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HINTS FROM HOLLAND,

PART THE SECOND;

OR, THE

*Influences*

OF THE

CONTINENTAL RATIOS

ON THE

*COINAGE OF ENGLAND.*

By A. W. RUTHERFORD.

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1811.

HINTS FROM HOLLAND,

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PART THE SECOND.

NO depreciation of the guilder, nor of any other continental currency, having been proved before the Bullion-Committee, although questions were put which had for their object the attainment of evidence to that point, it is scarcely necessary to observe that they were not entitled, in forming their opinion to assume, that there existed a depreciation of that coin: and they did not assume, for they asserted boldly, that, during the period (1808, 9, and 10) when the price of bullion was rising, as valued in our paper, there was not any corresponding rise

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in the markets of the continent, as valued in their respective currencies.

But depreciation has been assumed in their behalf beyond the pale of these evidences. The author of a critique upon, or rather a continuation of, Mr. Huskisson's pamphlet has observed, that the valuation of gold in a depreciated foreign currency is no answer to the allegation of the author of the pamphlet. Depreciation is, indeed, only assumed, for the species of the currency is not even named. I do not attribute negligence to myself for the omission of defending a point which was not questioned; but, as the charge, however loosely advanced, ought not to obtain currency, I propose to rescue the florin or guilder from the charge, to state the influences which the ratios between the metals in Holland and France and the premiums held out by the enemy have exercised over the coinage of England, and to submit to you, that no future gold coinage in this country can succeed upon the antient proportion of  $15\frac{1}{2}$  of silver to 1 in gold.

The guinea, first coined in the year 1671, 22d Charles II. was considered, from that period to the end of James II. equivalent, in mint-proportions, to twenty shillings in silver; no alteration of the mint-weight or standard of those coins having taken place, from 1671 to the present time, at the full weight, the guinea contained  $112\frac{1}{2}$  and the shilling  $85\frac{1}{2}$  grains of purity.

	$14\frac{1}{2}$	$20s.$
Gold	$1720\frac{1}{2}$	$1718\frac{2}{3}$
Silver	$1718\frac{2}{3}$	

or  $14\frac{1}{2}$  to 1 very nearly.

But the guinea was associated, probably from its first cradle, with a depreciated silver currency; and, in the reign of the third William, the value of that coin advanced 50 per cent. or to thirty shillings, in the denominations of that currency.

A most excellent silver coinage having been executed, and the depreciated currency in that metal extinguished at one blow, the number of pounds sterling in the pound of gold, coined into  $44\frac{1}{2}$  parts, was fixed at

£47 : 16 : 9, or at 21 shillings and sixpence in silver.

The guinea.....	112 $\frac{1}{8}$	..... the shilling.....	85 $\frac{5}{8}$ grains.
By .....	15 $\frac{1}{2}$	..... by.....	21 $\frac{1}{2}$
Gold .....	1839 $\frac{1}{9}$		1847 $\frac{3}{8}$
Silver .....	1847 $\frac{3}{8}$		
	or upwards of 15 $\frac{1}{2}$ to 1.		

The value of the guinea was reduced to twenty-one shillings in silver by proclamation, which has continued to be the fixed mint-proportion to the present year.

The guinea.....	112 $\frac{1}{8}$	..... the shilling.....	85 $\frac{5}{8}$ grains.
By .....	15 $\frac{1}{2}$	..... by.....	21
Gold .....	1805 $\frac{1}{9}$		1804 $\frac{1}{9}$
Silver .....	1804 $\frac{1}{9}$		
	or 15 $\frac{1}{2}$ to 1 very nearly.		

Thirty-six and one quarter louis France, 1717. d'ors, of 20 livres each, were coined from the mark of gold, and it appears, from the assays made at the French king's mint in Paris, published by Mr. Macé de Richebourg, that this louis contained 110 $\frac{2}{4}$  $\frac{5}{8}$  $\frac{2}{8}$  pure French grains; the old ecus, or louis

blancs, of the same period, were coined at 9 to the French mark, containing

Grains .....	4608
Purity 10 deniers..	22 grains
Alloy 1 .....	2
	12
	0
	Therefore deduct $\frac{1}{11}$ & $\frac{2}{8}$ of $\frac{1}{11}$
	451
	Divided by 9 ecus, ....purity
	4157
	Each ecu .....
	461 $\frac{3}{8}$
	3 $\frac{1}{2}$ ecus, 6 livres to the ecu nearly
	1540
The louis..	110 $\frac{2}{4}$
By.....	14
Gold.....	1547 $\frac{1}{8}$
Silver ....	1540
	or not quite 14 to 1.

The rate of coinage was altered 1725. to 30 louis to the mark of gold, and 8 $\frac{3}{10}$  ecus of 6 livres to the mark of silver. In 1764, Mr. Macé de Richebourg gave the proportions of this coinage, from assays made at the mint in Paris, at 14 $\frac{1}{2}$  $\frac{1}{8}$  $\frac{6}{8}$  to 1.

