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SCARCITY OF SPECIE
NO GROUND FOR ALARM,

&c. &c. &c.

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SCARCITY OF SPECIE

NO GROUND FOR ALARM,

OR

BRITISH

OPULENCE UNIMPAIRED.

“ TELL PALE-HEARTED FEAR IT LIES.” *Shakespeare.*

By SIMEON POPE,

Author of “ A Letter to the Right Honourable, &c. Lord Mayor of the City of London,
on the NATIONAL DEBT and RESOURCES, &c. &c.”

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1797.

SCARCITY OF SPECIE,

&c. &c. &c.

THE fortitude of BRITONS, in the hour of their severest trials, when opposed to the foreign enemies of their country, has ever maintained a pre-eminence and dignity of character. Terror or despondency tarnished not their banners, however powerfully arrayed were their foes, or superior in number.

That the spirit of our nation should have thus experienced no dismay, when coping beyond her shores with actual danger, and yet suffer itself, as at the present moment, to be impressed with gloom from the insidious machinations of internal enemies, and from the operations of circumstances merely local and temporary, is not reconcilable with consistency. It is an event, nevertheless, which serves to confirm the justness of an observation by the Grecian moralist, *Epietetus*, "That mankind are more disturbed by their *opinions* of things, than by the things themselves."

[6]

To attempt, among many able efforts that will doubtless be made, to rouse his countrymen from their present seeming affection of despondency, occasioned by alarms fictitious and groundless (as shall be demonstrated in the subsequent pages) of a decline of national consequence and prosperity, is the aim of this performance. For this end it is hoped, that it will not be deemed presumptuous in an obscure individual, however humble his abilities; to offer such matter as hath fallen within his information; since truth, whether asserted by the most distinguished Peer of the realm, or the meanest subject, will be equally attended to by the calm and dispassionate.

That the public mind is now considerably agitated with apprehensions of a decline in the national welfare, is apparent. Under so extensive an impression, it is a duty which every man owes his peace and satisfaction to endeavour to attain, either by his own investigations, or from the labours of the well-informed, what are the real causes of such apprehensions—whether they have a *substantial* foundation, or spring only from erroneous opinions, or are ascribable to the insidious misrepresentations and exaggerations of

[7]

those descriptions of partizans, who speculate on the success of their designs according to the degree of discontent which they are able to disseminate.

But whether there be real grounds or not for these fears, it is highly expedient whenever an alarm has been widely spread and impressed, that inquiries take place, not only into the solvency or insolvency of bodies politic, but of individuals on whom the public have conferred their confidence, and invested with property. It was from a full conviction of this expediency, in order to demonstrate the unequivocal firmness of the NATIONAL BANK, and to show the futility of every apprehension respecting its *solvency*, that the two Houses of Parliament so wisely and so rapidly entered into an investigation of its general state. The ordeal has been made; and the CREDIT of the Bank, in consequence (if I may be permitted the expression) of this legislative *assay*, has come forth from the Mint stamped with a PROPERTY—splendid, intrinsic, and immense.

Were the public equally anxious to inquire into the real state of their country's welfare, sure I am that property to an incalculable amount, would result

[8]

from the investigation, and at once put to silence all those croakings of dread of a national bankruptcy, which the factious and disaffected are at present so assiduous in vomiting forth. But the misfortune is, that in estimating the prosperity and wealth of nations, the bulk of the community are apt to direct their attention to such objects as are of the least consideration towards constituting either the opulence, strength, or consequence of a country. To mere matters of convenience, as much importance is frequently given as if they contained the very essentials of the public weal. Thus in forming a judgment of the wealth of a kingdom, too considerable a majority of the people rest their estimate on the subordinate consideration of a greater or lesser flow of its *current coins*; little reflecting that a redundancy or scarcity of the *circulating specie* are circumstances purely adventitious—subject to daily fluctuations, and liable, from innumerable events, accidental as well as otherwise, alternately to glut or enfeeble the *money-market*; but which are no more in proof of the rise or decline of national prosperity, than the cash in a shopkeeper's till is in demonstration of his general wealth from his stock in trade, &c.

[9]

To all those who weigh a kingdom's consequence in mere *money-scales*, and consider a redundancy of its circulating coins as the *summum bonum* of prosperity, and the truest criterion of its flourishing condition, would I recommend a consideration of the state of *Spain*. In that country *coins* may be said, almost without a metaphor, so to burden the land, as to make it groan under their weight. Yet, with all its redundant plenitude of *specie*, what is Spain in point of national importance, internal property, and of real wealth? The meanest capacity is capable of answering, that she is a mere *depot* for imported *coins*—where genuine commerce is unknown—the arts pine—manufactures languish, and every laudable incentive to emulation and industry frustrated and debased by that sloth and idleness which a redundancy of *specie* begets and matures. In short, *Spain*, without any solid property from internal labour, depends for annual subsistence on the mines of *Mexico* and *Peru*—a condition truly despicable, and on a comparative scale with the immense intrinsic opulence of England, arising from NATIONAL PRODUCE, may be justly stiled beggarly in the extreme.

