From the author

REMARKS

ON SOME

OCCURRENCES

SINCE THE

REPORTS OF THE COMMITTEES

OF BOTH

HOUSES OF PARLIAMENT,

On the Expediency of the Resumption of

Cash-Payments

AT THE

BANK OF ENGLAND.

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For The Earl of Lauderdale

REMARKS,

&c. &c.

SINCE the publication of the Reports of the Committees of both Houses of Parliament upon the important question of cash payments at the Bank of England, the Plan proposed has been discussed, and it is intended to offer a few observations upon the leading arguments, as they are reported, in support of the measure.

That the speech of the minister, upon introducing this subject to the attention of their Lordships, displayed great talents, will be conceded by those who may not subscribe to some of the conclusions. It is well observed, that the discussion, with regard to the circulation, should be conducted upon general policy—not retrospectively, but prospectively only, adapted to the situation of the country; and the more closely this principle is adhered to, the more likely are we to arrive at beneficial results.

The questions for consideration are—1st, Whether it is expedient that the country should return to some fixed standard of value for its circulation?—2dly, Whether it ought to be its ancient standard?—And, 3dly, Whether the Plan proposed by the Committee is the best mode of accomplishing these purposes?

These propositions are plain and to the point; and on the first it did not seem likely that any difference of opinion would arise. The noble Lord appears to have been differently impressed; and, alluding to a petition presented by a large and respectable part of the community, it is boldly asserted, that, with them, and others who are inimical to the Plan, it is not a question at what period of time the cash-resumption is to take place, but, in reality, a decided objection to its doing so at all! The petition referred to states correctly the rules laid down in the Report of the other House, upon which the circulation of the Bank of England is to be directed in future. And the noble Lord who presented it, having previously well ascertained the views of the petitioners, was fully competent to form a just opinion of them, which was by no means difficult from the general character and well-known principles of the petitioners. It would be unreasonable to expect that a question so com-

plicated, and involving such a variety of considerations, should not lead to different conclusions; and much as has been said of the unanimity which prevailed in the Committee, it is well known that all the ingenuity of some of its leading members has failed to convince others of the efficacy of the Plan brought forward. There are also persons who think "the evidence inconsistent in its parts, contradictory in its conclusions, and doubtful as to the causes from whence the evils proceed."

We are desired to examine the Report and the Evidence; but, upon any show of difference in opinion, we are told we have not done so! The plain question seems to be, which are nearest the truth; those who have been induced to adopt new views of this subject, and who, therefore, have been called young converts;* or such as think it inadequate to the purposes assigned to it, without manifest injury? and this, time will show. That there are persons who do not wish to see cash payments resumed at all, is not denied; but, as it is probable their numbers do not exceed the cordial advocates of the present Plan, they form but a small portion of the community.

To those who hold the *new* doctrine, that

* Vide Speech of Earl Lauderdale, the 21st May.

the habits of practical men render them unfit judges upon such questions, it will suffice to recommend an impartial view of the consequences which have ensued in every country, where, in a moment of *delirium*, the ideas of practical men have been abandoned for those of plausible theorists! That this branch of political economy is not so easily understood, we need only examine the writings of some of the greatest men of our own country, who, from their retirement, have indulged in ingenious and amusing *reveries*, which have been found to be entirely erroneous in practice. The present case embraces a far wider circle than any contemplated by these writers, and it is equally distant from the habits of thinking contracted in the money-market or the stock-exchange, although these also are useful in their proper places.

A little attention to what follows will furnish a clue to these doctrines; for it has been recently discovered, that the powers left with the Bank, under the present system, are greater than any set of men ought to possess, and this is attempted to be proved from certain Resolutions of the Court of Directors.* The Rt. Hon. the Chairman of the Committee is

* Vide the Resolutions of the Court of Directors of the Bank of England, 20th May, 1819.

palsied at the very sight of them; and, after an effort which called forth all his exertions, he read a paragraph from these Resolutions, which concludes thus: the Directors "feel themselves "obliged, by the new situation in which they "have been placed by the Restriction-Act of "1797, to bear in mind not less their duties "to the establishment over which they preside, "than their duties to the community at large, "whose interests, in a pecuniary and com-"mercial relation, have in a great degree "been confided to their discretion." This is "the head and front of their offending;" but, when the warmth and prejudice of the moment shall have subsided, some will regret the perverted meaning applied to these words. They are now put forth as containing "a me-"lancholy truth;" and the remedy proposed is, that the relative situation between the Government and the Bank should "be altered." Be it so,—this is a matter between themselves, but what have the public to do with it? and what would our situation have been during the last twenty-two years, had not "the "pecuniary and commercial relations" of the whole kingdom been, "in a great degree," under the guidance of the Bank? The Government had ample employment, and did its duty well; but, so far from being able to afford assistance,

it was constantly requiring it, and as uniformly receiving it from the Bank; which noble establishment, the pride of our country, and the admiration of the world, has been conducted, through a long and unexampled period of difficulties, with a degree of talent and integrity seldom equalled and never surpassed.

