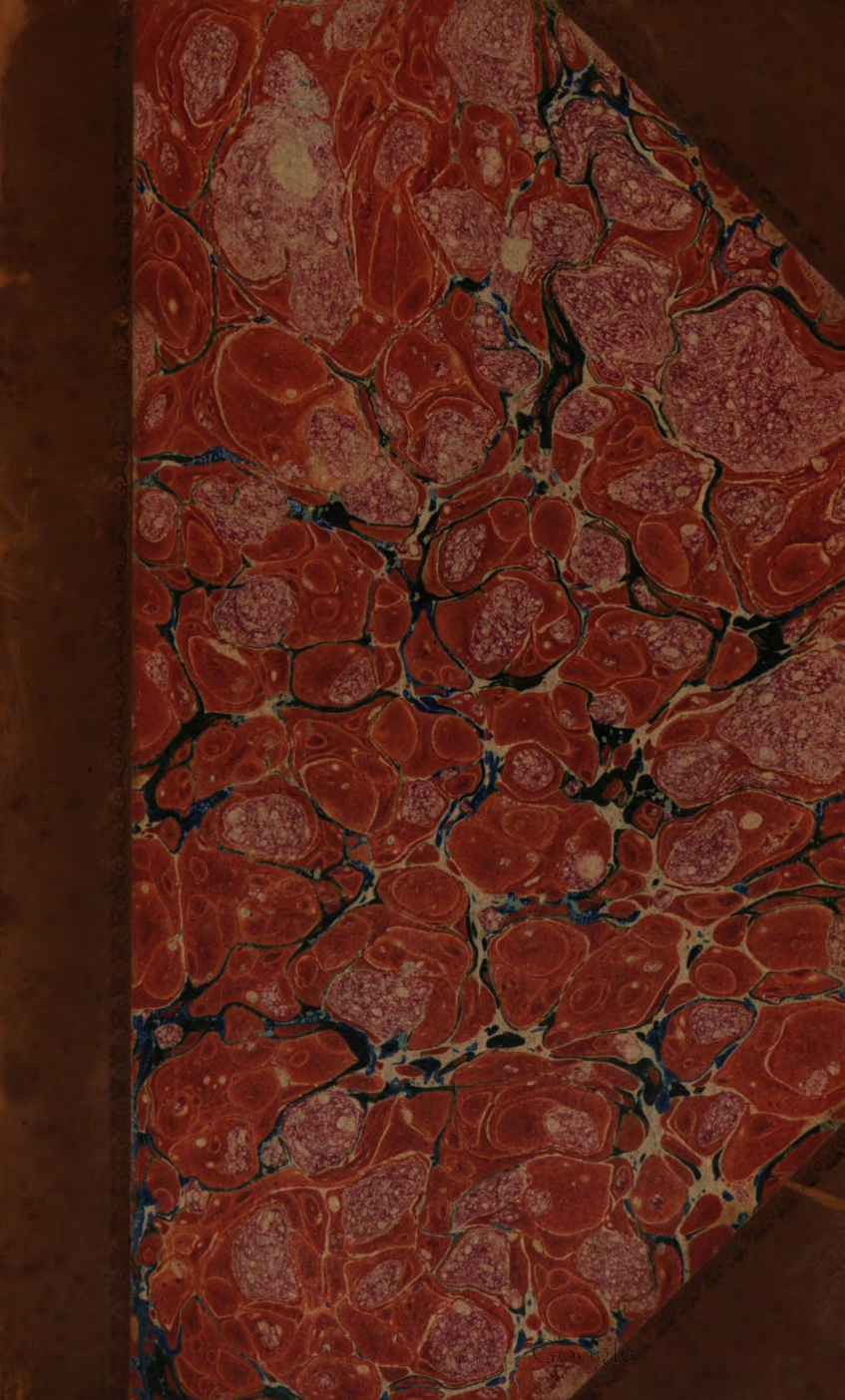

This is a reproduction of a library book that was digitized by Google as part of an ongoing effort to preserve the information in books and make it universally accessible.

Google™ books

<https://books.google.com>







600046050L

35.

400.



CONSIDERATIONS,

&c. &c.

CONSIDERATIONS



RESPECTING THE

TRADE WITH CHINA.

BY JOSEPH THOMPSON,

Late of the East-India House.

LONDON:

WM. H. ALLEN AND CO.

LEADENHALL STREET.

1835.

400.

LONDON :
Printed by J. L. Cox and Sons, 75, Great Queen Street,
Lincoln's-Inn Fields.

CONSIDERATIONS,

&c.

THE occasional discussions in the Houses of Parliament, in past years, respecting the affairs of the East-India Company, have clearly shown that those affairs, and the important questions connected therewith, have engaged but a slender share of public attention.

EVEN in the recent inquiries, which terminated in the year 1834, and after which Parliament threw open, from April 1834, to the British public the whole commercial intercourse with India and China, the same, or nearly the same, general indifference to the several subjects connected with those affairs, has been displayed.

The result, therefore, as might have been expected, is, that now that the East-India Company

is divested altogether of its trading functions and character, and the mercantile community of the United Kingdom is to occupy its place in those respects; the individuals composing that community have, with very few exceptions, but little knowledge of the trade and commerce of India and China, or of the inhabitants of those extensive countries with whom they are about to connect themselves as merchants and traders.

I think it is greatly to be regretted, therefore, that a longer period had not been allowed, between the determination to throw open the trade, and the actual commencement of the trade on the new footing; in order that the merchants of the United Kingdom generally, might have had time to allow them some opportunity to acquire an insight into the mode and conduct of the trade, with a people so peculiar and distinct as the inhabitants of the vast empire of China, before that trade was actually laid open to their individual competition.

Some publications have recently issued from the press, with the avowed intention of communicating

information on the several points connected with the trade with China; and as I have had some acquaintance with a part of the East-India Company's relations with China, it occurred to me, that I might, perhaps, be able to contribute in some degree to the information now sought to be more generally diffused. I felt, however, some reluctance to address the public on this subject; partly from an apprehension that such a course on the part of one who, like myself, had been for many years in the home service of the East-India Company, might have been construed by some into a want of respect for the Court of Directors; and partly from a disinclination to obtrude myself on the public notice. But when I found, that in a pamphlet recently published, to which Mr. Auber has attached his name, as secretary to the Court of Directors, some portion of the Company's correspondence with their supracargoes in China was given *verbatim*, I became at once satisfied, that any hints or observations which I might offer respecting the trade with China, especially as I have few memoranda and no unpublished

correspondence to refer to, would not render me censurable in the opinion of that honourable Court, under whom I have served more than forty-six years, and to whom I owe, and feel, the most respectful consideration. I was therefore induced to lay aside my repugnance to publicity, and to offer these pages in the hope of adding something toward a fuller acquaintance with some part of the subject, and to suggest some things which appeared to me likely to promote the interests of British commerce with China.

PART I.

Some observations have been made in the publication referred to, respecting the alterations which have occurred in the silver currency in England. These observations are not altogether correct. It may be desirable therefore to set this subject right, in order to remove misconceptions, and to prepare the way for some observations connected with the currency of India, and the exchanges between

England, India, and China, particularly in relation to the future progress of the trade between those countries respectively.

That publication, in reference to the alteration of the currency by Queen Elizabeth, states, that that princess found the coin had been debased 400 per cent.* in the reigns of her predecessors Henry VIII. and Edward VI. ; for that where there should have been eleven ounces there were

* That money, or any other article, can be reduced in value 400 per cent., is a mistake that Mr. Auber, in common with others, has fallen into. This mistake has arisen, I think, from calculating the comparative profit and loss, on any given article, on the same principle ; that is, that because goods do sometimes produce two or three times their first cost and charges, and that there is therefore actually a profit made of 200 or 300 per cent. ; it is affirmed, on other occasions, when goods produce only half or one-third of their first cost and charges, that there is in such cases a loss of 200 or 300 per cent. Now, in no case can the amount of loss be more than the first cost and charges ; and if that value be represented by 100, the loss of any part of that sum cannot be calculated as more than the whole sum ; but if one-half of the cost be lost, the proportion of the loss will be fifty per cent. ; and if two-thirds of the first cost and charges be lost, the proportion will be a loss of 66 per cent. : and no more in either case.

only three; that in the second year of her reign she determined to restore the value of the coin; and that Queen Elizabeth completely succeeded in that object.

That Queen Elizabeth did succeed in raising the silver coin of the realm, from the extreme debasement to which it had been subjected by the two monarchs referred to, especially the latter, is true; but that Queen Elizabeth restored the silver coin to its original intrinsic value, is not true.

In order to place this question in a clear point of view, I copy as follows,* from a scarce and valuable work, a table of the standard weight and fineness of the English coins and of their value, at the Mint price of 5s. 2d. per ounce, from the conquest to the 43d of Queen Elizabeth; and to complete that table, I add the last reduction in the standard value of the silver coins, as directed by the Act of the 56th Geo. III. cap. 68.

* Essay on Money and Coins, in two parts, published in 1757 and 1758.

TABLE.

—	Quantity fine Silver in the pound weight.	Weight of Twenty Shillings in Tale.	Value of Twenty Shillings in Tale, in present money at 5s. 2d. per Ounce.
	A.D. Oz. Dwts.	Oz. Dwts. grs.	£. s. d.
Conquest.....	1066 11 2	11 5 0	2 18 1½
28 Edward I. . .	1300 11 2	11 2 5	2 17 5
18 Edward III. .	1344 11 2	10 3 0	2 12 5¼
20 —	1346 11 2	10 0 0	2 11 8
27 —	1353 11 2	9 0 0	2 6 6
13 Henry IV. . .	1412 11 2	7 10 0	1 18 9
4 Edward IV. . .	1464 11 2	6 0 0	1 11 0
18 Hen. VIII.* .	1527 11 2	5 6 16	1 7 6¾
34 —	1543 10 0	5 0 0	1 3 3½
36 —	1545 6 0	5 0 0	0 13 11½
37 —	1546 4 0	5 0 0	0 9 3¾
3 Edward VI. . .	1549 6 0	3 6 16	0 9 3¾
5 —	1551 3 0	3 6 16	0 4 7¾
6 —	1552 11 1	4 0 0	1 0 6¾
1 Mary	1553 11 0	4 0 0	1 0 5¾
2 Elizabeth . . .	1560 11 2	4 0 0	1 0 8
43 —	1601 11 2	3 17 10	1 0 0
56 George III. .	1816 11 2	3 12 17	0 18 9½

* It must be noticed that from the conquest to the 18th Henry VIII., the money pound weighed only 11 oz. 5 dwts., and that subsequently to the latter period, the money pound has been conformed to the pound troy, namely, 12 oz., and it so continues to the present day.

Now, although from this table it appears, that both King Edward and Queen Mary ordained a partial restoration of the value of the silver money, it was nevertheless Queen Elizabeth who completely effected that partial restoration—first, in the actual return to the standard fineness in use at the time of the Conquest ; and, secondly, in increasing the weight of twenty shillings in tale, from 3oz. 6dwts. 16grs., the lowest depreciation, to 3oz. 17dwts. 10grs. Therefore, in fact, Queen Elizabeth restored the fineness only of the silver coin, to the standard of 1066 ; and that so far from restoring the weight of the silver coin, to the standard of 1066, twenty shillings in silver in 1601 weighed very little more than one-third of the weight of the same number of shillings in 1066 ; and, consequently, the value of the pound sterling, or twenty shillings, as permanently fixed by that Princess, was little more than one-third of the value of the same money, at the time of the Conquest : and it is to this extent only that the restoration by Elizabeth proceeded.

In the work from which the above table has

been extracted, it is observed, that of the distinguished writers who have adorned the literature of this country, the following expressly wrote in favour of preserving the standard value of the coin of the realm: namely, Lords Burleigh, Halifax, and Somers; Sir Thomas Rowe, and Sir Isaac Newton; and Mr. Locke, and Mr. Martin Folkes.

Now as there can be no doubt that those authorities were well known to Mr. Horner, and the other members of the Bullion Committee, to whose report Mr. Auber refers, so as those eminent writers sought to preserve the coin of the realm from the depreciation which the speculatists of their days endeavoured to continue or increase; it was also the avowed object of the Bullion Committee in 1811, to restore to the circulation of the country, the metallic money of the realm, according to its standard value, previous to the restriction on the Bank issues in 1797.

Although the object of the Bullion Committee was defeated at that time, in consequence of the successful opposition of the ministry, of which Sir

Robert Peel was then a member, the House of Commons, at their instance, resolving that the return to a metallic currency should not take place till six months after the ratification of a general peace; yet it is well known, that though that event was accomplished in the year 1815, it was not until the year 1819 that Parliament finally resolved to restore to the circulation of the country, its standard gold money. But perhaps it is not so generally known, that the beneficial change referred to was effected, not in consequence of the spontaneous reconsideration of the subject by Sir Robert Peel, as Mr. Auber seems to suppose, but by the able statements and powerful arguments adduced by Dr. Coplestone, in his letter to Mr. Peel, published in 1819.

It is to the silver coins, however, that the preceding observations, as well as those of Mr. Auber, principally refer. Silver money was the standard of value in this country long antecedent to the Conquest, and continued so to the reign of George III. In the 14th and 39th years of that reign, it was, however, enacted that no larger sum than £25

in silver money, should be considered a legal tender in any one payment; and by the Act of the 56th George III. the legal tender in silver money, in any one payment, was further reduced to the sum of £2. So that, in fact, silver money has ceased to be the standard of value since the 14th George III. It may, therefore, be proper to observe, that from the 15th Charles II. to the present time, the standard of the gold money of the realm has not been altered; it has continued unchanged in respect to fineness, in the proportion of 11 oz. fine gold and 1 oz. alloy in every pound troy; and although the coinage of "guineas" has ceased, the "sovereign," which now occupies the same place in the circulation, weighs 20-21 parts of the guinea, and is of the same fineness. The alteration, therefore, does not affect the proportion of value; and hence the gold money has in fact continued of the same fineness, and proportionate weight and value, from the period before stated to the present time.

The silver money, or that which passed as such, during the latter years of the last war, was greatly

debased; it was a rare thing to meet with a legal shilling or sixpence in circulation; the pieces of metal passing under those denominations not being intrinsically worth, on an average, more than fourpence and twopence each, respectively. But however debased the silver currency had become at the period referred to, for coinage it certainly was not, it is presumed it was not worse than the silver currency in the times of Elizabeth and William III.; and as those princes derived such just applause, the first for the partial restoration of the standard of the coin, and the second for continuing the standard so restored, it is much to be regretted, that the standard of the lawful silver coin of the realm was again reduced in the year 1816, after it had continued unaltered from the forty-third year of Queen Elizabeth, to that time: a period comprising more than two hundred years.

At the conclusion of the late war a new silver coinage was undoubtedly indispensable in order to supersede the base money then in circulation, and to supply its place with the legal coined silver money of the realm. It was equally necessary also to

provide a new gold coinage, for the ordinary circulation of the country: the old coin having been almost entirely withdrawn from circulation during the suspension of cash payments at the Bank. It is true, that the resumption of cash payments did not take place according to previous parliamentary enactment; yet, I presume, the ministers of the crown were well aware that that event must occur, and a gold coinage, of course, be effected to meet the altered condition of the general circulation.

The great influence of the Bank of England was but too manifest in the consequent arrangement of the new coinage. The Bank were to furnish the gold *coin* for the payment of their own notes; and to aid that establishment in that very necessary and important operation, it was agreed that gold money should be coined at the Royal Mint for the Bank, without seignorage or expense of any sort whatever: so that, on their sending any given weight of standard gold to the Mint, they received back an equal weight of the coined gold money of the realm without deduction or charge.

From 1797 to 1819, the notes issued by the Bank of England were, in fact, as much a legal tender of payment as the gold coin of the realm; for although those notes were not constituted by Parliament, "a legal tender" in so many words, yet they in reality were so; because, as in actions in the courts of law for payments of sums due, the production in such courts of an amount in bank notes of declared value equal to the sum demanded in coin, was a stay to such actions, and the debtor was consequently exonerated by such courts from all further claims in respect to that particular demand.

The Bank of England, no doubt, derived very great pecuniary advantages from the extensive issues of their paper during the twenty-two years referred to; and on that account it might have been expected the Bank would have defrayed, by a charge on the coinage executed on their account, some portion of the expenses incurred in the building of the New Royal Mint, and in supplying the extensive machinery and apparatus which became necessary for effecting a new gold and

silver coinage correspondent to the wants of the country. But as it was deemed expedient to relieve the Bank from all charge in respect to the coinage of gold money; and as, I presume, it was considered equally expedient to cover the charges incurred for the Mint, &c., as before mentioned, it appears to have been determined, in order to effect this purpose without an application to Parliament for a specific grant, first, no longer to consider the silver money as the coin of the realm, but to degrade it to the condition of a token, and then to exact on its coinage a seignorage sufficient to repay all the expenses referred to.

To perfect this arrangement, the government supplied the silver bullion for coinage, reducing the value of the pound sterling in twenty shillings in tale, from £1 as it was left by Queen Elizabeth, to £0. 18s. $9\frac{2}{10}$ d., or to the amount of about $6\frac{1}{2}$ per cent. And thus for these objects,—namely, first, to relieve the Bank from charge, and, secondly, to cover the expenses incurred on account of the new coinage, as exhibited in the accounts of the expenditure of the nation,—the

silver standard money has been depreciated, and the coin in general circulation reduced in value to the extent above stated: that is, the pound troy of standard silver, is now cut into sixty-six shillings; whereas, before the alteration effected by the 56th George III., the same weight of standard silver was cut into sixty-two shillings only: and it is this difference of four shillings out of each pound weight of silver, which constitutes the seignourage or charge of $6\frac{1}{2}$ per cent. (6.451) before mentioned.

While, then, it may be urged, on the one hand, that, as the public bear the loss in the reduced value of the silver money now in circulation, the public also, on the other hand, by that loss have, in fact, defrayed the charges actually incurred both in respect to the gold as well as the silver coinage; and, therefore, that no actual damage has been sustained on that account by the public at large. This may be true generally speaking; because, as from the miserable condition of the silver money in circulation before the introduction of the new coined money, it is most probable the

reduction in intrinsic value of the latter, compared with the old legal standard silver money, did not cause any increase in the retail price of commodities, or at all affect the wages of labour, and, therefore, produced neither inconvenience nor complaint; but although this may be the case, yet I think there is too much reason to fear that the mercantile interest has suffered some damage from the depreciation of the silver money, in the negotiation of some of its exchange transactions with the merchants of foreign states.

The actual par of exchange is found by comparison of the quantity of fine metal in the several coins to be exchanged; and the course of exchange is the difference between that par rate and the sum allowed for the accommodation to the party who requires the exchange.

At the old standard of our silver money, in respect to that of France, francs 24·743 were intrinsically equal to 20 shillings; but at the present standard of our silver money, francs 23·243 are intrinsically equal to 20 shillings. And in respect to the silver money of the United States

of America, the dollar of the standard of their mint was intrinsically equal to 4s. 3d. 840 of our *old* silver money; but the same dollar is now equal to 4s. 7d. 152 of our *present* standard silver money. From this it appears, that so far as the commerce of the United Kingdom with France and the United States is conducted through the medium of Bills of Exchange, and those bills negotiated in the silver monies of those countries respectively, the depreciation in our silver standard operates disadvantageously to this country, to the extent above stated, or about $6\frac{1}{2}$ per cent., or nearly so, in all computations of exchanges with those countries.

