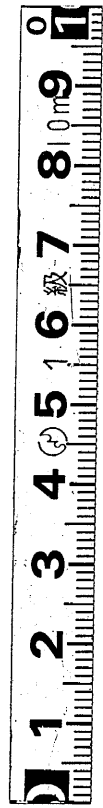


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THE
BULLION-QUESTION
IMPARTIALLY DISCUSSED:
&c. &c. W

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THE

BULLION - QUESTION

IMPARTIALLY DISCUSSED:

An Address

TO

THE EDITORS

OF THE

EDINBURGH REVIEW.

BY THOMAS SMITH,

AUTHOR OF AN ESSAY ON THE THEORY OF
MONEY AND EXCHANGE.

London:

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TO THE EDITORS
OF THE
EDINBURGH REVIEW.

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THE high character which the Edinburgh Review had acquired, and the very great and extensive circulation which it has for a considerable time past enjoyed, should have made you, gentlemen, particularly careful to do nothing to hurt the one or lessen the other. In my humble opinion, however, you have fallen into two errors, which have already, and if persisted in may still more considerably, effect both. You have taken a side, and a very decided one, with a political party in the country, and you have adopted a habit of substi-

tuting essays of your own in place of criticisms on the works of others. Both these appear to me to be very great faults in a reviewer, and to have a strong tendency to lessen his usefulness and respectability.

Of all men, a reviewer is the person who ought to observe, most studiously, a rigid neutrality, and to keep himself free from all political bias. Indeed, I conceive that the moment he joins a political party he forfeits all claim to the character of a candid and impartial judge;—at least three-fourths of the works which come into his hands are in some way or other connected with politics, they are directly or indirectly political, the avowed production of some political character, or brought forward and supported by one or other of the political parties. In all these cases, a reviewer who has taken an avowed side cannot be an impartial examiner; nay, although, in spite of nature and feeling, he should be so, he would not be believed or trusted. The people of this country may be divided into three classes:—those of one party, those of the other party, and those of no party at all. Now, it must be evident, that if a reviewer joins one party he will not be believed by the other party, and he will be mistrusted by the third.—So that by attaching himself to one part of the nation he

deprives himself of the confidence and good will of the other two.

The other fault is also a principal one. You have yourselves somewhere described the office and functions of a reviewer, and among other things have mentioned the particular advantages to be derived from his labours in this country, where all have now the ambition for at least the appearance of learning; as by the intervention of a review an acquaintance with modern productions, sufficient to enable a man to talk of them, may be acquired by many who have no opportunity of procuring the originals or time to peruse them.

But if, instead of a criticism on the new productions, your review be filled with original essays on the same subjects, this advantage will be lost, and the reader who takes up the work will be disappointed, and may throw it away in disgust. I do not mean here to insinuate any thing against the merit of your essays, or to say that the man who did read them would, in general, really feel himself disappointed;—very far from it: I am convinced that there are very few subjects on which an essay from the pen of the Editors of the Edinburgh Review would not give both entertainment and instruction.—But, although this be the case,

yet the reader must feel disappointed, because he expected something else.—Allow me to use a familiar example:— Suppose that I should revisit my native city, and you, gentlemen, should do me the honour to invite me to breakfast; but, when I made my appearance, instead of entertaining me with hot rolls, nice butter, eggs, tea, coffee, and all the boasted paraphernalia of a northern breakfast, you caused to be set before me a sumptuous dinner or elegant supper, with the richest and most delicious wines, I should feel disappointed,—not with the dinner or supper of themselves, these good things too seldom fall to my lot to be rejected, but because *they were not in season*. In like manner, your readers must be disappointed when, instead of a criticism on a work, they are entertained with an essay on the same subject; because that essay, however good it may be of itself, is out of season.—It may be an excellent work, but still it is out of season. And this disappointment will be doubly felt, because the purpose for which the review has been purchased is completely done away. Instead of being able to repeat what such a man has said on such a subject, the reader will only have it in his power to relate what the Edinburgh reviewers think on that subject.

I believe it will be unnecessary for me to bring forward evidence to prove, that you really have

fallen into these two errors;—that has been notorious for a long time past, and what is worse you have yourselves repeatedly acknowledged both, and I am afraid have rather gloried in them, which renders your reformation the more hopeless. At any rate it never would have been undertaken by me, had the bad effects resulting from your conduct been confined to private individuals or to matters of taste alone. But, when I find them extending to a question of the greatest public importance and consequence, I conceive it to be the duty of every man to endeavour, as far as lies in his power, to counteract them. What I allude to is the part you have taken in regard to the bullion-question.

When I published, in 1807, an Essay on the Theory of Money and Exchange, you, in October, 1808, reviewed it; and, although, on the principal part of my argument, you were at variance with me, yet you coincided with me on several points, and were at any rate at some pains to shew reasons for your opinions.

When, in 1810, the Report of the Bullion-Committee called the attention of the public to this question, and was the cause of a host of writers, partly in favour of that report, but more generally against it, you had a most glorious opportunity of serving your country, of ex-

ercising your talents, and of shewing of how much consequence an impartial review might be to a nation.

Had you coolly and dispassionately examined the Report, and the different works both for and against it, and compared the reasonings, facts, and arguments, brought forward, and from them drawn a conclusion, it is more than probable that your talents and discrimination would have pointed to the right one, and your authority might have been decisive. In that case you would have done your country a greater service than you may ever have it in your power to perform. But you lost the opportunity: from your previous political connections you found yourselves obliged to take a decided part with the committee, although in doing so you were under the necessity of altering your sentiments, and contradicting the opinions you had formerly given; thereby declaring, in the strongest manner, that the Edinburgh Review was no longer an independent and impartial work.

As a proof of this I might refer to your Review for February, 1811, where, under the title of, "Depreciation of Paper Currency," you bring into notice all the pamphlets which had then been published in favour of the principles supported by the committee, with the

addition of a single one, of the many which had been published on the opposite side, which is named merely to be run down; and I might shew, that the opinions you there state are in contradiction to the sentiments you expressed on reviewing my work. But I will confine myself to your last production, I mean the essay you have given in your number for August, 1811, under the title of "Pamphlets on the Bullion-Question." Upon reading that title in the index I turned immediately to the article, and, when I found the names of no less than six pamphlets upon that subject, three of which are completely against the opinions of the committee, I was eager to read your observations thereon. I was anxious to see what you could say in reply to the numerous and glaring inconsistencies quoted from your review and Mr Huskisson's book in the first of these works, to the convincing and accurate statements of the second, and to the distinct and able reasoning of the fourth. How much then must I have felt disappointed, upon glancing over the paper, to find that it not only did not contain one single sentence in regard to the contents of these pamphlets, nor take the smallest notice whatever of any of the six, but that it was actually a production altogether unworthy of the pages

of the Edinburgh Review; consisting of a repetition of hackneyed arguments, and ending with a laboured justification of Lord King's conduct, and a severe attack upon the steps taken in parliament on that head; events which have happened since these pamphlets were written, and which consequently could have no connection with them.

Could a stronger instance of the improprieties of which I have complained be produced. Under pretence of reviewing six pamphlets you endeavour to shew the depreciation of bank-notes, in order to introduce a phillipic against the present ministry and a vindication of the noble lord's attempt to throw his country into confusion. Although to effect this you are obliged to make use of the most palpable sophistries, and of assumptions where facts should have been brought forward; of arguments (if arguments they can be called) which have been refuted over and over again, and which, if you had been at the pains to look over the works of which you have quoted the names, you certainly never would have used; more especially as, by using them, you in the strongest manner contradict your own opinions, given in former numbers.

It will be necessary, however, for me to give some evidence of what I have asserted,

least you should apply my own words to me, that I use declamation in place of argument.

In this essay, then, the obsolete and so often controverted doctrine of the depreciation of bank-notes being again brought forward, and a difference in the market-price of gold being allowed, it is supposed sufficient, in order to shew that this is owing to the depreciation of bank-notes and not to a rise in the price of gold, to state that a "variation of 17 per cent. (on the price of gold,) during the last three years seems certainly incredible." This is surely strange reasoning: during the last three years we have seen many more incredible things; we have seen some articles rise 100 to 150 per cent. in value, and others sink 50 to 60 per cent. It would, therefore, have been much more satisfactory, and rather more like an argument, if you could have said "we have made inquiry, and find that the price of gold did not rise during that period;" but I am prepared to shew that if you had made inquiry you would have found that, however incredible it may appear, the price of gold did rise during that period and to the extent specified.

To prove this depreciation appears, indeed, to be the favourite idea throughout this paper;

and, to do this, hypothetical reasonings are substituted where facts could and ought to have been brought forward. A single fact may have been mentioned; but, instead of following it out in its consequences, an application is made of those general rules of which you have made so much use, and which you seem to think are good upon all occasions, without any modification whatever. An example will point out what I mean.

Page 453. — “Another effect of a very unfavourable real exchange with one country, or set of countries, is a very favourable exchange with others. This has been exemplified in the case of our great exports of silver to India and China, which it is generally acknowledged greatly contributed to render our exchanges with Europe more favourable than they otherwise would have been. We might expect, therefore, to see unusually favourable exchanges with all the countries not connected with France. Instead of which, there is, we believe, no one country with which the computed exchange, when correctly estimated, is favourable to us, although there are countries from which we are actually receiving bullion, and with which, therefore, the real exchange is favourable. A more than usual quantity of

“silver bullion has lately, we believe, been imported from Jamaica, which shews that what is called the balance of payments is more than usually favourable to us with that country; and yet the prices of London bills in the Jamaica markets, instead of rising considerably, as we should have expected, have fallen 15 per cent. since 1808. In 1808 they were about 20 per cent. premium, and now they are only five; a fall of price perfectly unaccountable, under such circumstances, upon any other supposition than the continued depreciation of our currency since 1808. The constant premium upon London bills in Jamaica arises merely from an original incorrect valuation of the par of exchange; £140 Jamaica currency being reckoned equal to £100 sterling, although it would require £154 : 11 : 6 to yield the same value of silver as £100 of English silver currency; and £164 : 2 to purchase £100 of the gold currency, which is the English standard, at its present proportion to silver; consequently, the computed exchange with Jamaica, when correctly estimated, is about 10½ per cent. in favour of Jamaica; and, with this favourable exchange, Jamaica exports dollars in considerable numbers! an event which could

“ not possibly happen from any other cause
 “ than from the real exchange being quite
 “ different from the apparent exchange. In
 “ fact, it appears, from the price at which
 “ the dollars thus exported are sold in Eng-
 “ land, that the real exchange is above 10 per
 “ cent. against Jamaica, while the apparent
 “ exchange being about 10½ per cent. in her
 “ favour, leaves about 20 per cent. for the de-
 “ preciation of our currency.”

Here, in the first place, is a rule laid down without any modification: whereas, an unfavourable exchange with one country can only be the cause of a favourable exchange with another, when the articles imported from the first are afterwards exported to the second. If they are consumed in the country they are imported into, they can have no effect whatever on the course of exchange with any other. The exemplification given is the most unhappy that could possibly be produced, “ the case of our great exports of silver to “ India and China.” Is it possible that this paragraph is the production of the editors of the Edinburgh Review? They should have known, too well, the essential distinction betwixt the trade to India and the trade to China, ever to have classed them together. To India Great Britain sends no silver: on the contrary,

of late, both silver and gold have been brought from it. To China she has been in the habit of sending great quantities of silver, and, in return, she receives an article which is almost entirely consumed in this country, and, therefore, can have no effect whatever on the exchange with others. From India she used to bring a considerable quantity of piece-goods, and other produce, which, being sent to the continent, certainly contributed to make the exchange there favourable; but this was owing to the peculiar nature of the connection with India, for it can scarcely be called a trade where the professed object, in bringing home these goods, is to pay a tribute.

