frac{3}{4}$	3 $\frac{3}{10}$
1892 ...	68	65·4	91	96 $\frac{3}{4}$ §	2 $\frac{5}{10}$

Relative fall in price of silver and commodities, and rise in value of Consols.

810. It will be observed that, between 1871 and 1892, the fall in the prices of commodities and in the price of silver was almost in the same proportion, the falling-off being 32 per cent. and 34 per cent. respectively, whilst, on the other hand, there was a remarkable rise of about 22 per cent. in the value of standard Stock Exchange securities based on gold, as indicated by the price of Consols, which, if expressed uniformly in 3 per cents., will be found to have risen from 92 $\frac{3}{4}$ to 113 $\frac{1}{4}$.

Money and currency of United States.

811. The metallic circulation of the United States amounts to nearly 250 millions sterling, of which more than one-half is gold, and the remainder silver; whilst more than one-half of the whole is in the United States Treasury. The paper currency is nearly equal in value to the coin and bullion, but over 62 per cent. of it is covered by coin and bullion held in reserve, so that less than 38 per cent. can be

* Silver, 60·84 per oz. = 100.

† Wheat harvest in the United Kingdom, 1849-83, 28 bushels per acre = 100; from 1884, 29 bushels = 100.

‡ Consols and bank rate actual figures, not index numbers; consols, 2 $\frac{3}{4}$ per cent. from 1889.

§ Equivalent to about 113 $\frac{1}{4}$ in 3 per cents, allowing also for rate of interest falling to 2 $\frac{1}{2}$ per cent. in 1903

considered as an addition to the metallic currency. Of paper money there are five kinds—Greenbacks, Gold Certificates, both repayable in gold; National Bank Bills, which may be redeemed with Greenbacks; Silver Certificates, authorized under the Act of February, 1878, payable in silver only; and Currency Certificates, issued under the Act of July, 1890, payable in coin, either silver or gold, at the option of the Government. The following are the figures, which are taken from the Report of the Director of the United States Mint:—

METALLIC AND PAPER MONEY OF THE UNITED STATES, 1892.
(000'S OMITTED.)

Moneys.	Value.	Equivalent in Sterling.*
METALLIC.		
Gold coin... ..	589,180,	£ 117,836,
„ bullion	75,096,	15,019,
Silver dollars	413,989,	82,798,
„ bullion	78,803,	15,761,
Subsidiary silver coin	77,521,	15,504,
Total (in Treasury, \$704,174,) ...	1,234,589,	246,918,
PAPER.		
Legal-tender Notes (Greenbacks) ...	448,393,	89,678,
Gold Certificates	156,624,	31,325,
Silver Certificates	331,614,	66,323,
National Bank Notes	172,684,	34,537,
Currency Certificates	30,430,	6,086,
Total (in Treasury \$67,078,) ...	1,139,745,	227,949,

812. At the end of 1885, Herr Soetbeer, a distinguished German economist, estimated that, in the civilized countries of the world, are circulating gold coins to the value of 669 millions sterling, and silver coins to the value of 393 millions sterling, or 1,062 millions in all. Of these values, about $12\frac{1}{2}$ per cent., viz., $16\frac{2}{3}$ per cent. of the gold and $5\frac{1}{2}$ per cent. of the silver, circulated in the United Kingdom.† The following later estimates for some of the countries—together with the amount of uncovered paper money in circulation—has been taken partly from the Report of the Director of the United States Mint for 1892, and partly from information furnished to the Indian Currency Committee, 1892-3, by the Crédit Lyonnais, and published in the appendix to its report:—

Value of
coinage
in civilized
countries.

* Assuming a dollar to be worth 4s.

† For tables showing Herr Soetbeer's estimate of the amount of gold and silver coin, and of the gold and silver used in arts, etc., in different countries, see *Victorian Year-Book*, 1889-90, Vol. I., paragraphs 833 and 836.

ESTIMATED STOCK OF GOLD AND SILVER AND UNCOVERED PAPER
MONEY IN CERTAIN COUNTRIES, 1892 (000'S OMITTED).

Countries.	Metallic Stock of—		Uncovered Notes.	Grand Total.
	Gold.	Silver.		
	£	£	£	
United Kingdom	115,000,	21,000,	10,000,	146,000,
France	166,000,	146,000,	17,000,	329,000,
Germany	125,000,	44,000,	22,000,	191,000,
Italy	19,400,	10,120,	33,880,	63,400,
Belgium	11,120,	12,000,	11,200,	34,320,
Holland and Colonies	5,640,	14,880,	8,200,	28,720,
Switzerland	3,600,	3,600,	2,400,	9,600,
Sweden and Norway	5,480,	2,120,	5,720,	13,320,
Greece	1,600,	640,	3,200,	5,440,
United States	136,000,	120,000,	85,000,	341,000,
Canada	3,200,	1,200,	6,000,	10,400,
Europe, United States, and Australasia*	670,000,	430,000,	325,000,	1,425,000,
Amount per Head of Population.				
	£ s.	£ s.	£ s.	£ s.
United Kingdom	3 0	0 11	0 6	3 17
France	4 5	3 15	0 9	8 9
Germany	2 10	0 18	0 9	3 17
Italy	0 13	0 7	1 2	2 2
Belgium	1 16	1 19	1 16	5 11
Holland and Colonies	1 5	3 6	1 17	6 8
Switzerland	1 3	1 3	0 15	3 1
Sweden and Norway	1 5	0 5	0 13	2 3
Greece	0 15	0 6	1 9	2 10
United States	2 2	1 17	1 6	5 5
Canada	0 13	0 5	1 15	2 13
Europe, United States, and Australasia	1 11	1 0	0 15	3 6

NOTE.—The dollars and francs in the original tables have been reduced to their equivalents in pounds sterling.

Gold and silver in world.

813. Adding to the metallic stock of gold and silver in Europe, the United States and Australasia (as shown in the last table), an estimate of 100 millions of gold and 350 millions of silver (at present value) for other countries, the total value of the metallic stock of the world is found by Sauerbeck to be 770 millions sterling of gold, and 780 millions sterling of silver at the beginning of 1893.

Gold and silver in various countries.

814. The following, derived from the appendices to the Report of the Indian Currency Committee, is a statement of the gold and silver (coin and bullion) of various countries of the world at the end

* Estimated by Messrs. Haupt & Sauerbeck. See *Journal of Statistical Society* for June, 1893, page 234. The silver is taken at its nominal value.

of 1891—the information having been furnished by the *Crédit Lyonnais*. This bank, moreover, estimates that countries having a double standard hold 50 per cent. of the whole stock of gold, and 40 per cent. of that of silver; countries with a gold standard, 45 per cent. of the gold and 15 per cent. of the silver; and those with a silver standard, 5 per cent. of the gold and 45 per cent. of the silver. The importance of the silver question will be realized when it is observed that that metal forms more than one-half (in value) of the whole metallic stock of the world:—

GOLD AND SILVER IN VARIOUS COUNTRIES, 1891.*

(Estimate by *Crédit Lyonnais*.)

Country.	Gold.	Silver.
	£	£
United Kingdom	96,000,000	26,000,000
France	157,520,000	139,800,000
Italy	19,400,000	10,120,000
Belgium	11,120,000	12,000,000
Switzerland	3,600,000	3,600,000
Germany	124,800,000	44,200,000
Austria-Hungary	5,440,000	20,000,000
Russia	60,800,000	8,400,000
United States	139,600,000	111,280,000
Holland and colonies	5,600,000	14,880,000
Scandinavia	5,520,000	2,120,000
Canada	3,200,000	1,200,000
Australia	22,000,000	1,600,000
Cape Colony	6,800,000	600,000
Egypt	26,600,000	3,200,000
Other countries	60,000,000	398,800,000
Total	748,000,000	797,800,000

815. Herr Soetbeer estimates that the gold used annually in arts and manufactures by the civilized nations of the world amounts to 3,298,590 oz., and the silver so used to 19,289,200 oz. The value of the gold at £4 per oz. would be £13,194,360, or at £3 15s. per oz., £12,369,712; and the value of the silver at 3s. per oz. would be £2,893,380. In the United States in 1891 the consumption was estimated by the Director of the U.S. Mint at 805,200 oz. of fine gold, valued at £3,467,700; and 7,449,554 oz. of fine silver, valued at £2,006,610.

816. Fine silver sold by the Melbourne Mint in 1892 amounted to 37,323 oz., as against 23,369½ oz. in 1891 and 41,279 oz. in 1890.

* Originally in francs, which have been reduced to pounds sterling at the rate of 25 francs to the pound.

Of the quantity sold in 1892, as much as 23,117 oz. was purchased by the Royal Mint in London, and the balance was disposed of to silversmiths and others. At the end of 1892 12,926 oz. remained in store at the Mint.*

Number
of banks.

817. During 1892 there were 13† banks of issue in Victoria, possessing therein 512 branches or agencies. There were only 12 banks of issue in the colony both in 1887 and 1882.

Liabilities,
assets, etc.,
of banks.

818. The position of the banks as regards the liabilities and assets in Victoria, and the capital and profits of those banks not only in Victoria but elsewhere, according to the sworn returns for the last quarter of the three years just named, was as follows:—

FINANCIAL POSITION OF BANKS, 1882, 1887, AND 1892.

In Victoria.	1882.	1887.	1892.
LIABILITIES TO THE PUBLIC.			
Notes in circulation	1,448,953	1,461,068	1,210,565
Bills in circulation	121,206	67,899	132,235
Balances due to other banks ...	301,053	448,435	170,191
Deposits‡ not bearing interest ...	6,826,822	9,241,018	9,672,997
„ bearing interest	16,798,271	25,974,529	30,355,173
Total	25,496,305	37,192,949	41,541,161
TOTAL ASSETS.			
Coined gold, silver, and other metals	2,860,645	6,512,573	7,805,397
Gold and silver in bullion or bars ...	341,088	326,146	373,890
Landed and other property	959,301	1,388,617	1,962,707
Notes and bills of other banks ...	144,650	178,933	131,786
Balances due from other banks ...	380,475	292,994	264,935
Debts due to the banks §	26,562,427	38,034,062	52,631,227
Total	31,248,586	46,733,325	63,169,942
CAPITAL AND PROFITS. ||			
Capital stock paid up	9,432,250	10,109,742	11,556,250
Average rate per annum of last dividend declared	10·221 per cent.	12·094 per cent.	11·149 per cent.
Amount of last dividend declared ...	482,050	611,371	644,250
Amount of reserved profits after declaring dividend	2,913,070	5,187,750	6,131,579

* See London Mint Report, 1892, page 103.

† One of these did not issue notes in 1892.

‡ Including Government deposits, the amount of which was not returned in 1882, but in 1887 consisted of £79,055 not bearing interest, and £2,820,130 bearing interest; and in 1892 of £193,989 not bearing interest, and £1,809,541 bearing interest.

§ Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

|| The property of shareholders in all parts of the world.

