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A
LETTER

ADDRESSED TO
The Honorable the House of Commons,

ON THE NECESSITY OF AN
IMMEDIATE ATTENTION

TO THE STATE OF
The British Coinage;

IN WHICH A
**NEW, PROMPT, AND EFFICACIOUS
REMEDY FOR ITS DEFECTS
IS PROPOSED.**

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1811.

LETTER

TO

THE HONORABLE

HOUSE OF COMMONS,

&c.

It may seem presumptuous that an individual, who ranks no higher than a tradesman, should address the Honourable House of Commons on a subject upon which a committee of the same house has already published a report. But local circum-

stances place him in a situation to observe, more particularly than others, the fatal consequences that must inevitably ensue, unless some immediate remedy is applied. The daily, the hourly applications which are made to him by respectable persons, to know how much he will give for guineas, and, on the other hand, the very high price which is offered for dollars, prove that there exists not only an inclination, but also a determination, to melt the currency.

The writer disdains the traffic, being convinced it is contrary at least to the *intention* of the law. But the conviction of De Yonge for the sale of guineas, so far

from checking the practice, has greatly encouraged it. The defence set up by his counsel has made men bold. Every country person coming into London brings guineas for sale; agents are employed all over the kingdom to collect them, and they are now sold at a premium of half-a-crown. The writer is anxious to inform the Honourable House of Commons of this circumstance; the Bank, he presumes, knows it very well already.

The gold coinage has already disappeared from circulation, and the silver will immediately follow; the consequence must be, that temporary expedients will be resorted to. Tradesmen's tokens, five-shilling

notes, &c. will be *coined*, and the public will, eventually, suffer from the tolerated expedients of honest men, as much as from the base coinage of miscreants, who have forfeited their lives to their country; nothing but the immediate interference of the Legislature can prevent the inconveniences that must arise from a total want of change. A few weeks, and there will not be a bank dollar left. Silver is this day (March 17, 1811,) six shillings and threepence per ounce; the unstamped dollar costs full five shillings and threepence; will any manufacturer of silver go to the market and pay that price, if he can receive them in currency for five shillings? Should the public (which is

not unlikely), for the sake of convenience, consent to accept the dollar at a higher nominal value, the consequence will be a proportionate rise in all the necessaries of life, and every article of commerce. Your committee has already well explained this in its observations on a depreciated currency.

Under circumstances such as at present exist, various remedies have been proposed, all of which have been proved to be fallacious, and new coinages have presented the only effectual remedy. Very large sums of money have been expended during the present reign on that account; yet our currency is almost as much de-

preciated, and our gold and silver almost as dear, as in the reign of King William, when the proposal of Mr. Lowndes, to encrease the nominal value of the currency, was so nobly and ably refuted by the immortal John Locke. Your committee has recommended to the Honourable House to consider the propriety of calling upon the Bank of England, at a given time, to pay their bills in specie; but this, if the state of the gold and silver trade does not become better, would be only coining on the one hand, and melting or exporting on the other.

The writer of this letter most humbly offers to the consideration of the Honour-

able House of Commons, whether an effectual remedy might not be found in a law which would place bullion under the same restriction as coin; namely, THAT IT SHOULD NOT BE SOLD AT A HIGHER RATE THAN THE MINT PRICE? Should the Honourable House of Commons condescend to notice this proposal, its elucidation will be best found in the various opinions, pro and con, of its members. The writer would not have dared to present it before them, but that his own mind believes its efficacy; it is impossible for him to anticipate all the objections that may be urged, yet, as far as his faculties enable him to foresee, there is nothing insurmountable. It will, perhaps, be said, that, to fix *a maximum*, is a

thing unknown in this country, and unconstitutional: to which it may be replied, that a maximum is already fixed upon all bullion in coin, and why not fix it likewise on that which may become so? Bullion being confined by a maximum, like the standard of price, its relative value will not, on that account, be affected to any disadvantage.

The present holders of bullion may perhaps complain that they will be obliged to part with it then for less than they are selling it now. The answer will be, that a new coinage would have the same effect, and that no one can be compelled to sell; the only thing is, if they do sell, it must not exceed the standard price.