The India-trade, therefore, is not only the cause of favourable exchanges with other countries, but may, literally, be said to be favourable itself; whereas, the trade to China, where all the silver is sent, is not only completely unfavourable itself, but it does not, in the smallest degree, contribute to make the exchange with any other country favourable.

The late trade with France stands exactly in the same situation. Great Britain has been importing from France wines, brandy, oil, seeds, and corn, all articles which are consumed in this country, and for which she has principally paid with gold and silver. So that the expect-

tation of seeing unusually favourable exchanges with all the countries not connected with France, in consequence of the exchange with it being so unfavourable, is certainly an unreasonable and ill-founded one. I do not mean to insinuate that the exchange with all the countries, not connected with France, is really unfavourable; so far from that, I am ready to prove that, in most cases, it is favourable; but I argue that that is not in consequence of the exchange with France being unfavourable.

On this head you appear to have been in difficulties. You do not bring forward the state of the exchange with any of those countries not connected with France, such as Spain, Portugal, and their colonies in South America, in order to shew that it is really unfavourable. You content yourself with *a belief* that in none of them the computed exchange, when correctly estimated, is favourable to us, although, in some, the real exchange is so; and you quote our own colony of Jamaica as an instance. If the real exchange be in favour of this country, I cannot see of what consequence it is whether the computed exchange be so or not. Indeed, I must confess, I do not understand what is meant by correctly estimating the computed exchange; and the example given does not make it any clearer to me. That, however, is

not extraordinary, as I do not hesitate to declare, that it is a piece of the most sophistical reasoning I ever saw, and appears to have been brought forward solely with an intention to deceive the nation into an opinion that our currency is depreciated 20 per cent.

To prove this, it is merely stated that an unusual quantity of silver bullion (inaccurate, for it is all in dollars) has been of late imported from Jamaica, and yet the price of bills in London has fallen there. No explanation of this is gone into, no inquiry made of the causes of this variation from general practice, no farther facts are brought forward, but it is immediately declared, that "the fall in the price of bills is perfectly unaccountable, under such circumstances, (what circumstances? only one has been stated,) upon any other supposition than "the continued depreciation of our currency "since 1803;" and therefore our currency must be depreciated. Q. E. D.

Now, gentlemen, I will state to you what are the actual circumstances which have occasioned this late great exportation of silver from Jamaica and at the same time caused a fall in the price of bills on London.

Jamaica stands in the same situation that Ireland does. It is obliged to send to Great Britain produce or funds of some kind, sufficient,

not only to pay for the goods it receives from hence, but also for the interest of money borrowed, and for rents to absentees of various descriptions. The exchange in consequence has been generally against it, and good bills on London were always in demand.

About fifteen years ago Jamaica became the intermediate of a trade between Great Britain and the Spanish colonies, which made the balance still more against her, while at the same time it furnished her the means of paying that balance. The Spaniards came up, bought the goods which had been sent out from Great Britain, and paid for them generally in dollars, which were remitted home.

When the cultivation of St. Domingo was stopped by the insurrection of the negroes, coffee and sugar became scarce in Europe, and an increased demand ensued for them. This induced the planters in Jamaica to enlarge their plantations of both. The British agents, finding that they would pay better here than dollars, instead of remitting dollars, bought coffee and sugar and sent them. This continued for several years, until the continent was closed against these two articles, and they accumulated in this country, and became quite unsaleable. Then directions were given to send home no more produce, nothing but dollars, not

bills, because these being generally drawn against produce remitted, they have in many late instances been refused acceptance, on account of the produce not having been sold. In consequence, dollars, which had been accumulating in Jamaica to a superabundance, have become so scarce there, that the common intercourse of society can hardly be carried on for want of a circulating medium, which office they were in the habit of performing.

These circumstances are certainly fully sufficient to account for the late great exportations of silver from that island and the fall in the price of bills. They are notorious and well known. Can you then be ignorant of them, gentlemen? So far from that, you have shewn yourselves on some late occasions particularly well versed in West-India affairs. Is it candid or fair then in you to make an assertion: that "with this favorable exchange Jamaica exports dollars in considerable numbers; an event which *could not possibly happen from any other cause* than from the real "exchange being quite different from the apparent exchange." Sorry, very sorry, am I to say that a great proportion of the paper now under consideration consists of arguments founded on such unqualified and erroneous assertions.

I do not mean however, to follow the pervert-

ed reasonings which run through the whole of it, I have only to express my surprise that you should persist in asserting, in unqualified language, the depreciation of bank-notes, after it has been repeatedly controverted, and direct evidence of the contrary produced. You have been called upon to shew facts in support of your assertions, and it is very extraordinary you have not been able to bring forward a single real one: although it haunts your imaginations, yet, like "an air-drawn dagger" it eludes your grasp. Nay, you have been driven from one definition of depreciation to another, until you have fixed upon one, arising, according to you, from an excess of bank-notes, and proved by the high price of gold, and all other commodities. I shall have another opportunity of shewing the absurdity of this idea. At present I have only to state, that you have assumed that as a fact which you ought to have proved to be so. To support this doctrine, you should have shewn, that the price of gold, &c. rose and fell, exactly as the number of bank-notes in circulation was increased or diminished; but the contrary has been repeatedly proved.

As an evidence of this, I have to refer you to a very sensible and plain matter-of-fact pamphlet, written by your countryman, Mr. Wilson, who distinctly proves that the rise and fall in the price of gold and other commodities does not

appear to have been at all affected by the number of bank-notes in circulation. I have searched the pages of the Edinburgh Review in vain for a criticism on this pamphlet: as he is I believe the only writer who has published on the subject in Scotland, independent of the merit of the work, you might, on that account, have taken some notice of him. I beg leave, also, to refer you to Mr. Vansittart's two speeches, which have been lately published, and to which are attached tables, proving, in the most incontestable manner, that the price of gold bullion and all other commodities does not appear to have been ever affected by the great or small issue of bank-notes, but has been invariably owing to other causes.

What has tended very much to keep this subject in obscurity is, that most of the writers upon it, instead of investigating and establishing the first principles, have employed their time in discussing the effects that have flowed from them, without having any accurate idea what these principles are.

It appears to me that all the disputes, arguments, and reasonings, may be reduced to two simple propositions, upon the truth of one or other of which the whole discussion depends. The Bullion-Committee assumed it as an undoubted fact and indisputable axiom, that, not only in this country but in all the ci-

vilized world, the precious metals are the standard and measures of value. Mr. Huskisson argues strongly on the same head, others have followed him, and I now find the same doctrine avowed and supported in the Edinburgh Review, notwithstanding opinions of an opposite description have formerly been disseminated through its pages. On the contrary, I have asserted that gold neither is nor can be the measure of value, but that there exists an imaginary standard by which all value is ascertained. These assertions being so widely different, it is not surprizing that the reasonings and inferences drawn from them should also vary considerably. It therefore appears to me of the greatest consequence to fix positively which of these opinions is correct: when that is done, the rest will follow of course.

What I therefore propose is to state, as concisely as possible, the doctrines upon which you found your opinions, and those upon which I found mine; and then to endeavour to shew the incorrectness of the one, and the correctness of the other.

You, in common with the Bullion-Committee, Mr. Huskisson, &c. assert,

- 1st. That all mankind have agreed to establish the precious metals (but for precision's sake say gold) as the universal standard or measure of value.
- 2d. That an ounce of gold is and must be

at all times equivalent to, or of equal value with, any other ounce of gold of the same fineness, in whatever shape or country it may be.

- 3d. That gold in bullion and gold in coin are always of the same value.
- 4th. That paper money is issued to represent a certain quantity of gold, and, therefore, whenever it will not command that quantity of gold, it is depreciated.

These I believe are the principal tenets upon which the late arguments used by you have been founded, and I trust you will allow that they are fairly and candidly stated.

Now, what I advance is directly the reverse; for I assert,

- 1st. That gold, being an article of commerce, fluctuates in value similar to all articles of commerce, and therefore never can be used as the standard of value.
- 2d. That we have daily instances of an ounce of gold under one form being of different value to another under another form, although of similar fineness.
- 3d. That gold in bullion and gold in coin differ essentially in their nature, and are often of very different value.
- 4th. That paper money never was issued to

represent gold, nor has it any connection with it.

5th. And that there exists an artificial standard by which value is estimated.

This brings the dispute to a very narrow compass. If your data be correct, then mine are only the reveries of a visionary, which are not worth listening to, and deserve all the censure and contempt you have bestowed upon them. But, if I can succeed in proving their reality, then will all the fine reasoning, strong language, and invectives, of the Bullion-Committee, Mr. Huskinson, and the Edinburgh Review, fall to the ground. I must confess that the boldness of the attempt staggers me, least, unknown as I am, my entering the lists against so formidable a phalanx should appear the extreme of rashness and folly,—*sed magna veritas et prevalabit*, and on it alone I rely.

It will appear at once evident to you, gentlemen, that, if I refute your doctrine, I establish my own, or, if I establish my own, I refute yours; one train of argument will therefore serve both purposes.

In regard to the first, I think you will admit that gold is an article of commerce, and that it is daily bought and sold; this indeed you mention in several places, and it is so notorious that it can-

not be denied. Now, if it is thus bought and sold, it must vary in value, as all articles of value do, according to their plenty or scarcity; and how can an article of variable value be the measure or standard of value? It is impossible, and of this you seem at one time to have been perfectly aware. When you stated:—

“ Thus, it has been extremely common
“ to say of money, that it is the measure of
“ value. This, indeed, is a standard pro-
“ position, which the writers on this sub-
“ ject, with hardly any exception, seem to
“ have adopted as a first principle; and, as
“ it is an expression extremely vague and ob-
“ scure, it has too often and too neces-
“ sarily communicated these characteristics to
“ the speculations founded upon it. Nothing
“ can be more instructive to writers of this
“ description than to analyze such expres-
“ sions as those by which they are apt to be
“ led astray. Thus, when they talk of money
“ as being the measure of value, they never
“ consider that measure in this proposition is
“ only a metaphor. When we say that a pint
“ is a measure of water, or that a yard is a
“ measure of length, the expression is literal,
“ and the idea conveyed is clear and distinct.
“ We know exactly how a pint measures wa-
“ ter, and how a yard measures extent. But

“ how does a shilling measure a quartern loaf,
 “ or a hundred guineas an acre of land?—
 “ They are said to measure one another merely
 “ when one may be exchanged for another :
 “ but between this operation and real mea-
 “ suring the analogy is very remote, and af-
 “ fords a most frail foundation on which to
 “ erect any general conclusions. The extreme
 “ inaccuracy of the expression may be proved
 “ by the most obvious considerations. No-
 “ thing can be looked upon as a standard of
 “ measurement which is itself perpetually
 “ subject to variation.—Were the pint or the
 “ yard continually altering in quantity, now
 “ less and then more, they would be entirely
 “ useless as measures, and it would be absurd
 “ to speak of them in that sense. But money
 “ is confessedly subject to great variations.
 “ It is computed to have sunk in this country
 “ more than one-half in value within the last
 “ fifty years. How vague, then, and uncertain
 “ must be the language in which it is deno-
 “ minated a measure of value! *But observe*
 “ It must be mentioned, to the praise of our
 “ author, that he has seen into this subject so
 “ much further and clearer than most of his
 “ countrymen and contemporaries as to per-
 “ ceive the force of these considerations, as far
 “ as the precious metals are concerned ; and

“ he has, with justice, ascribed a great part of
 “ the futile speculations which have appeared
 “ to the notion that these, or coins composed
 “ of them, are the *measure or standard of*
 “ *value.*— Review for October, 1808, on the
 “ Essay on the Theory of Money and Exchange,
 “ page 38.

