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REMARKS

ON THE STATE OF

PUBLIC CREDIT,

&c. &c.

REMARKS
ON THE PRESENT STATE OF
PUBLIC CREDIT;

AND THE
CONSEQUENCES LIKELY TO RESULT

FROM THE
DECEASE

OF
Mr. A. Goldsmid & Sir F. Baring.

IN
A LETTER

TO
WILLIAM MANNING, Esq. M.P.
Deputy-Governor of the Bank.

By **ERINACEUS,**
*Author of "The Council of Twelve," "The Popish Divan,"
"Dialogues of the Dead," &c. &c.*

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A LETTER,

&c. &c.

SIR,

THE variety and violence of the opinions which have been recently propagated, in regard to the present state of PUBLIC CREDIT, render it particularly necessary that some plain facts and unsophisticated arguments, tending to the more complete illustration of the subject, should be laid before the community. From day to day, I have anxiously waited to see the topic handled by some individual, whose experience in financial affairs might have added weight to his arguments, and have removed the film with which malignant writers have endeavoured to cloud the

public eye. I am concerned however to observe, that while the subject is in every one's mouth; while one man expresses his apprehensions, and another his confidence in the present state of the country; there is yet wanted an impartial view of our present situation, which may lead to the formation of a just and conclusive opinion.

With a view to the illustration of this important subject, a subject on which hinge all our prosperity and our national reputation, I now take occasion to address you; a measure to which I am actuated no less by my respect for your practical and thorough acquaintance with the commercial interests of the country, than by those private sentiments of grateful esteem, which arise from the contemplation of benefits received at an earlier period of my life.

Looking at the situation of this country, and regarding the sources whence it has derived its prosperity, as well as the means by which it supports and extends its revenues at this moment, I cannot but consider, with a most jealous eye, the utterance or publication of every sentiment which, in its possible consequences, can have a tendency to injure public credit.

The slightest stain upon the reputation of a commercial country, like an imputation on the character of a virtuous woman, though unwarranted by truth, leaves an impression which never can be entirely effaced; and I am disposed to lament, in concert with Mr. Randle Jackson, that a committee of the House of Commons, above all other men, should have been induced to give the shew of authority to opinions, which must either have been hastily concluded, or which form just ground of apprehension respecting the future interests and well-being of the nation.

The public mind had been previously agitated, in no inconsiderable degree, by the multiplied defalcations which occurred, with alarming rapidity, amongst some houses of the first eminence; the agitation was increased, by the publication of the Report of the Bullion Committee immediately afterwards; and has, subsequently, been swelled to the highest pitch, by the unexpected embarrassment and death of one of the most monied men which the kingdom could boast, and by the contrariety of rumours which have obtained circulation respecting the state of his affairs. Such an unprecedented concurrence of unpromising events has perhaps scarcely a parallel, even in

the fearful aspect of affairs just before the close of the last century; and, when added to the growing avidity with which the current coin of the country is purchased, at an advance upon its standard value, and sent out of the kingdom, may seem to warrant a deduction that the credit of the nation is on the decline; and that the measure which has been proposed by the Committee of the House of Commons, in their recent report, ought to be adopted, amongst other measures of equal delicacy and decision, to avert those evils which are present to the imaginations of the *croaking* part of the community.

I remember, at the period to which I have just alluded, that people of this description were pretty numerous, and astonishingly active in their exertions and decisive in their tone. We had nothing better set before our eyes, than national bankruptcy and individual ruin; remedies and palliatives were despised as ineffectual schemes to protract a period which was rapidly approaching. Bank paper was depreciated; the gold of the country was purchased or concealed, and was hunted for with inconceivable industry. The man who possessed a few hundreds in paper was held up as an object of pity, and his creditors were

humanely advised to look to their own security, while he possessed the means of paying their dues. What conduct could be better calculated than this to bring about that dreadful consummation, which the *croakers* predicted with such confidence and anticipated with such delight; but which all good men and true patriots contemplated with horror, though they feared not its approach!

The race of *croakers* appears to have been recently revived amongst us; but they have adopted a new mode of proceeding, in order to conceal their affinity to the disappointed species of the last century. Instead of loudly predicting those evils with which we were before threatened, they confine themselves to the communication of their gloomy sentiments by significant shrugs and movements of the head, indicative of the black despair which has seized possession of their minds. Instead of talking of ruin, they stamp their desponding prophecies upon their brows, and expose them to every one they meet; they associate in crowds, so as to impress the observer with an idea that the depression which prevails is not that of a dissatisfied individual, but of the community at large. Talk to them of the funds, they lift their eyes to heaven, as if to

pray for aversion from some tremendous evils: ask them to discount a bill, and they start with as much horror and dismay in their countenances, as though you demanded the surrender of their purse.

But it is not from such tricks as these, that we must form a correct opinion of the state of public prosperity. We have other means of judging, and those more satisfactory and infallible: we are not to be led away by the evil-intentioned, who feel an interest in the depression of the country; nor to submit our opinions to be modelled after the wishes of stock-jobbers, who, for the sake of a paltry gain, would damn the character of the land which supports them. If we are contented to prefer the unsupported assertions of such men as these, to the evidence of our own senses and the conclusions of our own reason, we shall deserve to sink into one common ruin, and to lose, for ever, the numerous blessings which Providence has given it to us to enjoy.

