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AN
ATTEMPT
TO
ESTIMATE THE INCREASE
OF THE
NUMBER OF POOR
DURING THE
INTERVAL OF 1785 AND 1803;
AND TO
Point out the Causes of it :
INCLUDING
SOME OBSERVATIONS
ON THE
DEPRECIATION OF THE CURRENCY.

— Convellere vimen
Insequor, et causas penitus tentare latentes.
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ADVERTISEMENT.

To many who may peruse the following pages an apology is due, for much that has been stated on the subject of the depreciation of the currency; because it has already received the most ample discussion, and that, in a manner much more perspicuous and convincing than from any statement which will appear in the following pages. It was my wish; and my intention, to have omitted, for the most part, the argument relative to this subject, and to have confined myself to the consideration, how far a depreciation of the currency affects the condition of the lower orders. As some, however, who read this pamphlet may not have turned their attention to the other subject, I thought it might be as well to state shortly the argument and proof of a

depreciation. In doing this, I have to acknowledge the great assistance I have derived from other authors, and the ample use I have made of their works: and being convinced myself, from the most attentive perusal and consideration of all that has been published, that the rise of prices which has of late years taken place, has been chiefly owing to an excessive, or depreciated currency, I have considered the latter circumstance as one cause of the increase of the number of poor.

The repetition which the reader will observe in the paging, was owing to unavoidable circumstances which it is unnecessary to explain.

AN ATTEMPT, &c.

HOWEVER amply the subject of these pages may have been investigated, however it may even seem to have been exhausted by discussion, we appear to be still as far from any practical conclusion as we were centuries ago. "We have," as a celebrated French author said of metaphysicians, "like minuet dancers, for a great length of time capered and figured about in a variety of forms and mazes, and have ended at last at the very same spot from which we originally set out." In the course of the two last centuries, how many tracts have been published, how many statutes framed, and how many remedies proposed! and yet, at the present moment, we seem to be exactly in the same situation as we were at the commencement of our inquiries. The "*pauper ubique jacens*" is still the subject

of exclamation, and the increased burthen of the poor-rate still the theme of complaint.

From all this it would seem, as though the disorder lay more deep in the constitution than our political therapeutists have been aware of: if I am right in the view I have taken of the subject, it looks as if it was inherent in our very frame, had commenced in some measure with our birth, grown with our growth, and, like an unhealthy tumour, had increased in every state of our constitution. "The more populous we are," said Lord Hale, at least a century and half ago, "the poorer we are; so that wherein the strength and wealth of a kingdom consists renders us the weaker and poorer!" An increase of the poor seems to be the natural consequence of an increased population, and of other events which I shall by and by attempt to explain; some indicating national increased vigour and strength, others perhaps the progress towards dissolution.

In the years 1776, 1785, and 1803, in pursuance of orders of the House of Commons, returns were made, stating the amount and the increase of the poor-rate during these successive periods: the last return, in 1803, stated the amount of the number of poor also; a circumstance which had been overlooked in the pre-

ceding returns. This is by much the most important part of the question. The increase of the number of poor will undoubtedly increase the rate, but the rate may increase, and the number of poor may be stationary, or even declining. It is much more material to ascertain the number and description of poor, and the increase or decrease of that number, than it is to know the state of the rate, or the amount of the sum expended on them. It is more important to know whether that helpless portion of the population which exists but by the aid of a national support, be upon the increase or wane, than whether the state of the fund which supports them has been increased or diminished. The one might have been affected by causes which may not have operated upon the other; war, taxes, increased population, depreciation of currency, houses of industry, fraud, mismanagement, with many other combining causes, have all and each of them in their joint and several operations undoubtedly added to the sum of the rate, and contributed to swell its amount in 1803 to double what it was in 1785; yet still had the operation of these causes been confined to the rate only, and to the means of supporting such a number of poor as had already been the object of relief,

without adding others to the list, one might have viewed the effect, and looked at the increased aggregate of the rate, enormous as it is, with a much less degree of terror and dismay; we might have reconciled ourselves to it in some measure by the consideration, that it had in part increased from causes necessarily connected with the situation of the country, its increased vigour and strength, its wealth and prosperity: from other causes necessary and unavoidable; from some that we might have prevented, others that we might have put an end to. But when it appears from the last returns made to the House of Commons in 1803, that out of the existing resident population nearly 13 in 100 were actually receiving parochial relief, and dependent upon the state for their maintenance, the appearance is more alarming, and the object of inquiry more important.—We are naturally led to consider in the first place, whether this was so at a former period, and whether the number of poor at the time when the rate was only half the amount, bore the same proportion to the population of the country. If such was the fact, and the proportion which the poor bore to the rest of the population was not increased, we were not in a much worse situation in this respect, notwithstanding the in-

crease of the rate in 1803, than we were in 1785, when the preceding return was made. But if it should appear upon a fair investigation that near 200,000 poor have been added to the parochial list during this interval, it must be allowed that this “political gangrene” is of the worst description, that it has alarmingly increased, and threatens the very strength and vitals of the state.

It is undoubtedly true, that most of those circumstances which tend to increase the rate, necessarily increase the number of poor also, and *vice versa*. The rise of prices acts in this double capacity: it increases the rate of allowance to those who received it before, and adds others to the number. Other circumstances affect the rate only, as fraud, mismanagement, law, and overseers expences. Some are of an incidental nature; as want of care and economy in the administration of the funds; this in some respects acts both ways; want of economy will increase the rate, and, if relief be imprudently and lavishly bestowed, will induce more to ask for it than may absolutely need it.

These classes of circumstances are considerably diversified in the mode and extent of their operation, and are of more or less consequence, as they are more or less remediable; but chiefly,

and above all, as they affect the increase of the number of poor, and the ability of man to provide for himself. Fraud and mismanagement may be checked and corrected, expence and profusion lessened or put an end to*. The contemplation of the evil therefore is not attended with so much dread or apprehension; the case is not mortal, nor is the remedy difficult to ascertain. But when we see the numbers of those increase, who, either from indolence or profligacy, will not, or from necessity cannot, earn the means of subsistence, the evil wears a much more formidable aspect; the case is of a much more desperate nature; and the cure more difficult and doubtful.

The material and important consideration, therefore, is, whether the number of poor has been increasing; and if so, to what extent? The last returns made to the House of Commons in 1803 have in this respect afforded us

* Mr. Saunders states in a pamphlet which he published about eleven years ago, that by taking upon himself the office of overseer, and attending to the parochial accounts, he saved the parish of Lewisham 600 pounds in one year. Observations on the Poor Laws, p. 26, 1799. As to this point, Mr. Saunders states many important facts and much useful information. The "Reports of the Society for bettering the condition of the Poor," are also in this respect (and indeed in every other) extremely valuable.

materials with which we were before unsupplied: they have informed us, not only of the amount of the rate, but of the number of poor who at that time received, in different modes, parochial relief; and they have subdivided them into different classes and descriptions. The former returns of 1776 and 1785 informed us of the amount and increase of the rate, but not of the number of persons who were at that time receiving parochial relief. The comparison of the returns of 1785 and 1803 afford no direct inference of the increase during the interval: it will be my endeavour to supply this omission; to form an estimate, as well as I am able, from other circumstances, of the number receiving relief in 1785; and, by comparing them with the number from the returns in 1803, to form a conjecture as to their increase during that interval.

We have from the returns the amount of the rate in 1785, and also in 1803; and we have from the last returns the number of poor also, and the different rates of maintenance. We know from these returns, that in 1803 there were 1,040,716 persons receiving parochial relief in different shapes. Those who were maintained in houses of industry (which we may denominate the *in* poor) cost 12 : 3 : 6 $\frac{3}{4}$ each;

those maintained out of houses of industry (and which we may denominate the *out* poor) cost 3 : 3 : 7½ each; and on the general average they cost 3 : 18 : 8 each. But we have nothing of this in the returns of 1785.

Now if we could by any means ascertain the probable amount or cost of maintenance of each pauper in 1785, as in 1803, we should at least form some notion of the *number* of them, by dividing the total of the rate, as stated in the returns of that year, into so many different parts. I am well aware, that the result of an inquiry of this nature must of course be loose and inaccurate; the subject, however, is worth consideration, and although we cannot aim at any thing like exactness, it may be worth while to attempt approximation to it.

The chief difficulty lies in ascertaining the proportional difference of the cost of maintenance of the poor at the first period, and in 1803. The proportional difference of the aggregate of the two rates will not furnish any correct datum as to the increase of the cost of maintenance: nor can we conclude, that, because the rate in 1803 was double what it was in 1785, that the cost of maintenance was so likewise. It is true the rate is double to what it was in 1785, but this is owing (as I shall show) in part to an in-

crease of numbers, as well as to an increased expenditure. The rate has increased from a variety of causes, which have produced different effects, some operating in a greater, some in a less, degree; some affecting merely the *in* poor, and raising the cost of maintenance double in respect to them, whilst they do not at all affect the *out*-poor, or alter their rate of maintenance; as the expence and profuseness belonging to houses of industry; others, attaching upon both, but in a very different degree. In short, the items of expence which affect the rate are so various, have increased in such different proportions, relate to the respective classes of poor so differently, that we must consider the distinct effect and application of each, before we can form an average of the difference of the cost of maintenance of each pauper at the two different periods alluded to. The increase of expence of the *in*-poor, I have no doubt, was double in 1803 to what it was in 1785. That of the *out*-poor (as I shall presently shew) was increased in a much less proportion. If the cost of maintenance had on the whole increased double, or, had each pauper cost twice as much in 1803 as in 1785, this would of course account for the increase of the rate being double, without supposing any increase

of the number of poor; but, though many articles in the rate had risen (as I have already stated) to a double amount, yet, on the whole, the cost of maintenance had not risen to the like extent, as I shall attempt to shew*.

* It must be observed, that the higher we estimate the increase of the cost of maintenance, the less will be the increase of the number of poor; and *vice versa*, the lower we estimate the increase of maintenance, the greater will be the increase of number; as, for instance:

The rate in 1803 being double what it was in 1785, if I estimate the cost of maintenance in 1803 to be also double what it was in 1785, I must suppose the number of poor to be stationary, and not to have increased during this interval; supposing the rate (for example) in 1785 to have been 300*l.*, and the cost of maintenance of each pauper 30*s.*, supposing also the rate in 1803 to be 600*l.*, and the cost of maintenance 60*s.*, this will account for the increase of the rate without any additional number of poor: but if I estimate the cost of maintenance at more than double in 1803 to what it was in 1785, I must suppose the number of poor to have *decreased*: for otherwise the rate would be more than double; and I cannot account for the rate not having risen more than double, otherwise than by supposing a diminution of the number of poor. But if, taking the same case (and putting the rate at a double increase) I estimate the cost of maintenance at any thing less than double, say 55*s.* instead of 60*s.* I must suppose the number of poor to have *increased*, for otherwise I cannot account for this *increase* of the rate being double what it was, while the cost of maintenance was not so. The increase and decrease of the cost of maintenance, and the number of poor, will therefore (supposing the rate in each case double) be in an inverse ratio.

