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THOUGHTS

ON THE

ALARMING STATE

OF

THE CIRCULATION,

AND ON THE

MEANS OF REDRESSING

THE

PECUNIARY GRIEVANCES

IN

IRELAND.

BY

THE EARL OF LAUDERDALE.

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THOUGHTS, &c.

THE restriction imposed by order of Council, and afterwards confirmed by the legislature in the year 1797, on payments in cash by the Bank of England, was a measure originating in the necessity of the times.

The large remittances to the continent for the purchase of corn, rendered necessary by the scarcity of the preceding years *; the sums sent abroad on account of subsidies, and in payment of loans granted by treaties to foreign powers, which had been sanctioned by parliament †; as well as the money remitted to discharge the extraordinary supply of naval stores ‡, had brought

* There was paid to foreign countries for grain imported during the four years preceding 5th January, 1797, L. 8,946,012. See Report of the Committee of the House of Lords on the Bank, 1797, p. 256.

† L. 14,988,422 : 9 : 8¾, ib. p. 253. See also Account, No 23, annexed to the said Report.

‡ L. 6,560,029, ib. p. 256.

the course of exchange with Hamburgh to a rate that prevented the importation of bullion without a loss, and rendered the exportation of it a profitable traffic.

Whilst the Bank was thus precluded from all hope of getting any immediate supply of gold, a sudden run, occasioned by that distrust which has invariably attended a dread of invasion *, so reduced its cash, that the Secret Committee of the House of Commons, after a full investigation, reported, that " the cash and bullion in the Bank, having been considerably reduced between the month of June 1795, and the 21st of February 1797, were on that day in so low a state, as to induce the Directors of the Bank to lay before the Chancellor of the Exchequer the precise amount, together with their apprehensions of its being still further reduced, in order that he might take such measures as might be thought most advisable for the public interest.

* The measures, to which the Bank of England was obliged to resort in the year 1745, are well known. In March, 1708, the French fleet appeared in the Frith of Forth, on which occasion, as well as in the year 1715, the Bank of Scotland was obliged to stop payment in consequence of the run for specie. See Historical Account of the Progress of the Bank of Scotland, printed 1727.

" It appears to your Committee, that between that day and the 26th of February, the drain on the Bank for cash increased in a still more rapid and alarming proportion; and that, supposing such drain should continue to operate (and still more so if it should increase) your Committee are of opinion, that there was strong reason to apprehend, that the Bank might, in the course of a few days, not only be prevented from affording the usual and necessary supply of cash for the public service, but ultimately be totally disabled from continuing its payments in cash, in the ordinary course of its business; and that, by a further reduction to any considerable amount, the danger to the public would have been greatly increased, and it might have become much more difficult to reinstate the affairs of the Bank, and restore the general circulation of the kingdom; that there was no reason to suppose that the drain would, on the ensuing Monday and following days, be in the least diminished, but rather that it would have been considerably augmented; that no means were suggested by the Directors of the Bank for preventing the danger which was apprehended, nor did any such occur to them at the time, or have since been suggested to this Committee; and it therefore appears to your Committee, that no measure could then have been taken, which would have prevented such danger, other than the suspension of payments in cash, required by the Minute of Council: Your Committee are therefore of opinion, that on the 26th of February there did exist a necessity for issuing the Minute of Council of that date, though at the time not warranted by law *."

The Committee had previously reported, that "in their opinion it was necessary to provide for the confirmation and continuance, for a time to be limited, of the measures taken in pursuance of the Order of Council on the 26th day of February last; submitting to the wisdom of Parliament to determine for what limited time it may be necessary that those measures should be continued †."

It appears, therefore, evident, that this restraint was imposed on the Bank of England,

* Third Report of the Secret Committee of the House of Commons, 1797, p. 3.

† Second Report of the Secret Committee of the House of Commons, 1797.

not as a permanent improvement in the conduct of the circulation of the country, but as a temporary remedy against what the nation were taught by parliament, after inquiry, to consider as a momentary evil, resulting from the situation in which the country was placed *.

This measure, dictated by a sense of its necessity, had not been long resorted to in England, before an act of the Irish legislature imposed a similar restraint upon the national Bank of that country.

In Ireland, however, the restriction was adopted without inquiry, and under circumstances which, on the slightest investigation, must have made the measure appear to be peculiarly unnecessary.

* In general, where governments have interposed a similar restraint on cash payments by public banks, the term of its duration has always been expressed and limited. The first instance we have on record is that of Philip II. King of Spain, who, in the year 1596, was constrained to give a *Facultad Reall*, that is, a power or *Faculty Royal*, or a protection to the banks of Madrid for four years, commanding that they and all their associates, who had dealt with them in matters of exchange, or in any wise publickly or secretly, should not be compelled to pay any money to their creditors till the year 1600. See Lex Mercatoria, p. 133.---printed 1629.

The credit of the Bank of Ireland was unimpeached *.

There had been no alarming demand for cash, similar to what the Bank of England had experienced †.

The quantity of bullion sent into Ireland had been, for some years, unusually great ‡, and the

* "As to discredit, I never heard the solvency of the Bank of Ireland doubted by any one." Mr Marshall's Evidence, Irish Exchange Committee, p. 117.

† Report from the Committee on the Exchange with Ireland, p. 7.

‡ ACCOUNT of Guineas sent to, and received from, Ireland, in the under-mentioned Years; extracted from the Books of the Mail Coach.

Years.	*Sent to.*	*Received from.*
1795	633,782 Guineas	53,200
1796	579,000	29,430
1797	733,359	5,600
	1,946,141	87,230

See Mr Borrowes's Evidence in the Exchange Committee, p. 9.

It appears also, from Appendix, No 2. of the Evidence annexed to the Third Report of the Committee of the House of Commons on the Bank, 1797, that Messrs Puget and Benbridge had sent to Dublin from London the following amount of specie:

In 1794	364,480	1796	208,115
1795	1,165,172	1797	293,015

See also Appendix (U) and (W) to the Minutes of the Exchange Committee.

exchange had remained steadily in such a state, as made the importation of specie a profitable concern, and subjected the exporter of it to a certain loss *.

It seems also ridiculous to pretend, that the connection between England and Ireland formed any justification of the measure; for, though Scotland is certainly as intimately connected in mercantile relation with England, it was not then thought, nor has it since proved necessary to extend the restriction to the public Banks of that country.

To believe that the Parliament of Ireland passed, or that the Directors solicited this Act, with a design of altering the whole system of their proceedings, is hardly possible. But it is certain, that, the moment the restriction took place, they appear to have regarded their former conduct as narrow-minded and contemptible; and that they have ever since boasted of the benefits resulting to the country from the large

* Report from the Exchange Committee, p. 7. See also Mr Marshal's Evidence, who states the balance of debt in the year 1797 to be the most favourable for Ireland ever known.

and extended scale on which their business has been conducted *.

The public are at all times sufficiently disposed to respect professional authority. There are fortunately, however, bounds to the degree of confidence which mankind can bestow.

The changes in the state of the circulating medium of Ireland, as well as in the course of exchange between that country and England, since this new system was adopted, proved, in the last session of parliament, sufficient to suspend confidence, so far as to give rise to inquiry; and the investigation has brought to light many circumstances, which, far from quelling, cannot reasonably fail to excite alarm.

It has appeared,

That, since the restriction of payments in cash in the year 1797, the circulation of the Bank of Ireland has increased from six hundred thousand pounds to three millions †:

That a difference has existed and continues to

* Minutes of Evidence, p. 137.

† See Mr Colville's Evidence, Minutes of Evidence, p. 96. See also Appendix (Z) to the Minutes of Evidence.

exist, between the value of gold and Bank paper *:

That the nominal exchange between London and Dublin has risen from L. 106 : 7 : 1, the average of three months, ending in December 1797, to L. 116 : 3 : 7, the average of three months, ending March 1804 †:

That gold has disappeared from circulation, except in the northern parts of Ireland; and that the silver coin has gradually been displaced by small paper notes (technically termed silver notes), or by a base coinage, the best shillings of which may be worth about sixpence, and the sixpence worth about three-pence ‡.

The calamitous consequences, which must result from such a state of things, are apparent. The history of all countries subjected to similar

* See Appendix (L.) to the Minutes of Evidence. See also the Evidence of Mr Thomas Thorpe Frank, p. 128.

† See Appendix (A. 1.), Exchange Committee. It may be necessary to mention, that the par of exchange between England and Ireland has long been understood to be 8⅓ per cent. or L. 108 : 6 : 8 Irish for L. 100 English. The difference is founded on the state of the copper money, of which 13d. is worth one shilling English.

‡ See Minutes of Evidence, p. 77, 83, 93.

misfortunes, as well as the miseries which have already threatened the poor in Ireland, and the loss of revenue, to which the government is obliged to submit, rather than risk any public disturbance *, at once proclaims the evil, and the necessity of a speedy and effectual remedy.

It is the object, therefore, of the short Observations now submitted to the Public, to explain the causes of the calamity, and to point out the sole remedy applicable to the nature of the case. For the sake of order and precision, the subject will be treated under the following heads:

I. That the difference existing between the value of gold and the paper of the Bank of Ireland arises from the depreciation of its paper.

II. That the increase of Bank paper is the sole cause of its depreciation.

III. That the reduction of the quantity of Bank paper is the only remedy for the existing evil.

IV. Of the means of effecting a reduction of the paper of the Bank of Ireland.

* See Sir Evan Nepean's Letter, 28th March, 1804, Appendix, No. I. See also the Evidence of Mr Frank, p. 77.

I. *That the difference existing between the value of gold and the paper of the Bank of Ireland arises from the depreciation of its paper.*

It is universally admitted throughout the evidence annexed to the Report of the Committee on the circulating Paper and current Coin of Ireland, that a difference of value has existed, for a length of time, between gold and notes of the Bank of Ireland to the extent of 8, 10, or sometimes 12 *per cent.*

This circumstance might perhaps be deemed sufficient of itself to authorize the inference, that the Bank paper of that country is depreciated. For this difference in value must proceed either from a rise in the value of gold, or a diminution in the value of paper; and though such a diminution in the value of paper money is no novel occurrence, (the history of many countries disclosing to us that imprudent management has produced a much more formidable depreciation), no instance of gold rising in value to such an extent can be found in the annals of any country.

Indeed, its remaining so for a length of time appears impossible, as this rise in value is far more than sufficient, in defiance of all regulation, to secure importation from every nation in Europe. For there is no commodity, the export or the import of which it is so little in the power of the whims and caprices of mankind to regulate; or whose value universally keeps so even a pace with the quantity sent to the great market of the world.

Notwithstanding the effect, which these obvious considerations must have on the mind of every one who for a moment reflects on the subject, it has been maintained, that the paper of the Bank of Ireland is nowise diminished in value; and that the apparent depreciation proceeds, in reality, from an augmentation in the value of gold. And these opinions acquire importance from their having been delivered by men, whose habits lead the public to presume great knowledge on the subject, and whose errors, from the situation in which they are placed, may produce the greatest national calamities *.

* "Do you know that the Bank of Ireland paper is depreciated?—I am not aware of it, because I should not say paper was depreciated, unless there was a forced issue of it, and that it was offered at a discount on all occasions.

The following considerations are, therefore, submitted, as incontrovertibly establishing the depreciation of the paper of the Bank of Ireland:

1. As the value of every thing necessarily depends on the proportion between the quantity of it and the demand for it, it seems impossible to conceive how the value of gold should have increased in Ireland, at a time when the general balance of debt between England and Ireland *

I should rather now say, that gold is increased in value, than the paper is depreciated." Mr Herman's Evidence, Minutes, p. 26. See also Mr Irvine's, p. 58, and Mr Frank's, who, in p. 141, states it as his opinion, that to whatever amount the paper circulation of Ireland might be brought, it could make no alteration in the exchange, or, of course, in the value of gold.

See, farther, the Evidence of Mr Colville, pp. 93, 96, 100, 110, 111, 141; and of Mr D'Olier, pp. 82, 103, 110, 134, 137, 147, 149, Directors of the Bank of Ireland, deputed to attend the Committee of the House of Commons. This last gentleman, in p. 140 of the Minutes of Evidence, states it as his opinion, that no indiscretion of the Bank of Ireland, in the ordinary way of their business, could produce such an excessive issue of their paper as to generate depreciation.

* "Do you mean upon the whole of your evidence, to give it as your decided opinion, that the general balance of debt between England and Ireland, including trade, remit-

must, by importation, have caused an increase of its quantity; and its being universally withdrawn from circulation, except in the district around Belfast, must have occasioned a diminution of demand for it.

On the other hand, the depreciation of paper appears an obvious and natural consequence of its being increased from six hundred thousand to three millions *.

2. When a variation is perceptible in the comparative value of any two commodities, there may exist a doubt, whether it proceeds from an

tances, and every pecuniary transaction, has been each year since the restriction on specie in favour of Ireland?—I do very clearly, except during the two years of scarcity; and upon the whole six years taken together, the general balance must have been considerably in favour of Ireland." Evidence of Mr Marshal, Inspector General of Imports and Exports of Ireland, Minutes, p. 124.—See also Evidence of Mr Cunningham, p. 57.

* "Can you tell the amount of notes out in circulation at any late period prior to your coming over?—I believe it had got up to about L. 3,000,000.

"Do you recollect what the amount was when the restriction of the issue of specie was prohibited?—Between L. 600,000 and L. 700,000." Evidence of Mr Colville, Director of the Bank, Minutes, p. 96.

increase in the value of the one, or a diminution of the value of the other; but when any commodity rises or falls in value in the same proportion in comparison of all other things, it admits of no doubt that a variation has taken place in its value; and that the paper of the Bank of Ireland has diminished in value, in comparison of all commodities brought to the market in a proportion nearly similar to its diminution in relation to gold, is confirmed by the whole tenor of the evidence annexed to the report of the Committee *.

* "Has the depreciation any effect upon the price of commodities in Ireland?—I think it has of raising their price." Mr Roach's Evidence, Minutes, p. 88.

"Has not the issue of these notes necessarily encreased the necessaries of life at home?—They have. I have brothers bankers in Limerick, and also in Cork." Ib. p. 87.

"The chief trade of the north of Ireland is the linen trade, and till within these few months no weaver would take paper of any sort for his linen, but within these few months they do take it; but they have two prices for their linen, a paper price and a gold price.

"Do you know what the difference is between the paper and the gold price?—It depends upon the price of exchange between Dublin and London." Mr Beresford's Evidence, Minutes, p. 108.