819. It will be observed that the shareholders' capital and reserves—much of which, however, belonged to shareholders in other parts of the world—amounted in 1892 to nearly $17\frac{3}{4}$ millions, having increased by £5,343,000, or by nearly three-sevenths, since 1882. The total liabilities showed an increase of 16 millions—or 63 per cent.—since 1882, or of more than $4\frac{1}{3}$ millions—or 12 per cent.—since 1887; whilst the total assets increased by 32 millions—or 102 per cent.—since 1882, and by $16\frac{1}{2}$ millions—or 35 per cent.—since 1887. This expansion in banking business has been greater than that of the population, which, during the ten years ended with 1892, increased by only 27 per cent. Of the liabilities, the notes and bills in circulation have fallen off by 15 per cent. since 1882, and 12 per cent. since 1887, the former having been restricted by a Government tax and other charges, which are said to average as much as $3\frac{1}{2}$ per cent.* The deposits, which amounted to 96 per cent. of the total liabilities, have increased by nearly $16\frac{1}{2}$ millions in the last ten, and by more than $4\frac{3}{4}$ millions in the last five years, and amounted to over 40 millions. Under the head of assets it will be noticed that in 1892 the banks had $8\frac{1}{8}$ millions sterling in coin and bullion—which was over 1 million more than in 1891, about 1 million more than in 1890, over $1\frac{1}{3}$ millions more than in 1887, and about 5 millions more than in 1882†; the landed property also represented close on 2 millions sterling, showing an increase of over £574,000 since 1887, or of £1,003,000 since 1882; but the most important item of all, the advances (debts due to the banks), which embrace 83 per cent. of the total assets, shows a marked advance from period to period, for since 1882 they have increased by 26 millions, and since 1887 by more than $14\frac{1}{2}$ millions; and in 1892 they amounted to over $52\frac{1}{2}$ millions sterling.‡ It will be observed that in 1892 the advances exceeded the deposits by more than $12\frac{1}{2}$ millions, as against an excess of less than 3 millions in 1887 or 1882. The average rate of the last dividend declared in 1892 (£11 3s per £100) was lower than at the middle period, but higher than at the first period. This dividend, it may be remarked, varied in different banks in 1892 from 5 to $17\frac{1}{2}$ per cent.

Liabilities,
assets, etc.,
compared
at three
periods.

820. The following table shows the proportion of each item of the liabilities to the total liabilities, and of each item of the assets to the total assets, of the banks at the same periods:—

Percentage
of items of
liabilities
and assets.

* Including a tax on bank notes of 2 per cent. per annum payable to the general revenue. See *Australasian Insurance and Banking Record* for May, 1884, p. 191; McCarron, Bird & Co., 479 Collins-street.

† See paragraph 823 *post*.

‡ See also paragraph 824 *post*.

LIABILITIES AND ASSETS OF BANKS.—PERCENTAGE OF ITEMS.

In Victoria.	1882.	1887.	1892.
LIABILITIES TO THE PUBLIC.	Per Cent.	Per Cent.	Per Cent.
Notes in circulation ...	5·68	3·93	2·91
Bills in circulation ...	·48	·18	·32
Balance due to other banks ...	1·18	1·20	·41
Deposits not bearing interest ...	26·78	24·85	23·29
„ bearing interest ...	65·88	69·84	73·07
Total ...	100·00	100·00	100·00
TOTAL ASSETS.			
Coined gold, silver and other metals	9·16	13·94	12·35
Gold and silver in bullion or bars	1·09	·69	·59
Landed and other property ...	3·07	2·97	3·11
Notes and bills of other banks ...	·46	·38	·21
Balance due from other banks ...	1·22	·63	·42
Debts due to the banks ...	85·00	81·39	83·32
Total ...	100·00	100·00	100·00

Analysis of
bank
returns.

821. The following results are arrived at by analyzing the bank returns at the three periods:—

The liabilities amounted to ...	{	81·59 per cent. of the assets in 1882
	{	79·59 „ „ „ 1887
	{	65·76 „ „ „ 1892
Coin and bullion formed ...	{	10·25 per cent. of the assets in 1882
	{	14·63 „ „ „ 1887
	{	12·94 „ „ „ 1892
Of the moneys deposited ...	{	71·10 per cent. bore interest in 1882
	{	73·76 „ „ „ 1887
	{	75·83 „ „ „ 1892

Former
periods and
1892 com-
pared.

822. It will be observed that in 1892 the liabilities bore a very much lower proportion to the assets than in 1887 or 1882; that coin and bullion bore a decidedly larger proportion to the assets than in 1882, but a smaller proportion than in 1887; and that of the moneys deposited a somewhat larger proportion bore interest at the last period than in 1887 or 1882.

Coin and
bullion in
banks.

823. The coin and bullion held by the banks, which has been fast increasing since 1885, increased by as much as a million sterling in 1892 as compared with the two previous years, when it was stationary at a little over 7 millions. In 1885 the amount in hand was less than $4\frac{1}{4}$ millions, and in previous years, with one exception, it was less than 4 millions. The following figures show the value of coin and bullion held by the Victorian banks in the last quarter of 1892, and in each of the previous sixteen years:—

COIN AND BULLION HELD BY BANKS, 1876 TO 1892.

(Average of the last quarter of each year.)

£			£		
1876	...	3,519,377	1885	...	4,230,618
1877	...	2,438,657	1886	...	4,932,940
1878	...	2,387,972	1887	...	6,838,719
1879	...	3,475,345	1888	...	5,604,097
1880	...	3,854,635	1889	...	6,533,037
1881	...	3,008,491	1890	...	7,183,319
1882	...	3,201,733	1891	...	7,124,497
1883	...	3,245,472	1892	...	8,179,287
1884	...	5,014,749			

824. In all the years the bank advances exceeded the moneys on deposit. The maximum of excess, viz., over $13\frac{1}{2}$ millions, was reached in 1891; the next largest excesses being over $12\frac{1}{2}$ millions in 1892, close on 11 millions in 1890, 10 millions in 1889, and $7\frac{3}{4}$ millions in 1888. In no other previous years except 1877 and 1878 did the excess exceed $4\frac{1}{2}$ millions. The enormous increases in the last five years were brought about by large speculations, chiefly in land, which received a sudden check in the latter part of 1888. The great commercial depression of 1879-80 is indicated by the restriction of advances in 1880, when the excess was as low as £66,000. The chief periods of inflation, as indicated by the advances during the last 17 years, were the four years 1876 to 1879 and the five years 1888 to 1892 respectively, as is shown by the figures in the following table:—

DEPOSITS IN AND ADVANCES BY BANKS, 1876 TO 1892.

(Average of the last quarter of each year.)

Year.	Deposits.			Advances.	Excess of Advances over Deposits.
	Government.*	Other.	Total.		
	£	£	£	£	£
1876	1,956,619	12,893,529	14,850,148	19,138,461	4,288,313
1877	1,148,176	15,355,352	16,503,528	22,493,261	5,989,733
1878	422,211	15,684,370	16,106,581	22,430,329	6,323,748
1879	1,120,809	15,305,356	16,426,165	20,717,750	4,291,585
1880	1,953,241	16,019,462	17,972,703	18,039,020	66,317
1881	2,470,880	18,681,030	21,151,910	22,783,420	1,631,510
1882	951,809†	22,673,284	23,625,093	26,562,427	2,937,334
1883	575,058	23,484,111	24,059,169	26,994,137	2,934,968
1884	2,147,035	26,270,009	28,417,044	29,487,969	1,070,925
1885	2,268,435	28,325,129	30,593,564	33,212,694	2,619,130
1886	2,023,687	29,215,785	31,239,472	34,625,144	3,385,672
1887	2,899,185	32,316,362	35,215,547	38,034,062	2,818,515
1888	2,559,702	35,011,136	37,570,838	45,325,559	7,754,721
1889	1,585,834	37,183,102	38,768,936	48,817,112	10,048,176
1890	1,091,007	39,201,058	40,292,065	51,276,841	10,984,776
1891	789,021	39,627,046	40,416,067	53,770,624	13,354,557
1892	2,003,530	38,024,640	40,028,170	52,631,227	12,603,057

* The figures in this column, for years prior to 1883, represent the amounts at the end of the year. The figures of 1883 and subsequent years represent, like the other figures in the table, the average amounts during the last quarter of the year.

† Excluding an advance of £2,000,000 obtained from the contracting banks on account of a new loan of £4,000,000, floated in 1883 under the *Railway Loan Act 1881* (45 Vict. No. 717).

Banks and
Currency
Statute
1887.

825. By *The Banks and Currency Statute* 1887 (52 Vict. No. 1002),* passed on the 22nd December, 1888, it was provided that bank notes issued in Victoria should be a first charge on the assets in Victoria in the case of insolvency or bankruptcy; that banks issuing notes must have a subscribed capital of at least £250,000, and a paid-up capital of £125,000; and that the banks may advance or lend money on the security of lands, houses, ships, or pledges of merchandise. The provisions of the Banking Statute were, moreover, extended so as to apply to every foreign banking company, firm, or individual banker trading in Victoria engaged in the ordinary business of banking by receiving deposits and issuing in Victoria or elsewhere bills or notes payable to the bearer at sight or on demand; whilst banks publishing misleading advertisements as to their capital were made liable to certain penalties.

Rates of
exchange.

826. Subjoined are the average rates of exchange for bank bills drawn on the following places in 1892, and in the first year of each of the two previous quinquennia. Those upon London are drawn at sixty days' sight, and those upon the neighbouring colonies at sight:—

RATES OF EXCHANGE, 1882, 1887, AND 1892.

Places on which Bills were drawn.	Average Rates of Exchange.		
	1882.	1887.	1892.
London	$\frac{3}{8}$ to $\frac{7}{8}$ per cent. premium	Par to $1\frac{1}{4}$ per cent. premium	$\frac{1}{2}$ to $\frac{5}{8}$ per cent. premium
New South Wales ..	$\frac{1}{4}$ per cent. premium	$\frac{1}{4}$ per cent. premium	$\frac{1}{4}$ per cent. premium
Queensland ..	$\frac{1}{2}$ to 1 per cent. premium	$\frac{1}{2}$ to $\frac{3}{4}$ per cent. premium	$\frac{1}{2}$ to 1 per cent. premium
South Australia ..	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium	$\frac{1}{4}$ per cent. premium	$\frac{1}{4}$ per cent. premium
Tasmania ..	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium	$\frac{1}{4}$ per cent. premium
New Zealand ..	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium	$\frac{1}{4}$ to $\frac{1}{2}$ per cent. premium
British India ..	Nominal to $\frac{3}{4}$ per cent. premium	..	..

Rates of
discount.

827. The average rates of discount on local bills were higher at the last than at either of the two previous quinquennial periods, although the maximum rates were lower than at the middle period, as will be seen by the following figures:—

RATES OF DISCOUNT ON LOCAL BILLS, 1882, 1887, AND 1892.

Currency of Bills.	Average Rates of Discount per Annum.		
	1882.	1887.	1892.
Under 65 days	Per Cent. 5 to 7	Per Cent. 6 to 8	Per Cent. $6\frac{1}{2}$ to $7\frac{1}{2}$
65 to 95 „	5 to 7	6 to 8	7 to $7\frac{1}{2}$
95 to 125 „	6 to 8	6 to 9	7 to $8\frac{1}{2}$
Over 125 „	6 to 9	7 to 9	$7\frac{1}{2}$ to 9

* Since embodied in Consolidated Act (54 Vict. No. 1164).

829. For overdrafts, the bank rate was from 8 to 9 per cent. during 1892 and the three previous years. Interest on overdrafts.

830. The average Bank of England rate of discount was as follows, during the first and second half of each of the eleven years ended with 1892* :— Bank of England rate of discount.

AVERAGE BANK OF ENGLAND RATE OF DISCOUNT, 1882-1892.

Year.	January to June.			July to December.			Average for the Year.		
	£	s.	d.	£	s.	d.	£	s.	d.
1882	3	19	0	4	6	3	4	2	8
1883	3	14	3	3	8	10	3	11	6
1884	2	16	4	3	2	4	2	19	4
1885	3	9	7	2	7	1	2	18	2
1886	2	12	6	3	9	7	3	1	2
1887	3	4	1	3	9	7	3	6	11
1888	2	12	0	3	19	6	3	6	4
1889	3	1	0	4	3	0	3	12	0
1890	4	4	0	4	16	0	4	10	0
1891	3	10	0	3	1	0	3	6	8
1892	2	12	0	2	8	6	2	10	0
Average ...	3	5	0	3	10	2	3	7	8

831. The rate of interest allowed on moneys deposited with the principal Victorian banks for a period of 12 months stood at 5 per cent. during the first three months of 1892, and at 4½ per cent. during the remainder of the year. It may be mentioned that the rate on deposits for 6 months is usually 1 per cent. lower than that for 12 months, and the rate for three months 1 per cent. lower than that for 6 months. No interest is allowed by the leading Banks on deposits at call.† Rate of interest on bank deposits, 1892.