In refutation of the opinions which have gone abroad, and which are intended to injure our character as a nation, I shall go on to consider the alleged grounds on which they are founded. The grand cause of all our

miseries, the foundation of the ruin which is so rapidly overwhelming us, is represented to be the extent of our paper currency; an opinion which is, in part, borne out by the Report of the Committee of the House of Commons, which directly states, "that there is at present an excess in the paper circulation of the country, of which the most unequivocal symptom is the very high price of bullion; and, next to that, the low state of continental exchanges"; and proceeds to recommend "the repeal of the law which suspends the cash-payments of the Bank of England," and to oblige the Bank to resume the payment of its notes in cash, at the expiration of two years from this time.

Such a decision was well calculated to become popular. No man, on a *prima facie* view of the business, could possibly object to take his bank-notes at the expiration of the given period, and to receive, in lieu of them, an equal value in the current coin of the realm. The idea was admirably adapted to the sphere of common life; but, in the view of the political inquirer, it assumes a different appearance. A thousand collateral circumstances instantly strike him, which are not perceptible to the superficial observer. He

takes into his consideration the inconveniences as well as the conveniences of the system; and, contrasting the one with the other, forms from the aggregate an opinion which will bear the test of the most minute inquiry.

Much, doubtless, may be said, both for and against the proposed measure; and much has been said on each side of the question; but, when it is considered, that the law, now proposed to be repealed, was originally enacted to enable the Bank of England to render accommodations to the commercial part of the community; that the repealing of this law must lead to an abridgement of the system of accommodation; and that the Governor and Directors of the Bank are men who stand high in fortune and integrity, and who are endeavouring, by every measure of prudence, to approximate the renewal of their payments in specie; it appears to me, that the interference of Parliament, in the way proposed, is altogether unnecessary, and might lead to consequences of an injurious, rather than a beneficial, tendency; since it would, in its ultimate effects, utterly destroy that speculative spirit, on which so much of our national prosperity has been founded.

The first idea which suggests itself to me, in proof of this assertion, arises out of the high price of bullion itself. If the farther continuance of issues of paper, from the Bank, be limited to the time mentioned, the merchants will no longer be accommodated with their customary monthly discounts, the consequences of which must be, that the spirit of commerce will instantly be cramped, the merchant be unable to meet his payments with that regularity which constitutes the very existence of a confidential mercantile intercourse; new defalcations must ensue, and public credit receive a mortal injury. That such would be the effects will appear more evident, when it is considered, that the Bank will feel itself interested in abridging its issues, under the impression that bullion must be provided to meet those of its notes which must be in course of circulation at the expiration of the given time, and that every diminution of the number of those notes, which could be effected, would lessen the ultimate difficulty which must be expected to arise.

The accumulation of gold sufficient for the resumption of its payments, within the given time, would also be productive of a serious loss to the Bank itself; since, according to the de-

position of Mr. Merle, who was examined before the Bullion Committee, a guinea, according to the present value of gold, is worth twenty-four shillings and one penny. At this enormous advance would the Bank be compelled to purchase bullion, in order to make good its payments; the consequence of which must be, supposing its present issues of paper to amount to twenty-one millions, a private loss of upwards of three millions sterling. This calculation is founded on the most moderate principle; since it is but fair to conclude, that, when it became known, that the Bank was compelled to accumulate this immense quantity of bullion, unprincipled speculators would instantly take advantage of this necessity, and would monopolize specie, and enhance the price of gold, to a still more extravagant pitch.

When the specie should be re-issued from the Bank, the same bullion-mongers would be at hand to engross it to themselves, and to send it out of the country, at a renewed profit, so that the public would be no gainers, while the pockets of a few wealthy jobbers, who care little for the distresses of their country, would be swelled prodigiously by their ill-gotten gains.

It really appears strange, that the Committee of the House of Commons should have been urged to make a report, having a tendency to produce consequences such as I have stated; especially when the nature of the evidence adduced before them is clearly and dispassionately considered. An idea has gone abroad, that the suggestion, respecting the repeal of the act in question, originated in party motives; but I should be extremely loth to imagine, for a moment, that men of education, principle, and patriotism, as I would fain hope these gentlemen must be, could be biassed by any such impure motives to swerve from the duty which they owe to their country, and to recommend a measure purposely to injure those interests which they have been entrusted to further and uphold.

I have heard it asserted, whether absurdly or not I will not take upon me to pronounce, that, so far from experiencing injury or inconvenience from the proposed measure, the commercial interests would be materially benefited by its adoption. On inquiry farther into the reasons upon which this opinion was founded, I discovered, however, that it was merely of a piece with all the other unsupported declamation which has been lavished away to convince

us that our finances are in a desperate situation. It is a certain fact, that most merchants, (I may perhaps not go too far, if I say nearly all,) discount to various amounts, according to the reputation in which they stand, to meet their monthly payments; and without these discounts they would not be able to fulfil their engagements. It follows, consequently, that, if the Bank should suddenly become tenacious of its paper, and refuse the customary discounts, the commercial credit of the country would not only be injured, but absolutely shaken to its foundation.

Of the utility of paper issues, in a commercial country, there can exist no possible difference of opinion; independent of the facility which it gives to the transmission of large sums from place to place, its convenience in many other respects is equally indisputable; and, provided the buying up and exportation of bullion could be suppressed, so as to prevent it from rising above its standard value, in what way would the one currency appear to be superior to the other? The *croakers* are instantly ready to cry out, "Suppose the country should be invaded, where is the value of your paper money then, when all securities are reduced to one common level? Gold would al-

ways retain its value, and would be purchased by an enemy as soon as any one else: but, when all the funds of the state are involved in one general ruin, where will you find a vent for your bank notes?" Convince us that the execution of this scheme of invasion is practicable to such an extent as this apprehension supposes, and I, for one, will vote for a restriction of the bank issues. If our own country formed a portion of that continent which Buonaparte has overrun by his intrigues and his arms, and if the conqueror of the nations round us were already stepping over the boundaries of the land to overwhelm us with his cruelties and his monstrous contributions, I should certainly admit the full force of this kind of reasoning, and begin to doubt the stability of every kind of security whatsoever. But, when I consider that our liberties as well as our funded securities are held by the same tenure, the vigour of our own arms and the intrepidity of our own spirit; and that the annihilation of the one supposes the annihilation of the other, I feel rather disposed to smile at the pusillanimity, than to admit the power, of such modes of argument, which are only resorted to when other reasoning fails.