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3. If the paper of the Bank of Ireland was not depreciated, no reason could be stated, why the premium given with Bank of Ireland notes, when exchanged in Dublin for those of the Bank of England, should have been much the same as when exchanged for specie*; as Bank of England notes cannot be supposed to have risen in value since the restriction imposed on their payment in cash, the quantity of them being considerably increased †. Besides it has been given in evidence

" We perceive it also in our domestic transactions: the man who goes to market with a guinea in gold has an advantage, to the extent of the premium, over another going to market with a guinea in paper." Inspector General's Evidence, Minutes, p. 116.

* " The premium given with Bank of Ireland notes, when exchanged in Dublin for those of the Bank of England, is much the same as for specie." Inspector General's Evidence, Minutes, p. 116.

" Bank of England notes have been generally sold to colliers and others at 1½ per cent. higher than guineas, because we could not procure Bank of England notes, except either by remitting guineas or merchants bills.

" Of late, guineas have been sold one half per cent. higher than Bank of England notes, which I impute to their bearing a premium in England." Evidence of Mr Frank, Minutes, p. 129.

† The Bank Notes in circulation, March 4, 1797. L. 10,416,520.—Appendix No, 11. to the Report of the House of Lords, 1797.

that they are actually in a small degree depreciated *.

Further, those who talk of the paper of the Bank of Ireland having maintained its value, and assert that the difference between it and the paper of the Bank of England proceeds from a rise in the value of the latter, ought to consider what they mean by rise of value: rising and falling of value can never take place between commodities similar in their nature and quality.

Bank Notes in circulation, 25 May, 1804,

Above L. 5.	13,276,110
Under L. 5.	4,644,340
In all	17,920,450.

Appendix, No. 13. Minutes of the Irish Exchange Committee.

* " Have you known guineas purchased in England?—At present I understand 2 per cent. has been given by persons for the purpose of having gold by them in case of Invasion." Evidence of Mr Puget, Director of the Bank of England, Minutes, p. 6.

" What premium have you known at any time given for guineas?—2½ per cent. never knew of higher.

" Do you conceive that when guineas were obtained in London at a premium of 2½ per cent. that the paper of the Bank of England was depreciated to that amount?—I think it was." Evidence of Mr Burrowes, Minutes, p. 14. See also Evidence of Mr Frank, p. 129.

A pound of sugar can never exchange for a pound and a half of the same goodness; neither can good Bank notes ever exchange against more than their own value in Bank notes equally good. It appears, therefore, evident, that if Bank of England notes exchange for more than their own value in Bank of Ireland notes, it must proceed from the latter having suffered a diminution of value.

4. If the value of gold had risen to such an extent as is supposed, the comparative cheapness of all commodities of Irish growth and manufacture must have produced a great increase of exportation from that country, and occasioned a great diminution of its imports from other countries; whereas the following statement shews, that the imports of Ireland have, since the variation between the value of gold and Bank notes, greatly increased, in comparison with its exports.

Annual Average of the Exports and Imports of Ireland for five Years, ending 25 March, 1799, and for five Years, ending 5 January 1804 *.

	Imports.	*Exports.*
5 years, ending 25 Mar. 1799 .	L.4,205,348	4,671,816
5 years, ending 5 Jan. 1804 . . .	5,627,482	4,432,472
Average yearly increase of Imports in 5 years, ending 5 Jan. 1804 .	L. 1,422,134	
Decrease of Exports		239,343

* See Appendix No. 12, Minutes of the Irish Exchange Committee.

Lastly, The details given in evidence prevent the possibility of supposing, that the difference between the value of gold and Bank notes can be occasioned by a rise in the value of gold, whilst they support and confirm the supposition, that the variation proceeds from a fall in the value of paper.

Mr Marshall, the inspector-general, informs the Committee, that the variation between the value of gold and Bank notes became first perceptible at a time when the value of gold ought to have diminished, as there was a full current of specie flowing into Ireland; and the difference increased for several years, though it is impossible to suppose the value of gold was increasing, because we learn from him, that specie must have become more and more abundant, as it continued uninterruptedly to be remitted in quantities to Dublin. Indeed, from his evidence we are led to conclude, that the difference in value between gold and Bank notes was nowise affected by the scarcity or abundance of specie in Ireland; for the variation appeared to have been greatest, when gold ought, on general principles, to have fallen in price; and least, when it ought to have risen in value ;—facts all tending to preclude the possibility of attributing the variation to a rise in the price of gold *.

* "I will here observe, that the Bank of Ireland suspended its cash payments on 3d March, 1797, which was just before the commencement of the first year; exchange in Dublin being then rather under 8 *per cent.* the balance of debt must have been rather favourable to Ireland: this favourable state of the balance of debt was very highly improved by the remittances from the English Treasury, as also by a very large excess of exports over imports, which yielded the largest balance in our favour ever known, reduced our exchange to the lowest ebb, and caused a greater quantity of specie to be remitted to Ireland than had ever happened at any former period in this year. Nevertheless, when specie was so far from being wanted for the purpose of being sent to London, that a full current of it was flowing into Ireland, the depreciation of bank notes commenced, specie continued to be remitted to Dublin for two or three years after the suspension, and returned back to London in large quantities, during the two years in which the balance of debt was unfavourable. From August, 1801, to the present time, no remittances of consequence have, as far as I can learn, been made to London in specie. Bank notes, however, have never ceased, whether the specie was coming into Ireland or going out of it; whether the exchange was under par or above par; whether the balance of debt was favourable or unfavourable, to be depreciated; and the depreciation appears to have been higher when the balance of debt was more favourable, and lower when it was less so: and, upon the whole, it is evident, that the depreciation has not been influenced by the balance of debt." Minutes of Irish Exchange Committee, p. 123.

On the other hand, we learn, that gold and Bank notes were at par in the year 1797, when the Bank notes in circulation amounted to L. 600.000; and that, in the year 1804, when there were three millions in circulation *, gold was at a preminm of 9, 9½, and 10 *per cent* †; and that this premium had gradually increased in proportion as the number of Bank notes augmented ;—circumstances which alone seem sufficient to prove, that the paper of the Bank of Ireland has been depreciated.

II. *That the increase of Bank paper is the sole cause of its depreciation.*

It might, perhaps, with truth be stated, that an over-issue of paper is the only means by which the notes of a Bank can be depreciated, as long as its credit is unimpeached, and the belief universal of its powers to discharge all demands. On this principle, as the solvency of the Bank of Ireland never was doubted, and as the increased dividends, as well as the *bonus* lately given to its proprietors, are calculated to create

* Ib. Appendix (Z). † Ib. Appendix (L).

a belief in the prosperity of its concerns, we might be entitled to pronounce, that the existing depreciation of its notes, which seems established by the foregoing reasoning, must solely arise from the quantity thrown into circulation; and the knowledge that the amount of its paper has actually been augmented from six hundred thousand pounds to three millions, would enforce and confirm that opinion.

But this position is too important, and has been controverted by the Directors of the Bank with too much eagerness, to permit of its being rested upon such general reasoning, however conclusive, without a more minute consideration of the circumstances of the case.

The constitution of the Bank of Ireland differs materially from that of the Bank of England in one circumstance. The rate of interest, at which the Bank of England may discount, provided it does not exceed the general rule laid down by the law of the country, is unlimited. But the Bank of Ireland is compelled by law to discount at one *per cent.* below the legal rate of interest in that country.

This regulation, at the time the Bank was esta-

blished, must undoubtedly have contributed to the ease and accommodation of the mercantile interest, and whilst the notes continued to be paid in cash on demand, there was no danger that the importunity, created by the ardent desire to partake of the advantage, should induce those in the management of the Bank to extend its circulation beyond the bounds dictated by the real demands of the country. For, under these circumstances, an excess of its notes could only have created a sudden demand for cash; and we know from the evidence given before the Committee, that the Directors, antecedently to the restriction, considered it as a duty incumbent upon them to diminish, by every possible means, the amount of their issue when they experienced any diminution of their cash *.

By the restriction, however, unattended with the repeal of the clause compelling discount below the legal interest, the Bank was obviously exposed to all the ardour of solicitation, which must naturally attend the practice of discounting

* See Minutes of Evidence of the Exchange Committee, p. 101.

at an inferior rate of interest, whilst the check on the extent, to which the indulgence might be carried, was completely annihilated.

Thus the parliament at once placed the public under strong temptations to press the Direction of the Bank for an extension of circulation beyond the bounds of prudence, and left in the hands of the Directors a power difficult in the extreme, with the best intentions, to wield with discretion, unattended with any check but what was to be found in the wisdom and judgment of men acting in a situation as novel as arduous.

The complaint of want of money has been prevalent at all times. Men who possess property inadequate to the schemes in which they embark; men whose want of skill, address, or opportunity, deprives them of the power of getting as much as their ambition desires; men whose want of frugality has habituated them to spend more than their income,—form together a numerous class in every society, constantly engaged in charging the difficulties to which their conduct subjects them, to the want of counters in circulation, or, (in the language of the day,) to a deficiency of circulating medium;—a com-

plaint which, Sir Thomas More long ago wisely observed, could never be founded in justice, as the intercourse throughout the world is so established that commodities will always command the means by which they are circulated.

In the ordinary course of things, the lenders are interested in resisting the clamour thus created; but by the artificial arrangement which the restriction on the Bank of Ireland produced, the interests of the lender and borrower were apparently united to maintain it.

To the Bank borrowers were taught to look, as the channel through which their wants might be supplied at the cheapest rate; and government or individuals, desirous of a loan, were necessarily regarded by the Bank as affording the means of issuing their notes, from the return of which they could apprehend no danger. Thus there appeared no limitation to the issue of notes, but the amount of the good security that could be found.

It is true, that prior to the restriction, an unfavourable exchange used to form a sort of land-mark, by which the Directors thought it a duty to guide their proceedings in limiting

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their issues; and this might still have been resorted to as a ground for regulating their conduct.

But though, in Mr Colville's opinion, the Directors of the bank were unfit to conduct its business, if they did not attend to the limitation of its issue on the symptoms of an unfavourable exchange *; the encouragement afforded by the legislature to the extension of their circulation seems to have obliterated from their minds all former ideas of precaution.

The limitation of their issues in consequence of an unfavourable exchange now appears to the Directors, "as productive of distresses incalculable to the merchants and traders †." And the increase of their paper is regarded as the means of rectifying the evil; "inasmuch, that as far as

* "If the Directors of the bank did not pay a very great attention to such an important consideration as restraining the total amount of its loans when it experienced a diminution of its cash in consequence of an unfavourable exchange, or of any other circumstance producing a drain of its guineas, they would be very unfit to conduct the business put under their care." Mr Colville's Evidence, Minutes, p. 100. See also p. 101.

† See Mr D'Olier's Evidence, Minutes, p. 137.

"the circulation of paper has supplied the circu-
"lating medium, it enabled the gold which be-
"fore stood in its place to be exported out of the
"country, and as far as it went in weight and
"measure, so far it was a clear and decided cause
"of preventing the exchange from getting to a
"higher pitch than it has hitherto attained. But
"to go to a further answer to that part of the ques-
"tion which relates to the extending or lessening
"the loans of the Bank, in this view of the sub-
"ject, it must be evident that the more paper is is-
"sued by the Bank in consequence of an exten-
"sion of loans, that so far as it extends the notes
"of the bank, it further enables a greater drain
"of specie to take place, and consequently to
"strengthen the cause which keeps down the
"rate of exchange *."

It is this new doctrine, that demands minute consideration; for it discloses and avows the erroneous principles on which the Bank of Ireland has proceeded, and by which the circulating medium of that country has been deranged.

To the Directors it appears, that the rise of exchange, and the consequent calamities, can

* Minutes of Evidence, p. 102.

alone proceed from a balance of debt due by Ireland to England. Theory and experience, however, concur in pointing out two grounds materially distinct, on which the exchange may be affected so as to become unfavourable to any country.

1. An unfavourable exchange may arise from a necessity of remittance in consequence of a balance of debt.

2. It may proceed from the circulating medium of a country being in a degraded state, occasioned by the clipping or adulteration of its coin, or by an over-issue of paper money. Of the former, the exchange between this country and the continent of Europe, before the recoinage in 1772, affords a recent example; of the latter an example still more recent is to be found in the exchange with France subsequent to the issue of assignats.

Though an unfavourable exchange may be produced by either of these means, there is little difficulty in discerning at all times from which it proceeds; for the appearances that characterise, and the circumstances that uniformly accompany an unfavourable exchange, occasioned by a ne-

cessity of remittance, are not only different from, but in some degree directly opposite to those, which attend an unfavourable exchange produced by an overflow of paper.

So marked is this difference, that it will not require a very minute consideration of the present state of Ireland to discern, whether it exhibits the symptoms of a country suffering under an unfavourable exchange arising from a balance of debt; or whether it conjoins, with an unfavourable exchange, all those evils that have uniformly attended an over-issue of paper; and an examination of the subject in this point of view will enable us to judge, to which of these causes we ought to attribute the existing evil; and of course to decide whether the paper of the Bank of Ireland is at present excessive.

The sure and invariable features, attending an unfavourable exchange produced by a balance of debt, are not inaccurately stated by one of the Directors of the Bank of Ireland.

He calls it "a disease which constantly carries along with it a remedy, and that a very sound one when allowed to have its full operation."

For example, he adds, "as to imports into Ire-

" land, I consider it as a disease (stating an ex-
" change at 10 per cent. against Ireland) which
" is 10 per cent duty upon the importation of
" English broad cloth, by which the consumer
" in Ireland pays 22s. per yard for his cloth, that
" would otherwise cost him but 20s. But see
" how this high exchange acts as a remedy; it is
" an inducement to the English manufacturer to
" settle in Ireland, bring over his skill and his
" capital, and manufacture broad cloth in Ire-
" land for the use of the Irish consumer. On
" the other hand, as to exports, it is a disease
" to make the Irish consumer pay a higher price
" for linen than it would otherwise cost him, but
" it is a remedy to Ireland, and a compensation,
" that this high exchange enables the Irish linen
" to meet its competitors upon more advantage-
" ous terms in foreign markets *."

Of the symptoms here described none are to be discerned in the present situation of Ireland. So far from any increase of exports or diminution of imports, we know that the exportation of

* Mr Colville's Evidence, Minutes, p. 142.

linen has decreased *, and that the provision trade has fallen off to a very alarming degree †; whilst the lists of goods imported to Dublin have been daily increasing.

In reality, since the exchange became unfavourable, every appearance in the trade of Ireland has been directly opposite to what must have been produced by an unfavourable balance of debt; for the most distinguishing feature in the mercantile annals of that country, since that period, is the excess of its imports over its exports.

