SUBSTANCE

OF

TWO SPEECHES,

DELIVERED IN THE

HOUSE OF COMMONS,

BY THE

Right Honourable George Canning,

On Wednesday the 8th,

AND

Monday the 13th of May, 1811,

IN THE COMMITTEE OF THE WHOLE HOUSE;

TO WHICH WAS REFERRED,

THE REPORT

OF THE

COMMITTEE,

APPOINTED IN THE LAST SESSION OF PARLIAMENT

"TO INQUIRE INTO THE CAUSE OF

THE HIGH PRICE OF BULLION,

AND TO TAKE INTO CONSIDERATION THE

STATE OF THE CIRCULATING MEDIUM,

AND OF THE EXCHANGES BETWEEN

Great-Britain and Foreign Parts."

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SUBSTANCE OF A SPEECH, &c.

ON

WEDNESDAY, MAY 8, 1811,

ON THE

Resolutions

MOVED BY FRANCIS HORNER, ESQ.

RESOLUTIONS

MOVED BY

FRANCIS HORNER, ESQ.

CHAIRMAN OF THE BULLION COMMITTEE.

1.—THAT the only Money which can be legally tendered in Great Britain, for any sum above twelve pence in the whole, is made either of Gold or Silver; and that the weight, standard, and denomination, at which any such Money is authorized to pass current, is fixed, under His Majesty's prerogative, according to law.

2.—THAT since the 43d year of the reign of Queen *Elizabeth*, the Indentures of His Majesty's Mint have uniformly directed that all Silver used for Coin should consist of 11oz. 2dwts. of fine Silver, and 18dwts. of Alloy in each pound Troy; and that the said pound Troy should be divided into 62 Shillings, or into other Coins in that proportion.

3.—THAT since the 15th year of the reign of King *Charles* the Second, the Indentures of His Majesty's Mint have uniformly directed, that all Gold used for Coin, should consist of 11oz. of pure Gold and 1oz. of Alloy in each pound Troy; and that the said pound Troy should be divided and coined into 44 Guineas and one Half-Guinea, or into other Coins in that proportion.

4.—THAT by a Proclamation of the 4th year of the reign of King *George* the First, it was ordered and directed, that Guineas and the several other Gold Coins therein named, should be current at the Rates and Values then set upon them; viz. The Guinea at the rate of 21 Shillings, and other Gold Coins in the same proportion: thereby establishing, that the Gold and Silver Coins of the Realm should be a legal tender in all Money Payments, and a Standard Measure for ascertaining the value of all contracts for the payment of Money, in the relative proportion of 15 $\frac{2859}{130640}$ Pounds weight of Sterling Silver to one Pound of Sterling Gold.

5.—THAT by a statute of the 14th year of the reign of His present Majesty, subsequently revived and made perpetual by a Statute of the 39th year of his reign, it is Enacted, That no Tender in payment of Money made in the Silver Coin of this Realm, of any sum exceeding the sum of £25 at any one time, shall be reputed in law, or allowed to be legal tender, within Great Britain or Ireland, for more than, according to its *value by weight*, after the rate of 5*s*. 2*d*. for each Ounce of Silver.

6.—THAT by a Proclamation of the 16th year of the reign of His present Majesty, confirmed by several subsequent Proclamations, it was ordered and directed, that if the *weight* of any Guinea shall be less than 5 dwts. 8 grs. such Guinea shall cease to be a legal tender for the payment of any money within Great Britain or Ireland; and so in the same proportion for any other Gold Coin.

7.—THAT under these laws (which constitute the established policy of this Realm in regard to Money,) no contract or undertaking for the payment of Money, stipulated to be paid in Pounds Sterling, or in good and lawful Money of Great Britain, can be legally satisfied and discharged in Gold Coin, unless the Coin tendered shall weigh in the proportion of $\frac{20}{21}$ parts of 5 dwts. 8 grs. of Standard Gold for each Pound Sterling, specified in the said contract; nor in Silver Coin, for a sum exceeding £25 unless such Coin shall weigh in the proportion of $\frac{20}{62}$ of a Pound Troy of Standard Silver for each Pound Sterling specified in the contract.

8.—THAT the Promissory Notes of the Bank of England are stipulations to pay, on demand, the Sum in Pounds Sterling, respectively specified in each of the said Notes.

9.—THAT when it was enacted by the authority of Parliament, that the Payment of the Promissory Notes of the Bank of England in Cash should for a time be suspended, it was not the intention of Parliament that any alteration whatsoever should take place in the Value of such Promissory Notes.

10.—THAT it appears, that the actual Value of the Promissory Notes of the Bank of England, (measuring such Value by weight of Standard Gold and Silver as aforesaid,) has been, for a considerable period of time, and still is, considerably less than what is established by the laws of the Realm to be the legal Tender in payment of any Money contract or stipulation.

11.—THAT the Fall which has thus taken place in the Value of the Promissory Notes of the Bank of England, and in that of the Country Bank Paper which is exchangeable for it, has been occasioned by too abundant Issue of Paper Currency, both by the Bank of England, and by the Country Banks; and that this Excess has originated, from the want of that Check and Controul on the Issues of the Bank of England, which existed before the Suspension of Cash Payments.

12.—THAT it appears, that the Exchanges with Foreign Parts have for a considerable period of time been unfavourable to this Country, in an extraordinary degree.

13.—THAT, although the adverse circumstances of our Trade, together with the large amount of our Military Expenditure Abroad, may have contributed to render our Exchanges with the Continent of Europe unfavourable; yet the extraordinary degree, in which the Exchanges have been depressed for so long a period, has been, in a great measure, occasioned by the depreciation which has taken place in the relative Value of the Currency of this Country, as compared with the Money of Foreign Countries.

14.—THAT during the continuance of the suspension of Cash Payments, it is the duty of the Directors of the Bank of England *to advert to the state of the Foreign Exchanges*, as well as to the price of Bullion, with a view to regulate the amount of their Issues.

15.—THAT the only certain and adequate security to be provided, against an Excess of Paper Currency, and for maintaining the relative Value of the Circulating Medium of the Realm, is the legal Convertibility, upon demand, of all Paper Currency into lawful Coin of the Realm.

16.—THAT in order to revert gradually to this Security, and to enforce meanwhile a due Limitation of the Paper of the Bank of England, as well as of all the other Bank Paper of the Country, it is expedient to amend the Act which suspends the Cash Payments of the Bank, by altering the time, till which the Suspension shall continue, from Six Months after the Ratification of a Definitive Treaty of Peace, to that of Two Years from the present Time.

SPEECH,

ON THE

RESOLUTIONS MOVED BY MR. HORNER.

Wednesday, May 8, 1811.

AFTER the ample discussion which this question has undergone, I rise, Sir, not in the presumption that I am able to add any thing to the information which the Committee has already received from gentlemen the best qualified by their talents and their acquirements, by their professional pursuits and their official situations, to throw light upon the subject in all its principles and details; but simply for the purpose of stating the grounds of my own vote upon the several propositions which are submitted to our consideration.

In discharging this duty—a duty which I feel to be incumbent upon me as a member of Parliament—I beg to be considered as speaking in that character only; as delivering freely and honestly a sincere and unbiassed opinion, upon a question so important, that I did not think myself at liberty to let it pass without forming, to the best of my judgment, some opinion upon it; as neither adopting nor countenancing the prejudices of any set of men whatever; as neither the advocate nor the antagonist of the

Bullion Committee; neither the advocate nor the antagonist of the Bank.

With respect to both those bodies, I firmly believe, that they have, each according to their measure, performed conscientiously a very difficult duty.

Of the Bank it is always to be remembered, that the condition in which they have found themselves, has been none of their own seeking; that the original restriction, in 1797, was imposed upon them by Parliament; upon their own showing indeed of their difficulties—difficulties, however, arising out of circumstances over which the Bank had no controul; and that the restriction was renewed after they had declared their readiness to resume their payments in cash. Of the necessity of the first restriction I have no doubt: of the policy of the terms upon which it was last renewed I certainly entertain great doubts; but the error of that policy, whatever it may have been, is not justly to be visited on the Bank. Placed as the Directors of the Bank have been by the effect of that last renewal, and by the events which have since occurred, in a situation perfectly novel; having—from the mere managers of the affairs of a great Money Corporation,—become, by the force of circumstances, the sole issuers and regulators of the whole currency of the country;—it is surely not to be wondered at that in such a situation they may have found the maxims of their original and habitual occupation either inapplicable to their new and enlarged sphere of action,

or insufficient for it;—and may have committed mistakes in the exercise of one of the highest prerogatives of the Sovereign, which they would easily have avoided in conducting the concerns of their constituents. If they have fallen into such errors, I am not inclined to blame them. I would correct the errors, but without imputation on the men.

On the other hand, I must as fairly confess that I think the Bullion Committee has been hardly dealt with in the course of these discussions. A stranger who had derived his only knowledge of the case from the debates of the two last nights, would almost have been led to imagine that the Bullion Committee was some strange and self-erected power, wholly extrinsick to the constitution, and independent of the controul of this House; who without commission and without provocation had thought fit to intermeddle in the affairs of the Government and of the Bank, and to attempt the subversion of a system not only eminently beneficial, but confessedly without fault, without mischief, and without danger; a system with which all the world was perfectly satisfied in all its parts, until this officious Committee thought fit to disturb the general satisfaction.—But what is the true history of this proceeding?—A Committee was appointed last year by the House of Commons, to inquire into the causes of the high price of gold bullion, and into the state of the foreign exchanges, and of the currency of the country. They took these subjects into their consideration: they brought

to that consideration talents, and information, such as have rarely been collected together in any one Committee of this House; and they bestowed upon it (that praise no man denies to the Committee) unremitted diligence and labour. The result of their investigations they submitted to the House, according to its injunction, and to their duty.—And because that result was to some persons unexpected, and is to others unpalatable, are we therefore justified in turning round upon the Committee of our own appointment, and rebuking them for the execution of the task which we had imposed upon them?—What would we have had them do? refuse the task allotted to them by the House?—or decline to render an account of the inquiries which we had ordered them to institute?—Or would we have had them fashion their Report, in spite of their own conviction, to the creed or the convenience of any persons or party, and recommend only whatever might best flatter our prejudices, and justify our inaction?

If such were our wish, why was the Committee named? Why was not the proposal for its appointment rejected, or at least opposed? I was in the House on the day when it was proposed; and, so far as I recollect, not a single voice was raised against it. If the subject did not require investigation, it was idle, and not only idle, but mischievous, to set the investigation on foot. If it was apprehended that the possible or probable result might be prejudicial

to the interests of the country, then was the time to stop. It would then have been perfectly easy to do so. A single word, the intimation of a doubt from any quarter of the House might, at that moment, have checked the proceeding. But to institute an inquiry upon a matter of great difficulty, with a pre-determination to come to but one conclusion, is neither very creditable to those who appoint, nor very just to those who are appointed, the conductors of it.

Although I do not go with the Committee (as I shall presently have occasion to explain) to the length of their practical conclusion; and although the details of this intricate and perplexing subject are as little agreeable to my taste, or habits, as to those of any person in the House;—although I would as gladly as any body have turned aside from the task of examining the reasonings and deductions of the Report;—yet I cannot in justice throw upon the members of the Committee the blame of those inconveniencies which are inherent in the nature of the subject referred to their inquiry. However much I may dislike the unpleasant truths which are told in the Report, I do not think myself warranted to transfer that dislike to those whose duty it has been to tell them.

The Committee, then, I say, have only done their duty. Nor can we avoid the performance of the duty which now devolves upon ourselves. Distasteful as the matter may be, it is before us, and we must dispose of it.

I do not share in the apprehensions of those persons who predict danger and mischief from this discussion. I have seldom known an instance in which more good than evil has not arisen out of the parliamentary discussion of subjects, however delicate, upon which the publick mind had been previously agitated and divided.

As little do I agree with those who think that the discussion must necessarily be barren and useless. Even if it should not terminate (as probably it may not) in the adoption of the practical remedy suggested by the Committee, or in the suggestion of any other in its room, I do not think that the time and the trouble of the House will therefore have been entirely thrown away. The discussion which has already taken place out of doors, renders some decision of this House necessary. In the course of that discussion, the fundamental principles of our whole money system have been disputed and denied;—all that had long been considered as fixed and determinate in them, has been shaken, or at least attempted to be shaken:—a mischief more serious than even that which the Committee has proposed to cure; and one to which a cure may be (and ought to be) administered by the Resolutions of this House, whatever may become of the practical recommendation of the Committee.

Nor is it only out of doors, that these fundamental principles have been questioned. The right ho-

nourable gentleman opposite to me*—(a gentleman for whom personally I entertain the sincerest respect as well as regard; and whose just reputation for knowledge upon these subjects, entitles his opinions upon them to very peculiar attention,) has countenanced, by himself adopting it, a mode of reasoning, which has been much employed in the written controversy, but which I had hoped no man in this House, and least of all any man of such extensive information and such high authority, would have been found to endure, much less to sanction. He has rejected altogether the established doctrine of a fixed standard of the currency of the realm; and, instead of trying the disputed value of our present circulating medium by reference to that which has always hitherto been taken as the settled measure in all such inquiries, he has thought himself at liberty to bend and accommodate the fundamental principles of our money system to the state of our currency, such as he happens to find it.

Others who have supported the right honourable gentleman's propositions have carried this licence still farther. They have not only considered the principles of all our coinage laws, so far as they relate to the value of our money, as inapplicable to the present state of our currency, but as altogether obsolete. They appear to look upon the law by which Bank paper is made inconvertible into cash, not as an occasional law, growing out of a tem-

* Mr. Vansittart.

porary necessity and determinable with that necessity, but as a wise and provident contrivance to substitute, absolutely and indefinitely, for the ancient coin of the kingdom, a currency better adapted, in their opinion, to the present state of the world, and to the peculiar exigencies of this country. The suspension of the cash payments of the Bank had hitherto always been treated as a necessary evil; as an expedient, upon which we were forced with reluctance, and of which we had the decency at least to pretend to desire and to anticipate the discontinuance: but, in the view of the subject which has been taken by these supporters of the right hon. gentleman's Propositions, the Bank Restriction is now become the staple resource in our pecuniary system; it is to be avowed as the standing policy of the State; and to be prized as an invention long desired, and now happily found, for supplying boundless exertion with inexhaustible and unexhausting finance.

The decision of the House, therefore, important as it would undoubtedly be, if it should either confirm the recommendation of the Bullion Committee, or substitute in its stead some other practical measure for the termination of the Bank restriction, will yet be not less (I had almost said will be more) important, if, even rejecting that recommendation, and confirming the continuance of the restriction, it shall nevertheless at the same time recognize the general principles which that Committee have laid down; and shall separate and distinguish the measure of the restriction itself, from

the false and dangerous arguments by which it has been not only justified as an expedient, but recommended as a system.

To record principles which are true, and which have been called in question, is not of itself an idle nor an unparliamentary practice: and it is no paradox to say, that to record principles is never so much a matter of duty as when some over-ruling necessity obliges us to a practical departure from them. It then becomes incumbent upon us to prove that we are acting indeed from necessity, not from indifference, or change of system; — to take care that our deviation shall not be made a precedent to be resorted to hereafter on occasions of less urgency; — to provide that the exception shall not be erected into the rule.

This then is the answer which I give to those who represent the concluding Resolution of the honourable and learned Chairman* of the Bullion Committee, as the only essential object of our deliberations; and who would persuade us, that, if we are not prepared to decide with him upon the opening of the Bank, we have nothing to do with all his preliminary Resolutions but to get rid of them as quickly as possible. I, for one, am not prepared to vote with him for the opening of the Bank; I shall vote against the honourable gentleman's concluding Resolution: but I think that, according to all sound and practical views, the question, im-

* Mr. Horner.

portant as it is, whether the Bank shall be opened or shut, sinks into insignificance in comparison with that which has been raised with respect to the principles upon which the whole money system, and consequently the whole credit of the country, essentially depends.

Give me the affirmation by Parliament of the first ten Resolutions of the honourable and learned gentleman—those Resolutions which state (and state correctly) the principles of that money system from which we have been compelled to depart, and the effects of our departure from them;—and I would not unwillingly consent to a compromise with the right honourable gentleman opposite to me. * I would on that condition adopt the two last of his propositions;—adopt them in substance at least,—so far as to agree with him that this is not the moment at which our cash payments can be resumed, or at which the precise period of their resumption can be determined. The right honourable gentleman ought surely to be satisfied with this compromise. His conclusion would, to my mind, even flow more logically from the premises laid down in the Resolutions of the honourable and learned gentleman. I certainly cannot subscribe to it as flowing from his own. I am ready to do as he would have me do, if he will allow me to record the reasons of my concurrence: but it is a concurrence which, I feel, requires explanation and apology; it is a con-

* Mr. Vansittart.

currence which, if I do not altogether withhold it, I certainly cannot give, except on the condition, that I shall be at liberty to prove at the same time, that it is given not in consequence of the right honourable gentleman's reasons, but in spite of them. —That our currency is in such a state that the Bank cannot safely open, I agree: but it is hard to insist that I should find every thing right in that state of things which forces me to come to such an agreement.

My right honourable friend, who spoke last, * has with great dexterity as well as eloquence endeavoured to divert our attention from the specifick object of this night's deliberation, by directing it to those circumstances in the present situation of affairs, at home and abroad, upon which there is scarcely any difference of feeling or opinion. The inordinate ambition and gigantick power of the Enemy—the warfare directed by him against our trade and our manufactures; these are topicks upon which my right honourable friend has expatiated with a force of statement, and a warmth of language, which do full justice to his argument; and has appealed to us—whether we will wantonly aggravate difficulties already so complicated and so overwhelming? He has availed himself with equal skill of another argument, which he well knows would operate upon my mind with no less force than upon his own, and which, if I could indeed be convinced that it was legitimately applied to the

* Mr. Perceval.

question in the way in which he applies it, would lead me, I will not say to concur in his conclusions, but at least to hesitate in rejecting them. He refers to the recent triumphs of our arms; he places before our eyes the prospect of successes still more splendid; he describes the safety of this country as involved in the war in the Peninsula; and he asks us—how that war is to be maintained? how we are to find the means of keeping on foot that army which has already performed such brilliant achievements, and of seconding the exertions of a Commander who has carried the British name to the highest point of military glory?—Shall such a contest—a contest for all that is interesting to this country and to Europe—be abandoned?—shall Lord Wellington be checked in his career?—shall Portugal have been liberated only to be again given up to slavery?—shall the hopes of Spain have been revived only to be finally dashed and extinguished?—God forbid!—My right honourable friend well knows that in calling upon me duely to weigh these considerations, he interposes the surest impediment to any rash decision on my part, by which interests so dear to this country could by possibility be brought into hazard.—He knows that I must put a violence upon myself before I can coolly calculate the real bearing of topicks which come home so forcibly to my feelings; before I can dissipate the illusion which they throw round the matter in debate, and examine dispassionately the degree in which they really apply to it.

But I will not pay my right honourable friend so ill a compliment as to suppose that he is not himself perfectly aware, that in thus shaping his argument he has in fact either assumed or omitted the question that is in dispute.—The question is not—whether we shall continue the war in the Peninsula with all our heart, and with all our might?—Who doubts,—who dissuades that determination? That point might have been assumed, without hazard of contradiction. But my right honourable friend argues that point, as if it were disputed:—and assumes without argument that which it was necessary for him to prove;—namely, that to the continuance of the war, and of our successes in the Peninsula, it is essential that the present system of our currency should remain unchanged. Just as fairly might I assume without argument that a change in our currency is necessary to this same purpose of continuing the war;—and then retort upon my right honourable friend his own expostulations against fettering the energies, and cramping the exertions of the country. In either case the point, which alone is in dispute, remains to be decided.

Why is the continuance of the present system of currency essential to the continuance of the war? Is it because that currency is in a sound state?—or that, being depreciated, a depreciated currency is the best instrument of foreign exertion? Which of these two propositions is it that my right honourable friend intends to maintain? I ask this ques-

tion with the more earnestness, because throughout the whole of his speech, long, able, and eloquent as it was, I watched in vain for any sentence which distinctly expressed an opinion upon either of them. I did not hear him affirm that the currency was sound; I did not hear him admit that it was depreciated; he always stopped short of this affirmation and of this admission; and if any distinct proposition could be collected and embodied out of those topicks with which he endeavoured to cover these simple questions, it seemed at most to amount to nothing more than this—that it was best to go on as we are, avoiding all inquiry on the subject.

To that proposition (if that be the proposition which my right honourable friend means to maintain)—I answer, that it comes too late. The period for acting upon that policy passed by when the House consented to the appointment of the Bullion Committee.