The first institution of the Bank was with a

view to public convenience: it was for the public convenience, that the issues of paper increased gradually from six to twenty millions in value; and the debt due from the public, at this moment, amounts to eighteen millions. Shall we be told then, by a set of venal or holiday writers, who are warped by sordid views, or actuated even by a worse motive, that, since the bank has answered our purposes, since we have drained it to the utmost, and made the most we could of it, it is now our duty to dismember it, and destroy its established reputation? Shall it be dinned in our ears, from morning to night, that, when an institution has, by a chain of prosperous circumstances, raised itself to an unprecedented degree of consequence and prosperity, it no longer retains its original principles and views, and ought to be again levelled to its first insignificance? Surely such a mode of reasoning combines in it the very extremes of injustice, ingratitude, and tyranny. Surely the propagators of such a system are not the men who would impress us with a belief that they concentrate in themselves all the patriotism, constitutional affection, benevolence, and liberal principle, which are to be found in the state! Such measures savour more of the *benignity* of a Robespierre, or the generosity of a Buonaparte, than the accustomed

feelings of Englishmen, and the usual honour and integrity which form the leading traits in our national character.

For a proper answer to the common assertion, that the excess of the paper currency is injurious to the interests of the community, I shall turn to the accounts of the exports and imports, at different periods, as affording the best proof of the real state of the country, and the most complete refutation of the fallacies of those who take such pains to convince us that we are sinking rapidly into destruction. The statement may also serve to silence those writers who contend that the present reign has been nothing but a scene of progressive adversity, dishonour, and decay; that we are now reduced to the lowest possible ebb of infamy; and that the next step we take will plunge us into irretrievable perdition.

	total value Imports into Great Britain	Exports
In the year 1773.....	£ 12,675,000.....	£ 16,531,000
..... 1783.....	13,325,000.....	14,741,000
..... 1793.....	19,629,000.....	24,878,000
..... 1796.....	23,187,319.....	30,518,913
..... 1809.....	36,255,209.....	50,301,763

Discovering an increase in 36 years, in the imports, of £23,580,209;
and, in the exports, of £33,770,763.

This gratifying account of the comparative

state of the commerce of the country must convince every unprejudiced person of the real situation of its credit and reputation. These are the only *data* on which correct opinions can be formed respecting that traffic which constitutes the sinews of our prosperity; and, while the returns of every succeeding year shall present reports equally encouraging, we may laugh at the fears of those who aver that the extent of the paper currency is plunging us into irretrievable ruin. When the exports and imports were at the lowest, the issues of bank paper were extremely circumscribed; while in the year 1809, the period of the greatest commercial prosperity, those issues were at the highest: and this consideration affords a tolerably decisive proof of the utility of paper circulation in an extended degree, while it proves fatal to the hypotheses of prejudice and the clamours of ignorance.

There are writers who have dwelt, at considerable length, upon the difference between the *intrinsic* value of the current coin and the paper circulation of the country. That gold is more valuable than paper, few, I believe, will venture to deny; and, if this is the whole which these persons seek to establish, (for the obscurity with which they write prevents their

readers from perceiving, at all times, their real views,) they may enjoy the satisfaction which results from success. But, in a political point of view, I recognize no intrinsic variation in value: whether one pound be tendered in payment, in paper or in coin, it is accepted with equal readiness; it commands an equality of exchange; it obtains the same extent of circulation; and is, in every respect, on a par.

If the assertion were correct, that the excess of the Bank issues had occasioned the enhancement of the prices of the necessaries of life, there might also be some reason for restricting those issues. But a more unfounded statement has never proceeded from the pen of any writer; and, for evidence of this fact, I will look, for an instant, at the consequences which must result from the prohibition of any farther issues. The scarcity of bullion would still exist in an unabated degree, and what substitute could be found for it? If gold were scarce, the value of it would, consequently, be immoderately increased, and the price of every species of property would rise in an equal proportion. The necessaries of life would be placed out of the reach of the lower classes, and want and misery would occupy those dwellings which are now the residence of

contented industry. The spirit of the people would be broken down by adversity, the vigour of exertion would be destroyed, the arm of youth paralysed, and the years of withered age would be snapped asunder.

Such a lamentable era as this would be hailed with pleasure by a certain description of persons; to which these belong who have endeavoured, with such unwearied assiduity, to depreciate the value of the paper currency of the realm. They have been actuated by motives very opposite to those which they have professed; their anger has been excited by the growing prosperity of the country, which has disappointed their hopes and falsified their predictions; and more joyful to their feelings, than the glimpse of heaven to their souls, would be the hour which should give to them the view of their native land overrun by the destroying armies of the despot of France. They would be the first to imbrue their hands in British blood; they would be the foremost to riot amidst the ruins of freedom; to apply the torch which should kindle the exterminating flames amongst the abodes of their kindred and their companions; and to point the unsparing sword against those who should rally round the wreck of their hopes and their

happiness. The reflexion, that there are such men amongst us, is painful in the extreme: it is painful to consider that we are compelled to associate with persons, whose chief delight consists in the dissemination of mischief and misery; who pervert whatever is good, and magnify whatever is evil; in our public institutions; who eat their bread with discontent; and never compose themselves to slumber without muttering curses on those who occupy situations of high trust and authority. But, while we regret the existence of such characters, the recollection of their views and motives, as well as their ubiquity, ought to keep us continually on our guard against their malignant vigilance and their ceaseless perseverance.

