

2. I would confine the few remarks I have to offer, then, to the subject of the coinage of silver and copper, but first briefly furnishing information on the points specially alluded to in Mr. Vogel's letter to you of the 19th March last.

3. The apparatus and machinery for a mint for coining silver and bronze, capable of turning out 50,000 pieces per diem, could be purchased in this country for about £10,000.

4. This would include steam engine and boiler, rolling mills, cutting-out machine, marking and milling machine, two coining presses, ironwork for melting furnaces and annealing muffles, the shafting, &c., for driving the various machines, also large press for reproduction of dies, lathe, and the necessary tools to carry on the work, such as trying press for fillets, shears, stoking tools, ingot moulds, &c.

5. The above is exclusive of freight, insurance, and shipping charges, and the necessary outlay for brickwork and buildings in the Colony.

6. The cost of working such a mint, judging by the expenditure on the Sydney Mint, would be about £ per annum.

7. I pass over that part of Mr. Vogel's letter which refers to the views of Her Majesty's Government on this subject, which you will readily ascertain for yourself.

8. The silver coinage of Great Britain is composed of $\frac{925}{1000}$ pure silver and $\frac{75}{1000}$ copper; the bronze coinage is composed of $\frac{95}{100}$ copper, $\frac{10}{100}$ tin, and $\frac{5}{100}$ zinc. Pure silver is worth about 5s. 6d. per ounce; copper, at present price, about £93 per ton; tin, about £135; and zinc, about £28 per ton.

9. One pound of standard silver (*i.e.* alloyed as above) is divided into sixty-six shillings; one pound of bronze is divided into forty-eight pence, eighty half-pence, or 160 farthings.

10. Silver is coined in Great Britain exclusively at the Royal Mint, and any profit from that coinage goes to the benefit of the public. When silver is worth 5s. per ounce, the seignorage, or profit, amounts to 10 per cent.

11. I have seen it stated, but I cannot remember where, that the cost of coining silver may be taken at about 2 per cent. If so, there is obviously a considerable profit on the first operation; but since, in this country, the Royal Mint exchange new coin for old, *i.e.* when its silver coinage has become worn it makes good the loss, and as in course of years the exchange has to be repeated, the first profit must be swallowed up, and the arrangement eventually entail a serious charge on the public.

12. There are doubtless advantages in having a silver currency sufficient to facilitate all retail transactions; and it appears to me not only justifiable, but necessary, that silver coins should circulate at a rate beyond their intrinsic value, otherwise, when silver was scarce and consequently dear, silver coins would be withdrawn from circulation, melted down, and sold as bullion, to the manifest inconvenience of the people.

13. Great injustice would arise from such an arrangement, however, if people could pay their debts to an unlimited amount in tokens—and our depreciated silver currency is nothing else. For instance, suppose a builder had undertaken to do a certain work for £100, it would be obviously unjust to him if the person for whom he has worked could compel him to accept in payment 2,000 shillings intrinsically worth only £90. In order to prevent such an injustice, and the consequences which would certainly arise from such a state of things, Parliament has limited the legal tender of silver to 40s.

14. Of course the circulation of a depreciated silver currency is for the most part limited to the country where it is exchangeable at a rate beyond its intrinsic value for gold. Out of Great Britain, and those Colonies which retain her currency, the shilling is worth only the value of the silver it is made of: supposing standard silver to be worth 5s. the ounce, the shilling is worth 10½d.

15. For this reason, British silver is never found in circulation in France, Germany, or neighbouring States, nor is the silver of those States found in circulation in Great Britain.

16. The profit on bronze is very considerable: one ton of metal is divided into pence of the nominal value of £448. Allowing for metal and cost of coinage, say £130 per ton, there is a gain of £318 on each ton issued.

17. I cannot now enter more fully into the various questions raised by Mr. Vogel's letter to you, and must only notice one other point touched upon by him. He says, to cover the cost of establishing a silver currency, and the certainty that the coin would be largely exported to different groups of islands in the Pacific, it would be necessary that there should be a considerable margin allowed between the actual and the current values of such a coinage. He adds, that he has not been able to investigate the question, but that it appears to him that a margin of 50 per cent. would be hardly too large to cover the risk of ultimate loss.

18. I cannot understand this, and it appears to me, on the contrary, that the prospect of a large demand for silver coinage in the Pacific Islands might justify the establishment of a mint in New Zealand in a financial point of view, when, without such outside demand, the consumption, so to say, would not be sufficient to pay for the cost of the mint.

19. Suppose the Government of New Zealand to give £3 per lb. for standard silver, for every 36 lbs. the cost would be £108; but these 36 lbs. of silver, when converted into shillings, would be exchange for £118 16s. I conclude that in the Colony, as in this country, the legal tender of silver is limited to 40s.; if so, the metal purchased with £108 would realize £118 16s., or a profit of £10 16s. less cost of coining.

It appears to me, then, the greater the demand for silver coinage, from whatever source it may arise, the greater the certainty of satisfactory financial results.

W. C. SARGEANT.

Spring Gardens, 30th June, 1873.