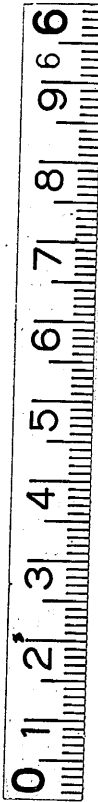


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from the Author

A LETTER
TO
SIR JOHN SINCLAIR, BART.
ON
THE REPORT
OF THE
BULLION COMMITTEE.

Price Half a Crown.

A LETTER

TO THE RIGHT HON.

SIR JOHN SINCLAIR, BART. M. P.

supporting his Arguments

IN REFUTATION OF THOSE ADVANCED BY

MR. HUSKISSON,

ON THE SUPPOSED DEPRECIATION OF OUR CURRENCY.

INCLUDING

A LETTER TO

Sir CHARLES PRICE, Bart. M. P.

IN AUGUST LAST,

ON THE REPORT OF THE BULLION COMMITTEE.

BY I. M. SIORDET, MERCHANT,
OF LONDON.

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1811.

ADVERTISEMENT.

AT the period I wrote the following pages, I did not anticipate that they would ever be submitted to the perusal of the Public.

The Report of the Bullion Committee, caused an uneasiness in my mind, which induced me in AUGUST last, to address a letter to Sir Charles Price, Bart. M. P. on the subject of the Report.

I should have contented myself with having thus far opposed, through a mercantile channel, the doctrines and dangerous expedients, recommended by the said Committee to the Honorable the House of Commons, as a remedy of the evil attached to the circulation of our Coin, during the

present high price of Bullion; but having recently read Mr. Huskisson's pamphlet, entitled, "The Question concerning the depreciation of our Currency," I have again been tempted to renew the subject, through the medium of the following letter, addressed to the Right Honorable Sir John Sinclair, Bart. M. P.

The more I consider the point in question, the more firmly am I convinced, that a plain mode of argument, founded on practical knowledge and observation, is the most likely means of arriving at the truth.— I wish not to arrogate to myself such knowledge; the highly respectable evidence given before the Bullion Committee, is alone sufficient to establish the truth of this assertion.

I should not have presumed, at the present moment, to obtrude my opinion on the public, had I not have been urged thereto, by a few intimate friends. To their solicitations, have I yielded; and should this

little work be conducive, in the smallest degree, to the benefit of the cause I have espoused, or meet with the approbation of the public, I shall be sufficiently remunerated for my trouble.

Mercantile pursuits having been my chief occupation in life; I trust I may be permitted to plead that excuse, for any defect in language, or any errors into which a person, unaccustomed to writing for the press, is so apt to fall.

LONDON,

17th March, 1811.



A
LETTER,&c. &c.

To the Right Hon. SIR JOHN SINCLAIR, Bart. M. P.

SIR,

WITH peculiar pleasure I noticed your appointment as a Member of the Committee to enquire into the present state of commercial Credit, by the Honorable the House of Commons, and I have been induced to address you from the belief, that such an investigation could not fail of leading into, and confirming some of the Opinions, which you have been pleased to express to the Public, on "The Report of the Bullion Committee," the final result of which is looked for with much anxiety by the mercantile branch of the community.

From the trouble you have taken to refute the doctrines contained in that Report, I am convinced, that it is your intention to oppose the

B

measures which are likely to be further recommended by the Committee to the Honorable the House of Commons.

The Report of the Bullion Committee has been so fully, and so ably discussed by yourself and others; that what I am about to state, may possibly be deemed superfluous. I am aware, Sir, that my abilities are incompetent to the task I have undertaken; nevertheless, I cannot refrain from troubling you with my ideas on a subject which has so justly excited the attention of all classes.

I wish it not to be thought that I have any thing particularly novel to offer to your notice; you have left but little to explain; I can only corroborate your opinions by observations made as a merchant during an experience of 42 years on the Royal-Exchange of London, and should you be enabled to glean from these Items, any thing likely to benefit the cause which you have so generously and so nobly advocated, my utmost wishes will be accomplished.

As a mercantile man, you must naturally suppose that I felt alarmed at the publication of the opinions expressed in "the Report of the

"Bullion Committee." In consequence whereof, I was prompted in August last to write to Sir CHARLES PRICE, Bart. M. P. on the subject of the report, and the recommendations therein contained; and, that you may have a just conception of the ideas I then had, I take the liberty of pre-facing my present remarks with a copy of that letter.

LONDON, 24th August, 1810.

To SIR CHARLES PRICE, Bart. M. P.

SIR,

Having some remarks to make on the Report of the Committee appointed by the Honorable the House of Commons on the high price of Bullion, I cannot address them to a more proper person than yourself, being one of the representatives of the city of London (and president of the Society of Merchants trading to the Continent, a situation you have filled with so much zeal and judgement) and from the great experience you have acquired in mercantile transactions being most fully competent to form a correct judgement as to the merits of this epistle, which should you deem worthy of note, you are at full liberty to make what use of it you think proper.

‘ The scarcity of Bullion, and in particular
 ‘ Gold, is occasioned in my opinion, only by the
 ‘ Exchange with foreign parts being against this
 ‘ country, and not by the great quantity of Bank
 ‘ of England Notes in circulation.

‘ Mr. Goldsmid, a bullion broker, informed
 ‘ the Committee at his examination, “ that large
 ‘ sums were exported about four months ago, but
 ‘ that the exportation since had considerably de-
 ‘ creased;” ‘ the reason is, that four months ago
 ‘ the exchange with Paris was from 19 livres to
 ‘ 19 10 Tournois for one pound sterling; it is
 ‘ now 21 10 consequently the profit is about 10
 ‘ per cent. less to export Gold than it was at that
 ‘ period.