These opinions are certainly sufficiently
 clear and explicit, and I will leave it to you,
 gentlemen, to reconcile them with those you
 have advanced in your last number.—“ But
 “ what is of more importance in the commer-
 “ cial intercourse of society, all civilized na-
 “ tions have happily agreed in the selection
 “ of the precious metals as *their measure of*
 “ *value.*— Review for August, 1811, page
 “ 450. *It is a common objection that*

“ One of the causes which peculiarly fits
 “ the precious metals for being used as a mea-
 “ sure of value,”—idem, page 452; and in
 “ page 450, speaking of the difference betwixt
 “ paper and gold, you call the latter “ the stan-
 “ dard with which we compare paper.”

There is another very strong objection to the
 possibility of gold being employed as the stan-
 dard of value, which is the very great difficulty
 experienced in ascertaining its fineness. To
 me, the idea of any article of commerce being
 the standard of value is preposterous ; but it

becomes completely absurd when I am informed that the article chosen is one whose value depends entirely upon its fineness, and that to ascertain that fineness a very intricate operation, known only to a few, must be resorted to, and that it is in the power of almost any one to adulterate it.

But, gentlemen, I am willing to allow, that, in one sense, gold is employed as a measure of value,—that is as an article with which value is measured. To understand what I mean by this, it will be necessary to state what I conceive to be the real meaning of the terms standard and measure, which are used by you indiscriminately as being synonymous, whereas they appear to me to be very different.—A measure is merely the instrument by which any thing is measured; a standard is the original by which that measure is ascertained. A yard in a haberdasher's shop, a weight in a grocer's shop, and a bushel in a cornfactor's, are all measures by which quantities of different commodities are ascertained; but surely none of these can be called standards. Exactly in the same way a gold guinea, a silver shilling, or a copper penny, may be called measures of value, but they are certainly not standards.

It appears to me, that the doctrines you have

attempted to support are founded upon this misconception: That all civilised nations have made use of the precious metals as what may be called measures of value, that is, as instruments wherewith value is measured, is certainly true, but that, in consequence, these metals have become the standards of value I positively deny.

In this restricted sense the term, measure of value, may certainly be used, though not with the strictest propriety, because the operations of weighing and valuing are different; the first being founded on a real quality of matter, the second only on an imaginary one. In my opinion, therefore, the proper designation is representatives of value, but this can only be applied to coins, for to say that the metals of which they are made are the standards, measures, or representatives, of value, appears to me as absurd as it would be to say, that, because a weight in a grocer's shop was made of lead, therefore lead was the standard of weight.

In reply to the second assertion that one oz. of gold is, at all times, equal to any other oz. of gold of equal fineness, under whatever form it may be, I have simply to state that it is not true in fact; and for a proof, I beg leave to call your attention to the following tables.

		per oz. standard fineness.		
		£	s.	d.
1811				
Jan.	Gold, in guineas,	3	17	10½
	Do in bars, for home-consumption,	4	3	6
	Do do exportation,	4	7	6
	Do in doubloons, £ 4 : 10, equal to	4	14	10
Feb.	Gold, in guineas,	3	17	10½
	Do in bars, for home-consumption,	4	6	0
	Do do for exportation,	4	10	0
	Do in doubloons, £ 4 : 12, equal to	4	17	0
	Do in Portugal coin,	4	13	6
Mar.	Gold, in guineas,	3	17	10½
	Do in bars, for home-consumption,	4	9	6
	Do do for exportation,	4	14	0
	Do in doubloons, £ 4 : 16, equal to	5	1	2
	Do in Portugal coin,	4	16	0
Sep.	Gold, in guineas,	3	17	10½
	Do in bars, for home-consumption,	4	14	6
	Do do for exportation,	4	16	0
	Do in doubloons, £ 4 : 12, equal to	4	17	0
	Do in Portugal coin,	4	16	6
Oct.	Gold, in guineas,	3	17	10½
	Do in bars, for home-consumption,	4	15	0
	Do do for exportation,	4	18	0
	Do in doubloons, £ 4 : 15, equal to	5	0	1
	Do in Portugal coin,	4	18	6

Here you find gold, under five different forms; of as many different values, and that not at one time, but through the whole of the present year.

On your assertion that gold in bullion and gold in coin are exactly the same, and of the same value, I can say little more than I have already done. I must, therefore, in the first place, beg leave to refer you to my chapter on coins, which, perhaps, you did not read on a former occasion; at least, you declined taking any notice of it, under the pretence of its being superseded by your having confuted my idea of a standard unit, whereas, in fact, that chapter contained my strongest arguments for the actual existence of such a mode of ascertaining value, and which, I take the liberty of saying, I think you would have found it difficult to have controverted.

In the second place, I have to refer you to facts. Have you not yourselves allowed that, when a guinea is offered, in common intercourse, it passes at the rate of twenty-one shillings, when the same weight of gold bullion, of the same fineness, would fetch twenty-six shillings; does this, or does it not, make a distinction betwixt bullion and coin? You are certainly at liberty to argue as you please upon the propriety or impropriety of the thing, all that I want to establish at present is merely the fact, and that is so glaring, that it cannot possibly be denied.

Mr Huskisson endeavours to account for it, but, in doing so, he appears to me to have given such an explanation as contradicts his own

doctrines most completely. In his preface he says, "Mr Jackson, indeed, is of opinion that the committee ought to have surrendered their judgement altogether to the authority of those witnesses who asserted that bank-notes are not depreciated, and who stated, as the grounds of that assertion, that, in their extensive and various transactions, no difference exists between bank-notes and coin. As Mr Jackson is, unfortunately, not the only person to whom this inference appears to be conclusive, it may be regretted, as an omission, that the report of the committee did not more particularly guard against it. There is perhaps no part of the question which is capable of being settled with greater ease and certainty. The experience of our own as well as all other countries has placed beyond the reach of controversy the proposition, that, if one part of the currency of a country (provided such currency be made either directly or virtually a legal tender, according to its denomination) be depreciated, the whole of that currency, whether paper or coin, must be equally depreciated. This proposition, I trust, the reader will find satisfactorily made out in the following pages."

And in the work itself, I find the following:
 "There is not, therefore, nor can there be, any difference whatever, between any given coin

"and an uncoined piece of the same metal of equal weight and fineness, except that the quantity of the former is accurately ascertained, and publicly proclaimed to all the world by the stamp which it bears." Page 6.

Now, by the currency of a country being depreciated, I presume Mr. H. means, in comparison to *bullion*; if so, as the whole of that currency, whether paper or coin, must be equally depreciated, it follows that coins are depreciated in respect to *bullion*, that is to say, of less value than *bullion*, and therefore that a difference betwixt them not only can be, but did at the time he wrote, and actually does, exist at this moment, in spite of his very strong assertion of the impossibility of it.

I do not bring forward this quotation as believing in the explanation he gives, but merely to shew the inconsistencies into which he has fallen, by endeavouring to support this assertion of *bullion* and coin being always of the same value, and which I conceive originated in the misconception of the meaning of the two terms, measure and standard, as has already been mentioned.

Indeed nothing but an attachment to preconceived opinions, without attending at all to facts, could possibly lead any person to persevere in such an assertion. You might as well tell me that the coat on my back or on your's is exactly

of the same value with the original web in the woollen-draper's shop. The only difference is that, by the nature of gold, the guinea can be restored to its original state, but the coat cannot.

In reply to the last point, that paper money must always be able to command that quantity of gold it is issued to represent, I have only to say, that, if paper is issued to represent a quantity of gold, it must then have, at one and the same time, various values, being obliged to represent an ounce of bullion gold, an ounce of Portugal gold, an ounce of Spanish gold, or an ounce of guineas, as the holder or the purchaser, I am not sure which, may choose to determine. As I have proved that these have often all different values; the absurdity of this assertion will at once be seen.

Before saying more, however, on this head, I beg leave to ask the meaning of a term. Nothing tends more to the clear understanding of a subject than to have distinct ideas attached to the terms employed; I therefore wish to know, what you understand to be the meaning of the term *pound sterling*? Luckily, you have already given a definition of it. In your review for October, 1808, page 44, you say, "the pound sterling is undoubtedly the unambiguous name of a certain quantity of coined gold or silver."

A pound sterling is therefore another name

for a certain quantity of gold; what that quantity is you do not say; you seem to consider it as well known, of public notoriety, and, therefore, unnecessary to be explained.

Although I am not aware that this is the case, yet I will suppose it to be so. I can easily conceive that the term may have been and may still be employed as synonymous to a quarter of an ounce of gold, or any other fixed and established quantity; in this there is no difficulty whatever. But when I find you afterwards stating that the ounce of gold, which had been only £4, was now £4 : 4s. or £4 : 10s. or £4 : 14s. I must confess I feel myself staggered and at a loss, and the more I ruminatè the worse I become.

How an article can, at one time, be equal to itself, and at another unequal; how its variations can be measured by a thing, which invariably represents a certain proportion of itself, are propositions which I cannot conceive nor understand.

I know that I shall be told that the difference on the value of gold is owing to the depreciation of the Bank of England notes, and therefore, that, although one must pay £4 : 14s. for an ounce of gold, when the payment is made in bank notes, yet, if it was paid for in gold, it would only be £3 : 17 : 10½.

If there is any meaning in this, in order to make it at all consistent, it would be necessary to prove that bank-notes, when exchanged for other commodities, are equally depreciated; or, to express it more properly, that bank-notes are depreciated in exactly the same proportion, in comparison, with all other articles whatsoever. Of this you seem to have been so much aware that attempts have been made to prove that it really was the case, but have any of them been successful? The Committee have forbore to bring forward any evidence of the fact; they conceived their *ipse dixit* was sufficient. Mr Huskisson appears also to have taken it for granted; and you state that "almost all British commodities, the vent of which has not been impeded by the shutting of the continental ports, that is commodities of home growth and consumption, such as wheat, butcher's meat, butter, &c. have experienced a very marked rise, which, if not fully equal to seventeen per cent. falls very little short of it." Is this sufficient to prove that the rise is owing to what you call the difference in the price of gold paid for in gold, and gold paid for in bank-notes? certainly not. To shew that I conceive it should have been proved that a complete distinction was, at all times, made in the price of goods according to the

price of gold, that is to say, that the price of goods, independent of all other causes of variation, had always risen or fallen in price, as the price of gold rose or fell. In this case, for some years past, it would have been absolutely necessary for every merchant, nay, every tradesman, mechanic, &c. to have been perfectly acquainted with the state of the gold-market, and the price of gold, before they could fix the price which they were to ask for their goods, payable in bank-notes. This is not, however, the only difficulty, for it would have been also necessary, that they should have known how to calculate the price they were to demand for their goods, so as exactly to balance this said depreciation in bank-notes; an operation which, I must confess, would puzzle me extremely, although the application of the common rules of arithmetic to mercantile business has been a great part of my employment through life.

Indeed, there appears to me to be a complete contradiction in the assertion. You say that gold is the measure of value, that the term pound sterling is merely a denomination for a certain quantity of gold; you allow, I believe, that this term is made use of in this country to account with generally, and you also allow that a bank-note for

one pound passes in current use for that amount; that is to say, it is always taken for one pound; if so, where can be the depreciation, or how can it be proved; either the term pound sterling must represent various quantities of gold, according to the different changes in price, or there can be no depreciation of bank-notes. If the pound sterling represents a certain, that is to say, I presume, a fixed, quantity of gold, and the bank-note represents and passes for one pound sterling, then certainly the bank-note must also represent the same fixed quantity of gold. I think this is correct reasoning, but I may be mistaken, as I confess I never studied logic.

