



NEW ZEALAND GOVERNMENT GAZETTE.

Published by Authority.

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By His Excellency's Command,
ANDREW SINCLAIR, Colonial Secretary.

VOL. VII. AUCKLAND, FRIDAY, JULY 23, 1847. No. 14.

Colonial Secretary's Office,
Auckland, 23rd July, 1847.

His Excellency the Lieutenant-Governor has been pleased to appoint
LIEUT-COLONEL CHARLES EMILIUS GOLD,
of H.M. 65th Regiment of Foot,
to the Commission of the Peace for the
colony of New Zealand.

By His Excellency's command,
ANDREW SINCLAIR,
Colonial Secretary.

Colonial Secretary's Office,
Auckland, 23rd July, 1847.

His Excellency the Governor has been pleased to direct the publication of the following despatch, for general information.

By His Excellency's command,
ANDREW SINCLAIR,
Colonial Secretary.

COPY OF A DESPATCH FROM THE RIGHT HON. EARL GREY TO LIEUT. GOVERNOR GREL.

(No. 46.)

Downing-street, 2nd February, 1847.

SIR,

I have already in my despatch of 23rd December last, No. 23, remarked that for some time to come, the occasions which will arise for calling together the General Legislature of New Zealand will probably be exceedingly rare; and as I conceive that to be compelled to summon that body at an early period after the intended

change in the form of government shall have been brought into operation, might prove highly inconvenient, I consider it to be desirable that before that change takes place, you should endeavour to avail yourself of the authority of the existing Legislature, in order to pass all such laws as seem to be immediately required upon subjects on which the Act of Parliament will, under the new Charter, confine to the General Assembly, the power of Legislating for both the Provinces into which the Colony is to be divided.

Amongst these subjects there is one which seems to me to require very early attention. I allude to that of the regulation of the currency of the colony. Since the recal of the debentures which were issued by Captain Fitzroy, I am not aware that any description of paper money has been in circulation in the colony. But judging from what has taken place in other British colonies, I can entertain no doubt that with the increase of trade, a demand for such a cheap and convenient medium of exchange will speedily arise. Nor do I see any objection to the creation of a paper currency;—on the contrary,—provided it is properly regulated, I am of opinion that such a mode of economising capital, where capital is so greatly wanted, must be exceedingly advantageous.

The discussions which have taken place of late years, and more especially the proceedings of Parliament upon the occasion of the last renewal of the Bank Charter, have, I apprehend, in the judgment of those whose authority is of most weight on this subject, finally settled the principles upon which a paper currency ought to be regulated. Although a regard for existing interests has prevented these principles from being acted upon in this country to their full extent, there is no longer much difference of opinion as to the general nature of the system which an ad-

herence to them would prescribe. In New Zealand I believe that no such interests have yet grown up, though they would not fail speedily to do so. It is, therefore, I trust, still possible in that colony to secure the great advantages which could not fail to result from the establishment of a paper currency regulated upon the most correct principles. The view which I take of these principles is as follows: the business of Banking, or of dealing in money, and that of issuing paper money I consider to have not merely no necessary but no proper connection with each other. The former is a branch of commercial business which should be left, like every other, to private enterprise; but to issue money, that is, to furnish the authorized medium of exchange is one of the peculiar, and not the least important functions of the Government. With respect to the Coinage, this principle has always been recognised, nor is there any attribute of Sovereignty which has been more strongly insisted upon and more rigidly guarded from invasion by the Supreme authority of almost every State, whether of ancient or modern times, than the exclusive right of coining money for the use of its own subjects. As to the issue of paper money, a different rule has generally been followed, but, as experience has proved, with the very worst results. By allowing the issue of paper money to become a commercial speculation the amount issued from time to time has been made to vary, not according to the real wants of the community, but according to the interests of the issuers:—thus the value of this description of currency has been rendered uncertain, and all the evils have been entailed upon the community which result from the want of uniformity in the measure of value and general medium of exchange. The value of a metallic currency is not liable to injurious fluctuations, simply because the amount in circulation cannot be arbitrarily varied, but the operation is too powerful to be controlled by law. In order therefore to unite the advantages of cheapness and convenience which belong to a paper currency with those of steadiness and uniformity of value which belong to a metallic currency, one of the former description ought to be so regulated that the amount in circulation should vary according to the same laws which govern the latter. This is to be accomplished by providing that paper money, beyond some fixed amount, clearly within the wants of the Country in which it circulates, shall only be issued in exchange for the precious metals, and that it shall always be payable in the same. Under this system the circulation can only be increased when it is the interest of private individuals to import bullion, which they may exchange for paper, and can only be contracted in like manner when it is their interest to demand bullion in exchange for paper. The system now established in this country by the authority of Parliament, is founded upon this principle, to which it conforms as nearly as the necessity of having regard to vested interests would permit at the time that the arrangement was made. In New Zealand a simpler and more perfect system may, I hope, be adopted. I would suggest that a Law should be passed authorising the issue of a Colonial Paper Currency, which should be a legal tender in payment of all sums exceeding forty shillings,—for sums under forty shillings, British silver coin should be received as in this country. This Colonial Paper should be made payable either in gold at the English Mint price, or in silver, receiving the coins of different nations (excepting British Silver) at the rated value assigned to