I am ready however to admit, that with respect to the in-poor it probably had risen to very near double the amount on account of the great expence and profuseness of houses of industry; my enquiry will, therefore, be chiefly confined to the out-poor. With regard to the increase of allowance afforded to them, I know no better criterion than the advance in the price of necessaries and of labour. As to the first; although the price of provisions in general, I have no doubt, was nearly double in 1803 to what it was in 1785, yet the price of those necessaries on which the lower orders subsist had not risen any thing like in the same proportion. It has been said, that the money price of corn, &c. regulates that of every other home commodity; or, to use the words of a celebrated author (A. Smith, B. 4. c. 5.), "That the real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn: and that, therefore, the price of corn remaining the same, that of the necessaries of life are stationary also."

But it has been observed, that the learned author of the Wealth of Nations had not sufficiently reflected upon the consequences of extended and improved cultivation, which neces-

sarily prevented the advance in the price of corn in comparison with other commodities. And though the price of wheat had not, till the year 1795, materially advanced in price; yet, in point of fact, it is well known, that the price of every other article of subsistence had risen considerably for a great length of time before that period.

That the price of commodities in general had advanced in price while that of corn had not, and that it has continued to advance of late years in a greater proportion than the price of corn, is also a fact which cannot be denied; but I much doubt whether those articles which are deemed necessaries—as salt, fuel, leather, &c. had materially advanced in price (at least to the poor) when corn had not: be this however as it may, it is notorious that bread constitutes two-thirds of the expence of a poor family; and that whilst the price of corn is stationary and reasonable, we hear of but little complaint or increased application for parochial relief, from any alteration in the price of the other articles. The price of corn therefore, supposing it not to be affected by any temporary or accidental cause, is one of the best criterions to judge of the difference of the rate of maintenance at any different periods of time.

The price of corn (as appears from the table*,) may on a fair average (taking the two years of scarcity in 1800 and 1801 on an average of the three years preceding and subsequent) be estimated at about one-third higher in 1803 than in 1795.

If the price of effective labour had risen in 1803 to nearly double what it was in 1785, that of inferior labour, that is, of those who were not able to perform the same quantity of labour as an ordinary man (such as the very young, the old, and women) had not risen in the same proportion: these were not paid in 1803 above one-fourth more than what they received in 1785; and at this present time are not paid above one-third more.

The value of money, according to Sir George

	s.	d.		s.	d.
* 1784	-	48 10	1797	-	53 1
5	-	81 10	8	-	50 3
6	-	38 10	9	-	67 6
7	-	41 2	1800	-	113 7
8	-	45 0	1	-	118 3
9	-	51 2	2	-	67 5
1790	-	53 3	3	-	56 6
1	-	47 0	4	-	60 1
2	-	42 11	5	-	87 10
3	-	48 11	6	-	79 0
4	-	51 8	7	-	73 3
5	-	74 2	8	-	79 0
6	-	77 1	9	-	95 7

* From Report of Bullion Committee Accounts, No. 71. p. 109.—Johnson's Edition.

Shuckburgh's table*, has depreciated during the twenty years preceding 1803, 5s. in the pound, or five and twenty per cent. During the preceding century, according to his tables, the value of money was depressed in the following ratio, putting its value in 1700 at 238:—

In 1700 - 238	In 1760 - 342
10 - 247	70 - 384
20 - 257	80 - 427
30 - } 272	90 - 495
40 - }	1800 - 562
50 - 287	

Two hundred and thirty-eight pounds, shillings, or pence, therefore, in 1700 were equal to 562 pounds, shillings, or pence in 1800; that is, it would have purchased the same quantity of produce.

By applying this arithmetical proportion to the value of the pound, it will stand thus according to Mr. Wheatley, p. 247.

In 1700 - £0 8 5½	} Were equal to a pound sterling in 1800.
10 - 0 8 9½	
20 - 0 9 1¾	
30 - 0 9 8	
40 - 0 10 2½	
50 - 0 11 2	
60 - 0 12 2	
70 - 0 13 7¾	
80 - 0 15 2¼	
90 - 0 17 7¾	
1800 - 1 0 0	

* See his tables, Phil. Trans. for 1758, Part I. p. 167, and Wheatley on Currency, &c. p. 261.

The pound sterling, therefore, in the course of the last twenty years was reduced nearly one-fourth, and any given sum in 1800 would only exchange for three-fourths of the value for which it would exchange in 1780.

We may estimate, therefore, that the price of corn, the price of inferior labour, and the value of money, had not risen on the average above one-third during this interval; and though each of these circumstances, taken separately (being liable to uncertain variations from accidental and temporary causes) may not furnish any satisfactory conclusion; yet, if when compared with each other the proportional difference is not great, one may, I think, fairly take them as a guide, and from the combination, infer that the parochial allowance, or the sum expended by the parish in the maintenance of the *out-poor*, had not risen at most, in 1803, beyond one-third of what it was in 1785.

It will be recollected, as before observed, that the higher the increase of maintenance is rated, the less will be the increase of the number of poor resulting from the calculation, and *vice versa*, the lower the maintenance, the greater will be the number of poor: but I feel confident that the cost of maintenance in 1803 of the *out-poor* was not increased beyond this esti-

mate. In the first place, the price of inferior labour (as already stated) had not risen quite so much*; in the next place, a more liberal allowance was made to the *out-poor* in 1785, than in 1803, when a very scanty one was given to them, in order to induce, or (I may say) compel them to resort to the houses of industry which had been provided for them. Indeed the poor themselves were almost deterred from soliciting relief, lest they should be forced to quit their homes for, what in comparison appeared to them, a prison. Private charity had also much increased and extended itself. The fact, however, is placed beyond the reach of dispute by the inspection of the rates themselves, in most of which it may be seen, that the quota of allowance given in 1803 did not exceed that in 1785 to a greater degree than I have stated.

The maintenance, however, of the *in-poor* has increased in a much greater proportion than that of the *out*. The expence of building, of attendance, and most of the items of expence belonging to houses of industry, have increased to nearly double during this interval. There is a

* The distinction between the different sorts of labour I shall have occasion to notice more at length in a future part of this work.

greater degree of lavishness and profusion, too, attending the maintenance of the poor in those large establishments, than in the maintenance of those who are assisted out of them.

From these considerations, therefore, I am induced to state the maintenance of each *in-pauper* at *double* the amount in 1803 to what it was in 1785, and that of the *out-poor* at *one-third* more. The cost of each of the *in-poor* in 1803 was 12l. 3s. 6 $\frac{1}{4}$ d. each—putting them at half this sum in 1785, each would then cost* 6l. 1s. 9d. The *out-poor* in 1803 cost 3l. 3s. 7 $\frac{1}{2}$ d. each, taking these at one-third less in 1785, each of this description of poor would at that time cost 2l. 2s. 5d. But it will be necessary here to ascertain as well as we are able in the absence of official documents what proportion were in 1785 maintained *in* houses of industry; and *out* of them.

The number of the *in-poor* according to the last returns in 1803 was 83,468—that of the *out* was 956,248, a proportion of somewhat more than 11 to 1. The expence of maintaining the *in* amounted to 1,016,445l. 15s. 3d. a proportion of nearly one-fourth of the whole rate of 4,093,759l. the expence of the *out* (exclusive of vagrants) amounted to 3,061,446l. a proportion of three-fourths of the whole rate.

* Omitting the $\frac{1}{4}$.

The rate in 1785 was 2,004,238l. 0s. 0d. but as at that time there were not so many houses of industry as in 1803, nor so much encouragement, or rather, so much solicitation to go into them, I should of course suppose that the proportion between the *in* and the *out*-poor was greater at that time, and that there were not so many poor maintained *in* houses of industry as there were in 1803*. Instead therefore of deducting one-fourth of the rate as the amount expended on the *in*-poor, I shall deduct one-fifth, which leaves 400,847l. 3s. 0d. as the sum expended on the poor maintained *in* houses of industry in 1785; now dividing this sum into so many integral parts of 6l. 1s. 9d., there will be 60,849 paupers maintained *in* the house; the remainder of the rate amongst the *out*-poor will be 1,603,390l. 17s. 0d. which at two-thirds of the present cost is 2l. 2s. 5d. each; dividing

* Here again the same observation as occurred formerly will apply. I have rated the increase of the cost of maintenance of the *in*-poor at a much greater amount than that of the *out*; the increase of their numbers therefore will be less, and in proportion as I add to them and deduct from the others, I reduce the increase of the whole, and vice versa. I am desirous of making these observations that I may not appear to make the increase of the number of poor to be greater than what on fair argument will appear.

therefore this sum into so many integral parts of 2l. 2s. 5d. each, as in the former case, we have 756,018 paupers *out* of the house of industry, which is in the proportion of nearly 13 to 1. This added to the other makes a total of 816,867*. I will however take them as low as 2l. each; which is considerably less than two-thirds of the cost of maintenance in 1803; and is, on the general average, 2l. 6s. 5 $\frac{3}{4}$ d. each. This will increase the whole number in 1785 to 862,544l.

The number of poor who in 1803 received parochial relief was 1,040,716.

The increase of persons of this description in the interval between 1785 and 1803 amounts

* There is one article of expence however which has doubled within this interval of time, and which is as applicable to the *out*-poor as to the *in*: viz. Law expences, &c. These now amount to 190,000; in 1785 they were about half as much. By deducting the 2s. 5d. from each, and applying it to this article of expence, I shall add more than what belongs to this description of poor. I shall add 91,352l. 5s. 11d. in expence, and 45,676 to the number of poor. For it will be recollected that the law expences have been included already in the estimate, as they form part of the 4,093,759, on which the foregoing calculation has been made; but as it is equally applicable to the *out*-poor as to the *in*, (and the only article which is so in respect to such a progressive rise,) I will allow so much for it.

therefore on this estimate to 178,172; from causes which I shall endeavour to explain.

Before I conclude this chapter, it may be as well to shew how the preceding circumstances affect the rate and increase the amount of it.

