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Hong Kong, February 24th, 1880

Your Excellency: - As I remain here until the 6th of March, I have thought it may not be amiss for me to send you intelligence of the matters which may interest you, in connection with this colony.

The newspaper project will be entirely at your control. Whatever you desire can be easily done, so far as Governor Hennessy's support is concerned. I can confidently assure you that nothing will stand in the way of your wishes on that point.

You will have learned, by telegraph, of the action taken by the Hong Kong Chamber of Commerce, respecting the Yen. A few words of the particulars may not be unwelcome. Governor H. is pleased at this decision of the Chamber of Commerce, because it will hasten and facilitate the movement; but he would not have been much concerned if the Chamber had acted otherwise, because he is certain to have the approval of the Home Government, under any circumstances.

He now intends to telegraph news to England of what has happened here, and he thinks it very probable (though of course not absolutely certain) that he will receive immediate authorization to introduce the Yen.

The debate in the Chamber of Commerce was led, on our side, by Mr. Jackson, the manager of the Hong Kong and Shanghai Bank. He was very strong in support of the Yen, as you will see by his remarks, which I enclose, and part of which I have marked. But I think he made one mistake, (marked thus ?); my impression is that what he refers to was done by the Tokugawa government - not by the restored administration.

You will see a reference to Mr. Pitman (marked P) by the principal opponent of the Yen. It is true that Mr. Pitman has been very active and energetic, and has done much good, but he did not "set up" the memorial, nor

has he done anything to compromise himself or anybody. He has certainly influenced the Chinese, and has influenced them well.

The Mr. Nelson who opposed the Yeu, is the manager of the Chartered Mercantile Bank; - he has always been anti Japanese; but in this debate he had only one supporter - a Mr. Sharp, - and even Mr. Sharp did not stay by him to the end. When the final vote was taken, there was only one man (Nelson) against the introduction of the Yeu.

I am not aware whether these details will really be serviceable or not to Your Excellency; but there can be no harm in sending them, and it is always possible that you may desire to learn ^{more} exactly how things pass, than the newspapers tell.

I am
Your Excellency's Obd. Servant
E. H. House

His Excellency Okuma Sigenobu.

P.S. - Govr. Hennessy feels himself much strengthened in his position and policy by the arrival of his new Attorney General, Mr. O'Malley, who is wholly in accord and sympathy with the Governor, and will support him fully. Mr. O'Malley was formerly Attorney General in the Colony of Jamaica.

The Governor also expects some good results from the cooperation of Ng Choy, as member of the Legislative Council. Ng Choy, you will remember, is a Chinese lawyer, educated in Europe. He is appointed, for the present, only to fill a vacancy in the Council; but Govr. Hennessy has made arrangements with a view to making him a permanent extra member of the Council. All these things make the people of Hong Kong very bitter and insolent against the Governor, but he perseveres resolutely in his upright and honorable course, and will not be disturbed by any clamor or abuse.