The noble Lord in the Upper House is somewhat more explicit, and asks, why the Government should not issue their own paper, that the interest paid to the Bank might be saved to the public? This will explain, in some degree, what is meant to be conveyed, when we are told, in another place, that the duty of attending to the interests of the community belongs to Government. Who ever doubted this home-spun truth? Certainly not the Bank: and the public might well ask, in what essay on political economy is the scheme recommended, for a well-ordered government to issue its own paper as currency?

To common observers it has always appeared, that the Bank is necessarily at the head of all our circulation; and for this we have authorities,* which are generally admitted. The Bank was so placed, not for its own particular advantage, but for the convenience and

* Vide Earl Liverpool's Letter upon the Coins of the Realm; also, Report of Bullion Committee.

benefit of the public: and, indeed, it is impossible to conceive how our currency, composed as it is, partly of coins, but the greater portion of paper, can ever be supported without such a resource. Having placed the Gold coin upon its proper footing, by the re-coinage in 1773,* "the Bank became responsible, not "only for its own Notes which it may issue, "but, to a certain degree, for such as may be "issued by every private banker in the king-"dom;"† and the supply of Gold coin, comparatively small as it has been, has, nevertheless, been attended with no inconsiderable expense in the last twenty-two years. The noble Lord, in allusion to the present regulations of our silver currency, says, this alone is coined on account of the King; and although the Mint is open to private persons to send Gold to be converted into Coin, the records of that establishment will show few, if any, instances of persons having availed themselves of that privilege in the last fifty years.

* By a Treasury minute, dated 1st October, 1771, it appeared, from a representation of the Bank, that they sustained an annual loss of £20,000, by the coinage of Gold. Some persons urged, as a complaint against the Bank, that they made a profit on the Silver tokens issued for the accommodation of the public in the late war. This was the case in the first instance; but the loss must eventually have been very considerable.

† Vide Earl Liverpool's Letter, cited before.

Judging from some of the arguments now used respecting the restriction, one would be led to suppose it was a measure pressed upon us from mismanagement on the part of the Bank, instead of arising out of causes over which it had no controul. To those few, who, having favoured that measure in the first instance, are now so fond of indulging in declamation against it, it will suffice to reply, that to preserve any remains of consistency, they must be prepared to admit that they would have made peace upon any terms; for I defy them to show the possibility of having continued the war, but under the restriction. Nor did I ever hear an objection against the measure itself, which would stand the test of impartial investigation.

Of the whole extent of the "*penalty*" incurred from the restriction, the country is fully aware; and many persons are more able to form an accurate judgment on this point, than the Right Hon. Chairman, to whom the use of this word is attributed, but whose recollection cannot carry him to any knowledge of what was our situation at the time it took place. There are few who desire to see the Bank converted into a Bullion-mart, or who have the same confidence as the Chairman and his friends, in a project which is to lead us into a labyrinth, against the safer road demonstrated by experience to be best adapted for the support

of our agriculture, revenue, manufactures, and commerce.

The legislature, as it is stated, has on various occasions expressly pronounced its opinion on the policy of re-establishing the metallic standard of value; but it has also invariably added, "by payments in CASH." Those who adhere to this opinion, amongst whom I put in a claim to be included, are censured, because they will not subscribe to a material deviation introduced by the Committee, although assumed to be founded upon an admission of the principle just laid down.

This deviation is rendered still more striking, by hearing from his Lordship, that one of the advantages of the Plan is made to consist in not recognising any principle of depreciation; which is wholly incomprehensible, as the Bank is to be allowed to pay its Notes in standard Gold at £4:1:0! Neither is Gold coin to be issued, nor that metal to be obtained, but in the uncouth shape of a bar of ten or more ounces!

The reason assigned by the Committee for fixing the price of Gold at £4:1:0, as the first stage of commencing payments at the Bank, was no less remarkable,—"such having been the "average price of the preceding three months!"

Some practical men anticipating a fall of Gold, stated their reasons; but these were not attended to. A noble Lord in the House of Commons,* who has taken a more correct, because a more dispassionate view of this subject, than some of those with whom his Lordship is accustomed to act, probably anticipated this circumstance, when he intimated that as Parliament would be assembled in February, any alterations which might be found necessary could be applied. Some more ardent spirits, who treated this wise precaution with a sneer, may see reason once more to alter their opinions.