* An account of Irish Linens exported, from the Union to the 5th Jan. 1804.---Delivered to the House of Commons.

	Years ending 5th January 1802	1803	1804
Linen.	*Yards*	*Yards*	*Yards*
Cambricks - - -	1672	1117	71
Plain - - - -	37767077	35491131	37432365
Coloured - - -	142853	120879	137489

See also Mr Beresford's Evidence, Minutes, p. 108.

† " As to provisions they have diminished in price in a very alarming degree." Evidence of Mr Barnawell, Minutes, p. 46. See also, p. 87.

It is also to be remarked, that the disease under which the circulation of Ireland has laboured, instead of carrying along with it a sound remedy, has increased to such a degree, that, if it had proceeded from an unfavourable exchange occasioned by a balance of debt, it must have long ago drained the north of the gold circulating round Belfast, and inundated this country with the manufactures of Ireland, in consequence of the bounty which would have been indirectly given by the exchange on the sale of its commodities. For the nominal exchange is now more unfavourable to Ireland, than the real exchange was to Great Britain at the time the remittances were made to Germany, during the last war, on account of loans and subsidies: yet our exports to that country were by that unfavourable exchange raised from L. 1,900,000 to L. 8,000,000 yearly;—exceeding in amount by L. 2,600,000 the whole annually exported, in time of peace, to France, Flanders, Holland and Germany *; whilst we find, that in Ireland, since the exchange became unfavourable, the imports have exceeded

* Report of the Lords Committee of Secrecy on the Bank, 1797, p. 254.

the exports, though antecedently the exports from that country always exceeded the imports *.

It must also be remarked, that an old and intelligent Director of the Bank of England has stated to the Committee of the House of Commons, that he never knew an unfavourable exchange between any two countries, arising from a balance of debt, considerably to exceed during a year the price at which a pound of bullion could be purchased in the circulating medium of the debtor country, together with the charges of insurance on transporting it from one country to the other †. But, the exchange has been, for a length of time, unfavourable to Ireland to the extent of 10 per cent; though the expence of transmitting specie from England to Ireland is only 7s. 6d. per cent. carriage and inrance to Holyhead; freight to Dublin insurance included, from 5s. to 7s.; and the com-

* See Appendix, No. 12. to the Minutes of the Irish Exchange Committee.

† Minutes of Evidence Exchange Committee, p. 40.

mission charged for sending gold is generally $\frac{1}{4}$, at most $\frac{1}{2}$ per cent *.

Ireland may, therefore, fairly be said to display none of the symptoms of a country, labouring under a balance of debt. Indeed the Inspector General of the Customs, whose evidence marks his ability and intelligence, has delivered to the Committee the following statement, which shews (as might be expected under the circumstances that have been detailed) that the general balance of debt for these last six years has been favourable to Ireland: and that it has been uniformly so, except during the years 1800 and 1801, when the crops failed in that country.

Years.	Balance of Imports and Exports.	Remittances from the British to the Irish Exchequer.	Together, being the balance of debt.
1798	L.1,371,382	L.1,251,098	L.2,622,480
1799	218,066	852,046	1,070,112
1800	2,271,170	1,919,996	251,174
1801	2,492.898	1,202,587	1,290,311
1802	193,789	1,605,240	1,799,029
1803	917,299	1,401,273	2,318,572

The balances underlined are unfavourable †.

* See Mr Puget's evidence, Minutes of Evidence of Irish Exchange Committee, p. 3.

† See Appendix, No. 11, Minutes of Irish Exchange Committee.

Of an unfavourable exchange, produced by an excess of paper, there are three constant and invariable symptoms:

1. It increases as the circulation of the paper is extended, and is uniformly accompanied with a proportional rise in the value of bullion.

The strongest examples of exchange rising to a great extent from this cause are to be found in the history of our American colonies. Towards the middle of the last century, the current paper was in all of them incredibly depreciated: the paper of one colony bearing, however, a very different value from the paper of another, just as more or less of it had been emitted.

About the year 1739, the exchange with Great Britain was in New England 450 per cent; in New York, Jerseys, and Pensylvania 70 to 75 per cent; in Maryland 100 per cent; in North Carolina 900 per cent; in South Carolina 700 per cent, worse than sterling money.

These colonies also uniformly exhibited, alongst with the rise in the exchange proceeding from an increase of paper, a proportional augmentation in the value of bullion, as appears from the following account of what happened in New England.

"The repeated large emissions of paper money are the cause of the frequent rise in the price of silver and exchange, which do as regularly follow the same as the tides do the phases or courses of the moon. When no larger sums are emitted for some time than what is cancelled of former emissions, silver in exchange is at a stand; when less is emitted than cancelled, (which seldom happens) silver in exchange do fall.

"This is plain to a kind of demonstration from the history of the paper-money emissions in New England.

"After silver had rose A. 1706, to 8s. per oz. by light pieces of eight superseding the heavy pieces, it continued at that rate, while paper emissions did not exceed a due proportion to the current silver: A. 1714, we emitted L.50,000 upon loan, and A. 1715 in Rhode Island L.40,000, besides emissions on distant funds for charges of government: in the autumn A.

1715 silver became 15 per cent. advance above 8s. that is, about 9s. 2d. per oz.; Massachusets Bay, A. 1717 emitted L. 100,000 upon loan, and a very long period silver rose to 12s. per oz.; A. 1721, Massachusets Bay emitted L.50,000, and Rhode-Island L.40,000, upon loan; silver A. 1722 became 14s. per oz. From that time a chargeable Indian war required large emissions, and silver rose to 16s. per oz.; it continued at this rate till A. 1728, emissions not being larger than cancellings. A. 1727 Massachusets Bay emitted L.60,000, and A. 1728 Rhode Island emitted L.40,000 upon loans; silver became 18s. per oz.; A. 1731 Rhode-Island emitted L.60,000 upon loan, (N. B. Besides the several loans in the course of this history, all the charges of the four governments were defrayed by paper emissions), and silver became A. 1732, 21s. per oz.; A. 1733 Massachusets Bay emitted L.76,000 upon funds of taxes, Rhode-Island L.104,000 upon loan and taxes, Connecticut L.50,000 upon loan, and A. 1734 silver became 27s. per oz. From A. 1734 to A. 1738 more bills were cancelled than emitted, exchange fell from 440 to 400 per cent advance. A. 1738 Rhode-Island emitted L.100,000 upon loan, silver rose from 27s. to 29s. per oz." *

2. The banishment of good coin from circulation, and the debasement of small money, are circumstances invariably concomitant with an unfavourable exchange, and consequent depreciation of paper. For a bad currency must banish all good money put into circulation with it, the good money instantaneously becoming an article of merchandise, which is bought up at a profit equal to the amount of the depreciation the paper has sustained.

Thus in Sweden, when Baron Goertz, at the end of the reign of Charles XII., forced the government notes on the market, till they were depreciated to an extravagant degree, we are told by Voltaire that a piece of brass, called a mint token, and the intrinsic value of which was a half-

* See Discourse concerning the currencies of the British Plantations in America, &c. p. 26.

penny, came to pass for forty sous; and those who witnessed the progressive issues of assignats in France, must recollect, that the small silver money gave way to a circulation of base metal, and that all metallic substances were ultimately supplanted by silver and copper notes, issued in such profusion as to be distinguished by nothing but the colour of the paper on which they were engraved; the black, the blue, or the red, alternately vanishing from circulation, as roguery or bankruptcy induced those who issued them to abscond.

In the American colonies the progress was in every respect similar. When paper was issued in such quantities as only to create a small depreciation, heavy pieces of eight gave way to light ones; and the good money was only to be had at a premium of ten, fifteen, or twenty per cent. The increase of paper drove even this light money from circulation; and we are told, that in the province of New England, "when much "paper money took place, shop-notes, that great "and insufferable grievance of tradesmen, were "in use, the shop-keepers becoming as it were "bankers between the merchants and tradesmen, "and imposing upon both egregiously." *

In this country, the end of the seventeenth century affords a memorable example of the effects of an extravagant issue of paper, in rendering the exchange unfavourable, and introducing counterfeit and debased coin into circulation.

We learn from Mr Godfrey, one of the Directors, that the Bank of England, soon after it was established, had not only made great advances for the public service, but "had extended itself likewise to accommodate all private mens occasions; for they have lent money "on mortgages and real securities at 5 per cent "*per annum*; and their very publishing they "would do it, has given a check to the raising "the interest on them from 5 to 6 per cent. *per* "*annum*, as was attempted." †

This ease and facility in accommodating both individuals and the public soon produced a great increase of the bank notes in circulation,

* See *ibid*, p. 24.

† A Short Account of the Bank of England, by Michael Godfrey, Esq. p. 4. Various contemporary writers agree on this subject. Thus "The Bank has been the sole cause of lowering the interest of money; which is the only fund that ever lowered it; and that too in time of war, when usually interest rises; by which the nation, since the Bank was erected, hath saved a great sum of money, having been supplied at much cheaper rates than formerly."---See *Reasons for encouraging the Bank of England*. &. *p*. 3.

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the consequences of which are described by an author in the year 1697, in the following terms: "This leads me to the consideration of Bank of England Notes that are daily offered in payment instead of money, though many of these very persons that offer them, have at the same time both gold and silver, which they will not bring forth, if they can by any means put off these bills in the room thereof.

"And it is now become a common (not to say wicked and unjust) practice, especially among retailers, if they have no notes by them, to purchase some with their money sometimes at L.17 per cent advantage to pay their debts, that ought, in justice and equity, to be answered in specie, which many times proves a grinding of the face of the poor; for these notes are given in payment from one to another, until they light into an indigent person's hand, who is forced, through his urgent occasions, to sell them at 16 or 17 per cent. loss.

"Now the true reason why people are so earnest to put away their notes, and keep up their money, arises from the difference between the value of the one and the other; and as long as there remains a disparity between them, the one will always be plenty and the other scarce. And if something be not done to prevent this growing evil, the mint may coin, and the country expect a plenty of money thereby, and fall short of it at last!" *

The fact of Bank notes being at a discount of 17 per cent, is confirmed by another writer of the same period. "Are there not daily," says he, "innumerable instances of men that sell their money for Bank notes for a profit of 16 and 17 per cent. and refuse to pay their just debts (though long due) in any thing else than those Bank notes they have with so much advantage

* See A Short Treatise of the Reason and Causes why our Money and Bullion have been exported, 1697, p. 14.

purchased, although there were no agreement at all to be paid in Bank Notes *."

It is apparent also, that this discount proceeded solely from the quantity of notes thrown into circulation; for the same author informs us, that the Bank had at that time obtained a mighty credit; that it made considerable profits, besides the 8 per cent. interest on the capital lent to government; and that the stock was sold for 110 per cent. although 60 per cent had only been paid in upon the subscriptions †.

The paper of the Bank of England did not remain long in this state, till all good silver gradually disappeared from circulation, and base counterfeit money was everywhere current, not

* See Arguments and Reasons for and against engrafting upon the Bank of England with Tallies, &c. p. 7.

In proof of the discount on Bank notes at this time, many other authorities might be cited. See A Reply to the Defence of the Bank, 1696, p. 13—A Letter to a Friend concerning the Credit of the Nation, by a Member of the Corporation of the Bank of England, 1697, p. 6—Postcript to a Discourse of Credit, ed. 1701, p. 5.

† See arguments and reasons for and against engrafting on the Bank, p. 15.

worth one half of the lawful coin of the kingdom. At this period the state of the English Money is described in the following terms:

"12 mild half crowns 30s. legal (*i. e.*) full "weight, true allay, not to be clipt, *not currant.*

"12 Broad half crowns 30s. legal, unclipt, "capable of being clipt, *not currant.*

"12 clipt half crowns 30s. not legal, actually "clipt, by weight 15s. currant at 30s.

"1 Guinea currant 30s. not legal so, but "20s. so advanced by name to 30s.

"The faults are easie seen, the lawful silver "money out of use, the illegal clipt silver going "for double the real value, and the gold legal "at 20s. passing at 30s *.

It was under these circumstances, that the exchange with the rest of Europe (as it is stated in the passage of the Wealth of Nations,

* See An Essay for lowering the Gold and raising the Silver Coin, 1696, p. 10. Also the Mysteries of counterfeiting the Coin, and Methods humbly offered for preventing the said Abuse, 1696, p. 1. As well as Appendix, No. 2. where a more detailed account is given of the state of the money then in circulation.

quoted by the Committee,) became unfavourable to Great Britain to the extent of 25 per cent; for contemporary writers agree *, that, though the exchange was a little affected by the necessity of paying the army abroad, it was not unfavourable to any considerable degree, nor was the price of bullion much advanced, till Bank notes were brought to a discount of 17 per cent, the country consequently inundated with counterfeit money, and guineas raised to 30s.

3. An unfavourable exchange, arising from an overflow of paper, is so far from resembling an unfavourable exchange created by a balance of debt, in carrying along with it a sound remedy, or any remedy at all, that a tendency to augment the evil is its natural and constant attendant, which must become potent in proportion as the paper in circulation is augmented.

For the want of circulating medium, at first the artful apology for the conduct of those who wish to enlarge the quantity of paper in circula-

* See Some Remarks on a Report containing an Essay for the amendment of the Silver Coin, p. 5.

tion, when the issue of paper is pushed to an extreme, must ultimately become a real and substantial cause of complaint.

Perhaps the best and the easiest method of explaining this extraordinary, but inevitable, consequence of an extended circulation of paper is by reference to the case of New England, to which allusion has already been made.

In New England, anno 1713, the total value of the currency amounted to L. 262,500, of which L. 87,500 was in dollars, and L. 175,000 in public bills. Silver was then in value at 8s. per ounce; so that, in round numbers, the value of the whole currency was 656,000 ounces of silver. Anno 1718, the public bills amounted to L. 300,000; silver, (driven out of circulation by the depreciation of bills), was in value 12s. an ounce. The value of the currency was, therefore, equal to 500,000 ounces of silver. Anno 1731, public bills amounted to L. 470,000, which, silver being at 20s. an ounce, represented a value in siver of 470,000 ounces. Anno 1739, the paper of New England was extended to L. 630,000, which at 29s. per ounce, the

value to which silver had risen, was equal to 434,000 ounces of silver.

It is obvious, that during the period here alluded to, the complaint of want of circulating medium was not without foundation; for though the nominal value of the paper currency seems to have increased from L. 262,500 to L. 630,000 *, its real value in ounces of silver, which may be considered as exhibiting its efficient force, diminished from 656,000 ounces to 434,000. Of its progress the following table will give a more accurate idea.