A fresh coinage took place, 1785-1786. which Dr. Kelly has rated at 15 to 1.

The coinage of this period is 1803. stated by Dr. Kelly, on the rate at which gold and silver are received at the different mints, at 15 $\frac{1}{2}$  $\frac{2}{8}$ , or very nearly

$15\frac{7}{10}$  to 1, on the proportion between the 40 and the 5 franc pieces at  $15\frac{6}{10}$ , or upwards of  $15\frac{1}{2}$  to 1. The agio in favour of gold at Paris, in 1810 and the present year, has been 15 centimes on bullion, and 25 to 30 centimes per cent. on napoleons: adding, then, 25 to 30 centimes to the mint-par of the napoleon, the proportions will be fully  $15\frac{1}{2}$  of silver to 1 in gold; and, taking them, in 1717, as 14 to 1, the value of gold relatively to silver has advanced  $12\frac{1}{2}$  per cent. in France, which is about 4 per cent. above the present mint-par in England.

The ratios between the two metals have been sometimes drawn from the opposition of silver in a coined state to the mark weight of uncoined gold; but more usually, of late, from both the metals in coin, through the medium of the ducat and the guilder or florin.

The ducat is given, in this and the succeeding edition, as current at 5 florins: the quantities are,  $71\frac{3}{4}$  aasen of gold to 1000 in silver, consequently the proportions are  $13\frac{1}{2}$  to 1.

1717—Ricard, Traite de Commerce, 3d edition.

In a treatise on book-keeping, by another hand, which is added to this edition, it is stated, that the Bank of Amsterdam received ducatoons of the value of 63 stivers in currency at 60, and other species in the same proportion, and that the gold ducat, which had been received in bank at 5 florins, afterwards at 4 fl. 19 st<sup>s</sup>. 8 pns. and 4:19, was then received at only 4:17, which rate had been settled by the commissioners, on a more exact examination of the intrinsic value of the two species; therefore, in the proportion of 60 to 63 in the ducatoon, (which governed the receipt of other species,) the ducat at 4:17 could not, in the opinion of the commissioners, be worth intrinsically quite 5 florins 2 stivers in currency, which will produce a par of  $14\frac{1}{2}$  to 1.

1726, — Dennis, sur les Monnoies Etrangeres. Dennis gave the par in Holland at  $14\frac{1}{2}$  to 1.

1728. — Wiertz, werel Arbitrag en Tractat. This author grounded his par upon the well-known price of 355 florins of coined silver for one mark weight of uncoined gold; these

are his words. "The mark of pure gold of 24 carats is fixed by the laws at 355 current florins of Holland," and "it is ordinarily computed at Amsterdam that 14 $\frac{1}{2}$  marks of pure silver are equal to one mark of pure gold; that is to say, 355 current florins of Holland." These passages deserve attention, because they lead to an explanation of the ground on which the price of 355 florins was originally considered to be equivalent to 14 $\frac{1}{2}$  of silver for one of gold. The florin having been rated in Dutch assays at 200 aasen of purity, and by Sir Isaac Newton's assay, at two worse than standard, or one of alloy to eleven of purity; the gross Dutch weight of 219 $\frac{1}{2}$  is completely born out at this period, to 200 of pure silver, at which estimation there will be 71000 aasen in 355 florins, and the mark weight of pure gold containing 5120 aasen, the par is about 13 $\frac{1}{2}$  to one, but the florin had paid a seignorage of  $1\frac{4}{100}$  and the gold bullion was subject at the lowest, on its transit into the coin of the ducat, to another seignorage of  $\frac{9}{100}$  parts of one per cent. so that intrinsi-

cally this par was about . . . 13 $\frac{1}{2}$  }  
 And locally including the } to one; I  
 charges of seignorage, about 14 $\frac{1}{2}$  }  
 entertain not a doubt that this par of Wiertz was so composed, and I fortify myself by the following passage from Dr. Kelly's Universal Cambist, under the article "Mexico." "They (the merchants) buy all the silver they can procure and deduct from the price two reals per mark, one for seignorage and the other for the expenses of the mint."  
 1732.—Ricard This work was edited by Nicolas Struyck, who admitted ("cela est bien vrai") that the price of the mark weight of pure gold was fixed at 355 current florins; but he quarreled nevertheless with the pars of Dernis and Wiertz, the ducat, as valued in silver money, had indeed now advanced, by his statement, to five florins five stivers, a little more or less, and he delivered his par of both the metals in a state of coinage, on that basis, at 14 $\frac{1}{2}$  to one.  
 This proportion does not appear to me to have been assailed before the dawning

of the French revolution, Macé de Richebourg adopted it in 1764, and it is to be found in the Hamburgh Contorist of a much later date.