As you have failed in proving that a bank-note is equally depreciated, in comparison with all other articles, as it is when compared with gold, I think I am justified in asserting that gold has changed its value, not in regard to bank-notes alone, but to all other commodities. For when you say, that some commodities have risen nearly in proportion to gold, while others have lowered from *other circumstances*, is it not a fair inference to say, that, perhaps, the rise in the price of the former may have been owing to *other circumstances* than the depreciation of the bank-note. I go farther, I assert that this fact can

not only be proved, but has actually been proved by several of the late writers on the subject, and also that the same thing has taken place in France, where there is no paper-money.

But, gentlemen, I conceive your assertion either not to be true or to be a truism. If you mean to say that an ounce of gold, when paid for in bank-notes, cost £4 : 14, whereas, when paid for in gold coin, it would only cost £3 : 17 : 10½, I positively deny it; I say it is not the fact. If I buy an ounce of gold, at £4 : 14, and pay for it in bank-notes, I give four one pound notes and fourteen shillings, if I pay for it in coin I give four guineas and ten shillings; there can be no doubt of this? You may argue as you please upon theory, and may tell me, that no man in his senses would do so. My reply is, that it is a well-known fact, and what every honest man would do; for surely that person cannot be called an honest man, who would receive a guinea as one pound one shilling, and endeavour to pass it as one pound six shillings. If, on the contrary, you mean to say, that an ounce of gold-bullion was, at the mint-price, only worth £3 : 17 : 10½, and therefore, if paid for in gold-BULLION, would only be £3 : 17 : 10½;—it certainly is a truism, and, if not absurd, at least

circumlocutory; for all that you had to say was, that a thing was equal to itself.

From all this, it must appear evident that your definition of the pound sterling cannot be correct, and it will therefore be necessary to inquire what is the true meaning of that term. This brings me to the last point I stated, which is, that there exists in every country an imaginary standard by which value is estimated, and which office, in my opinion, the pound sterling performs in this country, the coins being only representatives of value, according to this standard, and constantly passing, in common circulation, for the exact quantity or proportion of the standard that they are issued to represent, and not according to the value of the bullion they contain. This doctrine I have already supported at considerable length.* I therefore, at present, intend only to take notice of some of the objections which you have stated against it, before endeavouring to produce proofs of its existence. Previous to doing which, I must, however, protest against any perversion of my meaning.—When I say that the pound sterling is the standard, I distinctly mean the term pound sterling, which has been used in this country for above seven hundred

* In my Essay on the Theory of Money and Exchange.

years, without any reference whatever to the Bank of England one-pound-note. This it is necessary to state, because, however absurd it may appear, several attempts have been made to confound the two together.—Nay, even to prove, that the supporters of a standard unit, mean by it the Bank of England one-pound-note. I must confess that I was extremely surprised to find Mr. Huskisson bringing forward this charge, and, for a proof, quoting the evidence of Mr. Chambers: he says, “The propositions which I have stated appear to me so clear and conclusive, that I am almost ashamed of saying any thing more on this part of the question. But the doubt and confusion which prevail in the minds of many sensible persons, and the sophistry to which they have been induced to listen, from the want of clear and precise ideas on this subject, are quite extraordinary. There are those who reason as if they had persuaded themselves, and who endeavour to persuade others, that bank-paper is the real and fixed measure of all commodities, and that gold is only one of the articles of which, in common with others, the value is to be ascertained by a reference to this invariable standard and universal equivalent,—bank-paper. So widely extended is the error in

" this respect, that however much in contra-
 " diction with some of their own principles,
 " it pervades, more or less, nearly the whole
 " of the evidence of the respectable merchants
 " who were examined before the Bullion-Com-
 " mittee; for instance, in the examination of
 " Mr. Chambers, (page 102,) a gentleman who
 " deservedly enjoys the reputation of great
 " intelligence and extensive information in the
 " commercial world, we find the following
 " evidence:
 " At the mint-price of standard gold in this
 " country, how much gold does a Bank of
 " England note for one pound represent?—
 " 5 dwts. 3 gr.
 " At the present market price of £4: 12:
 " per ounce, how much gold do you get for a
 " bank-note of one pound?—4 dwts. 8 gr.
 " Do you consider a Bank of England note
 " for one pound, under these present circum-
 " stances, as exchangeable in gold for what it
 " represents of that metal?—I do not conceive
 " gold to be a fairer standard for Bank of
 " England notes than indigo or broad cloth."
 " Question repeated—“ If it represents twenty
 " shillings of that metal at the coinage-price,
 " it is not.
 " In these answers, this leading doctrine is
 " manfully and ingenuously asserted and main-

" tained; and all who stand up for the un-
 " depreciated value of bank-paper, however
 " disguised their language, must ultimately
 " come to the same issue."
 " Mr. Chambers plainly avows, that “ he does
 " not conceive gold to be a fairer standard for
 " Bank of England notes than indigo or broad
 " cloth;” and that “ a one pound note does
 " not represent twenty shillings of that metal
 " at the coinage-price.”
 " These answers, to my understanding at least,
 " completely give up the whole of the case.
 " If gold be not a fairer standard for Bank
 " of England notes than indigo or broad cloth,
 " I would wish to learn what is the really fair
 " standard?
 " If a one pound note does not represent
 " twenty shillings of that metal at the coinage-
 " price, what does it really represent?”—The
 " Question, &c. page 21 and 22.
 " I would beg leave to inform Mr. Huskisson,
 " in reply to his queries,
 " That gold-bullion never has been, is not, nor
 " can possibly be, the standard of value in this
 " country, nor in any other.
 " That the pound sterling is the nominal stan-
 " dard, which, when it is necessary to embody it,
 " is represented by gold coin or silver coin; and

these being issued by government to pass for a specific proportion of that standard, always do so, without any reference to the variations in the price of the bullion they are made of.

That paper-money is issued to represent, in the same manner, this standard, and as long as it passes for the amount of the standard specified in it, it remains undepreciated.

That gold and silver coin and paper-money are therefore of a similar nature, or, as you would, perhaps, designate them, of the same species; but that neither of them have any connection whatever with gold-bullion, the latter being simply an article of commerce the same as indigo, broad cloth, &c. &c.

Mr. Chamber's replies were, therefore, very correct and proper, and do not give the least fair ground to conclude, that it is his opinion that the Bank of England note is the standard of value, an idea which I may safely take upon me to say, never entered into that gentleman's imagination.

You are pleased, gentlemen, to be witty upon my boldness, in inventing a standard when I could find none existing; but I disown all claims to invention: all my merit consists in pointing out, and endeavouring to explain, what had been invented, or at least employed,

by mankind many hundred years before me. But you scout the idea of an imaginary standard. You do not seem to be aware in how many instances imaginary standards, imaginary lines, and imaginary points, are employed. If you were going a voyage to the East or the West Indies, would you be satisfied to take your passage on board a vessel, the master of which should have declared his determination to take no charts with him, because they were only imaginary lines drawn upon paper? What are the North and South poles, but imaginary points, supposed to be at the two extremities of the globe?—what is the equator, but an imaginary line drawn across the earth at its centre, or equal distance from each of these poles? and yet by it the situation of a vessel on the wide ocean is ascertained. And what do you say to the meridian line, by which a vessel's position, in regard to east or west, is determined? it is altogether an imaginary one, because there is nothing in nature by which it can be determined, and it is therefore left to the caprice of man. In consequence, different points have been selected; the French calculate by an imaginary line, carried from north to south, through Paris; the English by one through Greenwich;

some by one through Teneriffe; and some through Faro. All answer the same purpose to the navigator, who has only to consult his chart, and to keep to the same mode of reckoning during his voyage.

These are, I trust, tolerably strong instances that imaginary things are frequently found necessary, and of the greatest consequence,—and you have yourselves furnished me with another. You have taken notice of the analogy between the operations of weighing and measuring and those of value. Now, if a person goes into a shop to purchase a lb. of sugar, the grocer puts the lb. weight into one scale, and fills the other with sugar until they balance, and then he thinks he is certain that he has got a lb. of sugar. I beg leave to ask what is a lb.? You will tell me, I presume, that it is the weight which is put into the scale; but how am I to know that that weight is a lb.? Can you explain to me in the first place, what is meant by the term lb.? and can you in the second, give me any method of proving mathematically or positively that the quantity of matter which the grocer puts into the scale, whether it be lead, copper, brass, tin, or iron, is just exactly a lb. and neither more nor less, and that it always will continue to be so? I know that gravity, or

weight, is an intrinsic quality appertaining to all bodies, and I know that if I take two different bodies, or two quantities of different bodies and put them into two scales, I can increase or diminish either of them until I bring them to a perfect equality, and then I know that their weight is equal.—But further I cannot go: what that weight is I have no natural means of ascertaining; even here therefore mankind have been obliged to have recourse to imagination. In this country they took a quantity of matter, and said we will suppose this a lb. or call it a lb. 112 of these we will call a cwt. 20 cwt. 1 ton, and by one weight they have made many; but if, by any accident, all the weights in the country were destroyed, there exists no natural or positive mode of replacing them. It is the same thing with measure, of which an imaginary standard has been assumed. In every country different weights and measures are consequently employed; so that a lb. in Paris or Amsterdam is a different quantity of matter from a lb. in London or Edinburgh. Nay, in the same country and the same town different lbs. are employed. The operation of weighing is therefore, in the first place, one of imagination; and why may not that of value be also one, especially considering that value itself is altogether imaginary.

Although weighing be an operation founded upon an imaginary standard, yet, when we come to put it into practice, it is necessary to have recourse to real and visible means of doing so; we employ an individual body, to which we give the denomination of a lb. In like manner value is in the first instance an imaginary property; to ascertain which, an imaginary point of comparison is employed; and, where the intercourse between man and man is carried on by barter alone, an imaginary point is all that is necessary; this you yourselves allow in the plainest and most direct terms; you say, "some ascertained value is assumed as a given quantity, and with this all other values are compared."

But when the inconvenience of barter was felt, mankind agreed to use the precious metals as sensible representatives of commodities, according to this imaginary term, and, to complete their usefulness, they were made into coins, by government, by which means not only their weight and fineness, but also their value, was completely fixed. This is without doubt the sum and front of their usefulness.

Having thus established the possibility of employing an imaginary standard for ascertaining value, I proceed to point out some addi-

tional proofs of its actual existence. On this head I have to return you thanks for a little assistance. You were so good as to tell me "that the notion of an ideal standard had haunted the brains of all speculators on money, from Law, downwards." I was not aware of this when I first wrote, but have since examined such works as I have been able to meet with.

In consequence of your having said so much of Bishop Berkley's *Querist*, I procured a copy of it, and now beg leave to submit the following passages to your consideration.

21. "Whether other things being given, as climate, soil, &c. the wealth be not proportioned to the industry, and this to the circulation of credit, be the credit circulated or transferred by what marks or tokens soever.

23. "Whether money is to be considered as having an intrinsic value, or as being a commodity, a standard, a measure, or a pledge, as is variously suggested by writers; and whether the true idea of money, as such, be not altogether that of a ticket or counter?

24. "Whether the value or price of things be not a compounded proportion, directly

“ as the demand, and reciprocally as the
“ plenty?

25. “ Whether the terms, crown, livre, pound
“ sterling, &c. are not to be considered as ex-
“ ponents or denominations of such proportion?
“ and whether gold, silver, and paper, are not
“ tickets or counters for reckoning, and trans-
“ ferring thereof?”