E. H. H.

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THE JAPANESE YEN
Mr. McEwen—There is one subject I should like to mention, and that is to ask the Committee whether they have taken into consideration the advisability of the yen becoming a legal tender in the colony. The trade between this port and Japan has largely increased of late and there is every probability of its still further increasing. There was a representation of Chinese character day to His Excellency the Governor on the subject, and as I see there is a Chinese banker present, perhaps he may have something to say on the subject.
The CHAIRMAN—I may mention the subject of the yen has not been brought in any way before the Chamber. The committee will be very happy to consider it if it be brought before them, though it would be desirable, now it has been mentioned by Mr. McEwen at this meeting, if the representative of the Chinese bank will give us any information.
Mr. NELSON—In the absence of any communication from the Government on the subject, the Chamber is hardly entitled to consider the question before them. I learn from Chinese sources that the memorial which was presented the other day was put up by a gentleman rather well known in the Colony, who is in the employ of the Japanese Government, and who is more or less mixed up with the opium farm and other matters in the Colony, and who is on very intimate and friendly terms with the head of the Government in Hongkong. Now, bearing in mind the manner in which equally spontaneous expressions of opinion on other matters have been uttered in the Colony, I think one may justly come to the conclusion something is to be done in this matter, and I think, in the absence of any communication from the Government, it is not unbecoming on the part of the Chamber to invite some little amount of confidence in the matter, supposing anything is being done. I suggest the Secretary put himself in communication with the Government and make an inquiry whether anything is being done.
Hon. P. RYAN—This is no new question; it has been discussed very fully.
Mr. NELSON—Not the yen; that was the trade dollar.
Hon. P. RYAN—No; there was a very long discussion on the Japanese yen in this Chamber, and the opinion of the majority of the members was against it, principally because—well, at least the reason assigned was that—the community of this Chamber had not sufficient confidence in the Japanese Government as to their keeping up the parity of the coin. I think those were the main grounds of the objection to the coin. I have myself had conversations on the subject with gentlemen who were well informed, and I have also had conversation on it with the late master of the Japanese Mint, Major Kieker, and I believe that the most perfect and reliable assurance can now be given by the Japanese Government that the parity of the coin will be kept up. I certainly expected to-day there would have been a reference to this before the present stage of the meeting, and I was very glad to see Mr. McEwen get up as he has done. I think it is a very fit subject for discussion at this meeting, and I don't think there is any necessity, before proceeding to discuss it, to consult the Government at all, having regard to what has previously occurred in this Chamber. The Government may have its own views; I don't know what they are; I only know the views of a gentleman unconnected with the Government. And seeing these coins are now received at Foochow, Canton, Singapore, and Penang, I think the time has arrived when we may take up the question again, and perhaps, from what we may learn when we do take it up, the Chamber may arrive at a different conclusion from what it did on a former occasion.
The CHAIRMAN, referring to the previous speaker's remark that the yen was taken at Foochow and Canton, asked whether he meant to say it was taken by the Government in payment of duty and taxes, or was it taken by traders, or by traders only in a limited degree, as those were two different things?
Hon. P. RYAN said that at present his information was not derived from the experience of his own firm as to whether the yen were taken by the traders at Foochow, but his information stated so. That would be a question for the Chamber to inquire into when they took up the matter.
Mr. DEACON said the coins were accepted in Canton.
Mr. ANSHOLD said the question what or the coins were accepted in the ports was a very important one, and under all the circumstances, as they knew negotiations between a part of the community and the Government had taken place, he thought it was very desirable they should know what was being done and what assurances could be given for the parity of the coin.
Mr. JACKSON—I can answer the question that was put to Mr. Ryan by saying that the yen are preferred to anything else at Amoy and Foochow. They are taken readily and in any quantity. That is our experience within the last few weeks, and last year they took all the yen that we sent up. It is also taken in the Straits Settlements and Penang. Within the last ten days the Hongkong and Shanghai Bank has received a telegram stating that Chinese prefer it to the Mexican dollar, and there the currency is clean Mexican dollars, not chopped dollars. I think the experience at the coast ports is in favour of it; and they would prefer it if it were made current in Hongkong. Mr. McEwen referred to the trade with Japan being larger than it was some time ago, and I have no doubt it will go on increasing. Communication with Osaka has been opened by the Mitsui Bussan steamers and already direct shipments have been made on a large scale. Now it would be a great boon to this trade route if we had the yen current here. It would facilitate merchants drawing against their shipments if banks knew that they could have the proceeds of their bills sent here in the event of their not having use for the money in Japan, and trade would be greatly benefited thereby. I am sure this is a very important question. As to the reliability of the coin, I think it is now beyond all doubt, no matter what the experience of the past may have been. The Japanese are now possessed of one of the best mints in the world, they regularly send their coins for assay to the Mint in Calcutta and San Francisco, and they have the strongest motive, that of self-interest, to induce them to maintain the parity of the coinage, as they are seeking to circulate it beyond their own shores. We might say, what guarantee have we with regard to the Mexican dollars? We have no guarantee under the sun. We know nothing about the people who manufacture them, but we do know this, that they have hit upon a very profitable industry, that the coins are always marketable because of their parity, and that it is therefore in their interest to maintain that parity. And this is plain reason. But I think we do the Japanese no injustice in doubting them on a matter of this kind. I think they would be about the last nation to do anything dishonourable, after pledging themselves to the whole world. But it may be said they tampered with their coins before, and what guarantee have we that they will not do so again? The cases are not the same. The coins they tampered with were not the silver yen, but the old currency of Japan, which was not intended for circulation outside their own shores, and the Government was then barely established. But in this matter of the silver yen they are not making a coin simply for circulation in Japan, but are seeking for circulation in China and the Straits. For the reasons I have mentioned I think it would be a desirable thing to make the yen current here, and I think this Chamber ought to take action.—(Applause.)
Hon. P. RYAN—I would like to add the remark that perhaps it would be better to coin our own dollars, but that seems not very hopeful. I think we might now support the yen, especially after what Mr. Jackson has said.
Mr. NELSON—There are many things to be said pro and con. I may mention that with regard to Amoy, I have been informed from Amoy that the yen are only taken there when mixed up with other dollars.
Mr. JACKSON—That is not the case now.
Mr. NELSON—But it is a great question as to whether the Japanese are really a nation whose history and morals and interests are such as that they should be selected as the persons to manufacture the coins for the Chinese. It is a matter which must be more or less one of opinion. I hold the opinion that they are not and that it would be a mistake for the Chamber, for the sake of any advantage we might get in equalising the exchange between Japan and this, to bind ourselves down to a course which has to my mind very serious objections.
The CHAIRMAN—There is one matter in connection with this which might be mentioned, and that is the likelihood of the Japanese con-

