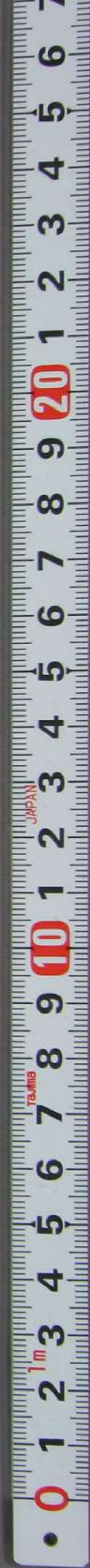




Suggestions to Congress.

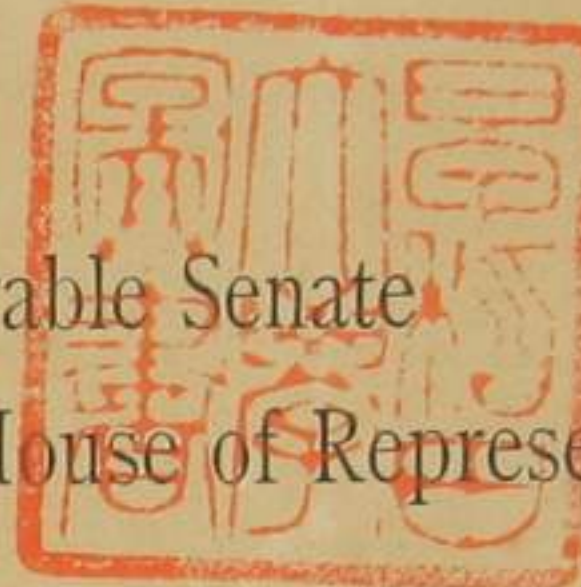
BY A JAPANESE.

2735



114
A3532

To the Honorable Senate
and House of Representatives:



With your permission, I have two opinions upon the financial question pertaining to this country. Congress has been in session seven weeks and I had an impression some person or persons might introduce the same opinions as my own. However, thus far no one seems to have done so, and I take the liberty of presenting the same.

FIRST. — To construct a law upon all companies, their stocks, trade in the stock exchanges, or established under the state law, to enforce them to divulge their full particulars of assets, liabilities as well as earnings, expense, etc.

SECOND. — Silver and currency question.

I will define my meaning briefly.

FIRST QUESTION.

Some companies give partial statements and some no statement at all to the public, regarding their assets, liabilities, earnings, expense, etc. The process of business or manufacturing must be kept secret; but other affairs, pertaining to financial matters, should be made public and it is not necessary to be kept secret.

It seems to me the reason for the secretiveness of the statements is due to the fact that the Government may levy a duty on the companies; also afraid of competition; and the officers of the companies are interested themselves, selfishly, by the fluctuation of

大天
限正
供十
辦一
年
四
月

stocks, by more or less of dividend or passing dividend, also a pretence of statement.

The Government will not injure the companies' prosperity, neither will it levy a duty unnecessarily, although the stockholders get a luxurious dividend, unless the Government find sufficient cause for the necessity of the country's welfare.

Any business or trade is compelled to have competition, on general cause, and cannot have monopoly except on patents.

Presidents and directors of companies, those who are elected for their abilities and virtues, must be assiduous to their duties, and their conduct must be absolutely faithful to the public affairs; however they could not overrule this important principle for self-interest, that, not being under any obligations to make public statements, they may act in obedience to their own selfish motives for the plan of increase and decrease of dividend or passing dividend; not concerning real conditions of business and more or less of surplus, also redemption of necessary payment.

Whether companies keep secret full statement on the anxiety of duty and competition, or is it the selfish motive of the officers, there is no proceeding but to control it under a law. Any companies, their stocks, are traded at the stock exchanges or are established under State law; they must have obligations to bind up by law, having an entirely different character from individual business. It is not only to the advantage of investors of stocks and bonds, but calculated to promote the country's wealth.

During the past few years, many American companies were drifted to a deplorable state by the mismanagement of officers, its principal cause being over issue of bonds, some cutting down great rate of dividend, some passing dividends and some re-organizing. Although this reprehensible example should have given a great thrill to foreign as well as home investors, they do not hesitate to invest in certain stocks that can be obtained at fair interest; indeed, they are very persistent in this hopeful and progressive country.

For instance, glance at the present stock market; the rate of interest produced from dividends is from seven to twelve per cent. in substantial industrial stocks.

Is it not luxurious?

It is a difficult fact that any business does yield a net profit of five per cent. interest per annum at the average of ten years.

Considering this financial principle, investors must be satisfied to put their capital in the present stock market, but on the contrary

to this cause, investors are making an effort to sell out their investments. Why? The only reason is wholly due to the fact of uneasiness and distrust of investors, as the inside condition is not plainly known to the public.

I will take as an example the American Sugar Refining Company for my description. That Company is an expert in industrials, its business more necessary than any other industry, including leather, rubber, tobacco, whiskey, etc. There is no doubt that the business will develop and prosper, and the Company will not realize any influence by competition and other proceedings, as it has a capable management, also unlimited amount of surplus (so report says), besides enormous capital.