‘ Sir Francis Baring stated to the Committee,
 ‘ that during the American war there was no
 ‘ scarcity of Bullion in this country, because
 ‘ there were no restrictions on Trade;” ‘ I will
 ‘ add, that the trade being then open with France,
 ‘ and the whole Continent, the Exchange with
 ‘ the different towns in Europe kept at par, or
 ‘ rather favorable to this Country, consequently
 ‘ there was no profit in exporting Bullion; on
 ‘ the contrary, when the Exchange was in favor
 ‘ of England, which was generally the case, Bul-

‘ lion was received in lieu of Bills of Exchange
 ‘ to purchase goods of all descriptions. Sir
 ‘ Francis also stated, “ that the too great circu-
 ‘ lation of Paper was one of the causes of the
 ‘ scarcity of Bullion; for in the year 1797 the
 ‘ amount of Bank of England Notes was eleven
 ‘ millions, and last Sessions a document was pre-
 ‘ sented to the House of Commons by which it
 ‘ appeared that the sum then in circulation
 ‘ amounted to twenty-one millions.” ‘ Can any
 ‘ body be surprised at this augmentation, consi-
 ‘ dering,

‘ *First,* That Government pays annually above
 ‘ seventy Millions for the expences of the nation,
 ‘ and that, the greatest part paper.

‘ *Secondly,* That the Bank holds several
 ‘ Millions of Exchequer Bills; and,

‘ *Thirdly,* That the Bank has been in the
 ‘ habit, of late years, of making all payments for
 ‘ the Holders of the Loan, except the first two,
 ‘ and the last.

‘ The amount of Bank of England Notes in
 ‘ circulation, for Notes and Bills of Exchange
 ‘ discounted by the Bank, I really believe, does
 ‘ not exceed, in proportion to the increase of

‘ trade, what it was before the 27th February,
‘ 1797.

‘ I have no authority to say so; the Bank
‘ Directors alone know, whether my conjectures
‘ are right or wrong.

‘ I am sorry to differ in opinion with so
‘ respectable and intelligent a Merchant as Sir
‘ Francis Baring; but I am certain, that the
‘ great mass of Bank of England Notes at
‘ present in circulation, is not the cause of the
‘ scarcity and high price of Bullion; and I will
‘ endeavour to prove, that the present Course of
‘ Exchange with Foreign Parts, and not the
‘ quantity of Paper in circulation, is the true
‘ Cause of this great export of Bullion, and
‘ which has made it so scarce and dear.

‘ The Bank ceased to pay in specie the 27th
‘ February, 1797; the Exchange on Hambro’ the
‘ 24th of that month was 36 0 for £1 sterling

28	35 10
3rd March	34 9 (3 per cent. fall)
7	35 1 (recovering)
14	36 0

‘ and it continued rising gradually in favor of
‘ England, to the 15th September of the same

‘ year; when it was as high as 38, which is 15
‘ per cent. above par, in favor of this Country;
‘ this Exchange induced many Merchants to
‘ import Gold and Silver to a great amount, every
‘ Packet which came from Cuxhaven, (two every
‘ week) bringing to Yarmouth, from 50 to
‘ £80,000 sterling, besides imports from Holland.
‘ The Bank Directors can bear testimony of this
‘ fact, as well as the Underwriters at Lloyd’s,
‘ who wrote the Sea risks.

‘ By this Sir, you will perceive, that although
‘ the Bank discontinued paying in specie, England
‘ kept her credit unimpaired, as appears by the
‘ Exchange continuing in favor of this Country,
‘ and immense sums arriving almost daily, for
‘ many months after the Bank had ceased paying
‘ in specie.

‘ Let Government encourage the Trade with
‘ France, and the whole Continent, as much as
‘ is consistent with the politics of this country,
‘ and the Exchange will rise gradually to par,
‘ and by degrees as high as we have seen it on
‘ Paris, viz. 26 and even 27 livres for the £1
‘ sterling: then the Bullion exported will return,
‘ and, as a proof of what I advance, that a free
‘ Trade with France and the rest of the Continent,

is the best remedy to raise the Exchange;—I beg leave to remind you, that since the French Government granted licences to export Corn to this Country, with leave to import into France certain goods, the consequence has been, that the exports from this Country, being of a greater value than the imports, occasioned the necessity of drawing Bills on Paris for the balance, and the exchange which was before the arrival of Corn, at 19 10 for £1 sterling, got up to 22; (an increase of 13 per cent.) lately ships with licences being scarce, the Exchange has fallen to 21. 5.

The Committee made the following declaration; “That it is a great practical error to suppose that the Exchange with Foreign Countries, and the price of Bullion, are not liable to be affected by the amount of a paper currency, &c. &c.”

I am sorry to differ in opinion with such high authority as the Honorable Committee; but, I think I have already proved, that the amount of paper in circulation, is not the cause of the high price of Bullion; the unfavorable state of Exchange alone it is, that produces the great Export of Gold. Exporting of Foreign

Gold at the present high price of £4 10s. per ounce; to have returns in Bills on London, leaves 5 per cent. nett profit.

On the recommendation of the Committee to the House, to pass a bill, to oblige the Bank to pay in Specie two years after the date of the said bill; my opinion is, that it would be the most dangerous method that could be devised, I am certain, should it ever take place while the Exchange remains as low as it now is, that three fourths of the Guineas issued by the Bank, would not remain long in this Country: the reason is obvious, a Guinea sells in France for 26 livres; with this, a Bill on London could be purchased at 21 livres, for £1 sterling, yielding a profit of about 18 per cent.

Were the Legislature to make the exportation of Guineas, felony, I really believe there would be men avaricious enough to run the risk of their lives for the sake of gain; might not such men use the crucible, and by that means melt down Guineas into ingots, alloying the same to alter the standard? An oath before the Court of Aldermen, would, I believe, enable them to sell the ingots so made, as foreign Gold, and exportation of course would follow.

‘ Goods or Provisions cannot be bought
 ‘ cheaper with Guineas than Bank Notes, why
 ‘ then compel the Bank to issue Guineas, that are
 ‘ not actually wanted, especially if there is a
 ‘ chance of their being exported ?

‘ My opinion is, that the Legislature cannot
 ‘ do better than to leave the issuing of Gold to
 ‘ the discretion of the Bank Directors. Circum-
 ‘ stances might dictate to their judgement a partial
 ‘ issue; for example, to pay in Gold when the
 ‘ Exchange with Foreign Parts was at par, or
 ‘ above; for when that occurs, there would be
 ‘ no fear of the export of English Coin, as no
 ‘ profit would accrue by so doing.