The Bank were required by law to furnish annually the amount of Notes issued. And if to this be added the volumes of returns which have been called for, from time to time, the public are in possession of a mass of information, never exceeded upon any subject. The question of excess of issues, and the assumed consequences, after being twisted into every shape to answer any momentary purpose, and never proved, is now presented in a new form. Whilst, on the one hand, the Report says, no satisfactory conclusions can be drawn from the effects produced upon the value of our cur-

* Lord Castlereagh.

rency from the numerical amount of the issues of the Bank; the Chairman informs us, there is no test of excess or deficiency, but a comparison of the price of Gold!

The doctrine advanced, in another place, that by reducing the quantity of an article the value is enhanced, is fully exemplified by daily experience, and most forcibly so, when our want of corn compels us to import it from foreign countries; but here the cause originates in a higher power, whose dispensations we dare not impugn. When, however, the ingenuity of man wishes to apply this general truism to the circulation of a population more various in its employments, and more enterprising and industrious than any in the world, it will be well to consider, whether we should not incur the danger of reducing to extreme misery a large portion of that population, in order to produce an effect, in no respect to be compared with the evils it would entail?

It is reported, that a case was supposed, whether a circulation of 50 millions of Gold being reduced to 30 millions would not increase the value of what remained? This was somewhat our own situation all the time we were losing our Coin during the war, whilst the metal was advancing in price. But what has the supposed case to do with the point at issue; unless it be meant to *force* the paper of the Bank to

par, which, as a Noble Lord* well observed in the Upper House, would not be found so easy a matter as was supposed? How we are to reconcile an assurance given at one moment, that it is not meant to reduce the circulation; and at another, that it must be guided so as to preserve its value upon a par with Gold, is left for those to determine who have discovered the means of accommodating such apparent opposites. Vide the third and fourth alternatives, as reported from the speech of the right honourable Chairman.

As a conclusive argument with the Chairman, that all reasoning is fallacious which maintains that an increased revenue and commerce require an increase of circulation, a comparative view is produced of both in 1792 and 1809; but it by no means follows, that one example is as good as many, because local or temporary causes may have operated to occasion it: a solitary instance, therefore, will not suffice to prove a point deemed so important. The case adduced is too imperfectly stated by the papers to venture upon an analysis, where there exists no wish to misrepresent; but it seems as if the comparative view of the two periods had been limited to the circulation only of Coin and Bank of England Notes, omitting altogether

* Earl Lauderdale.

that of country paper, which was very considerable in 1809, and is supposed to have attained its *maximum* in the following year; and if so, it would go far to invalidate the statement altogether. But this is not the intention; nor is it meant to avail of the privilege taken by one of the witnesses, and that too the ingenious contriver of the new scheme, who being asked a question, which in truth pointed out at once the inefficiency of the whole Plan, replied, "Facts of this kind I find it very difficult to account for."*

The following counter-statement clearly demonstrates, that an increase of circulation has arisen out of that of commerce only, and every impartial inquirer will determine, whe-

* Vide Evidence before the Lords, p. 184, 5. Mr. Ricardo is asked, "Are you aware that there was a reduction "of Bank-notes in circulation during the course of 1818, "to the amount of three millions, without any proportionate increase in the course of that year of the country "paper; how do you account, under these circumstances, "for the exchange being more unfavourable, and the price "of Gold higher, at the end of 1818 than at the beginning "of that year?" Reply. "Facts of this kind I find it "very difficult to account for; but I should think it might "have been owing to the diminished trade, and to a general "rise in the value of Bullion in the world." !!! This rise of Gold in the *world* must, then, have been simultaneous, and the cause of it, if *real*, admitted of an easy solution by the honourable Member!

ther it does not completely refute the argument brought forward by the Chairman. It is taken during a period of peace, when the growing prosperity of the country occasioned a gradual increase of revenue, and when the Bank paid in Coin, viz.

		Millions.		Millions.
1784,	Gold Coin	20	1792, ...	30
	Bank circulation ..	6	.....	10
	Country circulation	8	.....	15
		— 34		— 55
	Exports	15	.....	23
	Revenue	13	.....	15
	Shipping	959,419 tons		1,545,154 tons.

On the economy in the use of circulating medium, upon which so much has been said, and in proof of which such *wonderful* calculations are brought forward, it will suffice to observe, that whatever improvements have taken place are confined to the mode of conducting the daily transactions of banking in the city of London. At no period could a man in business obtain a supply for his pecuniary wants, but by payment of interest; it therefore amounts to a certainty, that he would try to do with as little as possible of a commodity that could not be had without an exertion of his credit, as well as incurring a certain expense.

To what has been said of the Bank increasing the amount of circulation, upon the issuing

of Gold, a complete refutation will be found in an important document, contained in the Appendix to the Report of the House of Lords, A, No. 12, p. 318 and 319.* From this state-

* Extract from a paper delivered, by Mr. Harman, to the Committee of the Lords. Vide Appendix, A. 12, p. 319.