If there are any, who have been led to believe that the mass of public discontent and unhappiness is daily growing, and that the comforts of the lower classes have indeed been destroyed by the excess of the paper currency, I would recommend it to them to take an excursion through the towns and villages in the interior of the country. The labourer in the field suffers no disquietude about the extent of the bank issues: it is sufficient for him that he receives a note at the close of his weekly toil;

he finds no difficulty attending its circulation. If you inquire into the state of his affairs, you find him possessed of a humble cottage, sufficiently capacious for his wants and his wishes; he eats better food, and wears better clothing, than he did twenty years since; he has a spot of ground where he raises his vegetables; he has a pig in his sty; and purchases corn for his family at a reduced price. He seeks no better state; contentment smooths his pillow by night, and cheers his cottage by day; if scanty are his means, they are sufficient, since his wants are proportionably small; and, were you to talk to him of his unhappiness, he would be inclined to quarrel with your veracity or your wisdom.

In a more elevated sphere, the farmer himself tastes, perhaps, the purest species of happiness, while sitting by the side of his own wood fire, smoking his pipe, and reading the news of the day to his listening family who surround him. What is the price of stocks to him? If the state of the markets corresponds with his wishes, he looks no farther; he troubles not himself to inquire, whether specie or paper is to be the currency which he will receive for his corn. He may perhaps, from his habits of association with others of his own

rank, have acquired some political tinge, but it extends not beyond the surface; he suits his opinions to the disposition of his mind, and adopts and rejects sentiments without hesitation, or fear of the reproach of apostacy. Ask him to decide upon the expediency or inexpediency of restricting the paper circulation, and it is ten to one that he exclaims, "Let them manufacture as much paper as they please, I have no objection to take it while I can pass it; and, the more there is abroad, the more will come to my share."

The same cause which fetters commerce will also fetter agriculture. If, by an impolitic limitation of its issues, the Bank should be compelled to withhold its discounts from the merchant, the effects would be speedily felt by the farmer. He would find no vent for the produce of his lands, unless he was willing to accept of doubtful security, and to encounter risks which would materially check the spirit of industry. It is the certainty of reward which prompts to exertion; and, the moment that certainty is weakened, the vigour which supports labour is relaxed. Of what use would it be to the husbandman that he should plow and sow his lands, that he should keep alive the vegetative principle by continually

purifying and adding to his soil, if after all he should be unable to sell his produce with a certainty of profit? To what purpose would the manufacturer urge his looms and his mills, if he felt confident that the scarcity of money would prevent him from reaping the harvest he would merit? Abstract reasoning on the subject is not adapted to the sphere of common comprehensions: finely-spun theories may bewilder the understanding for the moment; but it is practical experience, and the language of plain sense, which must convince the reason. I am aware, Sir, that, although a higher style of language would be best suited to your conceptions and habits, this letter will be read by men of inferior information, men who walk in humbler life; and that unsophisticated and unvarnished facts are best adapted to their comprehensions. I am aware, Sir, that, through you, I am addressing a trading nation, who will only listen to that reasoning which their own experience tells them is founded in verity and practical observation. They know that a correct estimate of the prosperity of the country must be formed from a view of the balance of trade; and that, where the increase in the exports and imports has been so prodigious, and continues to grow with proportionate rapidity, every attempt to prove

that the kingdom is on the verge of bankruptcy, that its credit only exists in name, and its stability is but a shadow, must arise either from a bad motive, or from a total misconception of the subject.

If it were necessary to enter into a still clearer elucidation of what must be already sufficiently clear, I would adduce the example of an individual merchant, who might be called upon to give proof of his responsibility. Could he shew such a proportionate balance between his receipts and disbursements, is there an individual, at all acquainted with the nature of commercial transactions, who would feel the least hesitation in deciding upon the prosperous state of his affairs? Is there a manufacturer, who, after such a view of the merchant's situation, would refuse to grant him the credit which he sought after? The answer must be self-evident to the most common capacity: the man who should be dissatisfied, after such an exposure, would obtain no particular credit for his liberality.

There is one writer who has been for some time extremely anxious to convince the public, that they are in a melancholy situation, and that they have been brought into it by the

iniquity of their rulers, and the unjustifiable extension of the paper circulation. I have not recently been in the habit of perusing this man's addresses to his readers; their uniform tendency, the monotony of style and spirit which they displayed, and a thorough acquaintance with the true character and motives of their author, combined to fill me with disquiet and indignation. Yet, I know many men, and those perhaps as worthy of regard and respect as any can be, who are so infatuated with this writer, and so fully convinced that whatever he asserts must be correct, that they never attempt to inquire into the truth of his premises nor the probability of his deductions. It is enough for them that it proceeds from his pen, which, they are convinced, is the source of perennial patriotism and sterling wisdom: his *ipse dixit* possesses the power of stamping verity upon absurdity, of reducing impossibilities to the scale of credulity, of overturning the evidences of the senses, and of establishing hypotheses which any other person would be condemned for attempting to establish. This man, pursuing his old tract, still directs his efforts to the disparagement of the paper circulation of the country. The report of the Bullion Committee is to him a source of the highest gratification: he per-