832. In 1887 and the first nine months of 1888 extensive speculations took place in land, mining, and other securities, but these, which had no doubt been partly induced by the cheapness of money—only 4 per cent. being allowed by the banks on deposits for 12 months—were suddenly checked in October of the latter year by the rate being raised to 5 per cent. The 4 per cent. rate lasted for 14 months, that being the first period since 1882 in which the rate had been below 5 per cent. For the succeeding twenty months the rate stood firm at 5 per cent.; since when several fluctuations have taken place, the rate generally ranging from 4 to 5 per cent. According to the Fluctuation in rate of interest on deposits, 1880 to 1893.

* For the first six months of 1893 the average was £2 18s. 6d.

† One or two of the smaller banks allow from ½ to 1 per cent. above the rates quoted, and allow also interest on current accounts and deposits at call.

Australasian Insurance and Banking Record, the following are the periods at which the changes in the rate of interest allowed by the banks on deposits are reported to have taken place since August, 1880 :—

BANK RATE OF INTEREST ON DEPOSITS* FOR TWELVE MONTHS,
1880 TO 1893.

Date of Alteration.	Duration of Rate. (Months.)	Rate.
From August, 1880 †	6	4 per cent.
„ February, 1881	9	3 „
„ November, 1881	9	4 „
„ August, 1882 ...	3	5 „
„ November, 1882	1	5½ „
„ December, 1882	19	6 „
„ July 8th, 1884	½	5½ „
„ July 25th, 1884	23	5 „
„ June 22nd, 1886	7	6 „
„ January 17th, 1887	7	5 „
„ August 12th, 1887	14	4 „
„ October 22nd, 1888	20	5 „
„ July 28th, 1890	7½	4 „
„ March 18th, 1891	12⅔	5 „
„ April 7th, 1892	12⅔	4½ „
„ February 20th, 1893	10½	4 „
„ June 8th, 1893	3⅔	4½ „
„ August 21st, 1893	2½	5 „

Rates of interest on bank deposits in London.

833. The average annual rates of interest for “deposits at notice” given by the London joint stock banks are thus quoted for the ten and a half years ended with June, 1893 :—

INTEREST PER £100 DEPOSITED IN LONDON BANKS.

1883	...	...	£ s. d.	1889	...	...	£ s. d.
1884	...	...	2 10 10	1890	...	...	2 2 0
1885	...	...	1 17 10	1891	...	...	2 17 9
1886	...	...	1 17 2	1892	...	...	1 16 8
1887	...	...	1 12 11	1893 (first 6 months)	...	...	1 4 6
1888	...	...	1 19 6				1 8 6
			1 18 0				

Proportion of Government moneys with the banks.

834. The following are the proportions which the Government deposits bore to the total amounts on deposit with the Victorian banks during each of the sixteen years ended with 1892. Until 1883, the proportions are based upon the amount of Government deposits at

* See footnote (†) on last page.

† Immediately prior to this date, 5 per cent.

the end of the year, but, on and after 1883, upon the average amount during the last quarter of the year. The exceptionally small proportion in 1891 will be at once noticed :—

PROPORTIONS OF GOVERNMENT MONEYS TO ALL BANK DEPOSITS,
1877 TO 1892.*

	Per Cent.		Per Cent.
1877 ...	6.96	1885 ...	7.41
1878 ...	2.62	1886 ...	6.48
1879 ...	6.82	1887 ...	8.24
1880 ...	10.87	1888 ...	6.81
1881 ...	11.68	1889 ...	4.09
1882 ...	4.03	1890 ...	2.71
1883 ...	2.39	1891 ...	1.95
1884 ...	7.56	1892 ..	5.00

835. The particulars contained in the following table respecting the assets and liabilities of the banks in each of the Australasian colonies at the end of the first quarter of the present year have, in the absence of official information, been taken from the *Australasian Insurance and Banking Record*.† The care habitually exercised by the proprietors and writers of this publication to procure accurate information, and state it correctly, leaves no reason for doubt as to the substantial reliability of the figures :—

Banks in
Austral-
asian
colonies,
1893.

BANKS IN AUSTRALASIAN COLONIES, 1893.

(Compiled from the Averages of the Quarter ended 31st March, 1893.)

Colony.	Number of Banks.	Liabilities.				
		Notes in Circulation.	Bills in Circulation.	Balances due to other Banks.	Deposits. †	Total.
		£	£	£	£	£
Victoria ...	12§	1,208,186	103,307	185,284	39,379,238	40,876,015
New South Wales...	13	1,423,898	89,848	67,929	35,994,353	37,576,028
Queensland ...	11	547,745	26,680	100,708	10,759,527	11,434,660
South Australia ...	8	422,457	11,915	52,581	7,649,718	8,136,671
Western Australia...	5	102,028	32,801	9,583	1,419,182	1,563,594
Tasmania ...	4	111,059	18,499	258	3,800,749	3,930,565
New Zealand ...	6	1,003,393	48,751	23,972	14,550,942	15,627,058
Total ...	59||	4,818,766	331,801	440,315	113,553,709	119,144,591

* For figures on which these proportions were based, see table following paragraph 824 ante.

† *Record* for May, 1893, page 319.

‡ Including Government deposits, which in Victoria amounted to £2,239,631, in Queensland to £2,027,944, in South Australia to £371,918, and in New Zealand to £450,014.

§ A year previously there were 15, but 3 had gone into liquidation.

|| There are really only 24 distinct Banks; the above number arises from the branches of the same Banks in different colonies being counted as distinct institutions.

BANKS IN AUSTRALASIAN COLONIES, 1893—*continued.*

(Compiled from the Averages of the Quarter ended 31st March, 1893.)

Colony.	Assets in each Colony.					Total.
	Coin and Bullion.	Landed Property.	Notes and Bills of other Banks.	Balances due from other Banks.	All Debts due to Banks. *	
	£	£	£	£	£	£
Victoria ...	8,287,002	1,947,516	135,166	258,677	49,998,827	60,627,188
New South Wales...	5,869,010	1,773,129	232,929	2,278,025†	42,577,267	52,730,360
Queensland ...	2,044,371	737,442	32,542	243,912	17,391,172	20,449,439
South Australia ...	1,659,463	398,924	33,090	105,079	7,068,076	9,264,632
Western Australia...	435,751	118,737	8,086	6,784	2,237,354	2,806,712
Tasmania ...	687,493	110,363	...	76,844	3,163,330	4,038,030
New Zealand ...	2,501,903	527,453	42,397	30,896	15,048,340	18,150,989
Total ...	21,484,993	5,613,564	484,210	3,000,217	137,484,366	168,067,350

Liabilities and assets in Victoria and New South Wales compared.

836. It will be noticed that both the bank liabilities and the bank assets are smaller in New South Wales than in Victoria, notwithstanding the fact that in New South Wales the bank assets include the large amount of £2,278,025 as due from other banks, which, in addition to sums due from independent institutions, is said to embrace capital lent to their own branches outside the colony, the latter being an item which is not considered as forming part of the assets of the banks in the other colonies.

Proportion of liabilities to assets in Australasian banks.

837. In Tasmania the assets of the banks only slightly exceed the liabilities, but in all the other colonies the former are considerably in excess. In Victoria the liabilities amount to 67 per cent. of the assets, which is a higher proportion than obtains in Queensland or Western Australia, but a lower one than in any of the other colonies. The following are the positions of the colonies in respect to the proportion the bank liabilities bear to the bank assets, the colony in which the former are least in proportion to the latter being placed first and the rest in succession, the figures showing the percentage of liabilities to assets being placed against each colony:—

* Including Government securities, which in New South Wales amounted to £881,415, in Queensland to £38,273, in South Australia to £224,115, in Western Australia to £7,500, in Tasmania to £223,124, and in New Zealand to £120,333. If any Government securities were held by the Victorian banks, they were not distinguished in the returns.

† This amount probably includes capital lent by the New South Wales banks to their own branches outside the colony.

PROPORTION OF LIABILITIES TO ASSETS OF BANKS OF AUSTRALASIAN COLONIES, 31ST MARCH, 1893.

	Per Cent.		Per Cent.
1. Western Australia ...	55·70	5. New Zealand ...	86·10
2. Queensland ...	55·91	6. South Australia ...	87·83
3. Victoria ...	67·43	7. Tasmania ...	97·31
4. New South Wales ...	71·26		

838. Coin and bullion in 1893, which bore about the same proportion to the total assets of the banks in Victoria as they did to those in New Zealand, bore a higher proportion than that borne in Queensland and New South Wales, but a lower proportion than that borne in the other colonies. The following is the order of the colonies in reference to this matter about the beginning of 1893 :—

Proportion of specie to assets of Australasian banks.

PROPORTION OF COIN AND BULLION TO ASSETS OF BANKS IN AUSTRALASIAN COLONIES, 31ST MARCH, 1893.

	Per Cent.		Per Cent.
1. South Australia ...	17·92	5. Victoria ...	13·67
2. Tasmania ...	17·02	6. New South Wales ...	11·13
3. Western Australia ...	15·53	7. Queensland ...	10·00
4. New Zealand ...	13·78		

839. In his evidence before a Royal Commission on banking laws appointed in February, 1877,* Mr. J. F. McMullen, a Victorian banker of great experience, and at the time general manager of the Union Bank of Australia, gave it as his opinion that every bank ought to possess a metallic reserve equal to three shillings in the pound (15 per cent.) of its liabilities. By the following figures it is shown that on the 31st March, 1893, this proportion was exceeded in all the Australasian colonies; also that the average for the whole of Australasia was 18 per cent., or nearly 3s. 7d. in the pound :—

Proportion of specie to liabilities of Australasian banks.

PROPORTION OF COIN AND BULLION TO LIABILITIES OF BANKS IN AUSTRALASIAN COLONIES, 31ST MARCH, 1893.

	Per Cent.		Per Cent.
1. Western Australia ...	27·87	6. New Zealand...	16·01
2. South Australia ...	20·39	7. New South Wales ...	15·62
3. Victoria ...	20·28		
4. Queensland ...	17·88	Australasia ...	18·03
5. Tasmania ...	17·49		

840. The deposits quoted in the last table may be divided into those bearing and those not bearing interest, except in the case of Tasmania, respecting which colony the necessary information is not given. The following is a statement of the division referred to :—

Australasian banks' deposits not bearing and bearing interest.

* See *Victorian Year-Book*, 1886-7, page 500; also Parliamentary Paper No. 65 Session 1887.

DEPOSITS IN BANKS IN AUSTRALASIAN COLONIES* NOT BEARING
AND BEARING INTEREST.

(Average during the Quarter ended 31st March, 1893.)

Colony.	Amount of Deposits. †		Proportion of Deposits.	
	Not Bearing Interest.	Bearing Interest.	Not Bearing Interest.	Bearing Interest.
	£	£	Per cent.	Per cent.
Victoria	9,673,066	29,706,172	24·57	75·43
New South Wales	9,610,841	26,383,512	26·70	73·30
Queensland	2,666,393	8,093,134	24·78	75·22
South Australia	1,880,127	5,769,591	24·58	75·42
Western Australia	547,226	871,956	38·56	61·44
New Zealand	4,044,084	10,506,858	27·79	72·21

Proportion of interest-bearing deposits in Australasian banks.

841. It will be seen that between seven-tenths and three-fourths of the bank deposits are interest-bearing in all the colonies except Western Australia, in which only about three-fifths of the deposits bear interest.