Years.	Nominal value of circulating medium.	Value of the ounce of silver.	Real value in ounces of silver.
1713	L. 262,500	8s.	656,000
1718	300,000	12	500,000
1731	470,000	20	470,000
1739	630,000 *	29	434,000

These historical details of the depreciation of paper, occasioned by an extension of circulation,

* This account of the quantity of paper in circulation seems accurately confirmed by a French writer, who says, "Il circule dans ce province, (New England) mois de Fevrier 1739, 632,000 livres sterling de ces billets de credit." Histoire et Commerce des Colonies Angloises dans l'Amerique Septentrionale, p. 96—imprimée 1752.

have perhaps been given at greater length, than it may be thought the occasion required. But it appeared more desirable to impose on the public the necessity of concluding, from the experience of former times, that the alarming state of the circulation of Ireland, as well as the unfavourable exchange that country has experienced, was owing to the increase of Bank paper, than to enforce the proposition by reasoning or argument; and a review of the facts, which have been stated, seems to authorise a flattering hope of the success of the attempt.

For the similarity of the conduct of the Bank of England, in the end of the seventeenth century, to the recent conduct of the Bank of Ireland, is not more striking, than the resemblance of the calamitous consequences which have been experienced in both instances.

A depreciation of the value of notes, succeeded by a rise in the value of gold and of all commodities; the banishment from circulation of all good silver coin; and the introduction of base or counterfeit small money, are evidently the distinguishing features of the economical history of

both periods; and these are accurately the appearances, that have long ago been described as the certain consequences of paper or coin depreciated *. "Base money maketh every thing "dear, and overthroweth the course of exchange "between merchants, and causeth much counterfeit money to be made to buy the commodities of the realm, and to destroy the good "monies, like unto the seven lean kine of Pharaoh which devoured the seven fat kine in a "short time †."

It appears also impossible, that any one can read the detail concerning the origin of shop notes in New England, and learn from the report, that, since the increase of the paper of the

* Paper, depreciated by an over issue, must always have the same calamitous effects on the situation of a country as a quantity of coin has, the denomination of which is arbitrarily raised, or the standard reduced. In both cases the mischief is produced by a quantity of money in circulation, the real value of which is smaller than its nominal, or, in the language of writers on money, the intrinsic value of which is less than its extrinsic.

† Consuetudo vel Lex Mercatoria, by Gerard Malynes, p. 308, printed 1629.

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Bank of Ireland, all the shopkeepers in Cork, and many of the same description in different parts of Ireland, have engaged in issuing notes; without being impressed with the similarity of the evils and the errors that have afflicted both countries *.

When we reflect on the state of the paper currency of New England at the time the shop notes were introduced, and contemplate that list of 56 male and 6 female issuers of I O U's, who have infested the district of Youghall †, is it possible not to lament, that the Directors of the Bank of Ireland derived so little benefit from the following hint many years ago given to that country by the celebrated and ingenious bishop of Cloyne.

" 201. Query. Whether any nation ever was in greater want of a Bank than Ireland?

" 212. Query. Whether we may not easily avoid the inconveniences attending the paper

* See Appendix (N) to the Report of the Irish Exchange Committee, containing an account from the collectors of the revenue of the number of Banks in their several districts, issuing Bank notes, silver notes, or I O U's.

† See Appendix No. III.

money of New England, which were incurred by their issuing too great a quantity of notes * ?"

It is true the paper of the Bank of Ireland has not yet been brought to that state of depreciation, in which an augmentation of its quantity insures a diminution of its real or silver value. But it exhibits symptoms, not equivocal, of the approach of that crisis; for it is self evident, that if the three millions now in circulation have suffered a depreciation to the extent of 10 per cent in comparison of all other commodities, that sum can possess no more energy in circulating commodities, than what would fall to the share of L. 2,700,000, of paper at par.

If further evidence were necessary to prove, that the depreciation of the notes of the Bank of Ireland proceeds from the quantity of paper it has recently emitted, it is amply to be found in viewing the relative state of the paper currency of the three united kingdoms, and contemplating the effects produced by the conduct of those in the direction of their Banks.

* Berkeley's Querist, Lond. ed. p. 23-4.

In England we learn from the report of the Irish Exchange Committee, that Bank notes, since the restriction, have been increased from L. 10,416,520 * to L. 17,920,450 †.

In Ireland it appears, that the national Bank paper of that country has been increased, during the same period, from L. 600,000. to L. 3,000,000.

In Scotland Mr Mansfield informs us, that the paper in circulation is at present nearly the same in quantity as in 1797 ‡.

In England, where the paper appears from these accounts to have been increased about one third, it is stated in the evidence to be at a discount of two per cent §.

In Ireland, where the circulation has been increased to five times the quantity antecedently

* Appendix No. 11. to the report of the House of Lords, 1797.

† The amount of notes, 25 May 1804, as stated No. 13. Minutes of the Irish Exchange Committee.

‡ See Minutes of Evidence, Irish Exchange Committee, p. 54.

§ See the Evidence of a Bank Director, Minutes, p. 6: See also p. 14.

emitted, paper is at a discount of from 10 to 12 per cent.

In Scotland, where there has been no increased issue, Mr Mansfield states, "that gold bears no premium, and that Bank paper is not in the least depreciated *."

From Mr Mansfield we also learn, that though there has existed, as usual, a small balance of remittance from Scotland to England, the exchange has remained steadily at the same rate; whilst in Ireland, with a balance of remittance, as Mr Marshal states, greatly in favour of that country †, the nominal exchange has become unfavourable to the extent of 10 or 12 per cent.

III. *That the reduction of the quantity of Bank paper in circulation is the sole remedy for the existing evil.*

Having stated the grounds upon which it appears evident that the paper of the Bank of Ireland is depreciated, and having shewn that since the

*Minutes of Evidence, Irish Exchange Committee, p. 52.

† Ib. p. 124.

depreciation took place, Ireland has exhibited so distinctly every appearance uniformly attendant upon a depreciation of paper occasioned by an excessive issue, as to leave no doubt that the alarming state of the currency of that country proceeds from the quantity of paper thrown into circulation; the remedy seems apparent. For common sense so clearly points out that a diminution of any thing is the only remedy for an excess of it, that it is almost superfluous to illustrate the proposition.

As the experience of the past, however, is at all times the most safe and solid ground on which the legislature of a country can act, the plan already laid down shall be adhered to, in presuming to trace out the course that Parliament ought to pursue, and we shall endeavour to shew, not so much from reason and argument, as from the experience of past events, what must be the effect of the remedies already suggested or adopted, and what has proved the sole and certain cure on all similar occasions.

The schemes for administering relief to Ireland, which were proposed in the course of the examina-

tion that took place before the Exchange Committee of last session, and which have neither been adopted by the legislature, nor acted upon by the Treasury, seem hardly deserving of attention.

On the extraordinary plan of uniting the Banks of England and Ireland against the inclination of both, it is only necessary to say, that, without proving in the smallest degree a remedy for the evil, it must have had the effect of raising, for a time, the value of Irish Bank notes. If, however, the same quantity of paper had been kept in circulation in each country on account of the joint concern of the two Banks, the result must have been, that, whatever was the amount gained in value by the mass of Irish, the mass of English notes must have lost to the same extent.

The depreciation of Irish notes is at present occasioned by an increase from L. 600,000. to L. 3,000,000.; that is, from an augmentation of paper in the proportion of five to one.

The small depreciation, which has taken place in English Bank notes, is produced by the increase from L. 10,416,520. to L. 17,920,450; that is, from an augmentation in a proportion of little more than three to two.

If the two concerns were conjoined, the increase of the quantity of notes would be from L. 11,016,520, to L. 20,920,450 ; of course the depreciation over all must be such, as it might naturally be supposed would take place on an augmentation nearly in a proportion of two to one; that is, in a proportion accurately compounded of the losses which the paper of each of the Banks antecedently sustained.

It seems almost needless to take notice of the proposal to make the laws more severe, and sufficient for the punishment of offenders, as a sure means of correcting the recent enormous increase of counterfeit coin*. This scheme, however, serves admirably to illustrate, how readily similar circumstances suggest to the minds of men similar devices; for the same opinion is delivered almost in the same words in a publication in the year 1696, entitled Mysteries of Counterfeiting the

* See Mr D'Olier's Evidence, Minutes, p. 83.

Coin of the Nation detected, and Methods offered to Parliament for preventing the Abuse for ever, by Joseph Aicken.

Mr Aicken indeed ascribes the evil in part to the prevailing taste for the study of chemistry, and the rage for reading Salmon's Poligraphicæ, Glauber, and the works of Johannes Baptista Porta. Mr D'Olier is probably not so great a philosopher, otherwise Fourcroy, Vauquelin, Chaptal, and the unfortunate Lavoisier might have come in for their share of the blame; and this view of the subject would have had the advantage of making the calamity originate with the popular source of all evil—The French.

Other remedies have, however, been brought forward which demand more serious consideration; though in truth they derive importance, not so much from the benefits they are likely to produce, as from their having been adopted and acted upon by authority.

The 1st we shall examine is the plan announced by the Irish Treasury, of drawing on London after the 3d of December last, for any sum above ten pounds at the rate of $11\frac{1}{4}$, the natural course of exchange being considerably higher *.

The 2d. is stated in the preamble to the 71st chapter of the 44th of George III. It consists in the issue of a quantity of silver coin from the Bank, being stamped dollars at the value of six shillings each.

The 3d. is a legislative restraint imposed by c. 91. 44th George III. on the circulation of all notes of less value than twenty shillings, after the 1st. August 1804.

The scheme announced by the Treasury of Ireland, of drawing on London for all sums above L. 10 at the rate of 11½ per cent, seems to have two objects in view;—to take into the hands of the Treasury even the retail dealing in exchange, which, by the former practice of not drawing for less than L. 500, was left to the jobbers;—and to lower the exchange by granting bills on London under the market rate.

This attempt to monopolize all dealings in exchange, just after the Committee had reported that the Treasury appeared unfitted, from the nature and constitution of their office, for executing

* Since this was sent to the press the exchange has been brought still lower than 11½, by the same forcible interference.

the business of exchange and brokerage beneficially *, can only be accounted for by supposing, that those who have the management of the Irish government believe the suggestion made in various parts of the evidence, that the high exchange arises from the tricks and contrivance of the exchange dealers. It does not however appear, that any man can reasonably give credit to this opinion; for it is impossible to suppose any set of men, far less those who are habituated to consider so minutely their profits, to act systematically in opposition to their own interest; and nothing can be more convincing than the evidence given by Mr Puget, that a highly unfavourable exchange is injurious to the exchange dealer †.

On the other hand no doubt can be entertained, that the practice the Treasury of Ireland has adopted, of drawing on London at 11½ per cent. for all sums which may be required above

* See Report of the Exchange Committee, p. 12.

† "The difference of Exchange between 108 and 118 is "2 per cent. per annum against the dealer, in its being 118, "presuming he could turn his money 25 times in a year." See the calculations, in Minutes of Evidence of Irish Exchange Committee, p. 24.

ten pounds, must have the effect of lowering the exchange.

If any man, actuated by a fancy that the price of broad-cloth was too high in a town or district of the country, should generously set up a shop to sell at sixteen shillings a yard the cloth which the merchant, charging the usual mercantile profit on his capital, could not afford under eighteen shillings; the price of broad-cloth would certainly fall two shillings per yard, and this reduced price would continue, till the generosity of the new shopkeeper was checked by a consciousness of his folly, or a failure of his means.

In like manner it is obvious, that the exchange betwixt London and Dublin cannot exceed $11\frac{1}{2}$ per cent, till Government, perceiving their error, relinquish the measures they are pursuing, or exhaust the means they have in London, of supplying the demand; and these are unfortunately this year very great, as we learn from the report of the Committee, that, by the arrangement of finance, the Irish Treasury has L. 5,000,000. to draw out of England *.

* See report of the Irish Exchange Committee, p. 17.

Great as this sum is, it never can, so applied, raise the value of Bank of Ireland notes. As long as it lasts, it must apparently diminish one of the effects of their depreciation, in consequence of the public undertaking to pay a part of the exchange; but the moment the fund is exhausted, the natural effect of the depreciation of paper must again display itself on the price of bills of exchange.

To make this still more apparent, let us suppose any public body had possessed a large fund in London capable of answering all demands, and that at the time the paper of New England was by its quantity depreciated to such an extent, that the exchange betwixt that country and Great Britain was at L. 400 for L. 100, they had announced the intention of giving bills on England at the rate of L. 100 sterling for L. 200 colonial paper. It is apparent that their customers would have been numerous; and that the exchange must have instantly appeared 200 per cent. more favourable to New England; but there can be no one so incredulous as not to believe, that if the quantity of paper, which originally occasioned the unfavourable exchange, remained undiminished, the exchange must have reverted to its former rate the moment this generous interference was at an end.

To the Irish absentee this measure of the treasury is indeed a real act of generosity: To him it is giving L. 100 in London for L. 111. 10 of Irish paper, for which he would otherwise have been obliged to pay L. 116. 10—To the Irish manufacturer it must be productive of very different consequences. The merchant who has bought articles of manufacture in Ireland, which he has exported to this country, and sold on the supposition that he is to get L. 116 in paper for every L. 100 in London, can no longer find any customer for his bill, unless he is willing to exhibit, in the sale of it, as great generosity as the Treasury has lately practised. By so doing, however, he must sacrifice 5 per cent. of his profit, or proportionably diminish the price he in future pays for his goods. Thus this happy device is at once a tax on manufacture, and a reward to emigration, and affords the first instance of a bounty given by the government of any country to discourage the exportation of its own manufactures.

It is here also necessary to observe, that the conduct of the Treasury of Ireland, in declaring that they will give bills on London for all sums not smaller than L. 10. at the rate of 11½ per cent. places them completely at the mercy of the Bank Directors of that country.

No one, who has attended to the history of paper currency, and remarked the great depreciation the same additional sum of paper makes when the augmentation has been greatly extended, in comparison of what it effected before the increase became excessive, can doubt, that if the addition of another million were now made to the paper of the Bank of Ireland, it would increase the discount on notes at least 10 per cent. By pursuing this course, therefore, the Bank has it in its power to tax the generosity of the Treasury at the rate of 15 per cent. instead of 5, which the latter must at present pay, on the supposition the natural rate of exchange remains at 16½.