To the question, how shall our military exertions be best supported? I reply—By supporting the credit of the country; by ascertaining the soundness of our currency, if it be sound;—by ascertaining the degree of its defect, if it be defective; with a view in the one case to apply a remedy so far as a remedy may be applicable; and in the other to fix and settle the publick opinion, which of itself is no small ingredient in the financial resources of a state.

I have no right, and certainly full as little desire, to impute to my right honourable friend that he is

avowedly the advocate of a depreciated currency: but this debate would end most unsatisfactorily for the Publick as well as for the House, if it were to end without its being clearly understood on what precise grounds my right honourable friend thinks the present state of our currency such as it ought to be.—First, whether he thinks it is not depreciated; secondly, whether, admitting it to be depreciated, he considers the depreciation as incurable, and therefore only would take no step to cure it; or thirdly, whether he concurs with those who see in that depreciation a fertile source of wealth and blessings to the country;—these, after all, are the points in dispute:—and these points my right honourable friend appears to me to have studiously avoided.

Even in that part of his speech in which he approached the nearest to the question of depreciation, my right honourable friend so managed the course of his argument as to make it impossible that he should arrive at any definite conclusion.—With a semblance of candour which seemed as if he had adopted an inverted mode of reasoning as the best calculated in this particular instance for discovering the truth, he begins with examining the question of Excess—"Prove," says my right honourable friend, "that there exists an excess, and then I will be ready to go with you into an inquiry whether that excess has produced depreciation?"—Now it can not be necessary to remind my right honourable friend, that to reason from effect to cause

has always been the course of sound philosophy.—The Committee affirms the existence of depreciation; and, as that depreciation cannot arise from any doubt of the solidity of the Bank—of its ability to meet its engagements, they attribute it (unanswerably, as appears to me) to excessive issue. "Prove this excessive issue," says my right honourable friend. But how is positive excess (if I may use that expression) susceptible of proof? How is it possible to prove, that too many bank-notes are issued, so long as there is a single applicant willing to receive them? The comparison of the amount of bank-notes in circulation with that of the aggregate pecuniary transactions of the community would of itself afford no certain criterion of the sufficiency or excess of that circulation—even if it were possible to state that comparison with any thing like accuracy. But who shall pretend to state the actual aggregate amount of all the pecuniary transactions of the community?—So far as a pretty general increase of prices is any symptom of excessive currency, that symptom undeniably exists.—But I acknowledge it to be no more than a symptom.—I admit further that the mere amount of bank paper in circulation, however large it may be, does not of itself necessarily constitute excess. I admit that there is not excess, unless there be depreciation. Whether depreciation does exist or not, is, therefore, the question which must necessarily have the precedency in our examination.

The right honourable gentleman opposite to me * when he opened his counter-propositions to the House, put, to my honourable friend near me, † the question—"What do you mean by depreciation?"—He put this question, rather irregularly, in the middle of his own speech; and seemed to think it matter of triumph that he did not receive, at that moment, an answer in a single word. An answer he has, however, since received, and I should imagine (in one sense at least) to his complete satisfaction. "By depreciation, do you mean discredit?" said the right honourable gentleman. If by "discredit," the right honourable gentleman means a doubt of the solidity of the Bank,—a doubt whether the outstanding demands upon the Bank do not exceed the amount of their assets,—unquestionably no such doubt exists, and consequently "discredit" enters for nothing into the "depreciation" of Bank of England paper.

But when the right honourable gentleman has obtained this concession, it appears to me that he has obtained nothing at all towards overthrowing the arguments of his antagonists, or towards establishing his own. For the same concession would be equally true with respect to a paper currency which should represent to its full amount the whole moveable and immoveable property of the country. There would be assets in existence adequate to the redemption of

* Mr Vansittart. † Mr. Huskisson.

that paper. Of a paper issued to such an amount, although resting on such unquestionable security, it is probable that my right honourable friend,* who spoke last, would not dispute the excess; yet how could that excess be indicated except by depreciation? — That depreciation, in the case which I have supposed, the right honourable gentleman† could not deny; but he must acknowledge that it would arise from other causes than discredit. The argument, therefore, or rather the suggestion (for it has not been distinctly argued), that there can be no depreciation unless arising from, or accompanied with, discredit; and the inference which is covertly insinuated, that they who affirm bank notes to be depreciated, intend to attack the credit of the Bank,—entirely fall to the ground.

The alledged depreciation of bank notes consists in this—that, whereas they did in fact represent heretofore the real as well as the nominal value of the coin which constitutes our lawful money, they now represent its nominal value only. This is the answer to the question of the right honourable gentleman.

In return, my honourable friend proposed a question to the right honourable gentleman, to which I think he has not yet given any answer. "If you affirm," said my honourable friend, "what I deny, the equi-

* Mr. Perceval. † Mr. Vansittart.

valency of bank notes to money, tell me, What is the common standard by which you measure that equivalency?" This question the right honourable gentleman has altogether evaded. He has given no answer to it.—Does he mean to acquiesce in those which have been given for him by others who have taken the same side with him in this debate, or by some fanciful writers, who, under the guise and garb of practical men, have indulged themselves in the wildest theories and imaginations, upon this subject of the standard?

"The coin" (says a noble Lord, who spoke last night) "is (or was) the standard of the paper." But this description does not advance us a single step? for the question still remains, "What is the standard of the coin? What is that common measure to which coin and paper may be equally referred for the purpose of ascertaining their agreement, or disagreement, with it, and with each other?"

The noble Lord has indeed devised a singular definition of this measure, in which I should be exceedingly curious to know whether the right honourable gentleman concurs. He defines it to be "a sense of value in reference to currency as compared with commodities."—I hope I do not misquote him. To the best of my recollection, these were the very words—"A sense of value!" But whose sense? with whom is it to originate? and how is it to be communicated to others? who is to promulgate, who is to acknowledge, or who is to enforce it? How is it to

be defined? and how is it to be regulated? What ingenuity shall calculate, or what authority control its fluctuation?—Is the "sense" of to-day the same as that of yesterday, and will it be unchanged to-morrow?—It does fill me with astonishment that any man, of an accurate and reasoning mind, should not perceive that this wild and dangerous principle (if principle it can be called) would throw loose all the transactions of private life—all contracts and pecuniary bargains,—by leaving them to be measured from day to day, and from hour to hour, by no other rule than that of the fancies and interests of each individual conflicting with the fancies and interests of his neighbour.

A "sense of value!"—It is not many days since an experiment was tried upon this "sense," which may serve to illustrate the probable course of its operations, if left exclusively to its own guidance. The artisan who on the Thursday night had exchanged a one-pound note with his neighbour for four dollars, found in the morning that he had, insensibly to himself, become two shillings richer by the exchange.—I am not, here, about to inquire whether the Bank were right or wrong in raising the denomination of the dollar; I refer to this operation merely as an illustration of the argument, and I ask, Where would be the end of such operations if every individual's "sense of value" were to be his only guide in his dealings with his neighbours? In this instance the authority of the Bank

sanctioned and limited the degree of the rise in the current value of the dollar; or, to put the same thing in other words, the degree of the loss which the bank note should sustain in exchange against the dollar.—But is it to be imagined that,—if they had merely sanctioned the principle of such alteration, without limiting the degree,—two shillings in the pound,—or ten per cent.—is the precise amount of the rise on the one hand, or of the depreciation on the other, which all the holders of bank notes, and of dollars respectively, would have agreed to fix by a common "sense of value?" Is not such a supposition utterly absurd? Is it not clear that something wholly extrinsick to that capricious "sense," is necessary to regulate the ordinary dealings between man and man;—and that the course of those dealings could not be left without a guide, but at the hazard, or the certainty rather, of immediate and inextricable confusion?

If, however, we were persuaded to leave the proportions and prices of all commodities to be adjusted by this "sense of value," we ought at least to be consistent in our theory and practice.—This "sense of value," which is now proposed to be erected into an universal measure, has been occasionally adopted as such by individuals. There is a man now expecting the judgment of the law, whose "sense of value" led him to exchange for guineas a proportion of Bank of England paper, which he considered as no more than an equivalent. Of

what crime was this man guilty, but of obeying that natural and instinctive im se, which the noble Lord is now prepared to set up as a substitute for the standard of our money? If there be nothing more fixed and stable than individual feeling, to which the estimate of values can be referred, let us at least refrain from punishing the exercise of that individual feeling. If the law shall decline to fix a standard measure, it cannot reserve the right of visiting erroneous measurement as a crime. This would be an injustice like that of the Eastern Monarch who called upon the Soothsayers to interpret his dream, but refused to tell them the dream of which he required the interpretation.

No dream, it must be owned, could be more extravagant than the visions of those practical men who have undertaken to refine away the standard of the currency of the realm into a pure abstraction. There is indeed something perfectly ludicrous in the inconsistency and injustice with which they impute a love of abstraction to their opponents, while they are themselves indulging in the most wanton departures from substance and reality. "Beware of abstract theories," say they to the Bullion Committee, when they find fact and law laid down as the foundation of its Report.—"Beware of abstract theories," say they to the honourable and learned Chairman of the Committee, when they find in his first seven Resolutions nothing like theory or imagination; but a clear, concise, a dry and

faithful, recapitulation of those rules which the statutes of the country have established for the weight and fineness of its coin. Nor has the speech with which that honourable and learned gentleman introduced and enforced his Resolutions—a speech which, remarkable as it was for eloquence and ability of every kind, was by nothing so distinguished as by its perpetual appeal to acknowledged principles and established law,—even that speech has not rescued the honourable and learned gentleman from the imputations of flightiness and romance. The same caution to "beware of abstract theories" is addressed to my honourable friend near me, whose intelligence, whose accuracy, and whose official knowledge, digested and assimilated by a powerful and really practical understanding, make him perhaps of all men the least proper object of such an admonition. And this admonition comes from whom? from the inventors and champions of "abstract currency;"—from those who, after exhausting in vain every attempt to find an earthly substitute for the legal and antient standard of our money, have divested the *pound sterling* of all the properties of matter, and pursued it, under the name of the "*ideal unit*," into the regions of non-entity and nonsense!

When the ingenious sophistry of Dr. Berkeley, to prove the non-existence of matter, was quoted to Dr. Johnson, as a fallacy not easy to be refuted, Dr. Johnson stamped his foot with force against a stone,

and exclaimed,—'I refute it thus.' Unluckily I know no process of reasoning that can reduce one of these practical men to the necessity of admitting, that a pound sterling is not a creature of the imagination: one cannot appeal even to their senses, because that sense of theirs, which I suppose is the most conversant with this subject, the "sense of value," is enlisted on the other side. But one may appeal from their theories to ancient records, to positive institution, and to existing law. On those authorities, I contend that a certain specified weight of gold, or silver, of a certain fineness, is the only definition of a pound sterling, which an Englishman desirous of conforming to the laws of his country, is bound to regard, or to understand.

Here then it is that I should pause for the answer of the right honourable gentleman opposite to me to the question of my honourable friend.—Does he admit or deny this definition of standard? does he admit or deny the existence of a standard at this moment conformable to this definition? If he admits it, then it is possible not only to answer his question with respect to the meaning of the word "depreciation," but also to demonstrate that a depreciation, in the sense in which that word is used, does exist. Grant but the lawful standard as the instrument of mensuration, and nothing is more easy than to assign the exact proportion in which coin and bank notes differ in value from each other. But while the right honourable gentleman denies the existence

of any such instrument, how can he reasonably require that the accuracy of such a measurement should be proved to his satisfaction?

A pound sterling is either $\frac{20}{62}$ of a pound of standard silver; or, $\frac{20}{21}$ of a guinea weighing not less than 5dwts. and 8 grs. This is the simple and the only definition which the practice of our ancestors recognizes, and the law of the country allows. Does a one-pound note represent this portion of the precious metals, or does it not? If it does, the legal coin of the country, and the notes of the Bank, are equivalent. If not, either the law is mis-stated, or the depreciation is proved.

"Oh! but," says the right honourable gentleman, "the bank note represents the coin itself, *quatenus* coin; and has no reference or relation to the quantity of gold or silver which that coin contains." But does not the right honourable gentleman see that it is impossible for him to avail himself of the law in one instance and to deny its operation in the other?—The King's Proclamation confirmed by Act of Parliament has fixed the denomination of the coin; which denomination it is admitted on all hands, the bank note continues to represent: but the same Act of Parliament has fixed the weight of the coin as the sole and indispensable test of the value which that denomination implies. The law (as the right honourable gentleman well knows) watches with such scrupulous anxiety over the weight of the guinea, as to consider the oss of

a single grain as sufficient to destroy its character as a legal coin. When the law evinces this anxiety about weight, is it not a little too much to assume in argument that its only care is denomination?

But what is the proposition for the sake of which this assumption is hazarded?—Not simply that bank notes are a convenient symbol of coin, but that they are actually equivalent to it. In proof of this equivalency it is contended that the law has bound them together.

First, this argument would prove too much: it would undoubtedly get rid of all the embarrassing considerations of standard, of weight, and of intrinsick value; but, on the other hand, those who maintain it would be involved in absurdities, which even the ingenuity of the right honourable gentleman could not reconcile. They would have to maintain, for instance, that in the year 1695, when, previous to the resolution taken to reform the silver coinage, arguments something like those which are now used on the right honourable gentleman's side of the question, prevailed upon the Legislature to try the experiment of a statute by which it was made penal to receive or tender the unclipped coin at any higher price than the clipped coin,—they would have to maintain, I say, that from the passing of that act, the clipped and unclipped coin of the country became precisely equivalent; in other words, that an ounce of silver in the one became, by the operation of the statute, equal to an ounce and a quarter of the same silver in the

other. Unquestionably this cannot be what the right honourable gentleman is prepared to maintain as true; though I must admit, on the other hand, that a subject of this country might at that time have been punished for acting as if he thought it false. But is the relation which was thus produced by law between two things obviously of different values, equivalency? Or is it to be imagined, that so forced and unnatural a state of things, call it by what name you will, could be maintained by any law,—that any law could continue long in force whose purpose it was to maintain it? The consequence of this state of things in 1695, was the disappearance, that is to say, the hoarding, the melting, or the exportation of the perfect coin: the further consequence was, that, after a short trial of the compulsory law, Parliament found itself obliged to go to the root of the evil, and to reform the depreciated part of the currency.

But moreover the right hon. gentleman's assertion of the equivalency of coin and bank notes, is in direct contradiction with admissions of his own. In the course of this debate he has admitted, (though others have denied) that in the year 1804 the paper of the Bank of Ireland was depreciated. I might here ask him in what sense he understands the word depreciated, when he so applies it: and he would have to answer me as it has been answered to him, that the Irish bank note did not then represent the intrinsick value of the coin with which it was interchangeable.

This is a most important admission on the part of the right honourable gentleman; and it has a bearing upon the present question, of which one would almost apprehend he could not have been aware, but which nevertheless he will find it difficult to deny. The premium, as I understand, in 1804, was about 1*s.* 6*d.* on the guinea. At that period Irish Bank paper, as interchangeable with English, was at a discount which pretty nearly corresponded with its depreciation in reference to the coin. The premium now openly paid in Ireland upon guineas is from 3*s.* 6*d.* to 4*s.* But Irish bank paper is now exchangeable with English nearly at par. Whence is it that English Bank paper, which had an advantage over Irish Bank paper in 1804, when Irish paper was depreciated only about seven and a half per cent. should be now nearly on a par with it, when it is confessedly depreciated almost twenty per cent.? If indeed English Bank paper has suffered a depreciation to the same amount, this phænomenon is perfectly intelligible: but upon the hypothesis of the perfect and unchanged equivalency of English Bank paper and coin, it admits of no solution.

To my mind, I do confess, here is one decisive proof of depreciation.

But, is not the case of the dollar, (to which I have had occasion to refer with another view in a former part of the argument), itself a conclusive proof, not only of the existence of a depreciation of Bank paper, but of the opinion of the Bank, and of the

Government, that such depreciation does exist? Why was the bank note, which was equivalent to four dollars on one day, worth two shillings less than four dollars the next? Those who claim to themselves exclusively the title of practical men, take a subtle distinction, and say that it is not the bank note which is worth less, but the dollar which is worth more: and they treat as theorists and visionaries all whose faculties do not enable them to enter into this distinction. But, however the variation arose, why did the Government and the Bank think it necessary to sanction and promulgate it? —Why? but because the dollar, being a coin circulating in this country by sufferance only, a currency of convention, would, according to the admission, or rather the declaration of the Bank, under the authority of the Privy Council, have been driven out of circulation, that is to say, would have been hoarded or melted or exported, if it had not been allowed to pass at the marketable value of the silver which it contains.

With this example before their eyes,—with this admission and declaration still recent before the eyes of the publick, there are yet some persons who contend, that the disappearance of our legal coin—the guinea —is no proof of the depreciation of bank notes, in respect to that coin; but is entirely owing to the balance of trade and of payments, and to the wiles of our inveterate enemy. The bank note, which, confronted with the dollar, shrunk from twenty

to eighteen shillings, preserves, as they affirm, in face of the guinea, an unaltered, and unalterable equivalency.—And what is it, according to their theory, that occasions this peculiarity? The law.—The law, which does what?—The law, which makes it criminal (if indeed it be criminal) to exchange the guinea for more than its denominative value in bank-notes; and which prohibits the exportation of the legal coin of the realm.

Let us see what is the mode in which these powerful and beneficial laws are now actually operating. The result which they were intended to obtain confessedly was to keep our legal coin at home, and to maintain it in circulation. The result actually is, that such coin has vanished from domestick circulation, and that it is exported to all parts of the world. The dollars were sent into circulation, unprotected by any law which should prevent their exportation to foreign countries: for a time they circulated in abundance; at length they began to disappear. By what process has it been attempted, and successfully, to check their disappearance? By the same process which is so wisely contrived to prevent the disappearance of guineas? By forbidding more to be given for them, than they had hitherto been exchanged for in bank-notes? No—but by a precisely contrary process—by allowing the dollars to pass at, or above their value. The consequence is, a continued circulation of dollars in this country, in spite of the balance of trade and of the wiles of the enemy.

Here then are two metallick currencies, one of which continues in circulation, while the other vanishes from it. The distinctive differences between them are, First, that of one the exportation is permitted, and of the other prohibited. I acknowledge the perversity of human nature, and its proneness to do what is forbidden: but I cannot think that principle alone sufficient to account for the exportation of the coin, which it is illegal to export, and for the continuance in circulation of that which might be exported without offence. Secondly, the one is exchangeable for its full marketable value in our domestick currency, whereas the law enforces (or is supposed to enforce) the exchange of the other at no more than its denominative rate. The bank-note is the common measure both of the guinea and of the dollar, of the exportable and unexportable coin: the guinea it is allowed by law to measure only according to its denomination; the dollar, by the ordinance of the Bank, it is allowed to measure according to its marketable value. What is the result? The coin, which is by law unexportable, flies to another market, while the exportable remains at home.

But let it, for argument's sake, be conceded that the rise of the dollar is not a proof of depreciation in the bank-note. It follows then that if the bank-note, which would heretofore have purchased four dollars, is not depreciated in respect to the dollar because it is now obliged to call in two

shillings to its aid in order to make the same purchase, neither would the bank-note, which heretofore purchased a guinea with the aid of one shilling only, be depreciated in respect to the guinea, if it should now be allowed to make the same purchase with the aid of four or five shillings. I think I may defy the most practical of men to quarrel with this proposition.

Well then—if this be so—and if it be indeed an object to keep our guineas at home, why is not the operation, which has been so successful with respect to the dollar, applied to the guinea? What difference is there in the principle? and what difference in the practical policy of the transaction, but such as would preponderate in favour of the guinea? If it be answered, "that the guinea is a legal coin, which the dollar is not; that the dollar might be treated as arbitrarily and unceremoniously as we pleased, but that the same experiment could not be tried upon the guinea without an alteration of the law, and that alterations of the law are dangerous;" I reply, that the law is much less in our way on this point than gentlemen seem to apprehend. It is true that the dollar is a foreign coin, of which our laws take no specifick cognizance; but it is equally true that there is another coin in the country, not a legal coin,—a coin of which the law takes no notice except to put it out of its protection; which no man is obliged, or even permitted, to receive from another in payment;

which in short is as completely devoid of the qualities of British coin as the dollar, and indeed more completely so, since it is expressly stripped of those qualities by statute.—Now, if such a coin as this can be found, where is the harm of trying upon it the same experiment which has been so happily applied to the dollar; especially if it be, as fortunately it is, a gold coin, and therefore capable of supplying that share which dollars do not supply, towards the completement of a metallick circulation? The coin to which I allude, is one which my honourable friend near me * is accused of having treated in his pamphlet with exaggerated respect, but which in the course of this debate has, I think, been too much disparaged,—I mean the light guinea.