It will then be objected, that no bullion will be brought to market: let the experiment be tried, and it will be found, that gold and silver is not of a nature to lay idle, but will force itself into all markets. The holders of bullion may at all times obtain five shillings and twopence an ounce for their silver, and three pounds, seventeen shillings and tenpence halfpenny for their gold, by sending it to the mint for coining; when coined, if exportation were permitted, the sooner it disappeared the better; if it stays to be clipped or worn, it will hereafter put the nation to the expence of calling it in for recoinage, whereas if it disappears altogether, its place may be supplied with new coin, obtained without any

expenditure to the individual, by sending bullion to the national mint establishment. If gold is exported, it is a sure indication that something else is expected in return; merchants and traders do not *give away* their money.

A seeming objection may also arise from bullion being of different qualities. But if the maximum is fixed upon *standard* and *pure*, the rest will follow of course.

What effect such a restriction may have upon foreign commerce, the writer confesses himself not very competent to judge: he presumes, it must benefit our

exchanges. Nation with nation, considers coin in no other light but as to weight and purity. An ounce of gold in one kingdom is equal to an ounce in another: no one will give more to obtain it, and no one will part with it for less; some trifling variations of form and convenience only excepted.

The Bank expedient, of issuing four-shilling-and-sixpenny pieces for five shillings, has completely failed. It was a depreciated currency, serving only to increase the nominal price of bullion, and in like proportion to depreciate their own notes.

Should no other purpose be answered by this letter, it is at least an open cry of alarm, the repetition of what every tradesman exclaims to his neighbour, "*What shall we do for change when the dollars are all gone.*" On this account alone, it is worthy the notice of the Honourable House of Commons.

The writer, impressed with a due sense of respect and veneration for that august body he has presumed to address, most humbly apologizes, if his ignorance has led him into error: his object is the benefit of his country,—his hope, that his proposal would bring the bank-note, the bullion and the coin to a par, whereby the Bank

would be enabled to purchase gold and silver on such terms as to resume its payments in specie; and coinage, either by the nation, the Bank, or individuals, would become a matter of such facility, that the kingdom will never again be in want of specie.

BENJAMIN SMART.

65, Princes Street, Leicester Square,

March 17, 1811.

P. S.—While this letter was printing, the Bank has raised the price of dollars from five shillings to five shillings and sixpence; this, by the sudden manner in which it has been effected, will certainly

save them from the melting-pot for the present. But it does not appear whether the Bank means to issue more at that price, or only to receive and pay those already in circulation: in either case the writer doubts not but the Honourable House of Commons will see additional motives to induce their attention. Such an increase in the nominal value of silver currency will inevitably cause an increase in the price of provisions and every article of commerce, and a proportionate depreciation of bank paper; these consequences are of too great moment to be overlooked by the Honourable House of Commons.

No notice having been taken to pre-

serve other silver coins, they will all go to the furnace; the crowns and half crowns, the tolerable shillings, the total silver coinage of this reign, together with all the lesser pieces, groats, threepenny, two-penny and penny pieces are all by this order *swept into the fire*. The Bank, by purchasing their own five-shilling pieces at an advance of six-pence each, does the same in effect as the man who purchases a guinea at three-and-twenty shillings and sixpence. The standard of price is broken, and no one can measure his property for want of the rule. The proprietor of a dollar, on the morning of March the 19th, 1811, obtained an advantage over the next possessor of ten per cent.

The Bank (no doubt inadvertently) seems intent only upon increasing the *nominal price* of gold and silver; but the representatives of the British people, ever watchful over their welfare, will look to its *relative value*, by increasing of which a less quantity of coin will be wanted. By the Bank expedient of yesterday a full eighth quantity more of specie will be requisite than before; and when it is considered that all the crowns, half-crowns, &c. will be melted, it is easy to foresee that a very little time will pass before we shall be in a worse state (considered only as to want of change, without referring to the effect it will have on the nominal price of bullion) than we were before. These *five-*

and-sixpenny five-shilling pieces will soon *swallow up themselves*; there can be no end to the depreciation in this way. The Honourable the British House of Commons alone has the power, by reversing the system, to restore the British coin to its former credit among foreign nations, and the British bank-note to its original credit at home.

March 20.

Finis.

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