‘ I beg to observe, that the evil attending
 ‘ Country Banking, might, in my opinion, be
 ‘ greatly obviated by the Bank being permitted
 ‘ to open offices in various parts of the country,
 ‘ for the accommodation of the Merchants and
 ‘ Manufacturers.

‘ Trusting that you will excuse this long
 ‘ address, I beg leave to subscribe myself, res-
 ‘ pectfully,

‘ Sir,

‘ Your obedient humble Servant,

‘ *An old Member of the Society*
 ‘ *of Merchants trading to the*
 ‘ *Continent.*

From the perusal of the foregoing letter, you will perceive that my opinions were in unison with your own. The cause of the scarcity of Bullion, and the effects likely to be produced by adopting the measures recommended by the Bullion Committee, as a removal of that scarcity, were only treated on by me in a mercantile point of view; to your transcendant abilities has the task devolved of elucidating the true principles of our political economy; and, without flattery, I assert that your publication ought to be considered as a national good, having caused a quiescency in the public mind, of which it stood so much in need from the alarm created by the ill timed Report of the Bullion Committee.

To proceed to the subject which has again tempted me to take up my pen, I must observe, that only lately have I perused Mr. Huskisson's pamphlet, intitled, "The Question concerning the depreciation of the Currency, &c."

Words cannot express my surprize on reading the pamphlet above alluded to! In a comparative sense, the Report of the Bullion Committee may be deemed the *Child* of Mr. Huskisson; for, like a tender parent, he maintains and defends it through all its errors. Nor can I refrain from

thinking his publication, though in some parts of it not deficient in elegance of style; yet, on the whole, an assemblage of abstruse phrases, tending to alarm the public mind, and to destroy the foundation of the social compact.

The visionary dreams of theorists, have lately been too fatally acted upon in a neighbouring country; and shall we also follow the example, by adopting a system that could not fail of bringing upon this happy land, anarchy and all its dreadful concomitants?

We have, however, a pledge that such will not be the case at the present moment: the good sense of the Public, expressed in the general disapprobation which followed the Report of the Bullion Committee, is a strong proof, that our Paper Currency is not depreciated.

I shall now endeavour to comment upon such parts of Mr. Huskisson's Pamphlet, as I think really bears on the point.

I pass over Mr. Huskisson's definition of money, being fully satisfied, that enough has been written, (independent of practice) to convince the Public, what money really is,

Page 12 and 13, Mr. Huskisson says,

“ A pound, or twelve ounces of Gold, by the law of this country, is divided into forty-four guineas and a half, or £46 14s. 6d.

“ A pound of Gold, therefore, and £46 14s. 6d. being equivalent, being, in fact the same thing under different names, any circulating credit which purports to represent £46 14s. 6d. ought, by the law of this country, to be exchangeable at will for a pound of Gold.

“ But the sum of £46 14s. 6d. in our present paper, will procure in exchange for Gold, only $10\frac{1}{4}$ ounces of that metal;—a pound of Gold is now exchangeable for £56 in Paper Currency. Any commodity, therefore, which is equivalent to a pound of Gold, is also equivalent to £56 in Paper.

“ It follows, that the difference between £56, and £46 14s. 6d. or between $10\frac{1}{4}$ ounces of Gold arises from the depreciation of the Paper; and is the measure of that depreciation, as well with respect to Gold, the universal equivalent, as to every other commodity.”

In reply.—The difference which exists between a pound of Gold and £56 in Bank Notes, originates from *Scarcity*, which at all times will enhance the value of an *Article*. Ought it then to be a matter of surprize, that Gold, (which is to all intents an *article of Merchandize*) is dearer, especially as the cause of that demand, and consequent scarcity, is occasioned by circumstances resulting from a political and commercial state of things not to be avoided?

Page 19 and 20.

“ The existing evil is indefinite, uncertain and
 “ fluctuating, though progressive in its growth.
 “ It has consequently a greater tendency to *de-*
 “ *range and unsettle all the transactions of society,*
 “ *and to depress the labouring classes,* and all who
 “ derive their incomes from salary or wages of
 “ any description.

“ A saving, it is true, accrues to the state
 “ from paying the wages of *valour, talent, indus-*
 “ *try, and labour, in a depreciated Currency,* and
 “ from the reduction which is thus made (*really,*
 “ *though not nominally*) in the value of the divi-
 “ dend paid to the public creditor. But it is
 “ equally true, that these unfair and unintended
 “ savings to the State, are more than counterba-

“ lanced by its increased expenditure; whilst this
 “ *increased expenditure, and the increased taxation*
 “ *necessarily consequent upon it, doubly aggravate*
 “ *the evil on those classes of the community, at whose*
 “ *expence these savings are made, by taking from*
 “ *each a greater proportion of their already depre-*
 “ *ciated income, for the payment of all the other*
 “ *charges of the State.*”

If the language which I here recite, had been copied from the *MONITEUR*, it would have been perused without alarm. But when such words come from a gentleman like Mr. Huskisson, their authority cannot fail of striking, and alarming those of the lower and middling classes, who have not the ability of looking into the *real and natural Causes* which now operate on the price of *Bullion*.

England's inveterate Enemy could not be more ardently gratified, than by the promulgation of these tenets. The full belief of them by *Valour, Talent, Industry, and Labor*, could not fail of reducing us to the degradation so much wished for by the French Government.

Page 22.

“ Mr. Chambers plainly avows, that he does
 “ not conceive *Gold to be a fairer standard for*
 “ *Bank of England Notes, than Indigo and Broad*

"*Cloth*, and that a One Pound Note does not represent Twenty Shillings of that metal at the "coinage price."

Corroborative of Mr. Chambers's opinion, that Gold is not a fairer standard for Bank of England Notes, than Indigo or Broad Cloth, I beg leave to state, that Bullion and Foreign Coin, to an immense amount, was imported into this country in 1797 and 1798, the Exchange with Foreign Parts being greatly in our favor. What then did the importers do with the immense sums they received from the Continent? Why, they exchanged them at the Bank for Notes, with which they could trade, and enter into speculations more likely to turn to their advantage, than by locking up the precious metal in their private coffer.