The light guinea is not, any more than the dollar, a legal coin. A guinea having arrived by wear at a certain degree of lightness, is at once divested by law of all its qualities of coin, and is reduced to its intrinsick value, whatever that may be, as bullion. It happens, to be sure, at the present moment, that this reduction, as measured in bank notes, is a promotion. But that is equally true in respect to the dollar. The rate at which the dollar now passes is not only higher than it was some time ago; but higher than that which it bears, from its intrinsick value, in comparison with the legal coin of the

* Mr. Huskisson.

country. Whether it was right to raise the denomination of the dollar, I do not think it necessary to give an opinion :—that is done. But upon the principle, whatever it was, on which the denomination of the dollar was raised, there can surely be no objection to suffering the light guinea to go for what it is worth, and thereby obtaining an anomalous gold currency, to correspond with the anomalous silver currency, each alike independent of the legal coin of the realm.

The legal coin—the guinea of full lawful weight, —would still remain, in the eye of the law, in that of the imagination, and in the argument of the right honourable gentleman, as the equivalent for bank-notes. It would not often come forth indeed to afford a practical illustration of his argument: but he might continue to enjoy the satisfaction of maintaining, as he does now, as an abstract proposition, that bank notes and guineas are equivalent in law.

Meantime the advantage derived from the marketableness of light guineas would be, either to retain at least that portion of our metallick circulation at home, or to make the foreigner or the enemy pay its full value for it on exportation.

It is on all hands acknowledged,—by the right honourable gentleman and his supporters it is earnestly contended—that our gold finds its way out of the country, either in discharge of the balance of payments, or into the coffers of the enemy. That enemy is by some persons represented as sitting like

a great spider in the midst of its web, and drawing along the living lin[illegible] and fibres of his net all the gold of Great Britain into an abyss from which it is never to return.—By what process this can be effected, except by that of a trade of some sort or other, we are not told,—and I am at a loss to conceive. Among all the dangers of the country, many of them real and formidable, a danger happily more visionary than this was never apprehended by a disordered imagination.

That our gold however goes from us, is generally asserted and believed ; and whether by a natural efflux, or by [illegible] unheard-of power of magnetic attraction in Buonaparté, is, in regard to the question which we are considering, of little moment. It goes ; and we wish to stop it. It can be stopped effectually only by being retained in circulation at home. It can be retained in circulation, (as those who raised the denomination of the dollar, and who gave the reasons which were given for raising it, must of all men be the last to deny,) only by allowing it to pass for what it is intrinsically worth, or what it will fetch in the market.

Here, however, I shall be met by an argument which has been urged with much vehemence and solemnity by the right honourable gentleman,* that the law absolutely prohibits the exportation of our coin, and that any reasoning therefore, which is founded upon the supposition of that exportation, is not only incorrect, but is of a

* Mr. Vansittart.

most immoral and dangerous tendency, as holding u t encouragement to perjury and fraud. Let us examine this argument.

We are all agreed upon the fact, that gold bullion is at a high price in the currency of this country. We are all agreed, that either as the consequence of this high price or as the cause of it, or both, there is a great scarcity of gold bullion in this country. We are all agreed that the gold coin has nearly vanished from circulation; and nobody doubts, so far as I have heard, and nobody has asserted more strenuously than the right honourable gentleman and those who side with him, that this high price and scarcity of bullion, and this vanishing of our gold coin, are infallible indications of a large exportation of gold; of which exportation a large part must, as infallibly, have consisted of coin, either melted or unmelted. Upon these facts, I say, we are all agreed. Now I ask, is it not idle, is it not absurd, to assume for the purpose of argument a supposed obedience to the law, which notoriously has no existence; and to deny for the purpose of argument, a fact which is acknowledged by all to be the surest symptom, and contended by many to be the origin and cause, of the evils which have brought us to the necessity of the present discussion? Is it not wholly unworthy an assembly of legislators, to pretend an ignorance in our legislative capacity of that, which every one of us in his individual capacity perfectly believes to

be true? Is the existence of a statute which, as we know, is openly violated, and for the most part with impunity, every day in the week, to be pleaded as a bar against any attempt to remedy the evils which confessedly result from its violation?

What then can be more unjust, or more ridiculous, than to represent those persons as countenancing and encouraging perjury and fraud, who only tell you, what you yourselves avow, that perjury and fraud are and have always been committed under your present system of law; and who, inferring that they always will be committed under that system, suggest to you the expediency of amending it? Who are the encouragers of crimes?—they who, finding the existing law notoriously inadequate to counteract the temptation to commit them, propose either to change the law or to remove the temptation;—or they who content themselves with whimpering over the depravity of human nature, and, instead of endeavouring to prevent the commission of the crime, console themselves with the reflection that the mischief to the publick is only in proportion to the guilt of the criminal?

He was not an unwise or unjust judge, of whom it is recorded, that

> He sent the thief who stole the gold away,
> And punish'd him who put it in his way.

Undoubtedly it is neither wise nor just to place temptations in men's way, which we know

by constant experience to be sufficient to overpower the positive enactments of law. It is neither politick nor moral to resort on every occasion to the obligation of oaths as supplementary to a defective legislation. This policy unfortunately pervades too many of our statutes; and it is but rarely successful in its object,—never perhaps where considerable gain and great facility conspire to tempt to perjury. The exportation of coin, or of bullion melted from coin, when the exchanges are unfavourable beyond a certain limit, is looked upon as so much in the natural course of things, that most writers, who have treated of coinage and of trade, have laid it down as a consequence not to be disputed, and not even necessary to be proved. According to the concurrent opinions of such writers, the efflux of bullion from one country to another is governed by causes nearly as steady and uniform in their operation, as those which govern the seasons or the tides. As well might you pretend to fix a limit on the shore, and bid the flowing ocean advance no farther, as attempt by the interposition of a statute to stop the tide of the precious metals in whatever direction it is made to flow by the influence of commercial necessity and commercial demand.

The right honourable gentleman, and those who adopt his views of the present question, acknowledge the force of these principles: they attribute, in fact, the whole of our difficulties to their operation. There is indeed a slight difference of opinion among them as to the cause of the export of our gold; some at-

tributing it to the demand for gold in the market of the Continent,—others to the necessity of remitting it from hence, in payment of the balance of trade; but all concurring that, whatever may be the degree in which either of these causes, separately or jointly, operate, the result is an irresistible attraction of the gold of this country to the Continent. Is it not, then, with marvellous inconsistency that these same gentlemen oppose the mere existence of a powerless law, and a high-coloured description of the crimes which it occasions and constitutes, as an answer, and the only answer, to those who contend, that, if the evil which the law is intended to prevent, be indeed one which it is important to check,—and if the efflux of our gold be certain, so long as the force of the temptation is stronger than the restraint of the law,—it is necessary, and it would be as wise as humane, either to alter the law, or to diminish the temptation?

I may perhaps be inclined to believe, that the repeal of this law would be in itself no unwise measure. That belief might be supported by the opinion of many able writers and experienced statesmen, and by the example of many of those States in which commerce has been most flourishing, and credit and coin most abundant. I admit that the immediate, the momentary effect of this repeal, (if unaccompanied by any other measure), might be to increase the exportation of our gold, by removing the scruples of such persons as may now perhaps be wavering between

temptation on the one hand, and obedience to the law on the other. Even so, however, it would have the benefit of saving all that perjury and fraud which shock, so justly, the moral feelings of the House; and of extending to the honest trader a convenience which is now exclusively reserved for the dishonest one. But in the long run, I certainly do not believe that the repeal of this law would swell by a single guinea the amount of the export of our gold.

It is true that the repeal of this law alone would not have a necessary tendency to bring gold again into circulation in this country, either by recalling what has been exported, or by enticing what is now hoarded, out of its hiding places. That would be the effect of the other alteration to which I have already alluded—of suspending the law and the proclamation which limit the current rate of the guinea, and permitting it to pass according to its intrinsick value.

I have indeed stated this proposition hitherto only as applicable to the light guinea; of which the purchase, at its intrinsick value, is certainly no infringement either of the letter or the spirit of any existing proclamation or statute. I do not know whether I might, without presumption, say, that the law is by no means clear on this point, even with respect to guineas of full legal weight. Guineas of legal weight, however, I left out of my proposition in the former part of my argument, expressly, as I said,

in the hope of conciliating the right honourable gentleman, by leaving untouched, in respect to guineas of full weight, his proposition, of the equivalency of bank paper and legal coin. But if the right honourable gentleman should be disposed to concur with me at all, I trust, upon reflexion, he would not be prevented from doing so by the contemplation of this trifling advantage to his argument.—If he will consent to let guineas go for what they are worth in the market, he will have a gold currency;—he will prevent the exportation of our coin; he will get rid of fraud and perjury: and all this benefit he will purchase at no greater expence, than that of being one argument out of pocket. It will then, to be sure, be vain for him to contend, against the daily evidence of men's senses, that bank paper and guineas are, at their present respective denominations, equivalent to each other: but at least we shall have them both, and they may circulate amicably together.

That by no other possible means the coin of the country can be retained in circulation, so long as the precious metal of which it is composed is intrinsically of a value so much higher than the rate at which it is estimated in our currency—is a proposition of which all experience, as well as all reason, establishes the truth. The present state of the law in the present state of our currency operates, in fact, as a bounty upon the exportation of our coin.

Of the two causes of the export of gold, which are admitted by the right honourable gentleman and his

friends,—the supposed demand for gold on the Continent,—and the supposed necessity for exporting it to set right the balance of our trade,—the first will undoubtedly have an uncontrolled operation, so long as there is no counter-demand for gold in the market at home—so long as the Bank do not purchase, and as no one else purchases here, except for exportation:—the second would, in a natural state of things, find its limit far within the amount of the balance to be set right; it would cease to operate, whenever the scarcity of gold, produced here by exportation, and the plenty produced on the Continent by its importation, rendered gold less eligible for transmission abroad than any other merchantable commodity. But this limit it can never find, so long as gold is the only merchantable commodity for which the consumption of this country affords no market.

Independently, however, of these causes, the difference between the real value of the precious metal and that at which it is rated in our currency, would be itself sufficient to ensure us against the continuance of a guinea in circulation. Demand on the Continent might be counteracted by demand here; and gold would cease to be a preferable article for transmission abroad, from the moment at which it, like other articles, could be sold for its real value at home. But, imprisoned in the coin, and degraded by its imprisonment, gold has an unconquerable tendency to escape from a situation so unnatural: and it would make its escape from such a situation, even

although you did not owe the Continent any thing; and although there were no more demand on the Continent for gold, than for any other article of merchandize.

But this, I may be told, is the language of theory. Is not the principle, then, recognised by any sober practical authority? Let us hear the statute-book itself. "Whereas it has been a practice," says the preamble to the Act 14 Geo. III. chap. 70, "to export the new and perfect coin of the realm for private advantage, and to the great detriment of the publick; and the like practice will continue" (adds this theoretical and visionary preamble) "while pieces differing greatly in weight, are current under the same denomination, and at the same rate of value——"

The persons who framed this Act, and framed it for the express and practical purpose of restoring the credit of our currency, could not be ignorant of the penalties under which the exportation of coin was prohibited: yet we see, that in spite of these penalties, they take for granted as inevitable the "continued" exportation of the coin, so long as the temptation to export it continues. We see further, that in their opinion conformity to standard weight is the distinctive quality by which the value of money is to be estimated. We see lastly, that without any reference to demand for gold on the Continent, without any reference to an unfavourable balance of trade, the certain result of an attempt to circulate together,

"under the same denomination and at the same rate of value," two descriptions of currency, differing in intrinsick value from each other, is to drive that which is of the higher intrinsick value out of circulation.

This is in fact, as I understand it, the whole doctrine of the Bullion Committee upon this subject: and so far from having the guilt or the merit of novelty, we find it assumed six-and-thirty years ago, in the Preamble of an Act of Parliament, as a doctrine established and self-evident.

Of this doctrine, thus adopted by Parliament in the year 1774, there is an earlier and not less authoritative recognition in the Report of Sir Isaac Newton, in the year 1717; of the existence of which Report I was surprised to hear a right honourable friend of mine * declare himself entirely ignorant. A person so distinguished as my right honourable friend unquestionably is by great knowledge and indefatigable research, I should have thought, could hardly have missed a document of such interest and importance, and so immediately bearing upon the subject before us. This Report was made by Sir Isaac Newton, in his capacity of Master of the Mint, and is to be found in our Journals.†

It is too long for me to trouble the House with reading it: but gentlemen will find, upon looking into it, that upon a reference made to him by the Lords of the Treasury, as to the best method of preventing the melting down of the silver coin, Sir Isaac Newton

* Mr. Rose. † Vol. XVIII. page 664.

represents the temptation to melt and export it, as "arising from the higher price of silver, in "other places than in England, in proportion to "gold;" that is to say, from the circumstance, that the silver coin, then our standard currency, was, by the regulations of our Mint, exchangeable with the gold coin at a rate somewhat lower than that at which it was exchangeable, as bullion, with gold in the general market of Europe. So small was this difference, that the taking of sixpence from the current rate of the guinea was estimated by Sir Isaac Newton as sufficient to cure the evil; and yet, small as this difference was, during its continuance, and by its operation alone, the silver coin of standard weight was daily vanishing from circulation.

In this report of Sir Isaac Newton, and in the principles which are laid down in it, is to be found the answer to many of my right honourable friend's (the Chancellor of the Exchequer's) observations upon that part of the Report of the Bullion Committee which refers to the re-coinage of the silver currency in the year 1696. The subsequent disappearance of the new silver coin, is not, as my right honourable friend seemed to insinuate, a proof that the re-coinage at that time had been unadvisedly undertaken; or that it was not the only cure that could be applied to that depreciation of the currency, which Parliament had attempted in vain to remedy (as I have already had occasion to state) by a penal law. It is true that, by a slight error in the valuation of the two

precious metals with respect to each other, the silver coin was rated a small degree below its just proportion to gold; and that, in consequence, it began to disappear not long after the re-coinage was completed. But this technical error does not in any degree vitiate the principles on which the re-coinage had been adopted. It in no degree diminishes or affects the merit of those who had the courage to undertake, and the firmness to carry through that important work, in spite of the prevalence for a time, even in this House, of prejudices very much akin to those of the present day.

Those prejudices were sufficiently strong, to defeat for a considerable time the intentions of the Government, after they had upon mature deliberation convinced themselves of the absolute necessity of the measure; but the good sense, temper, and perseverance of that Administration triumphed in the end: and it is no disparagement to my right honourable friend, to recommend the example of the administration of 1696 to his serious consideration.

The war in which King William was then engaged against France, may not have been equal with the present war in magnitude of exertion. Yet if we compare the means of the country at that period with its present means, and consider the exertions which were then made, it would perhaps be difficult to say that any excuse could be offered now, which was not in a great measure applicable then, for sparing, amidst the burthens of war, any

internal effort which was not absolutely indispensable. But the restoration of the currency to a sound state was then deemed to be indispensable; and the war was considered not as a reason for postponing the required effort, but as an additional reason for making it with as little delay as possible.

The high price of gold was then, as it is now, one striking indication of the deteriorated state of the currency. The indication might, indeed, be at that time more undeniable, because, gold not being then our standard coin, and the guinea not being limited by law as to the rate at which it should pass current, the high price became immediately visible in the gold coin as well as in bullion, the guinea being actually exchangeable for as much as thirty shillings of the clipped silver. The unfavourable state of our exchanges with foreign countries afforded then, as it does now, the other most unerring proof that all was not sound in the currency of this country: a proof of which my right honourable friend the Chancellor of the Exchequer clearly admits the validity, when he admits that the unfavourableness of the exchange might probably now be corrected by correcting the excess, or (if he objects to the word excess) diminishing the abundance, of our paper currency. This admission I understood my right honourable friend to make in the most unequivocal terms: not meaning thereby that I understood him to admit that it was adviseable to diminish the paper currency for the sake of correcting the unfavourableness of the exchange; but simply that such a

correction of the exchange would be the effect of such a diminution of paper.

This leads me to consider the subject of the exchanges, as it bears upon that of depreciation. I shall treat it as concisely as I can: both because I must confess, that with all the attention which I have bestowed upon it, I am perfectly conscious that I have not been able to unravel all the intricacies of the subject; and also because it appears to me, that the whole question as to depreciation is disposed of by the preceding part of the argument, that is to say, by the comparison of currency with bullion. The state of the exchanges may add some illustration to that argument; but is not wanted for the purpose of establishing it.

If that which constitutes the par of exchange between any two countries, be (as, if I am not mistaken, it is) an equal quantity of precious metal in their respective currencies; this definition alone sufficiently shows that, whatever other considerations there may be, whether growing out of law or out of opinion, which regulate and sustain the rate of a currency at home, its value can be estimated abroad by no other criterion than that of the quantity of precious metal for which a specifick portion of it is exchangeable. The foreigner knows nothing of the value of the currency of any other country except that a certain portion of that currency represents and will procure in his own country a certain quantity of precious metal.

The question of the exchanges would therefore

be as simple as the question of depreciation, if there were not confessedly other causes which operate upon the exchange, and the operation of which may sometimes be concurrent with that of the relative values of the respective currencies, and sometimes may tend to counteract it.

A country which imports from another more than it exports to it of all other articles of commerce, is supposed to make up the difference by a transmission of bullion. In point of fact, this transmission takes place in much fewer instances than the theory supposes: but the necessity of making it either actually or virtually, causes a variation in the rate of exchange in favour of the creditor, and to the disadvantage of the debtor country; the amount of which variation is measured by, and expresses, the cost of making the transmission.

Supposing the currencies of two countries each in a perfectly sound state, any variation from the par of exchange between them can be produced only by the one country having a debt to discharge to the other. Supposing the debts and credits of two countries to be exactly balanced, any variation from the par of exchange between them can only be produced by a depreciation in the currency of one of them. These causes, however, may both exist at the same time; and they may exist either on opposite sides or together; in the one case aggravating, in the other counteracting each other.

A country might be largely in debt to another, and

yet, if its currency were sound, and the currency of the creditor country deteriorated, the course of the exchange would exhibit only the difference between the contending effects of such deterioration on the one hand, and such debt on the other:—and it might happen that these effects might be so precisely balanced, as exactly to neutralise each other. But when a country is in the situation of being indebted to another, and at the same time of having a depreciated currency, the depression of the exchange exhibits the combined effect of both causes.

This last may, or may not be, our present situation. For I am far from taking upon myself to assert that the balance of the payments from us to the Continent enters for nothing into the amount of the unfavourable exchange against this country. I only deny that it can be the sole cause of that unfavourableness. Still less do I pretend to define the share which this cause may have in producing the effect. But as it is obvious that the depression of the exchange from this cause can never for any great continuance of time very far exceed the expence of transmitting bullion for the liquidation of the balance of payments; as it is not only acknowledged but contended, that bullion for this purpose is in fact transmitted; as the expence of the transmission is perfectly known, in all its several parts of price, freight, and insurance; and as their collective result is notoriously very far within the limits of the actual

depression of the exchange; there will remain of that depression a large share to be accounted for, after every deduction that can be made on account of the balance of payments; and that remainder can no otherwise be accounted for, than by the deterioration of our currency.

The state of the exchanges therefore is a proof, though I do not admit it to be a necessary proof,—still less could I allow it to be the test,—of a depreciated currency. I do not admit it to be a necessary proof; because, the price of bullion in the currency is proof sufficient without it. I do not allow it to be the test; because under certain circumstances a currency might be depreciated to a limited degree, without producing a visible depression of the exchange,—nay, it might co-exist with an exchange positively favourable. These cases would arise, whenever the effect produced upon the exchange by the balance of payments in favour of the country whose currency is depreciated in the one case exactly equalled, or, in the other exceeded, the degree of the depreciation. But though a depreciation of the currency might thus exist without inducing an unfavourable exchange; a state of the exchange unfavourable to a great degree, and progressively growing worse for a great length of time, is an infallible indication of a depreciated currency.

This is all the use that I think it necessary to make

of the arguments to be drawn from the exchanges; and so far as this goes, I cannot understand how any one can doubt as to their bearing. We do not doubt with respect to other countries, that a sound or unsound state of their currency influences the state of their exchanges. When we see the exchanges between Hamburgh or Amsterdam, on the one hand, and Russia or Austria on the other, unfavourable in a great degree to either of the two latter countries, we have no hesitation in at once ascribing that unfavourableness, in great part at least, to a depreciation of its currency.