I found, from an examination of the London Price Currents, on a former occasion, that the price of Spanish dollars, in the fifteen years from 1816 to 1830, averaged about 4s. 10 $\frac{1}{4}$ d. per ounce; at which average 100 dollars would produce in the London market £20. 9s. 7d.: and after deducting the seignurage, the same number of dollars would produce in the London mint, on the average of 1,000 dollars weighing troy ounces 866, and con-

taining $214\frac{1}{2}$ dwts. fine silver in every pound troy, £21. 12s. 3d. ;* from which it appears the mint produce would have been more than the market produce by about $5\frac{1}{2}$ per cent. It is not very likely that this fact should have escaped the observation of the importers of Spanish dollars ; although it may be the fact that the London mint was not accessible for coinage on private account during that period, in this view then the merchant had no resource but to sell his dollars in the market : and should this have been the case, and the circumstance have been hitherto overlooked, both by the government and the mercantile community,—at least not brought to public notice by the latter,—this mention of the fact may possibly lead to an alteration in the practice, so as to enable the British

* This sum is exclusive of the charge for refining the dollars to English standard ; but as that operation is only required on a small part of each portion of dollars sent for coinage, the charge for refining would not much affect the difference above stated ; and when it is considered, that the seigneurage in the London mint amounts to $6\frac{1}{2}$ per cent., the public may surely expect that dollars would be coined at once in that establishment, without any other charge or expense whatever.

merchant to avail himself of the London mint whenever it may suit his purpose, and thereby perhaps facilitate some of his sales of English goods in the markets of South America, and other places where the Spanish dollar constitutes the principle article of return.

Having made these observations respecting the silver money of England, I now proceed to refer to the alterations which have been effected by the East-India Company, since the year 1806, in the silver monies of the Presidencies of Bengal, Madras, and Bombay.

A considerable portion of my time, in the years 1802 to 1805, was occupied in an enquiry into the state and condition of the Company's Indian mints and coinage; and of the Indian metallic circulation generally. The vast variety of coins which, it appeared, composed that circulation at that time, almost exceeds belief, nor can an adequate notion be conveyed to persons unacquainted with the subject, of the consequent difficulties, delays, and charges, such a condition of the currency imposed on individuals; and especially on the British Go-

verament, through all its dependencies in India, in its civil, military, revenue, and commercial relations.

That inquiry, however imperfect in some respects, was beneficial to the public service in its results, because the Court of Directors were induced thereby, in the early part of the year 1806, to propose to their several Indian Governments a plan, founded on the information obtained during the enquiry referred to, the objects of which plan were as follows:—*First*. To enlarge their mint buildings, to modify their establishments connected therewith, and to set up therein the improved machinery and apparatus, which were then in use at Mr. Boulton's manufactory at Soho, and which has since, though on a much enlarged scale, been introduced into the Royal London Mint. *Secondly*. To select and appoint in England well-educated persons to execute the duties of Assay Masters in the Indian mints; such persons to be qualified for the exercise of those duties by the King's Assay Master in the London mint. And *Thirdly*, To effect a complete reform in the currency of India, by the introduction of a coin of the same weight,

fineness, and impression, for universal circulation throughout the whole of the British possessions in India.

In consequence of that proposition from the Court of Directors, a vast improvement has been effected in the Indian mints, and in the money issued therefrom. Two new mints have been erected, one at Calcutta and the other at Bombay, at a very considerable expense certainly, and each have been furnished from England with costly and powerful machinery, on the principle of that in use in the London mint, and of a capacity to furnish an annual coinage much beyond any thing the future circumstances of British India may be supposed likely to require. Five efficient and well instructed Assay Masters have been sent to the mints at Calcutta, Madras, and Bombay, in the period from 1806 to 1832; all of whom were fitted for the duties assigned to them by the able and scientific instructions of Mr. Bingley, the King's Assay Master in the London mint.* All

* Two of those gentlemen died in the course of the period referred to.

the subordinate mints in the British territories have been abolished, or directed so to be. Checks and control have been instituted on the operations of the several mints; and further instructions have been furnished for improving those checks, and increasing that control, when the machinery and apparatus of the two new mints should be brought into complete operation.

In August 1832 (since which period I have no knowledge of the progress of these affairs), the coinage recommended in the plan of 1806 had been introduced into practical operation with great success; and that plan, so far as acted on, had been attended with great convenience and utility. At that time (August 1832) it had been ordained that, with the exception of the lower provinces of Bengal, the legal standard of silver money in the countries and territories subject to the governments of Bengal, Madras, and Bombay, should consist of a rupee weighing 180 troy grains, and containing of fine silver 165 troy grains. In fact, a coin of that weight and value has been very generally introduced into the circulation of British India: and

there can be no doubt, that in a comparatively short time from the present period, owing to the extensive powers of the two new mints, a currency will be thrown into that vast empire amply sufficient for the whole of its circulation. The plan before referred to provided for a coinage of gold and copper monies, as well as of silver ; and the whole, it is confidently trusted, has been formed on sound principles, and will it is hoped be executed in the best and most correct manner, so as to answer all the purposes, respecting buying and selling, of the numerous population of India ; and, it is believed, will be also fitted to preserve the needy and uninstructed classes from the extortions of the money-changers, to which they have been subjected for ages ; to facilitate the collection of the public revenue ; to simplify the pay to the troops under the several presidencies ; and to assist in the progress and development of the commercial faculties of the extensive regions now forming the British dominions in India.

It is not required for my present purpose to enter into the details respecting the whole reform con-

templated in 1806, nor to the difficulties and obstacles which have occurred in the progress of the several measures connected therewith. A great indisposition certainly prevailed in the minds of many of the Company's Indian servants as to any alteration in the standard of the Calcutta sicca rupee; but after the new rupee of 165 troy grains fine had been to a considerable extent introduced into the general circulation, with the exception of the Lower Provinces of Bengal only, the government of Bengal found it expedient to alter the composition of the Calcutta sicca rupee, in order to render Spanish dollars convertible into that currency without subjecting them to the charge and delay of refinance: and this was effected by increasing the quantity of alloy in the rupee, whereby, although its weight was increased, its intrinsic value was not in any degree impaired. Thus, although the original value of the sicca rupee was in no manner reduced, yet one of the reasons advanced by the Bengal servants, against any alteration in that coin, was abandoned, namely, the weight, which before had a direct reference to the principal gross weights

used in the country—that is, a certain number of sicca weights (the same as the sicca rupee) formed the seer and the maund.

Some time after the alteration referred to, the question of assimilating the legal circulation of the Lower Provinces of Bengal (the Calcutta sicca rupee) to the new rupee, then current in the greater part of the rest of British India,* became so pressing, that at length the necessity for taking that last step to the completion of the plan of 1806 was fully acknowledged. But then there arose a difference of opinion as to the manner in which the change should be effected; that is, upon what principle the new rupee of 165 troy grains fine should supersede the Calcutta sicca rupee of 175·923 decls. troy grains fine. The opinion of one party was, that as

* I am not aware that any effectual steps have been actually taken for introducing the new rupee into the provinces which now compose the Central Government of India; but whenever that measure may be determined on, the two new mints of Calcutta and Bombay are quite competent to supply those provinces also with the required quantity of money for their circulation, without any additional aid.

the new rupee had entered into the circulation of all the other parts of India, where it had been adopted, on the principle of issuing and receiving the new rupee at the same value as the old rupees of the Company's mints which the new rupees displaced; in the same manner also, it was contended, should the new rupee supersede the Calcutta sicca rupee in the Lower Provinces of Bengal.

But it was objected, that as the difference in intrinsic value,^{*} between the new rupee and the Calcutta sicca rupee, was rather more than $6\frac{1}{2}$ per cent. ($6\cdot622$ decs.), the British Government would receive less* intrinsic value to that amount, in all the future receipts on account of the revenues of the Lower Provinces; and in order to obviate this difficulty,

* In using this argument, it was not adverted to, that the money of the reduced value must first be issued from the Mint, before it could be returned in payments for rent; and therefore that all recoinages of old rupees, and coinages from dollars and other silver, on the Company's account, would be executed at the reduced standard; and thus the Company would derive that benefit in the reduced standard, which they would allow to those who should afterwards pay the same rupees to the collectors and others, in discharge of rents and other obligations.

it was proposed by the Bengal Government to require from the Zemindars of the Lower Provinces, in payment of their revenues, $106\frac{1}{2}$ of the new rupees for every 100 Calcutta sicca rupees due on account of their several engagements or leases. This proposed difference in respect to the Zemindars of the Lower Provinces was justified on the plea, that the permanent settlement of those provinces had been concluded on a principle of valuation far too favourable to the Zemindars, and hence it was urged they might with great propriety be called upon to bear the difference proposed in the payment of their annual rents.

To this it was replied, there was reason to fear, that if the Zemindar had in effect an increase made to his assessment of $6\frac{1}{2}$ per cent., he would seek to obtain from the ryots, or his sub-lessees, an increase in their payments to him, at least to that amount; and they (the ryots) in order to reimburse themselves, would also seek to obtain an increased price for the produce of their lands, in the several markets of the Lower Provinces; and thus, by an increase in the price of the articles of

general consumption, one of the main objects contemplated in the proposition of 1806 would be defeated.

During the discussion of this question, the Calcutta sicca rupee continued in circulation at its old intrinsic value; but as the universal currency of a coin of the same weight, fineness, inscription, and intrinsic value throughout British India, was manifestly of far more general importance than the mode of its introduction into the circulation of the Lower Provinces of Bengal, it was submitted, that the change of value in the Calcutta sicca rupee should be immediately effected, the Bengal Government being left at liberty to adopt such measures for that end as to them should appear most expedient and proper.

This was the state of that question in August 1832. I presume, however, from the general importance of the measure, that the uniformity in the Indian currency, projected in 1806, has, at length, been fully effected, so as to reduce the standard of the Calcutta sicca rupee to that of the new rupee, namely, 165 troy grains of fine

silver. But if that reduction has not yet taken place, I feel quite certain it must be very soon accomplished, in order to meet the just expectations of the trading interests of the United Kingdom in their future commercial operations with India and China.*

Having made the foregoing observations on the silver monies of England and India, I now pro-

* I have no doubt that by this time all the subordinate mints in British India have been abolished. To me there appears no valid reason for continuing a mint at Fort St. George, because, owing to the great reduction which has taken place in the foreign trade of the provinces subject to the government of that presidency, and to the consequent diminution in the supplies of bullion from without, there is little or no real necessity for a mint establishment at Fort St. George, more especially as the re-coinage of the currency of the several districts may be at once consigned to the mints of Calcutta and Bombay, according to the contiguity of those districts to the one or other of the Mints mentioned. The discontinuance of a mint at Fort St. George would effect a saving of from £15,000 to £20,000 per annum in the future charges of that Presidency; without causing any material increase in the charges of the mints at Calcutta and Bombay. Therefore, on all these considerations, I think it would be advisable to abolish that mint forthwith, if that abolition be not already effected.

ceed to consider the subject of the exchanges between India and China, and between the latter and England, more particularly as that subject relates to the remittance to England of funds from India, to repay to England advances made there on account of the Indian territorial charges.

PART II.

THE East-India Company have heretofore made their trade with China a medium for some part of the remittance just referred to. The East-India Company effected that object in two ways: *first*, By the transmission of cotton and pepper from India to China, the proceeds of the sales of which were applied by their supracargoes to the purchase of teas; and, *secondly*, By bills of exchange drawn by the supracargoes in China on India, in payment of dollars received by them, and which dollars were also applied to the purchase of teas.

But as the King's Government will not become traders under the new Act, I presume the operation of the intended plan, in regard to remittance, will be as follows:—

The superintendents of the British trade in China (appointed by the late Act of Parliament), or two of them, will receive in that country such dollars, to a specified amount in each season, as may be tendered them for bills on India, according

to the practice under the East-India Company; and that the dollars so received will be advanced by the superintendents of the trade at Canton to the British traders at that place or Macao, as circumstances may require; which advances the traders are to apply in the purchase of teas for the English markets; and, on the sale of the teas in the United Kingdom, to repay in London the value of the dollars advanced them in China on that account.

I understand that his Majesty's Ministers intend that the rates of the several exchanges in the operations referred to, are to depend upon the current rates in China in each particular season; those rates, however, heretofore, have been arranged on principles different from those which prevail in most of the other parts of the world: and therefore I apprehend that this part of the subject has not been, by any means, sufficiently considered.

The trade carried on by individuals between India and China has greatly increased of late years; and as China does not supply articles of export sufficient to repay the value of the articles

imported from India, a large balance in favour of the Indian merchants has remained at the close of each year ; and which balance has been discharged by the Chinese merchants, partly in dollars and the remainder in sycee silver.

Some considerable portion of the dollars so received by the Indian traders in each season has been paid to the Company's supracargoes for bills on India. The sycee was on all occasions designed for remittance to India, and ultimately for recoinage in the Company's mints at Calcutta and Bombay. The amount occasionally transmitted to England, and to other places than Calcutta and Bombay, has been too inconsiderable to form an exception to the general rule. Sycee of standard purity offers a better remittance to India than dollars : therefore the practice of the Indian merchants has been, to exchange the dollars received from the Chinese for sycee, to as large an extent as possible ; then to pay to the supracargoes so many of the remaining dollars as they would receive for bills on India ; and lastly, to transmit the balance in dollars to India. These dollars were either sold

in the Indian markets for remittances to the interior of India, and occasionally to other places, or they were coined in the Company's mints. The merchants were well informed respecting the market prices of dollars, and of their nett out-turn on coinage in the respective mints; but as the prices of dollars were subject to fluctuation in the markets of India, while the out-turn in the mints was fixed and certain,* the merchants and the supracargoes also, generally speaking, looked to the produce in the mints as the basis for calculating the exchanges between China and India.

On some very few occasions the Indian merchants, and these principally the Portuguese traders in opium, required a much higher rate of exchange than the produce of the Calcutta mint would warrant: and sometimes, in cases of emergency, the supracargoes were compelled to submit to those terms. But to prevent frequent recur-

* There have been some alterations in the produce of dollars in the Indian mints; but these alterations have been too few, and to too small an amount, to affect the general calculation of exchanges referred to.

rence of such circumstances, bullion or dollars has, on several occasions, even in late years, been remitted to China on the Company's account, both from India and England. The few instances of this kind, combined with the general advantages attendant on the Company's exchange on Bengal, has operated so much in favour of the Company, that on the average of the fifteen years from 1814-15 (the commencement of the last charter) to the year 1828-29, the last year I have any memorandum of, the dollars received in China, were paid in Calcutta with nearly six sicca rupees for every one hundred dollars less than the intrinsic value of such dollars; and more than one rupee and a-half, less than the nett produce of one hundred dollars in the Calcutta mint, after deducting coinage, and all other charges of that mint.*

* On a general average of many years, dollars have been found on examination at the Bank of England, and by assay in the London mint, to be of the fineness of $7\frac{1}{4}$ dwts. worse than English standard silver, and to weigh in the proportion of 1,000 dollars to 866 ounces troy; hence the fine silver in 100 dollars, will be troy grains $37 \cdot 151 \cdot 400$ decs., and as one sicca rupee contains of fine silver, troy grains $175 \cdot 923$ decs.,

100 dollars

Hence, I think it may be presumed, the supracargoes exercised considerable influence in fixing the rates of exchange; for it must be manifest, had there been no such influence to contend with, the traders generally would have obtained a rate at

100 dollars are intrinsically equal to Calcutta Sicca Rupees 211·175 decls. The bills drawn by the supracargoes on Bengal, in the fifteen years above-mentioned, amounted to £5,074,368, or £338,291 per annum; and on the average of the whole period, the rate of such bills was Calcutta Sicca Rupees 205·183 decls. for 100 dollars; which, compared with the intrinsic value, was in the Company's favour, about* 6 sicca rupees on every one hundred dollars; and after deducting the charges of the Calcutta mint, which on the average of the period stated may be taken at about 2 per cent., the rate of exchange, compared even with the nett produce in the Calcutta mint, would still be in the Company's favour more than one rupee† and three quarters on every 100 dollars received in China. In future there can be no doubt that the new Calcutta mint, will return the exact bullion value of all gold and silver sent there for coinage, after deducting the mint charges only.

$$\begin{array}{r}
 * \quad 211 \cdot 175 \\
 \quad 205 \cdot 183 \\
 \hline
 \quad 5 \cdot 992 \\
 \hline
 \end{array}$$

$$\begin{array}{r}
 \dagger \quad 211 \cdot 175 \\
 \quad \quad 2 \text{ per cent.} \\
 \hline
 \quad 4,22 \cdot 350 \\
 \hline
 \quad 211 \cdot 175 \\
 \quad 4 \cdot 223 \\
 \hline
 \quad 206 \cdot 952 \text{ nett.} \\
 \quad 205 \cdot 183 \\
 \hline
 \quad 1 \cdot 769 \\
 \hline
 \end{array}$$

least equal to the net produce in the mint : and although the King's Government are not likely to transmit dollars or bullion to China to influence the rate of exchange on India, yet as the number of private traders in China are likely to be greatly increased, whereby the demand for bills may be increased also, there will necessarily arise considerable influence, on the part of his Majesty's Government, in respect to the future rates of exchange between India and China; and if that influence be judiciously directed, I think there should be no difficulty in obtaining dollars for their bills on India, on terms nearly as favourable as those obtained for the East-India Company in the period of fifteen years before referred to.

Seeing, then, that the Company's servants in China in former years have exercised great influence in fixing the rates for bills on India, and that the agents of his Majesty's Government will have it in their power to exercise an influence, of a similar description; it may be presumed, therefore, so long as circumstances continue the same, or nearly so, that it will be best for his Majesty's Government,

instead of leaving this very important consideration (namely, the rate of exchange) under the operation of a system of free trade, to the course of events in China, or in other words, to be guided in that respect altogether by the offers which the Indian traders in China may be disposed to make; to take the arrangement at once into their own hands, and accordingly propose to receive dollars in China for bills on India, on such terms as the government agents in China may consider most applicable to the circumstances of each season.

Some difficulty may indeed occur, in respect to a supply of dollars in China equal to the demands of the trade.

In the last few years, compared with the importations of former years, there has been a great falling-off in the number of dollars imported into China; and should a similar diminution in the future annual import of dollars continue, there may not be forthcoming in Canton a sufficiency of dollars to enable the Chinese merchants to pay to the Indian traders the whole surplus produce of their imports; and as in this case there would be a less

quantity of dollars to remit to India, the exchange might be less favourable to the drawer than in former years.