Mr. Huskisson should first explain the *real cause* why a Pound Note does not now represent twenty shillings in Gold. He believes, and would wish others to believe, that the cause originated in an excess of paper currency, and a consequent depreciation.

The amount of Bank of England Notes in circulation in the month of June last, did not I

believe exceed the present amount. The exchange on Paris was then at 22 livres for £1 sterling; (being 9 per cent. against this Country) the Exchange is now 17 Livres for £1 Sterling, (being 30 per cent. against this country.) *How happens this difference without an additional issue of Bank Notes?* The amount of our Paper Currency cannot therefore affect our Exchange. *Our Imports from the Continent, exceeding our Exports,* contributes in a great measure to cause this difference of Exchange; for whilst there are more purchasers of Bills, than drawers, the latter will always give less Livres Tournois for the Pound Sterling.

The non-exportation of goods to the Continent, will probably continue; as the French Licences, which allow for a time the importation of certain articles into France, are nearly expired, and no new ones likely to be granted.

Remove the restrictions on Commerce.—*Restore our balance of trade with the Continent,* (permitting the Directors of the Bank of England, to pursue the mode of conduct so judiciously adopted by them for so long a period back, and which has been so productive of benefit to themselves and to the country,) and Gold will find its

par. The idea of depreciation in our Paper Currency, so long as it purchases for us every article of Trade, every necessary and comfort of life, on equal terms with our Gold Coin, is only chimerical.

Page 23.

“ Gold in this Country is really and exclusively the fixed measure of the rising and falling value of all other things in reference to each other; the article itself, which forms this standing measure, never can rise or fall in value with reference to this measure,—that is, with reference to itself.”

Page 24.

“ By an increase or diminution, the value of all other things (the quantity of those other things and the demand for them continuing the same) would be increased or diminished in the same proportion, with reference to Gold.”

If this assertion were founded on a true system, all articles would have risen as Gold enhanced in price, and in exact proportion.

Can this be reconciled to fact? Are not many articles cheaper now than they were 30 years back,—or at the period when the Bank paid in Specie, and Gold Bullion was at the Standard or Mint Price? It is admitted by Mr. Huskisson,

that the depreciation of a Currency may arise from other Causes.

In lieu of this abstract reasoning used by the said Gentleman, it has been proved from facts; stated by the most respectable authority, that the present high price of Gold Bullion, originates from political and commercial causes, which time and a change of circumstances *on the Continent*, only can remedy.

Excess of a Paper Currency will certainly depreciate its value in reference to the current Coin,—instance France, Russia, &c.; and although Mr. Huskisson's arguments in note to page 114 of his pamphlet, are very strong, and apparently to the point, I deny that Bank of England Notes are to be compared to the Rouble of Russia, or the more contemptible Assignats of France; such *paper Money has only the security of a despotic Government, and is issued to any amount at its command.* The Bank of England has a *real Capital*, and although our Government (which must not be compared to either the Government of France or Russia) is indebted to the Bank eighteen millions, and sanctions the issue of its paper, yet I believe, that if the Bank were to cease discounting for *seventy days*, and be refunded

the amount advanced to Government on Exchequer Bills, that enough Bullion would be found in the Bank to take up the whole of its Notes; however I believe none but the Bank Directors who have passed the Chair, are acquainted with the actual amount of Bullion in their possession; as conclusive on this point, I cannot but quote the following observation, which you have so justly made;

That "The issuing of Paper by Corporations erected for that especial purpose is therefore by far the most eligible plan, any abuse of this privilege, will be checked by Government, whereas no Government will check any enormity of its own issuing."

Mr. Huskisson's Pamphlet, Page 26.

"The existing depreciation therefore must be occasioned by excess."

Before this can be admitted as applicable to the present state of this Country, Mr. Huskisson should prove that we *really have an excess of currency*; again I must quote your own words.

"The instant any superfluous issue is made, it reverts upon the Bank, for no individual, particularly any person conversant in business,

"will ever think of keeping in his possession any paper for which he has no occasion, and on which he would be paying an interest of Five per Cent."

As a further proof that no excess of currency exists, and that even an augmentation to the present amount is requisite, I would wish it to be remembered, that within these few years nearly the whole Maritime Commerce of the World has centred in Great Britain.—Why is Government now about assisting the Merchants with Loans on the produce stored in this Country, waiting for a Market? It would be the height of folly to suppose that the relief which is likely to be given to the Merchants with one hand, should be withdrawn by the other; for to pass an Act, compelling the Bank of England to restrict its issues, or curtail its discounts, would in reality have such an effect. The issue of a less quantity of Bank Notes would also influence the Funds, and the negotiation for Loans,—it having been the custom for years past, for the Bank to make all payments for the holders, except the first two, and the last. Should this accommodation cease, (which of course it would) the Loans would be taken at reduced prices, and be greatly detrimental to the public good.

Page 26. " If the circulation of any
 " Country were performed exclusively by Gold,
 " and the supply of that Metal in such Country
 " were, from any imaginable cause doubled, whilst
 " the quantity of Gold and the demand for it
 " should continue the same in all other parts of
 " the world, the value of Gold in such Country
 " would be diminished. This diminution in the
 " value of Gold would appear in the propor-
 " tionate rise of all Commodities; but Gold
 " being so much cheaper in the Country in which
 " its quantity had been thus increased, it would
 " be bought by other Countries, and exported
 " from that Country, till its value was restored
 " again to a level in the different parts of the
 " world."

Mr. Huskisson has before said, that *Gold is really and exclusively the fixed measure of the rising and falling value of all other things in reference to each other. The article itself, which forms this standing measure, can never rise or fall with reference to itself.*

If Gold be the *universal equivalent* which can never rise or fall with reference to itself, how can it be *cheaper* in one country than another? To purchase it, an equivalent must be given; it

follows therefore, that any country thus situated, *must import Goods* (whether in need of them or not, for it cannot be imagined that they would merely exchange Coin) to restore the value of its currency.

Supposing Goods are not *wanted*, or are not *suffered to be imported*, then the *depreciation must be in the value of the metal*; if that is once admitted in *any case*, *Gold cannot be the fixed measure of the rising and falling value of all other articles*. The apparent rise of commodities in the present case, would be only *nominal*.