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Against the Yen
P.

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Against

...the coin. They cannot mint the coin and put it in circulation without using it. If in Japan there was a large production of silver and by stamping it in the form of a yen and giving it currency value, could be made by it. I think we would have every guarantee for the purity Mr. Jackson has mentioned, but so far as I can understand the question the Japanese nation is not in a position to obtain from Japan silver in such quantity as to make it a permanent thing to issue that silver coin, and if Japan has to go into other markets for silver I don't think it is likely the issue will be long continued. However, that is not a question that need affect us much in recommending the adoption of the coin. There are advantages to be obtained as long as that coin is produced, and I think the colony would benefit. I simply mention how it strikes me, that there is no guarantee for the permanency of the issuing of the yen for the simple reason that it cannot pay the Government to continue it.

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Mr. P. REYNOLDS—As to the paying or non-paying, the statement that was made to me by a gentleman connected with the Japanese Mint and the Finance Department was something to this effect, that the Japanese having a magnificent mint and thoroughly competent staff in their employment, although they might lose—I don't know it as a fact that they do, but I take the words of the Chairman—although they might lose on making the yen, supposing they coined nothing else, they can make their mint pay with smaller silver coins and copper coinage, and therefore can afford to coin the yen on much better terms than a mint which did not produce these coins.

Mr. ARTHUR said it struck him that there could not be a very great difference in freight, and it could not be much cheaper for the Japanese to import their silver from America than for us to import our Mexican dollars. Therefore the question raised by Mr. Kewick would be a very serious one.

The Chairman—I did not make the remark as an objection. I simply mentioned the matter as occurring to me. I think I am right, but I may be wrong. It does not, however, make me desirous of throwing any obstacle in the way of the introduction of the yen. I think it would be an advantage to us.

Mr. JACKSON—I think I can throw a little light on it. We all know that it is only a few years since Japan was opened, and before that not a single ounce of silver was imported into the country. Well, how comes it that during the last twelve years a hundred millions dollars' worth of silver coins have been exported from Japan—of old coin, some of them being of over a hundred years ago? I believe the mint is a very profitable concern, taken as a whole, and if the coins were made current here it would be much more so.

Mr. NELSON said it was not accepted in Japan that there was a supply of silver, and the amount referred to by Mr. Jackson was the accumulation of centuries.

Mr. JACKSON—I propose that this Chamber memorialize the Government to take action with a view to making Japanese yen current in this Colony.