This difficulty may be partly overcome, so long as sycee silver is sufficiently abundant in China to enable the merchants of that country to avail themselves of it, as a medium for the payment of the Indian surplus imports, instead of making those payments in dollars. But then the question is, whether such a supply of sycee can be reasonably expected? It has been generally supposed that the larger part of the sycee exported from China was originally imported into China in the shape of dollars, and made into sycee by the process of refining. Some, indeed, have asserted there are silver Mines in China itself, whence most of the sycee for export has been produced. The locality of these mines, however, has never been pointed out, neither has the amount of their produce ever been stated (so far, at least, as I have been able to learn), either on the records of the Company's factory, or from the communications of individuals who have long resided in China, and who, while there, had the

best opportunity of knowing the facts, had anything relating to the supposed Mines been actually known in Canton or its vicinity. The existence of these Mines is then, to say the least, doubtful; but should such actually exist, I presume they cannot be so very productive as to supply the wants of the whole empire with silver, and to afford a constant supply for exportation; because, if such were the case, the Chinese would not issue so many edicts, as they are in the habit of doing, against the exportation of sycee silver.*

But however this may be, should a difficulty actually occur, in obtaining an adequate supply of silver for the payment of the annual Indian surplus trade, that difficulty might, I apprehend, be in part, if not altogether, obviated.

The ships which carry the opium from India, do not enter the port of Canton with the article on board, as it is considered contraband; the opium is

* There is the possibility, certainly, of the existence of silver mines in China, and silver may also be imported into China, from the countries situated beyond its north, north-west, and western frontier-provinces.

therefore delivered outside the port, in the vicinity of Linting generally; and the payment for such opium is settled at Canton, equally with that for cotton, and other articles regularly imported into that city.

I would therefore suggest, in the case of an actual deficiency of dollars and sycee, that the Indian traders should receive from the Chinese merchants at Canton, Receipts specified in dollars, for the difference between the value of opium, cotton, &c. delivered to each merchant, and the value of such of the productions of China as each trader might export from China. These receipts might be handed over by the Indian trader to the superintendents for the Crown, for their bills on India at rates of exchange to be agreed on between the parties; and thus the Indian trader might obtain in India the payment of the surplus produce of his investment in China, without the intervention of either dollars or sycee. And to effect the remittance of the amount of the bills so drawn on India, in England, on account of the Crown; the receipts received from the Indian traders might also

be handed over by the superintendents of the trade in China, to such of the traders from the United Kingdom as intended to purchase the whole, or part, of their return cargoes from China, on credit; that is to say, by their bills on England. Thus the remittance on the part of the Crown to England, would, in like manner, be effected without the intervention of either dollars or sycee. And the European trader would obtain the portion required of his return cargo to England, by handing over to the Chinese merchants the receipts given by them in the first instance to the Indian trader, in payment for opium and other articles delivered in China.

That an arrangement of this description may be completed with the principal merchants in Canton there can be no doubt, because an arrangement of a similar kind, though not on a very large scale, has on several occasions been acted on with advantage by the East-India Company's supracargoes in their dealings with the Hong merchants.

In the new circumstances which may be expected to occur in the future progress of the foreign trade

with China, it may be considered probable that the merchants of England may find it suitable to their views to place funds in India and China, by credits or other means, so as to be available for the purchase of investments for sale in the United Kingdom. To whatever degree a scheme of this sort might extend, it would proportionally reduce the demands for bills on India from the superintendents of the British trade in China. But should such a condition in the trade with China occur, and that to a considerable extent, it is probable a remittance to England on account of India, through China, might yet be beneficially secured, by the adoption of the following arrangement. That is, by making some part of the proceeds of the opium sales in Calcutta, payable in Canton, to the superintendents of the British trade at that port, on the realization of its produce in China. To accomplish this object, it may be made a condition in the Calcutta opium sales, that a specified quantity of the drug sold at each sale, may be delivered to the purchasers without payment of the sale value, on the following conditions; namely—that the purchasers, previously to receiving the opium,

do deposit with the officers of the Bengal Government promissory notes or other obligations of the Bengal Government, bearing interest, to the sale value of the opium purchased, with ten or twenty per cent. added thereto ; at the same time entering into an engagement to pay over to the superintendents in China the purchased value thereof in dollars, to be computed as hereafter stated, or in sycee, to the value of such dollars, or in Canton Hong merchants' receipts, as before mentioned, to the same amount. The superintendents of the British trade to give a receipt for the same; and on the production of that receipt at Calcutta, the securities lodged with the Bengal Government to be returned to the original purchasers at the Calcutta sales, such purchasers paying interest on the sale value of the opium delivered, on the conditions before stated, at the common mercantile rate, from the period of the delivery of the opium at Calcutta, to the payment of the purchased value thereof in China. This might, in fact, be made a part of the general arrangement, as it affords such manifest facilities and advantages to the purchasers of opium at the Cal.

cutta sales ; at the same time, that by reducing, *pro tanto*, the sum required for bills in China, the rate of the bills actually drawn would be kept at a more favourable exchange to the Government, as the drawers of such bills ; thereby operating to the benefit of both parties engaging in the transactions referred to.*

All silver (not dollars or parts of dollars) used in China for commercial purposes is formed into lumps, under the denomination of sycee. By the term sycee the Chinese understand fine or pure silver : but from repeated assays of sycee in England, no parcel has been found of better quality than 98 or $98\frac{1}{2}$ touch ; that is, 98 or $98\frac{1}{2}$ parts fine

* This arrangement might also be extended to the cotton shipped from India to China, in the same way that the East-India Company obtained some considerable remittances from India, by advancing in Calcutta two-thirds of the value of Bengal indigo consigned to England, which advances were repaid on the sale of the indigo in England ; so any amount advanced in India on cotton consigned to China, might be repaid in China on the same terms ; and in a similar manner as has been suggested above, in respect to opium ; government paper being deposited in both cases as a collateral security for such advances.

out of every 100 parts of the gross weight of each parcel of sycee imported ; from which, and other circumstances, it is supposed the Chinese cannot purify silver to a higher standard than 98 or 98½ parts fine silver in every 100 parts.

From there being no money coined in China, but that denominated “cash,” which is made of base metal, and is only in value about the fourth part of our farthing, the dollar is in great demand as a coin, and frequently exchanges weight for weight with sycee, although the latter, when of 98 touch, is intrinsically 9 per cent. more valuable than dollars : therefore, if sycee, even to the fineness of only 92 or 93 touch, could be obtained in exchange for dollars, or for the representation of dollars, it would form a more profitable return to India than dollars, or than bills of exchange, the rate of which should be based on the produce of dollars in the Calcutta mint. But there is a great objection to the export of sycee from China, and that is, the uncertainty of its value ; because, what with fraudulent intention on the part of the Chinese in many instances, and the inability of their

touch* to approach within less than two or three per cent. of the real value of sycee, that description of silver, in many cases, produces in the Indian mints much less than the value at which it was received in China.

Sycee is not therefore so favourable a means of remittance as at first sight appears, and therefore would not, in any great degree, interfere with remittances on India, through the medium of bills of exchange drawn at equitable rates: though sycee were found in China in much larger quantities, than there is now any reason to expect. I believe that, in fact, the Company's exchange on Bengal has in most instances been preferred by the Indian trader to any other mode for remitting his surplus proceeds from China, and hence he has availed himself of the medium, so far as the Company's drafts could be obtained in each season. The average rate at which the Company's bills on Bengal have been drawn in the fifteen years before-

* The purity of silver is generally, if not universally, found in China by the needle and touch-stone only.

mentioned, was 205 sicca rupees for 100 dollars ; and as 205 sicca rupees is about the nett produce in the Calcutta mint of 100 dollars, after deducting charges of transit from China, and the Indian coinage duties, such may be considered an equitable rate of exchange, and may accordingly be taken as the basis for future calculations on the part of the Government, in their negotiations for remittances by bills from China on India. Such rate may also be considered as equitable, in relation to the payment of opium in China, that is, for every 205 sicca rupees due for opium purchased at the Calcutta sales, 100 dollars to be paid in China, as before suggested.

The rate of 205 sicca rupees for 100 dollars is founded on the late average produce of dollars in the Calcutta mint, taking the fine silver in a sicca rupee according to its present standard, namely, troy grains 175·923 decls. of fine silver.

In the mints of Bombay and Madras (and in that of Calcutta also, when dollars are coined into rupees for the circulation of the Upper Provinces) 100 dollars produce, after the deduction of charges

of coinage, nett Sicca Rupees $220\frac{1}{2}$ * ($220\cdot657$ decls.): and further deducting about one per cent. for charges of transit from China to India, including risk, and the nett produce of 100 dollars in those mints would be about 218 rupees of 165 troy grains fine silver, for every 100 dollars consigned for coinage in either of those mints. Now it is quite clear, so soon as the present standard of the Calcutta sicca rupee is reduced from troy grains fine silver $175\cdot923$ decls. to troy grains fine silver 165, the basis for forming the exchange of bills drawn in China on Calcutta, should be increased from 205 to 218 sicca rupees per 100 dollars; and this increase ought, on the equity of the case, to be conceded, on the presumed reduction of the intrinsic value

* At the general average of 1,000 dollars for 866 oz. troy, and at the fineness of $7\frac{1}{2}$ dwts. worse than English standard, 100 dollars contain fine silver troy grains $37,151\cdot4$ decls.; and as the rupee now circulating at Bombay, Madras, and the Upper Provinces of Bengal, contains fine silver troy grains 165, the gross produce of 100 dollars is Rupees $225\cdot16$ decls., and deducting 2 per cent. for coinage charges, and the nett produce is as above stated, Rupees $220\cdot657$ decls.

of the sicca rupee, to the parties paying dollars (or the representation of dollars) in China for bills on India: and this rate should also be applied to the payments for opium in China, as before stated, the Government having as much right to the increase in this case, as the remitter is supposed to have in the other.

It may be asked, how it has happened that, with a difference of about $6\frac{1}{2}$ per cent. in the produce of the mints of Bombay and Madras beyond that in the mint at Calcutta, dollars have not been entirely consigned to one of those mints, instead of being paid to the Company's supracargoes for bills on Calcutta? In the first place, it may be remarked that dollars to a considerable amount have been consigned from China to Bombay in part payment of the surplus imports from the latter into the former; in the second place, there is very little intercourse between Madras and China; and thirdly, as the supracargoes have not been allowed to draw on Bombay, their drafts on Calcutta have been resorted to, when dollars or sycee for consignment to Bombay failed. Hitherto the great dis-

parity in the produce of dollars in the mints at Madras and Bombay, when compared with the same in the mint at Calcutta, has not much engaged the attention of the Indian traders with China; but now that the trade with China is thrown open, there can be no doubt this disparity will be very soon noticed, if it has not been so already; and when noticed, it must lead to the immediate alteration in the standard of the sicca rupee, and to the consequent alteration in the rates of exchange between China and Calcutta, before referred to.

It appears to me that the trade between England, India, and China, is capable of considerable enlargement—*first*, as the medium for an increased remittance of funds provided in India for the payment of charges defrayed in England on account of the Indian territory; and, *secondly*, as presenting to the British merchant a more extended field for his speculations, in consequence of his now being able to sail from England direct or circuitously to India and China, and to leave the latter, direct or circuitously, for England, America, or

Foreign Europe, or any other place to which the British flag has or may have access.

To encourage this very important branch of British commerce—*first*, every possible reduction should be made in the charges of the Indian mints for coining dollars and bullion into rupees, so as to increase the net outturn of the same to the greatest practicable extent; *secondly*, the exchanges between England, India, and China, should be regulated on principles best fitted to give the British trader the fullest advantage to which he may be entitled; and *thirdly*, that every impediment to the freest commercial intercourse between the several countries be either removed, or rendered as little inconvenient as the circumstances of the several cases may permit.

Perhaps it may appear to some that the increase proposed in the rate of exchange on Calcutta, to the extent of thirteen rupees for every 100 dollars, would be altogether at the expense of the Bengal Government; but when it is remembered that in all the coinages of the Bengal mint, 100 dollars would produce thirteen rupees more than they now do

at the present standard of the sicca rupee, it will at once be seen, that Bengal would only pay with one hand what it had previously received with the other.

It has been before observed, that the bills drawn from China on Bombay have been but to a very limited amount. The supracargoes were restrained from drawing on Bombay, because, as that presidency could not meet its own charges, but was obliged to draw on Bengal to supply its annual deficiency, it was thought that, as drafts on Bombay from China would increase that deficiency, a much larger sum must be drawn for on Calcutta, and thus materially add to the cost of those supplies, from the supposed necessity of an increase in the rate of exchange between Bombay and Calcutta, owing to the increased demand for funds at Bombay. But it seems to have been overlooked, that this effect must have occurred, in some degree, from the course actually adopted ; for as bills were drawn from China on Calcutta, for sums which required to be returned to Bombay in payment of surplus proceeds of goods consigned from Bombay

to China, those sums, when realised in Calcutta, would in part be drawn for by bills from Bombay on Calcutta; and thus, to the extent of these demands, has the exchange on Calcutta in the market of Bombay been actually increased.

This impediment to the returns of the Bombay trade should, if possible, be removed, and bills from China be drawn on Bombay as well as on Calcutta, as might be found most suitable to the interests or convenience of the Indian traders; since, when the Calcutta rupee shall be reduced to the standard of the other rupees, as before suggested, the bills might be drawn on either Presidency at the same rate of exchange, calculated on the basis of 218 rupees (respectively) for 100 dollars received in China. The inconvenience of supplying Bombay with increased annual funds from Calcutta to the extent of the demand for bills drawn thereon from China, might, it is presumed, be in some measure lessened, by such an arrangement of the general finances of India, as to draw to Bombay, in the first instance, some part of the surplus revenues of the Bengal and Central Pro-

vinces, instead of forwarding the whole of those surplus revenues to Calcutta only.

There is another branch of the subject of exchanges, as connected with the general trade between England, India, and China, to which I now advert, and that is, the rate at which dollars advanced in China by the superintendents of the British trade, should be repaid in England by the British trader.

Were the basis of this exchange to be formed from the relative intrinsic values of the coins to be exchanged, the computation would stand thus:— As one dollar contains of fine silver troy grains 371·514 decls., and a shilling of the present standard contains of fine silver troy grains 80·727 decls., the dollar is intrinsically equal to 4s. 7d·225 decls., and 100 dollars to £23. 0s. 2d. In this case, then, the trader would pay for the depreciation in our silver money to the whole extent of the bills drawn, though, in fact, little or no part of such bills would be actually discharged in the current silver money of the realm; therefore it may easily be foreseen, when these

circumstances are generally understood, if indeed even at present they have been overlooked, that if a rate of exchange, formed on such a computation, be offered to the trader, he would be disposed to reject it, and endeavour to supply himself with funds for the China trade, on conditions not affected by the late depreciation in our silver currency.

But if, on the other hand, the basis of the rate of exchange should be formed, as on all other former occasions, on the principle of taking the ounce of standard silver at 5s. 2d., the computation, in this case, would stand thus :—the fine silver in a pound of standard silver is troy grains 5,328, and the fine silver in one shilling, at the old rate of 62 to the pound, would be troy grains 85·935 decls., making one dollar, as above, intrinsically equal to 4s. 3d·878 decls., and 100 dollars intrinsically equal to £21. 12s. 4d., the difference between the two modes of computation being 3d·347 decls. on each dollar, and on 100 dollars £1. 7s. 10d., or 6½ per cent., the amount of the depreciation in the present silver money, when compared with the standard of our

silver money from the 43d of Queen Elizabeth to the 56th Geo. III.

It is said to be a legal maxim, that no one shall avail himself of his own wrong ; why, then, should the Government, first, for its own advantage, in the manner before shewn, reduce the intrinsic value of the shilling ; and then, in the case in question, for its own advantage also, apply that reduced value in computing the rate of exchange for repayment of advances made in China on the account of Government ?

The silver standard of Elizabeth, in respect to fineness, still continues in our present money of that metal, and, I think, when the relation between the gold and silver money is adverted to in the act 56th Geo. III. cap. 68., it is clearly in reference to the rate of 5s. 2d. the ounce of standard silver, according to the ancient valuation of our silver money.

Therefore, it appears to me that, in justice to the trader, and in order to preserve to the Government the advantages the China trade offers for a remittance of Indian funds to England, the basis

for the repayment of advances in China should be formed at the price of 5s. 2d. the ounce of standard silver, or at 4s. 3d .878 decls. for one dollar, as before said. Should the bills be drawn in China on England at thirty days or one month's sight, and adding thereto five months for the transit of the bill, then six months' interest (say at five per cent. per annum) must be added to the above rate, for the time the trader would have the use of the dollars before its repayment in England: and in this case, the basis for such repayment would be 4s. 5d. for each dollar advanced in China.

But if, owing to any alteration in the trade to China itself, or to any other circumstances, a dollar could be obtained in China at a less cost than 4s. 5d., his Majesty's Government must be content to accept a proportionate reduction in the rate of bills on England, drawn in repayment of advances made in China. It may, however, be presumed, that if the Government were to declare at once in England, that they would advance dollars in China to be paid for in England by bills at thirty days' sight, and at 4s. 5d. for each dollar so

advanced, those terms would be accepted by many traders, previously to the commencement of their outward voyage: and as rates so fixed would have a very great influence on such bills as might be negotiated only in China, it may be inferred the Government might make the whole annual remittance required from China at or about that rate of exchange.

Before quitting this subject, I beg to add the following observations respecting the money, and other weights of China, because the statements generally made on those points are not quite accurate.

The weight for *money* and *bullion* is the *tale* and its subdivisions, which are as follow :—

10 Cash 1 Candareen.

10 Candareens 1 Mace.

10 Mace 1 Tale.

1,000 Cash 1 Tale, or 6s.

In the East-India Company's books, and in all their computations, 72 tales are reckoned as equal to 100 Spanish dollars; this is also the general rule in all the mercantile transactions at Canton.

The weight for *goods* is the Pecul and its subdivisions, which are as follow :—

16 Tale . . . 1 Catty.

100 Catties . . 1 Pecul.

1,600 Tales . . 1 Pecul, or Avoir. lbs. 133 $\frac{1}{2}$.

My impression is, that the tale was formerly a coined money. For very many years, however, probably ever since Europeans have maintained an intercourse with China, no coined Chinese money has been seen in the general circulation but the cash. This coin is very rude in its fabrication ; is composed partly of copper and partly of lead ; and does not amount, in computed value, to quite so much as *one-fourth* of our farthing.

The Spanish dollar has obtained a very general circulation in China as a coin ; and, wherever it is known, it is received and used as such. For the purposes of small payments the dollar is frequently cut by the Chinese into several pieces, and whenever these pieces are collected together for large payments, they pass by weight, and at a rate something more than 100 dollars for 72 tales ; that is, 72 tales-weight represent more than 100 dol-

lars, in order to allow, by the increase agreed to by the parties, for any extraneous matter which may adhere to the several divided parts of the dollars, while such parts circulated in the place of coined silver money.

In the work of Dr. Kelly,* it is said the value of the tale varies with the price of Spanish dollars, and is computed accordingly. Dr. Kelly has also stated, that the weight of pure silver in a tale "is worth $80\frac{96}{100}$ d. sterling, which is nearly the estimated value of the money-tale in the books of the East-India Company, and was probably the origin of such valuation."†

This question had attracted my attention several years ago; and, on investigation, I found, that so far back as 1710 the value of the tale was ascertained for computations in the East-India Company's books, in the following manner:—The tale weight was found, and no doubt from actual experiment, to be equal to ounce troy

* See Cambist, vol. i. pp. 66, 67.