"There is another point to which I must advert, not "so much because the discretion of the Bank, in the "management of its own affairs, has been called in question, "but that it is essential, on public grounds, that the error "should be refuted.

"It has been asserted, that, instead of withdrawing our "Notes from circulation, when we issued the Gold, we "increased the amount to the extent of two millions: the "following statement will prove the contrary. It was not "till the middle of October 1817, that we discovered any "extraordinary demand for Gold; on the 4th of that "month our Notes stood at £28,925,000; by the 18th, "they were £30,500,000; but this excess invariably occurs "at the time of the dividends.

"On the 8th of November they had fallen to £29,500,000 "and by the 27th to £28,695,000; on the 27th December "they amounted to only £27,610,000, but on the 10th "of January they had risen to £30,500,000, from the cir-"cumstance already alluded to. But by taking the "amounts at the middle of each quarter, we shall obtain "the fairest view of the subject, and the following may be "relied on:—

"1817,	Aug. 16th,	.....	£30,112,661
	Nov. 15th,	.....	29,446,087
"1818,	Feb. 14th,	.....	28,742,826
	May 16th,	.....	27,985,869

ment it appears, that the circulation on the 17th August, 1817, which was £30,112,661, decreased afterwards, from time to time, to the 13th February, 1819, when it was £25,680,114, making, therefore, a total reduction of nearly 4½ millions. Now, if we turn to the price of Gold, we shall find it was £4 : 0 : 6 in August 1817, and £4 : 3 : 0 on the 22d January, 1819. No wonder this should be "the fact so difficult to account for" by men of theory! Others however contend, that causes wholly independent of the amount of our internal circulation influence the price of Gold, and will continue to do so, as they are prepared to prove.

The "artificial situation," in which we have been placed, as described by the noble Lord, must always continue, in a greater or less degree, so long as we retain a mixed currency of Coin and Paper: and so far from this being

"1818,	Aug. 15th,	.....	£26,603,977
	Nov. 14th,	.....	26,026,540
"1819,	Feb. 13th,	.....	25,680,114

"Thus it will be seen, that so far from having increased "the issues of our paper, the amount has been progressively falling; but I am not prepared to admit, that if it "had been in our power to withdraw even a larger sum "from circulation, it would have had any effect whatever "in preventing the export of the Coin."

alleviated, the Plan recommended will rather tend to increase it, inasmuch as it favours a small stock of treasure in the present very reduced amount of our Gold Coin; so that we can have no disposable store as a resource in case of emergency. I do not mean a state of warfare only, but a recurrence of a want of Grain to any amount, or any other contingencies which may call for a large export of capital, to which our enterprising spirit always renders us liable. In this view, our situation will continue to be "artificial," so long as it is not remedied by adequate countervailing causes.

The Noble Lord well knew, that in the ten years from 1806 to 1815, a sum not less than 1033 millions has been levied upon the country: this was *real*, but unavoidable—the effects, however, arising out of such unexampled exertions still remain, nor can they be alleviated, but by preserving an even and steady hand over every part of our system.

It is, therefore, contended to be unsafe to countenance any Plan, which has, as a recommendation, a tendency to keep down the amount of Coin and Bullion, whether our currency be of Gold or Silver: and so far from viewing it "as an unproductive article of commerce," as it is repeatedly denominated, it is an essential to every country; and more so to us, who,

with all the advantages of a mixed circulation, are also more exposed to drains upon our currency than any other. I cordially unite with the noble Lord, in the sentiment, that England must look to her currency, although we differ in the means of so doing; and also with the right honourable Chairman, that "we were a great nation," previously to 1797, when our circulating Paper was convertible into Coin! But what contributed to make us that "great nation" was, our having a large quantity of pure Gold Coin, which is now exhausted. As we are so repeatedly desired to look back at what was done at periods previous to the restriction, it is equally necessary to attend to the important difference of our present situation in regard to our Coins; and, also whether, under the admission, frankly avowed in both Houses, that the same extent of accommodation cannot continue to be afforded under the new system, it is likely to produce corresponding general benefits?

When again it is used as an argument, that the present depreciation of 3 per cent. is easier got rid of, than the 20 or 30 per cent. which the country suffered in 1815, the reply in the abstract, is obvious. This small depreciation is rapidly disappearing, even before the creation of the Gold bars, and therefore without

incurring any obligation upon that head. But whether these bars existed or not, if the same causes were unhappily in operation to call forth our exertions, as pressed upon us in 1815, their corresponding effects would be in the same ratio as those exertions, except in so far as we may now possess a greater or smaller quantity of Coin and Bullion than we did at that time. In proof of this, it must be admitted, that our large stock of circulating Coin, at the commencement of the war, occasioned the small fluctuation in the price of Gold in the early part of it, which is so often referred to, without sufficiently attending to the real cause. The Bank was paying in Coin, which necessarily supposes the means of doing so; and the benefits arising from it were owing to this disposable capital: but these advantages ceased as soon as that capital was exhausted.

