

And as a matter connected with the subject of the foregoing Papers, His Excellency read in continuation His Grace's Despatch No. 115 of 15th September last, announcing that the sum of £20,000 per annum for five years commencing from 1st January, 1865, would be charged upon the Revenues of this Colony in aid of the Military Expenditure upon it— together with his acknowledgment of the same, made in Despatch No. 199 of the 10th ultimo.

His Excellency then stated that he had since submitted to His Grace various observations respecting the contemplated contribution, and mentioned that, as shown in His Grace's Despatch, SIR HERCULES ROBINSON had also made a representation on the subject.

He had delayed this matter in the expectation of SIR HERCULES ROBINSON's return, but understanding that it was desirable to lose no further time, he now brought forward these two subjects, in order that they might be fully considered by the Council and the Public.

His Excellency then moved the first reading of a Bill, entitled "An Ordinance for establishing a Mint in the Colony of Hongkong."

Question put and carried.

Bill read a first time, and ordered to be printed.

The Council adjourned *sine die*.

W. T. MERCER,
Acting Governor.

Read and approved, this 4th Day of January, 1864.

L. D'ALMADA E CASTRO,
Clerk of Councils.

GOVERNMENT NOTIFICATION.

The following Bills read a first time at a Meeting of the Legislative Council, held on the 4th Instant, are published for general information.

By Order,

L. D'ALMADA E CASTRO,
Clerk of Councils.

Council Chamber, Hongkong, 7th January, 1864.

HONGKONG.

ANNO VICESIMO SEPTIMO VICTORIÆ REGINÆ.

No. OF 1864.

By His Excellency WILLIAM THOMAS MERCER, Esquire, Acting Governor and Commander-in-Chief of the Colony of Hongkong and its Dependencies, and Vice-Admiral of the same, with the Advice of the Legislative Council of Hongkong.

Title. *An Ordinance to provide under the new currency of this Colony for conversion of British Currency into Dollars in all payments by or to the Government.*

[January, 1864.]

Preamble.

Whereas Her Majesty has been pleased to issue a Proclamation dated the 9th day of January, 1863, and published in the *Hongkong Government Gazette* of the 2nd day of May, 1863, whereby it was declared that from and after a day to be fixed by the Governor or Officer administering the Government of Hongkong a certain Proclamation by Her Majesty published at Hongkong on the 1st day of May, 1845, and so much of certain other Proclamations published at Hongkong on the 27th day of April, 1853, and the 9th day of July, 1857, respectively as had effect and were in force in the said Island of Hongkong should be revoked and annulled and that from and after the same date the Dollar of Mexico or other Silver Dollar of equivalent value as might from time to time be authorized by the Governor or Officer administering the Government of Hongkong should be the only legal tender of payment (except as therein directed and hereinafter recited) within the said Island of Hongkong and its dependencies: And that such Silver Coins as might be issued from Her Majesty's Mint representing some multiple of the Cent or one hundredth part of the said Dollar should be legal tender of payment for any sum not exceeding Two Dollars and that such Copper or Bronze Coins as might be issued from Her Majesty's Mint representing the Cent or one hundredth part or the Mil or Cash representing one thousandth part of the said Dollar should be

legal tender of payment for any sum not exceeding One Dollar: And that the Silver and Copper Coins to be issued from Her Majesty's Mint as aforesaid should be prepared as follows:

The Silver pieces of money should be prepared of Silver containing twenty per cent of alloy. Every such piece should have for the obverse impression Her Majesty's Effigy crowned with the Inscription "Victoria Queen" and for the reverse impression an inscription indicating the value of the piece in cents of a Dollar with the words "Hongkong" and the date and the year, and the same inscription repeated in Chinese Characters;

A Copper piece representing one hundredth part of a Dollar should have for the obverse impression Her Majesty's Effigy crowned with the Inscription "Victoria Queen," and for the reverse impression the Inscription "One Cent—Hongkong" with the date of the year, and the same inscription repeated in Chinese Characters;

Another Copper piece representing one thousandth part of a Dollar should be perforated in the centre and have for the obverse impression the Inscription "V.R." surmounted by a Crown with "Hongkong—One Mil" and the date of the year, and for the reverse impression the Inscription "Hongkong—One Cash or One Mil," represented in Chinese Characters:

And whereas no day has been fixed by Proclamation by His Excellency the Acting Governor as the day for the purposes in Her Majesty's said Proclamation named to take effect but such day will be named as soon as conveniently may be: Now be it enacted and ordained by His Excellency the Acting Governor of Hongkong, with the Advice of the Legislative Council thereof, as follows:

I. From and after the day to be fixed by His Excellency the Acting Governor under the power by Her said Majesty's Proclamation vested in him whenever British Sterling has been or shall have been or shall be specified in any Ordinance of this Colony whether as payments to be made to or by the Government of this Colony, such payments shall be made in Dollars and in such multiples of the Cent and Mil or Cash and in Cents and Mills or Cash as shall be so issued from Her Majesty's Mint as aforesaid only at the rate of Four Shillings and Two Pence to each Dollar.

After date to be notified by Proclamation where payments to or by Government are by Ordinance payable in British Sterling same to be in Dollars, &c., at 4s. 2d.

HONGKONG.

ANNO VICESIMO SEPTIMO VICTORIÆ REGINÆ.

No. of 1864.

By His Excellency WILLIAM THOMAS MERCER, Esquire, Acting Governor and Commander-in-Chief of the Colony of Hongkong and its Dependencies, and Vice-Admiral of the same, with the Advice of the Legislative Council of Hongkong.

An Ordinance to prevent the defacing of the current Coin of this Colony.

Title.

[January, 1864.]

Whereas a practice has existed in this Colony of defacing the current Coin of this Colony by stamping the same and by impressing thereon the names of firms, chops, or other marks and bending the same, and it is expedient to make provision for preventing the Coin from being so defaced and bent: Be it enacted and ordained by His Excellency the Acting Governor of Hongkong, with the Advice of the Legislative Council thereof, as follows:

Preamble.

I. If any person shall deface any of the current Silver or Copper Coin of this Colony by stamping thereon any names or words or any mark whatsoever whether such Coins shall or shall not be thereby diminished or lightened or shall use any machine or instrument for the purpose of bending the same, every such offender shall be guilty of a misdemeanour and being convicted thereof shall be liable to fine or imprisonment or fine and imprisonment at the discretion of the Court.

Persons defacing current Coins guilty of misdemeanour.

II. From and after the day of 186 no tender of payment in money made in any Silver or Copper Coin so defaced or stamped as aforesaid shall be allowed to be a legal tender; and if any person shall tender, utter, or put off any

Date from which defaced Coins shall cease to be a legal Tender.

Coin so defaced, stamped, or bent as aforesaid, he shall, on summary conviction thereof before two Justices, be liable to forfeit and pay any sum not exceeding Ten Dollars: Provided always that it shall not be lawful for any person to proceed for any such penalty as last aforesaid without the consent of Her Majesty's Attorney General.

Proviso.

No. 3.

GOVERNMENT NOTIFICATION.

The Correspondence on the subject of the Establishment of a Mint in this Colony is published for general information.

By Order,

W. H. ALEXANDER,
Acting Colonial Secretary.

Colonial Secretary's Office, Hongkong, 5th January, 1864.

Hongkong—Confidential.

DOWNING STREET, 19th April, 1863.

SIR,—I transmit to you for your information copies of a Correspondence which has passed between Sir Hercules Robinson, this Department, and the Lords Commissioners of the Treasury respecting the establishment of a Mint at Hongkong for the Coinage of British Dollars.—I have the honor to be, Sir, your most obedient Servant,

The Officer administering the Government of Hongkong.

NEWCASTLE.

Sir Hercules Robinson to the Duke of Newcastle.

(Copy.)

BLETCHINGTON PARK, OXFORD, 20th March, 1863.

MY LORD DUKE,—The questions which have been for some time under the consideration of Her Majesty's Government with reference to the currency of Hongkong having now been finally disposed of, I desire to bring under your Grace's notice a proposal for the establishment of a Mint at Hongkong for the Coinage of British Dollars—not only for use in the Colony, but to meet the requirements of the vast foreign trade of China and Japan.