British deposits in Australasian banks.

842. It is stated on the authority of the *Australasian Insurance and Banking Record* ‡ that if the deposits held in the colonies, as shown by the quarterly average statements of the banks, be deducted from the total deposits shown in the bank balance sheets, the difference approximately indicates the amount received from British depositors. If this be correct, the British deposits in Australasian banks amounted to nearly 40 millions in March, 1891, to over 43 millions in March, 1892, and to over 39 millions in March, 1893, the decrease in the last twelve months being over 4 millions, and in the last two years nearly half a million sterling. The *Banking Record* considers, however, that the amount for 1893 is somewhat overstated, and should be written down to £37,500,000. This is indicated by the following figures:—

BRITISH DEPOSITS IN AUSTRALASIAN BANKS, 1891 TO 1893.

Deposits in Australasian Banks.	On the 31st March—		
	1891.	1892.	1893.
	£	£	£
As per Balance Sheets	150,459,324	154,032,304	149,331,058
„ Quarterly Statements	110,677,864	110,689,931	110,081,673
Difference, being British Deposits	39,781,460	43,342,373	39,249,385
Corrected Estimate ... ..	...	...	37,500,000

* Exclusive of Tasmania.

† Including Government deposits, amounting in Victoria to £2,239,631, of which £262,909 did not bear, and £1,976,722 bore, interest; in Queensland to £2,027,944, all bearing interest; in South Australia to £371,918, of which £116,124 did not bear, and £255,794 bore, interest; and in New Zealand to £450,044, all of which bore interest.

‡ *Record* for June, 1892, page 400.

843. This corrected estimate published in the *Banking Record* closely corresponds with the total amount of British deposits lodged in the 24 leading Australasian banks about the time of the banking crisis in 1893, as shown in the subjoined statement; the particulars relating to twelve suspended and re-constructed banks were obtained by direct correspondence with those institutions,* whilst those for the twelve banks which survived the crisis have been taken from an official publication, issued by the Government Statistician of New South Wales, entitled *The Seven Colonies of Australasia*.† It must, of course, be remembered that the deposits were exceptionally low just before the crisis:—

British and colonial deposits in banks at time of crisis.

DEPOSITS IN AUSTRALASIAN BANKS, 1893.

	£
Colonial deposits	105,003,671
British „	37,009,071
Total deposits	<u>142,012,742</u>

844. The following particulars taken from the *Australasian Insurance and Banking Record*‡ show the capital and profits of the banks of issue carrying on business in the Australasian colonies, according to the sworn averages of the quarter ended 31st December of the last three years:—

Capital and profits of Australasian banks.

CAPITAL AND PROFITS OF BANKS IN AUSTRALASIAN COLONIES, 1890 TO 1892.

	1890.	1891.	1892.
	£	£	£
Capital paid up	17,518,750	16,896,928	15,988,754
Amount of reserved profits at declaration of dividend	9,052,831	9,135,658	8,820,497
Capital and reserved profits ...	26,571,581	26,032,586	24,809,251
Amount of last dividend declared (half-year)	1,041,318	1,016,835	897,618
Average per cent. per annum of dividend on paid-up capital	11·89	12·03	11·23

NOTE.—There were 29 banks in 1890, 27 in 1891, and 24 in 1892.

845. The following is a summary of figures derived from the last issued balance sheets of the 24 banks in Australasia. The balance sheets are of different dates, the latest being the 31st May, 1893:—

Summary of bank balance sheets.

* The returns from the re-constructed banks refer to the dates of their suspension.

† Page 368. Sydney: Potter, Government Printer, 1893.

‡ *Record* for March, 1893, page 152.

COMBINED BALANCE SHEET OF 24 AUSTRALASIAN BANKS, 1893.*

TOTAL LIABILITIES.

To Shareholders—

Capital Paid up	£15,574,570
„ Uncalled and Reserved £7,470,670	...
Reserve and Undivided Profits	8,430,209
Dividend	695,404
	<hr/>
	£24,700,183

To the Public—

Notes in circulation	£5,007,426
Bills payable and in circulation	14,774,686
Deposits, Balances to other Banks, etc. ...	151,229,908
	<hr/>
	171,012,020
	<hr/>
	£195,712,203

TOTAL ASSETS.

Cash and Bullion, Cash at Bankers, Money at Call and at Short Notice, and Notes of other Banks	£27,597,228
Government and other Public Securities	7,601,156
Premises, Furniture, etc.	6,162,283
Bills, receivable, discounted, or <i>in transitu</i> , and other debts due	154,351,536
	<hr/>
	£195,712,203

Average Dividend, £8 18s. 7d. per cent. per annum on paid-up capital.

Note circulation in Australasian colonies.

846. In the quarter ended 31st March, 1893, the circulation of bank notes ranged from £1 14s. 9d. in Western Australia to 14s. 6d. per head in Tasmania; the proportion in Victoria being £1 0s. 8d. As compared with the same quarter of the previous year, the note circulation fell off considerably in all the colonies except Western Australia and New Zealand; whilst the amount for the colonies as a whole was less by £400,000, and the average per head by 2s. 6d. The following are the figures for the different colonies during the first quarter of 1893:—

BANK NOTE CIRCULATION IN AUSTRALASIAN COLONIES, 1893.

Colony.	Estimated Population on 31st December, 1892.	Bank Note Circulation (First Quarter of 1893).	
		Total.	Per Head of Population.
		£	£ s. d.
Western Australia	58,674	102,028	1 14 9
New Zealand	650,433	1,003,393	1 10 10
Queensland	421,297	547,745	1 6 0
South Australia	331,721	422,457	1 5 6
New South Wales	1,197,050	1,423,898	1 3 9
Victoria	1,167,373	1,208,186	1 0 8
Tasmania	153,144	111,059	0 14 6
Total	3,979,692	4,818,766	1 4 3

* Exclusive of the Federal Bank of Australia, which stopped payment on 30th January, 1893, but did not re-open, and of the Standard Bank of Australia, which first suspended on 3rd December, 1891, but resumed on 30th May, 1892, again suspended on 28th April, 1893, and resumed after re-construction on 11th August, 1893.

847. At the end of 1892 the average note circulation was only 18s. 11d. per head in England and Wales, whereas it was as high as £1 15s. 1d. in Scotland, and £1 8s. 5d. in Ireland. In the United Kingdom, as a whole, the paper currency was more than 41½ millions sterling, the proportion per head being £1 1s. 10d. It will be remembered that whilst the lowest denomination of bank notes in England and Wales is five pounds, in Scotland and Ireland, as in the Australasian colonies, it is one pound :—

Note circulation in United Kingdom.

BANK NOTE CIRCULATION IN THE UNITED KINGDOM, 1892.

Division.	Estimated Population. (000's omitted.)	Bank Note Circulation, December, 1892.	
		Total. (000's omitted.)	Per Head of Population.
England and Wales ...	29,403,	£ 27,794,	£ s. d. 0 18 11
Scotland... ..	4,063,	7,128,	1 15 1
Ireland	4,643,	6,604,	1 8 5
United Kingdom ...	38,109,	41,526,	1 1 10

848. Two kinds of savings banks exist in Victoria—the General Savings Banks, which were first established in 1842, and the Post Office Savings Banks, which were established in 1865. It has been contemplated to amalgamate the two kinds of Savings Banks, and to place both under Government control; no decision, however, has yet been arrived at, and meanwhile the deposits of the General Savings Banks are guaranteed by the State. The following figures show the number of institutions, the number of depositors having accounts at the last dates of balancing in 1892, and the total and average amount of depositors' balances at such dates* :—

Savings banks.

SAVINGS BANKS, 1892.

Description of Institution.	Number of Savings Banks.	Number of Depositors.	Amount remaining on Deposit.	
			Total.	Average to each Depositor.
Post Office Savings Banks ...	370	111,943	£ 2,269,404	£ s. d. 20 5 5
General Savings Banks ...	18	201,550	3,714,244	18 8 7
Total	388	313,493	5,983,648	19 1 9

* The financial year of the Post Office Savings Banks terminates on the 31st December, that of the Ordinary Savings Banks on the 30th June.

Savings
banks, 1872
to 1892.

849. In the twenty-one years 1872 to 1892, the number of depositors in savings banks has increased sixfold. For several years prior to 1880 the amount standing to the credit of the depositors had been tolerably uniform, but since then a steady increase has taken place, and by 1892 it had risen to nearly 6 millions sterling, or £268,000 more than in the previous year, about $2\frac{1}{4}$ millions more than in 1887, and more than three and a half times the amount in 1880—twelve years previously. The average amount to each depositor was highest in 1872 and lowest in 1887, the proportion of the latter being £1 3s. 11d. less than in the year under review. The following is a statement of the number of depositors and the amount remaining on deposit during the period referred to:—

SAVINGS BANKS, 1872 TO 1892.

Year.	Number of Depositors.	Amount remaining on Deposit.	
		Total.	Average to each Depositor.
		£	£ s. d.
1872	52,749	1,405,738	26 13 0
1873	58,547	1,498,618	25 11 11
1874	64,014	1,617,301	25 5 3
1875	65,837	1,469,849	22 6 6
1876	69,027	1,507,235	21 16 9
1877	73,245	1,575,305	21 10 2
1878	76,696	1,510,273	19 13 7
1879	82,941	1,520,296	18 6 7
1880	92,115	1,661,409	18 0 9
1881	107,282	2,569,438	23 19 0
1882	122,584	3,121,246	25 9 3
1883	136,087	2,818,122	20 14 2
1884	152,342	2,981,083	19 11 4
1885	170,014	3,337,018	19 12 7
1886	189,359	3,589,916	18 19 2
1887	206,596	3,696,699	17 17 10
1888	237,433	4,669,541	19 13 4
1889	261,067	5,021,522	19 4 8
1890	281,509	5,262,105	18 13 10
1891	300,781	5,715,687	19 0 1
1892	313,493	5,983,648	19 1 9

Post Office
savings
banks.

850. The following particulars respecting the Post Office Savings Banks have been taken from a pamphlet compiled and issued under the direction of the Postmaster-General:—

Depositors have direct Government security for the prompt repayment of their money. A depositor in any one of the Government Post Office Savings Banks can continue his deposits at any other of such banks without notice or change of book,

and can withdraw his money at any Post Office Bank which is most convenient to him. Deposits of one shilling, or of any number of shillings, or of pounds and shillings, will be received from any depositor at the Post Office Savings Banks, provided the deposits made by such depositor do not exceed £100 (one hundred pounds) within any period of fourteen days, without special permission in writing having first been obtained by such depositor from the Postmaster-General. No interest will be allowed on any sum in excess of £250. Every deposit received by any officer of the Postmaster-General appointed for that purpose will be entered by him at the time in a numbered book, and the entry will be attested by him and by the dated stamp of his office, and the said book, with the entry so attested, will be given to the depositor, and retained by him as primary evidence of the receipt of the deposit. The depositor must sign his name in the place provided for his signature in the Depositor's Book. The amount of each deposit, and the name, occupation, and residence of the depositor, will, upon the day of the receipt thereof, be reported to the Postmaster-General, and the acknowledgment of the Postmaster-General for the said deposit, signified by the officer appointed for the purpose, will be forthwith transmitted by post to the depositor, as the conclusive evidence of his claim to the repayment of the deposit with interest thereon. If the depositor does not receive the acknowledgment within ten days from the day on which he made the deposit, he must apply for the same to the Postmaster-General by letter, and, if necessary, he must renew his application to the Postmaster-General until he receives the said acknowledgment. Interest, calculated yearly, not exceeding the rate of four pounds per cent. per annum, will be allowed on every complete sum of one pound deposited, and will be computed from the first day of the calendar month next following the day on which a complete sum of one pound shall have been deposited, or on which deposits of a less amount shall have made up a complete sum of one pound, up to the first day of the calendar month in which moneys are withdrawn. The interest will be calculated to the 31st December in every year, and will then be added to and become part of the principal money.