ceives therein a recognition of his own favourite principles; the hacknied subject of his labours for these many months past. He will now begin to anticipate, with confidence, the period when his wishes will be accomplished; when the banking system, which has produced such essential services to the country, will be abolished, and the paper currency annihilated; when the scarcity of a circulating medium will be such as to render the people discontented in proportion to the pressure of poverty; and when the foundation will be laid of a revolution, and an anarchy more desperate and tyrannical than France has hitherto been doomed to witness. The hope of gain first made him a writer, and induced him to defend the cause of men in power; disappointment urged him to desert that cause, subsequently, and to attack the principles which he had previously espoused; and it is the prospect of lucre which now impels him to multiply his sources of profit, and to levy new contributions on the public credulity.

I shall now recapitulate the arguments which oppose the measure suggested by the Bullion Committee, of limiting the farther issues of Bank paper, and resuming cash payments, in a period of two years, from this time, before I enter upon the other subject,

which I propose to discuss in the sequel of this letter.

If this measure be adopted, the Bank will feel itself compelled to relinquish its plan of accommodating the commercial world with discounts, in order to reduce the extent of its paper circulation, so that the payment in specie may be limited as much as possible; and this withholding of the discounts will strike at the root of the commercial and agricultural interests of the kingdom; since public credit will be injured, no private security will be deemed a sufficient guarantee against the risk of loss, and universal suspicion will rise on the ruins of that general confidence which has raised us to our present pitch of wealth, fame, and mercantile importance, in the map of the universe. * *Secondly*; the accumulation of a sufficiency of specie to make the requisite payments, at the expiration of the defined period, would be at-

* According to Sir John Sinclair, Mr. Whitmore, the late Governor of the Bank, was asked, "Whether opening the Bank would be likely to produce any derangement of our commerce? and whether, if the measure were determined on by Parliament, some restrictions of the Bank issues ought not to take place, with a view to prepare for the opening?" The answer of the Governor is thus given. "Provided it was imperative on the Bank to open, I should think a restriction of the Bank issues would be necessary, notwithstanding the fatal consequences that might arise from it to the commerce and revenue of the country."

tended with a very considerable private loss to the Bank, in consequence of the high price of bullion, and the advantage which would be taken by unprincipled monopolizers of the necessity which must compel the Bank to purchase it. *Thirdly*; the certainty that all the specie, on its being re-issued from the Bank, would fall into the hands of the monopolizers, who would send it out of the country, at the advanced value, setting at defiance the penalties attendant on such a violation of the laws of their country; for what ordinance can repress that inordinate thirst for gain, which is to be found in a commercial country, where thousands are at all times to be found, who would not for a moment hesitate to hazard their lives for a proportionate pecuniary consideration! *Fourthly*; the astonishing increase in the trade of the country, which has attained to a pitch of the highest prosperity, at the very period when the Bank issues are at the greatest, thus affording an incontrovertible proof, that the extent of these issues has been astonishingly favourable to the interests of commerce, by keeping alive the spirit of mercantile enterprize, which has formed the basis of our greatness, and on the existence of which, the continuance of our national and individual welfare must depend. *Fifthly*; the internal prosperity of the country,

which is infinitely greater than it was twenty years ago, or just before the commencement of the French revolution; a fact which cannot be contested by those who are willing to believe the evidence of their senses. It is very true, that the price of provisions has experienced most material fluctuations; but the average price of labour has varied in a proportionate degree; and there has been no period, within the time mentioned, in which the labourer, with a small family, has not reached many of the luxuries, and the peasant, with a large family, all the necessaries, of life. Instances of individual imprudence may, no doubt, be found, where the victims of their follies, or vices, have been reduced to the most extreme penury and unhappiness: but it would be most absurd to deduce, from these instances, an argument to prove that the general mass of misery is in a state of rapid increase. He who will not labour ought not to be deemed worthy to share in the indulgences of life; he must not be permitted to consume the food which belongs to the industrious; but who would argue, from the view of his wants, that there was no food for those who pursued the proper method to obtain it?

The more I enter into the subject, the more do I feel surprised at the evident tendency of

the Bullion Report; and the more am I confounded, when I reflect that the sentiments contained therein have emanated from men who ought to display a particular degree of tenderness for the reputation of their country. I should feel that surprise and confusion still more augmented, if I could bring myself to believe, that men so elevated in point of rank, information, and ability, have been biassed in their opinions by the fallacies so industriously circulated by the venal writers of the day. Why was evidence examined before this Honourable Committee, if they had formed a previous opinion on the subject? And that they had formed such a previous opinion appears possible, since that opinion, instead of being founded upon, and warranted by, the evidence brought before them, is in direct opposition to it. On no other grounds can such an evident inconsistency be defended; and, if this method of making reports should become general, if the present should act as a precedent for future cases, what new cause shall we not have to regret, that the subject was so lightly dismissed, and the mercantile interests of the country were so little regarded? Parliamentary inquiries, and parliamentary reports, are generally and justly looked up to, as conclusive upon the subjects with which they are connected;

but if these inquiries are thus conducted, and these reports differ so materially from the result of practical experience, the necessary consequence will be, that they will cease to be regarded with that respectful attention which has hitherto been paid to them; the public will assume to themselves the right of differing in opinion from their representatives; and parliamentary committees will lose the reputation which they have hitherto so justly preserved. Consequences of this nature ought to be looked forward to: the consideration ought to be allowed to have some weight, even with a Committee of the House of Commons; whether, in the report which they are about to elicit, there exists that which may induce the public to call in question their impartiality or their liberality; and, if that does exist, it would not be time altogether wasted which they might employ in fencing round their reputation, and endeavouring to preserve the character which ought to belong to them. I am induced to make these observations by no other motive than the purest attachment to the House of Commons; for, whoever knows my habits and opinions, will allow me full credit for the assertion of my belief, that no change would work an alteration in the present system of government, which would tend to

give a greater security to our liberties, private and public, than we at present enjoy; for there is no other form so admirably adapted to the wants, the wishes, and the dispositions, of the people of this country, taking them as an aggregate body, unbiassed by the complaints of interested writers, and deciding freely, deliberately, and dispassionately.