A similar proposal was made by my Prodecessor, Sir John Bowring, some years ago, but it was not favorably received at that time by the Lords Commissioners of Her Majesty's Treasury, chiefly, I believe, on the ground that the Mercantile advocates for the plan were confined to Traders at Shanghai who had from dissension among themselves prevented the introduction of Mexican Dollars into that place; and whose obvious interest it was to advocate any scheme which if it succeeded would relieve them from difficulty and if it failed would cost them nothing. Besides this, it would have been premature at that time to have coined Dollars while British Money remained under the terms of Her Majesty's Proclamation the Standard of value in Hongkong.

All this, however, is now changed. Mexican Dollars pass current in large quantities even in Shanghai, and have been declared, by Royal Proclamation the only legal tender of payment in Hongkong and its Dependencies. But the supply of these Coins appears so insufficient, in consequence of the new demand for Japan, and for the purpose of making payments for Silk in the Valley of the Yang-tze—formerly settled for in Sycee—that undefaced Mexican Dollars have for some time borne a high premium. When I left Hongkong in July last, what are called there "Clean Dollars" bore a premium of 7 per cent above their intrinsic value as compared with the price of Bar and Sycee Silver. Since then I understand these Coins lately reached a premium of nearly 12 per cent; and I observe they are quoted in the London market in last month's "Price List" at a premium of about 11 per cent—Mexican Dollars being $5/5\frac{1}{2}$ per oz., and Bar Silver $5/1\frac{1}{2}$ and though they have recently fallen to $5/3\frac{1}{2}$ per oz., Bar Silver has also fallen to $5/1$ leaving a premium on the Mexican Dollar of 8 per cent. Fluctuations like these in the value of the medium of Exchange in China and Japan must tend to embarrass the operations of commerce.

I propose therefore that a free Mint should be established in Hongkong, at the expense of the Colony for the Coinage of Silver Bullion into Dollars; and that a Mint charge or seignorage should be levied sufficient to cover the cost of coinage.

I believe that such a measure is now urgently called for and that a British Dollar bearing Her Majesty's effigy and coined in Hongkong would become in a very short time the standard measure of value and instrument of commerce not only in Hongkong where it would be so by law, but throughout all the open Ports in China and Japan. No doubt the measure would be in a great degree experimental, and it is not easy to foresee the caprices of Chinese prejudice, but I propose that the cost of the experiment should fall on the Colony of Hongkong, and when it is stated that the British share of the foreign trade of China and Japan is estimated at Thirty-five Millions Sterling, and that this vast traffic is carried on chiefly by means of a currency coined at the opposite side of the globe, the supply of which is so uncertain and insufficient that it bears a premium (so long as it continues undefaced) varying from 5 to 12 per cent, nothing further I am sure need be added to prove the propriety of Her Majesty's Government attempting at all events to find some remedy for a state of things which tends so to surround all tradal operations with needless uncertainty and to obstruct the extension of commerce.

The loss also to the Imperial Government at present is very considerable, as the Naval, Military, Diplomatic and Consular Services in China and Japan have to be paid in Dollars, raised at a heavy premium either in Hongkong or London, whereas they might be coined probably for a seignorage of one-and-a-half per cent.

This subject has already engaged the attention of the Hongkong Chamber of Commerce; as will be seen from the following extract from a letter which I received from that Body, and which formed enclosure No. 3 in my despatch to your Grace of the 26th of May last.

"We hope the measures of currency reform which are now contemplated may eventually bring on the larger and more important question of providing a constant supply of one uniform and undefaced Dollar, which shall be established as the standard of value in this place, and serve to supersede the present system of payments by weight in mixed and defaced Silver. The attention of the Chamber will continue to be directed to this interesting subject, and at some future period they may solicit your Excellency's co-operation in devising practical measures to supply this great desideratum."*

If Her Majesty's Government should approve of the present proposal for the establishment of a Mint at Hongkong for the Coinage of British Dollars, many questions of detail will then have to be determined, which, however, I need not discuss in this despatch—such as the weight and purity of the New Dollar and the regulations under which the Mint should be established.—I have, &c.,

His Grace THE DUKE OF NEWCASTLE, K.G.,
&c., &c., &c.

(Signed) HERCULES G. R. ROBINSON.

* See page 20 of Printed Correspondence on Currency of Hongkong.