I have stated the supposed number of indigent poor in 1785 to be 862,544, and the general cost of maintenance of each, (both of the *in* and *out*) to be on the average at that time 2l. 6s. 5½d.; from the returns in 1803, it appears that each pauper then cost on the average 3l. 18s. 8d. making an increase to the rate of 1l. 12s. 2d. each. I have supposed for the reasons assigned, that there has been an increase during the interval of 1785 and 1803, of at least 178,172 * paupers; the cost of each

* Mr. Davies, the Rector of Barkham, Berks, in a work published by him in 1795, estimates the number of poor receiving relief at the beginning of the last century at about 600,000. "Case of Labourers in Husbandry," p. 26. He does not state from what authority he took this: but it is probable that this statement is not very far from the truth. If he be at all correct, the poor have increased during the last century, or, within the space of 100 years, to above 400,000: and I think that in estimating the increase between 1785 and 1803 at the above number of 178,176, I have been rather under the due proportion, than beyond it.

being also 3l. 18. 8d. The account will therefore stand thus:

	Old Rate in 1785.	Rate in 1803.
	2,004,238 0 0	
Increased cost of maintenance in 1803, of 862,544 paupers, from the general average of 2l. 6s. 5½d. to 3l. 18s. 8d. each making an increase of 1l. 12s. 2d. each,	1,388,156 7 0	
Maintenance of 178,172 additional poor in 1803, at 3l. 18s. 8d.	700,810 7 4	
Fractional differences	555 5 2½	
	<u>4,093,759 19 6¼</u>	<u>4,093,759 19 6¼</u>

OF INCREASED POPULATION.

I have computed the number of persons receiving parochial relief in the year 1785 to be 862,544; in the proportion of 10¼ in 100 of the then resident population, which amounted at that time to 7,976,000. The resident population in 1803 was 8,872,980, being an increase of 896,980 souls.

A material question here arises, how far, and to what extent, this increased population has increased the number of poor. Mr. Chalmers has divided the population of the country into three distinct classes: viz. 1st, The agricultural population; 2dly, those employed in providing and manufacturing the necessaries of life, as raiment, houses, and other accommodations which cannot be dispensed with; and 3dly, *the disposable population* employed in administering to our factitious wants, and comprehending, in short, the whole or the greatest part of the remainder. He might have added a fourth class: viz. Those who either from age, infirmity, idleness, or any other cause, are unable or unwilling to maintain themselves, and are dependant therefore on the bounty and contribution of the others, and who are generally denominated *poor*. These, from the nature and constitution of civil society, necessarily belong more or less to every state; it is the diseased part of the community. It seems to belong to it from the very birth, and to increase with it through all the different stages from youth and strength to age and decrepitude. "If a country," says Mr. Malthus*,

* Essay on Population, p. 349.

"were never to be increased by a people more advanced in arts, but left to its own natural progress in civilization, from the time that its produce might be considered as a unit to the time that it might be considered as a million, during the lapse of many thousand years, there would not be a single period when the mass of the people could be said to be free from distress, either directly or indirectly, for want of food."

If therefore, from the commencement through all the different stages of the progressive advancement of a state to its ultimate period, there will always be a certain number destitute of the means of support, and dependant upon others for their maintenance, we may fairly suppose (*ceteris paribus*) that in every successive period of an increased population, there will be added a proportionate quantity of dependant poor, and that the proportion will be at least as great in the succeeding as in the preceding period.

Let us suppose, for instance, that a hundred persons were settled upon a tract of country, and maintained from the produce of a hundred acres, and that there were two in this hundred, who from the inequality of possession, infirmity, sloth, or any other cause, were perma-

nently dependant upon the others, for their maintenance and support; let us suppose either that this quantity of land from greater skill and industry yielded a double produce, or that a hundred more contiguous acres were put into a state of cultivation, and yielded a like produce with the former: the population would, in either case, according to the acknowledged principles of its increase, be doubled; and there would be two hundred persons instead of one hundred; other circumstances remaining the same, there would also be, according to the hypothesis I have assumed, two additional persons who would come under the description of poor—making four in all. Suppose the population in 1785, therefore, to be the natural population of the country, that is, proportionate with the means of subsistence; and suppose also the number of poor in 1785 to be in the proportion to the population which I have stated, viz. $10\frac{1}{4}$ in a hundred; if the increased population in 1803 be also in the same proportion to the means of subsistence (and we have no reason to suppose it otherwise), it follows, from the principles before laid down, that there will be the same proportion of poor in the increased population of 1803 as there was in the former of 1785, viz. $10\frac{1}{4}$ in 100. This increased po-

pulation amounted to 896,980; and the proportion of $10\frac{1}{4}$ in each hundred of it, adds to the parochial catalogue 96,745. But in proportion as the numbers increase, the quantity of vice, profligacy, and immorality will increase, and will undoubtedly add more than the above proportion to the number; however as we can come to no certain conclusions on this head, I shall only assume that increase which arises more immediately and necessarily out of an increased population.

I have stated that an increased population is the consequence of an increased quantity of subsistence; and it may be asserted also that the means of subsistence has increased in the same ratio with the population. Upon this head of increased resources I must be indulged with a few reflections before I conclude.

From the improved and extended system of cultivation which has happily taken place in this country of late, a great increase of produce has been raised, which chiefly enables the country to support an increased population: It must be recollected, however, that according to the last returns the proportion of persons employed in agriculture is considerably less than a fifth part of the whole; and that the population has of late increased beyond what the produce of the country can support. The

quantity of corn imported between the 1st September, 1809, and the 5th of April, 1810, amounted to 431,687 quarters. The consequence of the general population of the country having increased beyond the surplus produce of its cultivators, is not as yet felt; great part of our population is at present maintained abroad, and the earth has "yielded her fruitful increase." But a country in this situation must be in a precarious one; every deficiency of produce must be more or less felt. We have in fact in respect to our own produce a redundant population*; and although the country, from its powerful navy, its extensive commerce, and its great accommodation for inland carriage, is enabled to import and to distribute a quantity of provisions, yet the supply from such a source must always be uncertain. If the scarcity at home be great, it may be difficult to procure even from those countries which are in the habit

* Mr. Chalmers estimates it at one-thirtieth part of the natural population, p. 147. And says, "that with the exception of this one-thirtieth part, the whole population of this country is subsisted upon its agricultural produce. And with the exception of the industry of this thirtieth part, the whole industry of the country is maintained and upheld by its own *inherent ability*." But he admits that when importation fails, the redundancy must be either swept away by the course of nature, or an additional subsistence procured.—P. 159.

of exporting corn, a supply adequate to a considerable sudden demand: and it has been truly said, "That an unusual demand of this nature in a nation capable of paying for it, cannot exist without raising the price of wheat very considerably in all the ports of Europe*." Hamburgh, Holland, and the ports of the Baltic felt very sensibly the high prices of England during the late scarcity: and the price of bread, says Mr. Malthus, in New York was little inferior to the highest price in London. In this unfortunate predicament what becomes of the lower classes? You may raise the nominal price of wages, and afford them a power of purchasing imported corn at a high price; the consequence of this is, that you raise a competition in the market, and the price of the article will infallibly rise in full proportion to the advance in the price of labour. "The squires of Norfolk had dined," says Burke, "when they gave it as their opinion, that the rate of wages ought to rise and fall with the market price of provisions†." The lower classes will by this be but little relieved; and the dearth will operate severely throughout all ranks of society‡.

* Essay on Population, p. 426. † Thoughts on Scarcity. ‡ When the Roman authors complain that Italy, which

The barometer which would indicate the unfavourable state of the atmosphere is the *poor rates*. When a man finds that his labour will not purchase him the means of subsistence, he naturally has recourse to the overseer of his parish; and the overseer does precisely what I have been complaining of, he gives him money to increase the competition and add to the evil. The parochial catalogue will in large characters describe the evil; in short, the result will be, as it always has been in the like case, that the poorer classes must submit to privation, and the transition from good and nourishing food to that which is less so necessarily brings on the slow train of epidemics,—not to mention the “*terrible correctives*” which always form the catastrophe in years of scarcity; or, in other words, when the population has increased beyond the means of subsistence.

formerly exported corn, became dependant on all the provinces for its daily bread, they never ascribe this alteration to the increase of its inhabitants, but to the neglect of tillage and agriculture. A natural effect, says Hume, of that pernicious practice of importing corn, in order to distribute it *gratis* among the Roman citizens, and a very bad means of multiplying the inhabitants of any country. The sportula had a like tendency to produce idleness, debauchery, and a continual decay among the people. The parish rates, says he, have at present the same bad consequences in England. Pop. of Ant. Nations, vol. 2. 261

The main purport of this part of the present inquiry has been to shew the increase of the number of the poor from the increased population; in doing this, I have been naturally led, and, in some measure, unavoidably, to consider the evils which *may* result from an increased population.

Whilst the means of subsistence will enable the country to support such population, it is all well; when they fail either from a scarcity at home, or from failure of foreign supply, or any other cause, the poor rates and criminal calendar will denote the evil, till the population is reduced by the course of nature to its just level.

WAR.

UNDER this head I mean not to speak of its remote consequences, but of those only which are the immediate effect of it.

The consequences of war, which most immediately and directly affect the lower orders, are, first, those temporary and occasional embarrassments, which, more particularly at the commencement, and occasionally during the

progress of it, arise in trade, or manufactures which are interrupted in their way to, or are altogether excluded by it from the foreign market. A sudden dismissal of numbers employed in them takes place, and for awhile being without work, they are obliged to seek relief from the parish.

The channel however of industry, though interrupted in one direction will find a passage in another; and the natural consequence of the stoppage of one trade and manufacture, is the rise or increase of another: for whilst the funds of subsistence remain, the same population and the same labour (though in a different direction,) will always be maintained and employed. A few, who had embarked their capital in a declining and fallen trade, may be hurt or ruined, yet still the labourers who worked in it, how much soever they may suffer at first, must in a short time necessarily find employment elsewhere. The poor rates may for a short interval feel the effect of this, and numbers from occasional embarrassment may for a time seek relief from them; the swell however which this sudden torrent may occasion will (as has usually been the case) gradually subside, and the rates be again reduced to their former level.

In the years 1785 and 1803, when the returns from whence I have taken my estimate were made, there was no occurrence of this sort; the agitation which took place at the commencement of the war had subsided; and as no particular increase therefore can be put to this account, I shall proceed to notice those consequences of war which are more permanent, and which are continually operating throughout the duration of it.