This strained mode of argument, here introduced by Mr. Huskisson, is only to support his theory, that—from an excess of Currency our Bank Paper is depreciated, and that all commodities are advanced in proportion to such depreciation.—It is true, that our Bank Notes are not an exportable commodity; for that and other reasons, they have a preference in many instances to coin. The more a circulating medium is retained in a Country, the more likely is that country to flourish.—Abundance of Currency invigorates Agriculture, Manufactures, and Commerce, the true resources of a nation.

In page 32, Mr. Huskisson asserts, that in consequence of the profits of the Bank depending on the amount of their issues, it was their interest at all times, to make these issues as large as possible; and concludes, that the Public had a sufficient security, that those issues should not be carried to excess, by having the power of demanding Gold, in lieu of the Notes so issued.

If the Bank Directors had a *contrôul over the Imports from the Continent*; or, in other words, could keep *the Trade of this Country with the Continent, on a par*, the Foreign Exchanges would also be at *par*, and Gold would continue at the standard or mint price. If therefore, the Bank Directors have *no such influence on the Trade of the Continent*, and consequently, *no influence on the Exchange*, how unjust would it be, to compel them to pay in Gold, which would subject them to such ruinous losses, and with the certainty, that nearly the whole of their issue so made in Gold, would be exported to the Continent. When the Exchanges are at *par*, or above, Mr. Huskisson's desire might be complied with; although I am convinced, that it would not be attended with such beneficial effects as he has anticipated.

"This check" (the payment in Gold) "was constantly ready to be applied, if, in consequence of an over issue, the value of Bank Notes was reduced, or likely to be reduced, below par in reference to the price of bullion, either here, or in the other parts of Europe; the circulation of the bank of England being, in this respect, to that of Europe, what the circulation of a country bank is now to that of the bank of England."

This argument is plausible enough, if the foreign drawers of bills of exchange on England, could receive Guineas in return.—But why argue for a thing contrary to law? Guineas cannot be exported; nor would it be politic to admit of their exportation; independent of the effect which the Exchange, as it now stands, would continually be producing. If Guineas were to be issued, and suffered to be exported to pay off the whole of our Foreign Debt, the Exchanges would be at *par*; but the instant we became indebted to the Continent, (which would of course follow, if our imports were to exceed our exports) the Exchange would in such proportion be against us, and we should find ourselves in a worse situation than we are at present, as there would be less Gold in the Country.

Page 41

“ The explanations which have been offered by those who have endeavored to shew that the high price of Gold in England is not connected with any excess in the issue of Bank paper, are,

“ *First*, That the immediate and operative cause is a great scarcity of Gold, and a consequent demand for it, on the Continent. And

“ *Secondly*, That Speculation in the purchase of it in this Country has been carried, and is still going on, to a very great extent, in consequence of the Course of Exchange with the Continent having been for the last two years, and still continuing, so much against this Country. *In these explanations every thing is assumed.*”

How can Mr. Huskinsson say that in these explanations every thing is assumed?

The evidence given before the Committee by the most intelligent and respectable Merchants is a plain Statement of Facts, corroborated by experience. I believe it has never been stated to the Committee, that Gold was *dear and scarce on the Continent*. The Scarcity in this Country was created by speculators exporting it to the Continent

for returns in Bills of Exchange, by which a considerable Gain was obtained;—at the present day for example,

One Ounce of exportable Gold would	
Cost in London	£4 16 0
Freight, Insurance, &c. about	0 4 0
	<hr/>
	£5 0 0

This would sell in Paris for 96 Livres (or £4 Sterling, reckoning the Exchange at 24 or par) with which a Bill on London may be purchased at the Exchange of 17 Livres for £1 Sterling, or £5 13s. netting a Profit of 13 per Cent.

Gold in the present instances is, therefore, an article of Merchandize, as Sugar and Coffee. To the clandestine exporter of our Gold Coin greater benefits accrue.

Page 57.

“ An exchange of equivalents is the foundation of all commerce; no nation therefore, can permanently export to a greater value than it imports, as far as exports and imports are created by a commercial intercourse with other nations.”

On the subject of Equivalents, I would ask, how are we to pay the Continent the value of our

imports from thence; as, Corn, Hemp, &c. The balance of payments against us, must be liquidated either by Bullion, Goods, or Bills of Exchange, negotiated at unfavourable exchanges, from the want of competition in the Foreign Bill Markets.

On the subject of the Balance of Trade, I have to observe, that the Balance of Trade may be in favor of a Country, and yet the Exchange be against it; such is the present state of Russia: the Exchange is about 75 per Cent. against that Country, although the exports exceed the imports. The depreciation is only felt by the holders of the *Paper Rouble, issued by the Government*, which, from the *want of public confidence*, is only negotiable at about 12 pence English; whereas the Silver Rouble is negotiated at its standard, or about 48 pence English. Payment of Foreign Bills of Exchange on Russia, with the Silver Rouble, is effected at par, or rather in her favor; whereas, payment of Foreign Bills of Exchange on England, is equally detrimental, whether paid in Specie or Bank Notes. Gold has *really risen* in price, in consequence of the Balance of Trade being against us. In Russia, Specie has *not risen*; the Paper Money only, causing the difference in the Exchange.

Mr. Huskisson asserts, that the annual Balance of Trade is in our favor. He draws these conclusions from the total amount of Goods exported to the East and West Indies, United States of America, Brazil, Buenos Ayres, Lima, &c.

Admitting the *general* exports to be correct; still, those to the new world cannot *influence the Exchanges of the Continent; the Balance of Trade with the latter being against us*. A deduction ought to be made for the immense value of Goods now in Sicily, Malta, Heligoland, &c. remaining for a Market. The Exchanges are also materially affected by the immense sums going out of this Country, for the support of our armies in Portugal, Spain, &c. which must be paid for, either by supplies sent them in Bullion; or by Bills of Exchange, drawn by them on the Treasury here.

Page 72.

“For Coin we have substituted a Paper Currency; which, from being *issued to excess*, and from that cause only, no longer represents the quantity of Gold which it purports to represent.”