The evident inefficacy of this measure might authorise the dismissing it without further comment. As it appears, however, to be adopted in consequence of a recommendation from the Irish

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Exchange Committee *, and as that recommendation clearly proceeds upon a misconception of Mr Mansfield's evidence, it requires in this point of view a little farther observation, the more so, as it has given birth to a misrepresentation of the means, by which the Exchange was rectified, when, in the year 1762, it became unfavourable to Scotland, in consequence of the two Banks in that country having issued paper to a greater extent than its natural trade required.

Mr Mansfield on his examination informed the Committee, that the exchange with London, about the time of the peace of Paris, became unfavourable to Scotland to the extent of 5 or 6 per cent, a fact abundantly confirmed by the writers of that day †.

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* See Report, p. 16.

† " The Exchange betwixt this country and England has now come to so great a height, that, if some expedient is not found out to put a stop to it, the ruin of our country must soon be the consequence." See Considerations on the present scarcity of gold and silver coin in Scotland, 1762. p. 1.

" Of late the exchange upon remitting money from Edinburgh to London has risen to a great height." See

This he ascribes to the issue of paper, which was greater than the natural trade of the country required *. He informs the Committee, that the Bank, to remedy the evil, curtailed their credits very much, cut off the credits of the agents of the country Banks †, and likewise encreased their capital; proceedings calculated to diminish the notes in circulation, which is the sure method of rectifying an exchange, deranged by an over-issue of paper.

Considerations relating to the late order of the two Banks established at Edinburgh, by which they have recalled one fourth of their cash accounts, p. 11.—See also letter to J. F.—on the conduct of the Banks, 1762;---Thoughts concerning Banks and the paper money of Scotland, printed 1763;---and an Enquiry into the Principles of Political Economy by Sir James Stewart.

* The currency of Scotland was principally paper in the year 1762, and that to a greater extent than the natural trade of the country required.—Mr Mansfield's evidence; Minutes, p. 51.

Was the over-issue of paper prior to the unfavourable state of Exchange or subsequent? Certainly was prior, as it was the cause of the system being altered which remedied the rate of Exchange, and I certainly think the over-issue of paper was the cause of the high rate of Exchange. Ibid. p. 53.

† Ib. p. 51.

In another part of his evidence he gives an account of a system which the Banks adopted in the year 1770 to fix the rate of exchange *, and to put an end to the inconvenience attending fluctuation.

In the report, this last proceeding is stated as the sole remedy adopted for rectifying the exchange †, and no notice is taken of the measure of curtailing the issue of notes, when the evil existed in the year 1762, which Mr Mansfield's good sense taught him to consider as a necessary prelude to the attempts made eight years afterwards to regulate the exchange.

So much were those entrusted with the management of the Bank of Scotland in 1762, convinced, that recalling a great proportion of their notes was the only mode of remedying the then existing evil, that they not only wrote circular letters, calling in one-fourth of their cash accounts on the 26th of January 1762, but, further to effect the object, came, on the 7th of March of the same year, to the resolution of taking in money at 5

* Minutes of Exchange Committee, p. 20.

† Report from the Exchange Committee, p. 16.

per cent. on promissory notes at six months, and at 4 per cent. on cash accounts *. And on these measures Dr Smith remarks, "that the Banks, by refusing to give more credit to those to whom they had already given a great deal too much, took the only method by which it was possible to save either their own credit, or the public credit of the country †".

It would be inconsistent with our present plan to go into further explanation on the money history of Scotland at that period; for which, however, there are ample materials in the publications that have been quoted: what has been said, is sufficient to shew that the measure recently pursued in Ireland has the merit of originality.

For Mr Mansfield is too well informed on subjects of this nature, and his judgment is too correct, to admit a suspicion, that he will claim any share of the credit arising from adopting a measure admirably calculated for fixing a fluctuating exchange as the best means of correct-

* This is stated both in the letter to J. F. and in sir James Stewart's work—it is here, however, asserted on the authority of one of the Directors.

† Wealth of Nations, 4to edit. v. i. p. 379.

ing an exchange rendered unfavourable by an over-issue and depreciation of paper.

Before closing the consideration of this remedy, it may elucidate the subject to remark, that, in the year 1696, the Bank of England attempted to reduce the price of guineas by means similar to those, by which the Treasury of Ireland is now endeavouring to lower the exchange.

Mr Godfrey tells us, that, in order to reduce the price of guineas, they were regularly paid away at the Bank at a small sum below the market price *. The rise however in their value, which gradually took place, even at the time of this proceeding, leaves at once an unfavourable and a just comment on the merit of the device.

The measure, announced in the 71st chapter of the 44th of Geo. III. of issuing dollars from the Bank of Ireland, at the rate of 6s. seems also perfectly inefficacious as a remedy, or even as a palliative to the present grievances of Ireland; and if there existed funds, and an inclination to carry it to as great an extent as the Treasury of Ireland can push the sale of their bills, it might, in the present situation of that

* Short Account of the Bank of England, p. 9.

country, eventually prove as ruinous and as expensive.

Those who suggested this plan seem to have proceeded on an opinion, that as Irish Bank notes, by depreciation, had come to represent a smaller number of pennyweights of silver bullion, the dollar, to remain in circulation, only required to be raised in nominal value; so that the sum, for which it passed, should bear a similar proportion to the pennyweights of silver it contained.

This reasoning is so far just, that undoubtedly, as long as Bank paper remained in the same state of depreciation, it could not be used directly as an engine for withdrawing, with a profit, the dollars that were so issued.

But those with whom the proposal originated, must have forgot, that all the good small silver coin had been long ago banished from circulation by the depreciation of notes; and that there existed no silver adjusted for the purpose of representing the fractional parts of those dollars.

For had they recollected this circumstance, they must have perceived, that necessity would keep in circulation that currency of small silver, the value of which, for a length of time, has depended on the consciences of the clippers and coiners; and which, as might be expected from the delicacy likely to be exhibited by the scissars of the one, or the melting pot of the other, is reduced to much less than half its nominal value: and that it is impossible, that the dollars, if issued in any quantity, should not be gradually withdrawn by this base money.

The process is apparent. The coiner, as fast as he can obtain, by indirect means, a bank note with the money he has manufactured, exchanges it for dollars; and secures, as profit, a percentage great in proportion as the value of his counterfeit money is debased.

This operation has been sufficiently experienced in this country, our silver currency, in the depreciated state in which it has long circulated, forming an engine with which our gold may be gradually withdrawn with a profit; and the proof of its being so withdrawn is, that, with a balance of trade very generally in our favour, nearly 60 millions of gold have been coined in the course of

the present reign *; though 23 or 24 millions are supposed to be the most that remained at any one moment in circulation.

Even supposing that the counterfeit money could be banished from Ireland, and that a coinage of small silver was issued, properly adjusted with respect to value, to represent the fractional parts of the dollars, it is not probable, in the present situation of that country, that either they, or the small silver issued on such a plan, could remain long in circulation; for every new increase of paper, as it must depress the value of the notes, must instantly render them instruments for profitably withdrawing the dollars and the silver thus adjusted to circulate along with them.

Let us suppose, for example, that dollars had been issued, adjusted to the value of Bank paper at the time the quantity of notes in circulation had only reduced it to a discount of 5 per cent. it must at once appear evident, that the

* It appears, that gold has been coined, from the commencement of the king's reign to the year 1796 inclusive, to the amount of L. 57,274,617.—See Account, No. 38, of the Committee of the House of Lords on the Bank of England, 1797.

moment the augmentation in the quantity of paper created a discount of 10 per cent., the notes might be used as a means of withdrawing these dollars at a profit of 5 per cent.

Neither is this mere speculation; for we have seen the process realised in practice. In the first stages of the depreciation of paper in the American colonies, the heavy pieces of eight disappeared, because the paper, in that state of depreciation, was a means of withdrawing them with a profit. Light pieces of eight became current in their stead, and these in their turn vanished, whenever paper was so depreciated as to be profitably used in taking them out of circulation *.

An experiment, somewhat similar in principle, was made at the time the depreciation of the paper of the Bank of England had introduced a currency greatly debased in the reign of William III. But we are told, that, "whilst the hammered money, and pieces clipped within the ring, were permitted to pass for the present necessity of trade, nobody was willing to make

* See Discourse on the currency of the Colonies.

payments in new money, which so much exceeded the old in its intrinsic worth; and therefore, the new silver money, as fast as it issued from the mint and the exchequer, was in a great measure stopt in the hands of the first receiver; for none were disposed to make payments in the new silver coin at the old standard, when they could do it in clipped pieces so much below it. And those who had no payments to make, kept their new money as medals and rarities in their chests *."

There is indeed no proposition more evident, or more strongly confirmed by experience, than that two sorts of money cannot remain in circulation together, unless their real or intrinsic values are properly, and even minutely, adjusted.

* A short History of the last Parliament, printed 1699, p. 32. This tract, which we will again have occasion to quote, was reprinted in Lord Somers's Collection, where it is stated to have been written by Dr Drake.

The dollars issued by the Bank of Ireland were at first delivered to individuals in large quantities; but it was soon found, that they bore, in the North, a premium over notes. The Bank has since issued them in change only; and their remaining in circulation at all is probably owing to the smallness of their number, which makes the collecting of them an object of considerable labour and inconsiderable profit.

Gold at our Mint is rated higher in proportion to silver, than it was in France *. Gold at our Mint is, in reality, higher rated in proportion to silver, than is authorised by the market-price of gold and silver bullion. Silver, on the contrary, in France was higher rated in proportion to gold, than the comparative value of gold and silver admitted. In England, therefore, the standard gold coin became an instrument by which the standard silver coin might be withdrawn from circulation with a profit. In France, on the other hand, the standard silver was profitably used in withdrawing the standard gold from circulation †.

* In England gold is to silver as 1 to 15.19. In France it was as 1 to $14\frac{5803}{12379}$; it is now in France as 1 to 15.50. —This statement of the proportion between gold and silver in France, is taken from the Thoughts upon a new Silver Coinage, printed in 1798. By Garnier in his Notes on Smith, it is stated to have been in France formerly $14\frac{4}{9}$ to 1; and now $15\frac{2}{5}$ to 1.

It is to be observed, that since this new arrangement, silver has been exported from France. A considerable quantity was brought into this country last summer.

† See Harris on Money and Coins, part ii. p. 59. Considerations on Money and Bullion, 1772, p. 100, and Postel-

Accordingly, every man must have remarked, that, notwithstanding our penal laws, there is in England hardly any standard silver in circulation: Bankers are in the habits of giving a premium for the silver currency, such as it is, and counterfeit silver is abundant *, but counterfeit gold coin rare. Whilst in France almost nothing was to be seen but silver, all large payments were uniformly made in it: to the Banker a small premium was always given for gold; and every person who has lived in that country, must at once recollect the numerous complaints of counterfeit Louis, and the uniform purity of silver coins.

That two sorts of money cannot remain in circulation, unless their values be regularly adjusted, is a proposition which has been long known and acknowledged. When Henry VIII. sent

thwayte's Dictionary, article *coin*, in which Sir Isaac Newton's Report, 1717, is given with the Tables.

* The state of the silver now current in this country is said to be, sixpences on an average worth $2\frac{1}{2}$d.; shillings, $8\frac{1}{2}$d.; half-crowns, 2s. 2d.; and crowns, perhaps 4s. 8d. See Thoughts on a new Coinage of Silver, by a Banker. p. 99. Printed 1798.

See Ld Liverpool P.

from Calais to request the Arch-Duchess of Austria, who then held the government of the Low-Countries, to permit his gold and silver to pass current in her dominions, a little above its true value, she dispatched her master of the mint and assaymaster with instructions to declare, that her suffering the English coin to be current at an over-value would carry away all fine gold, not only in ingots, but also pieces of gold made in the Arch-Duke's mint, to convert them into the coin of England, by which means her subjects would be grievously injured *.

The annihilation of all silver notes, the remedy which remains to be considered, is enacted by the 91. chap. of 44. of Geo. III.

The wisdom of this measure, had it been preceded by regulations calculated to raise the value of Bank paper to par, must appear unquestionable; for silver notes, even when issued by Banks in the highest degree of credit, have always been found injurious, from the numerous forgeries they have occasioned †; and when is-

* See The Centre of the Circle of Commerce, p. 73. Printed 1623.

† See Mr Mansfield's Evidence, Minutes, p. 54. Mr D'Olier's, ib. p. 85.

sued, as in Ireland, by every shopkeeper who can make his mark, they may be truly stated, in the language of the author of the Discourse on the Currency of the Colonies, "to form an insufferable grievance to tradesmen and the lower orders of the people."

It is the time and the manner, therefore, in which this measure has been adopted, that can alone excite criticism.

From the examination before the Committee of the House of Commons, we learn, that, with the exception of the North of Ireland, the circulation of the country has been of late carried on, almost exclusively, by silver notes *. Their annihilation, therefore, before Bank notes, by wise and prudent management, are restored to par, so that the silver formerly in circulation, and now said to be hoarded †, might again circulate with them, must leave a vacuum of circulating medium.

For the dollars, intended to be issued, cannot be looked to as a means of supplying the silver notes, as no issue is proposed of small coin, (to supply the fractional parts,) adjusted in va-

* Minutes of the Irish Exchange Committee, p. 80.

† Ib. p. 87.

lue to circulate along with them. Besides, the Director of the Bank of Ireland, employed to procure them, states, that the quantity intended to be emitted, is infinitely smaller than what would be requisite for the circulation of that country*.

In the present state of things, therefore, one of two consequences, almost equally prejudicial, must attend the annihilation of silver notes: they must be either replaced by counterfeit coin, or a momentary stagnation must take place from a want of small currency.

If the silver paper is supplied by coin, such as can alone be transferable in circulation, then the act must operate as a bounty given by Parliament to the dealer in counterfeit coin, at the expence of the issuer of I O U's: And this is the consequence which Government must wish and expect; for Sir Evan Nepean has stated, that dealers of all descriptions would suffer a greater loss from the stagnation occasioned by stopping at once the currency prevalent in the country, than could be suffered by the continuance of the counterfeit coin in circulation †.

* Minutes of the Irish Exchange Committee, p. 148.

† See Appendix No. I.

Such are the three measures, which have been devised for the purpose of palliating, nay, it appears, with the hope of redressing, the grievances, under which Ireland now labours with respect to its circulation.

On what principle they have been resorted to, or how they are to be vindicated, it is difficult to imagine. For it is hardly possible to suppose, in this age, with all the opportunities statesmen have of benefiting from past experience, that the Government of Ireland can give credit to the maxim, that "it is better to do wrong than to do "nothing;" the principle which Mr Montague, the Chancellor of the Exchequer, avowed in the year 1696, and on which he defended his conduct in the House of Commons *, when he proposed measures of a similar nature.