It must have created some degree of surprise to hear it asserted, that, were the general opinion of the mercantile interest consulted, the repayment of the advances made to Government by the Bank, would be found to be the most objectionable part of the scheme! And the reasons assigned for this opinion are not less remarkable: it is reported, that the merchants well knew that Government securities held by the Bank extended its credit;—if this means for the benefit of Government, it is true;

but it is added, these same merchants believed, that if we were to have a Paper circulation, it was better it should be grounded on these securities, than at the will of any body of men whatever!—is this, that Government should have the controul, and not the Bank? Who the persons are, that entertain these notions, is not said, and the reason may be easily surmised.

But how is it that the noble Lord and his colleague in the other House so materially differ on this point? Both fancy they can manage the affairs of the Bank better than the the Directors; and the Chairman, after assuring us that the debt due to the Bank is to be gradually paid off, at the rate of 4 or £500,000 per month, next proceeds to point out the best appropriation of it; namely, one half is to be invested in Bullion, and the other in extending their discounts to commerce! Will then the mercantile friends of the noble Lord reject the boon, as not requiring this additional aid, and petition Government to keep the money! or what is the sum total of all these reasonings? Every person knows that to carry on the affairs of the country, accommodations to Government are required from the Bank, and no one, really interested in the general welfare, wishes them to be interrupted. But why this ill-humour, when, with a debt of twenty-two

millions, a Plan is recommended whose very end and aim consists in restricting the issues of the Bank, so as to preserve their Paper upon a par with Gold at the Mint price? And how could the Government have remained with so large a debt unliquidated, whilst the public were imperatively called upon to confine their wants and transactions to the new order of things? Might it not, therefore, be fairly asked, whether the occasion called for the animadversions reported to have been made upon the Bank? With those who admire the talents, and revere the principles of the noble Lord, amongst whom I may class myself, it has awakened feelings they would gladly forget; and were the opinion of the public to be consulted, his Lordship would find himself left in company with a class of men as opposite to his own principles, as, happily for the country, they are few in number.

The elaborate history of the state of our Coins at former periods, as given by the right hon. Chairman, was doubtless intended as instruction for the young members, and as such was very considerate. He truly observed, that the restoration of our currency will form an æra in our history—and might have added, the *Gold-bar scheme*, another!

The period of the re-coinage of the Silver, in the reign of King William, which is ne-

cessarily noticed, does not seem, with all deference, quite analogous to our present case. The currency, at that period, was in a deplorable state, from being clipped, and therefore so much reduced in intrinsic value, as to render it useless for exportation,* in aid of the large foreign expenditure then going on; and being more valuable, even in that state, as Coin, remained at home. Our Gold Coin, as has been already noticed, at and some time after the commencement of the late war, being perfect, performed those functions so long as any was to be found. But the Silver Coin, bearing too close a resemblance to that in the reign of King William, was not exported, for the same reason. At present we have no circulating Gold Coin. It is not, therefore, merely a return to our standard, but a supply of currency, that is wanted, before we can be said to be in that situation which our rank and opulence demand.

The utility and importance of the coinage in the reign of William are fully admitted; but, whatever were its beneficial effects, they were of short duration. The coinage was completed in 1697; peace followed in September of the same year. The war was renewed in

* Much curious information upon this subject will be found in Lord Ranelagh's Reports in the British Museum.

1702, which terminated by the peace of ~~Ryswick~~ Utrec in 1713; and the often referred to Report of Sir Isaac Newton, in the following year, proves that very little was left at that period of this noble Coinage. The perfect state of the Silver currency in the war during the reign of Queen Anne, the very reverse of what it was in the former case, occasioned its exportation, so long as the foreign expenditure was going on, or rather, so long as we had Coin to assist it; and considering the comparatively small amount of that expenditure, and the value of money, the export was probably larger in proportion to both, than any we were able to furnish after the first years of the late war.

When, therefore, the right honourable Chairman repeats what has been often said before, and sometimes called the sound state of our currency, namely, that Gold preserved a steady correspondence with itself from 1773 to 1797, the cause of its so doing should also have been noticed; which is too often lost sight of, in treating this part of the subject. During the period alluded to, which includes the re-coinage of Gold, we issued upwards of fifty millions of new Gold Coin from the Mint! a thing unknown in any other country. Are we now prepared to administer the same remedy, when we stand in greater need of it, from the exhausted state of our

Gold Coin? If we are, the same effects will follow: but it is useless to attempt to draw comparisons, and expect similar consequences, where cases differ so essentially, and it is indulging in self-deception to do so. Whilst, on the one hand, we are inculcating the doctrine of Coin and Bullion being unproductive and expensive instruments of commerce, and therefore say, that ten millions of treasure may suffice; we are insisting, on the other, upon a reduction of Paper currency, whenever it may be necessary to preserve its value upon a par with Gold. Let any impartial man but consider how these inconsistencies are to be reconciled, or reduced to practice.