My right honourable friend (the Chancellor of the Exchequer) has taken what I must think not a very fair advantage of an argument of an honourable gentleman opposite to me, * when he has represented him as having recommended the general policy of Holland and of Hamburgh as an object of imitation for this country,—because the honourable gentleman stated, that by not issuing a paper-money, the currencies of Holland and of Hamburgh had been preserved from depreciation. The honourable gentleman certainly did not guard and qualify his statement with all the circumstances which were nevertheless obviously connected, in his mind, with the proposition which he was advancing: but it is quite as clear that nothing but the strong temptation of flying from argument to declamation, could have led my right honourable friend so far to mistake the honourable

* Mr. Sharp.

gentleman's meaning. The meaning of the honourable gentleman evidently was not to hold out Holland as having been wise in its submissions and compliances towards France, and as enjoying the reward of her prudent obedience in a state of enviable happiness and prosperity. Still less could he intend (how is it possible that any rational being could be for a moment suspected of intending?) to extol the prowess of Hamburgh:—"prowess" was, I think, the word which my right honourable friend did not disdain to put into the honourable gentleman's mouth, for the sake of making an indignant comment upon it. The scope of the honourable gentleman's argument, I understood to be simply this;—that if Holland, impoverished by an exhausting war, and preyed upon by an exacting despotism,—if Hamburgh, in the very clutches of the French power,—if these unhappy states, stripped of their commerce and independence, could yet maintain their respective currencies undepreciated;—it would seem to follow that a state of war, however expensive and burthensome,—that stagnation of commerce,—that even the oppression of a conquering enemy,—were not sufficient justifications, much less necessary causes, of such a system of currency as that which (according to the honourable gentleman's argument) now existed in this country; and of which my right honourable friend and others seemed prepared to justify the continuance so long at least as the war shall continue, as our commerce shall be embarrassed, and as our

enemy shall persevere in his present system of measures. This is what I understood the honourable gentleman to contend: and, whatever might be the worth of his argument, it surely was not open to the imputation which my right honourable friend found it convenient to attach to it; as if the honourable gentleman had been guilty of the egregious absurdity of proposing for the imitation of this country, the political courage of the Dutch, and the military prowess of the Hamburghers.

I am not, however, disposed to deny the assertion, which my right honourable friend has grounded upon this argument, that inferences are not to be conclusively drawn from the establishments of other countries, whether political or commercial, to our own. The principles of publick credit are so much better understood, and so much more religiously observed in this country, the line of separation between the financial operations of the State, and the concerns of the National Bank, confounded too often by arbitrary governments, is here so distinctly marked, that it cannot be doubted but many general propositions are true of paper currencies abroad, which would be utterly inapplicable to the system of the Bank of England.

The depreciation of the Austrian paper money, therefore, which has been cited and commented upon by my honourable friend near me* is not precisely an example; it is not a counterpart of our

* Mr. Huskisson.

actual situation: but it does afford a most useful warning; it shows how rapidly paper money sinks in value when once power has been in any degree substituted for confidence; and how tremendously, when once the first impulse has been given, the force of discredit accumulates and increases. The depreciation of Austrian paper was not, in its origin, like that which we are now discussing; there was, in its origin, something of discredit, of a distrust (that is) of the solidity of the funds upon which the paper was issued.

If solidity of funds, however, were alone sufficient to keep up the credit of a paper, even the assignats of France would not have fallen so soon and so rapidly in value. The rulers of France by whom that paper money was coined, affected to be surprised at the depreciation of securities, resting, as they contended, on foundations more solid than those of the Bank of England—and calculated, like the paper of the Bank, to promote the prosperity of the country in which it circulated. Well and wisely did Mr. Burke, when, in the language of an orator, and in the spirit of a prophet, he foreshowed that series and succession of calamities, which the principles of the French Revolution, in all its parts, must inevitably produce — well and wisely did he describe those essential qualities of the paper of the Bank of England which constitute its real value.

"They (said he, speaking of the National Assembly) "imagine, that our flourishing state in

"England is owing to bank paper, and not the "bank paper to the flourishing condition of our "commerce, to the solidity of our credit, and "to the total exclusion of all idea of *power* "from any part of the transaction. They for- "get that in England not one shilling of paper "money of any description is received but of "choice; that the whole had its origin in cash actu- "ally deposited; and that it is convertible at pleasure, "in an instant, and without the smallest loss, into "cash again. Our paper is of value in commerce, "because in law it is of none. It is powerful on "Change, because in Westminster Hall it is im- "potent. In payment of a debt of 20*l.* a creditor "may refuse all the paper of the Bank of England. "Nor is there among us a single publick security, of "any quality or nature whatsoever, that is enforced "by authority. In fact, it might easily be shown, "that our paper wealth, instead of lessening the "real coin, has a tendency to increase it; that in- "stead of being a substitute for money, it only fa- "cilitates its entry, its exit, and its circulation; that "it is the symbol of prosperity, not the badge of "distress. Never was a scarcity of cash and an "exuberance of paper a subject of complaint in this "nation."

These were the characteristicks of the paper of the Bank of England, when Mr. Burke contrasted it with the assignats of France. Its convertibility into specie upon demand, was suspended by the Act of 1797, on grounds which it is

not now necessary to discuss. The suspension was, for a series of years, unattended with any symptoms that indicated depreciation. And it must be our wish, as well as our interest, to believe, (what from reasoning also appears most probable,) that this suspension alone, if not followed up by excessive issue, might have endured, as long as the political circumstances of the state might have rendered its endurance necessary, without producing that effect. But if that effect has been produced, as seems to be established beyond the possibility of contradiction, let us not, instead of attempting to correct it, endeavour rather to palliate its evils, and to reconcile ourselves to its consequences. Even under the change produced by the temporary suspension of cash payments, let us remember, that the essential and fundamental principles upon which the character and the utility of Bank paper rest, are those described in the extract which I have just quoted from Mr. Burke. Let us not, under the pressure of what has been always considered as a temporary necessity, and in the despair of meeting what I trust is no more than a transitory and as yet a curable evil, abjure this language and these doctrines of Mr. Burke, and adopt in their stead the cant and sophistry of those against whom his arguments were directed.

Far be it from me to imagine that between the Notes of the Bank of England and the assignats of the National Assembly, there now exists that resemblance of which Mr. Burke in 1791 denied and

disproved the existence! But in proportion as I am satisfied that the bank-note is of a different nature from the assignat, in that proportion do I dislike to hear them defended by the same arguments "*Ce n'est pas l'assignat qui perd, c'est l'argent qui gagne,*" was the motto and the doctrine of a Treatise, published in Paris during the reign of the National Assembly, for the purpose of maintaining the credit of assignats, by accounting for the difference between their nominal and exchangeable values. "It is not the bank-note which loses, but the dollar which gains," is the argument by which we have heard the rise in the denomination of the dollar explained; "It is not paper which has fallen, but gold which has risen," is the argument which has filled all the pamphlets and all the speeches which we have read and heard upon this subject. The arguments are identically and undistinguishably the same:—I wish that any of my honourable friends who maintain the undepreciated state of our paper currency, could satisfy me and the country that there is some essential difference in their mode of applying them. I wish they could show me that the doctrine of the French pamphlet might be false, while that of the English pamphlets and of their own speeches is true.

I do not need to be reminded of the many essential differences in the circumstances of the two paper currencies. I am here speaking, not of the causes of depreciation, but simply of the fact. That assignats were discredited in all sorts of ways, no

person doubts. But the price of the precious metals in those assignats was, after all, the evidence and the measure of their depreciation. The high price which other commodities bore in assignats, afforded, to be sure, strong suspicions of depreciation; but it proved the fact, and established the degree of that depreciation only as compared with the price for which the same articles could be obtained in gold or silver. I say this to guard myself against the imputation of disparaging bank-notes by comparing them with a currency so notoriously worthless and fraudulent. Paper currencies may be depreciated from various causes which have no resemblance to each other; but whatever be the causes of depreciation, the test of it is in all cases the same.

On all these grounds, I own my entire, though unwilling, conviction—that a depreciation of our paper currency does actually exist;—that the permanently unfavourable state of the exchanges with foreign countries, is an indication—and the long-continued high price of bullion at home, the proof—of it. I can at the same time most truly say, that I shall hold myself infinitely indebted to any man who, by reasoning and argument, by reference to admitted facts and established principles, can bring me back from this most unsatisfactory conviction.—No man set out in the examination of the subject with less disposition to arrive at this conclusion: and no man would more gladly find reasons that could satisfy his own mind for receding from it.

I confess, however, that although I can make full allowance to others for the same unwillingness which I have felt myself, to believe in the fact of an existing depreciation, I am more alarmed than encouraged by the apparent disposition rather to escape from the avowal of this fact, than to controvert it. I cannot see, without concern, the constant flight from the point, at which the controversy really lies, to the war, to the harvest, to Portugal, and to Buonaparté;—in short, to every imaginable topick, except those on which the discussion essentially turns. This may confuse and perplex the argument, by raising a crowd of images with which it has no relation. But as to the point at issue, it seems to me a confession of weakness rather than a display of strength.

Still greater is my apprehension, when I hear what are the motives assigned for continuing the present state of our currency, whatever it may be, rather than making any attempt to decide what that state really is, and, if necessary, to correct or to improve it. Some persons there are indeed so sanguine and extravagant as to deny altogether that either improvement or correction is necessary; or that the ideas which these words convey can be applicable to a system which they consider, not as an evil, but as a benefit. We have been told of "localized" currency, of an "insulated" circulation, as a blessing far out-weighing all the other advantages arising from our peculiar local

situation; as something analogous to them; something which was wanting to complete the perfection of our insular character, and which we have fortunately stumbled upon by accident—for I think no man has been hardy enough to say, that we could have or ought to have established it by design.

One honourable gentleman *, only, I think, has gone back to the origin of the Bank Restriction in 1797, and has imputed to the great man who was the author of it, an intention of laying in that measure the foundation of a system of fraudulent finance, and of providing for an indefinite extension of the publick expenditure abroad by retrenching the just value of the payment to the publick creditor at home. This is the imputation brought forward by that honourable gentleman; and, while I fully acquit my right honourable friend (the Chancellor of the Exchequer) of any participation in this sentiment, I cannot but express my regret that he should not have distinctly disclaimed it; especially as he thought proper to bestow such lavish and unqualified commendation upon the speech in which it was contained, and to declare in more large and positive terms than I think he would upon reflection be disposed to confirm, his concurrence in the general views and doctrines of that speech.

But acquitting my right honourable friend altogether of the wildest and most extravagant of the tenets which have been advanced by persons who ad-

* Mr. Baring.

mit and admire a depreciated currency, I see cause of sufficient alarm in those which he has avowed and maintained. If the causes of the present state of our currency be, as he says, the unfavourable balance of our trade, and the necessary extent of our war expenditure; if so long as those causes continue to operate, gold must, as he contends, continue to flow out of the country; if nothing can contribute to recall it, except a turn of the exchanges in our favour; if that turn can never be produced, except either by the previous turn of the balance of trade in our favour, or by the reduction of our paper currency; if the balance of trade, having been turned against us by the anti-commercial decrees of our enemy, must continue against us till those decrees are repealed; and if, of the only other expedient for correcting the exchanges (viz. the reduction of our paper currency), my right honourable friend, while he admits the efficacy to be probable, denies the application to be possible;—I am afraid the result of this series of propositions, every one of which I collect from the speech of my right honourable friend, is, not only that we have no remedy for the present evil, but that we are likely to arrive at a term, when all our exertions for the safety of the country must cease, from our absolute inability to maintain them.

The precious metals are necessary to feed and sustain our military operations abroad. In all former wars, what went out in bullion for military purposes, was replaced in the course of trade by fresh importations.

But now, according to the argument of my right honourable friend, our commerce itself is but another drain for our bullion, and must continue so as long as the enemy pleases. The time, therefore, must come, when the stream, always flowing and never replenished, will be exhausted; and when consequently all the operations, whether of war or of commerce, to which it gave motion, will stand still. This, I beg it may be remembered, is not my statement: it is that which I collect from the speeches of those who profess to see nothing requisite to be set right in the present system of our currency. It would be a statement of complete despair, if there were absolutely no check in nature for the course and progress of the mischief. One check—one only check there is; a check, as I should think, safe as well as effectual. But while we are comforted with hearing from my right honourable friend that such a check might, in his opinion also, be effectual, we hear from him at the same time, that it would be absolute destruction to resort to it.

In addition to these motives of policy, there are, as I have heard this night, not without astonishment and dismay—considerations of justice, which preclude any systematick reduction of the amount of our paper currency. Such a reduction, it is argued, would change the value of existing contracts, and throw into confusion every species of pecuniary transaction, from the rent of the great landed proprietor down to the wages of the peasant and the artisan. Good God!

what is this but to say, that the system of irredeemable paper currency must continue for ever? What is it but to say, that the debts incurred, and the contracts entered into, under the old established legal standard of the currency, including the debts and contracts of the State itself, are now to be lopped and squared to a new measure, set up originally as a temporary expedient; and that the sacredness of publick faith, and the obligation of legal engagements, are to be conformed to the accidental and fluctuating derangement, and not to the antient and fixed rule, of our currency?

If this be so, there is indeed no hope that we shall ever return to our sound and pristine state.—This objection is of a nature to propagate itself indefinitely. Every day new contracts must necessarily be made; and every day successively (as it is of the essence of depreciation to go on increasing in degree) at rates diverging more and more widely from the real standard from which we have departed. Every day, therefore, must interpose additional impediments to a return to the legal standard. Never did the wildest and most hostile prophesier of ruin to the finances of this country venture to predict that a time should come, when, by the avowal of Parliament, nominal amount in paper, without reference to any real standard value in gold, would be the payment of the publick creditor. But still less could it ever be apprehended that such a system was to be built on the foundations of equity and right;

—that it would be considered as unjust to give to the paper creditor the real value of his contracts in gold, but just to compel the creditor who had trusted in gold, to receive for all time to come the nominal amount, whatever that might come to be, of his contract in paper.

This proposition appears to me so monstrous, and shows so plainly to what an extravagant and alarming length we are liable to be hurried, when once we have lost sight of principle and given ourselves up to the guidance of expediency, that I am sure this House ought to lose no time in pronouncing its opinion as to the maxims by which, for centuries, the currency of this country has been preserved in eminent purity and integrity; and in declaring its determination to acknowledge no others in the theory of our money system, and to look to a practical return to that system, not only as advantageous to the State, but as indispensable to its justice and its honour.

For these purposes, it is in my opinion necessary, in the first place, to enter a distinct record of what is, in our opinion, the legal standard of our currency. I know not how this can be done with greater clearness and correctness than by adopting the first *. Seven of the Resolutions proposed by the honourable and learned Chairman of the Bullion Committee.

To these Seven Resolutions are opposed, and for

* See Res. 1 to 7, of Mr. Horner, p. 5, 6.

them it is intended to substitute, the First of the Propositions of the right honourable gentleman opposite to me.*

I should have no hesitation in affirming these first Seven Resolutions, if they stood simply and positively on their own merits: but when I find that we cannot get rid of them without admitting into their place a Proposition so exceptionable as the first Proposition of the right honourable gentleman, and one which, when admitted, will bring in its train other Propositions still more exceptionable—one in particular (I mean the Third) absolutely repugnant (as it seems to me) to common sense—I consider the affirmation of the original Resolutions as doubly important, not only from what it will establish, but for what it will exclude.

This is not the time to discuss the Propositions of the right honourable gentleman. Otherwise it would be easy to show that the doctrine of his first Proposition, which referring every thing relating to the money of the country exclusively to the prerogative of the Crown, states as altogether equal and indifferent the exercise of that prerogative by the will of the Crown alone, or with the concurrence of the two Houses of Parliament—that this doctrine, if not absolutely false in principle and in theory, (a question which I will not now discuss) is at least, in any practical view, and to any practical purpose, unsound: it is incomplete, delusive, and dangerous;

* See Res. 1, of Mr. Vansittart, p. 99.

it states the prerogative, indeed; but does not state it as defined and regulated by law. This, however, is a part only of the objections to the right honourable gentleman's Proposition. There are others which I shall reserve till the moment, if unhappily that moment shall arrive, when it becomes itself the subject of substantive discussion. What I have now said, in my opinion, is sufficient to disqualify it as a substitute for the precise, and unimpeachable definition of the monetary system of this country as established by the joint authority of the Crown and Parliament, which is contained in the honourable and learned gentleman's first Seven Resolutions.

If I do not go at large into those Resolutions for the purpose of explaining and defending the vote which I shall give in favour of them, it is because in the whole course of this debate I have not heard a single objection urged against them. It is singular that the whole skill of his antagonists should have been exhausted, not in attacking, but in evading his statement; that of a chain of reasoning which, if it could be loosened in a single link, would, I admit, fall to pieces, not a single link has been attempted to be loosened. It remains entire and unbroken, and connects undisputed premises with an inevitable conclusion.

The Eighth and Ninth Resolutions * of the honourable and learned gentleman contain truisms which no man disputes; and which the right honourable gentle-

* See Res. 8 and 9 of Mr. Horner, p. 7.

man, in proposing to substitute for them his Second Proposition, only makes less completely true by the omission of one essential circumstance. The Eighth Resolution states that the Notes of the Bank of England are stipulations to pay *on demand*. The right honourable gentleman's Second Proposition omits the words *on demand*.—Why this omission? It can hardly be accidental; it can hardly be without some meaning; and yet the right honourable gentleman, so far as I have heard, in the speech with which he introduced his Propositions, did not offer any thing to account for so singular an alteration. Is it possible that he can mean to say, that bank notes are *not* stipulations to pay *on demand?* It is perfectly true that the restriction law of 1797 suspends the fulfilment of this stipulation, and protects the Bank against the consequences of a refusal to fulfil it: but does not the right honourable gentleman see the danger of confounding two things so different as the temporary suspension of the effect of an obligation, and the actual annulment of the obligation itself? I am almost sure that the right honourable gentleman must, upon reflection, be aware of the perilous tendency of such a confusion. But in the mean time, for as much as a correct and complete definition is preferable to one which is undeniably and dangerously defective, I cannot hesitate to vote for the Eighth and Ninth of the original Resolutions, to the exclusion of the right honourable gentleman's

most unnecessary and most suspicious amendment.*

The Tenth† of the original Resolutions contains a clear, indisputable, and (as I have before described it) inevitable conclusion, from the state of the law, as accurately laid down in the preceding Resolutions, coupled with the notorious and undisputed fact of the high price of bullion. The truth of the averment contained in this Resolution is not directly denied. The dispute is only whether that which is admitted to be true is not nevertheless unfit to be recorded. It is not denied that the exchangeable value of Bank notes is at this moment considerably less than their denominative value, if those values respectively be measured in gold or silver; but it is disputed whether gold or silver be the fit measure of the value of Bank notes. This is in effect the whole of the argument, not upon this Resolution only, but upon the whole question in dispute. It is the single point on which all our discussions turn.

I have already discussed this point so much at length, and have so nearly (as I am afraid) exhausted the patient indulgence of the Committee, that I do not think myself at liberty here to recapitulate the arguments upon it. I will content myself with asking of those who maintain a contrary opinion, and particularly of the right honourable gentleman,‡ "If the precious metals, and particularly that one

* See 2d Res. of Mr. Vansittart, p. 99.

† See Res. 10. of Mr. Horner, p. 7. ‡ Mr. Vansittart.

which is the legal standard of the currency of the country, be not the proper measure of the value of that currency—what is?" The right honourable gentleman has his answer ready in his Third Proposition: and a most curious one it is.*—"Publick estimation" is, according to the right honourable gentleman, the true standard measure of the value of a currency; and the common measure of the two parts of a currency as compared with each other. If I felt upon this question with the spirit of a partisan—if I had been a member of the Bullion Committee, and were responsible for their Report, I should say, that the right honourable gentleman's Third Proposition was absolutely beyond my hopes. Speaking impartially, I must say, that if I had seen this Third Proposition any where but where it is, fairly printed and numbered in the right honourable gentleman's series, I should have thought it an invention of his antagonists calculated to place the fallacy of his doctrine in the most glaring and ridiculous point of view, but carrying the licence of exaggeration rather beyond pardonable limits, and defeating its purpose, by the grossness of the caricature. I would have taken no other person's word than the right honourable gentleman's own, that he, a man of science, a man of practical knowledge and experience, was the author of this Proposition.

This Proposition, however, is not now regularly before us. I think it absolutely incredible that it

* See Third Res. of Mr. Vansittart, p. 99.

should ever be brought before us for our direct consideration and adoption. It is now only to be viewed as the contrast and contradiction of the Tenth Resolution of the honourable and learned gentleman; as intended to divert us by the prospect of something better from sanctioning that Resolution. And how does it effect that purpose? By showing us that, if we will let that Resolution alone, and not unsettle the public mind by resolving any thing at all about the measurement of the value of Bank notes, there is already a sufficient rule for the just estimation of their value. What is that rule? "Publick estimation." Good. And who is the party, whose opinion is to be settled? The Publick. To whom do they appeal? To the House of Commons.—The publick opinion is divided; the Publick appeal to the House of Commons for judgment; and the House of Commons, after gravely hearing the arguments on both sides, delivers, not its own decision of the question in dispute, but a decree that the opinion of the Publick has already decided it.