Indeed, even the Committee themselves seem to have entertained doubts of all these remedies; for, after suggesting what occurred in support of them, they remark, "that if

* See An Account of the Proceedings in the House of Commons, in relation to re-coining the clipt money, and fall in the price of guineas, p. 18. Printed 1696.

" their inquiries have failed in enabling them " to propose any effectual remedy, still a reme- " dy ought to be sought for by the wisdom of " the House;"—and then proceed to encourage others to speculation on the subject, by declaring, that they cannot give credit " to a posi- " tion so strange, as that the evils which they " have investigated, are entirely without a re- " medy *."

As a general principle, it may be stated, that grievances never exist in relation to money or trade, which loudly call for legislative interposition, but such as originate from legislative enactment. It may perhaps, therefore, with justice be considered as a rule for the conduct of Parliament in inquiries of this nature, never to look beyond their own recent acts to discover the cause and the cure of any economical calamity that has suddenly aggrieved the country.

Proceeding on this plan, we are at once led to accuse the restriction act, which takes off the natural check to the over-issue of paper, as the cause of the calamity, and to look to the imposi-

* Report of the Exchange Committee, p. 20.

tion of some artificial restraint on the quantity of paper, as the only means of redressing the evil to which this parliamentary interference has given birth; and it is fortunate, that the experience of past times, whenever a similar grievance has existed, bears ample testimony to the efficacy of this remedy.

It has been already observed, that in the province of New England, even in the most advanced stage of the depreciation of its paper, a small diminution of the quantity immediately produced a favourable effect upon the state of exchange; insomuch, that in the year 1738, when it had got to the advanced rate of 440, the cancelling, within the year, of a few more bills than were emitted, reduced it to 400. 37

Neither is this the only instance in the history of the paper money of our colonies, from which we derive clear proof, that the diminution of paper is the effectual means of rectifying an unfavourable exchange occasioned by an over-issue of paper.

" The case of Barbadoes must, (says the author of the Discourse on the Currency of the British Colonies,) put this assertion beyond all dispute with sober-thinking honest men. In the year 1702, by the persuasion of Mr W. from New England, Barbadoes issued L. 16,000 of bills of public credit. At first, they passed at a discount, but no more being emitted, and the period of cancelling being short, they rose to par. This encouraged them to make an enormous emission of L. 80,000 of bills on landed security, at 4 per cent. Paper immediately fell 40 per cent. below silver. By an order from home, they were soon suppressed, and their currency became silver value as before. That province has ever since kept their currency up to proclamation value, balance of trade in their favour, exchange to Great Britain being generally under 33 per cent. the par *."

The measures taken by the two Banks in Scotland, in the year 1762, form another and a strong illustration of the efficacy of the reduction of the quantity of paper, as a means of redressing an unfavourable exchange produced by a depreciation of paper.

By the author of a letter to J—— F——,

* Discourse on the Currency of the Colonies, p. 28.

published at the time, we are informed, that the exchange had risen much above "its natural "course even in times of extremity; for it is "certain, that the exchange between London "and Edinburgh ought never to exceed one "per cent.; and in strictness, it does not exceed one per cent. at this juncture: for three "per cent. is not considered as the difference "between specie in London, and equal specie "in Scotland, but between specie at London "and Scotch Bank Bills."

Under these circumstances, it must have been impossible for the Banks to continue to pay in gold, on demand, without rapidly exhausting their capital.

In the case of a scarcity of corn, or any other occurrence which gives rise to a balance of debt, a Bank may easily compute how much cash it is necessary for it to provide for the purpose of foreign remittance; but as a depreciation of paper, if a Bank continues to pay in gold, presents an indefinite opportunity of profiting by its folly, the demands upon it must always be unlimited.

The means by which advantage might have been taken of the Bank of Scotland, while it was in this situation, are so plain and obvious, that it is surprising how they escaped the intelligence and ingenuity of Sir James Stewart in treating on the subject.

1. As exchange was at par betwixt Newcastle and London, all bills from thence might be sent to Edinburgh, where L. 103 in Bank notes were regularly given for a London bill of L. 100. With these notes gold might be drawn from the Bank, and as the expence of conveying coin from Edinburgh to Newcastle was only a half per cent., a profit of two and a half might evidently be secured *.

2. Every individual had it in his power, by establishing a fund in London, to sell drafts for Bank notes at three *per cent.* premium. These might be immediately exchanged, and as the money could be conveyed to London at the expence of one per cent., a profit of two per cent. resulted from the operation. It is plain too, that as this might be repeated once a week, an opportunity was afforded of making upwards of cent. per cent. per annum on the capital employed.

* It appears from the Considerations, &c. already quoted, that this trade from Newcastle was actually carried on, p. 12.

3. English goods might be sold for Bank notes at a reduced price of two per cent without any loss to the merchant, as he was sure to repay himself by the gain he could make in the purchase of gold from the Bank *.

It was the experience of these practices, that probably induced the author of the Letter we have quoted, to approve of the Banks restricting their cash accounts, and opening their books to receive loans, by which they in effect called in their notes without violence, and rapidly brought their paper to par. For he well observes, that a Bank's continuing to circulate paper, and pay in gold, when its notes are at a discount, is an operation similar in effect to cutting off the branch on which one stands †.

As the case of the Bank of England, at the conclusion of the 17th century, bears the most accurate resemblance to the present situation of the Bank of Ireland, so it exhibits, in the strongest point of view, the necessity of dimi-

* This practice seems, from what Sir James Stewart says, (v. II. *p.* 400, Dublin ed.) to have been also resorted to.

† This Letter to J—— F—— has been ascribed to Patrick Lord Elibank.

nishing its paper as the only means of curing the depreciation that has taken place, as well as of remedying the concomitant calamities of counterfeit coin, and an unfavourable exchange.

The liberality of the Bank of England, soon after its institution, in aiding the public, and in supplying the wants of individuals, as well as the effects of this conduct in bringing the paper of the Bank to a discount of 17 per cent. have been already stated. Contemporary writers, ignorant of the inevitable and immediate consequence of paper in this state on the coin in circulation, expressed their surprise, that the money of the country should be so suddenly adulterated *.

* "And how dishonourable it is to the king and kingdom, that our money should be so suddenly debased to such a shameful degree, foreign states will soon determine." See The Regulating of Silver Coin made Practical and Easy, &c. Printed 1696, p. 8.

In the King's speech, November 1695, the state of the coin is first recommended to the consideration of parliament in the following terms: "I must likewise take notice of a great difficulty we lie under at this time, by reason of the ill state of the coin; the redress of which may perhaps prove a further charge to the nation; but this is a matter

Numerous schemes were suggested in various ingenious publications for the remedy of this evil; and measures were adopted by parliament, some of which we have already stated: but the exchange with the continent remained unfavourable, counterfeit money was uniformly found in circulation, the new coin disappeared, and Bank paper continued in a state of depreciation till the latter end of the year 1696, and beginning of 1697, when "parliament took "into consideration, by what means they might "restore the credit of the Bank of England, "which was then at a low ebb *." X

For this purpose, two measures seem to have been adopted. In the first place, all deficiencies were made good by general funds appropriated to their payment till the 1st of August, 1706, to the amount of five millions one hundred and

of such general concern, and of so very great importance, that I have thought fit to leave it entirely to the consideration of my parliament."

* See a Short History of the late parliament by Dr Drake, 1699, p. 49.

X See Ld Liverpool Treatise on Coin P. 78 -- where it appears that the Gold coin never took its value in a due proportion in reference to that deficient Silver Coin —

sixty thousand four hundred and fifty-nine pounds, and some of the deficiencies were immediately provided for *. In the second place, the parliament agreed to enlarge the common capital stock of the Bank of England, by admitting new subscriptions to be made good in tallies and Bank notes. The proportion was four-fifths of the first, and one-fifth of the last †. Both were operations, which obviously tended, though in different ways, to the salutary purpose of abridging the Bank notes in circulation.

This expedient of diminishing the notes, it is said by the historian who has been quoted, "was "projected, with all the prudence imaginable; "and though many persons who were interested "in it, could not presently apprehend the rea-

* See a Postcript to a Discourse on Credit, by Dr D'Avenant, p. 5. ed. 1701.

† See 8. and 9. of William III. cap. 20. An act for making good the deficiencies of several funds therein mentioned, and for enlarging the capital stock of the Bank of England, and for raising the PUBLIC CREDIT.

See also a Short History of the late Parliament, p. 50. And Remarks on the Bank of England, p. 7. Printed 1705.

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"sonableness of it, yet the advantages they have "since received, have fully convinced them that "no other way could have been found out to "have retrieved their sinking credit. For the "value of two hundred thousand pounds in Bank "notes being sunk by the new subscriptions, the "rest, as it was reasonable to believe they would, "began presently to rise in worth."

The credit of the Bank, he adds, "began to "recover apace, till in a short time their notes "were all equal with, and their bills that bore "interest, better than money. By this means, "the face of affairs was in a short time much "changed for the better; credit began to re-"vive, money to circulate on more moderate "terms. Foreign exchange was less to our disad-"vantage, and soon after at an equality. The "people began to think better of our condition, "and were convinced of the wisdom of our ad-"ministration, and of the care that was taken of "them *."

These are the authorities on which it is sub-

* Short History of the late Parliament by Dr Drake, p. 50—51.

mitted to parliament and the public, that in every case where paper has been depreciated, palliatives have been ineffectual; that all expedients to meliorate the exchange, and restore credit, have constantly proved abortive, unless a part of the paper has been withdrawn from circulation: And it is on these authorities the opinion is with confidence rested, that a diminution of the notes of the Bank of Ireland is the sole remedy which can be resorted to, with hopes of ultimate and permanent success, in the present alarming state of the circulation of that country.

IV. *Of the means of effecting a reduction of the paper of the Bank of Ireland.*

Before proceeding to state shortly the various means by which Banks may be made to limit their issues, and withdraw a part of their paper from circulation, a preliminary measure presents itself, which seems indispensible in the case of the Bank of Ireland.

For if it be wise and prudent, in the present state of that country, to limit the circulation of its Bank by measures calculated to withdraw a part of the notes now issued, it must appear in-

decorous, and highly improper, that a legislative encouragement to the extending of its circulation should be allowed to subsist.

The clause, however, in the Act by which the Bank of Ireland is established, compelling it to discount under the legal rate of interest, must, since the imposition of the restriction, be considered in this point of view; and its repeal is perhaps a measure of more importance than may at first sight be imagined.

Under the subsisting regulations, the Bank of Ireland has been in the practice of discounting at the rate of 5 per cent. to private Banks and Bankers, who themselves issue notes; and these, in their turn, circulated their paper, by discounting at 6 per cent., the legal rate of interest in Ireland; so that the Bank in reality has furnished the means, by which private bankers have carried on, or extended, the circulation of their notes.

This practice is stated upon private information. Of its existence, however, there can be no reason to doubt, as it is a necessary consequence of what we learn in the evidence printed by the House of Commons.

Mr Roach states, that the facility of borrowing or getting discounts is greatly increased by the extended issue of paper *. And Mr Frank informs the Committee, that he has known an individual, in consequence of the extension of credit, increase his imports from L. 10,000 to L. 80,000 per annum †.

To suppose that this facility of extending their transactions, should be confined to those engaged in foreign commerce, is impossible. There can be no reason why bankers, and those concerned in issuing notes throughout the country, should not with equal facility avail themselves of it. And that this is the case seems implied by the evidence of Mr Beresford and Mr Marshall, who agree in thinking that the diminution of the paper of the Bank of Ireland would tend to reduce the paper circulated by private bankers ‡.

The repeal, therefore, of the clause compelling the Bank of Ireland to discount at 5 per cent., pending the restriction imposed by parliament, seems a necessary preliminary to any measure

* Minutes of the Irish Exchange Committee, p. 86.
† Ib. p. 131. ‡ Ib. p. 109, 117.

that can be proposed for withdrawing their paper from circulation.

The Committee on the Irish exchange have, in their Report, declared in express terms, "that it is incumbent on the Directors of the Bank of Ireland, and their indispensible duty, to limit their paper at all times of an unfavourable exchange during the continuance of the restriction, exactly on the same principle as they would and must have done in case the restriction had not existed; and that all the evils of a high and fluctuating exchange must be imputable to them if they fail to do so *."

They have neither, however, proposed the repeal of this clause, which forms an inducement to the extension of the paper in circulation, nor have they suggested any extraordinary measures for its immediate reduction; and it seems impossible that the extended quantity which is now issued can be diminished, with the degree of rapidity expedient for the country, by the ordinary means to which the bank was in the

* Report of the Irish Exchange Committee, p. 19.

habits of resorting, on the occurrence of an unfavourable exchange antecedent to the restriction.

The extraordinary means to which Banks have heretofore had recourse to reduce an extravagant circulation of paper, are,

1. Calling in the debts due by the government, for in every country it has been found to be the greatest debtor of the public Bank; and this is a measure which can give rise to no extended mercantile distress. It was one of the means, in conjunction with others, successfully resorted to by the Bank of England in the year 1696.

2. Borrowing money on loan is a method, by which a Bank may call in its notes without the hazard of distressing its creditors *. It was used for this purpose by the banks in Scotland in 1762; and the Directors of the Bank of England seem to have been at one time so desirous of constantly possessing extraordinary means of calling in their notes, as to agree annually for a loan to the extent of a million (usually called *the circulation*) payable at any time within the year when called for, on which account 10 per cent. was to be

* This expedient is mentioned and recommended by Sir John Barnard.

deposited by the subscribers, to be forfeited on failure of payment, if a call was made *.

3. Increasing the capital of the Bank. This manner of calling in their notes was practised with benefit both by the Banks in Scotland and the Bank of England, under circumstances similar to those of the Bank of Ireland.

If it be asked, which of these measures ought to be preferred as the easiest and speediest means of reducing the circulation, and restoring the credit of the Bank of Ireland, the reasonable answer appears to be, *any* or *all;* and that it is indifferent which of them be selected, as the reduction of the paper, not the means by which it is reduced, is the only thing essential to restore credit.