26. “ *Whether the denominations being retain-
“ ed although the bullion were gone, things might
“ not nevertheless be rated, bought, and sold, in-
“ dustry promoted, and a circulation of commerce
“ maintained.*”

30. “ Whether there be any virtue in gold
“ or silver, other than as they set people at work
“ or create industry?”

31. “ Whether it be not the opinion or will
“ of the people, exciting them to industry, that
“ truly enricheth a nation, and whether this
“ doth not principally depend on the means
“ for counting, transferring, and preserving
“ power, that is, property of all kinds?”

33. “ Whether current bank-notes may not
“ be deemed money, and whether they are not
“ actually the greater part of the money of
“ this kingdom?”

34. “ Provided the wheels move, whether it
“ is not the same thing, as to the effect of the

“ machine, be this done by the force of the
“ wind, or water, or animals?

35. “ *Whether power to command the in-
“ dustry of others be not real wealth? and whe-
“ ther money be not, in truth, tickets, or tokens,
“ for conveying and recording such power, and
“ whether it be of great consequence what
“ materials the tickets are made of?*

38. “ Whether it were not wrong to suppose
“ land itself to be wealth? and whether the in-
“ dustry of the people is not first to be consider-
“ ed, as that which constitutes wealth, which
“ makes even land and silver to be wealth, nei-
“ ther of which would have any value, but as
“ means and motives to industry?”

50. “ Whether a fertile land; and the industry
“ of its inhabitants, would not prove inexhaus-
“ tible funds of real wealth, be the counters
“ for conveying and recording thereof what
“ you will, paper, gold, or silver?”—Querist,
pages 3, 4, and 5.

I might quote a good many more to the same
purpose, but I conceive these sufficient to shew
that the bishop had a notion of a standard
unit. And I think you have failed in your
attempt to controvert this in your criticism
on his terms of a token, or counter. In the
note in page 46, of the Review for October,
1808, you say, “ he was anxious to persuade

" his countrymen, that money was not riches,
 " and that if they could not get money, they
 " could do without it. He endeavours ear-
 " nestly to impress the notion that riches con-
 " sist in valuable commodities; and that money
 " is useful to facilitate the exchange of these
 " commodities for one another, he therefore
 " calls it a token, or counter; but it is evident
 " that these are merely used as words of il-
 " lustration, to signify that money serves the
 " purpose of making exchanges; and that, if
 " exchanges could be made without it, money
 " might be dispensed with. He never once
 " alludes to a standard of value; and if any
 " one will examine what meaning can be at-
 " tached to the terms token and counter, in
 " this case he will find how the idea or theory
 " vanishes away. Money he says is a token;—
 " but a token of what? a token certainly of a
 " value of a particular amount. It is a value
 " therefore, of a particular amount, which is your
 " standard of value, and of this particular
 " value you can form no conception, but by
 " applying it to a particular commodity. The
 " commodity to which from habit and con-
 " venience we always apply it, is coined gold
 " and silver. What, again, is a counter? Why
 " it is something with which to count money;
 " then it is something with which to account;

" this can have no meaning, but that the de-
 " nominations of money are useful with which
 " to express the value of commodities. But
 " how does it express the value of commodi-
 " ties? Simply by naming a certain quantity
 " of coined gold and silver."
 " To what does this argument of yours extend,
 if it has any meaning? The Bishop says money
 is a token, or counter; true, say you, " but of
 " what is it a token, or counter? " Why of
 coined gold or silver." Now what is coined
 gold or silver but money,—ergo, money is a
 token, or counter, of money, and money is a
 token of a particular amount, by being a token
 of *money*, and money is useful as a counter to
 express the value of commodities, by naming
 a certain quantity of *money*:— admirable rea-
 soning!!
 But the Bishop asks whether money be not
 in truth tickets, or tokens, and whether it be of
 great consequence *what materials the tickets are*
made of.
 Is not this expressly declaring that although
 coined gold and silver may be money, yet mo-
 ney is not exclusively coined gold and silver;
 it may be made of other materials, and
 has been; money is therefore the genus,
 coined gold and silver only a species.
 Allow me here to remark, that the bishop,

upon every occasion, talks of *coined* gold and silver, he never once mentions *bullion*, nor attributes to it any of those supernatural powers you have been pleased to bestow on it: he was, as you yourselves state, by far too close a thinker, and pursued the consequences of his ideas with too clear an eye, not to perceive the distinction betwixt bullion and coins.

I have no doubt that a number of similar passages are to be found in the works of Mr. Harris, Mr. Lowndes, and the other opponents of Sir Isaac Newton and Mr. Locke, in the controversy upon the coinage in the reign of King William, but I candidly confess that I have neither an opportunity of procuring these books, nor time to read them.

I therefore turn to a work which has long been in great repute, and has lately, by republication, been made accessible to all, I mean Sir James Stuart's *Political Economy*. That part treating of money, I find lately published by itself, under the title of "*Principles of Bank and Banking of Money, &c.*" the first chapter of this I read over with surprize and astonishment; it is so strongly in my favour, that I cannot resist quoting the whole of it here, and this I do the more readily, because I have reason to suspect that you, gentlemen, must have overlooked it altogether.

CHAPTER I.—*Of Money of Account.*

"The metals have so long performed the use of money, that money and coin are become almost synonymous, although in their principles they be quite different.

"The first thing therefore to be done, in treating of money, is to separate two ideas, which, by being blended together, have very greatly contributed to throw a cloud upon the whole subject.

"Money, which I call of account, is no more than an arbitrary scale of equal parts, invented for measuring the respective value of things vendible.

"*Money of account, therefore, is quite a different thing from money-coin, and might exist, although there was no such thing in the world as any substance, which could become an adequate and proportional equivalent for every commodity.*"

"The subject therefore of the first chapter shall be, 1st, to point out the principles which determine the value of things; 2d, the use of an invariable scale to measure their value; 3d, how the invention of money of account is exactly adapted for measuring the

“ value on the one hand and measuring the
“ price on the other; and, 4th, how it preserves
“ itself invariable amidst all the fluctuations,
“ not only of the nature of things themselves,
“ but of the metals, which are commonly
“ considered as the measures of their value.

“ First, money of account, which I shall
“ here call money, performs the same office
“ with regard to the value of things, that de-
“ grees, minutes, seconds, &c. do with regard
“ to angles, or as scales do to geographical
“ maps or to plans of any kind.

“ In all these inventions, there is certainly
“ some denomination taken for the unit.

“ In angles, it is the degree; in geography,
“ it is the mile, or league; in plans, the foot,
“ yard, or toise; in money, it is the pound,
“ livre, florins, &c.

“ The degree has no determinate length, so
“ neither has that part of the scale upon
“ plans which marks the unit; the usefulness
“ of all these inventions being solely confined
“ to the marking of proportion.

“ Just so, the unit in money can have no in-
“ variable determinate proportion to any part
“ of value; that is to say, it cannot be fixed
“ to perpetuity to any particular quantity of
“ gold, silver, or any other commodity what-
“ soever.

“ But it may be ascertained for a time, and
“ then we can, by multiplying it, ascend to the
“ greatest value; and when we descend below
“ the subaltern divisions of this unit, we have
“ the assistance of measures and weights,
“ which render the operation easy. Thus, in
“ England, where a farthing is the lowest
“ denomination of money, the grains of wheat
“ are bought by measure, and cherries by the
“ pound.

“ Substances are valued either according to
“ their weight, their superficial measure, the
“ measure of their bulk, or by the price.—
“ These may be considered as the four classes
“ of vendible corporeal commodities.

“ All the species of each class, according to
“ their different qualities of goodness, may be
“ reduced to a proportion of value. A pound
“ of gold, of lead, of different grains, of dif-
“ ferent butters, or of what you will, valued
“ by the pound, may, at any precise time,
“ be reduced to a scale of proportional values,
“ which the wants, demands, competition, and
“ faculties of buyers and sellers, keep in a
“ perpetual fluctuation.

“ The value of commodities, therefore,
“ depending upon circumstances relative to
“ themselves, their value ought to be consi-
“ dered as changing with respect to one ano-

"ther only; consequently, any thing which
 "troubles or perplexes the ascertaining these
 "changes of proportion by the means of a ge-
 "neral, determinate, and invariable, scale, must
 "be hurtful to trade and a clog upon alienation.
 "This trouble and perplexity is the infallible
 "consequence of every vice in the policy of
 "money or of coin.

"Money, strictly and philosophically speak-
 "ing, is, as has been said, an ideal scale of
 "equal parts. If it be demanded what ought
 "to be the standard value of one part?—
 "I answer, by putting another question:—
 "What is the standard length of a degree,
 "a minute, a second?

"It has none;—and there is no necessity
 "of its having any other than what, by con-
 "vention, mankind think fit to give it.

"But, so soon as one part becomes deter-
 "mined, by the nature of a scale, all the rest
 "must follow in proportion.

"The first step being perfectly arbitrary,
 "people may adjust one or more of those
 "parts to a precise quantity of the precious
 "metals; and so soon as this is done, and
 "that money becomes realized, as it were,
 "in gold and silver, then it acquires a new
 "definition; it then becomes the price as well
 "as the measure of value.

"It does not follow, from this adjusting of the
 "metals to the scale of value, that they themselves
 "should therefore become the scale, as any one
 "must readily perceive.

"But, in former times, before the introduc-
 "tion of commerce, when mankind had less
 "occasion to measure value with a scrupulous
 "exactness, the permanent nature of the me-
 "tals rendered them sufficiently correct, both
 "to serve as the scale and as the price in
 "every alienation. Since the introduction
 "of commerce, nations have learned the im-
 "portance of reducing their respective inter-
 "ests and debts to the nicest equations of
 "value, and this has pointed out the incon-
 "venience of admitting the metals, as for-
 "merly, to serve both as the measure and the
 "price in such operations.

"Just so geographers and astronomers were
 "long of opinion that a degree of the equator
 "was a determinate length, to measure every
 "degree of latitude upon the globe.

"They then considered the earth as a
 "sphere, and no great inconveniency was found
 "to result from this supposition.

"But as accuracy made a progress, this mea-
 "sure was found to be incorrect. Degrees of
 "latitude are now found to be of different
 "lengths in different climates; and, perhaps,

“ in time, it will be found that no two degrees
 “ of any great circle described upon the globe
 “ are in a geometrical equality.

“ That money, therefore, which constantly
 “ preserves an equal value, which prizes itself,
 “ as it were, in a just equilibrium between the
 “ fluctuating proportion of the value of things,
 “ is the only permanent and equal scale by
 “ which value can be measured.

“ Of this kind of money, and of the possibility
 “ of establishing it, we have two examples:—
 “ the first, among one of the most knowing;
 “ the second, among the most ignorant nations
 “ of the world. The Bank of Amsterdam pre-
 “ sents us with the one, the coast of Angola
 “ with the other.

“ A florin banco has a more determinate value
 “ than a pound of fine gold or silver; it is a
 “ unit which the invention of men, instructed in
 “ the arts of commerce, have found out.

“ This bank-money stands invariable, like a
 “ rock in the sea. According to this ideal stan-
 “ dard are the prices of all things regulated;
 “ and very few people can tell exactly what it
 “ depends upon.

“ The precious metals, with their intrinsic
 “ value, vary with regard to this common mea-
 “ sure, like every other thing. A pound of gold,
 “ a pound of silver, a thousand guineas, a

“ thousand crowns, a thousand piastres, or a
 “ thousand ducats, are sometimes worth more,
 “ sometimes worth less, of this invariable
 “ standard, according as the proportion of the
 “ metals of which they are made vary between
 “ themselves.