Deposits may be made by—

- (a) A trustee on behalf of another person, in the joint names of such trustee and the person on whose account such money shall be so deposited; but repayment of the same, or any part thereof, will not be made without the receipt and receipts of both the said parties.
- (b) By any person under 21 years of age, and repayment will be made to such minor in the same manner as if he were of full age.
- (c) By a parent or relative of a minor in the name and on behalf of such minor.
- (d) By married women: deposits so made, or made by women who shall afterwards marry, will be repaid to any such woman, unless her husband (in any case where no order has been made by a court, judge, magistrate, or justice protecting the earnings and property of the wife) shall give notice in writing of such marriage to the Postmaster-General, and shall require payment to be made to him.
- (e) By the trustees of any legally established Friendly, Charitable, or Provident Society.

NOTE.—In cases of Friendly Societies, the trustees must first make special application by post to the Postmaster-General, accompanied by a copy of their rules.

Depositors' books must be forwarded *once in each year, on the anniversary of the day on which the first deposit was made*, to the principal office of the Postmaster-General, in a cover, to be obtained at any Post Office Savings Bank, in order that the entries may be compared with the entries in the books of the Postmaster-General, and that the interest due to the depositor may be inserted in it. Any depositor residing at a distance from Melbourne may withdraw any sum not exceeding £20 on the same day, on his making application through the electric telegraph, and paying the cost of two telegrams, at a uniform charge of one shilling for each telegram. Deposits may be withdrawn at chief office, Melbourne, *at call*.

Rate of interest in savings banks.

851. The highest rate of interest savings banks are permitted to give on moneys left on deposit is 4 per cent., which rate was paid in all the years named. On the 1st September, 1893, however, the rate was reduced to $3\frac{1}{2}$ per cent. Interest is allowed on the minimum monthly balance, but not on any amounts which do not remain in the savings banks for a full month. No interest is allowed on deposits exceeding £250.

Male and female depositors.

852. In the General Savings Banks, the male depositors in 1892 numbered 111,225, and the female depositors 90,325, or about 81 of the latter to 100 of the former. In the general population the proportion of females per 100 males is 92, so that relatively to their respective numbers females do not appear to use the savings banks as much as males.

Small depositors.

853. About four-fifths of the depositors in General Savings Banks have less than £20 to their credit, and nearly an eleventh have between £20 and £50.

Savings banks in Melbourne.

854. The deposits in the General Savings Banks of Melbourne and suburbs amount to over three-fifths of the whole, and the depositors to about two-thirds.

Savings banks in Australasian colonies.

855. The following is a statement of the number of depositors and their proportion to population, also the total and average amount standing to their credit in the savings banks of the various Australasian colonies at the end of 1891 :—

SAVINGS BANKS IN AUSTRALASIAN COLONIES, 1891.*

(Including both General and Post Office Savings Banks.)

Colony.	Number of Depositors.		Amount remaining on Deposit.	
	Total.	Per 100 of Population.	Total.	Average to each Depositor.
Victoria †	305,559	26·39	£ 5,670,137	£ s. d. 18 11 2
New South Wales	158,426	13·60	5,342,135	33 14 5
Queensland	46,259	11·27	1,660,753	35 18 0
South Australia	76,091	23·72	2,100,672	27 12 2
Western Australia	3,564	6·69	46,181	12 19 2
Tasmania	26,916	17·64	554,417	20 12 0
New Zealand	126,886	20·01	3,406,949	26 17 0
Total	743,701	19·10	18,781,244	25 5 1

* For later figures see *Australasian Statistics* for 1892, in Appendix to the second volume.

† These figures relate to the 31st December, both for General and Post Office Savings Banks, and therefore differ slightly from the figures given in the table following paragraph 849 *ante*.

856. In Victoria in 1891 the rate of interest paid in both descriptions of savings banks was 4* per cent., as already stated, but the rate paid in the other Australasian colonies was often higher than in Victoria. Thus, in New South Wales, whilst the rate in the Post Office Savings Banks was 4 per cent., as in Victoria, that in the General Savings Banks was 5 per cent. for accounts which remained open at the end of the year, only 4 per cent, however, having been allowed on closed accounts; in Queensland the rate was 4 per cent. on deposits below £200; in South Australia it was 5 per cent.; in Tasmania the rates were 5 per cent. on sums up to £150 in the General, and 3 per cent. in the Post Office Savings Banks; and in New Zealand they were 5 and 4½ per cent. respectively. On the other hand, the rate was only 3¾ per cent. in Western Australia.

Rate of interest in Australasian savings banks.

857. In proportion to population, the number of depositors is greatest in Victoria, and the next in South Australia, in both of which the proportion is much higher than in the other colonies. The following is the order of the colonies in this respect:—

Order of colonies in respect to proportion of depositors to population.

ORDER OF COLONIES IN REFERENCE TO PROPORTION OF DEPOSITORS IN SAVINGS BANKS TO POPULATION.

- | | |
|---------------------|-----------------------|
| 1. Victoria. | 5. New South Wales. |
| 2. South Australia. | 6. Queensland. |
| 3. New Zealand. | 7. Western Australia. |
| 4. Tasmania. | |

858. Judged by the average amounts to the credit of depositors, the savings banks of Queensland, New South Wales, and South Australia appear to attract the larger investors in a greater degree than any of the other colonies; but those of Victoria, more than any other colony, except Western Australia, appear rather to attract persons of small means, for whom savings banks are specially established. The following is the order of the colonies in reference to the average balance lying to the credit of each depositor:—

Order of colonies in respect to average amount of deposits.

ORDER OF COLONIES IN REFERENCE TO AVERAGE BALANCE OF DEPOSITORS IN SAVINGS BANKS.

- | | |
|---------------------|-----------------------|
| 1. Queensland. | 5. Tasmania. |
| 2. New South Wales. | 6. Victoria. |
| 3. South Australia. | 7. Western Australia. |
| 4. New Zealand. | |

859. The amount lying to the credit of depositors in the savings banks of the United Kingdom about the end of 1891 was £114,483,567,

Savings banks of United Kingdom.

* Reduced to 3½ per cent. on the 1st September, 1893.

of which £42,875,565 was in Trustee Savings Banks, and £71,608,002 in Post Office Savings Banks; and the number of accounts remaining open in 1889-90 was 6,043,591, viz., 1,535,782 in Trustee, and 4,507,809 in Post Office, Savings Banks—an average of £18 8s. 3d. per depositor; whilst the proportion per head of population was £2 18s. By September, 1893, the deposits had increased to £121,599,216.

Savings
banks of
European
countries.

860. By the following figures relating to the savings banks of the United Kingdom, France, Belgium, and Holland, it will be noticed that, in proportion to population, the depositors are much more numerous in Victoria and South Australia than in any of those countries; whilst in point of average value the deposits in all the Australasian colonies except Western Australia are greater than in any of them—the average value in Victoria, however, being only slightly above that in the United Kingdom and France:—

SAVINGS BANKS OF CERTAIN EUROPEAN COUNTRIES, 1890-91.

Country.	Year.	Number of Depositors.		Amount Remaining on Deposit.		
		Total.	Per 100 of Population.	Total.	Average per Depositor.	
				£	£	s. d.
France	1890	7,262,726	18·94	132,787,212	18	5 8
United Kingdom	1890	6,043,591	15·86	111,285,911	18	8 3
Belgium	1891	800,074	13·04	13,337,150	16	13 5
Holland	1890	281,870	6·18	1,770,875	6	5 8

NOTE.—The Post Office and Trustee Savings Banks are given for the United Kingdom, the State Savings Banks only for Belgium and Holland; whilst Private are included with State Post Office Savings Banks in the case of France. In Belgium there were also 14,482 depositors and £361,229 on deposit in Corporation Banks; 2,122,420 juvenile depositors with £172,287 in 5,027 scholars' Savings Banks in Public Schools; and 27,423 depositors with £982,192 on deposit in Private Establishments; whilst in Holland, in 1888, there were 297,682 depositors and £4,815,000 on deposit in the Private Savings Banks.

Life
assurance.

861. The substance of the following table, which embodies the returns for 1891 and 1892 of the Life Assurance Companies whose head offices are in the Australasian colonies, has been taken from the *Australasian Insurance and Banking Record*.* It contains a summary of the results of eleven offices, one of which is the Government Life Insurance Department of New Zealand, the remainder being proprietary or mutual companies. It should be mentioned that there are many English, and three large American, offices also doing business in Australasia, but no returns are available of the local business done by these institutions:—

* *Record* for January, 1893, page 54.

LIFE ASSURANCE RETURNS OF AUSTRALASIAN COLONIES,
1891 AND 1892.

Particulars.	1891. 11 offices.	1892. 11 offices.	Increase(+) or Decrease(-)	
			Numerical.	Cente- simal.
New Policies during the Year*—				
Assurances and Endowments No.	30,776	30,876	+ 100	+ 32
„ amount assured £	9,119,915	8,677,055	- 442,860	- 4.86
Annuities† No.		62		
„ amount per annum† £		4,736		
Premiums, single ... £	34,813	47,026	+ 12,213	+ 3.51
„ annual ... £	294,386	282,629	- 11,757	- 3.99
Funds at beginning of the year £	15,325,547	16,858,197	+ 1,532,650	+ 10.01
Receipts—				
New premiums £	277,733	266,888	- 10,845	- 3.95
Renewal „ £	2,083,491	2,186,547	+ 103,056	+ 4.95
Consideration for annuities £	25,702	42,519	+ 16,817	+ 65.43
Interest £	959,648	1,021,451	+ 61,803	+ 6.44
Other £	15,038	13,541	- 1,497	- 9.95
Disbursements—				
Claims (with bonus addi- tions) and endowments matured	£ 877,924	1,077,759	+ 199,835	+ 22.76
Surrenders‡ £	297,171	342,517	+ 45,346	+ 15.26
Annuities £	21,715	24,220	+ 2,505	+ 11.54
Bonuses and dividends ... £	76,530	80,470	+ 3,940	+ 5.15
Expenses £	502,598	516,396	+ 13,798	+ 2.75
Funds at the end of the year £	16,865,682	18,328,009	+ 1,462,327	+ 8.67

862. The total receipts of these offices amounted to £3,361,612 in 1891, and to £3,530,946 in 1892; and the total disbursements to £1,775,938 and £2,041,362 respectively. The balance in favour of receipts thus amounted to £1,585,674 in the former, and £1,489,584 in the latter, year. Receipts and disbursements.

863. The working expenses of the same offices amounted to 15 per cent. in 1891 and to 14.6 per cent. in 1892 of the total receipts. In both years they amounted to 21 per cent. of the premium income. Working expenses.

864. The average rate of interest realized in 1892 on the total funds standing to the credit of these institutions was 5.80 per cent., or a little less than the average of the previous ten years. The rates in those years were as follow:— Rate of interest realized.

* Information relating to the number of policies in force and amount assured will be given in an Appendix to the second volume.

† Information incomplete.

‡ Information incomplete, but including surrenders, advances reduced by surrender, and endowment premiums returned.

RATES OF INTEREST REALIZED ON FUNDS OF AUSTRALASIAN LIFE
ASSURANCE OFFICES.

		Per cent.			Per cent.
1882 ...	...	6·07	1888 ...	...	5·91
1883 ...	...	5·61	1889 ...	...	5·95
1884 ...	...	6·10	1890 ...	...	5·81
1885 ...	...	6·00	1891 ...	...	5·96
1886 ...	...	6·06	1892 ...	...	5·80
1887 ...	...	5·98			

Liabilities
and assets
of life
offices.