War, as it deprives the public of productive labour, in proportion to the number of persons taken from it, so it deprives many families of the means of subsistence, by taking away from them the hand which supported and maintained them. This loss operates in a two-fold addition; we not only lose the labour which raised the support, but he who produced it must now be himself supported by the additional labour of others; and in this respect it tends to raise the price of the necessaries of life. For this diminution of the stock of labour must either be supplied by the additional labour of others, or the article raised by it must be diminished. In the one case, the additional labour will require increase of wages; in the other, there will be a greater scarcity of the produce; in either case, therefore, an addi-

tional price of it will be the consequence. The effect however of war, which more immediately attaches upon the poor rate, and adds to the list of paupers, is, the number of families who are left destitute of the chief means of support by the deprivation of the hand which afforded it. Numbers of women and children must necessarily be compelled to resort to the parish upon the operation of the militia ballot, or by the enlistment of their husbands into the army or navy*: and although I am aware that both in

* The legislature has in this respect made a difference between the family of the militia-man and that of the soldier and sailor. Previous to the year 1798 there was no difference between them: the family of each was, in case of necessity, chargeable to the parish to which the husband belonged, or in which he was settled. The act of the 33d Geo. III. c. 8. which passed in the year 1793, altered the law in some measure as to the family of the militia-man: it directed that the families of militia-men, *chosen by lot*, when embodied and called out into actual service, and also of corporals, drummers, and fifers, should, if unable to support themselves, receive out of the poor rates, by order of one magistrate, a weekly allowance according to the usual and ordinary price of labour in husbandry within the county where such family shall dwell, by the following rule; viz. any sum not exceeding the price of one day's such labour, nor less than one shilling for each child born in wedlock, under the age of ten years; and the same to the wife, whether she had any child or not, provided she did not follow the regiment: and such weekly allowance was to be

1785, and in 1803, the country was at peace, yet war had, at both those periods, but just been concluded, and the subsequent interval had not been long enough to counteract its effects.

The first returns to which I allude comprehend the year between Easter 1784 and 1785; the latter between Easter 1802 and 1803. In January 1784 the definitive articles of peace were signed with America: in March 1802 the definitive articles were signed at Amiens with France, and the conclusion of the war was proclaimed the 26th of April following. Very few, if any, of the militia regiments, I believe, were disembodied before the June following, nor could any material diminution of our military reimbursed to the overseer by the treasurer of the county, out of the county stock.

This provision of the 33d Geo. III. only applied to the *balloted men*; the families of *substitutes* (which were more numerous in the proportion of near twenty to one) were to be provided for as before, by the *parish*.

Thus it was, till the year 1803, when this act of 33d Geo. III. was repealed by the 43d Geo. III. c. 47: by this statute, the same allowance is provided for the families of militia-men, according to the same principle and rule as of the former statute; and the same provision is also extended to the substitute, and allowed to his family, as well as to that of the balloted man; and there is no charge whatever upon the county, but the whole (except as to the families of non-commissioned officers and drummers) is to be paid by the parish.

and naval establishment have taken place before that time, and then comparatively but in a very small and limited degree. The consequences of war therefore, in this respect, both in 1785 and much more so in 1802—3, may be considered as still remaining, and the effect of it undiminished.

In addition to this increase from the preceding circumstance, every parish is by the 43d Elizabeth c. 3. to be charged with a weekly sum towards the relief of sick, hurt, and maimed soldiers and mariners, as the justices in sessions shall appoint. Dr. Burn observes, that as this is left to the discretion of the justices, it is not usually done, but they are left to be provided for by the particular parishes whereunto they belong, or to the provisions of the royal hospitals of Greenwich and Chelsea*.

These consequences of war must have been operating in a greater or less degree during the continuance of it, and also for some time after its conclusion. In the year 1803 the effect must have been greater in proportion to the increased naval and military establishment: in that year supplies were voted for 84,445 soldiers (serving within Great Britain, Jersey, and Ireland) and for 130,000 seamen. In the year 1785

* Justice, vol. 4, p. 267.

the number of soldiers of the same description was not more than 17,483, and that of sailors not more than 26,000: the militia regiments were also more numerous in the last than in the preceding war; and although in 1802 the militia had been considerably reduced by the drafts from them into the army, still the establishment was more numerous than in 1784—5. The garrison battalions abroad too must have also been considerably increased.

Any conjecture as to the increase of the numbers of those applying for parish relief, from this cause, must be too loose even to hazard: if, however, we suppose 12 in 100 amongst the whole of the above soldiers, &c. to be *married* men, and that out of these twelve, one-sixth part, or two of them, have left a wife and child each chargeable to the parish; then we may reckon 4 in 100 who from this cause have been added to the poor rate. In 1784 the number of soldiers serving within Great Britain, Ireland, and Jersey, exclusive of the battalions abroad, was, as before stated, about 18,000 soldiers, 26,000 sailors, and about 40,000 militia; in all, we will say, 84,000. Four in each hundred of these will amount to 3,360. In 1803 the number of soldiers (of the same description), sailors, and militia, were upwards of 260,000; 4 in 100 of these

will amount to more than 10,000, being an addition of 7000. There was however in 1802—a great increase in the number of troops serving abroad; from this and other circumstances we may, I think, fairly presume that the increase of persons receiving parochial relief from this cause in 1803 must have at least amounted to 10,000.

Upwards of 70,000 still remain; and to account for these we must refer to causes more remote, more hidden, and for the greatest part much more destructive to the interest and welfare of the community.

OF TAXES.

In considering this subject, the first question which suggests itself, is, how far the wages and the subsistence of the lower orders are affected by taxation.

The wages of labour are every where regulated partly by the demand, and partly by the average price of the necessary articles of subsistence*. “The demand for it,” says Dr. Smith†,

* Wealth of Nations, vol. III. p. 333, and vol. I. p. 130.
† Ib. vol. I. 104, 130.

“depends upon the revenue and stock of the country; upon the revenue which is over and above what is necessary for the maintenance; and the stock which is over and above what is necessary for the employment of their masters. When the landlord, annuitant, or mortgaged man, has a greater revenue than what he judges sufficient to maintain his own family, he employs either the whole or a part of the surplus in maintaining one or more menial servants. Increase this surplus, and he will naturally increase the number of those servants. When an independent workman, such as a weaver, or shoemaker, has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally employs one or more journeymen with the surplus in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen. The demand for those who live by wages, therefore, necessarily increases with the revenue and stock of every country, and cannot possibly increase without it. The increase of revenue and stock is the increase of national wealth. The demand for those who live by wages therefore naturally

“increases with the increase of national wealth,
“and cannot possibly increase without it*.”

* Mr. Malthus makes a very accurate distinction, which certainly Dr. Smith had not, between the wealth of a country generally speaking, and the wealth of it as affecting the lower orders. The wealth of a country, according to the above description of Dr. Smith, may increase without having any tendency to increase the comforts of the labouring part of it. The comforts of the labouring poor must necessarily depend upon the funds destined for the maintenance of labour: the demand for labour which such increase occasions, will of course raise the value of labour; and till the additional number of hands required are raised, the increased funds will be distributed to the same number of persons as before, and therefore every labourer will live comparatively at his ease. The error of Dr. Smith, Mr. Malthus observes, is, in representing every increase of the revenue or stock of a society as an increase of these funds. Such surplus stock, or revenue, will indeed be considered by the individual possessing it as an additional fund from which he may maintain more labour; but it will not be a real and effectual fund for the maintenance of an additional number of labourers, unless the whole, or at least a great part of it, be convertible into a proportional quantity of provisions: and it will not be so convertible where the increase has arisen merely from the produce of labour, and not from the produce of land. Mr. Malthus then proceeds to prove, that the wealth of a country may from its manufactories and commerce be increasing, and the exchangeable value of the annual produce of its land and labour annually augmented, and yet the real funds for the maintenance of labour be stationary, or even declining, and consequently the increasing wealth would tend rather to de-

From this revenue and stock, or surplus produce, on which depends the demand for labour, and the rate of wages, proceeds also the supply of labour: for the number of labourers will always be in proportion to the population of the country, and this will depend upon the ability afforded to the labourer from his rate of wages, to rear up a family. If the demand increase, the rate of wages will increase, and the number of labourers also from the increased means of subsistence: if the demand decrease, the contrary effect will follow,—the number of labourers will decrease also; and if it be stationary, the other will be the same. Thus, therefore, whilst the funds destined for the support of labour remain the same, the rate of wages must likewise do so: if we lessen the wages, then we stint the supply, and consequently increase the demand, which will in a short time again raise the wages,

press than to raise the condition of the lower orders. See Essay on Population, B. 3, c. 7, 8, 9. See also Appendix to Chalmers's Inquiry, &c.; and also an excellent pamphlet of Mr. Spence's on this subject. Whatever notion or definition therefore we may choose to affix to the term *wealth*, yet still the great position of the economists will always remain true, that the surplus produce of the cultivators is the great fund which ultimately pays all, in whatever situation of life, or whatever profession, they may be engaged in.

and this rise of the latter will again furnish an increased supply, and the proportion be again restored.

This being so, let us suppose a tax to be imposed upon salt, corn, soap, leather, or any other necessary; the price of it would immediately rise, and the labourer finding that he could not maintain his family in the same manner as before, would apply to his employer for an increase of wages; but the surplus, or disposeable part of the income of the latter being to the full amount applied already in the maintenance of so many labourers*, he is unable to make any increase. If the tax rests upon the labourer, (according to what has been stated,) it will occasion a decrease in the number of labourers; but, as the funds which support them remain the same, and not destroyed or diminished by the tax, the same population and the same number of labourers, as well as the same demand for them, will remain, and every individual will be supported in some shape or other as well as before.

It has been stated, that according to Dr. Smith, the wages of labour are regulated by two

* Wealth of Nations, vol. I. 121, and vol. III. 335. See also Principles of Taxation, 178.

circumstances; by the demand for labour (which depends upon the surplus produce, and which has not been affected by the tax) and by the ordinary or average price of provisions: the former regulates the subsistence of the labourer, and determines in what degree it shall be; whether liberal, moderate, or scanty: the latter determines the quantity of money which must be paid to the workman in order to enable him, one year with another, to purchase this liberal, moderate, or scanty subsistence*. While the demand for labour therefore, or the surplus produce upon which it depends, and the price of provisions remain the same, a direct tax upon the wages of labour, (or upon the necessaries of life, which is the same thing†,) can have no other effect than to raise them somewhat higher than the tax. If it were otherwise, the ability to bring up numerous families would be lessened, and consequently the supply of labour; and the effect would follow, as before stated. The tax therefore cannot for any length of time fall upon the labourer.—Upon whom then does it fall? or, in what way does it operate?

In this case, says Dr. Smith, the tax would be advanced by the farmer, who in order to maintain the same number of labourers as before

* Wealth of Nations, vol. III. p. 321, 322. † Ib. p. 333.

would be obliged to employ a greater capital : and in order to get back this greater capital together with the ordinary profits of stock, it would be necessary that he should retain a larger portion, or, what is the same thing, the price of a larger portion of the produce of the land, and consequently that he should pay less rent to the landlord. The final payment therefore of this rise of wages would in this case fall upon the landlord, together with the additional profit of the farmer who had advanced it.