Having taken a brief review of what occurred after the re-coinage of Silver in the reign of King William, let us do the same in respect of our Gold, which was completed in 1777, when we were engaged in a war with America, and had just entered into that with France. The first drain upon our Coin commenced in 1780, and continued, in a greater or less degree, until after the peace; and that it was severely felt by the Bank we have the best reason to know, from the evidence before the Committee of 1797. Our treasure, thus applied, relieved us from our difficulties. The second drain occurred three years after the

commencement of the revolutionary war, occasioned by a heavy foreign expenditure, with large demands for grain. So long as we had a metallic currency, or a supply of Bullion for exportation, and in proportion to its amount bearing upon our demands abroad, the inconveniencies of that expenditure were counteracted, or at least mitigated; but as the means diminished, the exchanges fell, and the price of Gold advanced: not all our industry and enterprise were able to compete with so long protracted, and heavy an expenditure. This is believed to be an impartial view of the subject.

It is not necessary to enlarge upon the discussion recorded by the author of Martinus Scriblerus, so *happily* introduced into the debate on the resumption of cash-payments by the right honourable Chairman, because every person of the *smallest discernment* must admit it was directly in point. But a few words may be added as to the effects of over speculation in trade, ascribed to an assumed redundancy of circulation. Much is said on the evidence of an intelligent Liverpool merchant, who has drawn a gloomy picture of the present state of that enterprising town,—an occurrence, by the way, far from unprecedented there, as the witness must well know; and which, in nearly forty years' knowledge, the author well

recollects has often happened. But this is less material than the application of a remedy, which, with all deference to both speakers on this subject, is more easily made a theme for displaying their oratorical powers, than reduced to practice. Whatever is done, care must be taken, lest the remedy should turn out to be worse than the disease.

That great commercial difficulties do exist, is admitted, and every one will lament the evils they necessarily entail; but, perhaps, they are, to a certain degree, inseparably connected with the active and enterprising spirit of our population, stimulated, not unfrequently, by the very dearness of which we complain, and certainly rendered necessary by the heavy demands which our situation requires from the community at large. But are these occurrences now so eagerly pressed upon our attention, and by a strained far-fetched application, adduced to prove an excess of circulating medium, unprecedented in our commercial history, when such a mode of accounting for them cannot be urged? Certainly not. In proof of which may be cited the failures in 1788, which commenced in our manufacturing districts, and were very severely felt in the metropolis, as the worthy father of the Chairman well recollects. At this period, the circulation of the Bank of

England did not exceed nine millions, and that of country banks was probably not more. The failures in 1793 began in the North, and extended to such an alarming degree as to receive a well-timed aid from Government, which arrested their progress: at that time, the circulation of the Bank did not exceed 11½ millions, and of country banks, perhaps, 10 to 12 millions. I pass over similar occurrences which have, from time to time, taken place since the periods already noticed. Under a full admission, therefore, that commercial difficulties do exist to a considerable extent, it is asked again, whether it can be wise to entertain any plan which has for its primary object to make the quantum of circulation to depend upon preserving the price of Gold at par? And will not these difficulties be protracted, and even increased, should any circumstances intervene to raise the price of a commodity, at best remotely connected with them, but upon which their value is now made to depend, whilst the engagements were contracted before any such measure was contemplated?

To that part of the speech of the right honourable Chairman, where, in allusion to the evils resulting from the effects of over-trading, they are said to arise out of unsoundness in the present system, and are represented as so many

defects in it, might it not once more be asked, whether any thing, having a tendency to suppress the efforts of an industrious and rapidly increasing population, is likely to administer a remedy? Will the sufferings of the lower orders, also brought in aid to support this reasoning, but which are far less than those of the same class in any other country in the world,—will these be relieved by straightening the means of obtaining subsistence? And are the poor-rates to be lowered, by paralysing the efforts of those who are contributors towards them? The motives which gave rise to this extraneous matter, are not to be mistaken; and the Constituent, who addressed his public letter, has far more reason to congratulate himself in the rapid progress of his young pupil, than he will have, when experience shall have ripened his better judgment into more mature reflection.

In reference again to the recurrence of failures in the country, the Report says, it is the Bank of England only which can supply the chasm in the circulation occasioned by such failures; but this cannot be done without increasing its own; the aggregate amount will not be at all lessened, as it only changes its *quality*. The inference, therefore, drawn from these premises, that the diminution of circulation

thus produced will increase the value of the whole, necessarily falls to the ground, because the aggregate amount is not diminished by the remedy pointed out as the only one.