“ No adulterations in the weight, fineness,
 “ or denominations, of coin have any effect
 “ upon bank-money. These currencies, which
 “ the bank looks upon as merchandize, like
 “ every other thing, are either worth more
 “ or less bank-money, according to the actual
 “ value of the metals they are made of. All
 “ is merchandize with respect to this stand-
 “ ard, consequently it stands unrivalled in
 “ the exercise of its function of common mea-
 “ sure.

“ The second example is found among the
 “ savages upon the African coast of Angola,
 “ where there is no real money known. The
 “ inhabitants there reckon by macoutes; and
 “ in some places this denomination is sub-
 “ divided into decimals, called pieces. One
 “ macoute is equal to ten pieces. This is just
 “ a scale of equal parts for estimating the
 “ trucks they make.—If a sheep, e. g. be
 “ worth 10 macoutes, an ox may be worth 40,
 “ and a handful of gold-dust 1000.

“ Money of account, therefore, cannot be

" fixed to any material substance, the value
 " of which may vary with respect to other
 " things. The operations of trade, and the
 " effects of an universal circulation of value
 " over the commercial world, can alone adjust
 " the fluctuating value of all kinds of merchan-
 " dize to this invariable standard. This is a
 " representation of the bank-money of Am-
 " sterdam, which may, at all times, be most
 " accurately specified in a determinate weight
 " of silver and gold; but which can never be
 " tied down to that precise weight for twenty-
 " four hours, any more than to a barrel of her-
 " rings."—Sir James Stuart's Principles of
 Banks, &c.

Now can there be a clearer or more distinct
 account given of an imaginary standard, or, as
 he calls it, money of account, and is it possible
 that you could have perused this chapter and
 written as you have done? I think not. Surely,
 if you had read that paragraph, wherein he
 mentions that the negroes, on the coast of
 Africa, make use of an imaginary term, called
 macoute, you never could have passed the harsh
 censure which you have done on the quota-
 tion I made from Montesquieu, stating the same
 fact.

" Even the fact on which Mr Smith grounds

" his whimsical notion, is incorrect, and is
 " one of those erroneous statements of ill-
 " informed and superficial travellers, to which
 " Montesquieu too readily lent his ear.

And yet, in the very same number, you, in
 a note, make a quotation from this very part
 of Sir James's Works, and I cannot help ad-
 miring the ingenuity with which it is done.
 In the text you are speaking of " obscurity
 " and confusion," which had been introduced
 into the *rationale* of the subject; and, in the
 note, you say—"A very competent judge, Sir
 " James Stuart, (see Pol. Economy, b. vi.
 " c. 6,) has expressed himself with peculiar
 " emphasis on this point: Question 1.—The
 " first question I shall propose, for illustrating
 " this subject, shall be, whence it comes to
 " pass, that the doctrine of money is so ex-
 " tremely difficult and involved?—Answer.
 " This I ascribe chiefly to the introduction of
 " a money-jargon, employed by the people
 " who have had the management of mints, or
 " who have been practical merchants, without
 " knowing any thing of the theory of their
 " business." Thereby more than insinuating
 that this jargon had been introduced by prac-
 tical merchants, who knew nothing of the the-
 ory of their business.

In this you certainly have been since sup-

ported by the report of the committee. But does Sir James bear you out in your application? Assuredly not: read what he says, and judge yourselves. In the same chapter he continues:

"I shall now endeavour to reduce these perplexities under some general heads.

"The first is, confounding ideas, quite different in themselves.

"The terms gold and silver, money of account, coin, bullion, and price, are often understood and made use of as synonymous, although no things can be more different.

"The terms *gold and silver* should convey to us no other idea than that of pure physical substances.

"That of *money of account* represents an invariable scale for measuring value.

"*Coin* conveys the idea of the public authority, ascertaining the exact proportion of fine and alloy in a mixed metal, and the realising, in a determinate weight of it, the invariable scale of money, sometimes correctly, sometimes incorrectly.

"*Bullion* carries the idea of certain determinate mixtures of the metals, commonly ascertained by some public stamp or other, and drawing their value exactly from the proportion of the fine metals they contain,

"the workmanship being considered as of no value.

"*Price*, again, when considered as consisting in coin, is a more complex idea still. In it are comprehended the value of the metals; the authority of the stamp for the currency; the actual value of it as a metal; and the common and universal equivalent of all things alienable.

"The ideas, therefore, of gold and silver, of money, of coin, of bullion, and of price, are all different; they are commonly confounded, both in speaking and in writing, from this arises the first cause of perplexity."

—Sir James Stuart's *Principles of Money*, book 2, chap. 1.

Now, can you deny that these terms, *gold and silver, money of account, coin, bullion, and price*, have been confounded together, and used as perfectly synonymous by Mr Mushet, Mr Ricardo, Mr Blake, the Committee, Mr Huskisson, and, latterly, by yourselves! Am I not, therefore, justified in saying that this jargon, which has tended so much to involve the subject in obscurity and perplexity, has been introduced into the late discussions by those writers whom you support, and not by the practical merchants who, in general, have endeavoured, both in the evidence before the com-

mittee and in writings since, to point out those very differences, and the consequences attached to confounding them.

I do not wish to multiply quotations from Sir James, and will therefore only beg leave to refer you to the third chapter of the same book ; entitled, " Incapacities of metals to perform the office of an invariable measure of value."

With this glimmering of light, and it certainly was a very strong one, I am aware that he did not see far enough into the subject to make the conclusions which may be deduced from his introductory chapter. Although he was convinced that the metals could not perform the office of invariable measures of value, and that, therefore, it was necessary to have recourse to an artificial standard money-unit, or money of account ; yet he could not divest his mind of the idea of the metals having an influence on this standard, even when they were converted into coins. In consequence, he has spent a great deal of labour in pointing out how this influence operates, and how it may be counteracted. All this might have been saved, had he only adverted to the circumstance of the invariability of coins, as always representing a fixed proportion of the money-unit, without being at all affected by the variations in

the bullion-price of the metal of which they are formed. I believe that I am the only person who has clearly and explicitly stated this, and, therefore, that I am still entitled to the praise you were pleased to bestow upon me, " of having seen so much farther and clearer into the subject than most of my *countrymen* and contemporaries."

I do not propose quoting any of the late writers on this subject, who have declared themselves against the opinions entertained by the committee, Mr Huskisson, and yourselves; their works are before you, do me the favor to read them, and you will find them all agree with me on the main point, although some are more clear and explicit than others. I shall confine my quotations, from the moderns, to two ; one from a gentleman, who is at least disinterested, if not inclined to the golden opinion ; the other, from a professed opponent.

The first is Dr. Kelly, who has lately published a laborious and very useful work, called the *Universal Cambist*. In the introduction I find the following : " Imaginary monies have had their foundation, for the most part, in real coins or in weights, which were the *original units adopted as measures of value*, and which have been continued under the same denominations, notwithstanding the changes

“ and fluctuations that may have taken place
“ in such coins or weights.

“ There are also imaginary monies that have
“ not thus originated, but have been adopted
“ for the purpose of simplifying accounts, as
“ the centimes in France, and the cents in
“ America.

“ It may be, however, observed, that all
“ monies of account are not imaginary, nor are
“ they always the monies of exchange.

“ Monies of account may be considered,
“ with respect to coins, as weights and mea-
“ sures, with respect to goods, or as a mathe-
“ matical scale, with respect to maps, lines,
“ or other geometrical figures. Hence monies
“ of account are the measures of value, both
“ of merchandise and of the metals themselves,
“ whether in coin or bullion, and thus serve
“ as an invariable scale amidst all fluctuations
“ of price.”—Universal Cambist, Introduction,
page 21.

These observations are very similar to Sir James Stuart's, and it is only to be regretted, that the doctor appears not to have been aware of the force of them, nor how far they might be carried. Had he been so, I conceive he would have saved himself a vast deal of time and trouble, which he has spent in accurately ascertaining the weight and fineness of the various coins of

the different commercial countries, and forming therefrom an exact calculation of their relative values, in order to fix the rate of exchange betwixt those countries. For, if the monies of account are the units or measures of value, then the coins, being representatives of these units, pass in those countries, according to the proportion of the unit they are issued to represent, and not according to the quantity of metal they contain; so that the par does not depend upon the quantity of metal in each coin, but upon an assimilation of the units or measures of value of the different countries to one another, and which has been made by the joint consent of the inhabitants of those countries.

I am obliged to the doctor for an additional confirmation of the accuracy of Montesquieu's quotation. In the body of his work, under the head of Guinea, (on the coast of Africa,) he says, “ there is no money coined
“ in this part of Africa, but the inhabitants
“ use, instead of coins, small shells, called,
“ by Europeans, couries, and by the Africans
“ zimbes; 2,000 of these shells are called a
“ *macuta*.”

The other work I propose quoting, in support of the existence of such a mode of computa-

tion, is the Edinburgh Review; nay, gentlemen; do not start, I repeat it, the Edinburgh Review; for I conceive that you have furnished me with as distinct an evidence as can possibly be required; and that too in the very number wherein you call my idea "a whimsical notion," and one "that involves absurdity in the very terms."—In page 47 of that number you say:—

"It is now, we trust, abundantly manifest that nothing can measure value, but value itself: *some ascertained value is assumed as a given quantity*, and with this all other values are compared, and they are denominated either multiples or fractions of the assumed value, according as the result of the comparison determines. Thus, a bar of iron is assumed by the blacks of the coast of Africa as an ascertained value; and with this they compare the value of all other commodities. A gallon of spirits, they say, is of the same value; but a slave is a hundred and fifty times that value. In the same manner, an ascertained portion of gold or silver is assumed in Europe as a known value; and by a comparison with this, the value of all things is estimated."

Now, gentlemen, I wish to know what you

mean by *assuming an ascertained value as a given quantity*.

If it is true, that mankind have fixed upon gold-bullion as the general standard of value, and if gold-bullion is capable of performing that office per se, then where is the necessity of assuming any thing? If I understand your idea, according to the manner in which it is attempted to be reasoned and acted upon, it is, that gold is, at all times, and on all occasions, and in all forms, the article by which value is to be ascertained. If so, where is the necessity for assuming any thing else, or any particular point; every thing must be compared with gold in general. The allowance, therefore, that something must be assumed, does away, in my opinion, all your other reasonings; at least, if I am right in my idea of the meaning of *assumed*, which I will endeavour to illustrate by an example:—If a mathematician wishes to work a problem, he *assumes* a point,—that is, he fixes upon any point, no matter what, or where; according to the mathematical definition of a point, there are certainly many in nature, and it is indifferent which is chosen. But when one is chosen, it becomes quite a different thing, it is no longer a point,—but *the* point, the particular point; and thus it is, a completely distinct thing from

any, or all other points. If you, gentlemen, wished to measure a degree of the meridian, and determined to fix on one of the hills of Scotland for the commencement of the necessary angles, there are certainly many hills which might answer for that purpose, and you would be free to choose which of them you pleased; but if you fixed upon Arthur's seat, it would then no longer be merely a hill capable of being employed for that purpose,—but *the hill* actually selected, the *assumed* point, and as such a completely distinct thing from all the other hills, and bearing a very different character. Your allowance, therefore, that it is necessary to assume a given quantity, appears to be in complete contradiction to the idea, that gold or silver, in general, are the standards of value, and perfectly to coincide with what I have stated. For, I say, that something, I do not care what, is assumed as the given quantity; for instance, a bar of iron. I am perfectly satisfied with this term, so much so that the quotation you give from Park, on that head, as a complete contradiction to my theory, I conceived to be so much in its favour, that I took the liberty to insert it in the second edition of my *Theory of Money*, even before the one from Montesquieu.