865. The following statement of the liabilities and assets of the life assurance offices in the last two years has been taken from the same publication* :—

LIABILITIES AND ASSETS OF AUSTRALASIAN LIFE ASSURANCE
OFFICES, 1891 AND 1892.

	1891.	1892.	Increase. †
LIABILITIES.	£	£	£
Life, endowment, and annuity funds ...	16,847,793	18,316,025	1,468,232
Investment fluctuation funds ...	72,524	135,814	63,290
Paid-up capital ...	100,000	100,000	...
Reserve funds ...	205,000	205,000	...
Deposits and interest ...	14,860	7,496	-7,364
Profit and loss balances ...	140,895	91,993	-48,902
Outstanding claims, annuities, and surrenders	167,803	249,312	81,509
Outstanding accounts ...	87,894	75,539	-12,355
Total ...	17,636,769	19,181,179	1,544,410
ASSETS.			
Mortgages ...	9,860,785	10,618,052	757,267
Loans on policies and on personal security ...	3,000,580	3,359,053	358,473
Government securities and debentures ...	1,393,667	1,459,348	65,681
Shares ...	128,313	124,018	-4,295
Cash on deposit, in hand, and on current account	860,794	1,040,364	179,570
Freehold and leasehold property ...	1,849,557	1,999,405	149,848
Agents' balances ...	17,058	17,543	485
Outstanding premiums ...	278,267	296,997	18,730
Outstanding and accrued interest ...	153,312	169,624	16,312
Sundries ...	94,436	96,775	2,339
Total ...	17,636,769	19,181,179	1,544,410

Life assur-
ance in the
United
Kingdom.

866. In 1890 the total income of the ordinary life assurance companies doing business in the United Kingdom (exclusive of American companies) amounted to £22,875,000, of which £6,745,000 was from interest, £14,833,000 from premiums, and £1,188,000 from sales of annuities; and their working expenses amounted to £2,122,000, or about 9 per cent. of the receipts. The claims satisfied during the year amounted to £11,784,000, and £871,000 was paid to annuitants; the amount paid as cash bonuses or allowed in reduction of premiums

* *Australasian Insurance and Banking Record* for January, 1893, page 56.

† When the minus sign (-) occurs a decrease has taken place.

was £1,057,000; for surrender, £792,000; and as dividends, etc., to shareholders, £498,000.

867. The following is a statement of the capital and reserves of 22 fire and marine insurance companies doing business in Australasia in 1892* :—

Capital of fire and marine insurance companies.

AUSTRALASIAN FIRE AND MARINE INSURANCE COMPANIES.—CAPITAL AND RESERVES, 1892.

Colony in which Head Office is situated.	Number of Companies.	Paid-up Capital.	Reserve Funds and Unappropriated Profits.	Total Paid-up Capital and Reserves.
		£	£	£
Victoria	8	282,125	421,325	703,450
New South Wales	6	184,699	196,252	380,951
South Australia	1	62,500	66,830	129,330
Queensland	1	14,382	1,822	16,204
Tasmania	2	98,943	4,633	103,576
New Zealand	4	437,665	515,288	952,953
Total	22	1,080,314	1,206,150	2,286,464

868. It will be noticed that the amount of capital and reserves of the four New Zealand companies is nearly equal to that of the 14 companies having their head offices in Victoria and New South Wales.

Large proportion of capital in New Zealand companies.

869. The profits, losses, dividends, etc., of the same companies in 1892, of 25 companies in 1891, and of 30 companies in 1890, were as follow :—

Profits of fire and marine insurance companies.

PROFITS, ETC., OF AUSTRALASIAN FIRE AND MARINE INSURANCE COMPANIES, 1890 TO 1892.

Profits, Losses, Dividends, etc.	1890. (30 Companies.)	1891. (25 Companies.)	1892. (22 Companies.)
	£	£	£
Premiums, less reassurances and returns	1,414,567	1,353,616	1,219,999
Interest, rents, and fees	144,141	107,483	97,428
Total	1,558,708	1,461,099	1,317,427
Losses	985,038	927,691	744,209
Expenses and commission	405,859	372,094	343,538
Total	1,390,897	1,299,785	1,087,747
Net profits	167,811	161,314	229,680
Dividends paid	180,219	151,926	160,892
Proportion of losses and expenses to premium income	Per cent. 98·33	Per cent. 96·02	Per cent. 89·16

* The figures relating to these companies have been rearranged from figure statements contained in tables at page 642 of the *Insurance and Banking Record* for June, 1893. Statistics of fires in Victoria will be published as an Appendix to the second volume.

Dividends compared with profits of fire and marine companies.

870. The dividends paid exceeded the net profits by £12,408 in 1890, but the net profits exceeded the dividends by £9,388 in 1891, and by £68,788 in 1892. The losses and expenses were less than the premium income by 1·67 per cent. in 1890, by 3·98 per cent. in 1891, and by 10·84 per cent. in 1892.

Fire and marine business in certain companies.

871. In the returns of 17 of these companies in 1890, 12 in 1891, and 10 in 1892, the premiums and losses on fire business were distinguished from those on marine business, but in other cases no distinction was made. The results for the years named for the two classes of companies referred to were as follow:—

PREMIUMS, LOSSES, ETC., OF CERTAIN AUSTRALASIAN FIRE AND MARINE INSURANCE COMPANIES, 1890 TO 1892.

Premiums, Losses, etc.	1890.	1891.	1892.
FIRE ASSURANCE.*	£	£	£
Premiums, less reassurances and returns	270,846	233,653	175,029
Losses	141,597	120,188	62,840
Premiums in excess of losses	129,249	113,465	112,189
MARINE ASSURANCE.*			
Premiums, less reassurances and returns	202,907	162,541	75,760
Losses	168,384	133,686	63,866
Premiums in excess of losses	34,523	28,855	11,894
FIRE AND MARINE ASSURANCE.†			
Premiums in excess of losses	429,529	425,925	475,790
Interest, rents, and fees	144,141	107,483	97,428
Expenses and commission	573,670 405,859	533,408 372,094	573,218 343,538
Net profits	167,811	161,314	229,680

Price of debentures and stock in Melbourne.

872. The following, according to the *Australasian Insurance and Banking Record*, were the prices in Melbourne of Victorian debentures payable thereat, and of Victorian stock,‡ at the dates named. Although 4 per cent. stock had hitherto been uniformly quoted at par, it will be seen that the price fell as low as 99¼ during the latter half of 1892, and in 1893:—

* Offices distinguishing between Fire and Marine business only, viz., 17 in 1890, 12 in 1891, and 10 in 1892. Of these 15 in 1890, 11 in 1891, and 9 in 1892 carried on Fire business only; and 10, 6, and 5 respectively Marine business only.

† Including offices which do not distinguish between Fire and Marine Insurance, viz., 13 in 1890 and 1891, and 12 in 1892.

‡ See tables following paragraphs 312 and 337 ante.

PRICE OF VICTORIAN DEBENTURES AND STOCK IN MELBOURNE,
1892 AND 1893.

Interest.		Outstanding Debt.		Closing Price per £100.			
Rate per annum.	When Payable.	Amount.	When due.	January.	April.	July.	October.
1892.							
5	Jan. 1 and July 1	312,900*	1894	102-103	100-100½	102	102
4	April 1 and Oct. 1	1,150,487	†	100	100	99¾	99¼
	Total ...	1,463,387					
1893.							
5	Jan. 1 and July 1	312,900*	1894	100	...	101	...
4	April 1 and Oct. 1	1,150,487	†	99¼	...	99¼	..
	Total ...	1,463,387					

NOTE.—The quotations of Government debentures and stock on the Melbourne Exchange are exclusive of accrued interest.

873. Selecting one of the leading 4 per cent. and one of the leading 3½ per cent. Victorian stocks, and finding the highest prices quoted in 1885 and each subsequent year, an adequate idea may be formed of the general course of prices during the last 8 or 9 years. These are shown in the following table, together with the equivalent returns to the investor, which are also collated with the actual rate of interest payable by the Government on the loans floated in each year:—

Comparative prices of Victorian stocks, 1885 to 1893.

PRICES OF VICTORIAN REPRESENTATIVE STOCKS IN LONDON,
1885 TO 1893.

Year.	Highest Prices quoted on Stock Exchange.		Minimum Return to Investor. †		Actual Interest payable by Government on Loans floated each year. §
	4 per cents. (due 1920).	3½ per cents. (due 1923).	4 per cents.	3½ per cents.	
			£ s. d.	£ s. d.	£ s. d.
1885 ...	104½	...	3 15 10	...	4 2 5
1886 ...	107¾	...	3 13 2	...	3 15 5
1887 ...	108¾	...	3 13 1	...	3 18 9
1888 ...	114⅛	...	3 6 5	...	3 12 9
1889 ...	114¼	105	3 5 8	3 5 5	3 8 5
1890 ...	111½	103⅛	3 8 0	3 7 0	3 11 1
1891 ...	109⅛	100½	3 10 3	3 9 9	3 15 6
1892 ...	106¾	98	3 13 9	3 13 5	4 1 5
1893 (to August)	103¼	90½	3 18 6	4 3 4	3 19 10

* Government stock. The figures in the other line represent debentures.

† In 1897, or at any time thereafter at option of Government.

‡ Allowing for accrued interest, and redemption at par on maturity, the former being assumed to be equal to half a year's interest.

§ After allowing for expenses of floating loans, which adds about 1s. 3d. to the interest. See table following paragraph 338 ante.

Yield to
investors in
Victorian
securities
in various
years.

874. It will be observed that, according to the highest quotations on the London Stock Exchange, the interest yield to investors in Victorian securities fell from over $3\frac{3}{4}$ per cent. in 1885 to a little over $3\frac{1}{4}$ per cent. in 1889, but again rose to about $3\frac{1}{2}$ per cent. in 1891; whilst a further exceptional rise occurred in 1892 and 1893, especially the latter year, when it reached to over 4 per cent. On comparing the amounts in the last column in the table with those in the two preceding columns, it will be found that the colony, when raising a loan, has as a rule to pay about one-quarter ($\frac{1}{4}$) per cent. more than is received by British investors on similar securities at maximum prices.

Prices of
Austral-
asian stock
in London.

875. The sudden rise in Australasian stocks in 1888 and 1889, together with the causes which led up to it, was described in a previous issue of this work.* Since 1889, when the prices were at a maximum, however, there has been a falling off, most accentuated in 1892 and 1893, owing to the prevailing financial depression existing not only in Australia but in other countries of the world. Taking the highest rates quoted in the official list, the price of the Victorian 4 per cents. fell from $113\frac{3}{4}$ in 1889 to $106\frac{3}{4}$ in 1892, and that of New South Wales from $118\frac{3}{4}$ to 111; whilst the $3\frac{1}{2}$ per cents. of the same colonies fell from 105 to 98, and from 106 to $97\frac{1}{2}$ respectively. But it was in 1893 that a most unusual depreciation occurred. Victorian $3\frac{1}{2}$ per cents. once falling as low as 79 during the week ended 19th May, when the Australian banking crisis was at its height, although the price immediately afterwards rose to $85\frac{3}{4}$, whilst the latest quotations (7th December) indicate a recovery to 92. Queensland stocks also experienced an extraordinary fall to 75. This most recent fall in the prices of Australian securities is probably only of a temporary nature, and can hardly be due to any loss of confidence in the character of these securities, but to a severe crisis in London, consequent on heavy losses in South American securities. The following are the highest and lowest prices for the principal stocks of the Australasian colonies in the years 1890 to the 26th August, 1893 :—

* See *Victorian Year-Book*, 1889-90, Vol. I., paragraph 891. See also paragraph 343 *ante*.