1796 to 1810. I have already observed that the florin was rated by Sir Isaac Newton's assay, at two, but the Sieur Bonneville and Dr. Kelly place it at the present moment  $4\frac{1}{2}$  worse than standard, I shall therefore offer to your notice a table of the lowest and highest prices of the ducat, in each year, at Amsterdam, within this period and assuming at the price of five florins five stivers, Dr. Kelly's proportion by actual assay of  $14\frac{6}{100}$  to one, which was laid before the Bullion-Committee, for the basis of my computation, I propose to shew what really are the ratios in Holland, between gold and silver, in a state of coinage.

Years.	Lowest Price.	Highest Price.
1796	5 14 $\frac{1}{2}$	5 17 $\frac{3}{4}$
1797	5 11 $\frac{1}{2}$	5 14
1798	5 10	5 13
1799	5 14	5 15 $\frac{1}{2}$
1800	5 11	5 14 $\frac{1}{2}$
1801	5 12 $\frac{1}{2}$	5 13 $\frac{3}{4}$
1802	5 8 $\frac{1}{2}$	5 11 $\frac{1}{2}$
1803	5 9 $\frac{1}{2}$	5 13 $\frac{1}{2}$
1804	5 10 $\frac{1}{2}$	5 13 $\frac{1}{2}$
1805	5 10 $\frac{1}{2}$	5 17 $\frac{3}{4}$
1806	5 10	5 14
1807	5 9 $\frac{1}{2}$	5 11 $\frac{1}{2}$
1808	5 10	5 18
1809	5 14	5 17 $\frac{1}{2}$
1810	5 10	5 15
		83 6 $\frac{1}{8}$
		86 0 $\frac{1}{8}$ & $\frac{1}{6}$
		83 6 $\frac{1}{8}$
		169 7 $\frac{1}{8}$ & $\frac{1}{6}$
Average of 15 years		5 12 $\frac{1}{4}$

In the proportion of  $14\frac{6}{100}$  for five florins five stivers,  $5:12\frac{1}{2}$  will produce a ratio of  $15\frac{7}{100}$  to one.

In 1808, at the medium price of  $5:14$ , the ratio was  $15\frac{88}{100}$  to one, and at the highest price of  $5:18 - 16\frac{44}{100}$  to one.

In 1809, at the mean price of  $5:15\frac{1}{2}$ , the ratio was  $16\frac{12}{100}$  to one, and at the highest price of  $5:17\frac{1}{2} - 16\frac{37}{100}$  to one.

Above our mint-par of  $15\frac{1}{2}$  to one.

- At  $15\frac{7}{100}$  . . .  $3\frac{37}{100}$  per cent.
- At  $15\frac{88}{100}$  . . .  $4\frac{9}{100}$  ———
- At  $16\frac{12}{100}$  . . .  $6\frac{1}{100}$  ———
- At  $16\frac{37}{100}$  . . .  $7\frac{43}{100}$  ———
- At  $16\frac{44}{100}$  . . .  $8\frac{3}{100}$  ———

The guinea transmitted to Holland may be coined into the ducat, for the seignorage of  $\frac{2}{100}$  of one per cent. which is an expense in draw back from the preceding bonus, but the depreciated exchanges in 1809, from 33 : 10 to 30 : 10, and in 1810, from 33 : 5 to 30 : 6 afforded a further profit as well as a recompense to the smuggler of guineas over every possible charge which he might sustain.

Mr. Grefulhe delivered to the Committee the highest and lowest prices of the mark-weight of uncoined gold and silver, as estimated in florins, in the market of Amsterdam, from 1804 to 1810, and whether the florin is depreciated or not, it is the common measure of both the metals, and will consequently produce the true proportions between them without depreciation; these proportions might be readily discovered by multiplying the price of the silver mark weight to the extent of the price of that in gold, but as the florin or guilder labours under the charge of depreciation, accuracy is so strictly necessary that I beg leave to employ the number of pure grains of silver

which are proved, by the latest and best assays, to be contained in that coin,\* that is to say, those of the Sieur Bonneville and Dr. Kelly as the ground or common measure of the proportions between silver coinage in currency and the mark-weights of gold and silver bullion, and between silver coinage in currency and gold bullion only, and a comparison of the two tables will detect the depreciation of the florin, if any depreciation exists; that coin contains  $145\frac{1}{10}$  and the mark  $3797\frac{1}{2}$  pure grains troy.

\* The florin, 1717, at purity, Dutch assay, 200 aasen  $148\frac{3}{100}$   
 Ratisbon assay...198 —  $146\frac{8}{100}$   
 1764 Macé de Richebourg French assay 194  $144\frac{8}{100}$   
 1810 .....Dr. Kelly } .. $195\frac{4}{10}$  nearly  $145\frac{1}{100}$   
 1806 .....Bonneville }

grains troy.