† See Evidence, House of Commons, 24th May 1830, page 494.

1·208 decls. ; and as English standard silver in London, at that time, bore the price of 5s. 6d. the ounce, the value of the tale was therefore taken, for computation, in the year 1710, at 6s. 8d.*

In the years 1711, 1712, and 1713, the value of the tale, in the Company's books, was computed according to the varying prices of English standard silver in the London market in those years respectively ; and at those several rates were the values of the outward cargoes to China, in sterling money, reduced into tales in the Canton factory books ; and at the same rates were the values of the homeward cargoes in tales brought into sterling money in the Company's London books of account.

Subsequently to the year 1713, the value of China cargoes, both out and home, has been computed in the Company's books at 6s. 8d.

• Oz. 1·208
at 66d.

7248

7248

79·728; or, exactly 6s. 7d ·728.

without any variation whatever, notwithstanding the great fluctuations which have taken place in the prices of silver in the London market, during that very long period, of about 120 years. In the early years of that period, silver composed the much larger part, in value, of British exports to China, and on this account, it seems, the sterling value of the tale was computed according to the London market-price of silver. But in a few years after, silver composed only the smaller part of the value of the outward cargoes; and although the exports of British productions so greatly increased in the latter years of the period referred to, that the export of silver was almost entirely discontinued, yet notwithstanding these circumstances, the money value of the tale was, during that whole period of 120 years, uniformly charged as 6s. 8d., as before stated.

It, therefore, then, in fact, appears that the money value of the tale—that is, its intrinsic value compared with English standard silver—is not that stated by Dr. Kelly, neither has the computed value of the tale been altered in the Company's

books in the whole of that long period, although Dr. Kelly, no doubt on incorrect information, asserted to the contrary.

For the purpose of obtaining precise information respecting the money-weights of China, the supra-cargoes were directed, a few years ago, to purchase two sets as sold at Canton, and also to send several parcels of silver (sycee and dollars) purchased by weight at Canton: and accordingly the money-weights and seventeen small parcels of silver were received from China in April 1828. On these parcels being accurately weighed, the result was as follows:—The tale weight as weighed in China, was found

On 1 parcel to be equal to troy ounce	1·205	decls.
4 do. do. do.	1·206	
5 do. do. do.	1·207	
5 do. do. do.	1·208	
2 do. do. do.	1·209	
<hr/>		
17 parcels average .. do.	1·207	
<hr/>		

The average, therefore, is within the 1,000th part of an ounce (or rather less than half a grain troy) of the weight of the tale as computed in the

East-India Company's books; and the greatest difference does not exceed the 250th part of an ounce troy in weight.

On comparing the two sets of China money-weights also in accurate balances, it was at once seen they were by no means so nicely regulated as money-weights are in England, and the differences between the several weights in the two sets were fully sufficient to account for the differences in the weights of the several parcels of silver when weighed in England, as above stated.

These considerations, then, serve to prove that the troy weight assigned to the tale in the Company's books in the year 1710, is the weight of the tale as used by the Chinese at this day.

The weight of the tale* having been thus proved to be accurately troy ounce 1·208decls., and as, according to the Chinese scale, 1,600 tales are equal in weight to one pecul, the weight of the pecul, on this computation, should therefore be pounds

* 1 tale = troy grains 579·840 decls.; 1,600 tale = troy grains 927·744, which, at 7,000 troy grains to the pound avoirdupois = pounds avoirdupois 132. 8 oz. 8 dr. ·96 decls.

avoirdupois 132.8oz. 8dr. 96 decls. The pecul has, however, for many years past, been calculated in the Company's books as equal to pounds avoirdupois 133. 5. 5 · 333 decls.: the difference between these weights is then troy ounces 13, or the 165th part of the whole weight of the pecul considered as a gross weight. The differences, as before stated, between the old weight and the actual weight of the money-tale as now used in China, and which are ascribed to fallibility in the money-weights made in China, in some measure accounts for the above difference in the computed and used weight of the gross pecul weight, as fabricated by the Chinese. The Company have for many years supplied the factory at Canton with scales and weights manufactured in London; the pecul weights have been uniformly made as equal to pounds avoirdupois $133\frac{1}{3}$; and I suppose the computed weight being so near, and the Chinese weight not altogether accurate, the latter was adopted for the more ready and simple conversion of the pecul weight into pounds avoirdupois.

In fact, it is according to the pecul weights made in London, that all weighable goods have

been bought and sold in China on the East-India Company's account for many years past.*

Taking the Chinese money-tale, according to old practice, as equal to troy ounce 1·208 decls. of English standard silver, and valuing that silver at the English mint price of 5s. 2d. per ounce, and the intrinsic value of a tale, as coin would be 6s. 2d. 896 decls.

But as 100 Spanish dollars represent the value of 72 tales in commercial transactions with the Chinese and in computing the imperial duties at Canton, the value of the tale at that rate, according to the average fine silver in the dollar, and at 5s. 2d. per ounce of standard silver, would be 6s. 0d ·053 decls.

As Spanish dollars form the medium for ascertaining value in all transactions between the Chinese and foreigners who trade by sea, the in-

* I cannot now refer to the records of the Canton factory, but I remember seeing it stated on those records, and I think previously to the year 1770, when the supracargoes first became a resident factory in China, that the peculiar weights made in China varied when compared with weights made in London.

trinsic money-value of the tale may be taken at 6s. as before stated; and the weight of the pecul at pounds avoirdupois $133\frac{1}{2}$ as also before stated.

Taking the intrinsic value of the tale, as above, when compared with dollars, at 6s.; and taking it also, as it has been used in reducing the invoice value of the cargoes out in pounds sterling into tales, in the China books, at 6s. 8d., and in turning the invoice value of the cargoes home in tales into pounds sterling in the home books, at 6s. 8d. also; and it appears that the real cost in China of the cargoes from England, has been stated in the factory books at 10 per cent. less than such cost should have been charged; and that the cost of the cargoes from China has been charged at 10 per cent. more than they should have been charged in the Company's home books; from which it appears there has been an error to the extent of 10 per cent. in all the computations and statements relating to the East-India Company's trade between England and China for very many years past.

It may be as well to notice in this place, that a similar error, though to a larger extent, has pre-

vailed for very many years also, in the valuation of the Indian coins in the Company's home books and statements, and in the valuation of the pound sterling in the Company's books at Calcutta, Madras, and Bombay. The Indian coin, namely, the sicca rupee, has been computed at about $13\frac{1}{2}$ per cent., the Madras, or Arcot rupee at about 18 per cent., and the Bombay rupee at about $17\frac{1}{4}$ per cent. above their intrinsic values respectively, or on an average the three coins have been valued about $16\frac{1}{4}$ per cent. above their real or intrinsic value: and so long as these valuations have obtained, the affairs of the East-India Company, when exhibited in pounds sterling, have appeared to that extent less favourable than they should have been stated: and owing to that overvaluation, the proceeds on the sale of English goods in India, have appeared more favourable than they would have done, had the Indian coins been calculated at their intrinsic value, of which the following may be taken as an example. Suppose the invoice cost and charges of any particular article consigned to Bengal to amount to £100; the cost in the Calcutta books at 2s. 3d. 84 the sicca

rupee, the rate actually used, would be Sicca Rupees 862; and, therefore, should that article produce more than the sum stated, there would appear a profit according to the amount of the excess. But if the £100 cost, &c. had been calculated according to the intrinsic value of the sicca rupee, namely, 2s 566 decls., the amount of cost in the Calcutta books would have been Sicca Rupees 977; therefore the same article must, according to the intrinsic, which is the real value, produce Sicca Rupees 115 on sale more than at the erroneous valuation, before any profit would result therefrom. This error has doubtless induced the Court of Directors to send out articles to India for sale, in the belief that a profit resulted therefrom, when, in fact, in many cases, a loss was the actual result: and on the same principle, the profit or loss on cargoes received from India has been different from the real fact, as the following example will also show. Suppose an article, which cost per invoice in India 1,000 sicca rupees, reduced into sterling according to the rate actually used, namely, 2s. 3d 84 per sicca rupee, that cost would be £116; but were the invoice cost com-

puted at 2s.566 decls., the intrinsic value of the sicca rupee, that cost would only be £102. 7s. 2d. Hence, no doubt, on many articles received from India, a loss on sale has appeared in the Company's accounts, when, in fact, a sufficient profit might have resulted to induce a continuance in the import of such articles ; and in all cases the actual profit on the Company's Indian trade has appeared much less than has actually occurred.

The Court of Directors, soon after the renewal of the Company's Charter in the year 1813, wished to adopt the intrinsic value of the Indian coins in all their computations and commercial transactions from that period ; but the Board of Control refused to allow them so to do. The Court of Directors made repeated attempts after that period to induce the Board of Control to consent to the proposed alteration ; the Board, however, uniformly refused their sanction, and consequently the old and erroneous rates were accordingly continued in the computations of value throughout the whole period since 1813, as they had done in the period antecedent thereto. The rates of valu-

ation actually used were formed on no principle that could be discovered, but appear to have been the result of some arbitrary considerations which influenced the Company's officers when those rates were first brought into operation.

The average intrinsic value of the three Indian coins above-mentioned, never exceeded, during the period of the Company's territorial administration of India (and, it is believed, during the period of the Mogul administration also), two shillings in sterling money; though the average at which they have been valued, as above stated, amounts to more than 2s. 3d. each in sterling money.

The Board of Control may be supposed to have been actuated by the following considerations, perhaps among others, in refusing their assent to the adoption of correct valuations of the Indian coins, in place of the manifest incorrect ones which have actually been used in the Company's books and statements.

First, In order to preserve the means of actual comparison, in the general statements, between the periods previous and subsequent to the year 1813;

and, secondly, in order to prevent the territorial branch of the Company's affairs being rendered less advantageous, in comparison with the commercial branch, than the Board thought it ought to do.

In regard to the first consideration, it ought never to have had any weight; because by making the proper allowance for the difference in the values of the Indian coins as actually computed, a fair comparison might at all times have been made without difficulty. And in respect to the second, the Board of Control, in common with many of the East-India Company's Indian servants, had adopted the opinion, that the Company's commerce had been carried on previously to the year 1813 to a great extent at the expense of the Indian territorial revenues; and that the commerce would continue to draw a considerable part of the necessary funds for its then future progress from the same sources, namely, the Indian territorial revenues. In order, therefore, to prevent the commerce becoming a burthen on the revenues of India, subsequently to the year 1813, the Act of Parliament

passed in that year for the renewal of the Company's charter, ordained that the accounts of the territory and commerce should be kept perfectly distinct in the books and statements of the Company. But the Board declined to allow the intrinsic valuations of the Indian coins to be adopted subsequently to 1813, because, as before observed, by so doing the commerce would appear to more advantage than it would do at the rates actually used.* But this consideration also ought not to have had any weight, because as it was a public

* Suppose the payments in England on account of India to amount only to £1,000,000 per annum; the commercial account in the Indian books would be credited for that sum, and advances be made in India for Europe commercial purposes to that amount. Now, if that million were reduced into sicca rupees at 2s. 3d. 84 the erroneous rate used, the sum credited to the commercial account in India would have been Sicca Rupees 86,20,000. But at 2s. 566, the intrinsic value of the sicca rupee, the commercial account in India would have been credited for Sicca Rupees 97,70,000, showing a difference in favour of the commercial account on every £1,000,000 advanced in England of Sicca Rupees 11,50,000, or about £115,000.

question, no desire to verify the opinions of individuals, perhaps unguardedly expressed, should have induced the use of valuations utterly opposed to the real sterling and intrinsic values of the several coins as issued from the East-India Company's mints.

The Court of Directors in 1813 were well aware that the Indian and China commerce had not in any degree been carried on at the expense of the Indian revenues; and to those who ever had any doubt on that point, I presume the various documents presented to both Houses of Parliament since the year 1813 must have removed that doubt, as by those documents it is incontestably shown that large, very large, sums, amounting in the aggregate to several millions sterling, have been supplied from the surplus profits of the Indian and China trade, accruing on the sales in England, in aid of the territorial revenues of India, in order to enable those revenues to meet the very heavy disbursements which have been occasioned by the several wars in which the British Government in

India has been engaged, both for the protection of the old territory and in the acquisition of the new territories now subject to British dominion in the East.

PART III.

A GREAT deal has been said and written respecting the fitness and efficiency of the large ships employed by the East-India Company for carrying on their trade with China; but, in my opinion, the advantages attending the use of that class of shipping have been greatly overrated. In fact, they were not suited for the circuitous trade between England, India, and China, however useful they might have been in the direct trade between England and China; though it may be doubted whether, upon the whole, a smaller class of ships, would not have been found preferable even in the direct trade. A very few observations may, perhaps, serve to show that ships of from 400 to 600 tons burthen, are much better calculated for the circuitous trade between England, India, and China, than shipping of the burthen of from 1,200 to 1,500 tons.

Ships of the latter size cannot enter the Hooghly river with safety ; therefore their cargoes and passengers are taken out at the mouth of that river, and carried up to Calcutta in craft built for that particular service ; so also their return cargoes and passengers are carried from Calcutta to the mouth of the Hooghly in the same manner. These transhipments are, consequently, attended both with expense and delay ; while ships of the smaller size carry their goods and passengers at once to Calcutta, and take in their return cargoes and passengers at the same place ; thereby avoiding both the expense and delay which must accrue on the larger ships.

The large ships delivered their outward cargoes and passengers at once at Bombay ; and so, also, they received their cargoes of cotton for China at the same place, thus avoiding some of the expense, and all the delay, attending the consignments by the same description of shipping to Bengal. But considerable expense, and sometimes delay also, were incurred in sending the cotton, intended for the China market, from Broach and Brodera, where

the cotton was collected from the places of its growth to Bombay; and as the cotton was transmitted down the Gulf of Cambay in open vessels, it became of course liable to damage from the rains and bad weathèr, as well as to delay from contrary winds.

Ships of the smaller size, I have been informed by one well acquainted with the navigation of that part of India, could proceed from Bombay to Broach and Brodera, and receive at once, from those places, the cotton collected for the China market. It may, however, be necessary, in order to accomplish this object, to set up screws at each of those places, for pressing the cotton into bales ready for shipment, instead of performing that operation at Bombay. The expense, I presume, of embalging, after the first cost of the screws, would be no more at Broach or Brodera than is now incurred at Bombay.

Another consideration of importance is, that the smaller vessels, drawing much less water than the larger ones, they are much better fitted for navigating the China seas, and the several passages

leading to those seas, both to and from India, England, and China, particularly when the navigation occurs in those months which are considered more or less out of season ; and, further, it may be observed, should the Chinese authorities afford more facilities for the navigation of the Canton river ; if, in that case, it should be found expedient, the smaller vessels might deliver their cargoes, even at the Keys of Canton itself.

From these, and other considerations, it is most probable that British merchants, in the future conduct of the Indian and China trade, both direct and circuitous, will prefer the employment of small vessels to those of a larger burthen.

One circumstance supposed to be favourable to the employment of large vessels in the China trade, is, that some part of the port charges of Canton is levied on all ships alike, the same sum being paid for each ship, whether large or small. But so far as my recollection serves, the whole amount of that charge is little more than £650 ; it is, therefore, true that, on this account, a ship of the burthen of 1,500 tons, would pay no more than *three*

ships of the burthen of 500 tons each. On the other hand, it is equally true, I apprehend, that three ships of 500 tons each, would perform the voyage out and home at a much less aggregate charge for wages, provisions, stores, &c. than would be incurred on the account of one ship of the burthen of 1,500 tons; and then again must be considered the many facilities afforded in the navigation of small vessels, of which the large vessels cannot take advantage. So that, on the whole, even in this view, it may be assumed that the smaller vessels will be found less expensive than the larger ones.

This charge of £650, on each ship may perhaps be avoided altogether. On the occurrence of unfavourable seasons, a supply of grain from foreign countries is of very great importance to the population of China; for, in such circumstances, it sometimes occurs, that armed bands, composed of several thousand men, stimulated by the pressure of approaching famine, throw themselves from one or more provinces into other adjoining provinces, for the purpose of obtaining food for themselves

and families, by the exercise of force alone. On some of these occasions the Hong merchants of Canton, have urgently solicited the Company's supercargoes to obtain from India immediate supplies of grain, and to insure such supplies they offered the most liberal encouragement. But independent of these extraordinary occasions; the import of grain into Canton, is, at all times, considered by the Chinese as a most desirable measure; and to induce its importation, an edict was issued a few years ago, by the viceroy of Canton, declaring that for the future all foreign ships importing a given quantity of grain into Canton, in a specified proportion to the tonnage of each vessel, should be permitted to enter the river without the payment of the charge of £650 before mentioned. And if this be, as I apprehend it is, the *now* authorized practice, there could be no difficulty in providing ships engaged in the circuitous trade with China with the required quantities of rice, either at Calcutta or Bombay, in order to enable them to take advantage of the terms of the edict referred to.

Grain is in some years dearer than in others, in India as well as in other parts of the world ; but such fluctuations in price would produce merely temporary inconvenience ; because, as the general selling price in Canton would soon become known, the purchasers in India would, of course, in great measure be regulated thereby, so as to avoid taking grain when its price in India would so enhance its cost in China, as to counterbalance the advantage derived from the non-payment of the £650 import charge. Believing this fact, for so I consider it, to be but little known, I thought it right to call the attention of the British merchants thereto, in order that they may, if found expedient, avail themselves of it in their future shipments from India, so as to save the £650 charge on each ship altogether, whether such ships be of large or small burthen.

PART IV.

I NOW proceed to offer some observations respecting the intercourse between the subjects of Great Britain and the authorities and people of China.

The Chinese adhere to their own customs and institutions with a strictness and rigidity unknown in Europe. In many cases, when these customs have been disregarded, or the laws of the empire, as promulgated by the viceroy and other authorities of Canton, have not been obeyed, the local government of that city have frequently declared, that they possess ample powers for compelling the foreign residents to submit to these laws and customs. It is true the local government has not actually had recourse to force, but on most occasions they have obtained their end, when dispute and collision have arisen, by stopping all trade with the foreigners implicated in such dispute or

collision. On some former occasions they have stopped the whole foreign trade of the port of Canton when such disputes occurred ; but latterly, the viceroy and other mandarins have appeared content to prohibit trade with the parties more immediately interested in the subject-matter of dispute.

On the whole, this engine has been used by the Chinese with sufficient success to induce them to continue to resort to it in future differences and disputes with the foreign nations visiting Canton. The opposition of the East-India Company's servants to the interference of the viceroy of Canton with the progress of the British trade, has certainly produced some amelioration in the general and personal conduct of the Chinese authorities, and their immediate subordinates. But on several occasions, when it has been supposed such opposition has succeeded in wringing from the viceroy, for the time being, some important concessions, it has been afterwards found, that such concessions have been either denied altogether, or so modified by another viceroy, by real or pretended orders from the emperor at Peking, as to induce either a tacit or pro-

tested acquiescence on the part of foreigners in the Chinese version of the affair ; or to recommence another lengthened discussion, which in the end has most frequently terminated in a compromise, leaving the disputed points as much subject to future controversy as ever.