In no one instance has Mr. Huskisson proved that we have an *excess of Currency*. *If excess*

alone caused a depreciation in its value when measured with Gold, or that £46 14s. 6d. in Gold, was equal to £56 in Bank Notes; it follows, that by a greater issue of Notes, an increased depreciation must take place, when measured with Gold; that a curtailment of Paper issue, must tend to restore its relative value with Gold; or that the amount of Paper issue remaining the same, that Gold could not vary in price.

Presuming that the amount of Bank Notes in circulation in the month of June last, was the same as in the month of December last, how happens it that exportable Gold decreased in value at least 7 per Cent. The supposed over issue and depreciation of Bank Notes, when measured with Gold, must therefore arise from some other Cause.

The reason why exportable gold decreased in value since June last, is, in my opinion, to be attributed,

First, To the amount of Debt due by this Country to the Continent, having been considerably liquidated; and

Secondly, To the want of confidence in the mercantile establishments on the Continent, arising

ing out of the unnatural restrictions on Commerce, rendering speculation in returns of Bills of Exchange a greater hazard.

If it were possible to stop the Imports from the Continent altogether, or only suffer them to enter this country ad valorem, or in proportion to the Exports from hence to the Continent, (as is now the case in France with the trade carried on by licences with this Country) the Exchanges would remain at par, or nearly so,—Gold would cease to be an article of merchandize and the public mind would no longer be fretted with the bubble of a supposed depreciation in our currency. Bank of England Notes, so long as they do not exceed the real wants of the Nation, cannot be said to be an evil. In the way of trade, Profit (not loss) arises from them. With Bank Notes Gold like any other article of Merchandize can be lawfully bought, sold and a profit now gained of 13 per Cent. as before stated.

Page 90 and 91.

“ The only way to stop the Exportation of Gold is that the Bank should give the Market Price and revive the use of it in circulation.
“ If that price be 90s. per ounce, 90s. must be given; but, in proportion as the value of their

“ Notes in circulation shall be raised by the
 “ gradual withdrawing of the present excess,
 “ that price will diminish until it shall be re-
 “ stored to the mint price, and their notes con-
 “ sequently to par.

“ On the other hand if the excess of Bank
 “ paper shall continue progressively to increase,
 “ 90s. will soon cease to be a sufficient price for
 “ an ounce of Gold; and either more must be
 “ given, or it will continue to be carried to other
 “ markets.

“ The difference between the market and
 “ the mint price, it true, will be just so much loss
 “ to the Bank upon all the Gold which they may
 “ now buy, whenever they shall resume Cash pay-
 “ ments but it is equally true, that this difference
 “ is at this moment just so much loss to the hol-
 “ ders of their notes, and that the latter have no
 “ chance of that compensation which the Bank
 “ has so amply secured to itself, by the increased
 “ amount of its issues since the Restriction.”

So long as the Exchange remains at the
 present rate, it would be madness to compel the
 Bank to pay in Guineas.—The following example
 will shew the great profit that actually accrues
 to a person clandestinely exporting Guineas to

France. One Guinea sells in France, for melt-
 ing, for 26 Livres; purchasing with that sum a
 Bill of Exchange on London, at the present
 Course of Exchange (17 Livres for £1 Sterling)
 the said Guinea would produce £1 10s. 7d. Ster-
 ling, or 45 per Cent.

The issuing of Guineas in time of Peace; or
 when our Manufactures and Colonial Produce
 could find their way to the Markets of the Con-
 tinent, would not be attended with danger, as at
 present: but I still maintain, that the with-holding
 of such Gold issue, would tend to assist and
 force our Exportation of Goods.

Page 98.

“ *If a supply*” (of Gold) “ *be necessary for*
 “ *for our circulation, it must be procured, and*
 “ *may be procured, by an Exchange of other*
 “ *Commodities which we can spare.*”

Mr. Huskisson should point out *the way to*
exchange our commodities for Gold. By so doing
 he would *restore the Balance of Trade.* Bullion
 would be no longer *scarce or dear.* The Bank
 would be enabled to comply with his wishes, and
 according to his theory, Bank of England Notes
 would no longer be at a discount. To assert, that
 a supply of Gold is necessary for our circulation,

and that it *may be procured*, without stating by *what means*, is useless; and can only be compared to the assertion that, we have an *excess of Currency, without proving it.*

Page 118.

“ I may however further observe, that Gold “ does not form the basis of the Currency of any “ other Country;—that the quantity of Gold in “ Europe, is not less now, and is probably greater “ than it was at any former period;—that the “ price has not risen on the Continent;—that it “ is to be purchased in the markets there.”

The chief of the Gold on the continent of Europe has centered in France, the exchange with other parts having been for a long time back in her favor; consequently the French Market would be the only one capable of supplying our wants. According to the existing laws of France, Gold either in foreign coin or ingots, once admitted, cannot be exported; so strict are these laws, that even gold-lace is prohibited from exportation; Jewellers' Gold, (and that in a manufactured state) can only be exported. Infringement of these laws is punished by confiscation and many years close confinement in irons. Bullion has oft times been clandestinely exported from France, but increase of risk, would, as a matter of course, enhance its price.

Admitting, however, that Gold could be lawfully purchased in France, I would ask Mr. Huskisson with what are we to purchase it? an *Equivalent* it is admitted must be given—we are literally shut out from the Continent. How then are we to *compel our enemy* to give us Gold in return for our *Equivalent (Goods)* which would be in proportion to the existing exchange, (30 per cent.) and consequently so much *real loss to this Country?* or, supposing the Bank were to buy through proper Agents (as recommended by Mr. Huskisson) Gold in the Foreign Markets, would not a *similar loss be felt exclusively by them?*

To purchase Louis D'ors at their value, 24 Livres (which is equal to one pound sterling) at the present Exchange of 17, the Bank would be paying about £1 8s. 2d. sterling for every such Louis D'ors so purchased, and would lose in the re-issue, upwards of £41 Sterling on every £100. Gold Bullion would be valuable proportionately with Coin.

Such a PROFITABLE trade as this to the Bank, would not fail of *convincing* the public of its STABILITY. To use your own words “ The “ Bank of England maintains its credit and character by carrying on a profitable bussiness

“ under a most judicious system, but if it were
 “ to engage in great transactions by which it was
 “ to lose 15 per cent. (now 24 per cent.) I should
 “ be glad to know what would then be thought
 “ of the wisdom of its Directors. In fact, the
 “ Bank with such a burden must give up issuing
 “ paper, nor would any one take the notes of a
 “ Corporation that would persevere in carrying
 “ on so ruinous a trafic.”