When the Africans thus assumed the term bar

of iron, it became immediately a very different thing from a real bar of iron. This is completely evident from what Park says:—“As, however, it must unavoidably happen that, according to the plenty or scarcity of goods at market, in proportion to the demand, the relative value would be subject to continual fluctuations, greater precision has been found necessary; and, at this time, the current value of a single bar of any kind is fixed, by the Whites, at two shillings sterling. Thus, a slave, whose price is £ 15, is said to be worth 150 bars;” because, if the bar of iron, thus used by the Africans, had continued to be exactly the same thing as a real bar of iron in the hands of the English, there could have been no occasion whatever for any such arrangement, as establishing a fixed value on the bar according to the English standard.—A bar would always have been a bar, and nothing else. Whereas, from what you yourselves state, the bar being assumed by the Blacks as a given quantity, it became perfectly stationary, while the real bars in the hands of the English fluctuated in value according to their plenty or scarcity compared to the demand. One very curious effect would follow therefrom: if real bars were plentiful, and in but little demand,

the Blacks would value them, perhaps, at only a half or three-quarters of a bar in their phraseology; but, if they were scarce, and in great demand, they might be valued at a bar and a half, or even two bars, so that a slave, valued at 150 bars, might be exchanged for 100, or even 75, real bars of iron. It is the recurrence of similar effects in this country, in consequence of a pound of silver having been the adopted term, that has given rise to a great deal of the confusion and ambiguity that has been introduced into the discussions on this subject.

In page 43, of the same review, you say:—
 “ Next we account by means of money. Now,
 “ what is the operation of accounting? We
 “ first state, in denominations of money, the
 “ value of any article or accumulation of arti-
 “ cles; and this statement we can manage in
 “ various ways. We can add it to another
 “ similar statement, to see how much they
 “ make in conjunction; or we can substract it,
 “ to see how much they differ. We can mul-
 “ tiply it; we can divide it; and discover va-
 “ rious relations which it bears to other state-
 “ ments. In all these operations, the terms
 “ pounds, shillings, and pence, exactly resem-
 “ ble algebraic symbols; and the letters x, y,
 “ and z, might be employed for them. Ope-

“ rations of account, therefore, are undoubt-
 “ edly carried on by abstract terms or sym-
 “ bols; and it is impossible that it should be
 “ otherwise.”

Is not this exactly the doctrine I advance? All that requires to be added is, that, although operations of account are carried on by abstract terms, yet, when they come to be applied to real transactions, in order to facilitate the exchange of commodities, coins are employed as representatives of value, according to those abstract terms.

It now remains to examine, how the reasoning I have employed, and the evidence I have produced in favour of the existence of an imaginary standard, are borne out by facts. The great error, into which most of the late writers, on your side of the question, have fallen, is, that they have attended more to hypothetical reasoning than to actual matter of fact. After having stated and explained a theory it is certainly very necessary and proper to inquire,—is this applicable to the existing state of things?

In the present case, therefore, the natural questions are, do such things really exist?—are mankind actually in the habit of reckoning by such a method? Dr. Kelly says, that they are. That in every country where commerce,

or, even merely, an internal exchange of commodities, exist, an imaginary money is in use; and that in England, that imaginary money is called a pound sterling, divided into shillings and pence.

Upon looking around me, and examining, I find that this term is actually made use of in this country upon all occasions.— I find, that all sales, all purchases, all transfers of property of whatever kind, are regulated by it, all accounts are kept in it;—in short, that the superb structure of manufactures and commerce, which has been reared in this country, moves upon this term, as upon a pivot. The amount of the national debt is ascertained by it, the interest is calculated by it, the finances to pay that debt are estimated by the same means, and in the collection the same term is used; the price of every commodity is fixed by it; the value of any quantity of goods, bought or sold, is determined by it; and the aggregate amount of a man's property is invariably named in the same term; and, when so, it is perfectly understood. But you say, "that this term pound is merely an unambiguous name for a certain quantity of gold." I have already endeavoured to refute this assertion, by shewing, that the term is employed to determine the value of gold itself, and that the

value or price of gold varies daily; therefore, if it was possible that the term pound was nothing but a name for a certain or fixed quantity of gold, it would follow, that this term must alter its value as gold changed; so that the value of all commodities would depend upon the price of gold.— Is this actually the case? I have shown that you have failed in the proof; and I have now to state, that, upon inquiring into facts, I find that in no transaction whatever, is any respect paid to the price of gold, nor is it ever inquired into, except by those individuals who deal in it as an article of commerce, and who wish to become either buyers or sellers. I find, that every day, on the 'Change of London, and in the different markets, property, to the extent of thousands, nay, of millions, is exchanged by the use of the term pound, without the most distant reference to gold, and, in many cases, even without the interference of coins or paper-money, merely by what may be called a circuitous barter, in consequence of the improvements introduced by banking.— Every person at all conversant with the mode of conducting business in this country must be perfectly aware of this.

When a merchant purchases goods, he fixes the price at so many pounds, or parts of a pound, per yard, quarter, cwt. or ton, &c. the total a-

mount is then calculated, and stated to be so many pounds; for this amount he grants his bill, which is made payable at his bankers on a certain day. When he sells these goods, he will, in like manner, receive a bill, for the amount, stated in so many pounds. If he send this to the Bank of England to be discounted, the Bank will give him credit for the nett amount; he gives his banker a draft on the bank for this amount, and his banker pays his acceptance by taking it in exchange from the bank, or some other banker with whom it may be deposited; and thus the transaction may be completely finished, with little or no intervention of coins or bank-notes. Where no credit is given, the transfers are still more simple, by drafts on bankers at once, which they exchange with one another. In the evidence before the Committee, it was stated, that the bankers in London daily paid, and received by exchange, bills and drafts to the amount of nearly five millions. In the lesser intercourses of society, the same use is made of this term pound; by it, or the fractional parts of it, the value of every thing is ascertained; but the exchange is generally accomplished by the intervention of the circulating medium, consisting either of coins or bank-notes, or both, which invariably pass according to the number, or parts of the pound they were originally is-

sued to represent. But, in all these transactions, no attention whatever is paid to the price of gold. Were a man to decline closing a bargain upon 'Change until he had ascertained the price of gold for the day, he would be looked upon as mad.

The pound sterling appears to me, therefore, to be, most undoubtedly, the term assumed as a given quantity, by which the value of all commodities are compared; and this I am, if possible, more confirmed in, upon examining the origin and history of it. I find that it was first established by William the Conqueror, who *assumed* a pound of fine silver as the value, by which all values were to be compared. This he denominated a pound sterling, subdivided into twenty shillings, and each shilling into twelve pence; and he ordered that a pound of silver should be coined into twenty equal parts, each to be called a shilling, so that the pound in weight, and the pound in tale, should be the same. This last arrangement was not continued long; his successors soon altered the weight of silver put into the shilling, that is to say, they increased the number of shillings a pound of silver was coined into; they also added a quantity of alloy to the pound of silver, thereby reducing the value of it, or, what is the same thing, reducing the real quantity of fine silver in a pound

weight. The following table will shew this completely. It may be necessary to remark, that under the head fineness, is shewn the real quantity of fine silver in a pound weight (of 12 oz.) of the metal of which the shillings were made.

Years.	Fineness.		
	oz.	dwt.	s. d.
28, Edward I.	11	2	20 3
20, Edward III.	11	2	22 6
27, Edward III.	11	2	25 0
9, Henry V.	11	2	20 0
1, Henry VI.	11	2	37 6
4, Henry VI.	11	2	30 0
24, Henry VI.	11	2	30 0
49, (39) Henry VI.	11	2	37 6
5, 8, 11, } 16, 22, } Edward IV.	11	2	37 6
1, Richard III.			
9, Henry VII.			
1, Henry VIII.	11	2	45 0
34, Henry VIII.	10	0	48 0
36, Henry VIII.	6	0	48 0
37, Henry VIII.	4	0	48 0
1, Edward VI.	4	0	48 0
3, Edward VI.	6	0	72 0
5, Edward VI.	3	0	72 0
6, Edward VI.	11	1	60 0
2, Mary,	11	0	60 0
2, Elizabeth,	11	2	60 0
19, Elizabeth,	11	2	60 0
43, Elizabeth,	11	2	62 0

Which standard has continued ever since.

During all these changes, the term pound was used as the denomination of value, and it continued to be represented by twenty of those silver shillings, whether the quantity of silver in each shilling was a twentieth or a sixtieth of a pound weight. Now, if the *term* pound had only been another name for a real pound of silver, the number of shillings it was divided into must have varied, in proportion to the greater or less quantity of fine silver of which each shilling was composed. For the last two hundred years, or more, sixty-two shillings have been coined out of a pound of metal in which there are only 11 oz. 2 dwts. of fine silver. Yet twenty of these shillings have, during all that time, continued to represent the pound sterling. This appears to me to be the most convincing evidence, that could possibly be produced, to prove, that, when a pound of silver was *assumed* as the term for the standard of value, it became, like the bar of iron, a fixed point, and quite a separate and distinct thing from any pound of silver-bullion in commerce.

The evidence of history is still more strong against gold. For, upon investigation, I find that, when the term pound was first introduced, gold was little, if at all, known in this country; and it was not until nearly two hundred

years afterwards, that any coins were made of it. During all that time, when gold is mentioned, the value of it is constantly stated at so many pounds, and divisions of a pound, per oz. When coins were formed of it, they were issued to represent certain proportions of the pound sterling, and they continued invariably to represent these proportions, without any regard to the price of gold-bullion; unless when an alteration was made in their value by a proclamation of the king, who had the prerogative of doing so, a prerogative which was often used; but all these alterations had invariably reference to the pound sterling. When guineas were first coined, which was not until above five hundred years after the introduction of the term pound sterling, they were issued to represent 20s. or one pound. This proportion was repeatedly altered, being at one time made as high as 27s. until, at length, it was fixed at 21s. or one and one-twentieth of the pound sterling, at which it has continued for nearly one hundred years, in spite of the variations in the value of gold-bullion, the price of which has always been stated in the terms: pound, shillings, and pence, and the variations in it marked accordingly. So that it is evident that gold was not originally the standard of value, nor the foundation of the term pound sterling.

Of this the Committee seem to have been aware, for they state, that it has been *only* lately made so. But the very passage in which they make this assertion furnishes, what appears to me, a very strong proof to the contrary. They say, "In this country, gold is itself the measure of all exchangeable value, the scale to which all money-prices are referred. It is so, not only by the usage and commercial habits of the country, *but, likewise, by operation of law*, ever since the act of the 14th of his present majesty, (finally rendered perpetual by an act of the 39th year of the reign,) disallowed a legal tender in silver coin beyond the sum of £ 25." From this, it is certainly to be inferred, that the Committee were of opinion, that gold had not been, previously, (at least legally,) the standard, but that it was made so by this act of the 14th of his majesty; therefore, if I prove that this act did not establish it as the standard, I think it will follow, that it neither *has been*, nor *is now*, the standard of value. To do this, I conceive, it will only be necessary to quote the act itself: it is entitled, "An act to prohibit the importation of *light* silver-coin, of this realm, from foreign countries into Great Britain or Ireland, and to restrain the tender thereof beyond a certain sum."

It consists of two paragraphs, the first authorising the custom-house-officers to examine all silver-coin brought into the country, and to seize any that might be found deficient in weight or fineness. The second is in the following words: "And, be it further enacted, by the authority aforesaid, that no tender, in the payment of money made in the silver-coin of this realm, of any sum exceeding the sum of £ 25, at any one time, shall be reputed in law, or allowed to be, a legal tender, within Great Britain or Ireland, for more than according to its value by weight, after the rate of 5s. 2d. for each ounce of silver; and no person to whom such tender shall be made shall be any ways bound thereby, or obliged to receive the same in payment, in any other manner than as aforesaid, any law, statute, or usage, to the contrary notwithstanding."