PRICES OF STOCK OF THE AUSTRALASIAN COLONIES IN LONDON,
1890 TO 1893.

Colony.	Stock redeemable in	Prices.*							
		1890.		1891.		1892.		1893. (to 26th Aug.)	
		Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
	4 per cents.								
Victoria ...	1920	112 $\frac{1}{4}$	106 $\frac{1}{4}$	109 $\frac{1}{8}$	102 $\frac{1}{2}$	106 $\frac{3}{4}$	100	103 $\frac{1}{4}$	95
New South Wales ...	1933	116	112	114 $\frac{1}{2}$	104 $\frac{1}{4}$	111	105	111	97 $\frac{1}{2}$
Queensland ...	1915-24	112	104 $\frac{1}{2}$	109 $\frac{1}{2}$	101 $\frac{3}{4}$	106 $\frac{3}{4}$	98 $\frac{1}{4}$	102 $\frac{5}{8}$	89
South Australia ...	1917-36	110 $\frac{1}{4}$	105 $\frac{1}{2}$	109 $\frac{1}{4}$	101 $\frac{1}{2}$	106 $\frac{1}{2}$	101 $\frac{1}{2}$	105 $\frac{3}{8}$	93
Western Australia ...	1934	110 $\frac{1}{8}$	106	108 $\frac{3}{4}$	103 $\frac{1}{4}$	108 $\frac{1}{2}$	103 $\frac{1}{4}$	107 $\frac{1}{2}$	102
Tasmania ...	1911†	105	101	104 $\frac{1}{2}$	99 $\frac{1}{8}$	103 $\frac{3}{4}$	99 $\frac{5}{8}$	102 $\frac{3}{4}$	97 $\frac{1}{4}$
New Zealand ...	1929	109 $\frac{1}{8}$	102 $\frac{1}{4}$	107 $\frac{1}{2}$	100	106 $\frac{5}{8}$	100	107 $\frac{1}{4}$	97
	3 $\frac{1}{2}$ per cents.								
Victoria ...	1923	103 $\frac{1}{8}$	97	100 $\frac{1}{2}$	93 $\frac{1}{4}$	98	89 $\frac{7}{8}$	90 $\frac{1}{2}$	79§
New South Wales ...	1924	105	99 $\frac{1}{4}$	103 $\frac{7}{8}$	94	97 $\frac{1}{2}$	92 $\frac{3}{4}$	97 $\frac{1}{8}$	83 $\frac{1}{8}$
Queensland ...	1924	101 $\frac{3}{4}$	96 $\frac{3}{4}$	98 $\frac{3}{4}$	90 $\frac{1}{8}$	96 $\frac{1}{2}$	87 $\frac{3}{4}$	90 $\frac{7}{8}$	75
South Australia ...	1939	101 $\frac{7}{8}$	97 $\frac{1}{2}$	100 $\frac{1}{2}$	92 $\frac{3}{4}$	96 $\frac{7}{8}$	93	96	85 $\frac{1}{2}$
Tasmania ...	1920-40‡	100 $\frac{3}{8}$	94 $\frac{1}{2}$	98 $\frac{3}{4}$	92 $\frac{1}{8}$	98	92 $\frac{3}{4}$	96	84
New Zealand ...	1940	98 $\frac{5}{8}$	93 $\frac{1}{4}$	98 $\frac{1}{4}$	91 $\frac{1}{8}$	98 $\frac{3}{8}$	91 $\frac{1}{2}$	97 $\frac{1}{2}$	90

876. In 1891 the Government securities of Victoria, together with those of New South Wales and South Australia, returned a lower rate of interest to the investor, and consequently ranked higher in public estimation, than the loan securities of any of the other British colonies or dependencies, except India and Canada; and in 1892 ranked, with those of New Zealand and Western Australia, higher than in any other colonies, except India, Canada, Ceylon, and the Cape. In the first half of 1893, however, owing to the financial and banking crisis, a considerable fall took place in all Australasian securities, except those of New Zealand and Western Australia, and Victoria for the first time occupied the lowest position on the list of leading British Colonial borrowers. When, however, it is known abroad how, by the exercise of rigid economy, the deficit of the public revenue has been checked, and the accounts balanced, and that borrowing on an extensive scale has entirely ceased, whilst the natural industries are being rapidly developed, and exports of home products increased, there is little doubt that full confidence in our securities will be restored.

Prices of
and yield
to investors
in British
and colo-
nial stocks.

* Taken from *Burdett's Official Intelligence* and the *Weekly Official Intelligence*.

† Debentures in the case of Tasmanian 4 per cents.

‡ At any time on or after 1st January, 1920, on giving 12 months' notice.

§ This exceptionally low rate occurred during the week ending 19th May, when the Australian banking crisis prevailed.

The interest returned to investors in British Colonial securities varied from about 3 per cent. in the case of India to $3\frac{3}{4}$ or 4 per cent. in the case of Natal or Newfoundland; whilst British Consols return little more than $2\frac{5}{8}$ per cent. The following is a list—arranged according to the yield in 1892—of representative British and Colonial stocks, together with the highest prices quoted in 1891, 1892, and 1893 (to 26th August), also the estimated yield to the investor:—

PRICES OF REPRESENTATIVE BRITISH AND COLONIAL STOCKS IN
LONDON, 1891, 1892, AND 1893.

Country.	Rate of Interest on Stock.	Highest Price Quoted.			Return to Investor.*								
		1891.	1892.	1893 (to 26th Aug.)	1891.			1892.			1893.		
	Per cent.				£	s.	d.	£	s.	d.	£	s.	d.
United Kingdom—													
“Consols” † ...	$2\frac{3}{4}\dagger$	97 $\frac{1}{2}$	98 $\frac{1}{4}$	99 $\frac{5}{8}$	2	13	0	2	12	6	2	13	3
“Local Loans” † ...	3	105	104 $\frac{5}{8}$	105 $\frac{1}{2}$	2	14	8	2	15	0	2	13	8
“Metropolitan Consolidated” † } ...	3	103 $\frac{7}{8}$	104 $\frac{7}{8}$	106 $\frac{1}{2}$	2	17	7	2	16	10	2	15	8
India † ...	3	99 $\frac{3}{8}$	98 $\frac{1}{2}$	100 $\frac{1}{4}$	3	0	11	3	1	8	3	0	4
Canada ...	3	95 $\frac{3}{4}$	96	96 $\frac{3}{4}$	3	4	10	3	4	7	3	4	0
Ceylon ...	4	109 $\frac{3}{4}$	112	115	3	12	10	3	10	8	3	8	2
Cape of Good Hope ...	$3\frac{1}{2}$	100 $\frac{1}{4}$	100 $\frac{3}{4}$	103 $\frac{1}{2}$	3	11	5	3	11	0	3	8	4
New Zealand ...	$3\frac{1}{2}$	98 $\frac{1}{4}$	98	97 $\frac{1}{2}$	3	12	4	3	13	5	3	13	11
Victoria ...	$3\frac{1}{2}$	100 $\frac{1}{2}$	98	90 $\frac{1}{2}$	3	11	3	3	14	0	4	3	4
Western Australia ...	4	108 $\frac{1}{4}$	108 $\frac{1}{2}$	107 $\frac{1}{2}$	3	13	9	3	14	0	3	14	9
Tasmania ...	$3\frac{1}{2}$	98 $\frac{3}{4}$	98	96	3	13	5	3	14	4	3	16	9
New South Wales ...	$3\frac{1}{2}$	103 $\frac{7}{8}$	97 $\frac{1}{2}$	97 $\frac{1}{8}$	3	7	10	3	14	6	3	15	1
South Australia ...	$3\frac{1}{2}$	100 $\frac{1}{2}$	96 $\frac{7}{8}$	96	3	11	2	3	14	6	3	15	3
Newfoundland ...	4	105 $\frac{5}{8}$	105 $\frac{1}{2}$	105	3	15	1	3	15	1	3	15	8
Queensland ...	$3\frac{1}{2}$	98 $\frac{3}{4}$	96 $\frac{1}{2}$	90 $\frac{7}{8}$	3	13	2	3	15	8	4	2	7
Natal ...	$3\frac{1}{2}$	98 $\frac{7}{8}$	95 $\frac{7}{8}$	98 $\frac{7}{8}$	3	13	9	3	18	1	3	13	10

NOTE.—The stocks referred to are all “inscribed,” except those of Canada, which are “registered.”

Value of Colonial Government securities in London.

877. According to *Burdett's Official Intelligence* for 1893, the par value of all Colonial and Provincial Government securities taken cognizance of by the London Stock Exchange at the end of 1892 was £256,538,259; and it was calculated that, at the end of 1892, the market value of £70,791,000 of these securities was £73,211,000, as compared with £72,632,000 at the end of 1891, £73,974,000 at the end of 1890, and £76,017,000 at the end of 1889. § The excess above

* After allowing for accrued interest, and repayments at *par* on maturity; the former assumed to be equal to half a year's interest when interest is payable half-yearly, and to one quarter's interest when it is payable quarterly.

† Bearing $2\frac{3}{4}$ per cent. interest until 1903, then $2\frac{1}{2}$ per cent.; redeemable 1923 or subsequently.

‡ Interest payable quarterly; half-yearly in all other cases.

§ See *Bankers' Magazine*, February, 1893, page 243.

the par value was thus not quite $3\frac{1}{2}$ per cent. in 1892, as against $2\frac{3}{5}$ per cent. in 1891, $4\frac{1}{2}$ per cent. in 1890, and $7\frac{1}{2}$ per cent. in 1889; but in connexion with this it should be borne in mind that most of the securities were disposed of in the first instance at a discount.

878. The following table contains a statement of the number and amount of mortgages on land and live stock, and of preferable liens on wool and growing crops, effected during 1892, also the number and amount of releases registered in that year. It should be mentioned that the figures do not express the full amounts secured and released, as the amounts were frequently not given,* especially in the case of live stock released:—

MORTGAGES AND LIENS, AND RELEASES, 1892.

Security.	Mortgages and Liens.		Releases.	
	Number.	Amount.	Number.	Amount.
Land under <i>Transfer of Land Statute</i> ...	11,869	£ 10,918,026	4,962	£ 4,667,850
„ under old system...	1,608	2,114,460	880	806,483
Live stock ...	1,735	540,125	46	4,870†
Wool ...	500	294,771	3	691
Crops ...	1,414	252,518	...	...
Total ...	17,126	14,119,900	5,891	5,479,894

879. The number of registered mortgages and liens of all descriptions, and the amounts advanced in respect thereof, during each of the twenty-three years ended with 1892, were as follow:—

MORTGAGES AND LIENS, 1870 TO 1892.

Year.	Number of Transactions.	Amount.	Year.	Number of Transactions.	Amount.
		£			£
1870 ...	4,410	4,203,743	1882 ...	9,416	6,985,689
1871 ...	4,849	4,278,197	1883 ...	9,023	6,021,120
1872 ...	5,151	4,076,229	1884 ...	9,236	7,139,774
1873 ...	5,155	5,248,365	1885 ...	10,738	9,476,724
1874 ...	5,929	6,019,904	1886 ..	13,547	12,224,992
1875 ...	6,035	4,542,569	1887 ...	12,981	11,427,243
1876 ...	6,417	5,081,387	1888 ...	13,685	16,772,497
1877 ...	6,510	4,706,138	1889 ...	15,453	18,876,605
1878 ...	9,655	6,233,752	1890 ...	15,645	16,359,698
1879 ...	12,063	7,358,952	1891 ...	15,471	16,454,628
1880 ...	10,722	5,615,401	1892 ...	17,126	14,119,900
1881 ...	10,636	6,672,733			

* Assuming that the average amount was the same in all cases as in those for which the information was returned, the following would be the total amounts:—Mortgages of land—under *Transfer of Land Statute*, £13,032,824; under old system, £2,411,642. Releases of land—under *Transfer of Land Statute*, £5,306,599; under old system, £961,364.