Is this (I do not say) wise, judicious, satisfactory? I ask if it be intelligible; if it be not a mockery of the Publick; a degradation of our own character, and an abdication of our own functions?

Again I say, I cannot, will not believe that we shall even be seriously called upon to vote this Third Proposition.

But even so, we must not leave this main point of

inquiry undetermined, nor our determination upon it unrecorded. The Tenth of the original Resolutions contains the just and indisputable inference from the known law and the acknowledged facts of the case. Till the indentures of the Mint be altered, and the statutes which sanction them repealed, definite weight of precious metal constitutes the true standard of our currency. By that standard, while it subsists in law, every species of our currency must be measured. Measured by that standard, Bank-notes have not at present a value equal to their denomination. Unless the premises can be denied, it is in vain to dispute the conclusion. And this conclusion, if it be true, it is our bounden duty solemnly to record.

These Ten Resolutions therefore expound the law of our currency; and establish the fact of the actual depreciation of that part of it, which consists in paper.

Here I confess I should be contented to leave the matter: conceiving that the remedy to be applied to the evil may best be proposed by the Executive Government; and that the causes of it, though to my mind obvious and manifest, yet are not as capable of certain and demonstrative proof, as the fact of its existence.

I have myself no doubt of the truth of the honourable and learned gentleman's * Eleventh Resolution. But I am not prepared to affirm it by my vote. I think that, unlike in this respect to those

* See Res. 11. of Mr. Horner, p. 7.

which have preceded it, it asserts more than it proves. And I think it implies a degree of blame upon the Bank, which I am not ready to impute to that body.

When it is stated that the depreciation of bank notes is owing to an excessive issue, and that the excessive issue has been produced by a want of check and controul, it is difficult not to construe such a statement as imputing to the Bank a heavy responsibility both for the excess of their issues, and for a neglect of those precautions by which such excess might have been prevented. But the check and control which are said to have been wanting, may have been, and in point of fact were, in part at least, extrinsick to the Bank. The main check was the payment of their notes in specie upon demand: for the discontinuance of this check the Bank is obviously not responsible. If indeed I could agree with my right honourable friend (the Chancellor of the Exchequer) in considering the question of excess as independent of that of depreciation, and as capable of being satisfactorily proved or disproved otherwise than through the depreciation, I could not affirm the fact of an excessive issue without imputing to the Bank the blame of having intentionally produced that excess. But the check of cash payments once removed—which was, as I apprehend, the only infallible guard against excess, I know of no test, by which the Bank could ascertain the fact that their issues had become excessive,

except by that of their paper having become depreciated. The degree and the long continuance of the unfavourableness of the exchange strongly indicate—and the high price of bullion incontrovertibly proves,—the depreciation; the depreciation proves the excess.—But such being the order of the demonstration, it is not till the fact of depreciation was established that I could consider that of an excessive issue as proved: and it would not be until such excess should have been persevered in against better knowledge, that I should think it just to animadvert upon the conduct of the Bank in the sense of this Resolution.

Besides, I confess I think it unnecessary. I cannot help being satisfied, that without any specifick resolution on the subject of excess, the effect of this debate, should the first ten Resolutions be adopted—nay, I cannot help hoping that the effect of the debate itself,—will be to correct that evil.

For this purpose, however, it is undoubtedly desirable, that the Bank should be disabused of some notions which it appears to entertain and of others which have been suggested in this debate; at least if those notions are, as they appear to my understanding, entirely erroneous.—"It is impossible that there should be an excess in the issue of bank notes," say the Bank, "because those notes are never issued except upon solid security—the security of real mercantile transactions." Surely, it cannot be necessary to show that although this may be an ade-

quate precaution, against loss to the Bank, it is none against an excessive issue. It surely cannot be contended that every mercantile transaction, that is to say, every object of commerce, may be represented to its full value in the paper currency of the country, and represented not once only, but as often as it changes hands, without any inconvenient augmentation of the mass of that currency. A. sells to B. a bale of cloth, or a hogshead of sugar, and receives from B. a bill of exchange payable in two months. Here is a bill founded upon a real mercantile transaction. A. carries B's bill to the Bank for discount; and a bank-note to the amount of the bill is sent into circulation. Next day B. transfers his goods to C., and receives from C. a similar bill of exchange. Here is another bill founded on a real mercantile transaction. Like the former, it is carried to the Bank; and, like it, is the cause of adding a bank note of the same amount to the circulation. Is it not plain that this transaction may be almost indefinitely repeated, till the bale of cloth or the hogshead of sugar is represented an hundred fold in the currency of the country? The security of the Bank is not in the rule of its issue, but in the solvency of the several parties. This may guard their notes against depreciation from discredit; but what tendency has it to secure them from depreciation by excess?

"It is impossible," others have said, "that

there should be an excess, when the mass of property to be circulated in this country,—the rents of land, the profits of trade, the expenditure of the State, and the receipt of the revenue,—are grown and daily growing to an amount so much beyond all former experience. "The amount of the circulating medium," it is said, "so far from having increased in a ratio equal to that of these several enormous demands for its employment, bears an infinitely smaller proportion to those demands than it has done at former periods of our history. It cannot therefore be in excess."—This proposition has been much dwelt upon by many gentlemen who have spoken in this debate: and the difficulty of dealing with it lies in this—that on neither side of the comparison are what it assumes as *data*, fixed and certain; that on the one side the total amount of the currency of the country, including paper of all kinds, is necessarily unknown; and on the other side, who is there—(as I have before had occasion to ask) that shall pretend to estimate with accuracy the aggregate amount of all the private transactions of the country? The peremptory inference that excess is impossible, is surely not to be drawn with confidence from premises necessarily conjectural.

In one sense, indeed, which, however, I can hardly suppose to be intended, it may be true that there never can be any such thing as excess, or superabundance of currency in a country: it cannot be superabundant if you do not care for its depreciation.

Suppose for instance ten millions sufficient to carry on all the transactions of the country,—fabricate fifteen millions of paper instead of ten, the whole fifteen will circulate:—the only consequence will be, that the commodities for which it is exchanged will rise fifty per cent. in their nominal price. Make those fifteen millions twenty; the addition will in like manner be absorbed into the enhanced prices of commodities. Excess of currency cannot be proved to the conviction of those who will not admit depreciation to be the proof of it.

But again, if we were to allow the accuracy and certainty of all the *data* that are assumed by those persons who have relied on this argument; to allow whatever amount they please for the pecuniary transactions of the country, publick and private; to allow them to fix where they please, the amount of the currency; and to assume that its actual amount at the present moment, consisting, as it does, almost exclusively of paper, is not greater—is even less—than when it consisted in part, and in great part, of gold;—still it would remain for them, before they could infer the impossibility of excess, to show, that there was no improved mode of carrying on the transactions of the country, which facilitated and quickened all pecuniary transfers, and made a less quantity of currency perform what had required a greater amount before;—it would remain for them to show that the very substitution of paper for gold did not greatly contribute to this facility;

that a bank note of one hundred pounds would not perform in a given space of time an infinitely greater number of operations in exchange of commodities than an equal sum in the more bulky and less transferable shape of guineas.

That these or any other arguments can disprove the possibility of excess, I utterly deny,—and I trust that the Bank has, by this time, ceased to believe. On the other hand, that the existence of excess can be proved by the converse of these arguments, or that any conclusive inference can be drawn from the positive amount of paper in circulation, or from the comparison of that amount, either with the amount of currency in circulation at any former time, or with that of the pecuniary transactions, revenue and expenditure of the country,—I do not pretend.

The currency might be increased or diminished in any assignable degree, without affording any inference fairly conclusive upon the point in question, unless that diminution or increase were accompanied by a variation of its value. Whether that value has or has not varied, is therefore the sole question. It is the point from which we set out, and that to which we must return. And as it is one which is capable of being either proved or disproved directly; they who argue about it analogically, instead of directly, afford a strong indication of their own distrust in the soundness of their reasoning.

That excessive issue has therefore been the cause of depreciation, I entertain no doubt. And although,

for the reasons which I have given, I do not think it necessary to declare this fact in a distinct Resolution. I trust that the statement of principles in those Resolutions which precede, and those which follow, is sufficient to answer every practical purpose of such a declaration.

The Twelfth* Resolution simply records a fact about which there is no dispute—the unfavourable state of the exchanges.

The Thirteenth* Resolution attributes this unfavourable state of the exchanges, in a great measure, to the depreciation of the relative value of the currency of this country, as compared with that of other countries; without however excluding the operation of other causes.

The Fourteenth* declares it to be the duty of the Bank, under the present circumstances, to take the state of foreign exchanges, as well as the price of bullion, into their view, in regulating the amount of their issues.

The Twelfth Resolution requires no comment.

To the Thirteenth and Fourteenth, however the right hon. gentleman opposite me* may object, my right honourable friend (the Chancellor of the Exchequer) must agree. He must agree at least, unless he thinks, either that the depreciation of our paper currency is a good thing in itself; or that, being an evil, it is productive of good by which it is

*** See Res. 12, 13, and 14, of Mr. Horner, p. 7, 8.
† Mr. Vansittart.

more than counterbalanced. He must agree to these Resolutions, for he admits that the reduction of the amount of bank paper would have a tendency to set right the exchanges. The state of the exchanges therefore is not in his opinion, as it is in that of others, wholly independent of the amount of the bank issues, and unaffected by it. If the exchanges are affected by the issues of the Bank, and affect in their turn, as they undoubtedly do, and as by some they are thought to do exclusively, the price of gold, and the general commercial interests of the country, the state of the exchanges cannot be altogether a matter of indifference in any question respecting the amount to which the bank issues should be carried. But the Bank have told us distinctly, that they do not advert to the exchanges with a view to regulate their issues. Their reason for not doing so they state to be, that they do not consider the amount of their issues, and the state of the exchanges, as having any connexion, or bearing in any degree upon each other. In this opinion my right hon. friend (the Chancellor of the Exchequer) thinks, as I think, that the Bank is wrong. He must therefore naturally agree with me in the necessity and expediency of correcting their error on this subject. Consequently I can anticipate no objection on his part to the Twelfth, Thirteenth, and Fourteenth Resolutions.

The Fifteenth* Resolution cannot be opposed by

* See the 15th Resolution of Mr. Horner, page 8.

any man, who is not prepared to go the full length of the argument, that excess of paper currency is a thing of itself physically impossible, or who is not desirous of converting the temporary suspension of cash payments into a permanent system. With these exceptions, every man must concur in the opinion, that the convertibility upon demand of paper into coin is the only permanent and certain security against excess in the issue of paper; and must be anxious that this principle, having been called in question, should be unequivocally affirmed. More especially must those persons be anxious for such an affirmation, who are prepared to vote for the last but one of the propositions of the right honourable gentleman opposite to me*; in which the expediency of returning to cash payments as quickly as possible, is so clearly and properly recognized. I have already declared that I am one of those who concur in that proposition; and who would not object to voting at the same time for the concluding proposition of the right honourable gentleman, which declares the inexpediency of reverting to cash payments at the present moment: but to those propositions, the Resolutions of the honourable and learned gentleman† which I have already discussed, and especially this fifteenth resolution, appear to me to form the best and most natural introduction

* Mr. Vansittart. † Mr. Horner.

I now come to the concluding Resolution of the honourable and learned gentleman,* and that with respect to which alone I differ from him to the extent of being compelled to vote against it. Agreeing with him as I do in all the main principles of his argument; admitting as I do, that the evil which he has denounced exists, and that he and his fellow-labourers have traced it to its source; admitting also that it requires remedy; I am certainly bound to explain why I cannot go along with him in his practical conclusion: and I will endeavour to explain myself upon this point, I hope to his satisfaction.

The object of this Resolution is to change the term of the restriction upon cash payments at the Bank; and to ascertain, though not necessarily to shorten, the period of its duration.

I have already said, that throughout the whole of this business, I consider the Bank as entirely passive. The restriction was originally imposed upon them by Parliament. By Parliament it was renewed more than once during the continuance of the former war, after the Bank had declared its readiness to pay in cash;—by Parliament it was re-enacted at the re-commencement of the war;—and with a policy, which I deeply regret, but for which the Bank is no way answerable, was made commensurate in its continuance with the continuance of the war. If therefore the error has prevailed of considering this as a war measure, it is not to the Bank, but to Parliament, that this error ought to be imputed. The

* See Res. 16, of Mr. Horner, page 8.

Bank was taught by Parliament so to consider the subject: and it is hard to visit upon the Bank, the consequences of our own error.

Nothing can be more obvious, than that, considering its own interests as a commercial corporation, the Bank may have thought itself not only warranted but obliged to adopt a different course of conduct, with a view to prepare for the resumption of cash payments at a period of six months after a definitive treaty of peace, from that which they would have adopted with a view to a different period, definite in point of time, but independent of the consideration of peace or war. It is possible that, taking the colour of their opinions from Parliament, and considering the war as the cause of the restriction, and peace, whenever it should be made, as certain to supersede the necessity of it, they may have thought that the six months, which are to intervene between the conclusion of the definitive treaty and the call upon them for cash, would be sufficient to enable them to replenish their coffers; however they might have exhausted them in the mean time, by a liberal assistance to Government, and however they might have omitted to replace their issues by the purchase of gold in the market. I do not say that such has been the conduct of the Bank: I say, that if such has been their conduct, it is perfectly natural and excusable. We know, indeed, in point of fact, that they have omitted to purchase bullion. I regret this—because I think that continued

purchases, on their part, would have tended to keep their notes and the precious metals more nearly on a par. But we have nothing to do with the policy on which the Bank conducts its own private concerns; we have no right to examine into the state of its coffers; and it would be highly improper and mischievous to do so. We had a right to require, before the Bank restriction, payment of their notes in specie on demand; that right we have voluntarily foregone for purposes, and with a view to interests, not of the Bank, but of our own; and all that we have now strictly a right to require of the Bank, is that it shall be ready to resume its cash payments at the period which Parliament has fixed for that resumption.

It would, therefore, in my opinion, be unjust to shorten by any compulsory measure the duration, or to change the nature of the term for which the restriction has been enacted.

But I also think the change would be impolitick as well as unjust. I am for adhering to our bargain; although I do not think it a very wise one. I am afraid, that if we proposed to alter it for our own convenience, we should not only not obtain our object, but, by throwing loose the terms of the existing agreement, should risk the non-performance of that agreement when the period for exacting it arrives.

That our first object might be defeated by the Bank, if we could suppose that the Directors of the Bank (which, however, I am very far from believ-

ing) were capable of defeating it by design,—is sufficiently obvious. But even innocently, and with the sincerest desire to conform themselves to the expressed wish of Parliament, the Bank Directors, suddenly driven out of the course which they may have adopted in reliance upon the former act, by this new and unlooked-for interposition, might, by the very measures which that interposition rendered necessary, create a state of things which would oblige us hastily to recall it.

We read in the Report of the Bullion Committee of the alarming effects of a too sudden and violent contraction of the Bank issues. We feel at the present moment the ill effect of an uncontrolled augmentation of them. The result of the present discussion must and will be (I cannot doubt but it will) to check the latter evil: but I am afraid, that, by fixing peremptorily a new period for opening the cash coffers of the Bank, we should incur a danger of the former kind to an extent of which the consequences cannot be foreseen. Of these consequences, that which I most apprehend, which I think the most certain, and consider as the most to be deprecated, would be that, the act under which the restriction is now limited being repealed, the new limitation would be found impracticable; and that we should thus be left without the prospect of any definite period for the restoration of the sound and natural state of our currency.

In the present state of this discussion, I shall be

well contented if we come out of the Committee with the principles of our money system unequivocally recognized, and with the prospect of our return to the practice of them only not impaired. Of that issue I will not despair. For the rest, I am willing to leave to the good sense and good intentions of the Bank, and to the suggestions of the Executive Government, that gradual retrenchment of the excess of our paper currency, which can alone correct those evils, the existence of which we all agree in acknowledging. I impute nothing to the Bank for whatever has taken place amiss; I rely confidently on their disposition to amend it. As to the Government, I am quite sure, that whatever may be the present feelings of my right honourable friend, no obstinate attachment to preconceived opinions will prevent him from looking at the whole subject with impartiality, or from setting himself with that solicitude which its importance demands to review and to re-consider all the facts and arguments connected with it, and to adapt his conduct (his counsel, rather—for it is in that way alone that he can properly influence the Bank) to whatever may after full deliberation be his own final and sincere conviction. I think that, after full deliberation, he cannot be convinced but aright.

If I am asked, "What will you then be satisfied, after all, with doing nothing?—with leaving things as they are?" I answer—We the House of Commons do perhaps as much as at this moment we can

do, we do something practical—something essentially useful and important, if we strengthen, by a declaration of our opinion, the foundations of the money system of the country; if we re-establish the credit of the true standard of our currency, at a moment when it is attempted to be brought into doubt and disrepute.

The Bullion Committee will not have sat in vain, if its Report shall have recalled the attention of Parliament to that system, and that standard, which it was never the intention of Parliament to abandon. Nor will this House have mis-spent its time, if, at the conclusion of this long and anxious investigation, it shall give its sanction to the principles of the Bullion Committee, so far as the system of our money and the standard of our currency are concerned, even although it may withhold that sanction from the practical measure which the Report of the Committee recommends.

RESOLUTIONS

MOVED BY

THE RIGHT HONOURABLE N. VANSITTART.

1. *Resolved,* That it is the opinion of this Committee, That the right of establishing and regulating the legal Money of this Kingdom hath at all times been a Royal Prerogative, vested in the Sovereigns thereof, who have from time to time exercised the same as they have seen fit, in changing such legal Money, or altering and varying the value, and enforcing or restraining the circulation thereof, by Proclamation, or in concurrence with the Estates of the Realm, by Act of Parliament: and that such legal Money cannot lawfully be defaced, melted down, or exported.

2. *Resolved,* That it is the opinion of this Committee, That the Promissory Notes of the Governor and Company of the Bank of *England* are engagements to pay certain sums of Money, in the legal coin of this Kingdom; and that, for more than a century past, the said Governor and Company were at all times ready to discharge such Promissory Notes in legal Coin of the Realm, until restrained from so doing on the 25th of February 1797, by an Order of Council, confirmed by Act of Parliament.

3. *Resolved,* That it is the opinion of this Committee, That the Promissory Notes of the Company have hitherto been, and are at this time, held in public estimation to be equivalent to the legal Coin of the Realm, and generally accepted as such in all pecuniary transactions to which such Coin is lawfully applicable.

4. *Resolved*, That it is the opinion of this Committee, That at various periods, as well before as since the said Restriction, the Exchanges between *Great Britain* and several other Countries have been unfavourable to *Great Britain*: and that during such periods, the prices of Gold and Silver Bullion, especially of such Gold Bullion as could be legally exported, have frequently risen above the Mint price; and the coinage of Money at the Mint has been either wholly suspended or greatly diminished in amount; and that such circumstances have usually occurred when expensive Naval and Military operations have been carried on abroad, and in times of public danger and alarm, or when large importations of grain from foreign parts have taken place.

5. *Resolved*, That it is the opinion of this Committee, That such unfavourable Exchanges, and rise in the price of Bullion, occurred to a greater or less degree, during the wars carried on by King *William* the Third and Queen *Anne*, and also during part of the Seven Years War, and of the *American* War, and during the War and Scarcity of Grain in 1795 and 1796, when the difficulty of procuring Cash or Bullion increased to such a degree, that on the 25th of February, 1797, the Bank of *England* was restrained from making payments in Cash by an Order of Council, confirmed and continued to the present time by divers Acts of Parliament; and the Exchanges became still more unfavourable, and the price of Bullion higher, during the scarcity which prevailed for two years previous to the Peace of *Amiens*.

6. *Resolved*, That it is the opinion of this Committee, That the unfavourable state of the Exchanges, and the high price of Bullion, do not, in any of the instances above referred to, appear to have been produced by the restriction upon Cash payments at the Bank of *England*, or by any excess in the issue of Bank Notes; inasmuch as all the said instances, except the last, occurred previously to any restriction on such Cash payments; and because, so far as appears by such information as has been procured, the price of Bullion has frequently been highest, and the Exchanges most unfavourable, at periods, when the issues of

Bank Notes have been considerably diminished; and they have been afterwards restored to their ordinary rates, although those issues have been increased.