Naturally it is a fine investment, but investors do not all share the same opinion, as many have their suspicions and do not have entire confidence, for the reason that all is not made visible to the community at large.

If the inside condition of companies is made known exactly to the public, investors can safely invest their capital, discriminating between diamond and stone. Companies like the American Sugar Refining Company can carry their stock to the point of full capacity, at the same time carrying business to the successful degree of prosperity, and the country's wealth shall be increased as much as stocks are raised.

By the reasons explained, it is a most urgent matter for the benefit of public interest to disclose exact condition of companies, regarding their financial basis, by the construction of a stringent law.

SECOND QUESTION.

Up to the present time the financiers of Europe and America have discussed the silver and currency questions, and the arguments are generally divided upon three opinions, as follows:—

First Opinion: Not from the necessity of circulating medium and business the financiers' only plan is the rise of silver for a partial interest, by a purchasing silver law or free silver coinage act under various pretensions.

Second Opinion: The financiers do not realize the necessity of a double standard on circulating medium, but they find the neces-

sity of adopting the system of bi-metallism for the interest of their own business or country; that caused a great disadvantage by the recent depression of silver for the export of goods into Oriental countries where silver currency only is used.

Third Opinion: Under the circumstances that the population of the world is rapidly increasing and the trade and commerce of the countries are gradually progressing, the requisition of a large amount of currency is an indisputable reason, and for this purpose the financiers think it will be necessary to adopt the system of bi-metallism, as the use of a single standard is causing much need of a circulating medium.

I will briefly set forth my argument on the first opinion.

Recently some American financiers are endeavoring to enforce free silver coinage, and their energies are so powerful that they may control the majority of Congress. Their argument on the subject insists upon a basis as the financial remedy of the Government. However, that is a pretension.

Silver purchasing laws, like the Bland and Sherman Acts, and free silver coinage, are different subjects, but the destination of both ways are for the same purpose; that is, only a plan to rise silver price.

It is absolutely in vain to keep up the natural tendency of the fall of silver by artificial measures, and not only impossible but it will disturb financial order and cause destructiveness to the nation.

Unmistakably, people must have realized the fact of my meaning by the result of the Sherman Act.

When the Act came into effect, purchasing to the exhaustion of the internal production of silver in America, the tendency of silver to recover was suddenly agitated and it threw the whole community into a chaotic state; but that was only temporary and in a short period the matter had resumed its former deplorable state. There was no effect, except benefit to silver miners and speculators, and to a great extent the present financial difficulties of the Government has been caused by the unsuccessful result of the Act, constructing a volume of white metal in the Treasury.

To my mind, the construction of the Sherman Act was the most critical departure of the Harrison administration, and its

repeal, following so rapidly, was the grandest act of diplomacy on the part of the Cleveland administration.

From a remote period, the deterioration of the price of silver has been a gradual but certain fact. I am not conversant in the history of other countries in this matter, but in Japan three hundred years ago the ratio between gold and silver was one gold to four silver.

I consider that the deterioration of silver is not a remarkable matter, the principal reason for this being simply large productions; just as a plentiful harvest causes cereals to be low in price, and the prices of copper, iron and lead to fluctuate according to the production, which is a natural consequence.

Judging from the present great production of silver throughout the world, it would be decidedly impossible to preserve an unlimited quantity of silver by free silver coinage or other artificial measures promoting the supply as much as to increase the demand, and if the Free Silver Coinage Act is practised, the country will become more demoralized than when the Sherman Act was in practice, so I vigorously oppose the policy.

As the third opinion, I believe the policy of a double standard is a substantial ground upon which to base international finance; but it is not possible for me to agree with the argument advanced by the advocates of the double standard for the use of the monetary system, agreed upon in 1873, as the claim of the advocates is unreasonable and oppressive, for the present difference between gold and silver is about one to half; that is to say, it is the same as selling goods that cost one dollar for fifty cents. People could never be induced to agree to such an impossible compromise as this.

Three years ago, when the International Monetary Conference met at Brussels, it closed down the session, after a lot of nonsensical debate by the advocates of single and double standard, without any result. I should imagine the question was not a hard one, but it was difficult to make a compromise.

In my opinion, it is a most necessary and urgent matter that **the monetary system should be changed, adjusting the ratio of silver to its present market value, and to reconstruct the bi-metallic basis for the agreement of the countries of Europe**

and America. If a right standard is organized, it will be easy to get the countries to agree to this.

I present these arguments to the honorable gentlemen in behalf of public interest, and in all sincerity, for this great and grand nation. And let me hope the honorable gentlemen will have the disposition to carry these opinions into effect without opposition between any party, as they would prove of the utmost advantage.

Very respectfully yours,

TEIJIRO, NISHIWAKI,
P. O. Box 2481, BOSTON, MASS.

January 18, 1896.