Statement of the proportions between the silver florin and gold bullion, as estimated by multiplying 3797½, the number of troy grains in the mark of gold, by the number of troy grains pure contained, in the price of the said mark in florins.		Year.	GOLD MARK WEIGHT.			SILVER MARK WEIGHT.			The ratios.
			Premium on 355 florins.	Price in florins.	Pure grains of silver in the price.	Price in florins.	Pure grains of silver in the price.		
3797½	by 14,53165	1804	10½ per cent.	392 5	856919	25 14	0 3729	15 98½ to 1	
—	.. 15,56962½	1805	11½	395 16	857434½	26 0	0 3772½	15 37½ to 1	
—	.. 15,56962½	1805	13½	403 16	458593½	26 0	0 3772½	15 30½ to 1	
—	.. 16,60760	1806	18½	419 15	1260796½	26 3	0 3794½	16 38½ to 1	
—	.. 14,53165	1806	9	386 19	056146½	24 17	0 3605½	15 86½ to 1	
—	.. 15,56962½	1807	11½	396 14	057561½	25 14	0 3729	15 46½ to 1	
—	.. 14,53165	1807	13	386 19	056146½	24 4	0 3511½	15 47½ to 1	
—	.. 15,56962½	1808	10	401 3	058206½	25 4	0 3656½	15 33½ to 1	
—	.. 14,53165	1808	10	390 10	056661½	24 18	0 3612½	15 36½ to 1	
—	.. 15,56962½	1809	17	415 7	060267½	25 18	0 3758	16 19 to 1	
—	.. 15,56962½	1809	14½	406 9	058977½	26 0	0 3772½	15 38½ to 1	
—	.. 16,60760	1810	20	426 0	061812½	26 8	0 3831	16 31½ to 1	
—	.. 15,56962½	1810	12	397 12	057691½	25 16	0 3743½	15 43½ to 1	
—	.. 15,56962½	1810	14½	406 9	058977½	26 8	0 3831	15 33½ to 1	

If the opinion which I have hazarded in regard to the construction of the par of Wiertz is correct,  $2\frac{4}{100}$  per cent. should be deducted from the mark of gold bullion, for seignorage; on the other hand, the silver mark of bullion would be liable to  $1\frac{4}{100}$  incurred on the florin delivered in payment, and to the same charge on the bullion received for conversion into coin, which render a result of  $\frac{1}{100}$  of one per cent. against silver; but it is sufficient for my object of rescuing the guilder from the charge of depreciation to have submitted to you the prices which have been paid in pure grains of coined silver for the grain of pure gold bullion, and the proportions which have arisen from the opposition to each other, of the price of gold and silver bullion; there are only two instances marked \* in the table when gold bullion valued in the florin was dearer than in its relative proportions to silver bullion. There are three distinct pars in Holland,—between coined silver and gold bullion; between gold and silver in bullion; and, between both the metals in coin, as in the gold ducat and the silver florin.

From 1717 to the present time, the relative proportions between silver coin and gold bullion have advanced in Holland from  $13\frac{1}{2}$  as high as to  $16\frac{2}{3}$  (1809), or seventeen per cent. and from  $13\frac{1}{2}$  to  $16\frac{4}{5}$ , or upwards of 18, between ducats and florins; and the excesses of the last of these ratios above the mint-par of England have been already stated.

The influences of the continual ratios on the coinage of England. The principal coinage, the legal tender in England, was antiently silver money, and the renewal of it in 1695 was undoubtedly a work of great merit, but the promoters of that measure were not entitled to the unbounded praises which were heaped upon them, they indeed restored the integrity of the circulating medium in silver, and it may be naturally supposed that every succeeding step they took would be directed to the preservation of it; but, if such was their object, they failed miserably: whilst the price of silver, as rated in gold, was very considerably higher in Holland and France, our proportions of that day of  $15\frac{1}{2}$  to 1 were evidences of great incau-

tion or gross ignorance; they encouraged the importation of gold, and worked the destruction of that noble silver coinage from the moment it was issued.

In 1717, within the short period of twenty-two years from the date of the great recoinage, an uncommon scarcity of silver money prevailed, the memorial of Sir Isaac Newton to the Lords of the Treasury upon that subject came under the examination of the Commons, and a member stated in detail, that the Dutch and Hamburgers, aided by the Jews in England and other persons, had driven a lucrative trade in the fraudulent export of our silver coin, the import of gold, and the coinage of that gold into guineas, which yielded a profit of 1s. 3d. each, that is, 1s. 3d. upon 20s. 3d. or about  $6\frac{1}{2}$  per cent. Our proportions were reduced in 1717 to  $15\frac{1}{2}$  for 1, or to twenty-one shillings in silver for the guinea, which still left to the smuggler of the silver coin a premium of ninepence upon 20s. 3d. or  $3\frac{1}{2}$  per cent.

If you will be pleased to revert back to the pars which I have given of France and

Holland in 1717, it will be found that they were not more than 14 to 1, or at most, including the expenses of Dutch coinage, 14½ to 1, so that the demolition of our silver money proceeded rapidly, even at the reduced premium, and its destruction may be considered to have been completed in the course of a few years afterwards.