The foregoing animadversions naturally lead me to

[10]

an inquiry of what constitutes the *real wealth* of a nation. In this happy land, where industry slackens not, but increases with its fertility, its wealth may be said to consist, not in a greater or lesser proportion of a *circulating specie*, but in the natural produce of the soil—colonial produce—national industry—a peculiar genius in our manufactures and arts—and a most extensive trade and commerce, both home and foreign. To these may be added our various *mines* also; which, though not of gold and silver, like those of *Spain*, are productive, from the industry they inspire, and the property they yield, of riches far more useful, stable, and honourable, than the whole mines of *Mexico* and *Peru*.

The general result to us of the above-mentioned important sources of wealth is, that the national *annual produce* of labour greatly exceeds the *annual consumption*. If any man can be so sceptical as to deny this position, let him look into our shops and warehouses at home—inquire what immense sums are owing to our merchants from every country in each quarter of the globe—and how comparatively small is the

[11]

demand of foreigners on us, as is evident from the high price of exchange in favour of England. That this is the actual state of Britain, none can have the hardihood to deny. If, then, the produce of labour is found to be far more than sufficient for the annual consumption of the nation, and consequently a vast surplus left wherewith to supply foreign kingdoms, and to receive in return *luxuries* for *necessaries*, the conclusion must be, that such a country is not only *solvent*, but *intrinsically rich*.

Without taking into account the circulating cash of the kingdom, our national produce from labour, &c. has been estimated by the most able and correct writers at 300,000,000l. per annum. This may be styled the inherent or natural property of Britain, and which, if opposed to *that* of coins, must exhibit the latter so exceedingly subordinate for public consideration, as to evince to the humblest capacity the absurdity of giving to *specie* a consequence, on a comparative scale of value, that can any how be proportioned with the magnitudinous bulk of *national produce*. The circulating coins of this country have on a medium been estimated, within the last ten years, at 35,000,000l.—Now if our pro-

[12]

perty in produce of labour be rated at even a much less amount per annum than the three hundred millions just stated, what understanding can be so gross as to rest PUBLIC CREDIT and SOLVENCY on the unstable circulation of a few millions of *money*, in preference to hundreds of millions of substantial *property* from national produce! The fact is, that *specie*, although of intrinsic value, is but a mere tool or instrument of public convenience, and for the more easy accommodation of matters in the ordinary businesses of life—or, it may be considered as a mere matter of merchandize, which, when abundant, may be exported, like any other article of commerce, with profit; or when scarce may easily be called forth from other countries, by giving a larger quantity of merchandize for a less quantity of gold and silver; and therefore will, generally speaking, be ever at the command of a wealthy community.

In antient times, previous to the introduction of *precious metals* as a medium to transfer property, we all know that the various necessities and conveniences of life were attained by *bartering* one commodity for another—and which, by the bye, operated as a keen

[13]

stimulus to universal industry, since there were no other means for a community then to supply their reciprocal wants but by laborious exertions. It is equally known also, that even at the present day much of our foreign commerce is effected through the original expedient of *simple barter*—and that we thereby return into the bosom of our country many of the rich merchandizes of the world by an interchange of our exports.

These observations are not made by way of questioning either the conveniency or utility of circulating coins for the speedier transfer of property. In our present supreme advance of trade and commerce much inconvenience would doubtless be experienced for want of so useful a medium of traffic. But then let no more consequence be attached to *specie* than it really carries. Let it be confined by its advocates, the *money-alarms*, within its humble sphere of being a convenient instrument only of barter. But let them not presume to intrude it on the great and noble ground of that substantial property, which is the important growth of labour—much less have the assurance to represent it of such indispensable moment as to

[14]

threaten, from its present contracted circulation, a national bankruptcy—for let these *money-croakers* learn, that were there at this moment a total *absence of coins*, the credit of the country stands on so solid and immense a rock of *real property*, in hand, of national and colonial produce, as can never be shaken by the blasts of factious alarmists, or suffer radically by temporary inconveniencies only.

In illustration of the credit which attaches to solid property, and of the public confidence that results from a demonstration of it, let me again refer to the late Report of a Committee of both Houses of Parliament, respecting the affairs of the National Bank, and whose august testimony hath stamped it with so honourable a proof of affluence and stability. It appeared to these Committees, after the most solemn investigation, that the outstanding debts of the Bank are about 13,000,000*l.* and the assets and effects of the Company above 17,000,000*l.* To this is to be added the Company's *capital* of 11,686,800*l.* which Government cannot pay off but *at par*. Hence it is obvious that the entire property of the Bank, after every debt is discharged, amount to near the immense sum of SIXTEEN MILLIONS.

[15]

With what an honourable wreath does the result of this parliamentary inquiry twine the brows of the BANK DIRECTORS! What a theme of proud exultation, satisfaction and security to every proprietor! What an irrefragable demonstration that complete SOLVENCY can exist from property of infinitely higher consideration than the one arising from the precarious tenure of circulating coins; and that bodies politic, as well as innumerable individuals among private bankers, merchants, &c. may, at the very moment of being cramped in *specie*, possess opulence of such magnitude, as both to merit the confidence of, and maintain the utmost credit with the public! In short, the *ordeal*, which the BANK was emulous of passing through before the GRAND INQUEST of the nation, cannot but be fully adequate in the judgment of every candid and reasonable man to dispel all doubts and apprehensions of responsibility. The melancholic may indulge their gloom, and disseminators of idle alarms endeavour to impose on the weak and credulous; but with the well-informed and discerning the bugbear of a *national bankruptcy*, in consequence of a temporary scarcity of *specie*, is too ridiculous to admit a single moment of serious attention. Public credit rests not on so fleeting a

[16]

property as is the *current specie*—happily expressed by the poet :

“ 'Tis something—nothing—'Twas mine—'tis his, &c.”