7. *Resolved*, That it is the opinion of this Committee, That during the period of nearly 78 years, ending with the 1st of January, 1796, and previous to the aforesaid restriction, of which period Accounts are before the House, the price of Standard Gold in bars has been at or under the Mint price 28 years and 5 months; and above the said Mint price 48 years and 11 months; and that the price of Foreign Gold Coin has been at or under 3*l.* 18*s.* *per* oz. 36 years and 7 months, and above the said price 39 years and 3 months; and that during the remaining intervals no prices are stated.—And that, during the same period of 78 years, the price of Standard Silver appears to have been at or under the Mint price 3 years and 2 months only.

8. *Resolved*, That it is the opinion of this Committee, That during the latter part and for some time after the close of the *American* War, during the years 1781, 1782, and 1783, the Exchange with *Hamburgh* fell from 34. 1. to 31. 5, being about 8 *per cent.*; and the price of Foreign Gold rose from 3*l.* 17*s.* 6*d.* to 4*l.* 2*s.* 3*d.* *per* oz. and the price of Dollars from 5*s.* 4½*d.* *per* oz. to 5*s.* 11¼*d.* and that the Bank Notes in circulation were reduced between March 1782 and September 1782, from 9,160,000*l.* to 5,995,000*l.* being a diminution of above one third, and continued (with occasional variations) at such reduced rate until December 1784: and that the exchange with *Hamburgh* rose to 34. 6, and the price of Gold fell to 3*l.* 17*s.* 6*d.* and Dollars to 5*s.* 1½*d.* *per* oz. before the 25th of February 1787, the amount of Bank Notes being then increased to 8,688,000*l.*

9. *Resolved*, That it is the opinion of this Committee, That the Amount of Bank Notes in February, 1787, was 8,688,000*l.* and in February 1791, 11,699,000*l.*; and that during the same period, the sum of 10,704,000*l.* was coined in Gold; and that the Exchange with *Hamburgh* rose about 3 *per cent.*

10. *Resolved*, That it is the opinion of this Committee, That the average amount of Bank Notes in the year 1795 was about 11,497,000*l.* and on the 25th of February, 1797, was reduced to 8,640,000*l.* during which time the exchange with *Hamburgh* fell from 36 to 35, being about 3 *per cent.*; and the said amount was increased to 11,855,000*l.* exclusive of 1,542,000*l.* in Notes of 1*l.* and 2*l.* each, on the 1st of February, 1798, during which time the Exchange rose to 38. 2, being about 9 *per cent.*

11. *Resolved*, That it is the opinion of this Committee, That the average price of Wheat *per* quarter in *England*, in the year 1798, was 50*s.* 3*d.*; in 1799, 67*s.* 5*d.*; in 1800, 113*s.* 7*d.*; in 1801, 118*s.* 3*d.*; and in 1802, 67*s.* 5*d.*: The amount of Bank Notes of 5*l.* and upwards, was—

	£.	£.	£.	£.
In 1798, about	10,920,400,	and under 5,	1,786,000,	12,706,400
In 1799 .	12,048,790	.	1,626,110,	13,674,906
In 1800 .	13,421,920	.	1,831,820,	15,253,740
In 1801 .	13,454,370	.	2,715,180,	16,169,550
In 1802 .	13,917,980	.	3,136,470,	17,054,450

making together

That the Exchange with *Hamburgh* was, in January, 1798, 38. 2; January, 1799, 37. 7; January, 1800, 32.; January, 1801, 29. 8; being in the whole a fall of above 22 *per cent.*; in January, 1802, 32. 2.; and December, 1802, 34.; being in the whole a rise of about 13 *per cent.*

12. *Resolved*, That it is the opinion of this Committee, That, during all the periods above referred to, previous to the commencement of the war with *France* in 1793, the principal States of *Europe* preserved their independence, and the trade and correspondence thereof were carried on conformably to the accustomed law of nations; and that although, from the time of the invasion of *Holland* by the *French* in 1795, the trade of *Great Britain* with the Continent was in part circumscribed, and interrupted, it was carried on freely with several of the most considerable ports, and commercial correspondence was maintained at all times previous to the Summer of 1807.

13. *Resolved*, That it is the opinion of this Committee, That, since the month of November 1806, and especially since the Summer of 1807, a system of exclusion has been established against the *British* trade on the Continent of *Europe*, under the influence and terror of the *French* power, and enforced with a degree of violence and rigour never before attempted; whereby all trade and correspondence between *Great Britain* and the Continent of *Europe* has (with some occasional exceptions, chiefly in *Sweden*, and in certain parts of *Spain* and *Portugal*) been hazardous, precarious, and expensive, the trade being loaded with excessive freights to foreign shipping, and other unusual charges: and that the trade of *Great Britain* with the United States of *America* has also been uncertain and interrupted; and that, in addition to these circumstances, which have greatly affected the course of payments between this Country and other Nations, the Naval and Military Expenditure of the United Kingdom in foreign parts has, for three years past, been very great; and the price of Grain, owing to a deficiency in the crops, higher than at any time, whereof the accounts appear before Parliament, except during the scarcity of 1800 and 1801; and that large quantities thereof have been imported.

14. *Resolved*, That it is the opinion of this Committee, That the amount of Currency necessary for carrying on the transactions of the Country must bear a proportion to the extent of its Trade and its public Revenue and Expenditure; and that the annual amount of the Exports and Imports of *Great Britain*, on an average of three years, ending 5th January, 1797, was 48,732,651*l.* official value; the average amount of Revenue paid into the Exchequer, including Monies raised by Lottery, 18,759,165*l.*; and of Loans, 18,409,842*l.* making together 37,169,007*l.*; and the average amount of the Total Expenditure

of *Great Britain* 42,855,111*l.*; and that the average amount of Bank Notes in circulation (all of which were for 5*l.* or upwards) was about 10,782,780*l.*; and that 57,274,617*l.* had been coined in Gold during His Majesty's reign, of which a large sum was then in circulation.

That the annual amount of the Exports and Imports of *Great Britain*, on an average of three years, ending 5th January, 1811, supposing the Imports from the *East Indies* and *China* to have been equal to their amount in the preceding year, was 77,971,318*l.* the average amount of Revenue paid into the Exchequer, 62,763,746*l.* and of Loans, 12,673,548*l.* making together 75,437,294*l.* and the average amount of the Total Expenditure of *Great Britain* 82,205,066*l.* and that the average amount of Bank Notes, above 50*l.* was about 14,265,850*l.* and of Notes under 5*l.* about 5,283,330*l.* and that the amount of Gold Coin in circulation was greatly diminished.

15. *Resolved*, That it is the opinion of this Committee, That the situation of this Kingdom, in respect of its political and commercial relations with foreign Countries, as above stated, is sufficient, without any change in the internal value of its Currency, to account for the unfavourable state of the foreign Exchanges, and for the high price of Bullion.

16. *Resolved*, That it is the opinion of this Committee, That it is highly important that the Restriction on the payments in Cash of the Bank of *England* should be removed, whenever the political and commercial relations of the Country shall render it compatible with the public interest.

17. *Resolved*, That it is the opinion of this Committee, That, under the circumstances affecting the political and commercial relations of this Kingdom with foreign Countries, it would be

highly inexpedient and dangerous now to fix a definite period for the removal of the Restriction of Cash payments at the Bank of *England*, prior to the term already fixed by the Act 44 *Geo.* III, c. 1, of six months after the conclusion of a Definitive Treaty of Peace.

SPEECH

ON THE

RESOLUTIONS

MOVED BY

THE RIGHT HON. N. VANSITTART.

Monday, May 13, 1811.

I SHOULD not have thought it necessary, Sir, to trouble the Committee with the expression of my sentiments in this night's debate, after the able and lucid speech of the honourable gentleman who spoke last *, if I had not been desirous of addressing myself more particularly than he has done to the Propositions now brought forward, in the shape of Resolutions, by the right honourable gentleman opposite to me†, which are the immediate subject of this night's deliberation.

* Mr. H. Thornton. † Mr. Vansittart.

I should indeed be unpardonable, if, after having already trespassed at so great length on the indulgence of the Committee when the original Resolutions were under discussion, I should again expatiate upon the general subject which I conceive to have been disposed of by the vote of the former night. The present, however, is a very different question from that which was then decided. We decided by our former vote, not to adopt the practical recommendation of the Bullion Committee. In that vote I concurred. We decided farther, not to sanction and record the declaration of the principles of our money system, on which the recommendation of the Bullion Committee was founded. In that decision I did not concur. and it is one which I deeply regret; because those principles were, as I think, correctly defined in the original Resolutions; and because I think that a declaration of them under the sanction of this House, would have been eminently useful at the present moment.

But the House having thought otherwise; and having rejected all the Resolutions of the honourable and learned gentleman; my next wish would have been, that with that rejection the whole discussion should have terminated. Why pursue it farther? The Bullion Committee is defeated; its doctrines are, at least, for the present set aside. Why could not its antagonists be contented with this negative victory? Why must they aim at the unnecessary and perilous triumph

of substituting their own doctrines in the place of those which they have discomfited?

In the majority of the former night were numbered many persons who profess to disapprove of abstract propositions. Those persons must, in common consistency, oppose the propositions of the right honourable gentleman, which are to the full as abstract as the original Resolutions. In that majority were many who not only did not agree with the right honourable gentleman opposite to me, in denying the existence of a depreciation of the paper currency; but who distinctly declared their entire conviction of the existence of that depreciation, and only thought it too notorious and undeniable to require the formality of a parliamentary affirmation. Can those persons be expected by the right honourable gentleman to concur in the Resolutions which he is now bringing forward? Others again there were, who, neither admitting nor denying the depreciation, were desirous only of escaping from the necessity of a decision either way; contending that no result could be so satisfactory, as the discussion itself was mischievous. Will those persons thank the right honourable gentleman for reviving a discussion which, if it had finally closed on Friday night, would have eft them in quiet possession of their doubts,—doubts which any man might very reasonably prefer to a decision in support of the right honourable gentleman's Third Resolution?

Independently of this violence to the feelings and judgments of his supporters, has the right honourable gentleman no consideration for the reputation of the House of Commons itself, when he calls upon us, by voting that Resolution, to affirm a proposition, which I will venture to say, there is no man who, without the doors of the House, could affirm with a grave countenance?

The Third Resolution is the essential part, the soul and spirit of the right honourable gentleman's system. Of the other Resolutions, the First and the Fifteenth are the only two, which, in my view of the subject, appear to require particular observation. The remainder, from the Fourth to the Fourteenth inclusive, contain a vast variety of statements, historical, political, commercial, financial, and agricultural; some accurate, some inaccurate; but all valuable rather from their intrinsick erudition, than from any very near connexion with the subject before us. With none of these, therefore, shall I presume to meddle.

But, before I proceed to the three Resolutions in which the whole of the right honourable gentleman's argument lies, I must say a word or two in answer to a challenge of the right honourable gentleman as to his *16th and 17th Resolutions. He states, and states very truly, that I had declared myself ready to vote for those two Resolutions, provided they were prefaced and introduced, not by

* See Res. 16, 17, p. 102.

his own preceding Resolutions, but by the first ten of the original Resolutions moved by the honourable and learned Chairman of the Bullion Committee. The right honourable gentleman triumphs in this declaration of mine, as if it had been a concession to his argument, instead of an exposition of my own. He has caught me in a great inconsistency, it seems. And what is this inconsistency? That I am ready to affirm two things irreconcilable with each other?—that I would vote premises that did not bear out their conclusion, or a conclusion contradictory to its premises?—No such thing: but simply, that I am ready to adopt the premises suggested by one man, and the conclusion drawn by another. This is what he considers as an inconsistency; as if consistency had reference not to the compatibility of doctrines, but to the identity of the persons holding them.

It is true that if the first ten of the original Resolutions had been carried, I should not have objected to adding to them the two concluding propositions of the right honourable gentleman. But I cannot consent to vote for them by themselves, nor if introduced by his own preceding propositions.

I am not, any more than the right honourable gentleman himself, for changing the period now fixed by law for the repeal of the Bank Restriction. I could therefore have been contented to vote for the 16th and 17th of the right honourable gentleman's Propositions if those principles respecting the stan-

dard of our money, which were luminously and accurately developed in the Resolutions moved by the Chairman of the Bullion Committee had been previously recognized and sanctioned. The truth of these principles once admitted, there might have been comparatively little danger in deciding either way the question, whether the period for returning to the strict practical application of them should be accelerated. But to decide that question in a way which should imply a denial of the truth of those principles, would be productive of a mischief than which none can be greater, except indeed that of adopting the right honourable gentleman's Resolutions, in which the truth of those principles is denied, not by implication but directly.

To have abstained from adopting the original Resolutions, provided no others were agreed to in their room, would be to leave the true principles of our money system unvouched indeed, but not discredited; and to leave the Bank Restriction precisely as it stands. To declare the continuance of the Bank Restriction by adopting the right honourable gentleman's 16th and 17th Resolutions only, without adverting at the same time to the principles laid down by the Bullion Committee, would be to leave it matter of doubt whether the restriction was continued because those principles were false, or only because their force was overborne by considerations of expediency. This result would be unsatisfactory enough. To adopt and record the right honourable gentleman's pre-

mises as the foundation of his own conclusion, would be in his view, no doubt, perfectly consistent; but it would be a consistency obtained at no less an expence than that of abrogating, so far as the Resolutions of this House can abrogate it, the whole system under which the currency of this country has been hitherto regulated and preserved in a state of purity and integrity, equally creditable to the character of the state, and to the unceasing vigilance and anxiety of Parliament.

In matters which have been frequently the object of parliamentary revision, it is no light thing to come to resolutions of a general and abstract nature without taking the former proceedings of Parliament for our guide.

If they who dissented from the doctrines of the Bullion Committee thought the errors of that Committee the more formidable on account of the authority by which they were inculcated, how much more cautious ought we to be in ascertaining beyond possibility of doubt, the truth of those doctrines which we are now called upon to promulgate by the much higher authority of the House itself?

A declaration of the law by one of the branches of the Legislature ought not to be made at all but for a grave and adequate object; and at least ought to be unimpeachably correct.

Let us examine the right honourable gentleman's first Resolution, in this double view. First, let us see how far it is positively correct; and secondly,

what is the object to which it is directed, and how far it attains that object.*

That the right of establishing and regulating the legal money of this kingdom is a prerogative of the Sovereign, is most undoubtedly true; that the Sovereigns of this kingdom have at different times altered the value of such money, is also true—if by value be intended only the denomination of such money, that is the rate at which any given quantity of gold or silver should be current within these realms. But "value," absolutely stated, is by no means a correct expression. To alter the positive intrinsick value of the precious metals, or make it other than it is by nature, and by the relation which those metals bear to other commodities, is a power, which neither kings nor parliaments have hitherto, so far as I know, arrogated; but the existence of which to be sure would at once put an end to all dispute, and give to the right honourable gentleman, and those who side with him, a complete triumph. If value were indeed the offspring of authority, there is no doubt but that paper or pasteboard, or any viler material, might be raised by that authority to a level with gold. But the only power which sovereigns have ever yet exercised or claimed, has been to fix the rate or "current" value of coin within their own dominions.

Nor is it merely an inaccuracy of expression to omit this qualification of the word "value." It is an inac-

* See 1st Resolution, p. 97.

curacy which may lead to serious misconception in a case where the whole controversy turns upon this single question, "whether there be or be not an inherent inextinguishable value in the precious metals estimated according to their relation to other commodities generally, throughout the world; and independent of any arbitrary valuation, which positive edicts or enactments can affix to them?" The right honourable gentleman's proposition as it stands, without the addition to the word "value," of the epithets "current" or "denominative," would go to favour the notion that edicts and enactments have this power: a notion so wild that it might seem almost unnecessary to guard against it, if it, or something very like it, were not in fact the foundation of almost all the right honourable gentleman's arguments.

He cannot, however, intend to avow such a notion. He will therefore, I presume, have no objection to qualify the word "value," by the addition of one or other of the epithets which I have suggested. So qualified, the proposition, that the Sovereign has at different times varied the "current" or "denominative" value of the coin, would be true, and perfectly harmless.

The Resolution proceeds to state, that this has been done by proclamation, "or" by act of parliament.—This is also a true proposition; but upon this also I must observe, that it is not stated with sufficient qualification. The Resolution seems to

imply that the option between the two modes of proceeding is perfectly arbitrary; that Parliament may be either admitted into, or excluded from, a share in the operation, exactly according to the will and pleasure of the Crown. But, I would take the liberty of suggesting to the right honourable gentleman, that it was not enough to state the abstract principles and theory of the constitution; it was incumbent on him to state them as they have been acted upon, as they are modified by practice, as they are to be found, not in the proclamations of Henry the VIIIth, but in the statute book; in statutes of the last century; in those of the present reign.

The Sovereign (says the right honourable gentleman) can alter the value of the coin---But can he do that at the present moment, without consent of Parliament? Can he do it against existing acts of Parliament? Can he, except by the aid and concurrence of Parliament, repeal the acts of the 14th of the present reign, which were passed on occasion of the last re-coinage of the gold; and which must be repealed or amended, if any alteration should be made in the current value of the guinea?—Unquestionably the King, according to the theory of the prerogative, can, by his proclamation, reduce or raise the denomination of the current coin. But, if by doing so, he would place his subjects in the dilemma of either disregarding his proclamation, or acting in contravention of an act of Parliament; would it be in that case a sound or a safe statement of the law,

to give a naked definition of the prerogative, without reference to the practical restrictions by which the exercise of it must necessarily be controuled?

Are the opinions of lawyers so settled and uniform upon this subject as to warrant the right honourable gentleman's sweeping and unqualified assertion? Do lawyers agree that there is no limit to the power of the Crown in this respect? that the Crown may give what current value it pleases to coin, which it may debase at its pleasure?

I do not assert that all such authorities are uniformly the other way: it would, perhaps, be difficult to name that branch of the prerogative which has not been exalted to an excess in the speeches or writings of some one or other of the great Crown lawyers who have spoken or written upon the prerogative. But such opinions, even if they were more general than they will be found to be, surely could not avail against positive statute.

"The *denomination*," (says Blackstone) "or the "value for which the coin is to pass current, is likewise "in the breast of the King; and if any unusual "pieces are coined, that value must be ascertained "by proclamation. In order to fix the value, the "weight and the fineness of the metal are to be "taken into consideration together. When a given "weight of gold or silver is of a given fineness, "it is then of the true *standard*, and is called ster-"ling. Of this sterling metal all the coin of the "kingdom must be made by the statute 25 Edw. III.

"cap. 15; so that the King's prerogative seemeth "not to extend to the debasing or enhancing the "value of the coin below or above the sterling value; "though Sir Matthew Hale appears to be of another "opinion."

The right honourable gentleman may perhaps tell me that his opinion agrees with that of Sir Matthew Hale; to which Judge Blackstone here refers as seemingly more favourable to the prerogative than his own. But if he will look into that elaborate and instructive treatise, which contains an abstract of all the learning and of all the history relating to our coinage—I mean the Letter of the late Earl of Liverpool to the King—he will there find in what respects the Legislature has limited the exercise of that prerogative, since the death of Sir Matthew Hale. He will find it stated, that even in Sir Matthew Hale's opinion, "though this great prerogative is unquestionable, it is certainly advisable that in the exercise of it, whenever any great change is intended to be made, the King should avail himself of the wisdom and support of his Parliament." "Sir Matthew Hale observes" (says lord Liverpool), "that it is "neither safe nor honourable for the King to im-"base his coin *below sterling;* if it be at any time "done, it is fit to be done *by the assent of Parlia-"ment:*" and he concludes, that on such occasions "*fieri non debuit, factum valet.*"

Even if such were still the state of the prerogative, would it justify a Resolution of the House of Com-

mons, which describes that prerogative as absolute and indefinite, and describes "the assent of Parliament" not as that with which, according to Sir Matthew Hale, "it is fit" that such alteration should be made, if made at all; and without which, according to the same authority, "*fieri non debuit;*"—but merely as that which it is optional with the Crown to ask or not to ask, according to its good pleasure? Would such a Resolution have befitted the House of Commons, even at the time when Sir Matthew Hale wrote? Is it possible to pass it now, when that prerogative which by Sir Matthew Hale was considered as unfit to be exercised without consent of Parliament, stands actually limited by statute?

Let us now consider what is the object with a view to which this exposition of the law is made, and how far that object is attained by it.