The Chinese declare, that their trade is of much more importance to foreigners than the foreign trade is to the Chinese. Some suppose that this is not the actual conviction, but merely a pretence on the part of the Chinese, and that it is used in order to show the dependance of foreigners on them ; but when the solicitude evinced by foreigners for a participation in that trade, together with the energy and constancy with which they continue it, are considered, the Chinese do not appear to have made a wrong estimate in this particular.

Another remarkable circumstance in the character and conduct of the Chinese is their willingness to allow the resumption of the trade, when the immediate causes of its interruption, at any time, have ceased ; of which a few instances may, perhaps, be properly cited in this place.

In the last war an apprehension was entertained, that the French intended to possess themselves of the island of Macao, a Portuguese settlement in China; and, in order to frustrate such an attempt, the Bengal Government entered into a negotiation with the Portuguese Supreme Government in India, with the view of obtaining from the viceroy of Goa a cession of Macao to the English. While this discussion was in progress, some troops were sent from Calcutta for the occupation of Macao, on the understanding, that the place should not be taken formal possession of, unless the viceroy of Goa should consent to that measure. That consent was not, however, obtained; nevertheless, in October 1808, the troops did take possession of the place, on which the Governor and Senate of Macao applied to the Chinese authorities at Canton for their interference, that thereby the supracargoes might be induced to abandon their intention of retaining the possession of Macao by force. The viceroy of Canton took up the question warmly and promptly, and declared that the English trade should be suspended till the foreign troops were

withdrawn from the island, and the Portuguese authority acknowledged as theretofore. The supracargoes, thinking the viceroy might be intimidated by the appearance of some armed British vessels in the immediate neighbourhood of the city of Canton, so as to relinquish all further interference in the affair; the naval commander in China* (Admiral Drury) was induced to proceed in one of his Majesty's ships to the second bar in the Canton river. But finding that demonstration had no effect, he afterwards advanced nearly to the city of Canton itself in the armed boats of his Majesty's ships, together with the armed boats belonging to the Company's and other English ships then in China. The Chinese made a great show of resistance, having formed a line of boats across the river; and as the British admiral appeared determined to break their line, the Chinese fired many guns and rockets,

* See Reports of Lords and Commons in 1821, on the China question, p. 296.

First Report House of Commons, and evidence in 1830. No. 247, 252. No. 3855 to 3862 and No. 3885 and 3886.

during which a British seaman was wounded. The admiral, however, who was in one of the boats, would not suffer his people to fire either their guns or small arms, in return, not judging himself warranted to proceed to such extremities in such a cause, and, perhaps, also from a most commendable feeling of humanity; for although the Chinese fire caused little damage to the English, had the English returned their fire, the loss of the Chinese would have been, in all probability, extremely severe.

Some short time after the failure of this attempt on the part of the English, their naval force retired from the river, and then the troops were withdrawn from Macao, and rebarked for India. When these events became known to the Chinese authorities, the interdict to the British trade was removed; and after the 26th December in the same year the English commerce with the Chinese proceeded as usual during the remainder of the season.

In December, 1821, during an affray between a party of the crew of H.M.S. *Topaze*, and some

Chinese at Linting, several of the latter were killed and wounded.* The viceroy of Canton, on learning these facts, demanded that the English who had killed the Chinese should be delivered up for trial, according to the laws of China respecting murder and homicide. This demand not being complied with, the viceroy stopped the trade; and after some discussion, the British ships in the Canton river, together with the Company's supracargoes, quitted the river, and anchored outside. Subsequently the *Topaxe* departed from that place. The supracargoes then informed the viceroy of that fact, and added that all the circumstances were communicated to the supreme authorities in England, by whom the whole transaction would be inquired into and justice done. After a lengthened discussion, the King's ship having left China altogether, the viceroy allowed the trade to proceed as usual. In the following years, however, from 1822 to 1827, the Chinese occasionally required that the foreign murderers, as they called them,

* See same Appendix, No. II. pp. 104 to 116.

should be delivered for trial in China; and although the viceroy was privately informed by the two principal Hong merchants, that the British authorities had not awarded any punishment to the British seamen involved in the affair, the Chinese, at length, suffered that case also to remain without any further complaint or investigation.

The Company's supracargoes* having been led to believe that no real objection existed on the part of the mandarins to the occasional residence of English ladies in the factory at Canton, several ladies (wives of the supracargoes) accordingly went up to Canton. After a time, however, the viceroy declared it was not lawful for foreign females to remain in that place; and he, therefore, directed that the ladies should immediately depart from Canton; and he declared that, in case of refusal, they should be expelled by force. The supracargoes determined to resist the exercise of force by the Chinese, on this occasion, and immediately or-

* In the same Appendix, No. II. pp. 26 to 30.

dered up some carronades and armed seamen from the ships to protect themselves, the factory, and the females against the threatened aggression. This necessarily, led to some discussion; and, finally, the females returned to Macao, and the supracargoes directed the guns and seamen to be reimbarbed. On this fact being communicated to the viceroy, the supracargoes remark, "the discussion was immediately terminated."

Mr. Lindsay (a member of the Company's factory) relates, in the printed account of his voyage to several places to the northward of Canton, that, not obtaining what he conceived to be justice, in one of the cities on the eastern coast of China, he proceeded to the hall of justice in that city, accompanied with other armed persons; on entering which he found the outer hall unoccupied, and the folding doors communicating with the inner hall, where the magistrates were then sitting, closed and fastened. Whereupon himself, and those who accompanied him, applied their shoulders to the doors and forced them from their hinges into the hall with great violence; and then made their demands,

and required compliance therewith. Having obtained what Mr. Lindsay considered satisfaction, he and his party retired, without meeting with the least obstacle or impediment on the part of the Chinese.

Mr. Auber (see pp. 364 to 366 of his *Outline, &c. &c.*), states that Mr. Innes, an English resident of Canton, feeling himself aggrieved, went to the Hoppo's house to state his case to the head man in that mandarin's office, when, on returning, the head-man not having been seen, he was wounded by a cooley, who came from a dark kitchen in the building. On this, Mr. Innes called on Howqua, the head Chinese Hong merchant, and declared that if the cooley were not in confinement before sun-down, he would set fire to the Hoppo's house. This was at two o'clock, p. m., and no steps being taken by the Chinese to punish the cooley, by eight p. m., it is added, the mandarin's house was fired according to Mr. Innes' declaration to that effect. This act, rash and unlawful in every respect, produced, however, the immediate punishment of the cooley; and it does

not appear that the Chinese authorities took any further notice of the affair than to address a letter to the committee of supracargoes on the subject; and the supracargoes, it appears, did not deem it incumbent on them to do more on that occasion, than to declare to the Hong merchants, who carried the letter of the Chinese authorities, that "Mr. Innes had acted most unjustifiably."

Cases of disputes and collision have frequently occurred between the Indian opium vessels under British colours, lying in the vicinity of Linting, and the Chinese war-boats stationed thereabouts to prevent smuggling. On some of these occasions Chinese have been both killed and wounded. Nevertheless, the authorities of Canton have contented themselves for the most part, when adverting to these "murderous conflicts," to characterise them as caused by the intercourse between traitorous subjects and outside smugglers; and therefore have appeared to consider all further notice of such occurrences unnecessary.

This remarkable forbearance on the part of the Chinese provincial authorities, even when Chinese

life, of which they declare themselves so tenacious, has been lost, may be ascribed, in great part, to the desire of preventing the circumstances being known at Peking ; which would certainly be the case, were the Chinese involved in any serious disputes with the English on that account; and in which case the Canton authorities would be exposed to immediate degradation by the Emperor himself for not effectually resisting such aggressions on the part of foreigners.

The imperial Chinese government, despotic as it certainly is, cannot be considered altogether beyond the influence of public opinion. Hence, it is the constant desire of the Emperor and his counsellors, that the public affairs of the empire should proceed in such an apparent (at least) orderly and quiet manner, as not to excite public disapprobation of any sort; and, therefore, it is the uniform practice, when events contrary to the public feeling occur in any of the more distant provinces, to punish the local authorities, in order to draw off the public attention from any further enquiries into the matter, and thus preclude the probability

of blame being laid to the door of the imperial government itself.

The Chinese, like all despotic governments, is said to be extremely venal; most places of trust and power in the empire being conferred, not on account of the superior fitness of the individuals appointed to offices of authority, but to the exercise of the influence of the principal mandarins composing the different boards by which the imperial government is conducted, and to the influence of those individuals, also, who obtain the largest share of personal communication with the Emperor. Now, in cases where this influence is not bestowed on the personal friends or relatives of the ministers, or other chief mandarins in the imperial court, it is disposed of for money; and so becomes an object of primary importance to the several boards and individuals just mentioned, to obtain the largest share of that influence, in order, by its disposal, to increase their own fortunes. Hence a constant opposition of interests at Peking, each officer seeking to undermine the other; and those

in power at the time, seizing with avidity every pretence to dismiss present authorities, especially in the provinces distant from the imperial residence, that they might profit by the appointment to the viceroyalty, or other important offices, so vacated.

It has been often repeated on the records of the Company's factory at Canton, that, as a part of the system referred to, the viceroys and hoppos of Canton, (that is, the governor and first commissioner of customs, to use English designations,) purchase their appointments at Peking at very high prices. Therefore, to reimburse themselves, those officers exact the largest possible sums from the hong merchants (to whom the conduct of almost the whole foreign trade of Canton is committed), either in the way of usual and recognized payments, or in the way of fines, for any disregard of the laws and customs of the empire on the part of foreigners.

For the strictest attention to those laws and customs on the part of foreigners, the hong merchants are deemed responsible; and consequently

when such disregard or deviations occur, whether they are made the subjects of discussion with the foreigners or not, the hong merchants are sure to be amerced in greater or smaller amounts, according to the circumstances of each case.

These heavy demands on the hong merchants, compel them to seek reimbursement from the foreign trade; and as that is the only medium of which they can avail themselves for that purpose, they endeavour accordingly, on the one hand, to increase the prices of teas and other exports, and on the other hand, to lower the prices of cotton and other foreign imports. The hong merchants allege, however, that the charges incurred by them, and for which they seek reimbursement from the foreign traders, are not confined to the exactions above-mentioned, but are also partly caused by expenses incurred in conducting the foreign trade of Canton, which they call Consoo charges; and partly from the large sums levied on them by imperial authority, on account of casualties arising from floods, from droughts, from famine, and for other purposes of a public nature and description. All these, they

affirm, entail heavy charges on the hong, and which, they also affirm, justify the alteration in prices, so as to enable them to meet such charges. So that, according to these statements, which appear founded in truth, part of the public charges, as well as those caused by the rapacity of the Chinese principal authorities, are in fact borne, in a great degree, by the foreign commerce of Canton.

To avoid, therefore, all causes of complaint at Peking, and to maintain the power of squeezing as much as possible from the foreign trade, the viceroys and other principal authorities at Canton are generally disposed, after the first exercise of authority, to allow most cases of real or pretended aggression to terminate in mulcting the hong merchants in pecuniary fines, leaving the supposed foreign delinquents without molestation, and the aggressions, said to be committed, without further investigation.

It has been owing partly to these considerations, and partly to the belief, that the law and custom as sometimes declared by the provincial government of Canton, are not in accordance with the ac-

tual law and custom as promulgated by imperial authority, that the supracargoes have, on many occasions, refused to obey the peremptory mandates of the viceroy and hoppo of Canton; and have justified, to the authorities in England, their conduct for so doing, alleging, on such occasions, they were not infringing the actual law of the empire, but were merely opposing the illegal assumptions of the local government of Canton.

The supracargoes, knowing that the British flag and British subjects are treated with respect and attention in almost every part of the globe but in China, have allowed themselves to feel, too keenly perhaps, the condition of inferiority and dependence in which they have been placed in China. They have therefore suffered the threats and the abusive epithets occasionally used in the public edicts, issued by the Canton authorities, to affect them more than they should have done, had they duly considered, that the government whence such documents emanated, was not more venal and imbecile in itself, than the individual authorities, forming that government, were inferior to the supra-

cargoes in all moral and intellectual endowments. It must not, however, be forgotten, that the Company's servants in China have actually, on many occasions, been placed in very embarrassing, difficult, and irksome circumstances; for, urged as they have been, on the one hand, by the Court of Directors in England, to use every exertion to preserve the trade in its integrity, and as much as possible to conciliate the Chinese; they have been, on the other hand, exposed to the contumely and opposition of the local government of Canton, and to the duplicity and corruption of its subordinate officers and the hong merchants. Under these circumstances of hostile feeling, it is not surprising that irritation was easily excited, and that, as occasions occurred, disputes, recriminations, and stoppages of the trade followed; nor that, from these, there sometimes occurred, as in the cases of his Majesty's ships, even bloodshed itself. But notwithstanding this condition of things, the supracargoes have succeeded, in obedience to the orders of the Court of Directors, in preserving the commerce with China, and in maintaining some valuable pri-

vileges for foreign residents in that empire, down to the period of the cessation of the East-India Company's trading character in China. But from whatever causes the disputations and aggressions above referred to have arisen, the fact undoubtedly is, that, although in these, many Chinese have been both killed and wounded, yet a degree of forbearance has actually been manifested by the Canton authorities towards foreigners engaged in those affrays, whatever may have been their motives for so doing, that would not have been observed by any European government whatever under the same circumstances.

The Chinese, it is true, do not acknowledge those principles of international law by which the intercourse of European nations is governed; so far from this, the Chinese consider themselves as the Central Empire, and, consequently, in their estimation, far superior to all other nations; whether the circumstances of climate and situation be considered, the natural productions of its various provinces, or the civilization and literary acquirements of the people themselves. It cannot be expected,

therefore, that a people so wrapped up in self-confidence, and refusing, at the same time, to consider any other nation or people on an equality with themselves, have any claim to be treated with the same degree of respect and attention which is observed between the various nations of Europe. Nevertheless, neither the excessive vanity of the Chinese, nor their deficiency in warlike qualities, should be used in justification of the little notice the occurrences referred to have heretofore received, in the metropolis of London, and in other parts of the United Kingdom.

It is true that the Court of Directors have always, in the plainest and most intelligible language, discountenanced even the appearance of hostile aggression on the part of their servants; but it is equally true, that when blood has been shed on such occasions, effectual punishment has not always been inflicted, either on the part of the Company to its servants, nor on the part of the Crown to its officers and servants, in the several cases before briefly noticed. Unquestionably there have been great difficulties in the way of adjusting these af-

fairs. To deliver up an individual offender to the Chinese for trial, is in fact to deliver him to death ; for the Chinese seem to make little, or no, distinction between accidental death, justifiable homicide, or wilful murder. Again, the commanders of his Majesty's ships in China appear to have formed the opinion, that they are entitled to certain privileges in China, because some of his Majesty's ships on former occasions enjoyed them, and, therefore, they have considered it their duty to lay claim to the same, and sometimes to avail themselves of those privileges by force ; such, for instance, as entering the Canton river without the leave of the Canton authorities : and when, on these occasions, the Chinese have fired first, perhaps his Majesty's Government in England have found it inexpedient to proceed, in such cases, to the condemnation of the officers or crews engaged in such conflicts.

These difficulties may, in some measure, account for the little notice which these transactions have hitherto obtained in England ; those difficulties, however, ought not to preclude the endeavour

to seek a remedy for those evils in the future intercourse between the subjects of Britain and China.

In some of the conflicts referred to, as well as in others not noticed, the Chinese have inflicted wounds on the foreigners, particularly in circumstances when they have greatly outnumbered, and been much better armed than, the foreigners with whom they have come in contact.

There can be little doubt that the most prominent of these conflicts and aggressions do become known at Peking, at least in their general outline; although they have not, for many years past, produced any positive orders for hostile retaliation. It may, however, be feared, that should these conflicts continue, some emperor, more determined than most of his predecessors, may positively direct the employment of military force, in order effectually to resist what the Chinese consider foreign aggression; or that some future viceroy, or other principal functionary at Canton, or the other maritime cities of China, less venal, or more bold than others of the same class, may exert their own authority to punish, by military force,

either the entry of their rivers or harbours; or the unjustifiable conduct of individuals on the mainland.

These may be deemed, in part, at least, idle speculations, because, as British ships of war are beyond the controul of any Chinese force hitherto opposed to them, they may be considered as enabled to act in these matters with impunity; but, even under this view, let it be remembered, that the Chinese law and custom hold all the English responsible for the acts of each individual; and, therefore, though the Chinese might not be able to subdue a King's ship, or to punish its crew, yet were they disposed to visit the acts of such parties on their countrymen, residing at Canton, there is no effectual resistance to which the English residents in that city could resort in opposition to a large Chinese military force, so as to prevent the seizure and imprisonment of English traders on the spot, till those who were the real delinquents, in Chinese estimation, should be delivered for trial. And in case of noncompliance with such a demand, what could prevent the execution of the individual

traders, should the Chinese authorities be disposed to proceed to extremities in any such cases ?

In the instance before referred to, when some carronades and armed seamen were brought up to Canton from the ships at Whampoa, for the defence of the factory, had the Chinese authorities been disposed to have resisted this insult to the nation—for such it certainly was—no effort of the English could have prevented the Chinese, had that been their determination, from setting fire to the factory from the sides next the contiguous streets, and thus compelling an immediate surrender, or an almost hopeless attempt to escape by the river-entrance, exposed as they must have been, in the latter case, to the missiles and other weapons of the Chinese during their passage to the ships.

I mention this merely as an illustration of the absolute helpless condition of the individual foreign traders in Canton, should the Chinese be determined to avail themselves of the physical force at their command.

I know it will be said, that should the Chinese

so abuse the power of numbers, as to take the lives of British subjects on any such occasion, the British nation would inflict a terrible vengeance in return ; and I am persuaded, also, in such cases, that so far as the range of British cannon extends, the destruction of property and loss of life, in the cities and villages on the coast of China, would be immense. But I am convinced, that even should a contingency of the kind supposed occur, such an extremity need not be resorted to, because it is at all times within the compass of a British naval force to coerce the imperial government into almost any concessions, without the actual employment of the fire of their great guns and small arms.