But where an abundance of wealth exists in a country from the produce of labour, and which may be stiled, in contrast to circulating coins, a *stable property*, there of course must exist a mutual confidence between man and man, and relatively between individuals and their government; for whatever definition may be given of “ *public credit*” by the fine-spun epithets of metaphysical reasoners, the criterion is this, and this only—that where there is ultimate wealth to support a credit—that is, where there is a considerable annual surplus of the *produce of labour*, there alone can public confidence have a sure and firm basis. But where wealth is inadequate, from the annual expenditure exceeding the produce, there credit cannot, in any shape whatever, be of extensive duration. It may, indeed, receive some support from an adventitious redundancy in the money market of specie; but as this can be only considered as a casual and temporary prop, and not as a fundamental pillar of public credit, no durable reliance, from the fluctuating principle of coins, can or ought to be placed on it. The over-

[17]

flowing abundance, arising from national produce, is every where visible, and the security it in consequence affords to credit, permanent and fixed. Whereas the *circulating specie* of a country, being scattered in small portions through the whole community, is liable to become the sport of every phantom of alarm, vanishes from a rumour, and buried in its mother earth from impressions made by the very shadows of danger.

In whatever view, then, we place the subject of *coins*, it is impossible to attach to them, on a comparative scale, any degree of proportionate consequence to the immense and intrinsic property which annually accrues from the produce of national labour. The latter is the only sure key-stone of that proud and secure arch which supports the public credit of England. And with such a support it is not too much to say, that it is of itself sufficient to attract and to maintain the universal confidence of mankind.

From the magnitude and intrinsic importance of the property described, and the preference, in point of credit, which every prudent and dispassionate man will give it, it could be wished, perhaps, that less at-

[18]

tention was paid for keeping up a plentiful circulation of *specie* than has been experienced. If a national property be more than adequate for the support of credit, and that property guaranteed by Government, a less expensive and more convenient *medium of circulation* might be adopted, at least for all the higher intercourses of trade and commerce, than that of *coins*. In countries, where precious metals are not the native produce, the more that are imported the greater is the loss to the community, being ever purchased at a higher price than their intrinsic value. This consideration will serve to confirm an observation already made, that *coins* are a mere article of merchandize, and which ought, in fact, to be of little farther use in this kingdom, where the most unbounded traffic is carried on under mutual confidence, than that of serving the occasions of small dealers and inferior consumers, and for the payment of the army, of daily and weekly wages of labour, &c.

While, therefore, from the natural opulence of the kingdom, a variety of ways and means can be adopted, under the sanction of the Legislature, for obviating the inconveniences of a dearth of *specie*, how, in the name

[19]

of common sense, can there be any just ground of alarm from devising a substitute for cash, where the foundation of public security is so unequivocally firm and substantial! If it be replied, that the depreciation and ultimate fate of the *assignats* and *mandats* in France should be a warning to us against increasing our *paper circulation* for *specie*, there should be no hesitation in answering, that the relative state of the two nations, in the grand points of property, wealth, and resources, are utterly dissimilar. Whatever may be the extraordinary exertions of France through the war, (the expences of which being principally supported by her, for the last year or two, from the plunder of, and imposed contributions on, the conquered,) in respect to her *finance*, she has been long since declared a bankrupt by her own Directory. Nor could it be otherwise from her notorious condition to the world of being without trade, manufacture, colonies, commerce, *specie*, and, in short, without any one durable resource from that description of property, which has already been so frequently mentioned in the foregoing pages, as the NATIONAL PRODUCE OF LABOUR.

But what a glorious contrast, in point of substantial

wealth, doth *England* present over wretched *France*! Are we without trade and flourishing manufactures? View our ships, our warehouses, our quays—all, all are crowded with merchandize for either home consumption or exportation. Are we without colonies? View the maps of the East and West Indies, and behold us in possession, not only of those we held prior to the war, but almost of every colony that heretofore belonged both to France and Holland. Or, are we without commerce? View our merchant fleets spreading their golden pinions over the whole ocean, and returning, after having disposed of the surplus of our native produce, laden with the riches and luxuries of the various quarters of the world. The war hath demolished the commerce of France; but, however sceptics and alarmists may affect not to believe it, hath considerably increased that of England. Our exports and imports greatly exceed those of former years of profound peace. A reference to the Custom-house books on these heads, or to the revenue accounts of last year, delivered in to the House of Commons, will place this fact beyond dispute.

Hence must be obvious the very different and op-

posite ground on which an extension of *paper-currency*, in order to remedy a dearth of *specie*, stands in England over that of France—the national property of the former, operating as a public security, being still real and immense; while that of the latter, from war expenditures, a succession of the most sanguinary Revolutions in her Government, internal distractions, and a thousand other evils dissipating the resources of her country, hath scarcely “left a wreck” of actual substance behind. With the one, PUBLIC CREDIT rests, Colossus like, on a gigantic column of security; while the other, from an utter desolation in national property and resources, hath a finance laid prostrate with the dust.