The rise which such a tax might occasion in the wages of manufacturing labour would be advanced by the master manufacturer, who would charge it, with a profit on the price of his goods, and it would in this case fall upon the consumer*.

Mr. Chalmers, after travelling a considerable way with Dr. Smith, pursues his route a little further : discussing the foregoing principles pretty much in the same manner, he comes to

* *Ib.* p. 323. and seq. With all due deference to so great an authority, I should think, that in the first case the farmer would raise the price of his produce, and that the tax therefore would in this, as well as in the latter case, fall upon (as sir John Stuart terms him) the idle consumer. And that it would only affect the landlord in this character.—See *Political Economy*, Vol. I. B. 5, p. 82, and seq.

the conclusion, that no tax can have any effect on the wages of labour ; the only effect of such a tax (as before instanced) would be, according to his notion, upon the distribution of labour. It would have no effect upon the number of people, nor on the quantity of food that is produced for their subsistence ; and as the wages of labour are regulated by these two circumstances, such a tax could never fall upon the labourer ; it would only give a new direction to his industry*.

Let government, says he, tax grain for instance ; which would be equivalent to an income-tax upon the landlord : this would not affect the price of labour, because it would have no effect on the proportion betwixt the grain and the population of the country. 'Tis true the landed proprietor would lose part of his ability to maintain labourers, but this ability, though lost to him, is not lost to the country ; it is only transferred to another quarter : it is now in the hands of government. Let the amount of the tax be equal to the full pay and maintenance of one labourer ; government is therefore furnished with the ability instead of the employer of maintaining one labourer ; and

* *Inquiry*, &c. p. 263.

the labourer goes into the service of government*.

If government therefore in this way take one-fourth of the labourers in the kingdom into their service, the remainder will be in precisely the same situation in respect to wages as before, because the ability of maintaining them will be the same. The only effect therefore of this new arrangement is upon the distribution of labour, not upon the wages of it†.

In the preceding case Dr. Smith makes the tax fall upon the landlord, who receives so much the less rent; and there he leaves it: he does not lessen the number of labourers; the farmer maintains as many of these as he did before.

Mr. Chalmers, in his view of it, supposes government to have taken from the landlord the ability to maintain so many labourers; in the same way as if a portion of the estate of the landed proprietor was transferred to another, which would have no effect in diminishing the wages of labour, inasmuch as the whole expenditure which goes to maintain labour remains the same in quantity as before. Government, says he, with its taxes stands precisely in the same situation as the person to whom a portion

* Inquiry, &c. 265, 267. † Ib. 276, 277.

of the estate is thus transferred, and acquires just so much of the ability to maintain labour as the other loses*.

Undoubtedly, in proportion to the quantity of food and subsistence which government takes in the shape of a tax out of the public stock, will it be enabled to maintain so many more labourers, and to draw them from the service of individuals. In this respect taxes have the effect of transmuting the service of some class or other of the lower orders; and this seems to be the only way in which they can permanently affect the industrious effective labourer: for whilst the funds of subsistence remain the

* Inquiry, &c. 265, 266. It does not clearly appear in what sense Mr. Chalmers in the above statement applies the term "landlord." By the expression "maintaining so many labourers," it would seem as though he alluded to the situation of farmer also: if so, I do not see how the tax would affect him, or render him the less able to maintain the same number of men in the cultivation of the land as before. The "landlord" can only be affected by the tax as a consumer, and as such, he will undoubtedly be the less able to maintain as many servants or retainers who contribute to his luxuries, as before. And even supposing that a tax may have the effect of transferring a portion of the produce of the land from the proprietor to government, yet it cannot, in any point of view, be considered as transferring a portion of the estate itself. The effect of the one, as far as regards the maintenance of the labourer, and the distribution of labour, is very different to that of the other. Government may derive from the land the means of maintaining an

same, he must, and will in some shape or other, (though he may for an interval suffer) earn his means of support.

As there are few taxes, however, which do not either directly or indirectly tend to raise, not only the price of provisions in general, but even, in some degree, the necessaries of life, there must be an interval between the rise of prices and the increase of wages, during which the labourer will feel the pressure of them, and may be under the necessity even of applying for parochial aid. The "stinting," (as it is termed) of the supply of labourers, which would create, as before stated, the increased demand for them, and restore the rate of wages, must necessarily be preceded by that misery of the labourer which is the cause of this diminution of their supply; and in such cases it must be allowed, that taxes on the necessaries of labourers cannot be long paid by themselves: but, even on this supposition, they must be paid for a certain time by the labourer, and fall on him too, before they can operate and effect the diminution of their number; which is the supposed

additional number of men; and may draw this additional number from the manufactories and other trades and employments; and consequently lessen the number engaged in them: but the number of labourers necessary for the cultivation of the land cannot be lessened, or transferred to any other service.

cause of that increased demand for them which finally throws the tax from them upon others*.

In many instances too, the farmer, or employer, instead of increasing the pay of the labourer in proportion to the price of the means of subsistence, would endeavour at first to make the parish pay the difference. Mr. Rose† has very justly observed, that there is but too much reason to believe, that in many parts of England the cultivators of the land are more solicitous to restrain the price of labour than to keep down the poor's rate‡. In Sussex, an agricultural county, the number of *parishioners* relieved is 23 in 100 of the population; whilst in many other counties, the number does not exceed 7 or 8 in 100. In this case the price of labour is paid out of the poor's rate. A policy more pitiful, as well as more destructive to the lower orders, cannot well be conceived! The employer deceives himself, and what is worse, defrauds the labourer of his just earnings; and then punishes him, by affixing on him the badge of a parish pauper.

On the first pressure occasioned by the advance of the price of necessaries, numbers will undoubtedly resort to the parish for relief. Few,

* See Principles of Taxation, p. 178.
† Observations on the Poor Laws, 1805, p. 14.
‡ Mr. Arthur Yonge, in his agricultural account of Sussex, makes nearly the same observation.

however, of the description I have mentioned, viz. of the industrious and effective, will remain for any length of time on the poor list; for so long as the demand continues the same, and it will continue the same as long as the surplus fund remains so, the price of labour of this description will equalize itself to the means of subsistence. The worst that befalls the parish in this case is, where a married man enlists in the service of government, and leaves a wife and family unprovided for: the consequence of this has been already stated.

There is, however, another description of labourer which I have before alluded to, and termed the non-effective labourer, which requires a more distinct and separate consideration.

This broad generic term *labour*, says Burke, admits at least of two or three specific descriptions; and he divides the labourers in husbandry, 1st. into those who are able to perform the full work of a man; that is, what can be done by a person from twenty-one to fifty years of age. 2dly. those who are able to work, but not the complete task of a day-labourer. In this class he includes *men* from the decline, which after fifty becomes every year more sensible, to the period of debility and decrepitude, and the maladies that precede a final dissolution. *Women*, whose employment in husbandry is but occa-

sional, and who differ more in effective labour one from another than men do, on account of gestation, nursing, and domestic management, over and above the difference they have in common with men, in advancing, in stationary, and declining life. *Children*, who proceed in the reverse order, growing from less to greater utility, but with a still greater disproportion of nutriment to labour, than is found in the second of these subdivisions. The first class, he adds, wants nothing to equalize it, it equalizes itself. The second is not capable of any equalization*.

It is the labourer belonging to this last class and description on whom the pressure of hard times and seasons most heavily falls: he has no means of resisting it; his labour is of an unequal and inferior value, and the demand for it comparatively little. He cannot stipulate for the price of it, or cavil about its value, but must submit almost to any terms upon which he can get employment. Labour of this class, therefore, is not capable of any equalization: and when the price of necessaries from any cause becomes higher, the wages of this description of labour seldom or ever rise in proportion: the difference in this case is paid by

* Thoughts on Scarcity.

the parish. In this respect, therefore, those taxes which occasion an advance in the price of the necessaries of subsistence, fall ultimately upon the poor rates; and that in a double ratio; they increase the cost of maintenance of those already on the rate, and add to the number of them also.

It has been before stated, that there had been on the average but little variation in the price of corn for some years previous to 1795, and that whilst the price of corn is reasonable and stationary, the poor do not so materially suffer. Mr. Brand, in a pamphlet which he published in 1800*, endeavoured to show from the average prices of wheat, from the period since the revolution to the year 1797, and its division into times of peace and war, that war and taxes had no effect upon the price of wheat. His calculation proceeds no further than the year 1797: but the exhibit, as far as it goes, seems to confirm the truth of his position. Taking the average of prices, however, from that time, viz. from 1797, to the present, and taking the years of scarcity in 1800 and 1801 upon the average of the three years before and after, it appears from the tables that the price of wheat has risen,

* On the Depression of the Price of Wheat in War.

during the interval, at least one-third. If war and taxes previous to the year 1797 had not any influence on the price of wheat, I certainly am not aware of any circumstances either in the nature or character of the taxes since imposed, which could in this respect have altered their operation and effect: and if the price of wheat is the chief regulator of the prices of the other necessaries of life, it would seem as though the price of these had been as little affected by the above cause as that of the other; yet, in point of fact it is notorious, that the price of the other necessaries of life had increased, when that of wheat had not. The price of the latter article, however, continuing the same, the poor suffer comparatively but in a small degree*: and if it be true, that taxes have little or no effect in raising the price of wheat, it may fairly be questioned whether the effect of them is not more to deprive a certain class of people of their comforts than the poor of their subsistence. Still, however, every remove from the former brings a man nearer to the point of indigence: and if he be deprived of comforts, and has only a bare subsistence remaining, he must on the rise in the price of the necessaries of life, be re-

* See Wealth of Nations, vol. I. 119, 120, and 383; vol. III. 336, 337.

duced to the class of, and added to the number of those who live but by the assistance of charity, or the compulsory aid of a national establishment.

That which seems to me to have been the main cause of the increase of prices, and which greatly contributed even in 1803, to such advance, and consequently to increase the number of poor, will be the subject of the next chapter.

DEPRECIATION OF CURRENCY.

BY a depreciation of the currency, I mean that fall in the value of it (whether it consist of the precious metals or paper), which makes a pound note, or a guinea, purchase less of any commodity than it had used to do—I mean certainly a depreciation of the gold and silver currency as well as of the paper; the one, communicating its debasement to the other: there is no difference in this respect; for if the paper is by any means rendered cheap and is currently interchanged for gold, this will partake of the cheapness of the other; that is, it will buy a smaller quantity of goods than before, or than it would purchase in the shape of bullion. It is not the gold or bullion which is thus rendered cheap, but the coin which is part of the currency.