Precisely in the same ratio that our unwise proportions had destroyed our silver was gold protected; silver, contrary to the assertion of the Committee, was, by the habits and usage of the country, the tangible measure of value, but our legal provisions had now expelled it, and the nation, not then possessing the power of election, was driven by necessity, in 1717, to adopt gold in its place, in opposition to those habits and usages which still pervade all our fiscal operations, and it is not unworthy of your attention that, although there was at the time a considerable circulation of Bank-of-England notes, perhaps between two and three millions, it was so evidently a question between silver and gold only, that the instrumentality of paper

money in the affair was not even glanced at.

The mint-proportion of 1717, the free intercourse of trade, and the mutual exchange of commodities with the continent, had, however, protected our gold coin from any material export for nearly a century, it was at the beginning of the period seven per cent. dearer in England than in France and Holland, but the effluxion of time and the complexion of events have strangely altered the case, and it is dearer in the mints of France and the markets of Holland, in the proportions I have already shewn, than in our monetary system.

The cause of the disappearance of our fine silver coinage of 1695 is now an historical fact, change but the name of the metal, and the process has been renewed in our gold coin by the same and by the accession of other causes of peculiar force, without the intervention of the bank-note; the mind of the public has been so intensely engaged on the question of its depreciation that the property which the note has so powerfully developed of arresting the progress of depreciation properly so called

has been entirely overlooked; but allow me to suppose, for the purpose of proving the existence of this property, that we were now without a bank-note, that we were now in possession of a circulation of guineas fresh from the mint associated with the present deplorably debased silver currency of the country, the coinage of which, wrested from the sovereign, has been long abandoned to the avarice of the fraudulent and the profligate; this was the situation of our forefathers of 1695, and we know what were the consequences; why then have not similar effects sprung from similar causes, for, assuredly, if we connect the undeniably increased value of gold, as it relates to silver, with the present state of our silver money, the guinea is worth at least thirty shillings of that money?\* I am not aware that any other just cause is assignable for the variation of the consequences of the present day from those of 1695, than that the bank-note in circulation has arrested the mischief, and

\* Mr. Merle, in evidence before the Committee, stated that £100 of silver coin is worth no more than £60.

sustained the silver to the extent of six or seven shillings in every guinea.

Has the profit on the export of mint-gold to Holland been too trivial a temptation to the smuggler? Certainly it has not; I have shewn already what were the profits of 1808 and 1809 by the conversion of guineas into ducats, on the proportions which gold and silver bore to each other in Holland, as opposed to our mint-price; and the Committee admit a depreciation of the exchange of 7 per cent. in favour of the exporter of gold, commensurate to the expense of the export; but the smuggler effects no insurance on this lawless traffic, and the foreign skipper, who fills his pockets and lines his body-belt with the metal at every trip from the shore to the ship, pays neither freight nor insurance; unquestionably then the successors of the Dutch, Hamburgers, Jews, and others, of 1717 have been actively and profitably engaged in the export and destruction of our gold coin; an operation which can be begun and wound up in the space of six weeks, with a profit exceeding the legal interest of

a twelvemonth, will not be easily arrested by prohibitory statutes; the volume of silver of the same value as gold is at least fifteen times the larger body, and is of course infinitely the most difficult of the two to smuggle, yet the silver coinage of 1695 evaded the statutes and surmounted this obstacle, in quest of a profit not exceeding the returns which have accrued in 1808 and 1809 from the export of guineas.

I conceive that I have by this time advanced proofs which are decisive of the existence of a demand for gold upon the continent; proofs arising from a survey of the exertion of the natural influences of the increased French and Dutch ratios upon our gold coin, but I shall so far trespass on your time as to add "a confirmation strong as holy writ;" another proof drawn from another source, another cause which is now acting upon our gold, in every form, with tremendous energy.

By the present commercial regulations of France, certain articles of merchandise are admitted to an import into that country under the obligation of taking away in

return a corresponding export of French produce: for the better explanation of the effect of these regulations upon the price of our gold, I shall consider a mercantile transaction within the controul of those regulations to originate with a French subject, owning a licensed vessel, as the exporter from the other side, he is entitled consequently to a corresponding import, but, rather chusing to make a sure profit by covering the cargo of a British adventurer under his name and thereby discharging him from the obligation of making a corresponding French export, this privilege is purchased and the profit of the Frenchman is secured by the payment of an enormous freight, such as one shilling and sixpence for conveying a pound of indigo across the channel; and the British merchant is left at liberty to return the value of his cargo, through the medium of the exchanges, or in any other way that he may find to be most advantageous to him. But, if the transaction begins in England and the subject of the adventure is one thousand pounds worth of gold, the shipper of it is

relieved from the condition of a corresponding export of French produce; nay more, if he should send three thousand pounds weight of indigo, of the value of one thousand pounds, and connect with it two hundred ounces of gold of the same worth, the gold not only clears itself but is admitted to clear the indigo from the obligation of the French export; in short, the gold is allowed to stand as French export against the English import of indigo.