Speaking here of that ground-work which is the main support of *public credit*, I must beg the reader's indulgence for arresting for a moment our more immediate subject, while I notice a mistake into which writers of no small celebrity have fallen by confounding *finance* with *public credit*. These are of a very opposite nature. The existence of public credit in this country cannot with any propriety be said to refer to the funds. These are a *public security*, but by no means

[22]

constitute what is generally understood by a public credit. The latter is founded in confidence—its construction is of a most delicate frame, and *promptitude* its essential support—so much so, indeed, that the least irregularity will shake the entire edifice: whereas PUBLIC SECURITY (which our funds are) stands on a solid foundation, and does not require that caution and delicacy which *credit* so peremptorily demands. This broad basis gives the most substantial firmness to finance, being the great balance of the *revenue* over *expenditure*, derived from the wealthiest resources of the country; and to which stand pledged the whole property and fee-simple of the united kingdoms.

From these considerations stock-holders will perceive that they have no occasion to be alarmed by senatorial harangues on discussing the state of the Bank; which is so distinct a subject from that of the funds. They well know, that the establishment of a National Bank, towards the close of the last century, was principally intended to aid commerce, which is but one only of the many powerful resources of this country. As the Company increased in opulence, they advanced money, from time to time, to Government, and in con-

[23]

sequence is itself now become a public annuitant on a stock of 11,680,000l.; which affords an additional security to those who deposited cash at the Bank for its notes. The proprietary of the Bank, being composed of the most wealthy men in the kingdom, are responsible for the rest.

It has been already stated (as per Report of the parliamentary Committees) that the whole amount of the outstanding debts of the Bank was about 13,000,000l. Now was this entire sum a *deficit*, it is not too much to suppose, from the magnitude and wealth of the proprietary, but that the whole could be discharged. But let us, for argument sake, even suppose, that the whole sum was lost—how could such an event essentially affect the revenue, or the public annuitants? 'Tis confounding the question of the *security* of the *Bank*, with the *security* of the Funds, that is radically distinct, which have caused much absurd animadversion both in and out of print.

But, on the other hand, as it has, in fact, been proved beyond the reach of cavil and contradiction, that the state of the Bank is a most flourishing one;

[24]

that its property is 16,000,000l. after all debts are discharged; that every Bank note is intrinsically a security for more than double its contents; and, "to make assurance more sure," that the notes are to be guaranteed to the holders, by an act of the Legislature, so as to render them *legal tenders*—under all these momentous considerations of SECURITY, how can it for a moment be deemed a breach of faith, if, during a temporary failure or scarcity of *specie*, (owing to a variety of circumstances far from alarming, as shall be presently shown,) Government should pay its annuities in paper, thus doubly and indisputably secured, until a proper quantity of coins can be obtained?

Again; *wealth* and *specie* are distinct matters, apt to be confounded by common understandings, and intentionally so by those who take an undue advantage of such as are uninformed. The *latter*, as has been before noticed, is a mere tool or instrument to give motion and activity to the *former*; and can at any time be procured on exchanging merchandize for it at a disadvantage. This, it cannot be expected, individuals will do at their own loss; but which Government, on seeing the necessity of, can effect at the public expence.

[25]

If, therefore, *specie* be attainable where there is wealth to procure it, what real ground of alarm can there be from the temporary circumstance of its scarcity? That they, whose ambition and designs are the more likely to succeed in proportion as they can disseminate discontents, should most zealously labour to represent a mere *dearth* of *cash* as the greatest national calamity, is not to be wondered at. They know that on all the subordinate classes of society in particular, even the sight of *money* operates with a kind of talismanic power; and as such descriptions of the people are not likely to make nice distinctions between the *solid property* of a nation and its *current coins*, they are more open to any impressions they may be inclined to make on them. The absence, therefore, of *specie* from its usual channels of circulation, however temporary or adventitious a circumstance, or however little indicative of decay in the more substantial wealth of the country, is exaggerated into a grievance of the first magnitude, and rung out, by the partizans of opposition, as a *tocsin* of alarm though the whole kingdom. And to inflame the public mind the more, causes are assigned for the now scarcity of *specie*, that are equally remote from the real causes, as they are libellous on Go-

[26]

vernment. Let us, then, particularly examine this matter, and see if many causes for the present cramped circulation of coins do not present themselves, that are neither alarming nor criminal; and which, on mature consideration, appear in several instances to be far more demonstrative of the prosperity of the nation, than of any decline in its property.

1st. The French Revolution, and the war which necessarily followed it, (whether Great Britain was engaged in it or not,) hath, doubtless, been a principal cause of the present scarcity of specie; more or less felt every where; yet from circumstances attending it, very different from that to which the event hath been attributed by inflammatory harrangues. They, whose business it is to reason in the *Drawcansir* stile, and to exhibit things in the lump, rather than make distinctions by which their fallacy might be detected, have at once, and *in toto*, ascribed the scarcity to an exportation of bullion to our allies. The more candid part of the public, however, will necessarily take into consideration the consequences of the war on the Continent, where the chief of its sanguinary features were an aim at private property, and universal plunder by its

[27]

Gallic invaders—the natural result of which must have been, that immense sums of gold and silver throughout those assailed territories were hid and buried, that they might escape the fangs of their all-ravaging foe. This, together with the unusual demand of the powers at war for *bullion*, having caused a very enhanced price, rendered it imprudent, at least, if not impossible for the Bank of England to purchase bullion at so extravagant a rate. Moreover, the very high value which the small quantity of specie which remained in circulation, from the above circumstances, in all departments of the war on the Continent, was a temptation to numerous individuals in this country to engage in a clandestine export of British guineas. Could the amount of the sums be ascertained, which became lost to our circulation by this nefarious traffic, it would probably be found far more considerable than any that has been furnished, in *actual bullion*, to our allies, though in a cause of the last importance to the peace, happiness, and security of mankind.