The doctrine of depreciation, as far as relates to my purpose in considering the rise of prices, may be thus shortly stated: the price, or exchangeable value of any article, depends upon the proportion which the supply

bears to the demand. If the supply be enlarged, and the demand not corresponding with it, the price of the article necessarily diminishes ; this rule is applicable to the circulating medium of the country, which, when it increases beyond what the internal trade of it requires, or exceeds in quantity the other articles for which it is exchanged, becomes, as in the case of every other commodity, proportionably cheap, and a greater quantity of it will be given in exchange, for the other articles which it purchases : the one apparently rises in price, owing to the other having sunk in value.

It was formerly supposed by Dr. Smith, that the quantity of goods in the market, being precisely the same after any additional paper was issued as before, the same quantity of money would be sufficient to circulate them ; the channel of circulation would therefore remain precisely the same as before, and whatever " was poured into it beyond the sum that " was sufficient to fill it, could not run into it, but " must overflow : the sum that overflows is too " valuable to be unemployed at home : it will " therefore be sent abroad, and as the paper " cannot go abroad the gold will be exported."*

* Wealth of Nations, i. 436.

This doctrine has been by modern economists in some measure corrected, and Mr. Thornton most justly remarks that the prices being once raised by this increase of the circulating medium, an employment is afforded to this increase, by the advanced price of articles ; and that the increase of the one, is absorbed in a short time in that of the other : and therefore that the channel of circulation can never be said to be too full* : and it has been truly observed, that when the circulating medium consists almost entirely of paper, the successive augmentations that may take place, cannot be compensated by any corresponding diminution in that of another part of the circulation ; and the rise of prices that immediately ensues, is not reduced by a subsequent exportation of gold : while the currency remains in this augmented state, without an increase of trade to absorb the excess, prices will remain high ; and if the quantity of paper should still be continually increased, the prices of commodities will continue to rise. †

It may be stated to be an admitted axiom, therefore, and agreed to by all writers upon the

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* Essay on Paper Credit, p. 211.

† Edin. Rev. vol. i, p. 181.—See also Essay on Pap. Cred. p. 277.

subject, that an increase of currency, while the circulation of commodities remains the same, will be attended with an increase of nominal prices.

It has been urged, however, that the trade and produce of the country have increased so much within the last fifteen or twenty years, as to require a greater quantity of currency to circulate them, and that high prices may be referred to other causes, than to an excess of currency; that increase of trade, and high prices may be deemed the cause, and increase of currency the effect.

It is certainly difficult to adduce direct evidence of an undue issue:—high prices may undoubtedly be occasioned by other causes than excess of currency; such as a failure of produce or supply, an accumulation of taxes, &c. the operation of which together is so complicated, that it is difficult to assign to any one of these causes its proper portion of the whole joint effect. Other circumstances have therefore been resorted to as affording more decisive proofs; and the market price of bullion, (this being of all articles of commerce the least subject to variation of price), and the foreign exchanges, have been by all writers relied up-

on as, and denominated, tests of a depreciated currency.

Before I resort to these, it may be as well to consider the nature of the Bank Restriction Act, and whether it does not naturally, I had almost said necessarily, lead to the consequences before stated, that is, to an undue and excessive issue of paper currency? *

Previous to the Restriction Act in 1797, when the Bank was under the obligation to give specie in exchange for their notes, a limit

* By the Act of 37 Geo. 3, c. 45, commonly called the Bank Restriction Act, the Bank of England is prohibited and restricted from issuing cash in payment of any debt or demand upon them whatsoever; except in certain cases in the said Act specified.—And it also enacts, that no person shall be held to special bail upon any process issuing out of any court, unless the affidavit required to be made by 12th Geo. 1st, c. 9, for such purpose also add, that "there had been no offer to pay in bank notes;" otherwise, proceedings to be had as if no such affidavit had been made to hold to special bail;—if such offer, however, be made by reason of which he cannot be so held to bail, the Court may order him to deposit bank notes to answer the demand; and if this be not done he may be arrested and held to special bail.—A further regulation was imposed by 43 Geo. 3, c. 18, s. 2, namely, that persons applying to be discharged on common bail upon the affidavit being defective, in not negating such offer, shall prove by affidavit a tender in notes, or notes and money.—These acts have been continued from session to session, and at length by the 44th Geo. 3, c. 1, (15th Dec. 1803), the several provisions of them were continued until six months after the ratification of a definitive treaty of peace.

was necessarily put to the issue of paper; it was restricted, by the quantity of specie which was in their coffers to answer the demand: for as the metals of which this specie was composed was to be purchased at their value like every other commodity, and as these were to be given in exchange for their paper when called upon, there could be no such profit resulting from their issues, as to indemnify them for the risk of an excess, or to induce them to exceed those limits, which the increasing wealth of the country might require: in this case there might be said to be a valuable security and deposit in the bank for every note issued; and I shall presently shew, that whilst this was so, and the bank liable to be called upon to give specie in exchange for their notes, how almost impossible it was for them to issue an excess of paper, from the rise which would necessarily take place in the price of bullion in consequence of it, and the return to them of their notes, to be exchanged for guineas.*

Since the passing of this Act there is no such restraint on their issues; there is

* See Mr. Whitmore's Evid. Bull. Rep. p. p. 91, 92; and see p. p. 112, 152, 153, 156, 184, 185, 219.—See also Bull. Rep. p. 56.—See also Report of Committee of Secrecy of the House of Commons, 1797.

neither expense incurred in the first instance by the purchase of the precious metals, nor any hazard from an excessive issue of paper: The merchant who is able to make 10 per cent. upon a borrowed capital, will always be willing to extend it, when he is only to pay an interest of 5 per cent.: and the bank of England admit their readiness to discount for solid persons, and also such notes as represent real bona fide transactions, the payment of which is due within the space of two months.*

Here then "are two parties (as Mr. Blake justly observes) exactly suited to the supply of each other's wants, and co-operating from mutual interest towards the same object. The profits of the bank are in proportion to the paper currency it can lend, and the expected profits of the merchant are in proportion to the paper currency he can borrow. Under such circumstances it is idle to talk of the bank directors having the power to contract their discounts when they perceive there has been an over issue, unless a motive can be shewn for the exercise of that power."†

* See Mr. Whitmore's and Mr. Pearce's Ev. ib. p. p. 111, 123, 127, 170, 218, 220, and they adopt the same principle as to country banks, ib. p. 187.

† A brief statement of the profits which the Proprietors of

The following observations are so just that I cannot help reciting the whole passage:—
 “It is equally idle to say, that the merchant
 “ will not employ all the capital he can com-
 “ mand, or that his credit will enable him to
 “ borrow. By the facilities that are now
 “ given to discounts, the merchants can always

Bank Stock have derived from the Restriction Act, will shew what strong temptation there is to enlarge their issues.

In 1760, the average price of Bank Stock was . . .	110½
1777, — ditto — . . .	133½
1797, (having fallen after the alarm) . . .	127½
1808, (having risen progressively) the average was	235½
1809, in July, Bank Stock sold for . . .	280

The usual dividend on Bank Stock was 7 per cent, a year. In addition to this the following premiums, or bonuses, have been added:—

In June, 1799, there was given on every £100 Bank Stock, a bonus, or payment, of £10 Loyalty Stock.

In May, 1801, — —	5 Navy, 5 per cent. stock.
Nov. 1802, — —	2½ ditto.
Oct. 1804, — —	5 per cent. Cash.
Ditto 1805, — —	5 ditto.
Ditto 1806, — —	5 ditto.

And in April, 1807, the dividend was raised to 10 per cent, at which it has since continued:—Mushet's Enquiry, &c. p. 59.

Besides this, the income-tax due by the Proprietors on their dividends has been paid out of the funds of the Bank; and the salaries of the Governors, Deputy-Governors, and Directors, have been increased.—Thus, exclusive of what they have gained from the increase of dividend, and from their exemption from the property-tax, they have derived a profit in the whole of upwards of £20,000,000 on their capital!

“either by immediate application to the
 “bank, by means of their bankers, or, if
 “in the country, by the intervention of
 “the country banks, coin their credit into
 “currency; which will operate upon the
 “markets wherever it makes its appearance:
 “for the prices of any given supply of pro-
 “duce will depend upon the number of pur-
 “chasers, and the extent of the capital they
 “can command. The more easily capital
 “can be procured, the greater will be the
 “competition in the market. Whenever the
 “prospect of a profitable speculation offers,
 “merchants will be eager to embark in it, and
 “the demand, which under ordinary circum-
 “stances would be regulated by the amount
 “of *real* capital capable of being directed in-
 “to that channel, will now be augmented in
 “proportion to the *fictitious* capital, called in-
 “to existence by the facilities afforded by the
 “bank discounts; and thus an over issue of
 “notes will immediately take place, creat-
 “ing an additional number of purchasers, or
 “increasing their powers of purchasing in
 “proportion to the over issue. If the increas-
 “ed currency be employed in a foreign
 “speculation, it immediately acts upon the

“ foreign bill market, and creating there a
 “ fictitious demand, it affects the *nominal* ex-
 “ change; if it be employed by the bullion
 “ merchant, it raises the market price of that
 “ article; if by the home dealer, it augments
 “ the prices of native commodities. No
 “ sooner has it left the merchants, by whose
 “ means it was called into existence, than it
 “ passes to the wholesale dealers, and master
 “ manufacturers, who in their turn will raise
 “ the prices in their respective markets, by a
 “ competition which is called into action
 “ merely by the over issue.”*

* The amount of all this evil is much increased and its influence greatly extended by the enlarged issues of the *Country Banks*; and I cannot help referring a very great part of it to their operations; although it is evident that the Bank of England is the wheel which sets the other in motion. Previous to the year 1803 we can form no estimate of the number of *Country Bank* notes, as the Stamp Office was unable to give any account of the number of stamps before that time, (Appendix to Bull. Rep. p. 65). In the year 1797 the number of *Bank of England* notes in circulation amounted to 8 millions; in 1798 to 13 millions; and in 1803 they had increased to upwards of 16½. Mr. Ricardo says—“ That if the Bank increase their issues 3 millions (the sum which the Bank is supposed to have added to the circulation above what it will bear), they enable the *Country Banks* to add more than 12 millions to the general circulation.”—On “*Bullion and Bank Notes*,” p. 41.

It has been stated however by almost all writers of a recent date, that the excess of issues of the *Country Banks* is checked by the convertibility of their notes into those of the *Bank of*

But it is urged, that whilst the *Bank* do not exceed the limits, or deviate from the

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England, in the same manner as these were checked prior to the suspension of cash payments, by the convertibility of their notes into specie.