By a collected view of the two transactions it appears that the French premium on the export of gold from hence amounts precisely to that portion of the freight which is given in the first of the cases in consideration of discharging the British owner of the indigo from the French export; and, as the true rate of freight cannot be more than two or three pence per pound, merely as freight, the actual premium on the export of gold to France is at the present moment twenty per cent.\*

\* In Holland the French Ruler admits of a considerable reduction of his duties on payment being made in gold; I believe 10 from 50.

In the year 1718, a bill was brought into the House of Lords with the object of prohibiting the export of bullion, but it fell to the ground: certainly such a measure ought not to be adopted lightly at any time, and perhaps never by a great commercial nation as a portion of its permanent policy; but, unless steps are taken that will have the effect of neutralising the French regulations, the price of gold may rise to any indefinite extent; as it will not be checked by any other limits than that which may be assigned to it by the profit of every cargo of *other* merchandise with which it may be connected, and our chances of retaining any gold in this country will be entirely hopeless.

The price of gold rise to an indefinite extent in England! cries the bullionist, our laws prohibit the case; "the real and legal standard of our circulating medium is gold bullion;" and, generally speaking, "the price of gold, being measured and expressed in gold, cannot be raised or lowered by an increased or diminished demand for it."\* The surrounding nations must of course sub-

\* Report of the Bullion-Committee.



scribe to these dogmata, and the division of parts being, of course, merely an arbitrary distinction, we may call the ounce of gold bullion 50s. or 77s. 10½d.; but, when the law says that 77s. 10½d. shall be the maximum; if bullion should pass that limit, the bank-note is the offending cause, and is depreciated to the extent of the excess above the maximum.

Unanswerably true, *if* the basis is not assailable; but it so happens that our merchants and those of the surrounding nations know perfectly well the process of valuing gold by silver through their money of account; and they know, with equal precision, the method of realising the profit of the process into the money of account of each nation.

Merchants know that guineas, that even gold bullion, the standard of the Committee, is amenable to a superior standard, which is common to all the world, namely, to money of account, which we express in England by the denominations of pounds, shillings, and pence.

Money of account never alters in quality, but it may be satisfied in every species of

coin or of other merchandise, in ducats, guineas, gold or silver bullion, cotton, or cloth: which, fluctuating and altering in substance and quantity, but not possessing the fixed principle of quality or standard, are sometimes higher and sometimes lower on the scale of the standard itself: of that standard, which is our check and tally, and to which we reduce the value of every species of property enjoyed by society.

Although this money of account, this standard of value, is variously inflected, the principle of it is the unit weight, and it is universal; the unit weight of England is the pound; of France, the livre; of Holland, the guilder; and of China, the tale; all of them money of account;—the subdivisions of England into shillings and pence of account, of France into sols and deniers, of Holland into stivers and pennings, and of China into maces and candarines, are no more than different divisions or graduations of the standard unit, which passes under the various names of the pound, the livre, the guilder of account, and the tale; and, if the aid of analogy is of any importance, I may

be allowed to say, that a thermometer graduated 105 or 212 is still a thermometer.

With our standard unit, our pound of account, at our elbow, why are we to erect an ounce of gold or silver, a quarter of corn, a piece of broad cloth, or a parcel of cowries, into a measure of value; these things are subject in their nature and properties to the law of the standard, and no material, which is subject to a known law, can be the law itself, and gold, as a standard, would be the prosecutor and the judge, the jury and the executioner; we have, indeed, been long used to ascertain the true value of gold and silver by the opposition of them to corn, through the medium of the pound of account, so that we have employed without acknowledging the principle.

But the bullionist asserts, that gold bullion is the standard of value in England, and the inference which flows from his dictum is, that the guinea is the image of his standard; let him then shew, if he is able, the insusceptibility of the action of silver and of all other merchandise on the *quality* of *that* standard.

Whether the guinea is the image of his

bullion, or of 20 and  $\frac{1}{16}$  lines of the pound of account, let him chain it rigorously to its office, let him take care that neither human force nor fraud shall place it in another form, or divert it from its object; let him, confine it, as the law directs, to this country, as the local currency of the kingdom; and then possessing, but not before, the fixed quality or principle of the pound of account it will be synonymous to it; but let the state of Europe, and the ratios between gold and silver, be as they now are in that quarter; and as by his own admission, bullion is both his standard and a merchandise, he would find it either impossible to hold it in this state of coercion, or his standard would run away from his image in fetters.

As gold bullion is merchandise, so is the guinea a merchandise in a restrained and unproductive state; but, its price having been rated and remaining for many years higher in this country than on the continent, no disposition could exist to withdraw it from circulation; its long conformity (the consequence of that high price) to the pound of account had thrown the latter into the



shade, and has led to the usurpation of its attributes: but bullion having advanced *in common with other unrestrained merchandise*, the slave has deserted, and reassumed his original free condition of bullion or merchandise in a productive state.