2dly. The immense *importation*, last year, of *foreign corn*, demanded such large sums from this country, chiefly in bullion, as must have led also very confi-

derably to produce that scarcity of specie, which is now so sensibly felt. But as the motive of this undertaking was laudable in the extreme, that of saving the nation from the horrible consequences of a then impending famine, it is presumed that the most capacious *mal-content* in the kingdom does not begrudge the specie remitted from this country for so great and noble a purpose. The whole amount of specie drawn out of this country on the occasion is computed to be 2,362,500l. *, a circumstance on which Opposition is utterly silent.

3dly. From the great increase of our population there has been for several years a larger demand for, and dispersion of, the circulating specie; and, from coins being divided amongst millions of individuals, there will ever remain a few guineas in the pockets of each, which, from being thus kept out of general circulation, may be considered as, in some degree, stationary. It is not unreasonable to suppose, that there are at least three millions of our people, who have at all times five guineas each in their possession,

* Vide a Letter to the Right Honourable the Lord Mayor, &c. on the National Debt, &c.

which will amount to 15,000,000l., being nearly half of the supposed specie in the kingdom—and whence it is owing, in a great measure, that the real state of the coin of these kingdoms could never be ascertained. But even supposing a much less sum than that above stated is kept out of general circulation by private holders dispersed over the whole country, it cannot but operate as a natural drawback on that flow of cash, which, for public advantage, conveniency, and credit, should direct its stream towards the coffers of the national Bank, private bankers, &c.

5thly. The *increase* of wages contains another cause of inducing, by its consequences, to the subject before us. From the full employ, in general, of manufacturers, artizans, &c. the price of labour, which formerly amounted but to shillings, has now risen to gold—of which a no small quantity is weekly wanted for the purpose. Hence likewise no inconsiderable sums are averted, particularly such as are necessarily confined to the country, for these payments, from the great course of commercial circulation, and thus tend to lessen those grand reservoirs of specie, which are more especially devoted to general use and conveniency.

6thly. An increase of taxes, though *ultimately* assisting the circulation of money, causes at first a temporary obstruction in it; since thousands who are preparing for the payment of imposts keep for a while the money dead in their hands. Add to this the time before it is paid in by collectors throughout the kingdom to the Exchequer, and it must obviously strike every attentive observer, that large sums do hence remain for some months inactive, and of course contribute to affect the ordinary circulation.

7thly. The embodied militia, and numerous other corps also take large quantities of specie out of the great mart of the metropolis and principal trading towns to the remotest districts of the country; whence the return is slow, which consequently becomes an operating cause likewise of the scarcity under consideration.

Lastly. The rumours of an *invasion*, so assiduously kept afloat by those, perhaps, who really wished, in order to promote their private designs, for the present public embarrassment, have, doubtless, largely contributed to effect a dearth of specie. Although this

cause may not have so considerably operated as to induce the withdrawing from the Bank and Bankers sums in bulk to the very extent reported, much less to have impressed any doubt of confidence as to the responsibility of the Bank, yet from mere motives of prudence, in order to answer any sudden emergency, multitudes of individuals may have demanded from twenty to one hundred guineas each, which in the aggregate must amount to an immense sum. But however small might be apprehension in the metropolis of an invasion, a dread of it, from either insidious exaggerations, or too hasty conclusions, operated in a tenfold degree throughout the country. The consequence was an unexpected run on most of the provincial banks, which in the result speedily occasioned a pressure on those of London; and which pressure necessarily centred its hourly accumulating weight on the National Bank. The obtainment of specie immediately became the rage, not with a view of returning it into circulation, but to render it inactive and dormant, until the political horizon should be cleared from those fogs of alarm, which too great credulity, and it is to be feared too much design, had occasioned.

[32]

From a conjunct operation of all the foregoing causes, can a now scarcity of circulating coins be a matter of surprize to any intelligent man! But the wonder would have been, if under the above great pressures on the National Bank (whether proceeding from groundless or real alarms) no measure had been resorted to to prevent the whole of its specie from being drawn out. For thus much we may be assured of, that had the Bank disbursed to its very last guinea, not a jot of increase would have been experienced in the circulation of specie, until the public mind should have resumed its wonted firmness. And; indeed, when the Public shall come seriously and calmly to weigh the momentous danger that might have arisen to the national weal from an entire dispersion of coins from the Bank, and to reflect on the utter non-necessity of a total disbursement of its cash, from the notoriety (now so honourably and unequivocally confirmed by Parliament) of its affluence and solvency; I say, when the public comes dispassionately to weigh these matters, sure I am that there is not a candid and sensible man in the kingdom but will cordially give his plaudit to the Minister for his late able, timely, and highly-expedient measure, in saving the remaining millions of cash in the

[33]

Bank from a useless disbursement, in point of circulatory advantage; and for the end, in case of extreme urgency, to which all private considerations must ever give way, that of contributing towards the GENERAL GOOD and PRESERVATION of the STATE.