The suggestion of the Committee might indeed have worn a different aspect, if the Directors of the Bank had been men of doubtful integrity. Had their characters rested under the imputation of any proved or alleged guilt, there might have been a shew of propriety and justice in taking out of their hands every kind of discretionary power upon the subject: but such is not the case. I am not about to pay a compliment to you, Sir, or to your colleagues, but I cannot avoid quoting the words of the Committee upon this subject. "To the discretion, experience, and integrity, of the Directors of the Bank, your Committee believe that Parliament may safely entrust the charge of effecting that which Parliament may in its wisdom determine upon as necessary to be effected; and that the Directors of that great institution, far from making themselves a party with those who have a temporary in-

terest in spreading alarm, will take a much larger view of the permanent interests of the Bank, as indissolubly blended with those of the public." Now, if the Committee felt such confidence in "the *direction, experience, and integrity*, of the Directors of the Bank," why, I would ask, was it necessary for them to suggest to Parliament "to fix definitively the time at which cash payments are to become, as before, compulsory?" Why was this suggestion necessary, after it had been stated, in evidence, that the Directors were anxious to approximate the period for the resumption of cash payments, and were adopting every measure which liberal prudence could suggest for that purpose? If the Directors are those men of integrity, as well as of experience, which the report represents them to be, surely they might be supposed to possess the power of judging whether, in the space of two years, they could, in the present prospect of affairs, undertake to resume their cash payments, without causing essential injury to the commercial interests of the kingdom; and, if so, Mr. Whitmore's opinion (as given in a preceding note) added to the general tenor of the rest of the evidence, might have given just ground for an opposite decision.

It remains to be seen what course of proceeding Parliament will adopt; whether they will think it prudent to act upon the suggestion of their committee, or to place a firmer reliance on the "experience and integrity" of the Directors. I cannot but think, however, that they will shew a greater delicacy towards the commerce of the kingdom, than to adopt a resolution which would tend so manifestly and materially to its injury. Whatever may be its decision, whether to let the issues of the Bank remain unrestricted, and the mercantile spirit of the country unfettered, or whether to fix the proposed period for the renewal of payments in specie, at the risk of our national prosperity; I, for one, shall bow to their decision, and silently acquiesce in the wisdom of a policy which will appear inscrutable. Should such an event take place, I shall merely recommend it to the Directors of the Bank to abridge their issues as gradually and tenderly as possible; that, in case the consequences of the measure should be more deplorable than the framers of the resolution could foresee, no possible blame may attach to those who will be merely the instruments of the executive government, and to whom, therefore, no possible blame can be ascribed, let the result be what it may. My fears may have led me to anticipate greater

evils than would ensue; but, when I see the evidence by which I am supported, evidence arising not only from the opinions of men of the most extensive theoretical information, but from the daily experience of common life, I cannot consent to relinquish apprehensions which appear to be so well founded in reason and in truth. If the measure should be carried into effect, most sincerely do I pray that my fears may turn out incorrect. I am not one of those who would rejoice to see their gloomy predictions verified, at the expense of their country's well being. Sooner let me be found to have outstripped reason in my fears, than the result be such as to whelm, or even injure, the commercial prosperity of my native land.

I shall here take my leave of this part of the subject of my correspondence, and proceed, without delay, to consider the causes which led to the embarrassment and death of Mr. Goldsmid, and the consequences which are likely to be the result of that deplorable event; deplorable in a domestic point of view.

In such a country as our own, where trade is the business and pleasure of all, which possesses such sources of wealth, and such a vent for its produce; monopolies will exist. He who

possesses more wealth or spirit than his neighbour will frequently step forward and engross to himself the whole of a commodity which is brought into the market, whenever the probability of a renewed supply of that commodity is very remote; and the opportunity is thus given him of demanding his own price, without a fear of competition. I should be the last person in existence to defend such a principle, which is the loss of many for the gain of few; I cannot advocate the cause of those who draw their fortunes from the privations of others, and thus, through an infamous path, pursue their way to affluence.