There still remains a consideration which presses itself upon our attention; and, however painful to notice, cannot be overlooked. We have frequently had occasion in the last twenty-three years to deplore the evils arising out of our extensive demands for grain from foreign countries. The prospects before us are now of a directly opposite kind: and if Providence is pleased to realize them, our stores will be overflowing! Are we prepared to receive this as a blessing? We must be so, lest we fall into the odious sin of ingratitude. But, in acknowledging this bounty with grateful hearts, we may be allowed to contemplate its consequences, and provide, as far as human wisdom and prudence will guide us, by our honest endeavours, against some of those consequences, arising out of our very peculiar situation, which this very abundance may occasion.

The immense supplies received last year of foreign corn of all descriptions necessarily reduced the prices; this, together with that portion of our own stock that has been brought to market, occasioned a further decline, and

it is supposed the prices are not yet at the lowest. We have thus far had chiefly to consider failures in the commercial line, and their effects, which are sufficiently to be deplored, although, perhaps, far less injurious to the community at large, than those which occur in our agricultural department. Here no plea can be set up from causes arising out of an excess of circulation: but an appeal from a large, useful, and industrious portion of the community, who, having received a rich return for their labour, cannot dispose of it but at an unavoidably heavy loss!

Doubtless their case will be considered, and, as far as possible, alleviated. The noticing it here does not proceed from a desire to anticipate, far less to aggravate the evil by exposing it; but rather to look it in the face, and to call the attention of those persons who perceive no difficulty in an attempt to bend circumstances to their own particular views, without attending sufficiently to the complicated, various, and extensive parts of our system.

"The alteration of value," so much contended for, as the source of so many benefits in prospect, has already began to show itself to an alarming extent, not as arising out of the new plan, but by the force of events, in a great and general reduction of the price of all

commodities; and it is too truly proved, by such "alteration of value," we shall obtain the precious metals. Gold has fallen in *price* nearly to the Mint-regulation; but how does it stand as compared in *value* with all other property? I shall not dwell upon this point, leaving it to the impartial consideration of all, whether this may not be adduced as another instance to prove how closely interwoven with each other are the links which unite the whole of our stupendous fabric.

On the expediency of returning to some fixed standard of value for our circulation, there can be no doubt. But whether it ought to be its ancient standard, involves many great considerations, and perhaps difficulties; on which I feel incompetent to judge. Thus much, however, may be said. We have adopted Gold as our metallic currency, free of any seignorage; and in both these respects we stand alone. If it be true, as there seems no doubt, that the produce of that metal is upon the decline, our difficulties in keeping it must also be increased under such a system; and more especially whilst we continue to issue this coin at an established proportion to Silver long since regulated. It may be well, therefore, to consider whether a revision of

these proportions is not become absolutely necessary.

To those who think that Silver is best adapted for our currency, it has been said that it failed in the trial; but this would also apply to our Gold coin, which must have shared the same fate, had it been equally neglected. When it is considered that only £1,200,000 of silver was coined for the sixty years subsequent to 1700, and only a few thousand pounds in the reign of his present Majesty, until the very recent coinage, it is not surprising that our silver coin should have been reduced to the miserable state in which it was found at that period. The greater facility of procuring a supply,—and the increased difficulty of transport, owing to its bulk, when compared to Gold, are amongst the reasons which might be urged in favour of a Silver currency; whilst I have never heard any valid objection to it. But, whatever our currency is to be, it is contended, for reasons already noticed, that our situation points out the policy of possessing an ample stock of the precious metals, whether as coin or bullion, or both.

Sufficient has been said to show the feelings of the author on the third proposition, namely, whether the Plan proposed by the Committee

is the best mode of accomplishing the return to cash payments at the Bank of England: and he may with safety assert that he is not to be classed amongst those who do not wish for them at all. It is proposed, in conclusion, to offer some further elucidation in support of the views which have been taken of the whole subject.

The objection to a scheme, which has for its object to preserve the par value of Gold and Paper, does not arise from a doubt of the *possibility* of being able to effect it, by resorting to the compulsory measures recommended in the Report of the House of Commons; but from a conviction, that if, under circumstances which may occur, the alternative is put to the test of reducing the circulation, in order to bring to, or keep the price of gold at par, the minister will pause before he recommends its adoption, and the determination, whatever it may be, will, as it ought, be guided more by the situation of the country than the ostensible object, namely, the price of gold. The more this point is impartially considered, the more it will be found true; and, therefore, it is contended the Plan would be of no avail when it is most wanted. It is not, however, meant to assert, that cases may not occur when the circulation may be reduced without incon-

venience; such have occurred, and, doubtless, will again.