The more we contemplate this measure, the more shall we see its wisdom and salutary importance. Violent *Oppositionists*, envenomed by long disappointment of getting into power, may stile the order of Council for suspending, for the present, further payment in specie at the Bank, a "*Robbery on Bank Proprietors.*" If the Bank had been insolvent, such language might not have been unapplicable; but where it is manifest, from the highest authority in the nation, that the Bank possesses a property of SIXTEEN MILLIONS after all its debts are discharged, its proprietors may experience a temporary inconvenience from not having their notes *cash'd*, but can in no just sense be said to have suffered a robbery. But let us view some of the very beneficial consequences, which are likely to result from the measure.

The too-exaggerated and conceived alarms of an *invasion* doubtless operated very materially towards withdrawing our specie out of circulation; yet it is not too much, perhaps, to advance, that the effects of those alarms, by inducing the above measure, will be the efficient means of *preventing an invasion*. Though no man in his senses can suppose that the French ever entertained a serious hope of making an impression on this island, in point of conquest, yet her grand aim was, not a Utopian one of subduing England by force of arms, but to destroy, if possible, the public credit and commercial confidence of the nation. By the suddenness and extent of her irruptions on our shores, she conceived that she might cause such confusion and alarm throughout the kingdom as to induce an entire drain of specie from all our banks, and by this impetuous shock not only stop the course of the revenue and every source of circulating coins, but prevent an adoption, from the pressure of the emergency, of any other medium for mercantile negotiation. This blow was, doubtless, principally intended to operate against our national Bank; of which, had its FUNDAMENTAL PROPERTY been in a state of bankruptcy similar to that of the baseless *Caisse d'Escompte*, a final stop might have

been put to the revenue, to public credit, and to the boasted prosperity of this country.

But France is now convinced of the impossibility of making an impression on that PUBLIC CONFIDENCE, which resting on ultimate property to an incalculable amount, is the great bulwark of British welfare. In respect to our Bank, she has suffered our helmsman to evince to the world its immense opulence after every debt shall be discharged; and that, on great political emergencies, it can refuse to issue gold on its notes, and yet retain the firm confidence of the people. If any doubt this assertion, let them view the many thousands of the first merchants names in the metropolis and various parts of the kingdom, who have publicly announced their readiness to take national bank notes in all payments. In short, France hath suffered the Minister to demonstrate that our commercial affairs can be continued with energy, though a circulation of gold be suspended for a while; that commerce, manufacture, and home traffic, can be carried on without the usual assistance from specie; and that HONOUR and INTEGRITY, the prominent characteristics of Englishmen, are more current than *coin*.

[36]

Whatever shock, then, which France, previous to the above demonstrations of high and general confidence, might have attempted against our public credit, she hath now most completely lost the opportunity of effecting. And equally hopeless of assailing us on the ground of conquest, it may be reasonably presumed that the late measures of Government, respecting the Bank, will in their consequences operate to *prevent* an *invasion*. It is hardly possible to suppose, that the Gallic nation will venture on so desperate an enterprise without either a prospect of subjugating our country by arms, of warping it from its loyal principles, or now giving a fatal wound to its public credit and confidence. Unless, therefore, it be to transport to us more hoards of a *banditti*, which she is no longer able, from internal distresses and distractions, to support, France appears to have no present object for an invasion, that is worthy serious consideration.

Another salutary result of the late order of Council to the Bank, and of its subsequent confirmation by Parliament is, that it has shown the circulating paper of the national firm; or, in other words, the demands on the Bank, to be much less considerable than

[37]

were generally estimated. Notes, to the amount of at least twenty-six millions in circulation, have been supposed by our wisest speculators; while prejudice, malevolence, and misrepresentation, have, at various intervals, assiduously exaggerated their issue to more than double that amount. Mr. *Thomas Paine*, according to his accustomed dogmatical mode of substituting bold opinion for argument, hesitated not to assert in his publication on the finance of this country, that at least "sixty millions of Bank of England notes were in circulation, and that for the liquidation of which the Bank had not assets sufficient to pay half a crown in the pound."

What a satisfaction, then, must it be to the whole kingdom to know, and what a proud theme of exultation for the proprietary to reflect on, that the whole demands on the Bank, as sanctioned by the highest authority in the nation, are but 13,000,000l.; and for the discharge of which it possesses property to more than double the amount! That the Bank should have infinitely less notes in circulation than was imagined, while its property is proved to be so immense above its notes, is such an additional demonstration of our national

[38]

opulence, while it evinces the Bank's stability, that it is no wonder commercial houses of the first eminence throughout the kingdom have pressed forward, under present circumstances, to receive its notes in all payments. And from this great consideration of so superior a property over, comparatively speaking, so very inconsiderable a sum of notes now in circulation, it surely may be asked with the utmost confidence, Is there not the most indisputable SECURITY for a far greater emission of *additional paper*, than that at present issuing for small sums under five pounds as a circulating medium for cash-negotiations? Or is there a single member in the whole community who can say, from the impregnable tower of SECURITY above stated, that he feels not such notes to be equally intrinsic, in point of value, as the possession of actual guineas to their amount?