The question in agitation is, whether our paper currency be or be not depreciated? The price of gold in that paper currency is adduced in proof of the depreciation. What answer is it to this question—what refutation is it of this proof, to say "The King's prerogative can alter the value of the coin?"—Granted that it can. At least it has not done so in the present instance. The coin is not varied in value: the paper currency, it is contended, is. The King's prerogative has nothing to do with the paper of the Bank. The paper of the Bank is not (God forbid it ever should be!) the legal money of the

realm. How, then, does the King's prerogative decide—how does it even affect—the question as to the depreciation of Bank paper? It can by no possibility affect it at all, unless the right honourable gentleman be prepared to address us in something like the following manner—"The King has a power to make whatever he pleases money; and to make that money of what value he pleases. If you murmur at the supposed depreciation of Bank notes, beware that you do not provoke an exercise of the prerogative, which shall make those Bank notes to all intents and purposes legal money; or which shall cure that pretended disparity between paper and gold about which you clamour so loudly, by raising the denomination of the coin."

Is this what the right honourable gentleman means to say? If so—though I do not think that there would be much wisdom in the measure,—I admit that his Resolution is an apt and natural introduction to it. I can at least understand its application to the subject. I can see what is meant by it. But unless this be his meaning, I am at a loss to conceive how the assertion that the paper currency is actually depreciated, is disproved, or even touched by the assertion of the King's prerogative to establish and alter at his pleasure the legal money of the realm.

The Resolutions on the subject of the coinage laws, which we rejected on a former night, and for which this of the right honourable gentleman is intended as a substitute, had a direct and sensible

bearing upon the question in dispute. In affirming the depreciation of the paper currency, it was necessary to define the standard by which such currency was to be measured. The honourable and learned mover of the original Resolutions did define it, and, as I think, with perfect truth as well as precision. Can it be the right honourable gentleman's intention, by stating with such laxity the absolute and indefinite power of the Crown over the legal money of the realm, to imply that, where every thing is liable to such arbitrary fluctuation, there can be no fixed standard by which to measure the value of the currency? If his argument be good for any thing, it can only be so by being pushed to this extent: but even then it affords no answer to the Resolutions of the honourable and learned gentleman. Those Resolutions asserted that the paper currency is in a state of depreciation, if measured by the existing standard of our legal currency. The right honourable gentleman does not contradict this assertion; he passes it by; he says nothing at all as to what the standard of our currency really is; but contents himself with disparaging its fitness as a measure of value, by insinuating that, whatever it may be at the present moment, the King has, by his prerogative, an unlimited power of changing it.

But, again, even if the King has this power, it is not pretended that he has in point of fact thought fit to exercise it. If any part of our currency has been varied in its value, either in respect to another part

of it, or in respect to the standard, it is not pretended that this has been done by the interposition of the Crown. The complaint is, however, that such a variation has in fact taken place in the value of Bank paper. What answer is it to this complaint, to say, that though the King has not, yet he might, if he pleased, have made a like variation in the current value of the coin?

There is, however, another operation of the prerogative, which, to make his definition complete, the right honourable gentleman ought to have noticed; but which he has altogether omitted, perhaps because he saw that it would bear inconveniently upon his argument: I mean the King's power of giving currency to foreign coin within his own dominions. Now one of the plainest illustrations of the actual depreciation of our paper currency has been derived from the change which has been recently made in the current value of the dollar.

"The King," says Mr. Justice Blackstone in the same part of his work to which I have already referred, "may also, by his proclamation, *legitimate* "*foreign coin*, and make it current here; declaring "at what value it shall be taken in payments. But "this, I apprehend, ought to be by *comparison with* "*the standard of our own coin*; otherwise the *con-* "*sent of Parliament* will be necessary."

"This great prerogative," says Lord Liverpool in his letter to the King, "which the Kings of this "realm have immemorially enjoyed and exercised,

"of giving currency to the coins made at their "mint, *and sometimes to foreign coins*, at a deter- "minate rate or value, and of enhancing and de- "basing them at their pleasure, is of so important "and delicate a nature, and the justice and honour "of the Sovereign, as well as the interests of the "people, are so deeply concerned in it, that it ought "to be exercised with the greatest judgment and "discretion."

We here see the limitations in point of law, which, in the opinion of so able a lawyer as Blackstone,—and those in point of prudence and discretion which in the opinion of so profound a practical statesman as the late Earl of Liverpool,--would have governed the exercise of the prerogative of the Crown in giving currency to the dollar. Have these limitations, has this caution, been observed in fixing the rate at which the dollar now circulates? The intrinsick value of the dollar "by comparison with the standard of our own coin," —as compared for example with the British crown piece, is nearly in the proportion of nine to ten. The current rate at which the dollar circulates, as compared with the crown piece, is now in the proportion of eleven to ten.

By what authority has so strange an anomaly been introduced into our money system?—an anomaly which, according to Blackstone, the Crown in the exercise of its prerogative is bound to avoid. By an ordinance of the Bank. The prerogative of the Crown, we have seen, might have given currency to the

dollar; but it could only have done so at a rate proportionate to its intrinsick value, as compared with the standard of the realm; or for any deviation from that standard it must have obtained the concurrence of Parliament. But the thing is done. It is one of the main features of our present system. It makes one of the grounds of the complaint which the right honourable gentleman proposes to answer by the authoritative language of his first Resolution. And how does he answer it? By referring to the prerogative of the Crown as the authority by which alone the currency can be regulated; and yet omitting altogether a part of that prerogative, so essential to the present subject, as the power of giving currency to foreign coin! He omits it — Why? — Evidently because he could not state it, without acknowledging at the same time that the rules by which the exercise of that part of the prerogative has always been governed, have been entirely neglected in the issue of the dollar at its present rate; and because he could not make that acknowledgment without avowing the depreciation of our currency.

Before the late ordinance of the Bank, nine crown pieces would have exchanged for ten dollars. Now ten dollars cannot be had for less than eleven crowns. If this be not depreciation, what is it? Perhaps, I shall be warned that this argument proves too much; for that the depreciation here established would be that of the lawful coin of the realm,—not of the paper currency, of which also the depreciation is asserted.

I answer,—the depreciation of the lawful coin in respect to the dollar is effected through the medium of the paper. If the crown piece and the dollar circulated together without the intervention of the paper, it would be impossible that they should bear to each other, any other relation than that which arises naturally from their respective intrinsick values. It is by the intervention of the paper, which measures the one according to its nominal, the other according to its intrinsick value, that this relation is forcibly inverted, and the more valuable is degraded below the less valuable coin.

I shall probably be told, however, that the dollar is a mere token; it is no more than a promissory note in silver, which no man is bound to accept in payment. This is perfectly true: but it is a singular argument to be relied upon by the practical school,—since it is no less true that the dollar, such as it is, constitutes in fact by far the greater part of the metallick currency now in circulation. In the same way it has been argued, that a bank note is not a legal tender, that no man is bound to take a bank note from his neighbour in satisfaction of a just debt. This also is true: but it is no less so that the publick creditor is bound to receive bank notes, or at least can get nothing else, in payment of his demand upon the state; and it seems to be no great consolation to the publick creditor to be assured that what he is compelled to take from the Government, nobody is compellable to take from him.

This being then practically the state of our currency, what satisfaction, I must again ask, does the First Resolution of the right honourable gentleman afford to those who complain of the depreciation of bank paper, by stating, and stating, as it appears, incorrectly, the money prerogatives of the Crown?--prerogatives which, in respect to the bulk of our currency, —the paper,—have no operation at all; and which in respect to the small portion of metallick currency which we possess, have been suffered to lie dormant and passive, while that currency has been regulated by another authority on principles directly contrary to those by which the Crown must have been guided in giving currency to a foreign coin?

This Resolution therefore the House of Commons cannot but reject: first, because it is defective as a definition of the prerogative which it affects to define; secondly, because it is wholly inapplicable to the only points about which there is any dispute, namely, bank paper, which is out of the province of the prerogative; and the foreign silver currency, of which in fact it has taken no cognizance; and lastly, because it is calculated, by implication at least, to exclude Parliament from all share in the regulation of a subject in which, in all good times, Parliament has claimed it as a right, and felt it a duty to interfere, whenever the occasion has called for its interference.

It is impossible to pass over the Second Resolution without observing, that it remains liable to the ob-

jection which I took the liberty of making to it in a former debate. * The words "on demand" are still omitted: I trust, the right honourable gentleman intends to supply this omission. I must say, that the persisting in it would afford just ground of serious suspicion and alarm.

I now come to the main Resolution of all, the Third. This it is that contains the sum and substance of all the right honourable gentleman's arguments and doctrines; and to which I cannot believe it possible, until the vote shall actually have passed, that any assembly of reasonable men can be persuaded to give their concurrence. The Resolution is as follows:

III.—That the Promissory Notes of the said Company have hitherto been, and are at this time, held in public estimation to be equivalent to the legal Coin of the Realm, and generally accepted as such in all pecuniary transactions to which such Coin is legally applicable.

The right honourable gentleman, in stating what he considered to be the effect of this Resolution, made use of an expression which does indeed most truly describe its character, and the character of that assent which he reckons upon obtaining to it. By this Resolution, said the right honourable gentleman, we "pledge ourselves to believe the equivalency of bank notes to coin."—Pledge ourselves to believe! This is perhaps more than any man ever before avowed of himself; but certainly more than any man ever openly declared his intention to exact from others. Belief is not usually matter of volition;

* See 2nd Resolution, p. 97.

therefore, one should think, it cannot reasonably be made matter of undertaking and engagement. Of all martyrs of whatever faith, I have always conceived the just praise to be, that they adhered stedfastly to a belief founded on sincere conviction; not that they anticipated that conviction by pledging themselves beforehand what their belief should be. The right honourable gentleman's martyrdom is of a superior description; it not only professes its faith, but creates it: and, to say the truth, it does require a faith, rather of the will than of the understanding, to believe the doctrine which the right honourable gentleman has promulgated in this Third Resolution.

The right honourable gentleman, however, has not done full justice to his own Resolution. The pledge which it contains, goes much farther than he describes. It is not we, the resolvers, that are pledged by it to the creed of the right honourable gentleman: it pledges all mankind, except ourselves. It is so contrived that even I might consistently vote for it, denying as I do every syllable of the doctrine which it contains. Whatever other merit the Resolution may want, this is at least ingenious, and I think I may venture to say it is altogether new in parliamentary proceeding.

The object of the right honourable gentleman is to settle the publick mind on a question on which there is great division of opinion.—There are various modes in which the publick mind may be settled in

matters depending on positive authority. The first is, a proclamation by the King, where the subject matter is one to which the Royal prerogative is of itself competent; and such the right honourable gentleman contends this matter to be. A second mode is by act of Parliament, in which the united wisdom of the two branches of the Legislature is sanctioned by the authority of the Crown. A third mode is by concurrent resolution of the two Houses of Parliament, declaring their joint opinion. A fourth mode is, by resolution of one or other House of Parliament, declaring its opinion alone. But to these four recognised modes, it remained for the ingenuity of the right honourable gentleman to add a fifth; that of a resolution of the House of Commons, declaring not its own opinion, but that of the litigants themselves.

Are bank notes equivalent to the legal standard coin of the realm? This is the question which divides and agitates the publick opinion. I, says the right honourable gentleman, will devise a mode of settling this question to the satisfaction of the Publick. By advising a proclamation? No.—By bringing a Bill into Parliament? No.—By proposing to declare the joint opinion of both Houses, or the separate opinion of one? No.—By what new process then? Why, simply by telling the disputants that they are, and have been all along, however unconsciously, agreed upon the subject of their variance; and gravely resolving, for them,

respectively, an unanimous opinion. This is the very judgment, I should imagine, which Milton ascribes to the venerable Anarch whom he represents as adjusting the disputes of the conflicting elements:

> Chaos umpire sits,
> And by decision more embroils the fray.

That the Publick would have bowed in reverence and submission to the pronounced opinion of the House of Commons, cannot be doubted: but when the House of Commons speaks, not as a judge but as an interpreter, it can hardly expect to be regarded as infallible by those whose sentiments it professes to interpret.

"In publick estimation," says the right honourable gentleman's Resolution, "bank notes and coin are equivalent." Indeed? What then is become of all those persons who for the last six months have been by every outward and visible indication evincing, maintaining, and inculcating an opinion diametrically opposite? Who wrote that multitude of pamphlets, with the recollection of which one's head is still dizzy? What is become of the whole class of readers of those pamphlets, of whom to my cost I was one; and a great number of whom at least were convinced, like me, of the actual depreciation of our paper currency? Were these writers and readers no part of the publick? or does the right honourable gentleman apprehend that his arguments must have wrought their conversion? Far be it from me to say that, whatever I may

think of his arguments, the authority of his name would not have great weight with me and with the publick. Therefore do I regret that, if he does not think fit to frame his Resolution in the name of the House of Commons, he should not at least resolve in his own name the equivalency which he is so bent upon establishing. A Resolution, importing that "in the estimation" of the right honourable gentleman individually, "bank notes are equivalent to the legal coin of the realm," though I do not pretend to say it would carry all the force of a decision of the Legislature, would yet be a prodigious comfort even to those who are hardened in their disbelief of that equivalency; as it would show them in what quarter to apply when they wished to make an exchange on equal terms.

Nor would such a declaration of individual opinion, though unusual, be wholly without example. I saw the other day an address to the publick, from a patriotick Lottery-office keeper, which in truth I should think had not escaped the right honourable gentleman's notice, since his Third Resolution is nearly a transcript of it. This worthy distributor of the favours of Fortune disclaims in the most indignant terms the intention to "make any distinction between bank notes, and the current coin of the realm." He is "at all times ready," he says, "to serve the publick with tickets or shares, on equal terms for either." Why should

not the right honourable gentleman give a similar demonstration of the sincerity of his own opinion? It is obvious, that if the lottery-office keeper, instead of speaking for himself, had only declared that "in the estimation of the publick," bank-notes and coin were equal, his assurance would have gone but for little: and I really cannot see why, in adopting, as he has done, the very words of the lottery advertisement, the right honourable gentleman should decline adopting the advertiser's test of his sincerity.

I must however observe, that the right honourable gentleman carries his doctrine somewhat farther than his prototype, the lottery-office keeper. The advertisement is much more cautiously worded than the Resolution. The advertisement only affirms the equivalency of bank notes to the "current" coin of the realm. The Resolution says, that they are equivalent to the "legal" coin. Now the assertion of the advertisement may be perfectly safe from contradiction, forasmuch as "current" coin of the realm, there is at this moment, none. But the "legal" coin of the realm, though driven out of circulation, is capable of strict definition: The right honourable gentleman's proposition therefore admits of a test, which the advertiser's does not. To make his proposition perfect, the right honourable gentleman ought to define both those things which he declares to be equivalent to each other. Bank notes he has defined in his second Resolution: they

are "engagements to pay certain sums of money in the legal coin of this kingdom." But he has omitted to define the "legal coin."

With his leave, I will venture to remind him that one pound in sterling money of this realm, is either $\frac{20}{21}$ of a guinea weighing not less than 5 dwts. 8 grs. standard fineness; or it is $\frac{20}{62}$ of a lb. of standard silver. Does the right honourable gentleman object to either of those definitions? If not, does he maintain his proposition of equivalency? Does he maintain that a one-pound note is equivalent to $\frac{20}{21}$ of a lawful guinea, or to $\frac{20}{62}$ of a lb. of standard silver? Does he not know that a guinea is intrinsically worth not a one-pound note, with one shilling in addition, but with the addition of four or five shillings, at the present moment? and that so far from purchasing nearly the third part of a lb. of standard silver, a bank note of £.1 would now purchase little more than the fourth part of it?

But the right honourable gentleman warns us, that we overlook the force and real meaning of the word "legal" as employed in his Resolution. He alludes not to the laws which have fixed the standard, and which ensure the weight and purity, of our coin; but to those which provide by wholesome penalties against the influence of its real upon its denominative value. The gold *of* a guinea may be worth what we will; the Resolution applies only to the gold *in* a guinea. It does not say that a bank note is

worth as much as a guinea. It says only that the guinea can pass for no more than the bank note. It ties the living to the dead, and then pronounces them equal to each other. The gold which is necessary to constitute a guinea, may be worth twenty-six or twenty-seven shillings. The right honourable gentleman's business with it commences only when it has received the stamp and sanction of the Sovereign. It is then that, degraded by this distinction, and restricted by this guarantee, it loses about a fifth of its value, and becomes worth only a one-pound note and one shilling.

Be it so. This then may be the state of the law: but how does this prove "publick estimation?" If the Resolution had purported merely that by law the guinea could pass for no more than twenty-one shillings, perhaps the right honourable gentleman may have the law on his side. But this proposition he had the sagacity to see would not answer his purpose. It would do nothing for the bank note. It would settle the proportion between gold and silver coin; but not between either of those metals and bank paper. Bank paper, until it is made the paper of the state, and a legal tender (which as yet happily it is not), must depend upon confidence for its value: and I am afraid that confidence may rather be impaired than restored by such a Resolution as the right honourable gentleman's.

There is, however, yet one addition, which qualifies the right honourable gentleman's proposition. Bank notes are not only "equivalent to legal coin," it seems, but are "generally accepted as such;" which to be sure it is natural to expect they should be, if equivalent. They are so accepted, however, not in all transactions. No,—only in "transactions to which such coin is *legally* applicable." There are transactions then, it seems, in which they are not accepted as equivalent? Yes,—but those transactions are not legal ones. Is the purchase of gold bullion a legal transaction? I presume it is. A lb. of gold bullion is at this moment worth about £.58:16*s.* in bank notes: £.58:16*s.* in guineas, according to their current value, makes fifty-six guineas. Now forty-four and a half of these guineas, we know, weigh exactly 1 lb. The right honourable gentleman, therefore, means gravely to affirm that there exist persons who will with equal readiness give £.58 : 16*s.* in bank notes, or fifty-six golden guineas, in payment for a commodity which is intrinsically worth exactly forty-four guineas and a half. It warms one's heart to hear such heroick instances of more than Roman virtue: but I must be permitted to doubt whether they can be truly stated to be as "general" as the right honourable gentleman supposes. I doubt whether even the patriotick lottery-man from whom the right honourable gentleman has borrowed his third Resolution,

would make such a sacrifice as this to the laws of his country. I doubt whether the right honourable gentleman himself does not stand the single instance of such striking self-devotion: and would again submit to him, therefore, whether his third Resolution, instead of affirming any thing about the publick, ought not to run singly in his own name.

But after all, is the right honourable gentleman sure that he is prepared to define exactly, at this moment, the legality or illegality of interchanging guineas and bank notes, at any other than the nominal current value? What cognizance does the law take of the rate at which bank notes shall pass? Is there any law which touches this matter? If any body had such a fancy for bank notes, and differed so entirely from the Bullion Committee, and from the right honourable gentleman, as to think them not only not depreciated in respect to coin, but as worth being bought up in coin at a premium; is there any law which would prevent him from gratifying his taste in this particular? If for more, might he not also buy them for less, than their nominal value? Is there any law to prevent that? The man who has been convicted and is now expecting judgment for buying guineas at a premium, might he not justly aver that he had only sold bank notes at a loss? Is there any law which forbids that? The right honourable

gentleman may tell me, that this question is at this very moment before the Judges of the land, by whose determination the conviction to which I have referred, will be either confirmed or reversed. And so I tell the right honourable gentleman; and from that very circumstance, from the law on that subject being in a state of such uncertainty as to require a reference to the Judges, it is in my opinion unseemly, and must be most unsatisfactory, for the House of Commons to assume the law to be such as the right honourable gentleman's Resolution declares it.

But, supposing the declaration of the law by the right honourable gentleman's Resolution to be correct, how does it bear out his assertions as to publick estimation?" Does he not know,—is it not notorious—has it not been admitted in the course of this debate, that in one part of the United Kingdom at least —in Ireland, so far are bank notes from being "equivalent to the legal coin in the publick estimation," that a premium is openly given for guineas? Does the right honourable gentleman forget, that the House of Commons, to which he proposes his Resolution, is the House of Commons of Ireland, as well as of Great Britain? And can he conceive a proceeding more likely to bring that House of Commons into contempt with the people of Ireland, than that, with the perfect knowledge which we have that they are very day exchanging bank notes against

guineas at a discount, we should come to a Resolution that,—not in our estimation but in theirs,—bank-notes and guineas are equivalent?

When Buonaparte, not long ago, was desirous of reconciling the nations under his dominion to the privations resulting from the exclusion of all colonial produce, he published an edict, which commenced in something like the following manner:—"Whereas sugar made from beet-root or the maple-tree is infinitely preferable to that of the sugar-cane..." and then proceeded to denounce penalties against those who should persist in the use of the inferior commodity. The denunciation might be more effectual than the right honourable gentleman's Resolution: but the preamble did not go near so far: for though it asserted the superiority of the maple and beet-root sugar, it rested that assertion merely on the authority of the state, and did not pretend to sanction it by "publick estimation."