* This practice is stated on the authority of The Universal Merchant, a work quoted by Dr Smith, (*Wealth of Nations*, V. I. p. 261, qto. ed.) who styles the author, Mr Meggins, a judicious and experienced merchant, on whom reliance may be placed. The loan is by Mr Meggins said to have been made up by subscriptions of L. 1000 each: For the 10 per cent. paid in, 6½ per cent. interest was allowed; and for all future calls 4 per cent. was to be paid. The subscription of L. 100 paid in was generally disposed of at a premium of 2½ per cent. See Universal Merchant, containing the Rationale of Commerce in Theory and Practice, p. 30. printed 1753.

To what extent the paper of the Bank of Ireland ought, by these means, to be reduced, is a question, the solution of which may be attended with some degree of difficulty. Sir William Petty has perhaps gone too far in saying, that the quantity of money sufficient for any state may even be guessed at *; but certainly there is no ground on which this problem can, under any circumstances, be accurately decided. The Directors of the Bank have already represented the wealth and trade of Ireland to be increased, and to require, on that account, a greater quantity of circulating medium †. In this assertion they

* Sir W. Petty's Quantulumcunque concerning Money, Question 25.

† The proposition that an increase of wealth requires a proportional augmentation of money, in the shape of coin or bank notes, seems to be considered by the Directors as indubitable. In the following passage, however, the converse of it is maintained by Quesney, one of the ablest writers on political economy. "On doit même présumer que le pécule d'une nation pauvre doit être à proportion plus considérable que celui d'une nation riche: car il ne leur en reste à l'une et à l'autre que la somme dont elles ont besoin pour leur vent, et pour leurs achats. Or chez les nations pauvres on a beaucoup plus besoin de l'entremise de l'argent dans le commerce; il faut y payer tout comptant, parceque l'on ne peut s'y fier à la promesse de presque personne." Septieme observation sur le Tableau œconomique.

must be joined by all those who have extended their transactions, in consequence of the recent facility of obtaining credit; and the moment a proposal is made to diminish the paper in circulation, the prejudices and interests of both must naturally lead them to concur in proclaiming the ruin of the country to be the sure consequence of the measure.

Those, however, who are capable of calmly considering this subject, ought always to recollect, that if the proposed reduction of Bank notes succeeds, (as it uniformly has done,) in bringing the paper which remains in circulation to par, the gold and silver that is hoarded must again come into play; and this is no mean resource, as there must even at present be a great deal of coin in Ireland.

For experience tells us, that though an overflow of paper has always caused the standard coin to be withdrawn from circulation, it has rarely banished it from the country where it was intended to circulate.

During the existence of Mr Law's Royal Bank in France, the coin, it is well known, completely disappeared; but the moment the arrêt of the 1st May 1720 burst the bubble, a sufficiency of coin

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must have appeared for the conduct of all business; for Sir James Stewart tells us, that the following day a man might have starved with a hundred millions of paper in his pocket *.

The coin of France again vanished during the late revolution; but the assignats were no sooner annihilated, than it returned to circulation, and that apparently unimpaired in quantity, as till within the last two years no new or additional coinage was thought of.

D'Avenant also informs us, that, to the astonishment of all mankind, notwithstanding the general opinion that all our coin had been exported, there turned out to be L. 3,400,000 of money hoarded in England in the reign of King William †.

The peculiar situation of Ireland co-operates with these historical facts, to make us believe, that the coin existing in that country, antecedent to the restriction, must rather be increased than impaired.

Men may be always presumed to act, in rela-

* Vol. 2d. Irish edition, p. 52.

† Whitworth's edition of D'Avenant's Works, vol. i. p. 264.

tion to money, as their interest dictates; and the state of the exchange between England and Ireland for bills payable in gold, shews, that, since the restriction, there has been but a very short period when gold could be carried out of Ireland with profit. Indeed the general balance of remittance, during the last six years, has been so much in favour of Ireland, as to secure a profit on the importation of gold into that country, and to render the exportation of it, without a loss of 2 or 2½ per cent, impossible *.

Setting aside, however, all idea of the aid likely to be derived from the coin returning into circulation, there is one principle, on which the paper issued by the Bank of Ireland may be limited, that cannot be objected to, even by the advocates of an extended circulation in Ireland.

Though the trade of that country has been stated to have increased, nobody has presumed to insinuate, that, since the restriction of the Bank, it has proportionally extended itself to a greater degree than the trade of England. It fol-

* See Appendix M. to the Minutes of the Irish Exchange Committee, containing a Statement of the Rate of Exchange between England and Belfast, where gold alone circulates.

lows, therefore, that the paper of the Bank of Ireland might be reduced from L. 3,000,000, the sum now in circulation, to L. 1,000,000; as, after such diminution, there would still be an increase of its circulation, nearly proportional to what has taken place in the circulation of the Bank of England since that time *.

The reduction of L. 2,000,000, which on this principle would become necessary, might perhaps be most readily effected by compelling Government to pay in Bank notes what may be due by them †. The capital of the Bank may then be increased to the extent of one half of the sum that remains to be recalled; and the other half may be provided for by opening a loan. For example, if it should appear that Government owes the Bank L. 600,000; notes to that

* This is stated in round numbers. The issue of the Bank of Ireland, preceding the restriction, was to the extent of L. 600,000; the issue of the Bank of England was then L. 10,416,520, it is now L. 17,920,450; it follows, therefore, that the accurate proportional increase would be L. 1,032,232.

† Though Mr Colville states in his Evidence, that the Bank has been liberal in accommodating Government, the sum of its advances does not appear in any part of the Proceedings of the Committee.

extent may be recalled by enforcing payment of that sum. L. 700,000 of the remaining L. 1,400,000 may be withdrawn, by the capital of the Bank being increased to that extent; and the other L. 700,000 may be taken out of circulation by a loan.

The terms of the loan might easily be made such as to insure its being filled up. It might hold forth the obligation of repayment within three years, or sooner, at the option of the Bank, either in gold or in notes of the Bank of England, if the restriction is not at that time done away, with legal interest at the rate of 6 per cent. per annum.

By these means the contributor would have an interest of 6 per cent.; and as Irish Bank notes are in reality at a discount of 10 per cent. he would also have a premium to that extent; whilst the Bank Directors, who say that their notes are not at a discount, could only complain of being obliged to borrow at legal interest; whereas, if the means of restoring credit were even to require much greater sacrifices on the part of the Bank, the Proprietors could not with justice remonstrate, considering the profits they have shared by the *bonus* and augmented dividends, that have been paid to them, as well as by the enormous rise in the price of stock *, and the calamities which the increase of their gains has produced.

All these measures, however, would avail nothing, unless means are adopted by the Legislature, to prevent the Bank of Ireland from emitting paper as fast as it is recalled.

This, perhaps, may be best effected by imposing a legislative restriction on the Bank of Ireland, to limit their issues during every three months, in such a manner, that the whole notes in circulation should at no one time exceed a sum bearing the same proportion to L. 600,000 †, that the sum issued by the Bank of England, during the three preceding months, bore to L. 10,416,520 ‡.

This is suggested as a preferable means for regulating the issues of the Bank of Ireland, to any that during the war can be inferred from the state of the exchange with London; as that must be always at an artificial rate, as long as extensive loans are negociated in this country, and annually remitted to Ireland.

* Appendix, No. IV.

† Total issue of the Bank of Ireland antecedent to the restriction.

‡ Ditto of the Bank of England.

It is suggested too on the presumption, and with full confidence, that the Directors of the Bank of England will conduct themselves with prudence in the limitation of their issues. To the Bank of England it is not intended to impute any blame. Under circumstances similar to those in which the Directors were placed by the restriction, experience could alone disclose the extent to which their circulation ought to be carried.

When we consider that gold, by the restriction, was banished from circulation; and recollect, that in the year 1772, when the light money was recalled, it was demonstrated, that there existed in this country upwards of 20,000,000 in gold, they seem justified *a priori* in thinking, that they might with safety extend their circulation from L. 10,416,520 to L. 17,920,450.

Experience, however, has shewn, that they have gone too far. It has appeared in evidence, that their paper is at a discount of nearly 2 per cent. *: and the Secretary of State, in his recent circular letter to the Lords Lieutenant, has

* Minutes of the Exchange Committee, p. 6 and 14.

announced the existence of an alarming increase of base silver coin throughout the country * ; the sure, the uniform, and the invariable, attendant of paper money, brought into a state of depreciation by an over issue.

On Lord Hawkesbury's letter there is no occasion for comment. We will leave it to the consideration of Mr Canning, who (if he is not too much occupied in sounding the praises of Mr Pitt's new friend, Mr Addington,) may, if he judges right, found upon it, in the present session of parliament, a criticism on his Lordship's capacity to execute the office of Secretary of State for the Home Department, similar to that he pronounced during the last session, on his capacity for executing the duties of the Foreign Department †.

* See Appendix, No. V. containing Circular Letter from the Secretary of State's Office to the Lords Lieutenant, dated Whitehall, December 1804.

† The clauses of the 15. and 16. Geo. II. c. 28. which the Secretary of State wishes the Lords Lieutenant to enforce, are inserted in the Appendix, No. V. On considering them it will clearly appear, that every man who makes any payment in silver, must subject himself to the penalties they inflict. The value of our current silver has

The Secretary of State's letter is here alluded to, solely for the purpose of remarking, that, conjoined with the evidence given before the Committee, it must produce a conviction, that the Bank of England has extended its paper beyond the bounds of discretion. It is probable, however, that it may still be reduced, as much as is necessary, by the usual means of limiting discounts and loans, which they are accustomed to practise.

After the warning they have got, the Directors of the Bank of England must be convinced, from experience, that they cannot, with im-

been stated, Note, p. 75. During the present reign, there has been only L. 63,419 of silver coined down to the year 1797, a small quantity of which only has been issued, and the little that has been in circulation, immediately disappeared: for, as Dr Smith observes, (Wealth of Nations, quarto ed. p. 52. vol. i.) there was a profit in melting it down, in order first to sell the bullion for gold coin, and afterwards to exchange this gold coin for silver coin, to be melted down in the same manner. The consequence is, that there is no silver coin in circulation, but such as must subject the person who pays it to the penalty of the law.

If the account given in the Newspapers be true, the Solicitor of the Mint, since the publication of the Secretary of State's letter, seems to have assumed a power, by which he may seize and retain all the silver now circulating in the kingdom. See Appendix, No. V.

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punity, refrain from taking steps to diminish their circulation. They have the fate of Ireland before them, and the interference of Parliament, if they persevere in increasing their paper, must become necessary.

Indeed it is impossible, on general principles, to approve of the conduct of Parliament in originally passing the act restraining the Bank from making payments in cash, unaccompanied with a clause limiting its issues.

By so doing, the Bank of Ireland have practically explained that Parliament delegated the power of taxation, to men who had an opportunity of profiting by the extent of the tax they imposed.

For the Directors, by exerting with vigour the power with which they have been thus invested, have made its effects apparent.—By increasing their issues, they have brought Bank Notes to a discount of 10 per cent.; which has had the immediate effect of imposing a tax to that amount on all salaries and fixed payments throughout that country; whilst by this means, besides giving extended discounts and other accommodations to all their friends,—they have raised their dividends from six and one half, to seven and a half per cent.—they have given to the proprietors a *bonus* of five per cent.,—and increased the price of Bank stock from ninety to one hundred and forty *.

Many people have thought that taxation is a pursuit, in which Parliament has not been inactive. But there are few who will not agree in thinking, that if the Ministers had been the Directors, and the House of Commons the proprietors, of a company who were to have gained by every tax they imposed, we should have experienced such a superior degree of activity, as must long ago have exhausted the resources of this country.

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* See Appendix, NO. IV.

APPENDIX.

No. I.

Extract from the Minutes of the Exchange Committee, p. 79.

DUBLIN, March 28. 1804.

AT a Meeting of the Right Honourable the Lord Mayor and Board of Aldermen, to take into consideration the present state of the silver coin, they resolved, That the Lord Mayor and the superintendant Magistrate, (Alderman Alexander) be requested to wait on the Right Honourable Sir Evan Nepean, Bart. and communicate with him respecting the same, and then adjourned until this day; and, having again met, pursuant to said adjournment, the Lord Mayor communicated to the Meeting the following letter which he had received from Sir Evan Nepean, and which they lay before their fellow-citizens:—

Dublin-Castle, March 28, 1804.

MY LORD,

The fullest consideration has been given to your Lordship's representation, of the inconvenience occasioned to the inhabitants of the city of Dublin, by the badness of the silver coin, and the difficulty attending the purchase of all articles of small value, Your Lordship may be assured, that it is the anxious wish of Government, to afford every possible degree of accommodation to the inhabitants that the circumstances will admit of; and, with that view, measures will be taken for procuring dollars and other coin to supply the circulation; but, from a variety of considerations, it must be obvious to your Lordship, that any measure of that nature cannot be carried into execution for a considerable time to come. In the meanwhile, it appears expedient, that the impossibility of procuring an immediate supply, and the necessity for some circulating medium, until such supply can be procured, should be generally understood; as an opinion, that the silver medium now in circulation, would be immediately cried down, has probably, in a great measure, occasioned the refusal to receive in payment this coin.

It must be obvious, that greater loss must be suffered by dealers of all descriptions, from the stagnation which would be occasioned by stopping at once the currency of this coin, without any other medium to supply its place, than could be suffered by a continuance of the practice which has so long prevailed, and that the labouring people and the poor must suffer severely. I have the honour to be, my Lord, your Lordship's most obedient, humble servant,

EVAN NEPEAN.

To the Right Hon. the Lord Mayor, &c.

On Saturday last, (March 31.) the following notice was distributed and published throughout the different markets and principal streets by beat of drum:—

At a Meeting of the Right Honourable the Lord Mayor and Board of Aldermen, held at the Mansion-House this morning, to take into consideration the present state of the silver coin, they requested the Lord Mayor, Recorder, and Superintendant Magistrate, should wait on the Right Honourable Sir Evan Nepean, Bart. to present to him the distresses of the Artificers and Manufacturers, since the silver coin was refused in payment, when Sir Evan Nepean was pleased to hand to them the following note for public communication:—" That there is no intention at " present, of ordering the discontinuance of the receipt of " the best of the silver now in circulation at the public " offices, as usual." Resolved, therefore, that we recommend it to our fellow-citizens, to take in payment the best of the silver coin, now in circulation, as usual.

In the letter, what do you suppose is meant by the best of the silver?—I suppose, Sir Evan Nepean means, that silver which I have described to be worth 9s. for a guinea's change. Minutes of the Irish Exchange Committee, p. 180.

No. II.

Extract from an Essay for Regulating the Coin, p. 8. Printed 1696.