A farther good effect from the foregoing measure is, that the injunction to the Bank to desist from issuing gold puts a stop to the treacherous and no less injurious practices of exporting guineas, which no law, however penal, could have so effectually prevented. It is a matter of public notoriety that the French Di-

[39]

rectory have ordered all their agents, in every commercial city of Europe, to procure British guineas *à tout prix*, at the risk of the Republic, and who give at Hamburgh, at this present time, twenty-seven shillings for each guinea; circumstances that go not a little in confirmation of *their* idea, that the greater means are used to lessen and cramp the circulation of *specie* in England, the more will be the discontent and confusion it will create through the country. And agreeably to this plan of operation it was, most probably, that the object of an *invasion* first occurred to them, imagining from the alarms it might excite, that it would not only fatally affect the circulation of our coin, but prevent, as before observed, all possibility of any other *medium* for commercial negotiations, &c. being adopted. Once more thanks, then, to that Minister, who had the wisdom and sound policy to bring forward a measure, which, in its consequences, must succeed in frustrating these deep-laid machinations of our enemies, while it preserves a very considerable part of our gold coins from clandestine export, and, under existing circumstances, from a useless and nugatory dispersion at home.

From these considerations a very important question arises, and which it is the duty of every man, who hath the good and safety of his country at heart, seriously to ask himself, whether it be not absolutely incumbent on him, as the AFFLUENCE and SECURITY of our NATIONAL BANK is indisputably established, to promote, to the utmost of his power, the *currency* of its notes, and particularly those small notes, now in circulation, as an accommodation to the public wherewith to remedy the apparent dearth of a circulating specie?

From the impregnable bulwark of security stated; from the mercantile faith of honour of this country, which reflect a lustre on the confidence of mankind, and by which a *paper currency* falls little short, in general estimation, of that of cash; and from that national spirit which ever manifests itself in proportion to the degree of necessity for exerting it, there can be little doubt but that the late measure of Government, already sanctioned by Parliament, will meet, on mature reflection, universal approbation; and that the remedy for obviating the inconveniences of a present scarcity of specie, will be no less prudently than zealously

adopted by all ranks of the community. If we are only rationally steady to ourselves, in consequence of that wide and solid foundation on which PUBLIC PROPERTY stands, the phantom of alarm from a now dearth of specie, however attempted to be embodied with substance by a *disappointed party*, will speedily vanish with every other bugbear of apprehension.

There is an effect, yet unmentioned, of so very salutary a complexion, that is likely to result from the foregoing measure, as to merit particular notice. An accommodation of the public with *small notes*, together with throwing into circulation a few millions of dollars, will not only remedy the dearth of specie complained of, but ultimately operate to cause a return into circulation of thousands of sums of cash at present withdrawn from it, and stagnating in coffers, &c. The moment the good sense of the public occasions the small notes to pass as current as specie, and the dollars are experienced to prove a convenient assistant, that instant will all descriptions of holders and hidors of money pour their guineas again into the market; so that it will be no ways surprizing if the very measure, which, in the opinions of hasty reasoners, greatly con-

[42]

tributed to increase the evil of a scarcity of specie, do not very speedily prove the means of *filling* the circulation even to an *overflow*.

In conformity to the Report of the Committees of Parliament, the debts of the Bank have been stated in this performance as amounting to above 13,000,000*l*. But there is a circumstance, respecting this matter, of such great consideration in *favour* of the Bank, as to merit very particular attention by the public. About *nine* millions of the above sum were advanced for the service of Government, and chiefly on the credit and arrears of the *land* and *malt taxes*. Now, as these taxes are daily in a course of payment, and cash is continually receiveable at the Bank from their product as gradually and regularly as it becomes due from the community, this superior portion of the *nine* millions, can hardly be considered as an absolute debt of the Bank. It can with greater propriety of speech be styled a debt of the Public *to* the Bank, and which the former is paying off by a kind of installments, through the medium of the land and malt taxes. 'Tis true, indeed, that Bank paper is afloat for these sums; but, for the reasons just assigned, their payment is inde-

[43]

pendently provided for by the Public, and, as such, will speedily exonerate the Bank from a great portion of this debt.

What is the very important result of this matter? Why, that but about 4,000,000 of paper, on the deposit of cash and discount of bills, constitute the real floating debt of the bank. This consideration is surely of such moment, while it manifests, in the highest point of view, the prudence and caution of the Directors, as to be almost alone sufficient to demonstrate not only the SOLVENCY of the Bank, but the SOLIDITY of great mercantile houses, and general OPULENCE of the nation; for had notes been issued on a false credit of either the Bank or individual merchants, ten times the present amount might have been thrown into circulation.

From the foregoing consideration we may also more and more perceive the insignificance of a mere *temporary dearth of specie*, compared with that immense actual property of the Bank, which stamps a manyfold degree of security on every note afloat, whether to a large amount, or of that small description which has

[44]

been so judiciously, and already so successfully issued as a circulating medium during a scarcity of cash. In fact, the small notes lately sent into circulation may at present be instantly *cash'd* at the Bank with dollars; a circumstance that may be of convenience to some, though it cannot possibly add one tittle of more intrinsic value to the notes than they already bear from the irrefragable security of their supreme firm.

From these, and numerous other considerations that might be urged, were it compatible with the intended limits of this work, I flatter myself I may, without presumption, say, according to the language of its title page, "SCARCITY OF SPECIE NO GROUND FOR ALARM."