This, then, is the act of parliament, which is said to have effected so important a revolution: — only consider a moment, gentlemen, if silver *was* the standard of value, it must have been so for above seven hundred years, in which time the country had made great advances to the high and distinguished situation she at present holds; every thing, therefore, must have been, in a manner, identified with this

standard. As, during this long period of time, all exchanges had been effected through the medium of silver, had silver been the standard, the smallest alteration therein ought to have been severely felt, so as to have caused such a revolution in society, as might have been expected to produce a general convulsion.— But no such effects were brought about by the alteration the Committee speak of, every thing went on as before. And yet we are called upon to believe that the alteration of the standard was effected at that period; that this article, which had been used so long as the standard of value, was then deprived of that office, and another substituted in its place,— by what?—not by the solemn deliberation of parliament, assisted by the opinion and approbation of the principal merchants, bankers, and other people concerned, and approved of by the country in general, as might have been expected on so momentous a question. No,— but by a clause of twelve lines in an obscure act of parliament, of which no notice was taken at the time, and to which little attention has been paid since. This act is said to have changed the standard of the country from silver to gold; yet it is an absolute fact, that the terms gold, gold-bullion, or gold coin, are not men-

tioned in it from beginning to end. I trust it is unnecessary to say more on this head; I will, therefore, state what the actual intent of this act of parliament was, and how far its operation could extend.

At the time it was passed, this country had enjoyed a peace of ten years continuance, succeeding a heavy continental war, which had exhausted her resources, and drained her of both bullion and specie. During a peace of such duration she had, however, had time to recover herself, and her manufactures and commerce increased so much, that her finances were so flourishing as to allow a part of the national debt to be paid off. Her exports also became so considerable, that the exchange with the continent was greatly in her favour; the natural consequence of which was, that much of the specie, which had been sent abroad during the war, was returned. This created a superabundance of silver specie in the country; and, as it is probable, that what had been sent abroad was not very good at the time, and had been made still worse by its residence on the continent, the people in business were a good deal inconvenienced by there being so much of it in circulation. In order, therefore, to relieve *them*, this act was passed; and it had a double operation: the first clause having,

in a great degree, stopped the importation, and the second having prevented any person being obliged to take more of it, in one payment, than £25.

This statute, therefore, must have been very useful at the time it was passed, but, I believe, it has not been acted upon for many years, and would probably have sunk into oblivion, had not the Committee brought it forward to serve a purpose, of which I am confident the framers never entertained an idea. Had they intended what is imputed to them, they certainly would have worded the last paragraph very differently. If silver-bullion had been the standard, and they had wished to continue it, then they would have enacted that these coins, instead of being taken by tale, should be taken by weight, which would have been perfectly sufficient and distinctly understood. If they had intended to make gold the standard, then they would have directed that a certain weight of these silver coins should be received as an equivalent to a certain weight of gold. They, however, did neither; they merely ordered that these coins should pass at the rate of five shillings and twopence per ounce, that is, at a certain proportion of the standard-unit; thereby depriving them of the properties of coins, and reducing them to bullion. So far, there-

fore, from gold having been, by this act, appointed the standard of value, it appears to me, that its stating the price in those terms may be produced, as an additional evidence of the existence of an imaginary standard of value.

Mr. Huskisson does not, indeed, give this act a higher power than that of fixing gold, as the only legal tender. Even this it does not directly do; that may, however, be inferred, and I am willing to admit it to be the case, in so far as applicable to gold *coins*. But, certainly, making these a legal tender, is a very different thing from making them, or gold bullion, the standard of value.

Thus, gentlemen, have I endeavoured to prove, that gold-bullion neither is, nor can be, the standard of value; and to show, by analogy, by written evidence, by history, and by facts, not only, that an imaginary standard of value may be used, but that it has been found absolutely necessary in every commercial country, and has actually been employed in Great Britain for upwards of seven hundred years. My great aim has been to establish these two points, and I trust that I have been successful.

If it is allowed, that gold is not the standard of value, and that there exists an ima-

ginary standard, then all the difficulties that have been lately started can be easily solved, and the proofs of the depreciation of paper-money, produced by Mr. Huskisson and supported by yourselves, fall to the ground. They are founded on

The high price of gold bullion,

The disappearance of gold coin, and

The difference in value between gold and paper-money.

Now, if you divest your minds of the idea that gold is the standard, and regard it merely as an article of commerce, it will be found to have no connection with paper-money, and the great importance attached to its high price will vanish. After what has been stated I conceive it unnecessary to enlarge upon this. Paper-money is certainly no more affected by the high price of gold bullion than it would be by the high price of indigo, broad-cloth, or any other article of commerce, and, therefore, a rise in the price of gold bullion can be of no greater consequence than a rise in the price of any of those other articles would be, except that it may be brought forward as a proof of the balance of payments being in favour of the country, to which it is sent; but, in that case, by your own doctrines, it would be

equally a proof of the balance being against the country from which it comes. The country, from which it really comes, however, does not send it merely to settle the balance due by her, but as an article of commerce, as one of her productions, with which she pays for the manufactured goods she receives. Since the discovery of the mines in South America, Europe has been supplied with gold and silver from them. Formerly, these metals were remitted to Spain and Portugal, and from thence distributed all over Europe. But since the disturbances in those countries the greatest part of them have found their way to England, in return for manufactured goods, and from England the continent has been supplied. Thus, for three or four years past, gold has been completely an article of commerce in this country, and the quantity that has passed through it, during that time, has been very great. Still the demand has been greater than the supply, and the natural consequence has been, that the price has risen. This has been owing to two causes, the first is, that the quantity sent to Europe from South America, during these years, has been less than formerly, and the demand for gold, on the continent, has continued the same. The second, that,

during the same period, England has had to pay foreign subsidies, to support large armies abroad, and to pay for corn, &c. she was obliged to import, and for great part of which, nothing but gold would be taken; in consequence, she has not only been drained of the gold imported in these years, but of a great part of what was previously in the country. I do not intend, however, to enlarge upon these heads, they have been repeatedly explained, and are certainly sufficient to account for the high price of gold as an article of commerce; but, being an article of commerce, received in exchange for manufactures, its high price is in favour of this country, not against it; and, at any rate, it can be no proof whatever of the depreciation of paper-money.

The disappearance of the gold coins is a natural consequence of the high price of gold. Coins, being issued to represent a certain proportion of the standard unit, and continuing always to pass for that proportion, whenever gold rises in price, they become of more value as bullion than as coin, and therefore are converted into bullion, or exported as bullion. I have formerly pointed this out, as an inconvenience attending the employing the metals as circulating mediums.

In regard to a difference between gold and paper-money, there actually exists none. Gold coins and paper-money pass invariably at the same value, and between gold-bullion and paper-money there can be no comparison, because there is no similarity, they being two separate and distinct things, without any particular connection or ground-work for comparison. Paper is issued to represent a certain proportion of the standard unit, and, as long as it passes freely at that proportion, it never can be said to be depreciated.

If I have succeeded in stating my arguments, in such a light as to convince you, gentlemen, of the truth of the propositions I have laboured to establish, I trust you will have the candour to retract your late assertions. Upon so important a question, silence will not be sufficient. Considering that your work is circulated, not only over all Great Britain but through every colony belonging thereto, I conceive, if I am fortunate enough to bring conviction to your minds, that you are imperiously called upon to do away those unfavourable impressions, which your late papers, on "the depreciation of bank-notes" may have produced; and this the more especially, as in a work, which has been translated from the French, and pub-

lished since these pages were sent to the press, I find that this doctrine "of the depreciation of bank-paper," is particularly dwelt upon, and produced as a proof that England is no longer in a condition to continue the great exertions she has made in the present arduous struggle; and, therefore, that, unless she makes peace with France, she must soon be ruined, and obliged to give up the contest.

Before concluding, I have to express my regret, that the discussions upon this subject should have taken the turn they have done. Upon a question of so much national importance, it might have been expected that, after every circumstance had been calmly and dispassionately examined, a conclusion would have been drawn, without regard to any party whatever, and that the whole would then have been left to the country at large to determine upon. In place of this, the present has unfortunately become a political dispute, a wrangling between ministers and opposition.

I am disposed to give all due credit to the upright intention of the honourable member who moved for the Committee. The question was of great public importance, and it was certainly highly necessary that it should be investigated. But I take the liberty of blaming him for the resolutions, which he after-

wards brought forward, because, by that time, he must have been aware that the opinion of a great part of the country was against the Report of the Committee, and therefore, he should not have moved a resolution founded upon the conclusion of that Report. And this the more especially as he himself acknowledged, that his resolution was of so dangerous a nature that it would not be safe to put it in immediate execution, recommending, in consequence, that it should not take place until the expiration of two years, but without stating one satisfactory reason for concluding that it would be then more safe than when the Report was composed. I hazard these observations with the more boldness, because I can avow, that what I have written upon this subject has been from a disinterested wish to serve my country, without any connection with party whatever. I am an obscure individual, alike unknown to the members of administration, to the heads of opposition, or to the Bank directors.

I can appeal to you, gentlemen, as witnesses, that my theory on this subject, the *same* theory, which in this work I have laboured to establish, was made public two years before the question became the subject of parliamentary investigation. That investigation has not altered

my opinions, it has strengthened them; and I have now endeavoured to prove them correct, but I have done so upon general principles. I have endeavoured to point out a theory of money, not because that theory may have been supported by ministry, and condemned by opposition, but because I thought it the real one, and that, therefore, it was of consequence to my country to be informed of it. I have taken the liberty of attacking the Report of the Committee, not because the chairman of that committee was a member of opposition, but because it appeared to me that the report was founded upon erroneous principles. And though I have taken the liberty of blaming you, gentlemen, for having openly joined a political party, it is not because you have joined the opposition, but because you have joined a party. Had you been equally violent in supporting the present ministry, as you have been in opposing them, I should have felt the same inclination to censure you.

In the present instance, I am perfectly convinced that if you had exercised your *own* judgement, without any bias, your talents and powers of discrimination would have led you to very different results; and there never would have appeared in your works such crude reasonings and hasty assertions as those

which I have felt it my duty to point out and animadvert upon.

The French work, I have already mentioned, is a proof, how ready our enemies are to lay hold of any thing that seems to bear against this country; and how they can turn and twist it in their own favour. It is necessary, therefore, to be careful that no opportunities are given them. Every one should guard against publishing any thing to the prejudice of the country, unless morally certain of its truth, and more especially if there is any chance of its being a mistake. Should the depreciation of paper-money turn out to be only a phantom of the imagination, how much have you, and all those who have so confidently asserted it, to answer for?

I trust, gentlemen, that you will believe me, when I declare that I make these remarks with the purest intentions, and that I have not the most distant idea of giving you offence by any thing I have written; very far from it, the perusal of the Edinburgh Review has often afforded me both instruction and entertainment, and as the production of my native city, its celebrity has been marked by me with pleasure and pride. But this has made me more anxious least any thing should be inserted in it prejudicial to its respectability and usefulness, and when I thought I could set you right on so important

a subject, to endeavour to do so appeared to me to be a duty I ought not to omit; at the same time, I have been earnestly desirous of avoiding all harsh and severe language wherever I thought it possible, without affecting the strength and force of the reasonings I have employed; and I have to request that, should you meet with any thing of a contrary tendency, you will be so good as to impute it solely to my being unaccustomed to composition, and, therefore, not having that command of words and phrases, which you so eminently possess.

I have the honour to be,

With great respect,

Gentlemen,

Your most obedient

humble servant,

THOMAS SMITH.

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