When Galileo first promulgated the doctrine that the earth turned round the sun, and that the sun remained stationary in the centre of the universe, the holy fathers of the Inquisition took alarm at so daring an innovation, and forthwith declared the first of these propositions to be false and heretical, and the other to be erroneous in point of faith. The Holy Office "pledged itself to believe"—That the earth was stationary and the sun moveable. This pledge had little effect in changing the natural course of things: the sun and the earth continued, in spite

of it, to preserve their accustomed relations to each other, just as the coin and the bank note will in spite of the right honourable gentleman's Resolution.

The reverend fathers, indeed, had the advantage of being enabled to call in the aid of the secular arm, to enforce the acceptance of their doctrines. I confess, I am not wholly without apprehension, that some of the zealous advocates for the right honourable gentleman's doctrine may have it in contemplation to employ similar means of proselytism. There is something ominous in that mixture of law and opinion, which pervades the right honourable gentleman's Resolution. The business of law is with conduct; but when it is put forward to influence opinion, pains and penalties are seldom far behind. I like but little the period of our history, to which my honourable and learned friend, the Attorney-general, was obliged to go back to find a penal statute for settling opinions upon the value of money—that statute upon which the late convictions have taken place, and upon the applicability of which to the present times the Judges are now deliberating. This statute was passed at a period when our coin had been debased, in the course of three years, considerably upwards of £200 per cent.—and when the total debasement, as compared with the original standard, was not less than 355 per cent. The consequence of this debasement, as stated by Lord Liverpool, was, that merchants and tradesmen increased the price of every article which they had to sell; to counteract this effect, Government

tried every method to keep up the value of the debased coins: prices were set on all the necessary articles of consumption---laws were passed for regulating the manner of buying and selling---the law against regraters, forestallers, and engrossers, since repealed, was passed on that occasion. Amongst those admirable and judicious efforts of wholesome and enlightened legislation, was enacted the law, for inflicting penalties on those who should "exchange any "coined gold or coined silver at a greater value "than the same was or should be declared, by his "Majesty's proclamation, to be current for within "his dominions."

Such is the law which, according to the right honourable gentleman, secures the equivalency of the different sorts of our currency—Such is the shelf from which that law has been taken down and brought into use on the present auspicious occasion:—a law passed at a time which the late Lord Liverpool forcibly describes as a "period of convulsion in our "monetary system," and in company with laws which have since been repealed as a disgrace to the statute book. Faulty, however, as our legislation appears to have been at the period to which we are referring, it at least did not fall into the absurdity of declaring such laws to be the opinions of the people. If the right honourable gentleman is determined to force opinions to conform to his law, he must come down a few years later in our history. He must pass from the reign of Edward the VIth, to

that of queen Mary to find the most approved method of applying the operation of law to the reformation of speculative opinions.

Even in times, however, of such ignorance and such licentious theory in respect to the value of money, there were not wanting in one part of this island, shrewder spirits, who saw the errors into which the English Government were running, and determined to guard against their effects at least upon themselves. In the year 1529, it is related, in a note to Lord Liverpool's Treatise: 'Gavin Dunbar, 'bishop of Aberdeen, in a contract with William 'Sutherland, of Duffus, stipulated that, "if it should "happen that the money of Scotland, or *of any other "kingdom which passes in Scotland,* be raised to a "higher price than it is now taken in payment for, "whereby the reverend Father, his heirs or assigns, be "made poorer or in a worse condition, he the said "William Sutherland should pay to the possessors, "(whoever they may be), of the annual rent reserved "therein, for every mark of 32 pennies, one ounce "of pure silver of a certain fineness, or else its true "value in the usual money of the kingdom of Scot-"land." This contract took place about twenty years before the statute of Edward VI. If that statute shall be revived and acted upon, and if the doctrine of the right honourable gentleman's Resolutions shall be sanctioned by Parliament, it requires no great stretch of apprehension to foresee that men will ere long endeavour to guard themselves

against the effects of such a system by resorting to contracts of a similar nature.

I have now done with the right honourable gentleman's third Resolution; I will only again say, that if any man had mentioned it to me out of this House, as a proposition which the right honourable gentleman intended to offer for our acceptance, I should have utterly disbelieved him: I should have considered such a rumour as a mere device on the part of his opponents, to place in the strongest light imaginable the absurdity to which, if pushed to all their consequences, the right honourable gentleman's arguments were capable of going.

Passing over the statistical Resolutions from the fourth to the fourteenth inclusive, I come now to the fifteenth, which contains the right honourable gentleman's doctrine of exchanges. *

This Resolution partakes, in a very striking degree, of the faults which I had occasion to remark upon in the first of the series to which it belongs. From the vague and imperfect manner in which it is expressed, the proposition intended to be conveyed by it, is rather insinuated than affirmed. The right honourable gentleman does not distinctly deny that the state of our currency has any influence on the foreign exchanges, or on the price of bullion: at the same time, he certainly does not admit that it has any such influence. He only asserts that there are other causes "sufficient to account for the un-

* See Res. 15, p. 102.

"favourable state of the exchange, and the high "price of bullion, without any change in" (what he calls) "the *internal* value of our currency."

Now it cannot escape so accurate an understanding as that of the right honourable gentleman, that this mode of stating his argument, is not an answer to the main points in dispute, but an evasion of them. —The Bullion Report asserts, that our paper currency is depreciated, and that the depreciation of our currency has raised the price of gold, and turned and kept the foreign exchanges against us. The right honourable gentleman replies—not by denying both these assertions; but by affirming, with respect to the latter, that the imputed consequences may have been produced by other causes, without the existence of the cause specifically assigned for them.

We know, indeed, from the preceding part of the right honourable gentleman's argument, that he does deny the depreciation of our currency—So far he is perfectly intelligible. But, as to the second proposition, "that the depreciated currency has occasioned the rise in the price of bullion and the unfavourableness of the foreign exchanges," are we to understand him as saying, that a depreciated currency would not have those effects? or only, that as our currency is not depreciated, such effects cannot in this instance be attributable to that cause?

If he admits that such would be the natural effects

of a depreciated currency, admitting at the same time (as he does) that such effects do exist, the whole of his argument is destroyed by his own admissions. The utmost advantage that he could then derive even from the undisputed admission of all the facts enumerated in his statistical Resolutions—of his prices of stocks, and prices of corn, his exports and imports, and revenue and expenditure—would be to show, that there are other causes which may enter for something into the degree of the rise in the price of bullion, and into the degree of the unfavourableness of the exchange :—Which nobody denies.

But to acknowledge the tendency of a depreciated currency to produce certain effects,—to acknowledge these effects to have been produced to an extent, and to have continued for a length of time, unexampled in the history of the country,—and then to expect that upon the mere *dictum* of the right honourable gentleman, his adversaries in the argument shall consent to ascribe those effects wholly to other causes, of which they deny the sufficiency, altogether excluding the operation of that one, the efficacy of which he himself admits, is to reckon upon a degree of ductility in those with whom he argues, which even the right honourable gentleman's authority is not entitled to command.

On the other hand, does the right honourable gentleman contend, that the depreciation of our currency, even if it existed, would not affect the exchange? To argue that it would not affect the

price of bullion in that currency, is certainly more than he can venture. But it has been contended by others who take the same side with him, that depreciation "of internal value" in the currency of a country has no tendency to alter the foreign exchange. Is this the right honourable gentleman's meaning?

By "internal value," I now understand the right honourable gentleman to signify not "intrinsick value," as I was at first inclined to suppose, but value in internal or domestick currency, as opposed to value abroad. The proposition then of those who push the right honourable gentleman's argument to its extent, is, that the currency of a country may be depreciated to an indefinite degree, and yet, if the inhabitants of that country continue, no matter whether voluntarily or by legal compulsion, to receive that depreciated currency at its full nominal value, the foreigner has no business with it, and the foreign exchange would not exhibit any symptom of being affected by it. The very definition of exchange, about which I apprehend there is no dispute, is of itself sufficient to confute this doctrine. The par of exchange between any two countries, being an equal quantity of precious metal in the respective currencies of those countries; how is it possible, that if by any process the currency of one of those countries shall cease to contain or to represent that quantity of precious metal which it

did represent or contain when the par of exchange with the other country was assigned—the currency of that other country remaining precisely the same—there should not take place a proportionate variation in the rate of the exchange? To say that the rate of exchange will continue unaltered, when one of the currencies between which the comparison is made has lost part of its value, is to say, in other words, that an equation is not destroyed by a change in the value of one of its terms.

We should be sufficiently alive to the fallacy of such a doctrine, if applied to the currency of other countries.—In the edict lately published in Austria, which has been referred to more than once in the course of these debates; while a gradual depreciation, amounting in the end to no less than 400 per cent. is acknowledged, and the paper directed to be current henceforth at 400 per cent. below its nominal value; sundry excellent reasons are given why in Austria, in the particular circumstances of that country, this depreciation ought to occasion no manner of alarm—and especially why foreigners ought not to consider it as vitiating or confounding the transactions of exchange. The foreign creditors of Austria, however, probably entertain a very different opinion: and it is a curious fact, which has been vouched to me on what I believe to be unquestionable authority, that even before the Austrian paper money was depreciated to the present extravagant

degree, the monied men on the Continent who were engaged in loans to the Emperor, were in the habit of stipulating that those loans, if repaid any where else than at Hamburgh or at Amsterdam, should be repaid, not in the currency of Austria, or of any other country, according to its denomination, but in specifick quantities of gold or silver. And why this exception in favour of Hamburgh and Amsterdam? For a reason which at once explains the nature of exchange, and the true principles of value in money, namely, that at the Banks of Hamburgh and Amsterdam, all payments are made, not in reference to coins of any country or any denomination, but by the transfer from the debtor to the creditor of a specifick quantity of bullion.

Can we really flatter ourselves, then, that the currency of this kingdom might be depreciated with impunity so far as relates to transactions with foreign countries? If a bill upon England for 46*l.* 14*s.* 6*d.* would heretofore have purchased, on the Exchange of Hamburgh or Amsterdam, a credit on those banks for a lb. of gold bullion, and if a lb. of gold bullion cannot now be purchased in England for less than 58*l.* in English currency—can we imagine, that nevertheless, the bill upon England for 46*l.* 14*s.* 6*d.* will still purchase a lb. of gold at Hamburgh or Amsterdam? Yet this is, in fact, the proposition of those who contend that an alteration in the value of the internal currency of a country does not proportionably affect the foreign exchange.

But whilst this is the argument of many who have taken part in the debate—whilst it is covertly, though not avowedly, the argument of the right honourable gentleman's 15th Resolution—it is not the argument of my right honourable friend the Chancellor of the Exchequer, who has admitted the influence of the internal currency of a country upon its foreign exchanges, by admitting that a diminution in the quantity of our paper would tend to turn the exchanges in our favour. Does the right honourable gentleman agree in this admission, or differ from it? If he differs, I refer him for conviction to my right honourable friend: if he agrees, there is no escape from the conclusion to which this admission leads—that the unfavourableness of the exchange, which would be in part at least cured by a diminution in the amount, and consequent rise in the value, of our paper currency, is in part, at least, occasioned by the excess and consequent depreciation of it.

What then becomes of the assertion in the right honourable gentleman's 15th Resolution, whichever sense we assign to it? If it is meant to deny the connexion of internal currency with foreign exchange, can the House consent to adopt a vote so directly at variance with the fact?—If, admitting that connexion, it is meant only to deny its effect now—why, I should be glad to know, is the present time to afford an exception to an universal rule? What is there now to suspend the operation of principles, not dependent upon circumstances, but inherent in the

nature of things? There is a great stagnation of commerce, it is true: but that stagnation of commerce is not peculiar to this country. The Continent shares largely in all the distress which the decrees of the tyrant of the Continent produce; and yet it is in comparison with the Continent that the exchanges are in our disfavour. True, we are carrying on an expensive and extended war: but the exchanges have been permanently against us in peace as well as in war, when the same cause, a depreciated currency, has operated to produce that effect. In 1696, a period of war, the deterioration of our silver, then our standard coin—in 1773, a time of peace, the deterioration of our gold coin—were indicated alike by the long-continued unfavourableness of the foreign exchanges. In both instances the reformation of the coin remedied the evil. What the deterioration of coin occasioned in those instances, the depreciation of paper has occasioned now. The coin had then ceased to contain, as the paper has now ceased to represent, the quantity of precious metal implied by its denomination. Foreign countries estimated the coin then as they do the paper now, not by what it was called, but by what it would exchange for in those commodities,—gold and silver,—which are, by the consent and practice of mankind, the common measures of all marketable value.

However gentlemen may endeavour to disguise and perplex this simple view of the question, it is, after all, that by which it must be decided. If this be not

the test, there is no other. If gold and silver have ceased to be the common measures of the value of other commodities, and weight and fineness combined have ceased to be the standard of value in gold and silver, there is no more to be said: but in that case, instead of these Resolutions, let the right honourable gentleman come forward boldly at once with an assertion, not merely that paper is equivalent to the precious metals, but that it has altogether superseded them.

If on the other hand the same standard of value remains, let not the right honourable gentleman attempt to draw a veil over it. In all our departures from it, let us fairly own that we are departing from it,—by necessity if you please; but with a resolution of returning to it again. Let us not, like men who, when hurried down a rapid stream, fancy that the shores are flying from them—

"terræque urbesque recedunt,"

let us not conceive that, by some strange revolution in the physical world, the precious metals are retreating beyond our reach; when it is in fact only by a rapid depreciation that our currency is leaving them behind. Neither let us suppose that we have already gone down so far, that to re-ascend the stream is impossible—that,

Should we wade no more,
Returning were as tedious as go o'er.

A very little firmness, a very little sacrifice, might at present enable us to retrace our course. The half of the ingenuity which is employed in the right honourable gentleman's Resolutions to gloss over our situation, might suffice to find a remedy for it.

It is asked—shall we attempt this in time of war? Can we attempt it without abandoning our present military system, with all its hopes, and all its glories?—Undoubtedly, I think, we can. I never can believe of this mighty Empire, that it has not sufficient energy in itself at once to right whatever may be amiss in its own internal situation, and to maintain its accustomed place and movement in the system of the world.

But, it is said, we are only going on in the course in which greater authorities have led the way; Mr. Pitt had made up his mind to this depreciation of our currency. 'He contrived it,' says one honourable gentleman. 'He could not avoid foreseeing it,' says my right honourable friend (the Chancellor of the Exchequer.)

First, the inconveniencies which now result from that depreciation, and which constitute the proof of it, were not felt in Mr. Pitt's time. Neither could they possibly be foreseen by Mr. Pitt, if they in fact arise only from the causes to which my right honourable friend and the right honourable gentleman's Fifteenth Resolution ascribe them: Mr. Pitt certainly could not foresee the Berlin and Milan decrees. The war, indeed, raged in his life-time with not less violence than since: but yet in the very hottest

and most disastrous part of the war, at the moment of the greatest publick alarm and calamity, the exchanges were in our favour; and the price of gold did not materially rise. He therefore did not witness any of those symptoms, which have awakened anxiety and led to investigation on the present occasion.

Further we have the testimony of my honourable friend opposite to me (Mr. Wilberforce), that in the year 1802, when the probable tendency of unredeemable bank paper to excessive issue and consequent depreciation became a subject of alarm to some men of great ability in financial matters—we have, I say, that most satisfactory testimony, that Mr. Pitt at that time professed his entire agreement in the principles laid down in a very able publication of the honourable gentleman who preceded me in this night's debate,* which I presume every man who has attended to this question, has read. And what are those principles?—Why, these—

"It is the maintenance of our general exchanges," (says Mr. Thornton), "or in other words, it is "the agreement of the mint price with the bullion "price of gold, which seems to be the true proof "that the circulating paper is not depreciated."

If these are the principles which Mr. Pitt sanctioned, what pretence is there for saying that he foresaw the present state of things? or that, if he had lived to see it, he would now have

* Mr. H. Thornton.

asserted our circulating paper to be in an undepreciated state? Are our "general exchanges" now "maintained?" "Does the bullion price of gold" now "agree with the mint price?" Are not, on the contrary, the unfavourable exchanges, and the high price of bullion, the very particulars which are cited as affording the most irrefragable proof of a depreciation? If the absence of these criteria at that time was conclusive one way, must not the presence of them be now admitted to be conclusive the other? If Mr. Pitt was then satisfied that all was right because these symptoms had not appeared, is it fair to infer, that he would have been equally satisfied now, when they are seen in so aggravated a degree? Is not the fair inference directly the contrary?

Nor is it an unimportant evidence of Mr. Pitt's general view of this subject, that the Letter of Lord Liverpool to the King was the result of an investigation commenced in Mr. Pitt's first administration in 1798, and concluded in the year 1805, when he was again minister of the country. In that Letter not only are all the principles of our money system distinctly and ably expounded, according to the authority and the practice of the best times; but with respect to the system of our paper currency, the danger of its being carried to excess, and the necessity of a parliamentary revision of it, are stated in a manner which shows with how much

attention, in the opinion of the Government of those days, that system required to be watched.

But if Mr. Pitt had happily been still alive, what remedy would he have applied to this evil? Far be it from me to presume on this or on any other occasion to usurp the authority of his name, or to employ it for any purpose, which is not warranted by his recorded opinions. But that he would have applied some remedy,—that he would not have been contented to let the evil take its course, if there were in human wisdom the means of checking it;—that he would not have sought to reconcile delusion with credit,—and to palliate a departure from principles by a denial of the principles themselves;—every man who remembers his characteristick firmness, who recollects the difficulties which he had to combat, and the manner in which he combated and overcame them, will, I think, be ready to acknowledge.

If I am asked what remedy I would myself apply, I again say, as I have said before, that it must rest with the Executive Government to propose, as they alone can advantageously carry into effect, any measure of practical benefit. But I have no difficulty in offering one suggestion, which has indeed been in some degree anticipated in the course of these debates. The Bank Proprietors have made great and unusual gains under the operation of the Bank restriction. I say this without the smallest inten-

tion of laying blame upon the Bank, or of exciting any invidious feeling towards them. The Directors of that Institution, I again repeat, have, so far as I can judge, acted for the best in the discharge of a new and most difficult duty. But the fact I believe will not be disputed. Great gains have been made in consequence of the Bank restriction. The issues of bank paper, whether too large or not in another view, have undeniably been much larger than they could have been, had the obligation to pay in cash upon demand continued, or been renewed.—These gains certainly formed no part of the inducement to lay on or to renew the Bank restriction. They form no ground to continue it. But it is obvious,—it is in the principles of human nature—that they must form a temptation to the Bank proprietors to wish for its continuance. It is obvious also, that if the issues are inordinately extended, the difficulty of resuming cash payments must be proportionably augmented. And it is still more obvious, that whether those motives and those causes do in fact so operate or no, from the natural invidiousness attendant on great gains, the world in general will be apt to suspect and impute their operation.

Now the publick has no right to complain that the Bank restriction, though not laid or continued in contemplation of advantage to the Bank proprietors, has incidentally been productive of such ad-

vantage: but they have a right to expect that no impediment shall on that ground be thrown in the way of the removal of the Restriction. A continued increase of profit, and a continued raising of the dividends to the Bank proprietors, if it had not that effect, would have that appearance. The dividend is now, I believe, 10 per cent. There surely it might stop. All surplus profit beyond that amount, during the continuance of the Restriction, might be strictly appropriated as a fund for the purchase of bullion, at whatever price.

It is not in my contemplation that the publick (as has been suggested in several quarters since this question has been in discussion) should enter into any share of the extraordinary profits, or meddle in any degree in the management, of the Bank. No such thing. Let those extraordinary profits remain in full, undisputed and unenvied property to the Bank. But as they are created by the suspension of cash payments, let the publick have the assurance that they are so employed by the Bank, as to ensure their ability to resume those payments, without convulsion or distress, at the period which the Legislature has fixed for the resumption of them.

This, I think, is a suggestion, the adoption of which would be no less creditable to the Bank than satisfactory to the publick.

For this or any other measure calculated to remedy the evils acknowledged to exist, we can, after the decision to which this House has already

come, rely only on the effect which may be produced by our discussions upon the advised discretion of the Bank, and upon the awakened attention of the publick.

But at least, if we will do no good, let us, in the name of common sense, not do any harm. If we will not set right the course of the vessel, let us at least not destroy the chart and compass by which it may steer.

Let us leave the evil, if it must be so, to the chance of a gradual and noiseless correction. But let us not resolve as law, what is an incorrect and imperfect exposition of the law. Let us not resolve as fact, what is contradictory to universal experience. Let us not expose ourselves to ridicule by resolving as the opinions of the people, opinions which the people do not, and which it is impossible they should, entertain. This is not the way to settle the publick feeling, and to set the subject at rest. It is the way to ensure renewed and interminable discussions. That we may at least not incur this unnecessary mischief, by adopting the Resolutions now before us, I move, Sir, that you do now leave the Chair.

Finis.

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