Mr. McEwen—I beg to second that.

Mr. NELSON—I move an amendment—That the Committee of the Chamber endeavour to ascertain what steps, if any, have been taken by the Government with a view to legalizing the Japanese yen in this Colony, and what guarantees, if any, are offered by the Japanese Government to keep up the present currency standard.

I think before the Chamber commits itself to such a recommendation they should be perfectly sure of their ground and do it with full confidence, which I for one do not feel in reference to Japanese coinage.

Against

Mr. SHARP—Mr. Chairman, I think there is not one member of this Chamber who would not gladly and heartily welcome the Japanese yen into the Colony if they felt they could rightly do so. The matter was very fully discussed before and the opinions were (but recorded) which have been mentioned by the Chairman and which have been referred to by Mr. Byrie. At that time—it is now some two or three years ago—there were not those guarantees forthcoming for the continued parity of the coin. Very likely now the Japanese Government may be willing and able to afford to the Chamber, to the bankers, and to the community of Hongkong such evidence as will be satisfactory and which will enable the Chamber to revoke its former verdict in this matter. I think with Mr. Nelson that the more suitable the more dignified, the more proper manner would be, instead of hastily recommending the yen and begging it may be poured into this Colony, to endeavor first to ascertain whether the Japanese Government are willing and able to afford such guarantees as will be regarded by the bankers and merchants of this Colony as satisfactory evidence of their determination as well as ability to continue the genuine character of the coin as it undoubtedly now exists. I hope the proposer of the motion will not insist on a division in the matter, because I believe we all feel alike on it. The Japanese Government such an earnest desire to meet the white and run parallel with European civilization in every way that I think they will be able to satisfy the Chamber on the subject as Mr. Nelson has proposed.

Mr. JACKSON—A far we do to the amendment. I cannot agree with Mr. Sharp. I don't think it would be desirable to face the Japanese Government in any such way. I think it would be almost an insult to the Government. They give us the very best guarantees they possibly can, that is, that quantities of the coin are sent to the mint in San Francisco and to the Royal Mint in Calcutta, either annually or six-monthly, for assay. I don't think it would be practicable to put the question to the Japanese in that way. They would say, "What do you mean? You insult us." I think we have the best guarantees we could have.

Mr. NELSON—Clearly the Japanese are anxious to put their currency into the Colony; we are not particularly anxious for it. They are anxious their currency should be accepted in British colonies. Looking at it from that point of view, I don't think there is any insult in the Government, before admitting it, ascertaining the grounds they are going on, ascertaining they are doing the proper and straight forward thing, and letting the public know, so that those interested may weigh it well. I think in admitting a currency from a country like Japan into a British Colony there is nothing undignified or insulting in asking such a question as that contained in the amendment.

Mr. McEwen—I don't know whether you are aware that although the mint in Japan is worked by Europeans holding high position, I don't make that remark in consequence of not having faith in the Japanese. I merely mention the fact.

Mr. NELSON—But the employment of Europeans by the Japanese is not a thing that can be counted on from month to month in any of their departments. I think the experience of the last few months shows that.

The Chairman asked Mr. Sharp if he seconded the amendment.

Mr. SHARP said he hoped Mr. Jackson would withdraw his motion.

Mr. JACKSON declined to do this.

Mr. SHARP then seconded the amendment.

Mr. WILKINSON—I take it that in any case, during the negotiations that would take place, the information would come to the knowledge of the Chamber.

Mr. NELSON—But the resolution is that we at once address ourselves to the Government asking that the coin be introduced.

Mr. WILKINSON—Not unconditionally.

Mr. P. REYNOLDS—The memorial might set forth that it had come to the knowledge of the memorialists that the Government of Hongkong has been in communication with that of Japan on the subject, and that they hope the Government will be fully satisfied in their own minds of the advisability of the step from the representatives they have resolved.

The amendment was then put to the meeting and was voted for only by the proposer and seconder. The original motion was then put and carried, only one hand being held up against it.

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Minister of Finance.

Atsuma Higashibu.

His Excellency

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