If the favourite article in the system of the French Emperor had been cotton instead of gold, it would have been universally admitted that cotton might rise to an indefinite price, which would acknowledge no limit but the extent of the temptation, and the amount of profit expected on the adventure, of which it would be the key-stone, and with which it might be connected.

China, possessing a money of account, but no coin, gold is not there clothed by artificial distinctions with the double and contradictory characters of a standard of value and a merchandise; allow me then to assign for a moment to China, that spot on which England is, and to enquire whether her gold, as valued in her money of account, would be restrained to a fixed price? It could not be, it would advance like cotton and every other species of produce, by the

competition of her merchants to that point, which would leave a reasonable profit on the adventure to the opposite coast.

Gold has advanced in common with other merchandize; to the Committee, this fact appears to be a phenomenon; but, if it is one, it is very aged and inveterate, and existed before the Bank of England had a name: gold had risen in our money of account between the reign of William the First and that of James the Second, from 15s. to 74s. 2d. silver from 23d. to 5s. 7d. for the ounce, and I am unable to discover any thing more extraordinary in the late advance of gold from 3l. 17s. 10½d. to 4l. 10s. and of silver from 5s. 2½d. to 5s. 10d. or of silver, in the year 1781, to 5s. 10d. for the ounce, whilst the guineas of Lord Liverpool's coinage were fresh from the mint, than in the precedent advances between the times of William and James.

The Committee have, however, decided by a short cut, that gold ought not to rise in common with other commodities, but the contrary is not a novelty, nor is the fact with them; 5s. 2d. in silver, and 77s. 10½d. in gold will

always express the relative proportions in our coinage of nearly  $15\frac{1}{7}$  to one, as well as 5s. 10d. and 88s. 8d.: but 5s. 2d. and 77s.  $10\frac{1}{2}$ d. will not eternally shew the proportions which fluctuate and exist between the mass of both the metals, and the aggregate of all other matter which is appreciable by the pound of account: and, I conceive, that the continued advance, from the earliest periods of English society to the present hour, of the ounce of gold and silver, in the denominations of that pound, preserve and express those proportions.

I had, indeed, understood that the proof of the appreciation and depreciation of the metals is alone attainable by the more circuitous process of a comparison at different periods of the prices of the necessaries of life with those of gold and silver in money of account; for instance, of gold against the price of the quarter of wheat, which article, the staff of life, has as fair a claim to the title of the standard of value as either of the metals: by this comparison it appears, that the average price of wheat, being in 1798, the year after the act of suspension,

\*50s. 3d. the quarter, and the average of the ounce of gold bullion 77s.  $9\frac{1}{4}$ d. there would be  $310\frac{1}{2}$  grains of gold in the price of the wheat; that, in 1809, wheat being at \*95s. 7d. and the average price of gold, for home consumption, 86s. not less than 534 gold grains would be required to purchase the same quantity of wheat, so that the fact would have been more correctly stated, if the Committee, instead of giving only one side of the case, by asserting that gold had risen in common with other commodities, had informed us that its depreciation had proceeded in a less accelerated course, by means of the advance in the price of the bullion.

I must be allowed to think, that the question of depreciation, having been discussed in the mass, has not been treated with sufficient precision. I divide it into two classes: 1st, the depreciation of a currency in relation solely to the standard of value; 2d, The depreciation of a currency in relation to the necessaries of life.

\*Appendix to the Bullion-Report, No. 71.

Thus, under the first class, depreciation appears in one shape only, that is, by a reduction of denominations on the scale of the standard; a guinea representing  $20\frac{1}{2}$  of the pound of account, passing for 20s. and a bank-note for 19s. money of account, are unquestionably depreciated; at 21s. and 20s. they are as undoubtedly at par with the standard: if then, by an increased price or demand for gold bullion, the guinea is forced from its office, and surreptitiously sold for 23s. to be converted into active merchandise, and the bank-note remains at 20s. the latter is not the less at par with the standard pound of account, and no depreciation of it as a currency has taken place.

Under the second head, the nature of the depreciation consists in a decreased ability to purchase, at different periods, the same quantity of a given article with the same number of pieces of metal or of paper circulating *at par with the standard pound*; in this view, the guinea and the bank-note have depreciated in common with every other currency of Europe; but the guinea,

passing in common with, and checking the issue of, the bank-note, was depreciated, in the short space of four years, from the beginning of the revolution war in 1793 to the end of 1796, preceding the act of suspension, to a greater extent and more rapidly than took place in the depreciation of the bank-note, during the succeeding period of thirteen years, which followed from the act of suspension in 1797 to the end of 1809; and these facts dispel the charge so confidently advanced, that the circulation of the note without the check of coin has enormously increased the price of provisions. From the beginning of 1783 to the end of 1792, during the ten years of peace which succeeded the American war, the average price of the quarter of wheat in England and Wales appears, by No. 71 of the Appendix to the Bullion Report, to have been forty-seven shillings and threepence money of account, and the average of the succeeding *four* years, immediately preceding the suspension, whilst guineas were in circulation, was 62s. 11 $\frac{1}{2}$ d. the depreciation of the guinea was therefore about 33 $\frac{1}{2}$  per cent. in this period.