† This amount relates to only a few releases; the particulars were not stated in the great majority of cases.

Mortgages and liens, 1892 and former years.

880. It will be observed that in the last fifteen years the amount secured under mortgage fell to the lowest point in 1883, and reached by far the highest point in 1889, when it was $2\frac{1}{2}$ millions larger than in either 1890 or 1891, and over $4\frac{3}{4}$ millions larger than in 1892. The number of mortgages in 1892 shows a marked increase on the numbers in the three previous years, and was far larger than in any previous year.

Proportion of releases to mortgages.

881. In 1892 the number of releases of mortgages on land and the amounts paid off were equal to about 43 and 42 per cent. respectively of the number of mortgages effected and the amounts lent thereon, as compared with 61 and 45 per cent. respectively in the previous year. The number of releases of live stock is small as compared with the number of mortgages, and of liens on wool and crops only three releases were registered; the reason being, in regard to these descriptions of property, that, although the mortgage or lien may be paid off, the mortgagor seldom takes the trouble to protect himself by a registered release.

Live stock mortgaged.

882. The live stock mortgaged in 1892 consisted of 1,045,680 sheep, 59,216 head of cattle, 7,240 horses, and 899 pigs.

Difference between mortgages and releases, 1861 to 1892.

883. During the thirty-two years ended with 1892, the sums advanced on mortgage of landed property amounted in the aggregate to £196,603,062, and the sums paid off amounted in all to £99,251,422. The balance is £97,351,640, or nearly half the amount originally advanced. Part of this balance represents the amount of mortgages still outstanding, and part the amount in default of payment of which properties have passed from the mortgagor either by foreclosure or sale.

Bills of sale.

884. In 1892, the number of bills of sale filed was less numerous than in any other year since 1887, the falling-off as compared with 1891 being 114. The amount secured under such instruments also fell off considerably in 1892 as compared with the four previous years, when it averaged about one million sterling annually. In 1892 the amount was little more than half a million, which, however, was a larger amount than that secured in any other year since 1876 except 1880 and the four years just referred to. The following are the number and amounts of those filed and satisfied in each of the last nineteen years:—

BILLS OF SALE, 1874 TO 1892.

Year.	Bills of Sale Filed.		Bills of Sale Satisfied.	
	Number.	Amount.	Number.	Amount.
		£		£
1874	3,207	727,370	251	98,492
1875	3,182	788,339	189	85,477
1876	3,330	747,717	194	56,318
1877	1,063	288,015	131	79,746
1878	1,117	348,319	76	28,710
1879	849	239,793	59	42,459
1880	752	593,857	47	25,628
1881	842	432,251	65	56,739
1882	812	461,710	68	51,804
1883	839	253,863	40	24,385
1884	866	248,768	36	30,761
1885	954	379,864	51	38,882
1886	980	436,900	48	32,724
1887	1,395	420,400	25	19,164
1888	1,547	1,317,122	25	21,443
1889	1,616	994,690	27	23,897
1890	1,551	1,048,629	22	18,751
1891	1,613	773,193	9	4,914
1892	1,499	591,610	3	1,789

885. The decrease in the number and amount of bills of sale filed in 1877 and subsequent years was chiefly owing to the law relating to such securities having been made more stringent under Act 40 Vict. No. 557, which came into force during 1877, which rendered it necessary to give 15 days' notice to the Registrar-General previous to any bill of sale being filed, during which period any creditor may lodge a caveat against its registration. Decrease in bills of sale since 1876.

886. The contracts of sale and amount secured thereby, also the contracts for letting, and extremes within which the rent named therein ranged, filed with the Registrar-General under Act 40 Vict. No. 577,* during the last sixteen years, were as follow:— Contracts of sale and letting.

CONTRACTS OF SALE AND FOR LETTING AND HIRING, 1877 TO 1892.

Year.	Contracts of Sale Filed.		Contracts for Letting and Hiring Filed.	
	Number.	Amount.	Number.	Average Rents.
		£		Per Week.
1877	605	47,720	668	} 2/6 to £5
1878	1,074	83,608	1,074	
1879	1,803	142,809	1,802	
1880	1,828	137,959	1,829	
1881	1,730	90,699	1,730	
1882	1,612	73,892	1,611	
1883	1,472	63,434	1,472	
1884	1,495	57,061	1,495	

* Consolidated Act, 54 Vict. No. 1103.

CONTRACTS OF SALE AND FOR LETTING AND HIRING,
1877 TO 1892—*continued.*

Year.	Contracts of Sale Filed.		Contracts for Letting and Hiring Filed.	
	Number.	Amount.	Number.	Average Rents.
		£		Per Week.
1885	1,617	49,221	1,617	} 2/6 to £5
1886	1,703	50,769	1,703	
1887	924	37,418	924	
1888	429	24,702	430	
1889	480	32,286	480	
1890	429	26,406	429	
1891	458	26,058	457	
1892	747	53,514	747	

Fluctuations
in contracts
of sale and
letting.

887. It would seem that contracts of sale and for letting and hiring appeared at first to be more convenient for the security of the creditor without injuring the credit of the person giving the security than bills of sale, as they increased very rapidly from 1877, that being the year in which the Act legalizing their registration came into operation, until 1880, whilst the bills of sale largely decreased. In the last six years, however, there has been a decided falling-off in the number and amount of these contracts as compared with previous years, although the number and amount for 1892 were above the average of the six years.

Building
societies.

888. Building societies in Victoria date from an early period in the colony's history, and until lately much success both to borrowers and investors had attended their operations. Fifty-six such institutions sent in returns during 1892, as against 60 in 1891, and 70 in 1890. The following are the principal items furnished for the last three years. It should be mentioned that the returns of some of the societies were not perfect :—

BUILDING SOCIETIES, 1890 TO 1892.

	1890.	1891.	1892.
Number of societies	70	60	56
Number of shareholders	21,858	17,050	13,898
Number of borrowers	23,529	22,103	16,210
Paid-up capital	£3,493,380	£3,243,983	£2,687,138
Value of landed property	£552,088	£335,873	£334,782
Advances during the year	£2,426,127	£2,059,627	£504,089
Repayments during the year	£2,335,331	£2,150,160	£1,127,143
Working expenses during the year	£79,597	£68,463	£55,869
Bank overdraft at end of the year	£194,532	£309,731	£418,126
Deposits at end of the year	£5,285,702	£4,439,625	£2,636,022

Advances by
building
societies,
1876-1892.

889. In 1892 the business done by building societies, as measured by the advances made, was less than in the previous year by £1,555,538, was not one-eighth as large as that done in 1888, and

was also less than in any other of the last seventeen years. A run upon the deposits lodged in building societies, which set in towards the end of 1891, and continued during 1892, affected those institutions disastrously, and the large majority of even the soundest of them were eventually obliged, owing to the heavy withdrawal of deposits, to close their doors. They have, however, in many cases since re-opened, after reconstruction on a basis mutually agreed upon by shareholders and depositors. The advances made by these institutions during the last seventeen years have been as follow :—

ADVANCES BY BUILDING SOCIETIES, 1876 TO 1892.

£			£		
1876	...	870,203	1885	...	2,073,189
1877	...	815,860	1886	...	2,358,729
1878	...	703,932	1887	...	2,544,688
1879	...	489,312	1888	...	4,381,330
1880	...	564,411	1889	...	3,264,984
1881	...	805,551	1890	...	2,426,127
1882	...	1,040,965	1891	...	2,059,627
1883	...	1,089,480	1892	...	504,089
1884	...	1,469,542			

890. The rates of interest allowed by building societies on moneys left with them for a period of twelve months generally ranged, in 1883 from 5 to 7 per cent.; in 1884 from $5\frac{1}{2}$ to 7 per cent.; in 1885 and 1886 from 6 to 7 per cent.; in 1887 from $5\frac{1}{2}$ to $7\frac{1}{2}$ per cent.; in 1888 from $5\frac{1}{4}$ to 7 per cent.; in 1889, 1890, 1891, and 1892, from $5\frac{1}{2}$ to 7 per cent. Most of the societies allow interest on the daily balance of current accounts, the rates ranging from 3 to 5 per cent.

Rates of interest in building societies.

891. The sums deposited with building societies at the end of 1892 amounted in the aggregate to £2,636,022, or £2,649,680 less than was on deposit at the end of 1890, and £1,803,603 less than at the end of 1891.

Deposits with building societies.

892. The following is a statement of the total amount of moneys on deposit at or about the end of each of the last five years with banks of issue, savings banks, and building societies. Other institutions, such as deposit banks and some of the insurance companies, also receive deposits; but of these no returns are furnished :—

Total moneys on deposit.

MONEYS ON DEPOSIT AT END OF YEARS 1888 TO 1892.

Amount deposited with—	1888.	1889.	1890.	1891.	1892.
	£	£	£	£	£
Banks ...	37,570,838	38,768,936	40,292,065	40,416,067	40,028,170
Savings banks ...	4,669,541	5,021,523	5,262,105	5,715,687	5,983,648
Building societies	5,292,364	5,062,328	5,285,702	4,439,625	2,636,022
Total ...	47,532,743	48,852,787	50,839,872	50,571,379	48,647,840

NOTE.—Information respecting the following subjects has been compiled, and will be published as an Appendix to the second volume :—Australian Banking Crisis; Statistics of Fires in Victoria; Life Insurance Policies in force.

Moneys on deposit, 1892.

893. According to the table, the moneys on deposit about the close of the last year amounted in the aggregate to nearly $48\frac{2}{3}$ millions sterling, or nearly two millions less than in the previous year, and over a million more than in 1888, four years previously. There is no doubt, however, that in all the years some of the savings banks' money, and a portion of that deposited with building societies, is re-deposited with the banks, and thus counted twice over; but considering there are many institutions for the receipt of deposits from which no returns are obtained, it is not at all likely that the whole amount at deposit is less than that stated in the table. It may be pointed out that in the reconstruction schemes of most of the institutions which suspended payment during the first six months of 1893 an arrangement was made with the depositors to the effect that their money should remain on deposit for a series of years. The bulk of the deposits will therefore not be available for a considerable period.

Melbourne Clearing House.

894. A decrease of about $62\frac{1}{2}$ millions, or 23 per cent., took place in the amounts passed through the Melbourne Clearing House in 1892, as compared with 1891; the amount was, moreover, 100 millions below that in 1890, and nearly 116 millions below that in 1888, which will be memorable as a year of unusual speculation and inflation. Particulars respecting the clearances during the eight years ended with 1892 are given in the following table:—

MELBOURNE CLEARING HOUSE.—TRANSACTIONS, 1885 TO 1892.
(000's omitted.)

Year.	Clearances.			Amount Cleared.		
	By Exchange of Instruments.		Total.	By Payments in Coin.	Total.	Weekly Average.
	Notes.	Cheques, Bills, etc.				
	£	£	£	£	£	£
1885	16,776,	129,213,	145,989,	21,097,	167,086,	3,213,
1886	17,431,	134,566,	151,997,	20,842,	172,839,	3,324,
1887	19,086,	157,614,	176,700,	25,508,	202,208,	3,889,
1888	28,293,	261,698,	289,991,	37,128,	327,119,	6,291,
1889	26,564,	231,180,	257,744,	30,672,	288,416,	5,546,
1890	26,568,	255,233,	281,801,	33,389,	315,190,	6,061,
1891	21,831,	223,628,	245,459,	28,468,	273,927,	5,268,
1892	15,283,	172,593,	187,876,	23,492,	211,368,	3,613,

NOTE.—In this table the two sides of the clearance are considered as one transaction. If the receipt and the payment should each be considered as a separate transaction, the amounts would obviously have to be doubled.