It has been said by several persons who have visited China, that the northern provinces of the Chinese empire depend, in a considerable degree, on the southern provinces, for two indispensable articles of the necessaries of life ; namely, grain and salt. These articles are conveyed to the northward, partly by the sea-coast in junks, and partly by the grand canal, in vessels of a smaller description. Now, I presume, as the Chinese could offer

no effectual resistance to British ships of war, the junks would either be constrained to abandon the trade, or, if persisting, would, in great numbers, be taken or destroyed. And if, to avoid this extremity, the trade should be altogether confined to the waters of the grand canal, a recourse to that expedient would not effect the purpose intended. The grand canal is interrupted in its progress north and south by the great river Yang-tse-Kyang from west to east; that is, one part of the canal communicates with that river on its southern side, and the other part on the northern side. The river, at that point, is said to be about three or four miles over; and all vessels navigating the canal, either southward or northward, that is, either from the province of Pe-che-lee, in which the imperial city of Peking is situated, to the southern provinces, or from those provinces to Pe-che-lee, must inevitably cross that river. It was noticed by some of the parties engaged in the late embassy under Lord Amherst, that, owing to heavy and contrary winds, a very great number of loaded grain and salt vessels were confined to one side of the river, waiting

for a change of weather to enable them to prosecute their voyage. A very few ships of war, therefore, I presume, would be found quite sufficient to close altogether the passage of the river; and thus, in conjunction with the ships on the coast, completely cut off all supplies of grain and salt to Peking and other places to the northward of the great river. And I also presume, should such a course be adopted, the famine and suffering consequent thereupon to the multitudinous population of China, would compel the imperial government, as before observed, to consent to almost any terms in order to secure the usual necessary supplies for the sustenance and comfort of the people.

But the prosecution of such measures would be, indeed and in fact, actual warfare on the part of Great Britain against China. But, surely, the Government and people of this country have not yet arrived at the conclusion, that it is lawful and fit for them to compel the Chinese to adopt European notions of commercial intercourse, by recourse to that which ought to be the last of all resorts—namely, WAR! I trust that as the several authori-

ties in this country have hitherto uniformly disclaimed any such intention, they will continue, by all possible means, to avert so dreadful an alternative.

It may then be asked, are conflicts and aggressions between Chinese and British subjects still to be allowed, in the hope that nothing of a more serious nature may occur ; when, at the same time, it must be palpable to most understandings, that if some effectual check be not put thereto, they may eventually lead to such occurrences, as to produce a state of warfare between the two empires ?

I think a check, of the kind supposed, can be effected by the Government of this country, and I proceed to its consideration in the next division of these pages.*

PART V.

REGRETTING the difficulties and interruptions which have but too often occurred in the commerce with China, and fearing that they might, on some occasion, lead to the most disastrous results; some have suggested that the English, in order to obviate any such results, should possess themselves either of Tywan on the island of Formosa—the Piscadore's islands at the northern extremity of the Straits of Formosa—of the island of Tchusan—or of some post on the mainland of the provinces of Fokien or Chekiang: places where, many years ago, some one or other of the trading European nations had settlements or factories. But, as the Chinese expelled the Europeans by force from all those stations, and have compelled them, with only one exception, (and that, as is understood, not availed of, namely, the permission granted to the Spanish to trade to the port of Amoy in Fokien,)

to resort to the port of Canton alone, it does not appear how so desirable a result could be obtained. For certainly the Chinese, under ordinary circumstances, would never consent to it ; and, as before said, it is neither to be expected nor wished that Great Britain should proceed to warlike aggression for any such purpose.

There is, however, one small Chinese district, ceded to the Portuguese by the Chinese, and which still remains in the possession of the crown of Portugal. The district alluded to is what is called the island of Macao, though Macao is, in fact, only a small district at the southernmost extremity of an island. That island* is situated some miles below the Bocca Tigris, or mouth of the river of Canton, and it is the place to which the Chinese direct that foreigners should proceed when the trade does not require their attendance at Canton. The Chinese have, however, completely separated the small district of Macao from the other parts of the island by a wall, with gates,

* See Milburn's Oriental Commerce, vol. ii. p. 463.

extending quite across the neck of land on which Macao is situated.

It is generally believed that Macao was ceded to the Portuguese towards the close of the sixteenth century. About that time, the pirates in the China seas had made themselves masters of Macao, and after that blocked up the Canton river and besieged the city of Canton. The mandarins, in this extremity, sought help from the Portuguese. The latter readily engaged on the part of the Chinese, and having attacked the pirates, completely defeated them, and afterwards took Macao from them. In consequence of this successful result, the Emperor of China issued an edict in which it is said he gave Macao to the Portuguese, with the power of forming a settlement thereon.

The supracargoes, in detailing to the Court of Directors, a few years ago, a difference which had occurred between them and the Portuguese authorities of Macao, observed that the original document, granting Macao to the Portuguese, was supposed to be lost. The supracargoes, however, according to my remembrance of the circumstances,

expressed their conviction, that the cession from the Chinese was full and complete. At times, it is said, the Portuguese acted as though they considered themselves possessed of full sovereignty at Macao; and on other occasions, particularly when the English sought permission to trade there, they pretended they held the place so entirely under the Chinese, that they could not grant any such request. But the fact undoubtedly is, that landed and other property at Macao is bought, sold, and possessed, by virtue of, and according to, the laws of Portugal. Civil, ecclesiastical, and criminal proceedings are also carried on according to Portuguese jurisprudence; and a case occurred, only a few years ago, in which a foreigner was tried, condemned, and executed at Macao under the sanction of, and in obedience to, those laws, the Chinese neither complaining nor interfering on the occasion. Hence whatever may be supposed respecting the real terms in which the original grant of Macao was couched, it may be presumed, that as in fact the Portuguese authorities do at the present time exercise many of the prerogatives of sovereignty in that district, it may

be safely inferred, that the Portuguese government in Europe may, if they should deem such a measure advisable, transfer Macao to the English, on the same conditions as they appear to have formerly received it from the Chinese, and thereby give the same authority to the English, to exercise the same prerogatives as the Portuguese now undoubtedly possess and exercise, under the sanction of the crown of Portugal.

The observations before made respecting the temporary occupation of Macao by the English in the year 1808, are principally founded on the evidence given before Parliament on the China question in 1830 and 1831. In that evidence, however, the condition is not stated, that the consent of the Portuguese should be obtained previously to the occupation of the place; but I have a clear recollection as to that fact, and entertain no doubt, that on an inspection of the records, it will appear to be the case.

Macao was once a place of considerable trade, and certainly within the last twenty years, or thereabouts; was the general depôt for all the

opium imported into China. The Portuguese inhabitants, too, of that district, engaged on their own account, and as agents to their own countrymen, and others also, in India, very largely in that trade. From these sources much wealth was derived, and Macao enjoyed a considerable degree of commercial prosperity.

The Portuguese authorities, not contented however with this condition of things, endeavoured to render their situations more lucrative; and in order to attain that object they levied an impost of forty dollars on each chest of opium imported into Macao. The British merchants engaged in the opium trade would not submit to so great an imposition; and from that time, instead of landing their opium at Macao, they have taken it to the vicinity of Linting, much nearer to the Canton river than Macao, and deposited the opium on-board vessels maintained thereabouts for that particular purpose, till it should be purchased for Chinese account, and then be delivered from the vessels accordingly.

This change produced a rapid decline in the commercial prosperity of Macao; and of late

years, and at the present time, the inhabitants are principally supported by supplying other foreign residents, both British and American subjects, with houses, lodgings, and the general articles of consumption, required for the use of such occasional, and more settled, residents in the place.

From these considerations, I presume that the Portuguese government in Europe cannot attach much importance to the permanent possession of Macao; hence I further presume, that in exchange for some increase of territory, in the neighbourhood of Goa, or other places still remaining to the Portuguese on the western side of the continent of India; or perhaps the granting that people increasing facilities to their commercial and other operations in India: one or both of these, might furnish inducements amply sufficient to obtain from the Portuguese the unconditional surrender of all their rights and privileges in the district of Macao. The Portuguese and other inhabitants, now holding of the crown of Portugal, to be indemnified for any real loss, should such occur, from the change in the governing and

paramount authority ; and such inhabitants to enjoy and possess every advantage and facility under the supposed new administration, in common with the subjects of the British crown. I conceive, then, that as the full and entire concurrence of the crown of Portugal would be obtained in the first instance to the supposed transfer ; and also as the inhabitants would suffer no real injury by that measure, but rather derive much and increasing benefit therefrom, owing to the returning prosperity which would be sure to result from British occupation, particularly under the expected condition of its affairs in relation to the trade between England, India, and China ; I presume on all these accounts that Macao might be occupied by a British force, without inducing any very particular or embarrassing notice, certainly no hostile demonstrations, on the part of the Canton or other authorities of the Chinese empire.

Now, in order to insure as quiet and peaceable possession of Macao as possible, it appears indispensable, that the Court of Lisbon should despatch the most peremptory orders, and the fullest in-

structions, for the immediate evacuation of the place to the English force which should be sent from Europe for its occupation : and, that with these orders, Portuguese vessels should be sent to take the Portuguese officers, and all others who might wish to depart, at once and without loss of time, either to Europe or India, as the crown of Portugal might determine. It also seems highly expedient, that the British force, at least in the first instance, should be composed of European troops only, for the purpose of satisfying the Chinese that the measure emanated from the sovereign authority of Great Britain, and not from any of its functionaries in India, or any delegated authority whatever. This occupation, therefore, being entirely new in many of its main features, the Chinese would have no actual precedent to refer to, and hence their acquiescence to the measure be easier obtained than under any other supposed circumstances. There may be the less doubt respecting any very active or continued interference on the part of the Chinese to the transfer referred to, when other arrangements flowing from that measure are considered, and

which, as will be presently shown, must tend to the better conducting of the British trade, and to increased security to Chinese subjects, so far as they may be engaged in the foreign trade or occupied in the various public services, for preserving peace and tranquillity between the Chinese and foreigners on the shores and on the coasts and waters of China.

Assuming the transfer of Macao to be assented to, and a British European force in possession of the district, under a governor appointed by the crown, together with such subordinates as may be required for the administration of the public affairs, according to the laws and customs of England: and such governor vested with full authority over all British subjects, whether European or Indian, dwelling in Macao, or engaged in the commerce of China, at Canton, or elsewhere, or navigating its waters and coasts,—assuming this, there should also be established at Macao, a properly organized court of justice under royal charter, competent for the decision of all cases, civil, criminal, and admiralty, before which should be brought all questions respecting delinquency in these several

departments, for due legal enquiry and decision. A jury of competent British residents should be impanelled, before whom the charges and defence might be heard with the pleadings, together with the summing up of the judge according to English practice; in order that the British European public might be satisfied that the lives, liberties, and property of their countrymen in China should be under the protection of British law and justice, and that offenders against that law, even in the remote dominions of China, should still be tried and punished, only, according to the recognized laws of their native land.

The superintendence of all matters connected with the progress of British commerce with the Chinese at Canton, should be vested in properly qualified persons appointed from England, to reside in that city during the usual season for business. This superintendence to extend to preserving order in the conduct of the trade; to giving counsel and advice to ship-captains and British residents, respecting Chinese laws and customs; and to aid them in such applications to the authorities of the

city as circumstances might render necessary and expedient; to receive all such complaints against British subjects, as might be made by the Chinese; to investigate such as appeared capable of immediate decision on the spot; and in more complicated or aggravated affairs, to transfer both the complaint and the parties implicated therein to Macao for adjudication and decision by the British authorities at that place. The Company's agents now in China might, if deemed advisable, be vested with the powers referred to at Canton; and should any increase to their number be found requisite for the due discharge of these functions, some of the late members of the China factory might be associated with them for that purpose.* These agents should be required to keep a regular and correct record of all their proceedings in these particulars; one copy to be forwarded to Macao for the information of the British Government in that district, and another copy regularly forwarded to his Majesty's

* In both cases the selection to be made from those gentlemen only who have already attained a competent knowledge of the Chinese language.

ministers in England, to put them in possession of all the proceedings in China under the cognizance of the agents at Canton.

Some of the most frequent causes of dispute and collision between the Chinese and foreigners, have arisen from the occasional visits of British seamen to places in the vicinity of Canton; sometimes during the navigation of the river in boats; and at others from British seamen landing on the islands, or on the shores of the river. It is extremely difficult, and, indeed, even inexpedient on account of the health of the crews, to constrain even two or three ships' companies to remain, during their stay in the Canton river, entirely on ship-board, perhaps for four, five, or six months, and that after a voyage of four or five months from England; and it must therefore be much more difficult to retain several ships' crews, or perhaps 2,000 or 3,000 seamen, on ship-board for even a shorter period under the circumstances stated. It is, then, a consideration of some importance to endeavour to remedy these evils as far as possible.

The Company's large ships have been generally anchored at Whampoa, and the cargoes for two ships at a time have usually been forwarded from Canton in the craft employed for that purpose; and when their cargoes have been completed, then the cargoes for two other ships have been proceeded with in regular order, till the whole fleet has been completely loaded. In war-time, one moiety of the fleet has generally been despatched as soon as the cargoes were completed; and then the other moiety in due course. During European peace, when two ships have been loaded, they have been immediately fitted for sea and despatched without delay for England.

It is said, that large ships from 1,200 to 1,500 tons burthen cannot remain in safety in the vicinity of Macao; but there can be little, if any, doubt that ships of about 500 tons burthen would find shelter from all weathers, either close to Macao or in its immediate neighbourhood; so that ships of that burthen, as they arrived from England or India, anchoring in Macao Roads, might be despatched to the river of Canton, in numbers

equal to about 3,000 tons burthen, or say six at a time, to be there loaded; and on their cargoes being completed, and the ships quitting the anchorage in the river, other ships to the same number might be in readiness to take their places. From this or a similar arrangement, perhaps not more than 300 or 350 British seamen would be in the Canton river at the same time; and as they would only require to remain there a very few weeks (perhaps not more than two or three weeks), there would be no necessity for granting the seamen any liberty-days in the river at all, especially as every proper relaxation of that sort might be afforded at Macao: and consequently the danger arising from collisions and conflicts between the seamen and Chinese, would be almost entirely avoided.

The removal then of some of the principal causes of embarrassment to the quiet progress of the trade, would no doubt be considered by the Chinese authorities and Hong merchants as one object of essential importance resulting from the occupation of Macao by a British Government and military force.

It may, however, be objected that, how beneficial soever this change might be, it would only be accomplished by removing the evil from the neighbourhood of Canton to Macao and the islands in its vicinity. But were even this to be case in its fullest extent, it must be remembered, that as at Macao would reside the principal British authority, and possessed of an adequate power, both naval and military, there would be the means at hand to reduce to immediate order any refractory spirits, whether composed of individuals or of whole ship's crews. The mischief which might arise from the vicinity of the ships to Macao, could, therefore, bear no comparison, under these circumstances, with the disadvantages arising from their continuance in the river of Canton.

The vessels appointed for these services should be individually of a force fully equal to remove even the chance of successful resistance on the part of the vessels engaged in the China trade, and be manned with European crews, and also so effectually prohibited from all trade, as to convince the Chinese they were Government ships, and under

the command and control of officers appointed solely by the king of Great Britain.

To effect these desirable objects, and to continue the same course afterwards, some expense, perhaps a large annual expenditure, would of necessity be incurred; but this expenditure may, it is presumed, be met and discharged, without calling on the Government in England for any aid in that respect, beyond the first outfit of the vessels and expenses of the troops to be employed in the services supposed; or for any annual charge on the home finances, for the civil or military disbursements of Macao, beyond their first equipment.

It has been before stated, that the commercial ruin of Macao was principally owing to the levying a duty of forty dollars per chest on all opium imported into that place; and that this act was so obnoxious to the traders in that drug, that they preferred the comparative insecurity, and other disadvantages attendant on depositing their consignment in vessels almost always at sea in the vicinity of Linting, to the security of the warehouses of Macao. Although the traders, therefore, would

not submit to the payment of a charge of forty dollars on each chest of opium, it is probable they would not object to an import duty of one-quarter of that sum, or say ten dollars per chest, which may be taken as about $1\frac{1}{2}$ per cent. on the late medium selling price of a chest of opium in China. The expenses incurred on account of the floating opium-vessels must be considerable; but what the charge may be on each chest I do not know; but when the security of the warehouses at Macao is considered, together with the opportunity afforded of repacking the opium in smaller quantities than a chest, should such a course be still found expedient, and the removal of all danger and risk in its reception on board the Chinese vessels employed for the transit of the opium to the places of its ultimate consumption; it may be presumed that the charge supposed, or even a larger one than ten dollars per chest, would be cheerfully submitted to on the part of the dealers in that drug.

From the great increase of late years in the consumption of opium in China, it may be supposed the annual imports do not now fall much

short of 20,000 chests, which, at a duty of ten dollars each chest, would produce a revenue of 200,000 dollars per annum. As great facilities would be afforded under a British Government to the commerce of the place, Macao might become again the general depôt for all opium intended for the consumption of China; and in addition to this, it would serve equally well as an emporium for such articles, the manufacture of the United Kingdom, as it might be deemed advisable to endeavour to introduce into the consumption of the Chinese provinces to the northward of the great river Yang-tse-Kiang: together with such of the productions of India, as it might be found expedient to warehouse at Macao in the first instance, in order to obtain a better ultimate market at Canton and other places. All these articles being subjected to a small import duty also, it may be presumed that a sum amounting to from £50,000 to £60,000 per annum, might be supplied in payment of the charges to be incurred on account of the civil, military, and judicial government of Macao.

From the full operation of this system, the river

of Canton and its islands and shores, would be almost, if not entirely, delivered from the affrays and other conflicts to which it has been so long exposed; and the vicinity of Linting and the adjoining sea-coasts would also, from the same system, be exempted in great measure from future contests with opium and other British vessels, engaged in what is called the outside trade.

Much of the foreign import trade, except that conducted by the East-India Company, has, for some years past, partaken of the character of a contraband, or smuggling intercourse. Many of the foreign imports into Canton have been so introduced into that city as to evade the payment of the imperial duties; and the opium trade has been at all times of a contraband description. It is said, however, that so universal is the use of opium by those who can obtain it, that even the Emperor himself, and most of the dignitaries of the empire, although they continually fulminate edicts against the use of that "poisonous and mischievous drug," and impute to the general indulgence therein much of the physical and moral

evil existing in the country ; yet they themselves use the opium constantly, and also, in some cases, to great excess. The desire for it is so great, and the advantages resulting from the traffic in it so alluring, that whenever a foreign vessel sailing along the eastern coast of China falls in with Chinese vessels, the first enquiry is for opium. This earnestness on the part of the Chinese, has induced the general belief, that the readiest and most effectual mode for introducing British manufactures into China, through other ports than that of Canton, that is, by a contraband trade, must be by providing every ship fitted for that particular object, with a certain portion of opium as a part of its cargo.

In these efforts, collision may be expected between vessels engaged in that traffic ; and also, when foreign vessels may find opportunities for entering the harbours or rivers along the north-eastern coast, disputes and differences may arise with the Chinese authorities in the several cities and towns adjoining such harbours or rivers ; and as it has been found, in one instance, that an English gentleman, as

before remarked, forced his way with great violence into one of the halls of justice, without any evil consequences to himself or companions, it is most probable, if Indian or other British traders are left to navigate those coasts as heretofore without control, very serious consequences may ensue; first, perhaps, in the infliction of wounds and loss of life, and then in some simultaneous operations by the Chinese along the whole coast for the suppression of the foreign trade altogether. To avoid these evils, and in order to exercise a wholesome control over the British traders, it would be needful that one or two armed vessels, of the description and under the regulations before-mentioned, should be constantly occupied in cruising along the north-eastern coast of China during the seasons for commercial intercourse, as a check upon the conduct of opium and other vessels; to restrain every attempt at violence on their part; to seize such persons as may commit any gross offences of that description, for subsequent trial at Macao; to furnish all vessels in distress with any articles they may require; and to afford every assistance and advice,

to such vessels as may be occupied in the peaceable and orderly conduct of the foreign trade.