Mr. Huskisson's Pamphlet, page 139.

“ That a Nation like Great Britain, possessed
 “ of great Commercial Capital, should afford
 “ long credits to other Countries where Capital,
 “ is wanting, and where the rate of interest is
 “ consequently much higher, is certainly very
 “ natural; and it is an obvious advantage to us in
 “ Trade. But these credits are given in succes-
 “ sion and some are daily coming to maturity,
 “ whilst others are created; so that, although the
 “ *different parts of the world are constantly in-*
 “ *debted to this Country*, the aggregate amount
 “ of those debts cannot, in the ordinary course of
 “ things, very materially vary.

“ But it is obvious, that, if, from any pecu-
 “ liar circumstances, an unusual facility of dis-
 “ count exists at home, whilst abroad an advance
 “ in price, far exceeding the rate of interest here,

“ given for goods sold upon long credits, or a
 “ proportionate abatement made upon those
 “ bought by us for ready money, *the Balance of*
 “ *debt to this Country* may be somewhat increas-
 “ ed, and the Exchange thereby rendered *unfa-*
 “ *vorable* for a short time.”

If the Continent were *constantly indebted to*
England there would be a continued and regular
 demand for Bills of Exchange on England, to pay
 such debts, *the Balance of debt to this Country*
 would render the Exchange *favorable* (not unfa-
 vorable). In the Foreign Bill Markets there *now*
 exists an excess of paper on England, caused by
 the *Balance of debt due by us* to the Continent, and
 there being no constant or permanent demand for
 such paper, the purchasers as a matter of course,
 fix their own price, which is the depression felt.
 I do not think that any person possessed of *real*
 knowledge of our commerce with the Continent for
 years back, will say that the arguments of Mr.
 Huskisson in page 139 and 140 are applicable to
 the subject.

To conclude, I must express my decided opi-
 nion, that any curtailment or restriction on the Bank
 of England in the issue of its paper, or the com-
 pelling the Directors to pay in Gold after two years
 notice (under the present unprecedented state

of things) as recommended by the Bullion Committee would be attended with the most fatal consequences. Our Merchants and Manufacturers would be ruined, all classes affected, and this great Empire shaken to its very foundation. History records, that when Governments have interfered in the concerns of private companies: example, Caisse d'Escompte, French East India Company, &c. &c. that ruin generally followed.

I have now a few observations to make on the present system of Country Banks.

The holders of *their paper circulated as Money*, are often exposed to the greatest inconveniences, and sometimes to heavy losses from Bankruptcy. It is no uncommon thing to meet with one or two Banks in small towns where neither Manufactories nor business of consequence is carried on. I am fully aware that a commercial and manufacturing country, like Great Britain, stands in need of Banks in her chief Cities and Towns. Should it not be deemed prudent for the Bank of England to open Offices in various parts of the Kingdom, a similar Security to the Merchant, Manufacturer, and others, might be obtained by the mode of Banking in Lancashire; I believe the system I allude to, is not generally known.

In Lancashire, I think, there is not one Bank that issues its own Notes on demand; neither are the Notes of the adjoining counties, currently taken or received in payment. But at Manchester, for certain, when a Merchant or Manufacturer disposes of goods, he generally receives for them, Bills on London at two or three months date; these Bills are readily discounted with the Manchester Banker, who gives in return, *Bank of England Notes*. The Bills are remitted by the Banker to his House in London, and negotiated in the regular course of Business. At Manchester one Bank only, receives weekly from London upwards of £20,000 in Bank of England Notes, for the purposes before named.

For this *secure mode* of Banking and for all cash transactions the Country Banker charges $\frac{1}{4}$ per cent. Commission.

If the first County in England for extent of Manufactures and Trade, can do *without Country Bank notes*, surely other Counties less in need of such accommodation might follow the same System with equal advantage and Security.

I beg, Sir, to apologize for having addressed you at such length. I have only taken a cursory

view of the subject; and hope, therefore, that any imperfections or differences of opinion, you will be pleased to pardon, and to place to the right motive.

Zeal for my country's welfare, induced me to take up my pen; and, as I before said, if in these pages you should meet with any arguments or ideas worthy your notice, or from which good may arise, my best wishes will be realized; confidently assured in my own mind, that your abilities are best calculated to give them the desired effect.

I have the honor to be,

SIR,

Your most obedient humble Servant,

I. M. SIORDET,

LONDON,
15th March, 1811.

FINIS.

H. K. CAUSTON, Printer,
Birchin-Lane, Cornhill.

POSTSCRIPT.

SINCE writing the foregoing letter, the Bank of England by the concurrence of the Right Honorable the Lords Committee of Privy Council for all matters connected with Trade, Coin, &c. have deemed it expedient, to raise the current value of the Dollar Token, from 5s. to 5s. 6d. As this regulation may, in the opinion of some, strengthen the opinions and assertions of Mr. Huskisson and his adherents; and may possibly incline others to imagine, that Bank of England Notes are depreciated,—I have ventured to subjoin the following additional remarks on the subject in question.

The recent measure relative to the Dollar Token, might have been anticipated; or we must have contented ourselves, with their total disappearance from our currency. An immense quantity of Silver is consumed by the manufacturers of that metal, as well for our export trade, as for our own use; which latter, has considerably increased from our enlarged population and wealth, added to the luxury and refinement of the times. It was a natural consequence, that the Dollar Token must either be current at an increased value, proportionate to the rise in the price of Silver Bullion; or be melted by the manufacturers of that metal.

The change in the value of the precious metals in a state of coinage, ought not to alarm the the public.—Such a circumstance is not without a precedent.—Ducats in Holland vary constantly in value, according to the demand; without affecting the other currency; Gold being considered there (*as it should be here*) an article of Merchandize.