" I have gone to several goldsmiths in London, and have got them to take out of their counters, a bag of one hundred pounds (as came to hand) which, upon trial, I have found at one place to weigh

	Oz.	dw.	gr.
A bag of L. 100.	230	13	6
Another place L. 100 weighed	222	0	15
Another place	198	17	0
Another place	190	0	0
Another place	182	3	0
Another place	174	11	20
	1198	5	17

The six hundred pounds weighing in all, one thousand one hundred and ninety eight ounces, five penny-weights, and seventeen grains; and is no more than what three hundred and ten pounds in milled money will weigh.

I am informed the money paid into the Exchequer, doth weigh from fifteen (and seldom the L. 100 reacheth) to twenty pounds weight; so that the very best brought in there, doth not weigh two-thirds of what it ought to do, and the money paid into the Exchequer is supposed a great part of it to come from the country.

But as it is believed, that the money in the country is

generally not the one half so bad as it is in and near London, I have procured an account to be sent me from the following cities, from whence, I am informed, that one hundred pounds doth weigh on trial of two bags in each place, to be, viz.

	Oz.	dw.	gr.
In the city of Bristol, one bag of L. 100 weighed	240	0	0
Another weighed	227	15	0
In the city of Cambridge, a bag of L. 100 weighed	203	5	10
Another weighed	211	0	19
In the city of Exon, a bag of L. 100 weighed .	180	7	0
Another weighed	192	3	0
In the city of Oxford, L. 100 in half crowns weighed	216	10	0
One hundred in shillings	198	0	15
	Oz. 1669	1	20

The eight hundred pounds weighing sixteen hundred and sixty-nine ounces, one penny-weight and twenty grains; and is not more than four hundred thirty one pounds fifteen shillings of milled money will weigh, and but a very small difference between the weight of the money in London and the country."

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No. III.

A List of Bankers and persons issuing Small Notes in the district of Youghall, 1804. *Extracted from the Appendix to the Minutes of the Irish Exchange Committee.*

Names.	*Occupations.*
Geo. and Rd. Giles	Registered Bankers—issue Silver Notes and Post Bills
Samuel Allen	Merchant---small J. O.
Samuel Johnston	Shopkeeper
James Johnston	Stationer
Shyrl Lidley	Grocer
Robert Christian	Ditto
Patt O'Neil	Hardware shop
Edm. Walsh	Baker
Thap. Graves	Cornfactor and miller
Thomas Jones	Grocer
Thomas Bateman	Shopkeeper
John Roch	Grocer
Joseph Bateman	Ditto
John Howell	Chandler---Issuing the Notes of his late brother
Thomas Brown	Grocer
John Tanner	Cabinet maker
Mary Walsh	Baker
Patt Barry	Grocer
Nichol Marks	Shoemaker and spirit retailer
Thomas Gimblet	Shopkeeper and grocer
Mat. Herman	Grocer and retailer of spirits
Thomas Harlow	Linen-draper
William Pearce	Wool-comber
Mich. Walsh	Grocer and spirit retailer
William Kenna	Grocer
Eliz. Lims	Ditto
Richard Standish	Apothecary

Names.	*Occupations.*	
Mary Wigmore	Chandler and grocer	
Robert Lindsay	Grocer and spirit retailer	
Edm. Wall	Grocer	
Jos. Hughes	Ditto	
Thomas Dee	Spirit retailer	
Richard Cotter	Ditto	
D. Curtain	Ditto	
A. Fitzgerald	Ditto	
William Fenton	Linen-draper	
D. Connelly	Baker	
J. Morgan	Miller	
James Sirk	Clerk to cornfactor	
Joseph Mullany	Strong water retailer	
Marcus Lynch, Esq.	Cloth manufacturer	
Sam. McCale, Esq.	Malster	
Edm. Copinger, Esq.	Brewer	
Stephen Copinger, Esq.	Corn merchant	
Edm. Meaney	Tobacco manufacturer	
Henry Wigmore	Shopkeeper	
Mary Swayne	Grocer	
Margaret Adams	Shopkeeper	
Ellen Hannon	Ditto	
Christ. Hannon	Ditto	
William Hannon	Baker	
Richard Burrows	Innkeeper	
John Cunningham	Ditto	
Thomas Boyne	Wool-comb e	
Francis Arnold	Ditto	
Thomas Ford	Shopkeeper	
John Smith	Miller	
Richard Nugent	Tanner	
William Galway	Corn merchant	These men issue notes at nine shillings, six shillings, and three shillings and 9½d ---Some stamped.
Edmond Barrow	Ditto	
Val Tallon	Ditto	
Thomas Buckley	Ditto	
William Penny	Ditto	
Laurence Foulks	Ditto	
Thomas Foley	Shopkeeper	

Names.	Occupations.
Michael Landers	Cornfactor
James Flyn	Ditto
Dennis Connelly	Ditto
Laurence Dennahy ..	Spirit dealer
Laurence J. Dennahy	Ditto and cornfactor

N. B. Except the seven persons circumflexed, and Messrs Giles, all the rest issue I. O. U's, from 6s. down to 3½.

1. Issuing Bank Notes and Post Bills.
7. Issuing Silver Notes of 9s. 6. and 9s. 3½d. each.
62. Issuing I. O. U's.

70. Total.

No. IV.

Statement of the Prices and Fluctuations of the Stock of the Bank of Ireland, in each Month, from the commencement of the year 1798, to the end of the year 1804.

1798		
January	90	Dividend 6½ per cent.
February	90	
March	90	
April	90---92---90	
May	90---92	
June	92	
July	92---93	
August	105	
Septem.	107---106	
October	106---105	
November	112---115	
Decem.	115	
1799		
January	115---114	
February	113---105	
March	106½---105	
April	105---106	
May	111---117	
June	116---122	
July	124---126	
August	131---132	
Septem.	130	
October	130---125	
November	127	
Decem.	127	

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1800		
January	131	
February	131---130	
March	130	
April	130---133	
May	132---131$\frac{1}{2}$	
June	130$\frac{1}{2}$---136	Dividend increased to 7 per cent.
July	138	
August	139---139$\frac{1}{2}$	
Septem.	139$\frac{1}{2}$---140	
October	140---139	
November	139---138$\frac{1}{2}$	
December	138	
1801		
January	137---136	
February	128---132	
March	132---132$\frac{1}{2}$	
April	136---142	
May	141---141$\frac{1}{2}$	
June	141$\frac{1}{2}$---141	
July	143---144	
August	143---145	
Septem.	146	
October	161---166	
November	166	
December	166---167$\frac{1}{2}$	Divid. increased to 7$\frac{1}{2}$ per cent.
1802		
January	179---180	
February	179---178	
March	178-176$\frac{1}{2}$-178	
April	178---180$\frac{1}{2}$	
May	181-186-184	
June	180$\frac{1}{2}$	
July	181	
August	180	
Septem.	179$\frac{1}{2}$---177$\frac{1}{2}$	
October	178---177$\frac{1}{2}$	
November	178	
December	175	

1803		
January	177---178	
February	178---177	
March	177---170	
April	170---173	
May		
June	156	
July	155---149	
August	147---145	
Septem.	145	
October	142	
November	140---137$\frac{1}{2}$	
December		Bonus of 5 per cent. paid with the Christmas dividend.
1804		
January	142---147	
February	146$\frac{1}{2}$---145	
March	144$\frac{1}{2}$---143	
April	144---142	
May	142---143	
June	142---143	
July	142---141	
August	142---141$\frac{1}{2}$	
Septem.	141---140	
October	140	
November	140	
December	140	
1805		
January	140	
February	140	
March	140	
April	140	
May	140	
June	140	
July	140	
August	144	
September	144	
October	145	
November	148	
December	—	Bonus 5 per Cent

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No. V.

[Circular.] *Whitehall, December* 6. 1804.

My Lord,

I beg leave to represent to your Lordship, that much mischief is likely to arise from the frauds, committed by issuing of counterfeit silver coin, chiefly brought from Ireland, and frequently stamped, the better to deceive the public; and from an erroneous opinion having prevailed, that because it was once circulated in Ireland, (though since suppressed there,) it is now not unlawful to circulate it here.

In order, therefore, to stop the progress of this evil, and to give efficacy to the laws for the punishment of persons uttering counterfeit coin, knowing it to be so, particularly the act of the 15 and 16 Geo. II. cap. 28, I am induced to request, that your Lordship will earnestly recommend to the Magistrates, in their several districts in the county of , to give notice to the public, that large quantities of such base coin are in circulation; that such circulation is an offence against the laws; and to recommend it to traders and others, to secure the parties tendering such money, and also the counterfeit money tendered, so as to identify it; stating, at the same time, in such notice, that, on the application to a Magistrate, (in case the facts can be sufficiently proved), the offenders will be prosecuted by the Solicitor to his Majesty's Mint, at the public expence, and in that case, a reasonable compensation will be made

for the loss of time, and trouble of the witnesses in such prosecution.

To facilitate this mode of proceeding, and the better to enable the Magistrates to carry it into effect, I beg leave to add, that in any particular cases brought before them, wherein they may be desirous of obtaining further information, they will receive it, upon communicating the circumstances of such a case to John Vernon, Esq. of Lincoln's Inn, the Solicitor to his Majesty's Mint.

I think it proper to add upon this occasion, that in the case of any quantity of counterfeit coin being found in the possession of any person, it will be expedient to seize such coin, and to make immediate communication thereof to the Solicitor of the Mint, who has express orders to attend to such communication; and in the mean time, it will be proper to commit the person for further examination. I have the honour to be, my lord, your lordship's most obedient, humble servant.

(Signed) Hawkesbury.

Clauses Extracted from c. 28. of 15th Geo. II.

"II. And whereas the uttering of false money, knowing it to be false, is a crime frequently committed all over the kingdom, and the offenders therein are not deterred, by reason that it is only a misdemeanour, and the punishment very often but small, though there be great reason to believe, that the common utterers of such false money are either themselves the coiners, or in confederacy with the coiners thereof:" For preventing whereof, be it hereby further enacted, by the authority aforesaid, that if any person whatsoever, shall, after the said 29th day of September, utter, or tender in payment, any false or counterfeit mo-

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ney, knowing the same to be false or counterfeit, to any person or persons, and shall be thereof convicted, such person, so offending, shall suffer six months imprisonment, and find sureties for his or her good behaviour for six months more, to be computed from the end of the said first six months; and if the same person shall afterwards be convicted a second time of the like offence, of uttering or tendering in payment any false or counterfeit money, knowing the same to be so, such person shall, for such second offence, suffer two years imprisonment, and find sureties for his or her good behaviour for two years more, to be computed from the end of the said first two years; and if the same person shall afterwards offend a third time, in uttering or tendering in payment any false or counterfeit money, knowing the same to be so, and shall be convicted of such third offence, he or she shall be, and is hereby adjudged to be guilty of felony without benefit of clergy.

III. And it is hereby further enacted by authority aforesaid, That if any person whatsoever, shall, after the said 29th day of September, utter or tender in payment, any false or counterfeit money, knowing the same to be false or counterfeit, to any person or persons, and shall either the same day, or within the space of ten days then next, utter or tender in payment any more or other false or counfeit money, knowing the same to be false or counterfeit, to the same person or persons, or to any other person or persons, or shall at the time of such uttering or tendering have about him or her, in his or her custody, one or more piece or pieces of counterfeit money, besides what was so uttered or tendered, then such person so uttering or tendering the same, shall be deemed and taken to be a common utterer of false money, and being thereof convicted, shall suffer a year's imprisonment, and shall find sureties for his

or her good behaviour for two years more, to be computed from the end of the said year; and if any person having been once so convicted as a common utterer of false money, shall afterwards again utter or tender in payment any false or counterfeit money, to any person or persons, knowing the same to be false or counterfeit, then such person being thereof convicted, shall for such second offence be and is hereby adjudged to be guilty of felony without benefit of clergy.

Extract from the Courier, December 25. 1804.

POLICE.

Mansion-House.—Yesterday Richard Taylor, who was apprehended some days ago at the White Bear Inn, Basinghall-street, and who had undergone different examinations before the Lord Mayor, charged with having in his possession forty-six pound weight of counterfeit halfpence, tied up in parcels, was again examined. The officer who apprehended him said, they had information against him, as having just come from Ireland with bad silver, to circulate.

The only answer Taylor gave, was, that he was a dealer, and had taken the counterfeits in trade. Yesterday an attorney attended for him, and argued, that as no charge of felony could rest against the prisoner, for having such a quantity of halfpence in his custody, he should be immediately liberated, and his property restored; otherwise he had instructions to bring an action for its recovery. His Lordship finding the man was not taken in the act of selling the counterfeit halfpence for circulation, discharged him; but the Solicitor of the Mint, who attended, said, he could not give up either the silver or the copper, Government having information, that many persons had made a traffic in buying and selling counterfeit money, to the great injury of the public; and that he would defend any action which might be brought for its recovery.

THE END.

ERRATA

Page 33. line 18. For *inrance* read *insurance*.
36. 10. For *in* read *and*.
36. 12. For *in* read *and*.
46. 22. For *siver* read *silver*.

Edinburgh: Printed by
James Ballantyne.

1806		
January	150	
February	150	
March	154	
April	156	
May	155	
June	154	
July	155	
August	—	
September	—	
October	162½	
November	162	
December	160	Bonus 2½ per cent
1807		
January	160	
February	161	
March	163	
April	166	
May	167½	
June	168	
July	170	
August	170	
September	171	
October	172	
November	—	
December	180	Bonus 2½ per cent

1808		
January	180	
February	180	
March	179	
April	179	
May	178-9	Premium on Scrip
June	178	
July	o — o	38 to 43 1/4
August	×160-1	33 - 35
September	×161	36 - 40
October	×164	38 1/2
November	× —	37 1/2
December	—	
1809		
January	161 1/2 - 1	36 1/2
February	161 1/2 - 2	38 to 40
March	164 - 6	41 - 43
April	166 1/2 - 9	43 1/2 - 46 1/2
May	170 - 173 1/2	52 1/2
June	173 1/2	
July	173 1/2	
August	173 1/4 - 4	
September	174 - 5	
October	175 1/2 - 181	
November	182 - 188	
December	188 - 9	Bonus 2 1/2 per Cent

About this time the Capital Stock of the Bank was increased from one million & a half to two million & a half

1810	
January	189, 185, 189
February	189 - 189 3/4
March	189 - 187
April	188 - 189 1/2
May	189, 186, 188
June	188, 186
July	185 1/2, 189 - 188
August	187 1/2 - 189 1/2
September	189 1/2, 191
October	189 1/2 - 191
November	191 1/2 - 192

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