The average price of the quarter for the following period, from 1797 to 1809, when the guinea ceased to check the issue of the bank-note, exclusive of the two years of scarcity, (1800 and 1801,) when the averages of the quarter were 113s. 7d. and 118s. 3d. was no more than 70s.; in 1796, the guinea had left the average for that single year at 77s. 1d. the average of the four years of guineas was, however, as already stated, no more than 62s. 11½d. so that the depreciation of the currency, not including the two years of scarcity, (I had nearly said of famine,) was in round numbers 7 upon 63, or no more than 11½ per cent.; inclusive of the years of scarcity, the average of the quarter was 77s. or 14 of advance upon 63, producing no more than 22½ per cent. of depreciation under the pressure of scarcity, and of the accumulated and accumulating burthens of a war of thirteen years from the date of the suspension. If this is that species of depreciation which the Committee have sought and found, a Report was not necessary for the purpose of putting the people of Britain in possession of the fact; a depre-

ciation which (under all the various forms of our currency, progressing through more than seven centuries, in strict connection with, and denoting *at all times when the currency is at par with the standard of value, or pound of account*, the progressive increase, in proportion to the increase of our population, of the productive capital stock of the society, in public buildings, houses, bridges, canals, docks, arsenals, lands reclaimed from the waste, mines, shipping, manufactures, merchandise, and a long *et cetera* of property, composing *the solid wealth of nations*) is the scale of the progress of a noble structure, in the raising of which the bank-note is proudly entitled to an honourable share.

But, if the converse is to be maintained, and this class of depreciation is to be only investigated on the surface, the bank-note was not bound by covenant to keep the price of the quarter of wheat at 77s. 1d. money of account, where the guinea left it in 1796; but it so happened that the quarter of wheat did not exceed the average of 77s. during those 13 years of unexampled pressure and difficulty;—I repeat, then, that, if the nature of this depreciation, about which

the nation has been agitated and convulsed by the men of letters of the day, is to be inquired into no farther than skin-deep, the guinea must come in for its superior share of the wrong done to the public, as instanced already in the depreciation of 33½ per cent. in its comparison through the pound of account with the quarter of wheat.

I cannot consent to seek the depreciation of the bank-note as a currency, in its relation to the standard of value in the price of gold bullion, any more than I should look for it in the price of gunpowder. It is not difficult to conceive, on the present gigantic scale of the war of the world, that the demand for *the two species of merchandise* has been equally urgent and imperious.

Finally, it seems to me that the obvious deductions which flow from the data I have submitted to you are, that gold cannot remain here in sufficient quantities, *under any denomination of value*, for the creation of a permanent coinage of that metal, and, of course, that we cannot coin it to any good purpose, unless we abstain from a continental import, or until a change of circumstances will admit of *a free export* to, as well as of an

*import from*, the continent; that the emission of a future coinage of gold, restrained by mint proportions, cannot be sustained and preserved at the antient ratio between silver and gold of 15½ to 1; at the period of 1717, that ratio gave to gold a value of 7 per cent. in England above its value in the ratios of the same time in France and Holland, whereas, by their ratios of the present day, the metal has been of late from 4 to 8 per cent. cheaper in the mint-proportions of England; and, if these per centages should remain permanent, on the return of better days for the continent, I do not conceive that gold coined on the principle of retaining it in preference to silver can be emitted below 17 to 1, and *vice versa*, if a silver money should be the favoured currency. If the object should be to preserve a circulating medium in both the metals, a sound, intrinsic, and full-weight, currency in silver might be prepared and issued, as the basis of the system, so as to extinguish, by proclamation, at a stroke, the present base and abominable circulation in that metal; and gold coin, released from mint-proportions,

being left at liberty to seek its true value in silver through the pound of account, like the ducat of Holland, which is *legally* permitted to be at one and the same time a coin and a merchandise, upon this footing, the mint and the market price would be synonymous terms.

But, if a silver currency should be only issued in annual rills, and be suffered to circulate concurrently with the depreciated currency of the day, the dream of Pharaoh would be realised a second time, and the blighted corn would destroy the full ears; if freed of mint proportions it should not be jealously guarded: if it should not be so distinctively marked, at the first emission of it, that a tithe, or a twelfth portion, of it may be recoined annually, beginning with the year immediately succeeding that of the first issue, the anarchy of value which actually ensued in the reign of William the Third will inevitably follow.

THE END.

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