The Chinese authorities, as before remarked, would very soon appreciate this highly desirable change respecting the conduct of the trade of foreigners with China ; and as this change would principally result from the occupation of Macao by the English, the Chinese it may be presumed would therefore, on all these considerations, very soon become perfectly satisfied with that arrangement.

CONCLUSION.

SINCE writing the foregoing pages, I have found, on inquiry, that the following have been the several rates of exchange between India, China, and England, since the opening of the China trade to all British subjects.

Bills drawn from China in favour of the East-India Company for dollars advanced by their agents at Canton, at the rate of 4s. 7d. the dollar, and six months sight.

Bills drawn from China by the Company's agents for dollars received by them at Canton, on the Government of Bengal, at the rate of 206 sicca rupees for 100 dollars.

Bills drawn in England by the East-India Company on their several presidencies in India, for cash received in London, and at 60 days sight: as follows :

On Calcutta, in January 1834, at 1s. 11d. per Sicca Rupee.

—	April	—	at 1	11½	}	do.
			and 2	0		
—	August	1834,	at 2	1		do.
—	January	1835,	at 2	0		do.

On Bombay and Madras,

	in Feb.	1834,	at 1	9½	do.
—	April	—	at 1	10½	do.
—	& May	—	at 1	11	do.
—	July & Aug.	—	at 2	0	do.
—	January	1835,	at 1	11	do.

The rate on Calcutta may be taken at 2s. the sicca rupee, and the rates on Bombay and Madras at 1s. 11d. the new rupee; for at those rates the largest amounts were drawn. It is desirable to compare these rates in their several results, in order to ascertain how far they are respectively favourable, or the contrary, to the parties engaging in those transactions.

And first, as it regards the interests of the trader, in respect to the exchange with China :

The trader receiving a dollar in China for his bill on England at 4s. 7d. and six months sight, would be in possession of the dollar at least twelve months before the payment of the bill in London; hence as the rate includes twelve months' interest at

five per cent. per annum, the sum paid for the dollar in Canton is

		s. d. decs.
equal to.....	4	4 ·381
<p>On the average of the fifteen years from 1816 to 1830, the price of dollars in the London market may be taken at about 4s. 10½d. per oz. In the last four years 1831, 1832, 1833, and 1834, there has been little fluctuation in price; the difference between the highest and lowest prices in that period, not being more than one penny farthing per oz.; and on the average of those years, and up to April 1835, the price may be taken at 4s. 10d. per oz. One dollar at 4s. 10d. per oz. would cost in</p>		
London.....	4	2 ·228
<p>Add to cost of 1 dollar in England for insurance, brokerage, and shipping charges, say</p>		
per Cent.	3½	
<p>Interest during transit to China and to sale of bill from the time of purchase, say six months at 5 per cent. per annum</p>		
2½		
6		
0	3	·013
<p>To send one dollar from England to China, would therefore cost, at the price of dollars in England as stated above</p>		
4	5	·241

Therefore, as at the rate of 4s. 7d. the cost of one dollar in China, purchased by a bill on England would be 4s. 4d. 381 decls. and as it would cost the trader 4s. 5d. 241 decls. to send a dollar from England to China, it would be more advantageous for the trader to purchase dollars in China by a bill on England at 4s. 7d., than to send a dollar from England to China, by rather more than $1\frac{1}{2}$ per cent. (1.641 decls.).*

Second, as it respects the exchange with India :

The East-India Company are now receiving in London cash for bills on Calcutta at the rate of two shillings the sicca rupee and at sixty days' sight. In this transaction the trader pays in London

	Pence. decls.
For 1 Sicca Rupee	24 —
Add for loss of interest during transit of the bill, say six months from purchase in London to sale of the bill in China at 5 per cent. per annum	— ·60
Therefore a rupee would cost the trader in China in this view	<u>24 ·60</u>

s. d. decls.
* 4 5 ·241
4 4 ·381
0 0 ·860

As 52,381 : 860 : : 100 = 1.641.

The exchange on Calcutta from Canton was, as before stated, 206 sicca rupees for 100 dollars; therefore to place 100 dollars in China by the East-India Company's bill on Calcutta, purchased in London, would cost the trader £21. 2s. 3d.; or for each dollar 4s. 2d. 676 decs.; hence it would be more advantageous for the trader to give 2s. 0d. 60 decs. per sicca rupee in London for a Company's bill on Calcutta, and to sell that bill in China at 206 sicca rupees for 100 dollars, than to purchase a dollar in the London market for remittance to China, by rather more than five per cent. (5·061 decs.), and also that the bill purchased in London would be more advantageous to the trader than purchasing a dollar in China by a bill on England at 4s. 7d., by rather more than 3¼ per cent. (3·364 decs.)

s. d. decs.

4 5 ·241

4 2 ·676

0 2 ·565 As 50d·676 : 2d·565 : : 100 = 5·061.

4 4 ·381

4 2 ·676

0 1 ·705 As 50d·676 : 1d·705 : : 100 = 3·364.

One hundred dollars produce in the Calcutta mint, after deducting 2 per cent. for coinage charges, nearly Sicca Rupees 207 (206.956 decls.) A dollar sent from London would cost in China as above 4s. 5d. 241 decls. A dollar sent from London to Calcutta would cost the same sum; therefore 100 dollars would cost in Calcutta £22. 3s. 8d.; and as 100 dollars would produce nett in the Calcutta mint Sicca Rupees 207, each rupee, in this view, would cost 2s. 1d. 720 decls.; but as a rupee can be placed in Calcutta for pence 24.60 decls., by the purchase of a Company's bill in London, it would be more advantageous, by about 4½ per cent. (4.553 decls.),* for the trader to purchase a bill in London on Calcutta than to send dollars from London for coinage in the Calcutta mint.

It may then be concluded that so long as the circumstances above noticed remain the same, the trader will find it more for his interest to pur-

s.	d.	decls.
• 2	1	720
2	0	.600

$$0 \quad 1 \cdot 120 \text{ As } 24 \cdot 600; \quad 1 \text{d} \cdot 120 :: 100 = 4 \cdot 553.$$

chase in London the Company's bills on Calcutta for negociation in China: than either to send a dollar from London to China or to purchase a dollar in China for his bill on London; or to send dollars from London for coinage in the Calcutta mint, to be drawn against from China.

Thirdly, so far as the rates before-mentioned regard the interests of the East-India Company :

	Pence. decis.
For 2s. received in England, the Company grant a bill on Calcutta for 1 sicca rupee and 60 days' sight	24 —
This sum is received in London 8½ months before the bill is paid in Calcutta, on the supposition that the trader negociates the bill in China; that is	
5 months' transit to China.	
1½ months' transit from Canton to Calcutta	
2 months' sight	
—	
8½ months' interest at 5 per cent. per annum —	.850
<hr style="width: 100%;"/>	
The Company therefore receive in London for a bill for 1 sicca rupee drawn on Calcutta a sum equal to	24 .850
The intrinsic value of 1 sicca rupee at the mint price of 5s. 2d. per oz. for standard silver is equal to	24 .566
<hr style="width: 100%;"/>	
	— .284
<hr style="width: 100%;"/>	
As 24.566 : .284 :: 100 = 1.155.	

Therefore in this negociation the Company receive a sum equal to something more than 1 per cent. (1·155 decls.) beyond the intrinsic value of the sicca rupee. So far, therefore, the transaction is favourable to the Company.

In China the Company receive from the Indian traders dollars, in exchange for the Company's bills on Calcutta, at the rate of 206 sicca rupees for 100 dollars, and at 30 days' sight. Allowing $1\frac{1}{2}$ month for transit of bill from Canton to Calcutta, and 1 month for sight, the Company obtain the 100 dollars $2\frac{1}{2}$ months before they pay for them in Calcutta, which, at 5 per cent. per annum, is equal to Sicca Rupees 2·145 decls.; the Company therefore actually pay in China, deducting interest for 100 dollars, a sum equal to Sicca Rupees 203·855* decls., or for each dollar, Sicca Rupees 2·038 decls. Now, supposing this dollar ad-

• 206
2·145 decls.
<hr style="width: 10%; margin: 0 auto;"/>
203·855
<hr style="width: 10%; margin: 0 auto;"/>

vanced to the London trader in China, for his bill on England at 4s. 7d., or (deducting interest included in the rate, as before mentioned) 4s. 4d. 381 decls ; and each rupee in this view actually costs the Company 2s. 1d. 702 decls. ;* comparing therefore this result with the sum received by the Company in England for a bill for one sicca rupee, drawn in Calcutta, or 2s. 0d. 850 decls. as above ; and it appears, that the sum so received in London is less by about $3\frac{1}{2}$ per cent. (3·428 decls.)† than the sum paid by the Company for dollars purchased by them in China for bills on Calcutta, for the purpose of advancing such dollars to the London trader in China for his bills on England. Or, in other words, that it is advantageous for the Company to sell a sicca rupee in London for 2s., whether the intrinsic value of that coin be considered, or whether the rate be compared with the result of dollars purchased in China for sale to the London traders there.

* As 1 dollar or Sa. Rs. 2·038 : 4s. 4d·381 :: 1 = 2s. 1d·702.

s. d. decls.

† 2 1 ·702

2 0 ·850

0 0 ·852 As 24·850 : ·852 :: 100 = 3·428.

The dollars in China, it must be remembered, are supplied from the surplus proceeds of the Indian trade, and therefore if those dollars are not returned to India in silver, the value must nevertheless be remitted to India through the medium of bills of exchange, in order that the trader may return his capital to the centre of his mercantile operations. Some part of the Indian surplus trade may indeed be invested in bills on Europe from Canton, but it is not probable that any considerable portion of that surplus will be so employed; hence nearly the whole surplus of the Indian trade with China, amounting probably to between one and two millions sterling, may be obtained for bills of exchange on India. It is clear, that if the bills on Calcutta bought in London are sold at Canton, they are ultimately paid at Calcutta; so the dollars bought by the Company at Canton, for bills drawn from that place on Calcutta, will be ultimately paid at that Presidency also: therefore, in either of these cases, the required remittance from India, to meet the disbursement

of Indian charges in England, may be advantageously effected.

The East-India Company, as before stated, have opened an Exchange in England on Madras and Bombay, as well as on Calcutta; and I understand the amount received on those accounts may be taken as under:

For bills on—

Calcutta, from January to April 1834, about	£ 290,000
Bombay..... do. do.	100,000
Madras do. do.	6,000
	<hr/>
Total drawn on India in 1833-34	£ 396,000
	<hr/>
Calcutta, from May 1834 to April 1835, about	£ 490,000
Bombay do. do.	190,000
Madras do. do.	9,000
	<hr/>
Total drawn on India in 1834-35	£ 689,000
	<hr/>
Total in the two years	£ 1,085,000
	<hr/>
Drawn on Calcutta in the two years	£ 780,000
————— Bombay do.	290,000
————— Madras do.	15,000
	<hr/>
	£ 1,085,000
	<hr/>

The amount drawn on Madras is so inconsiderable that a separate enquiry on that account is

unnecessary. A question then arises as to what the parties will do with the bills bought in London drawn payable at Bombay? It may be concluded, such bills will be sold at Canton for dollars, in the same way as the bills drawn on Calcutta: but then it is to be enquired at what rate the trader will sell his dollars in Canton for bills on Bombay. It has been already shown that the basis of the exchange between Canton and Calcutta rests upon the nett produce of dollars in the mint of that Presidency; so also it may be concluded will the basis for the exchange on Bombay be formed; that is, as 100 dollars produce nett in the Bombay mint, after deducting charges of transit from Canton and charges in the Bombay mint, about 218* rupees, the trader will expect to obtain at least that number of rupees for every 100 dollars sold by him in China for bills on Bombay.

	Rs. decls.
• Gross produce 100 dollars in the Bombay mint	225·160
3 per cent. coinage charges and transit from China	6·754
Nett Rupees....	218·406

Now, as to the effect of such a rate of exchange : The trader pays in London at present 1s. 11d. for each Bombay rupee, and as he loses interest for at least five months during the transit of the bill to China, one Bombay rupee purchased in London would cost him at Canton a sum equal to 23d. 479 decls., and consequently 1 dollar at 218 rupees for 100 dollars would cost the trader from England in Canton a sum equal to 4s. 3d. 184 decls. It has been before shown, that the trader, by his bill on England, at 4s. 7d. per dollar, does, in fact, pay by that exchange only 4s. 4d. 381 decls. for a dollar received in China ; from which it follows, it is better for the trader to buy a bill in London for sale in China, than to buy a dollar in China for his bill on England by about $2\frac{1}{4}$ per cent.*

s.	d.	decls.
* 4	4	381
4	3	184

— 1 197 difference per dollar, or something more than $2\frac{1}{4}$ per cent, (2.338).

	Pence. decs.
Further, the Company receive in London for a rupee payable at Bombay	23 —
And as in the case of the purchase of a bill on Calcutta, the Company would have the use of the money $8\frac{1}{2}$ months, before the payment of the rupee at Bombay, the interest for that pe- riod is equal to	— .815
<hr/>	
The Company therefore receive in London for one rupee drawn on Bombay, a sum equal to	23 .815
One Bombay rupee, at 5s. 2d. per ounce for stan- dard silver, is intrinsically equal to	23 .040
<hr/>	
Therefore the Company gain in this view for each Bombay rupee sold by them in London, a sum equal to	— .775
or something more than $3\frac{1}{2}$ per cent. ($3\cdot363$.)	
	Rs. decs.
Now on the supposition that the Company would give bills on Bombay for dollars received in China, on the same principal, as they have done for bills on Calcutta, namely, the nett outturn in the mint; 100 dollars received in Canton, would be paid at Bombay with	218 —
Deduct for use of money $2\frac{1}{2}$ months, the same as for bills on Calcutta	2 .271
<hr/>	
The Company would, therefore, pay in Bombay for 100 dollars received at Canton (less interest for use of money) a sum equal to	215 .729
Or for one dollar	2 157
<hr/>	

	Pence. decls.
And for a dollar sold to the trader in China for his bill on England, the Company would receive, deducting interest included in the rate as before, 4s. 4d. .381, or at Rupees 2.157 for a dollar, for each rupee.....	24 .284
While for 1 rupee sold in London for 1s. 11d. the Company receive, including interest for use of money, as before stated.....	23 .815
	<hr/>
It would, therefore, be better for the Company in this view, to sell a dollar in China, than to sell a rupee in London by a sum equal to	— 469
or nearly 2 per cent. (1.931.)	

Now, in the case of the exchange on Bombay at 218 rupees for 100 dollars, it appears better for the trader to purchase a Bombay rupee in London for 1s. 11d., than to purchase a dollar in China for his bill on London at 4s. 7d. It appears at the same time, that the Company, by selling a Bombay rupee in London for 1s. 11d., obtain an advantage beyond the intrinsic value of that rupee; and further, that it is better for the Company to sell a dollar in China for a bill on England, than to sell a Bombay rupee in England for their bill on Bombay, according to the several rates mentioned.

In these computations, $3\frac{1}{2}$ per cent. has been added for charges, insurance, shipping, freight, &c., for dollars consigned from England, to China, that being about the usual charge incurred on those accounts; but if the insurance or other charges have or may decrease, of course the outturn of dollars will be more advantageous than stated, and the comparison with bills consequently altered; and so also should the average prices of dollars undergo any material change in the London market, the result of the several computations will be affected thereby. In computations respecting the consignment of dollars from China to India, the charges for insurance, shipping, freight, &c., have been taken at only one per cent. In explanation of this charge it must be remembered, first, that the medium period for transit from China to India has been taken at six weeks, while that from London to China has been about twenty-one weeks; and secondly, that the supracargoes have alleged that, generally speaking, the shippers pay no freight for bullion transmitted from China to India, and that what with a system of mutual insurance,

and the shippers being connected with the insurance offices in India, the charge does not, in fact, exceed the sum of one per cent. added on that account. But if the actual charge incurred should exceed that sum, the computed results will necessarily be affected thereby ; and so also in the event of any considerable alteration in the rates of bills of exchange between China and India, and China and England, the results will, in like manner, be affected. Hence it may be considered very desirable that some mode should be adopted, from which an uniform basis may be obtained for the several rates of exchange referred to, at once beneficial to the trader, and not injurious to the East-India Company, or rather to the British public, for whom, and not for the Company, these affairs are now arranged and conducted.

Preparatory, however, to this consideration, it seems necessary to offer some explanation in respect to the exchange of 218 Bombay rupees for 100 dollars, as stated in the several computations before exhibited. Some may object, if 100 dollars have produced in the Bombay mint more than 218 Bom-

bay rupees, how has it happened that the Bombay traders have not uniformly returned their surplus in dollars to that presidency, in preference to investing any part thereof in the Company's bills on Calcutta, at the average exchange of 205 sicca rupees for 100 dollars? In fact, considerable sums have been transmitted from China to Bombay in dollars and sycee silver; and it is probable much larger sums would have been transmitted in the same manner, had the old mint at Bombay, been furnished with apparatus capable of coining the dollars and sycee into rupees, with a rapidity equal to the requirements of the traders and consignees. That mint was, however, greatly defective in every respect; so much so that to coin dollars or silver to the value of £350,000 would require a period of several months. Under these circumstances, therefore, the trader found it, on the whole, better to exchange his dollars in China for a bill on Calcutta at the average rate of 205 sicca rupees for 100 dollars, and receivable at a certain period, than to remit his dollars for coinage in the old Bombay mint, which would not be receivable but at a remote, and also uncertain period.

But, as in the present Bombay mint, rupees to the value of about £350,000 can be coined, either from dollars or sycee, in thirty-three days;* the principal impediment to the export of dollars or other silver from China is therefore removed; it may then be assumed, that if the trader cannot obtain in China bills on Bombay for about 218 rupees for 100 dollars, he will transmit his returns in dollars or sycee for the purpose of coinage in the Bombay mint, on his own account.

The great public object at this time is, however, to render the surplus of the Bombay trade with China available for a remittance to England, in payment of Indian territorial charges disbursed there; in order then to obtain that object, it is manifest that a rate of exchange nearly equal to the nett proceeds

* On the arrival of a bill from China at Bombay, it has to run thirty-three days before payment.

The new mint is capable of coining Rupees 7,50,000 in each week of five working days; therefore in thirty-three days, a sum could be coined in the new mint, equal to £350,000, from which it is clear that large sum would be receivable as soon through the mint, as by a bill on the Bombay government.

of the Bombay mint must be offered, to induce the trader to take bills for his dollars, instead of remitting the dollars or sycee to Bombay for coinage. In this case, therefore, the Bombay merchant will obtain a great advantage over the Bengal merchant so long as the latter can only obtain in China, for a bill on Calcutta, 206 sicca rupees for 100 dollars.