The conduct of the Bank, in directing their issues of paper, previous to the restriction, is one of the strong grounds upon which the present Plan proceeds; and it is plausible enough until more attentively examined. But, in recommending these principles as a rule of action, we ought to be able clearly to show that there exist the same means of pursuing them; and by not doing so, we but deceive ourselves. The increased economy of means in the use of paper,—its rapidity of circulation,—every thing that ingenuity could invent, has been brought forward to show how little is required; and the idea of any necessary increase arising from a more extended commerce, revenue, or other causes, is treated as one of the childish excuses of mere practical men, who do not wish for the return of cash payments, and whose judgment has been much underrated in estimating the merits of this question.

Let us, therefore, try whether facts will produce conviction. These men contend, that the amount of circulating coin and treasure at the Bank, gave the Directors a controul over their issues which they cannot now possess, for the plainest of all reasons, because, at the

period alluded to, the amount of these issues never exceeded, and was often much less than one half of our circulating coin, as will presently be shown. Whereas, they are now double the former aggregate amount, and we have no circulating coin! It is, therefore, requiring of the Bank a palpable impossibility to adopt the principles which actuated their conduct at the former period, under circumstances so completely reversed.

It has been shown, also, and it is believed satisfactorily, that an increase of trade in time of peace, unconnected with that of revenue, did require, and therefore was assisted with a corresponding increase of circulation, whilst the Bank was liable to pay their Notes in Coin. Nor is it necessary to deprive those persons of any part of their argument upon the economical uses of circulating medium, to prove that it may be reduced by such means. But even *then* there must be some limitation.

The amount of circulation, on the 16th of August, 1817, was £30,112,661; on the 14th of February, 1818, £28,742,826; and on the 13th of February last, (1819,) £25,680,114, and it is now probably rather less than otherwise. Here then is already a reduction of 4½ millions; but where is it to stop? Let it be supposed, for argument sake, and, perhaps, better so than in reality, that it is

reduced to 22 millions! This would still place the Bank very far distant from the powers they possessed over their circulation at former periods, as will clearly appear from the following table, viz.

		Bank-notes.	Country circulation about	Gold Coin about
1782	Average*	£7,575,605	7 to 8 mill.	20 millions.
3	,,	6,552,590		
4	,,	6,209,605		
1787	February 25,	8,688,570	8 to 10 mill.	25 to 30 mill.
8	,,	9,370,350		
9	,,	9,905,240		
1790	,,	10,217,360		
1	,,	11,699,140	10 to 12 mill.	30 to 35 mill.
2	,,	11,349,810		
3	,,	11,451,180		
4	,,	10,963,380	14 to 16 mill.	25 to 30 mill.
5	,,	13,539,140		
6	,,	11,030,110		
7	,,	8,640,250		

So that, from a comparative view of the total circulation of Paper compared with that of Gold Coin, for fourteen years previous to the Restriction-Act, it would be nearly in the following proportions, viz.

To 1784	of Coin to Paper,	as about	20	to 13½.
1790	,, ,,	,,	27½	to 18.
1793	,, ,,	,,	32½	to 22.
1797	,, ,,	,,	27½	to 26.

* The amount of Bank of England Notes is taken from the Report of the Lords' Committee, in 1797, Appendix, No. 9 and 10, pages 174, 5, 6 The country circulation and amount of Gold Coin are estimated, the latter, it is believed, moderately.

From which it is evident, that, under a constant and increasing supply of Gold Coin, which is believed to be here under-rated, our Paper currency had nearly doubled in those years.

How, therefore, the Directors of the Bank are to revert to the principles which guided them in their issues during this period, in the present state of the circulation, or any which can be anticipated as near at hand, with the exhausted state of our Coin, is left for others to determine; it is far beyond the capacity of ordinary minds.

Having thus briefly stated why the proposed Plan appears impracticable, and, if practicable, would be inefficient, and, at the same time, that the writer disclaims all participation in opinion with those who do not wish a return of *cash*-payments at the Bank, he hopes he shall be excused in making a further declaration of his general sentiments, as connected with the present subject.

He has no recantation to offer on the subject of the Restriction-Act,—the first impressions of its necessity having been matured by experience into a conviction that it was unavoidable.

He thinks those who conducted the war, and those who were ultimately instrumental in bring-

ing it to so glorious a termination, are well entitled to the gratitude of their country and the thanks of the civilized world. Under such impressions, then, the author may be pardoned, if, in *his* view of it, any thing in the proposed Plan appears likely to endanger what has been so wonderfully preserved.

The avowal of such sentiments may not be calculated to produce confidence with some persons in any of the opinions which the author has advanced, but he owes it in justice to himself to make this declaration, lest his motives should be mistaken for having so freely declared his sentiments.

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