Mr. Abraham Goldsmid, it appears, was originally connected in business with his brother Benjamin, whose unfortunate end is still so fresh in the recollection of the public as to require no farther exposition. I believe I am pretty correct when I state, that this partnership in trade commenced somewhere about the year 1780; but it was not until twelve years afterwards that they made any conspicuous figure in the commercial world; at which time, by removing to new offices, near the Exchange, they became situated in the very centre of trade, and speedily became competitors in bidding for the loan. This circumstance con-

tributed essentially to establish their reputation, and when they had succeeded in the purchase of two or three loans, their career to opulence was extremely rapid. Several other successful adventures, and a most unprecedented exemption from every kind of loss, materially assisted them in their accumulation of wealth. It was about this time, that the two brothers built themselves elegant mansions, associated with the first characters of the land, and were universally accounted men of the first commercial importance: their attention to business was indefatigable; they were respected, courted, and imitated, in the busy world, as a star of fashion is followed and admired in a different hemisphere. Their career of uninterrupted prosperity and happiness was first broken by the unfortunate catastrophe of Mr. Benjamin Goldsmid, which produced upon the mind of his brother a despondency of the most settled and alarming nature; since it appeared, from the evidence examined before the coroner, that, from the period of that unfortunate event, "Mr. A. Goldsmid had been subject to an occasional depression of spirits, in the highest degree alarming to his family; so great, in fact, as to have induced, on two or three occasions, the appointment of persons to attend him, with a view to his safety from self-violence." Never-

theless, it seems that he immersed so much in business as to form the design, which he subsequently carried into execution, of colleequing with the house of Sir Francis Baring, in order to monopolize to themselves the whole profits of the loans, and thus to swell their already unwieldy fortunes to a still greater pitch. Before this period, I understand it had been customary for a greater or less number of commercial men to divide the loan amongst them, and thus to make it a source of general benefit, a method which no liberal mind could censure. But the scheme which these two great houses had in view, by coalescing, struck at the root of this system, and went to deprive all the inferior merchants of the advantages which they had been accustomed to derive from the division of the loans. The necessary consequence of this measure was the exciting of a spirit of hostility amongst houses of inferior consequence, who justly felt themselves oppressed by the overbearing weight of these enormous houses. A coalition was accordingly entered into to counteract the baleful effect of this monstrous and unparalleled monopoly. Mr. Goldsmid was aware of the existence of this combination, and, in his moments of extreme irritability, he had been heard to execrate the authors of it. It was given in evidence,

that, on the day preceding his death, "while on 'Change, he betrayed more than usual impatience and irritability, and spoke very incoherently as to the revenge he proposed to himself, in the punishment of the two parties opposed to him in the money market."

The public funds have not been inaptly termed the political barometer of the state: they are in a continual state of fluctuation, and are raised or depressed, gradually or suddenly, according to the particular circumstances of the times. The great failures which had recently taken place had tended to the very material depression of the stocks, in consequence of the considerable sums of money which had been drawn out of the market. This depression was particularly unfavourable to the Contractors for the Loan, (Sir Francis Baring and Mr. A. Goldsmid,) which was at a discount. Such an occurrence was particularly calculated to depress Mr. Goldsmid; and when to this was added the death of Sir Francis Baring, an event for which the public mind seemed to have been by no means prepared by the account of any previous illness, it was not to be wondered at that the surviving contractor should feel himself involved in a situation of extreme difficulty and peril. He

was aware of the nature of his situation; he perceived himself surrounded by perplexities; standing alone in the midst of a labyrinth, out of which his ingenuity was too much cramped to find a clue. He saw the storm gathering over him; and, trembling to meet its fury, he, in a moment of insanity, precipitated himself into the presence of his Creator. Of the effect which the news of his death produced in the money market, it would be altogether superfluous to speak: general confusion ensued; public confidence received a temporary blow; and the richest commercial man scarcely felt the ground secure beneath his feet. But when the first paroxysm of dismay had passed over, when consternation and amazement had relaxed their grasp on the public mind, the funds revived, and credit again looked up. It was discovered, that the affairs of Mr. Goldsmid were not, in reality, so desperate as had been at first represented; and it has been asserted, that, if he had not committed the irrevocable deed of destruction, his perplexities might have been removed, and he might again have recovered from the shock he had sustained.

In a moral and domestic point of view, the death of this gentleman is much to be regret-

ted. His private virtues rendered him amiable; his experience and affability added value to his character; benevolent, condescending, social, and kind, he was the father, rather than the master, of his domestics; every one participated in his pleasures; his sorrows were felt by all. The peculiar circumstances of his death are well calculated to add the most severe poignancy to an event which would, in any case, have been the subject of sincere lamentation amongst those who were accustomed to his society. When we hear of the violent end of a reprobate, the heart feels more of horror than sympathy; his mischievous career in society is calculated to freeze the tear of compassion before it can be distilled. But that such a man as Mr. Goldsmid should have resort to this last, dreadful method of escaping from the ills of life; that the hand which has been so often stretched out to the assistance of others should, in a moment of desperation, be raised against itself; that he, whose charity was the theme of general conversation, should thus uncharitably die by his own will; awakens every sympathetic feeling, rouses all the tenderest emotions of the breast, and makes even the stern brow of insulted morality relax to sorrow.

But, forgetting all private feelings for a time, I will just take a view of the consequences which will be likely to result from the deaths of Mr. A. Goldsmid and Sir Francis Baring, as the heads of our commercial system, the leaders of the monied interests of the country. And here, however uncharitable the conclusion may be, I cannot avoid expressing my belief, that their departure from the walks of life will be attended with beneficial consequences. The events may be placed amongst those private evils which contribute to the public good. The monopoly which paralysed the efforts of the inferior merchants, like a spell, has been suddenly dissolved; the giants of the Stock-Exchange, who stalked majestically to and fro, holding every stock-holder and merchant in awe, have fallen; and their places will now be occupied by a number of individuals, who will fatten and flourish upon the ruins of those who are no more.