them in the Proclamations from time to time issued under the authority of the Lords Commissioners of the Treasury, all persons should also have the right, on tendering gold or silver at the same rates, to receive Colonial paper in exchange. You are aware that in this country, Gold is the standard of value, and that the Silver Coins merely circulate as tokens at a nominal value, which is considerably higher than their real worth. By the regulation I have suggested, gold would also be the standard of value in New Zealand; but considering how largely silver, and especially silver dollars, circulate in the Countries nearest to New Zealand, and with which it would be likely to have the most frequent commercial intercourse, it would, I think, be convenient that such silver coins should be used in common with gold for the payment of the Colonial paper money at the value assigned to them by Proclamation with reference to the pound sterling. Notes for one pound, but not for any lower amount, should, I think, be issued. Should you find it practicable to establish such a Paper Currency, the mode of bringing it into circulation would be a very simple one. An office for the exchange of paper for gold or silver, should be established at Wellington, and another at Auckland. To these offices all money of the description now in circulation received by the Government (except small silver reserved for minor payments) should be sent to be exchanged for Colonial Paper Money, and private individuals should be invited, but not required to do the same. The Colonial Government by not re-issuing specie which came into its hand, would have no difficulty in speedily substituting the new Paper Money for the coin now in circulation. The issue of the New Paper Currency being complete it would be advisable that one fourth of the specie received in exchange for it should be retained to meet any demands for payment that might be made, and the remainder should be sent to the Mint to produce some return to the Colony, with this view the best arrangement would probably be that it should be transmitted to Sydney, and deposited (on sufficient security) with one of the principal banking establishments in that town; the interest which it would produce should go, in the first place, towards paying the expenses of managing the Paper Currency, and the surplus, if any, towards the general expenses of the Colony. The same law which established this Currency should also strictly prohibit the issue of any other description of Paper payable on demand in New Zealand.

In suggesting to you the creation of a paper currency thus regulated, I am far from meaning to prescribe to you that such a measure should be adopted, if there should exist reasons, with which I am unacquainted, which would render it unsafe; for instance, if there should be ground for apprehending that it would give rise to difficulties with the Natives, who might not improbably be unwilling to give up the use of the kind of money to which they are accustomed, for one which it might not be very easy for them to understand. Any such difficulty as this might probably be obviated by making the substitution of the colonial paper money for specie, more gradual than I have in the preceding part of this despatch recommended. It would of course be easy to make the process of change from one system to the other as gradual as might be desired, by allowing a given proportion of the specie which might be received by the government, to be for a time re-issued, so that it might not entirely be withdrawn from circulation, until the use of the substitute provided for it came

to be understood. These are, however, points which I may, with the utmost confidence, leave to your own judgment. All I wish earnestly to press upon your attention is, the importance of occupying, if possible, the ground, by some government paper, before private Banking Companies shall have taken possession of it. If this is neglected, I am persuaded that it will practically be impossible to prevent such companies from being formed, and from issuing notes for circulation; it will be equally impossible to confine the privilege to any single private company, ~~such a monopoly would be sure to create~~ too much dissatisfaction amongst all excluded from sharing in its profits, to be long maintained. The consequence would be, that rival Banks of issue would be established, and that in seasons of commercial prosperity, the competition of these Banks would unduly extend the amount of paper in circulation, thus raising prices, and stimulating, precisely when it ought to be moderated, the spirit of speculation, thereby ensuring, whenever the reaction came, as come it must, a more than corresponding depression and wide spreading ruin and distress. This is the course of events which has been witnessed in the last few years in Australia, in the United States, and (though with less severity) in this country; like causes would infallibly produce like results in New Zealand; and those causes therefore, while there is yet time, I wish you to remove.

I have, &c., &c.,

(Signed)

GREY.

To Governor Grey, &c., &c.,
New Zealand.

Colonial Treasury,
Auckland, July 23rd, 1847.

NOTICE is hereby given, that Tenders of British Gold and Silver Coin in exchange for Bills drawn by His Excellency the Governor, on the Lords Commissioners of Her Majesty's Treasury, London, will be received at this office, on and after this date, until further notice. The tenders must be in

duplicate, duly sealed and endorsed "Tenders for Bills," and must state distinctly the amount of Money that will be given for each £100 in Bills.

A. SHEPHERD,

Colonial Treasurer.

REQUIRED for Her Majesty's Service, a tough and seasoned SPAR, to make a Main Mast for Her Majesty's Ship *Dido*, of the following dimensions, viz.—

	FT.	IN.
Extreme length of Mast	80	1
Diameter of Mast.....	2	4
Length from Mast-head, to receive } cheeks and trussel trees	13	0
At the Partners	2	3

(To be clear of bark and sap.)

Tenders will be received on Her Majesty's Ship *Dido*, from parties willing to furnish the above until Saturday, the 31st inst.

W. B. MAXWELL,

Captain H. M. S. *Dido*, and Senior
Officer at New Zealand.

Auckland, 23rd July, 1847.

NOTICE.

I HEREBY GIVE NOTICE that all powers of Attorney given to John Israel Montefiore by me, and also by Mr. George Want and me, have been revoked, and I hereby caution all persons from dealing with the said J. I. Montefiore on my account, or from paying any monies to him for me.

R. J. WANT.

Sydney, June 18, 1847.