If we extend our view from the substantial property of the Bank to THAT of the Nation at large, what a theme for proud exultation will still accompany us! To assert, that in the midst of the most ruinous war that ever afflicted mankind, the commerce of GREAT BRITAIN hath risen to a pitch of greater prosperity than at any former period, is to advance a demonstrable fact. To say, that our national OPULENCE re-

[45]

mains UNIMPAIRED, even at the present advanced period of warfare, is to assert what cannot be controverted. But if we take into consideration that species of property, and doubtless immense it is, which arises from our brilliant conquests in both Indies, and which certainly ought to be placed to the *credit* side of our national account, we may venture to advance farther, that although a magnitude of debt has been incurred by the war, a balance of profit, and this no inconsiderable one, is likely to result from the final issue of this arduous contest.

They, who form a judgment, from particular pressures and temporary embarrassments, of the general state of opulence in a nation, judge weakly and hastily: or they, who reason from the amount of our public debt and accumulating taxes, without taking into consideration the whole of our various means for supporting them, arising from national produce, manufactures, commerce, navigation, colonies, conquests, &c. argue no less partially than absurdly. The great cardinal points whereby any just estimation can be made of the real condition of a country, in point of prosperity or decline, are its *annual income* opposed to its *expenditures*

—the state of its *exports*, and extent of its *revenue*. The remaining pages of this performance will not admit of detailing either of these points. Such, however, as might wish to see this important subject substantiated by detail, may find, perhaps, satisfaction by recurring to a Letter of mine (from page 38 to 45) published last September, and addressed to the late Lord Mayor.

That the wealth of our nation is experiencing *increase* instead of *decrease*, must be manifest from an almost total annihilation of the trade, commerce, manufactures, and navigation of our two great rivals, *France* and *Holland*, from their most productive colonies being in our possession, and from being obliged to purchase of our merchants the produce of their late colonies at an enormous price. The article of *exchange* also, which throughout Europe is so greatly in favour of England, contains a powerful argument that the commerce of all the world centers in this happy empire, and that the wealth of the country is in the very opposite ratio to that of *diminishing*. And as this increase of commerce, exports, imports, and high price of exchange, (so favourable to the exporting of our

manufactures,) may, strictly speaking, be said to have arisen from the events and consequences of the war, it is not hence so very conclusive, as some would make us believe, that the present hostile contest has been the bane of our prosperity.

The *State*, indeed, is apparently impoverished by the expence of the war—but the *nation* is enriched, and thus enabled to bear with facility its weight of taxes—while taxation, in its turn, even proves beneficial to the community, by “calling forth into circulation the opulence of the *great*, which otherwise “would have remained inactive*.”

To calm and impartial investigators of the state of our national affairs, is the matter of the foregoing

* This position has been largely discussed in my former publication above alluded to—though I much regret the not having seen, at the time of writing it, a production by a most respectable and independent Member of Parliament, entitled, (however paradoxical to superficial reasoners,) “*The NATIONAL DEBT productive of NATIONAL PROSPERITY*,” and who is generally allowed to have handled his subject with greater precision and strength of argument, and with more force of conviction, than any other modern writer on political œconomy.

[48]

pages humbly submitted. Should it in the least tend to evince that the alarms, so assiduously instilled and kept afloat, are without solid foundation, the writer's sole aim will be fully answered and gratified. If, in respect to our *circulating specie*, it should be found on mature consideration, that from an increase of population, trade, and vigorous manufactures, its present state is inadequate to the extensive concerns of the nation, the country surely, from its still abundant opulence in point of fundamental property, cannot be without a remedy. Let attracting parliamentary bounties be held out to merchants on importation of foreign *bullion*, particularly at this period when foreign merchants labour under the heavy disadvantage of an high price of exchange; and there can be little doubt but such a measure would render them doubly eager to procure every ounce of bullion they could possibly muster for the purpose.

From this measure, if accelerated in its execution, such an influx would, most probably, be procured, as not only to remedy effectually the now dearth of specie, but to cause an overflow in the money market.

[49]

Away, then, with all those magnified alarms from a temporary embarrassment of a cramped circulation of *coins*! Shall *such* an inconvenience, already so considerably obviated by the judicious means adopted, make us *despond*! especially while the SOLID PROPERTY of the nation remains unshaken, and, in fact, undiminished! Or, shall apprehensions, founded on a mere basis of sand, so relax the wonted nerve of Britain (which has indisputably gained strength by the warfare) as to wish for, much more sue for, *peace* on *dishonourable terms*—for most disgraceful must the terms inevitably be, if fought under an impression of *public dismay*! Shall we behold the heroic EMPEROR of GERMANY (whose embarrassments from the war have infinitely exceeded ours) manfully persevering in the contest, and ardently courting victory under the propitious auspices and brilliant achievements of his truly gallant brother, the youthful ARCHDUKE CHARLES—shall we behold this bright and prominent example of heroism, and shrink back, in an hour of vapourish alarm, from that supreme point of *conquest* we have already attained!—In a word, shall we list, in a moment of groundless despondency, to any insidious clamour for peace, and thereby blast the yet never-

[50]

tarnished spirit of Britons!—Forbid it, *shame!*—Forbid it, tutelary genius of ALBION!—Forbid it, HEAVEN!

In September last was published, by the same Author, price 2s.

A

LETTER

To the Right Honourable WILLIAM CURTIS,
Lord Mayor of the City of London,

ON THE

NATIONAL DEBT and RESOURCES of GREAT BRITAIN,

in Reply to PAINE's

“ Decline and Fall of the British System of Finance.”