I confess the argument seems to me to be by no means conclusive. The excess of *Bank of England* paper, whilst it was convertible into specie, was checked by the high price of bullion, which invariably takes place as soon as there is any excess of currency, and by the demand upon the *Bank* for guineas in exchange for their notes; and this same check, which operated then upon the *Bank* would at the same time affect the issue of *country notes* also. Before the *Restriction Act*, had any drain for guineas taken place at the *Bank of England*, it would have been felt by the *Country Banks*, (see Ev. before Bullion Committee, p. 129, 142), and the same inducement to draw guineas from the former, would have prevailed in respect to the latter; but as the holder of such *Country Bank* note cannot now obtain gold for it, there can be no inducement to exchange it (if he has confidence in the *Country Bank* and no distant payments to make) for *Bank of England* paper; they are therefore less liable to be called upon to change their notes for those of the *Bank of England*, than they were to be called upon to pay them in cash, before the *Restriction Act*; and consequently it is not necessary for a *Country Banker* to be provided with the same amount in bank notes, in proportion to his issues, as he was before the *Restriction*, obliged to keep in gold.—See Evid. Mr. Thompson p. 116, of App. to Bullion Report, Mr. Whitmore and Pearse p. 120, and Mr. Tritton p. 142.

Mr. Thornton admits, that if there was nothing to prevent the excess of *Country Bank* notes, but the liability of being called upon for a money payment, it might fairly be assumed that at a time when the money payment of them has been suspended, we must necessarily be exposed to the greatest inundation of

principle before stated, no evil can ensue, and no depreciation take place.*

In the first place, however, it is impossible that the Bank should be able to distinguish

* Min. p. 127, as before cited.—See also Report p. 51, 52.

country paper, and to a proportionate depreciation of it, was it not for this limitation imposed upon them by the Bank of England.—On Paper Credit p. 216.—But if the more respectable Country Banks are cautious and limited in their issues, how many are there, of a different description, who, either trading beyond their capital, or upon no capital at all, are guided solely with a view to profit, and will, to get their notes into circulation, lend money upon almost any security, (see Ev. Bull. Rep. p. 76), and discount bills to the utmost possible extent; without any regard to the quantity of Bank notes in their coffers, or to any assets which they might have proportionate to their issues; which they can readily convert into Bank notes, to answer any sudden demand upon them. And indeed such has been the communication of late, between the Country Banks and the Bank of England, through the intervention of London Bankers and Brokers, that every temptation is offered to all of them to extend their issues; for whilst the Bank will discount their bills, they need be the less apprehensive of any sudden or extraordinary demand upon them for Bank of England notes.—“A considerable portion of the paper,” says Mr. Pearce (App. to Bull. Rep. p. 119), “which the Bank discount, is paper drawn “ by Country Bankers and others upon Bankers in London, and “ these have greatly increased since the Restriction.”—See also *ib.* p. 120, and p. 122.—A great many bills too, says Mr. Richardson, drawn in London by one merchant upon another, are sent into the country to be discounted; and these to a considerable amount (see *ib.* p. 178).

From the local situation of these Banks, and their connections

between those bills which represent real transactions, and those which do not:* nor, in reality, is there any difference in this respect between real and fictitious bills: for notes

* See Evid. to Bull. Rep. p. p. 119, 125.

in the country, the facility of borrowing is much increased, and the quantity of currency enlarged to a greater extent than if the access to these mines was more difficult, or the mines themselves less productive. The merchant, the farmer, the over-trader, are all enabled, if they are possessed of any property, (and upon which, it would have been formerly difficult and almost impossible to have obtained a loan), to borrow money with little difficulty or trouble: and speculation is increased in all the various shapes which human ingenuity can invent.

Besides, the Bank of England makes the greatest proportion of their issues only upon securities convertible at short periods; whereas the paper of individuals is to a certain extent frequently advanced upon, and represents that which cannot be brought into circulation, and thus may be doubly represented.—See Evid. of Mr. ———, the continental merchant, p. p. 86, 87, also p. p. 171, 172, 177.—A greater quantity of paper currency is thus generated and thrown into the circulation, and the amount of it extended beyond those limits to which the Bank of England paper would be confined, were there no Country Banks, or only those of that class who are governed by more correct principles, and who limit their issues within proper bounds and restrictions.

But it is said, that if an excess be issued in a Country District, while the London circulation does not exceed its due proportion, there will be a local rise of prices in that Country District, but prices in London will remain as before. Those who have the country paper will prefer buying in London where things are cheaper, and will therefore return that country

given in consequence of a real sale of goods cannot be considered as on that account certainly representing any actual property. "Suppose," says Mr. Thornton* "that A.

* Essay on Paper Credit, p. 30.

paper upon the Banker who issued it, and will demand from him Bank of England notes, or bills upon London; and thus the excess of country paper being continually returned upon the issuers for Bank of England paper, the quantity of the latter necessarily and effectually limits the quantity of the former.

I confess, with all due deference to those who have advanced this doctrine, I cannot see the force of the reasoning.—What end could it possibly answer to the country dealers to resort in such case to the London market, where they would increase the demand, and of course raise the price of the article? Will not the most probable consequence of high prices in the country markets be, to cause a rise in the London markets also, and to increase the circulating medium there? Sellers are in general acute enough in finding out the advanced prices in different markets, and those in London would, by withholding the commodity, or by a thousand other means and combinations which the facility of getting money would enable them to adopt, endeavour to force up the London markets on a level with those of the country. Or, to put it in another point of view, if prices were higher in the country, would not the London dealer send his goods to the country market? The price of commodities would in this case, from the diminution, rise in the London market, and the increased influx, for the moment, reduce the prices in the country; those however of the London market having once increased, the London dealer would again resort to it; and although here again the additional quantity thus brought back, would increase the commodity in the London

"sells 100l. worth of goods to B. at six months credit, and takes a bill at six months for it; and that B. within a month after, sells the same goods to C. at a like credit, taking a

district, yet, prices having once advanced, and money easy to be procured, would not the most probable result of the struggle and competition between the buyer and seller, be in favour of the latter, and the circulating medium increased in proportion to the advance of prices? In short, in whatever point of view we consider it, will it not be more likely that when prices have got up in one or two districts that they will insensibly and by degrees advance with the increase of currency throughout the kingdom at large?

Mr. Ricardo has truly said, that the money of a particular country is divided amongst its different provinces, by the same rules as the money of the world is divided amongst the different nations of which it is composed. Each district will retain in its circulation such a proportionate share of the currency of the country, as its trade, and consequently its payments may require, compared to the trade of the whole; and no increase can take place in the circulating medium of one district, without being generally diffused, or calling forth a proportionate quantity in every other district. "It is this," says he, "which keeps a Country Bank note always of the same value as a Bank of England note. If in London, where Bank of England notes only are current, one million be added to the amount in circulation, the currency will become cheaper there than elsewhere, or goods will become dearer. Goods would therefore be sent from the country to the London market, to be sold at the high price, or, which is much more probable, the Country Banks will take advantage of the relative deficiency in the country currency, and increase the amount of their notes in the same proportion as the Bank of England had done: prices would then be generally and not partially affected."—On Bullion, p. p. 41, 42.—But why may not the reverse of all this

“ like bill ; that C. after another month sells
 “ them to D. ; and so on ; there may at the
 “ end of six months, be six bills of 100*l.* each
 “ existing at the same time, and every one

be true ? and if one million be added to the country circulation, and currency becoming cheaper and goods consequently dearer, why may not these be sent from the London to the country market ? or, what I agree is much more probable, why may not the Bank of England take the same advantage of the relative deficiency in the London currency, and increase their notes in the same proportion ? There seems to be as much reason in the one hypothesis as in the other.

It seems to me therefore, on the whole, that although the Restriction Bill has been the *primum mobile*, or the cause in the first instance, of the great increase of country paper, and without which, it could not any more than that of the Bank of England have advanced beyond the proper limits, yet, that afterwards, from the causes assigned, and from the communication, and the facility with which their bills are discounted at the Bank of England, and also from their not being guided (at least a very great part of them) in their issues by proper principles of Restriction, their issues have increased not only beyond the due proportion to those of the Bank of England, but have been the means of increasing these also. I do not mean to deny that Country Banks, to a certain extent, only supply the place of bank paper, and that they may not, if in proper hands, in many points of view be highly beneficial. Mr. Thornton has enumerated instances where they may be so (*Essay*, p. 163.—See also Mr. Stuckey's Evidence, *Bull. Rep.* p. 211); but that they have greatly exceeded these limits, and have been the means, under all the circumstances attending them, of increasing the evil complained of, is a notion of which I cannot divest myself, and which is confirmed by almost the whole tenor of the Evidence given before the Bullion Committee.

“ of them may possibly have been discount-
 “ ed. Of all these bills, one only represents
 “ any actual property. In order to justify
 “ the supposition that a real bill represents
 “ actual property, there ought to be some
 “ power in the bill holder to prevent the pro-
 “ perty which the bill represents from being
 “ turned to other purposes than that of pay-
 “ ing the bill in question.” The only differ-
 ence then between a real and fictitious bill is,
 that in the case of the former, a bona fide
 transaction takes place prior to its being con-
 verted into currency, in consequence of a
 credit subsisting between the drawer of the
 bill and the seller of the goods ; in the ficti-
 tious bill, for want of that credit between the
 drawer and the seller, the conversion of the
 bill into currency takes place in the first in-
 stance, and the bona fide transaction follows.*

But the evil is, that every advance thus
 made in the present situation of the Bank,
 increases the mass of the circulating medium,
 which, without the check of their notes being
 convertible into specie, may be increased to
 an unlimited extent. The effect of this is to

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* Blake, p. 86.

diminish the relative value (as before stated) of the circulating medium, and of course to raise the price of commodities.

But it is said that the surplus quantity, not being wanted, would immediately revert, by a diminished application for discounts, and advances upon government securities, which would in effect reduce the number of bank notes in circulation.*

If the notes of the Bank were convertible into specie, this would undoubtedly be the case, for the rise of prices which would very soon take place, in consequence of the excess, (and it has been stated before how this would take place) would quickly check the further increase, and remedy the evil; for in this case the price of bullion, like that of every other commodity, would rise, and exceed the mint price. The paper of the Bank would be returned to be exchanged for coin, which would be immediately melted down and sold in the form of bullion for notes at the advanced nominal price. Should the Bank persist in its over issue they would be compelled to purchase bullion at an advanced price, and coin it into guineas, to supply the drain occasioned by the return of their notes; "and they will have to

* See Min. p. 121, Evid. of Mr. Whitmore and Pearse.