It is true that 206 sicca rupees and 218* Bombay rupees are nearly the same in intrinsic value; but as Bombay rupees are of the same intrinsic value as the other Company's rupees, excepting the sicca rupee, and as every where but in the Lower Provinces of Bengal, the sicca rupee obtains no better return than the other Company's rupee; the Bengal merchant, it may be presumed, will first complain of this difference, and if such complaint does not effect the entire and immediate reduction in the intrinsic value of the sicca rupee, the Bengal merchant, it may also be presumed, will seek some

* Fine grains silver in 206 sicca rupees	36,240
Do. in 218 Bombay rupees	35,970
		270
Difference	270

other means to obtain the same number of rupees for his dollars, as the Bombay merchants can and do obtain for dollars coined in the Bombay mint. Possibly they may accomplish this, either by taking the Company's bills in China on Bombay, or transmitting their dollars to that Presidency for coinage; in order by either of these modes to engage in the opium trade between Bombay and China, and thus in the degree of such a direction of Bengal capital, to favour the growth and sale of opium on the western side of India (now entirely an open trade) at the expense of the Company's monopoly of that drug, grown in the Bengal Provinces and sold at Calcutta.

The object to the Company is undoubtedly the same in respect to the transmittance of the surplus Bengal trade with China, as to that of the Bombay trade; namely, that such surplus may be attainable as a remittance to London, in payment of Indian charges disbursed in England. Therefore without any regard to the course the Bengal merchants may be supposed likely to pursue in the case referred to, it appears indispensable, that in order

to obtain some portion of the Bengal surplus in addition to that of Bombay, the returns both at Calcutta and Bombay should be placed on the same footing, and as that can only be advantageously effected for the public, by reducing the intrinsic value of the sicca rupee to that of the Bombay rupee, namely 165 troy grains fine silver, it may be justly concluded to be the soundest and best policy for the Government at home, at once, and without loss of time, to direct that the reduction referred to, in the intrinsic value of the sicca rupee, be carried into immediate effect.

Supposing this last measure for completing the monetary system of British India to be accomplished, namely, the alteration suggested in the sicca rupee, it would then result that the whole silver currency issuing from the Company's mints, and constituting the legal standard of value throughout those vast and extensive dominions, would be of the same weight, fineness, and sterling value; and those rupees would also then bear the same inscription; thus rendering such monies, whether coined at Bombay or Calcutta, universally ex-

changeable one for another, and each for the same value, in all pecuniary transactions, whether on account of the Government of British India, or in the mercantile transactions of Europeans and natives; in every province or district subject to British authority and influence.

Having before shewn the different results of the several exchanges now in use, I proceed to consider the question respecting the establishment of rates of exchange on the same principle, so as to render each equally advantageous to the East-India Company and the trader, and also with the view to prevent in some measure those fluctuations to which all exchanges are more or less liable.

Exchange in China on England.

	s.	d.	decs.
The late average market value of the dollar in London has been before stated at	4	2	·228
Add for interest, during the period the trader would possess the dollar previously to its repayment in England, say six months sight bill, and six months from receipt of money in China to arrival of bill in England, twelve months at 5 per cent. per annum.....	0	2	·511
	<hr/>	<hr/>	<hr/>
	4	4	·739
	<hr/>	<hr/>	<hr/>

Therefore it would not be disadvantageous for the Company to advance a dollar in China, for a bill on England at 4s. 5d.

Exchange on India from China.

	At Calcutta Rs. decls.	At Bombay Rs. decls.
100 dollars produce gross in the Indian mints at present	211 ·175	225 ·160
Charges on a remittance of dollars from China to India by the traders—		
1 per cent. for expenses, transit, as before mentioned.		
2 per cent. for coinage charges do.		
<hr/>		
3 per cent.	6 ·335	6 ·754
<hr/>		
Nett produce to the trader on coinage of 100 dollars from China	204 ·840	218 ·406
But as the Company would possess the dollar 2½ months before the payment of a bill on India given in exchange for the dollar, the interest for that period would be equal to	2 ·134	2 ·275
	<hr/>	<hr/>
Rupees....	206 ·974	220 ·681
The nett produce of 100 dollars after deduction of coinage charges would be to the Company in India	206 ·952	220 ·657
	<hr/>	<hr/>

It then appears that the trader would not receive a larger sum for 100 dollars in the mints

than 204 or 218 rupees respectively; yet, as the Company would have the use of the money for the time stated, it would not be disadvantageous to them, as above shewn, to grant bills in China for 100 dollars received there of the trader for 206 and 220 rupees respectively. Hence, were the Company to offer to the Indian trader in China for dollars received of him there (so long as the standard of the sicca rupee remains unaltered) bills on India at thirty days' sight, and at 206 sicca rupees for 100 dollars, and 220 Bombay rupees for 100 dollars, there can be no doubt the trader would accept that offer in preference to transmitting his dollars for coinage in the Indian mints. On the alteration in the standard of the sicca rupee being effected, as before suggested, the rates on Calcutta and Bombay, would be the same, namely 220 rupees for 100 dollars.

Exchange on India from England.

Should the intrinsic values of the sicca and Bombay rupees be taken for the exchange between England and India, the rate of exchange on Calcutta would be 2s. 566 decls. the rupee; and on Bombay it would be 1s. 11d. 040 decls. the rupee; but making some allowance for the use of the money to the Company, during the transit of the bill from England through China to India, and there might be conceded to the trader for the rate of a bill on India at sixty days' sight, the sum of 2s. for the sicca rupee, and 1s. 10½d. for the Bombay rupee purchased of the Company in London.

Allowing six months from the granting of the bill in London to its sale in China, one-and-a-half months for transit from China to India, and one month sight, the Company would have the use of the money for eight and a-half months, which at five per cent. per annum, is equal to about eight-tenths of a penny on each rupee; and these rates would therefore yield to the Company something

more than the intrinsic values of the sicca and Bombay rupees respectively.*

The trader would pay in London, therefore, for a bill—

	s. d. decls.
For one sicca rupee	2 0 —
And for 100 dollars purchased in China with such bills, he would pay 206 sicca rupees, which at 2s. each would be.....	412 0 —
Or for 1 dollar purchased in China he would pay	4 1 ·440
Add for 6 months' interest during transit, &c. ..	— 1 ·236
	4 2 ·676

So 100 dollars purchased with 220 Bombay rupees at 1s. 10½d. each, makes one dollar equal to

	s. d. decls.
• 2,0,566 intrinsic value sicca rupee.	
2,0 — Bill.	
0,0,850 interest for use of money.	
2,0,850	
0,0,284 in favour of Company.	
1,11,040 intrinsic value Bombay rupees.	
1,10,500 Bill.	
0,0,796 interest for use of money.	
1,11,296	
0,0,256 in favour of Company.	

4s. 1d. 50 decls. ;* the result is therefore the same in this exchange as that on Bengal. One dollar would therefore cost in China, in this view, 4s. 2d. 676 decls. ; and as it has been before shown, that were the exchange from Canton on London fixed at 4s. 5d per dollar and six months' sight, the trader in this case having the use of the dollar twelve months before he would pay for it in London, the dollar would really cost him in China for his bill at 4s. 5d. only 4s. 2d. 476 decls., † which is very little less than the cost of a dollar through a bill on India purchased in London ; hence, of the two modes referred to, it may be presumed, as they are so nearly alike in result, that the trader would prefer buying his dollar in China for a bill on England, as thereby he would be enabled to carry on his ad-

s. d. decls.	
• 4 1 500	
4 1 500	
s. d. decls.	
† Cost of a dollar in China purchased by a bill on India	4 2 676
Cost of a dollar in China purchased by a bill on London (4s. 5d. less 12 months' interest)	4 2 476
Difference	0 0 200
or something less than $\frac{1}{2}$ per cent.	

venture almost entirely on a borrowed capital, the sight of the bill allowing him nearly sufficient time to dispose of his cargo before the bill by which it was purchased would become due.

Now, as it respects the Company, should the trader purchase a dollar of the Company in China for 4s. 2d. 476 decls. (less interest, as before mentioned) the Company must buy that dollar in China for their bill on India; and as the rate of such bill on Calcutta would be 206 sicca rupees for 100 dollars,* the Company would ultimately receive in London for every such rupee (on the payment of the trader's bill at 4s. 5d. per dollar) 2s. 0d. 503 decls., which is nearly equal to the amount for which they would sell a bill for one sicca rupee payable in Calcutta, including interest, namely, 2s. 0d. 60 decls.†

	<small>Sa. Rs. decls.</small>
• 206 sicca rupees for 100 dollars, 1 dollar equal to	2 060
1 dollar or Sa. Rs. 2·060, equal to 4s. 2d 476	<small>Pence. decls.</small>
1 rupee equal to.....	24 503
	†2. 503
	2. 603
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
	.097
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>

Therefore, in neither of the modes proposed,—that is, whether the Company sold their bills in London on India, or whether they sold dollars in China for the trader's bills on England, the dollars so sold being obtained by the Company's bills on India,—would the result be disadvantageous to the Company on the one hand, nor would either be disadvantageous to the trader on the other hand ; that is, so long as the circumstances connected with these exchanges should continue the same. And in the case of an alteration in all or any of the circumstances supposed, the basis of computation being fixed on a general principle equally applicable to all the exchanges referred to, the necessary variations in any particular rate could be made with facility and without destroying the general agreement of the whole.

Some allusion has already been made to the diminution in the import of dollars into China on American account in the last few years ; and some observations were, at the same time offered, in order to show how the inconvenience which was likely to result therefrom might be remedied.

I now find that a further decrease has occurred in the American imports of dollars into China. The traders from the United States, it is said, now seek to purchase the larger part of their cargoes in China, by the sale of bills of exchange on London, taken with them to China for that purpose. In this case the American trader enters into immediate competition with the East-India Company for the purchase of dollars from the Indian traders in China ; and so far as such competition may tend to increase the value of dollars in China, the Company would, in ordinary circumstances, be compelled to increase the sum given for dollars in the rates of their exchanges on India ; and in that case in order to cover such increased charge, they would be induced to demand a higher rate of exchange from the English traders for their bills on London, in payment of the dollars advanced them on the Company's account in China.

The American bills on England sold in China for dollars, may be sent from China to London, for a direct remittance, on the part of individuals in China ; or they may be transmitted to India, for

sale there, in order to furnish an ultimate remittance of Indian funds to England. Should the first of these instances occur, the bills intended for immediate transmission to England, would compete with the traders' bills on England, given in payment of dollars received from the Company in China; in this case also, in ordinary circumstances, such competition would be injurious to the English trader. And in the other case, if there be in India funds requiring remittance to England beyond the amount for which the East-India Company are bound to grant bills in payment of the interest on the Indian debt, it may be supposed, that British merchants engaging in the China trade, would be able to offer a rate of exchange on England, at least equal to any rate the Americans might find it advantageous to give. Thus, another competition might be expected to arise, from which great difficulties in the several transactions of exchange might ensue; but were the system of transfer in China, between the English and the Chinese traders, and the East-India Company's agents, as mentioned in some preceding pages, completely carried out, it would not only

obviate many of the inconveniences to which the supposed competition would give rise, but that system would at the same time give considerable advantage to the British traders in all exchange negotiations over those of America. It may therefore be inferred the American traders would soon find it more to their advantage to import dollars into China, as was their former practice for so many years, than seek to obtain the required number of dollars by the negotiation of exchanges, which in the end would greatly enhance their cost.

Leaving, however, this question to the judgment of the merchants of America, it may, at present, be presumed that the interests of the East-India Company (acting in these transactions as agents for the British public), and the interests of the traders of the United Kingdom, also, would be best secured, were the rates of exchange before mentioned fixed at once in London and offered for acceptance to such British merchants as are now engaged, or may be induced to engage, in the trade between England and China, namely, for cash paid to the East-India Company

in London, bills of exchange to be given at 60 days' sight, and at two shillings the sicca rupee, payable in Calcutta; and at one shilling and tenpence-halfpenny the Bombay rupee, payable in Bombay. For 100 dollars purchased by the Company in China, bills of exchange to be given at 30 days' sight, for 206 sicca rupees, payable in Calcutta, and for 220 rupees payable in Bombay; but on the reduction of the standard of the sicca rupee to the same standard as the Bombay rupee, 100 dollars to exchange for a bill either on Calcutta or Bombay for 220 rupees; and for a bill drawn in London, either on Calcutta or Bombay, the traders to pay the Company in England 1s. 10½d. the rupee only. For one dollar sold by the Company in China to the English trader, a bill to be given at six months' sight, for 4s. 5d., payable in London to the order of the Company.

The quantity of opium imported into China from India, was estimated, in a preceding page, to amount to about 20,000 chests per annum. I now add a table of the actual importations of opium

into China from India on British account, in the last sixteen years, with the sale value of such opium in China, and the average value of each chest so sold in China in each year.

Opium imported into China on the account of British Traders, and consumed in that Empire in the last Sixteen Years:

Season.	Number of Chests.	Sale Value.	Average Sale Price, per Chest.
		Dollars.	Dollars.
1818-19	4,580	4,159,250	968
1819-20	4,600	5,583,200	1,214
1820-21	4,770	8,400,800	1,761
1821-22	4,628	8,314,600	1,796
1822-23	5,822	7,988,930	1,372
1823-24	7,082	8,515,100	1,202
1824-25	8,655	7,619,625	880
1825-26	9,621	7,608,205	791
1826-27	9,969	9,610,085	964
1827-28	9,475	10,356,833	1,093
	Average of four years, sold Chests 9,430	8,798,687	Dollars 933.
1828-29	13,132	12,533,115	954
1829-30	14,000	12,057,157	861
	Average of two years, sold Chests 13,566	12,295,131	Dollars 906.
1830-31	17,458	12,043,191	689
1831-32	13,946	11,304,018	811
1832-33	18,579	12,185,100	656
1833-34	17,613	11,618,716	659
	Average of four years, sold Chests 16,899	11,787,756	Dollars 697.

From the above table it appears that the consumption of opium in China has greatly increased

in the period stated; and it may, I think, be safely assumed, that the consumption is still on the increase. In the first four years the annual quantity consumed was very nearly the same, though the average price increased from 908 to 1,796 dollars the chest; from which it may be inferred, the demand in China had then greatly increased. In the next year (1822-23) the supply increased rather more than 1,200 chests, and the price declined considerably; but in the following year (1823-24) although the supply was increased 1,200 chests beyond that of the preceding year, the price only declined about 170 dollars the chest. In the four years (from 1824-25 to 1827-28) the average supply was nearly 2,400 chests beyond that of the year 1823-24, and the average decline in price was something less than 300 dollars per chest. In the two years (1828-29 and 1829-30) the average supply was more than 4,000 chests above the average of the four preceding years; yet the average price only declined about 27 dollars per chest below the average price of those four years; and in the last four years of the period, although the average sup-

ply had again amounted to more than 3,000 chests beyond the average of the preceding four years, yet the average price had not declined much more than 200 dollars per chest. Or, on comparing the first and last years of the period, it appears that in 1818-19 a supply of 4,580 chests produced an average price of 908 dollars per chest; and in 1833-34 a supply of 17,613 chests produced an average price of 659 dollars per chest, that is, on a supply increased nearly four-fold; the decrease in price did not extend to much more than about one-fourth of the cost in 1818-19.

Hence it may be concluded, that the taste for opium among the Chinese is not confined entirely to the most opulent of the people as heretofore supposed, but that it extends itself as the means of gratification are supplied; and hence it may also, I think, be inferred, that the consumption will still further augment as an increased supply is afforded on still declining prices. And further, that an increasing supply and a decreasing price will be the condition of the trade in opium, till the average sale-value of the drug in China is reduced to a

price that will afford to the purchaser of opium, in the Indian markets, no more than a fair remunerating return for the capital employed in the trade.

What may be the ultimate limit to this trade cannot, perhaps, be estimated, but, as the increasing demand for the drug will necessarily cause a far more extensive cultivation of the poppy plant on both sides of India, and a consequent reduction in the first cost of the commodity, it is by no means unlikely that the consumption in China may progress in a more rapid ratio in future years, than it has done in the past period of sixteen years before mentioned. But whatever may be the probable increase in the opinion of others, I think, at all events, it may be conceded, that the trade is still greatly on the increase, and will continue so; particularly if, owing to the occupation of Macao, as before suggested, a greater degree of security is afforded both to the Chinese and British dealers engaged in the traffic.

The average annual consumption of opium in China, supplied on British account, in the last four

years of the period referred to, was about 17,000 chests; and as the average consumption of opium supplied by the Portuguese and others, amounted to about 3,000 chests per annum in the same period; it appears that the annual consumption already amounts to about 20,000 chests per annum; which, as before observed, may produce a revenue on imports at Macao, nearly, if not quite, equal to any annual charges which may be incurred by the suggested occupation of Macao.

The trade in opium is, however, objectionable to many on the score of its immoral tendency; first, in respect to its traffic being contrary to the laws of China; and, secondly, in respect to the pernicious effects of the drug on those who indulge in it to an immoderate degree. The drug is desired and sedulously sought after by the Chinese, for the pleasing sensations its use produces; its sedative effects; and, perhaps, principally, because its use terminates in a sort of intoxication, to which it appears the Chinese consumers of opium are to the full as much attached as the inhabitants of Britain can be supposed to be to gin and other ardent and

intoxicating spirits. It is doubtless much to be wished that the Chinese, as well as the British population, could be induced to abstain from the intemperate use both of opium and spirits; but so long as the people continue addicted to the indulgence of these things, each individual will avail himself of every opportunity to gratify an appetite already depraved by the excess of indulgence. Were the British Parliament to prohibit all distillation, and also all importation of foreign spirits, there can be no doubt that the demand would nevertheless be supplied, partly by smuggling foreign spirits, and partly by the setting up and working of illicit stills. The Chinese government have issued edict after edict, denouncing the demoralizing effects of opium, and heaping imprecations on the foreigners who introduce it into the country. In defiance of these edicts, however, the use of the drug has greatly increased in China, as the use of ardent spirits has increased in this country; and there is little hope of any permanent alteration for the better, until the population of both countries become enlightened to their true interests by

the diffusion of education and sound information. And it is by these means only that the intemperate use of opium and ardent spirits, like all other vicious indulgences, will, by degrees, lose their hold on the people, and at length so much decline, as to leave only vestiges of the present infatuation among the population of Britain and China respectively. I presume not to estimate the period when so great and important an alteration shall commence, either in Britain or China; but till that period arrives, the evil must be expected to grow and increase in China as it has hitherto done in Britain.

Whatever objections, therefore, may arise from moral considerations to the trade in opium, it is no more to be expected that the British Government in India will prohibit so lucrative a commerce to its subjects there, than that the Government of Britain will interdict all trade in British and foreign spirits in the United Kingdom. It is under the conviction, then, that the trade in opium between India and China will still be encouraged and extended, that the suggestions respecting Macao have

been offered, in order that, at least, every practicable endeavour shall be used to prevent those collisions and that bloodshed which have hitherto but too often disgraced the British flag while occupied in that traffic in the waters and on the coasts of China.

THE END.

LONDON:

Printed by J. L. Cox and Sons, 75, Great Queen Street,
Lincoln's-Inn Fields.