The streams of opulence, no longer arrested in their regular course, will revert to their accustomed channels; no more confined in their beneficial effects to two houses, they will spread their enriching influence to numbers. The loan will again be distributed amongst the lesser merchants, and will diffuse its advan-

tages extensively. All the credit and reputation of the Stock - Exchange will not be monopolized by one or two houses, nor will the consequence of the money-market be concentrated in one or two individuals. The stability of the funds will also be increased by the circumstances which have taken place: the power of raising or depressing the stocks will no longer be in the hands of an individual; a power, from which have emanated the greatest abuses in times past; and during the existence of which, no security could have been gained for the present or the future. This arbitrary power is now removed, and the transactions of men of less wealth will no longer be subjected to the fatal check which repressed the spirit of enterprize.

These considerations render it evident, that the merchants and stock-holders will rather have cause to rejoice than lament at the decrease of the two greatest commercial characters which the age has produced, speaking in a public point of view. By the dissolution of the injurious monopoly which has existed, things have been restored to their usual situation, and the combination of inferior merchants is no longer necessary. The breaking up of this coalition will, we trust, immediately take

place; otherwise, the public may have some cause to fear lest a new monopoly should be erected on the ruins of the old one. A combination of many, let it be recollected, is more dangerous than a combination of few: in the latter case, a thousand accidents may occur to dissolve the confederacy. Death, as in the present case, or embarrassment, may destroy an union of a limited nature; but, where many are concerned, more evil is to be apprehended. The chain is more extensive, and is not liable to be destroyed by the rupture of one or two links; and its influence might be more fatal to the spirit of public enterprise, and more injurious to the general interests of the community, than that which has recently been terminated so suddenly.

I am clearly of opinion that, where a nation exists by its commerce, every mercantile transaction ought to be marked by the strictest honour and integrity; when once this rule is violated, even in an individual instance, the mischief which may ensue is indefinable. The necessity of keeping alive, and in its full vigour, the spirit of enterprise, is not less evident: whenever this shall fail, our prosperity will begin to wane; and it is, therefore, indispensable to our welfare that such a spirit

should be cherished, by every means in our power. It is true, the spirit of speculation, when carried to excess, may be productive of much evil, as it has been in many cases; but this mischief is not so extensive or important in its nature as to call for public interference. The judgement, which is the result of experience, will ever afford the most salutary restraint upon this principle, where there exists a danger of its being carried to excess. Monopolies, such as those to which I have alluded, have an evident tendency to destroy this spirit, root and branch; and, consequently, they ought to be discountenanced not only by a public measure, but by every individual who feels the interests of his country dear to his heart. The danger of future monopolies is greater than many men may imagine: when a merchant finds his wealth accumulating prodigiously, avaricious motives induce him, still more powerfully, to multiply his sources of wealth by every method which the stretch of his ingenuity can devise. He feels himself standing upon higher ground than his competitors; and vanity unites with the thirst for gain, to impress his mind with a desire to engross to himself all the advantages which he may have the ability to grasp. This disposition forms the very foundation of monopoly;

and it appears to me to be a disposition so common to the human character, that I cannot but think there will be the shoots of new monopolies maturing every day and every hour. What measures can be adopted for the prevention of this evil, it is not for me to decide: I neither feel the ability nor the inclination to enter so deeply into a subject, which it requires a greater extent of commercial and political information to understand completely, than has hitherto fallen to my share. There are persons who will argue long and strenuously in support of monopolies; but what can be adduced in favour of such a monopoly as the one in question, I must confess myself totally at a loss to conceive; to advocate its cause must surely be to contend against the commercial importance and the internal prosperity of the kingdom.

That the resources of the country are equal to any probable, perhaps to any possible, emergency, I am clearly of opinion; but there is surely no wisdom in endeavouring to hasten the approach of a critical period, in order to prove this position. There is sound policy in reserving our strength uninjured against the hour of trial, for who can tell that such a period may not arrive? But what other motive

than folly can urge us to make useless essays of our strength; to waste our means in vain parades; and dissipate our vigour in foolish boastings? If there are men amongst us who wish to see the Bank compelled to resume their payments in specie, in order to prove that we have bullion equal to our exigencies, and to falsify the empty assertions of the French papers, I cannot entertain a very high opinion either of their wisdom or their discernment. I cannot discern what good purpose it would answer to make the trial and establish the fact, at the expense of our commercial credit and importance. We may easily waste our strength and drain our resources, (though the former were greater than that of Hercules, and the latter more considerable than those of Cræsus,) if we think proper to indulge in experimental projects; but we shall display much more prudence and sagacity, if we keep on in the way which experience has convinced us will tend to increase, rather than diminish, our means; and will preserve within our grasp the enviable power of bidding defiance to the hostility of the world.

In the course of the preceding remarks, I certainly should have felt myself called upon to refute the erroneous opinion which has gone

abroad, that the extent of our paper currency has produced the present unfavourable rate of exchange; but Sir John Sinclair has so fully exposed this mistatement, and his arguments having been copied into the daily papers, I have deemed it unnecessary to say any thing on the subject. It may not, however, be improper to notice a statement which he has introduced, to the following effect, viz. that the Governor of the Bank of England delivered in a paper to the committee, by which it is proved that, during the interval of four years from January, 1803, to January, 1807, when the amount of bank notes fluctuated from sixteen and a half to eighteen millions, the rate of exchange became more favourable as the amount of bank notes increased.

I shall merely state, in conclusion, that there are men in this country who would experience no greater pleasure than that which would arise from the ruin of their country; and, amongst these, I cannot but comprise those who clamour most loudly for the restriction of the bank issues, and the renewal of payments in specie; and it is my constant and sincere wish, that they may still have to condemn the procrastination of a measure so

fraught with public mischief and individual injury.

I have the honour to be, &c.

ERINACEUS.

London, October 4, 1810.

THE END.

MAURICE,
Howford-buildings, Fenchurch-st.