The Bank Directors had cogent reasons for resorting to the late measure. Still, I cannot help expressing my regret, that a different mode of proceeding, had not been acted upon; which it will appear for the following reasons, would have been productive of the same effect, and with additional advantages;—

First, That it is not within the power of the Bank Directors to prevent a *further rise* in the price of Silver Bullion; which, as a matter of course *will take place*, if the *general causes* (before explained) *shall continue to operate on the value of the precious metals*; consequently 5s. 6d. will cease to be a sufficient value for the Dollar Token, and either an augmentation adequate to the rise must take place, or we must content ourselves with their disappearance from our currency, for the uses already enumerated.

Secondly, That the issuing of Dollars at 5s. 6d. cannot fail of eventually proving a loss to the Bank; for whenever Silver Bullion shall again fall to its original price, or standard, a loss, proportionate to that fall, must happen, which at the present rate would be about 10d. on each Dollar. The Directors of the Bank in the present case have considered the interest of the Public in preference to their own.

Thirdly, The *primary and natural causes* of this fluctuation in our currency, *not being understood* by the lower orders of society, and *not being customary*, may induce a belief, that Bank of England Notes are *really depreciated*; the prevalence of such an idea, could not fail of causing discontent in every class; commodities of every description would *then* rise, and the well placed confidence in the Bank of England, would in *reality* be shaken.

Surely every well wisher to the Country must dread such an effect, the extent of the consequences cannot be ascertained. A subversion of our good and venerable Constitution might follow, and we should have the solitary consolation to reflect, that it had been caused by too implicit a belief, in the Doctrines of Theorists, and speculative Politicians. Our fall would stand recorded for the derision of after ages, and might justly be deemed "*a political Suicide*."

The recent event has not as yet caused the public to change their opinion of the Bank;—no sooner did the advertisement relative to the Dollar Token become generally known, than they flocked to the shops of the silversmiths, to exchange such Dollars as were in their possession, for Bank of England Notes,—*an additional proof that they are not depreciated in the mind of the public.*

I sincerely wish I may not be prophetic: if the good sense of the public should not prevail, by confirming the well-merited opinion of the *honesty, integrity, and stability* of the Bank of England, all the evils anticipated might accrue.

The confidence so well placed, I hope will never be shaken by the *false theories* of Alarmists.

The system I have to submit, has been tried, approved of, and stamped by the *general opinion and confidence of the nation.* To be biased or bigoted by old principles, and to refuse all conviction of improvement, shews but a little mind: in every age, new systems have arose, to the complete expulsion of the old ones: cannot we trace within the memory of the present generation, many changes, which have proved highly beneficial to mankind?—Witness, the abolition of the

Slave Trade; the improvements in Agriculture, Chymistry, Physic, and various other Arts, too numerous to mention. Our Political economy is no doubt susceptible of similar changes and improvements; we should not therefore be alarmed at such taking place.

As a general remedy to the evil under which the current coin of the realm at present circulates, and which arises *solely from natural causes* (which cannot be too often impressed on the mind) and which are *imposed upon us from an unprecedented state of things not to be avoided, which time alone can remove*:—with deference I submit my opinion, that the Legislature should again step forward in aid of the Bank of England, and empower its Directors to issue its Notes of the value of 5s. and 10s. each. Such a measure, aided by a small addition to our Silver Coinage in Shillings, proportionate in value to the existing rate of Bullion, could not fail of removing every impediment in our Currency.

I am sanctioned in this recommendation by the opinion expressed so far back as the year 1803, in your valuable work “the History of the Revenues, 3rd Edit. Vol. II. p. 336 and 337,” as well as by the letter which you addressed in April, 1810, to the Chairman of the Bullion Committee.

I am convinced that if the measures so wisely recommended by you, had been carried into effect, Dollar Tokens need never have been issued, nor have passed for more than five shillings.

The same security and confidence which circulated Bank Notes of £1 and £2 value, surely would be sufficient for smaller ones; the increase would not be very considerable, and might, at the option of government, be restricted to a certain amount.

This system no doubt will be strenuously opposed by the opposite side of the question, on the principle, that paper currency has no *intrinsic* value. The precious metals only received their *stamp of value*, from their scarcity, uniformity, beauty, and durability, which best fitted them for the *universal equivalent*. I hope I shall not be presuming too much, by stating, that from our insular situation, and commercial policy, (not forgetting the law of the land, which forbids exportation of our coin) we do not stand so much in need of, the *universal equivalent*, (the precious metals) for our currency.

Unanimity and confidence in our incalculable resources, cannot fail of resuscitating the energies of this land of Freedom.

I shall conclude by quoting the invaluable principles regarding Coin or Bullion, laid down by yourself, and which cannot be too often repeated.

“ The wealth of a nation properly consists
“ in the goods and merchandizes it possesses,
“ whether arising from the produce of the soil,—
“ from internal industry,—or from foreign com-
“ merce.

“ The precious metals, in which a part of
“ that wealth consists, may be described as a
“ species of merchandize, which, by common
“ consent, answers three important purposes.

First, “ That of enabling individuals to
“ receive the value of their labour, for an article
“ universally exchangeable.

Secondly, “ That of transferring property
“ in goods from one individual to another, with-
“ out the trouble of actual barter: and

Thirdly, “ That of enabling the government
“ of a country to obtain a revenue, and to defray
“ the public expences; for if the Exchequer were
“ under the necessity of taking goods in kind,
“ in what manner could the various articles it

“ required be either collected, or secured till
“ wanted; or how could a nation fit out a fleet,
“ or maintain an army, or defray the various
“ other expences to which it is liable.

“ It is however in early ages of society
“ alone, before the credit of a government is
“ established, and property (whence the credit
“ of the individual arises) is secured, that the
“ precious metals exclusively answer these impor-
“ tant purposes.--In ages of civilization and
“ refinement, a well regulated paper currency,
“ with a small portion of these metals, in a state
“ of coinage, to which united the general appel-
“ lations of *circulation* or of *money* may be given,
“ is equally useful, indeed, on many accounts,
“ even more advantageous; and the precious
“ metals ought in commercial periods of society
“ to be accounted merely as a species of Merchan-
“ dize, the increase or diminution of which has no
“ decisive influence on the wealth or prosperity
“ of a Country and which if left to itself, soon
“ finds its just level.

J. M. S.
26th March, 1811.