"do this," says Mr. Thornton, "at the very moment when many are privately melting what is coined."* The loss, therefore, which the Bank must sustain by the purchase of bullion to supply the drain, will compel the Directors to diminish the number of their notes, so as to bring back the currency to its natural level. It is obvious, therefore, that when this convertibility is taken away, this check is removed, and the Bank relieved from any such consequence: there is every temptation to issue to an excess, there is no apprehension of risk or danger to controul it. The rise of prices in no ways affects them.—What then becomes of the excess in this case? It has been already stated, as an uncontrovertible position, that when the currency exceeds what the commodities to be circulated by it requires, an increase of nominal prices will ensue: and that the excess will not be returned upon the Bank, as it would be (as just stated) if the circulating medium consisted of specie, or of notes convertible into specie: but, will be absorbed, in the increase of prices.

I have been hitherto adverting merely to the present situation of the Bank, and how

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* Essay on Paper Credit, p. 125.

far the restraint before imposed upon their issues is removed, and the temptation increased on their part, to issue to an excess: I am aware that the question still remains, whether the increase of currency has exceeded the limits which an increase of produce or wealth may require. As the investigation of this is important, and intimately connected with the subject in which I am principally concerned, I shall in this place examine it, before I proceed to the tests before adverted to.

An increase of currency may either be the cause, or the effect, of increasing wealth. It may, by furnishing an increase of capital, be the cause; or, in consequence of the increased wealth of the country, it may be necessary for the circulation of that increase.—It is now generally the cause.*—There is a wide distinction, however, and a material one, as far as regards the subject which I am more particularly considering, between the increase of *produce* and the increase of *wealth* generally speaking: This distinction has been noticed in the preceding chapter; I could wish to examine it a little further, as it regards the subject of this.

* Essay on Paper Credit, p. 199.

An increased quantity of produce, whether of land, or of trade, will undoubtedly require an increase of currency, to circulate it; and the increase of the produce of trade, as well as of land, may be termed, generally speaking, an increase of wealth: but an increase of currency occasioned by the increase of trade only, or an increase of trade occasioned by an increase of currency, without any corresponding increase of the produce of land, will in its effect be very different, as far as regards the interest and benefit of the lower orders: the increase of currency will in either case necessarily have the effect of increasing the price of commodities, and of the necessaries of life. The increased demand for labour, which the increase of trade would occasion, would of course raise the price of labour; but if the yearly stock of provisions in the country were not increasing also, this rise in the price of labour would turn out to be merely nominal, as the price of provisions must necessarily rise with it.* In this case, the balance of consumption would increase beyond that of produce, and the real wealth and capital of the nation decay in proportion to this deficiency. Some would grow rich, but a greater number would be impoverished.

* See Malthus's Essay on Population, p. 420, et seq.

To illustrate this, let us suppose, that a person upon fair and rational grounds engages in some new trading or commercial concern: he pledges his house and goods to obtain money to set his plan in motion; which, as he offers a good security, he would readily obtain; and which advance, according to the notion even of the Bank directors, could occasion no evil to the country:* with this money, he purchases a quantity of Birmingham or Sheffield ware: the manufacturer, in consequence of such increased demand, sets about to increase his works, and either employs an additional number of hands, or increases the labour and pay of those already in his service. Here undoubtedly, in the first instance, an increased quantity of labour is set in motion, and an increased quantity of wealth, in one point of view, is produced by this increased circulating medium: the master manufacturer is richer, so also are his workmen; and with their increased wages, and with a greater quantity of money, they go to market, and raise the price of commodities; and although the greater part of this increase of wages, may be laid out on conveniences

* Evid. as before cited.

and luxuries, yet a greater quantity of necessaries also will be consumed. It is true the desire of food is limited in every case by the "narrow capacity of the human stomach," yet there is a difference between an abundant and scanty diet; between what is barely enough, and what is more than enough; and where there is the ability and means of satisfying the desire, the cup is sure to overflow, and more than necessary consumption and waste to follow. If the workmen, whose wages were thus raised, had barely enough before, they will now have more than enough; the consequence is, others must have less: but if the demand for labour be the same, upon the principles stated in a former chapter, labour must have its price, and the effective labourer, or workman of every description, will have the same quantity of subsistence he had before; those who have not the same quantity of labour to give in exchange, as the ineffective labourer, and the helpless, must either have less, which cannot be in respect to those who had scarcely enough before, or the parish must enable them to vie with their competitors in the market; but the produce is not enough for this increased consumption and demand; these must therefore be lessened, and reduced to the former proportion; and this will be done by

the first description of labourers or workmen, who originally increased the demand, having the quantity lessened just in the same proportion as it was before increased; with this difference, that the increase of prices which was caused by this increased demand and consumption in consequence of this addition of the circulating medium, will still remain. Thus the wealth of the country may be, generally speaking, increased, and yet the lower orders not benefited. "What can be more shortsighted," says Hume, "than our reasonings on this head? We fancy, because an individual would be richer, were his stock of money doubled, that the same good effect would follow were the money of every one increased; not considering that this would raise as much the price of every commodity, and reduce every man, in time, to the same condition as before."* The annual produce and the annual labour are undoubtedly the sources and revenue of every country; but unless the increase of the former keeps pace with that of the latter, the increase of the latter alone may not add to the real wealth

* Essay on the Bal. of Trade, vol. ii. p. 91.—See also Essay on Money, p. 49.—And see also Essay on Paper Credit, p. p. 260, 261.

of the community. "The demand for manufacturing labourers will naturally," says Mr. Malthus,* "raise the price of labour; but if the quantity of subsistence be not increased, the price of provisions will keep pace with it, or even more than keep pace with it, if the quantity of provisions were really decreasing: the country, however, would be evidently advancing in wealth; the exchangeable value of the annual produce of its land and labour would be annually augmented; yet the real funds for the maintenance of labour would be stationary, or even declining; and consequently the increasing wealth of the nation would tend rather to depress than to raise the condition of the poor."

It may be said that the increase of the latter will always extend that of the former, and as the produce of the land gave birth to the manufacture, so the progress of the manufacture reacts upon the land and increases still further its produce;† and that the produce of the country has from this cause considerably increased. Of this, there can be no doubt: but it is evident that as the

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* Essay on Pop. p. 428. † See A. Smith, vol. ii. p. p. 115, 116.

population of the country is beyond the means of subsistence which the produce of the country affords, and supported in some degree by foreign importation, that the increase of produce has not equalled the increased demand, arising from the increase of manufactures and commerce.

To recur, however, to the case I before stated, it is manifest, that, if the increased capital so advanced had been expended on the land, in improvement of agriculture, it would have added to the real wealth of the nation; that is, to the general funds of subsistence. In the case, where a new manufacture is set up, the persons employed in it must be supported out of the funds of subsistence, already existing in the country; the value of which must be deducted from the price for which the commodity is sold, before we can estimate the clear national profit; and of course, this profit can only be the profit of the master manufacturer, and the exporting merchant; but if I cultivate fresh land, or employ more men in the improvement of what was before cultivated, I increase the general funds of subsistence in the country, and support an additional population.*

* Essay on Pop. p. 449.

“We have now, however,” says Malthus,† “stepped out of the agricultural system, into a state in which the commercial system clearly predominates; and we are exactly in that situation in which a country feels most fully the effect of those common years of deficient crops, which in the natural course of things are to be expected. The competition of increasing commercial wealth, operating upon a supply of corn not increasing in the same proportion, must at all times greatly tend to raise the price of labour; but when scarce years are taken into the consideration, its effect in this way must ultimately be prodigious.”

Hence it seems, on the most favourable view of it, that this principle, of putting into circulation the whole property of the kingdom, though it may apparently and nominally increase the wealth of it, and enrich a few, is pregnant with infinite mischief to the community; by inevitably increasing the price of provisions, and consequently increasing the number of poor, and obliging us in a great measure to rely on foreign aid and importation for our very subsistence.

I have been endeavouring, in the first part

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† ib. p. 443.

of this chapter, to shew that where money is easily procured, this circumstance upon the principle before stated in respect to the exchangeable value of commodities, cannot fail to raise the price of them. The prices of the market are not adjusted by any accurate measure, but by the "higling and bargaining of the sellers and buyers,"* and in proportion as any commodity is easy or difficult to be procured, will he who has it, give more or less of it in exchange; the circulating medium will be by these means increased, and the excess absorbed in the increase of prices; and whilst the currency is thus increasing, the rise of prices, unless the produce of land increases also, will invariably increase in proportion to it.† I have also endeavoured to shew, that when the convertibility of Bank of England notes into specie was removed, not only that the effectual and certain check to an excess of currency was also set aside, but that upon the removal of it, a temptation arose to disregard and exceed those limits which the real interests of the country would mark as the boundary; and that the principles set up, and avowed by the Bank of England, by which they regulate their issues, are not only

* Wealth of Nations, vol. i. p. 461.

† Essay on Paper Credit, p. p. 193, 195.

fallacious, but may be destructive to the general interests of the community. I shall now proceed to notice, as shortly as possible, those other circumstances before alluded to, namely the Market Price of Bullion, and the Foreign Exchanges.

AT the close of the last century, those symptoms which have by all political writers been deemed indications of a depreciated currency, began to make their appearance: the price of commodities in general had risen, the market price of bullion was above the mint price, and the exchange against this country had fallen to a considerable extent.

These circumstances drew forth the attention of the public to the state of the currency; Mr. Boyd commenced the inquiry, in his well known letter to Mr. Pitt, published in December, 1800; and Mr. Thornton, in his celebrated Essay on Paper Credit, in 1802, seems to have admitted the full force of Mr. Boyd's argument, and to have shewn the strong suspicion he then entertained of the dangerous extent to which the paper currency was at that time increasing. In the subsequent year, 1803, Lord King published his "Thoughts on the effects of the Bank restrictions." The high price of bullion, and the de-

pression of the foreign exchange, were at that time referred to by him, in support of his argument; and in a set of tables which he subjoined to his work, he exhibited the remarkable correspondence, at that time existing, between the variations in the quantity of Bank notes, and the variations in the price of bullion and rate of exchange. The additional body of evidence and the further mean of illustration which the interval has afforded, seem to confirm the justness of his notions, and to substantiate the truth of his positions: and if they shew the magnitude of the evil at the present day, they no less confirm the existence of it, though with a smaller share of effect, at a former period.

High prices, although they may be deemed symptoms of a depreciated currency, yet as they may be referable, as has been before observed, to other causes, are not of themselves a circumstance which affords a decisive proof of it: but "when under all occasional fluctuations the market price either of gold or silver bullion continues for several years together, steadily and constantly, either more or less above, or more or less below the mint price, we may be assured that this steady and constant, either superiority or inferiority of prices, is the effect of some-

"thing in the state of the coin, which at that time renders a certain quantity of coin either of more or less value, than the precise quantity of bullion which it ought to contain. The constancy and steadiness of the effect supposes a proportionable constancy and steadiness in the cause."* This observation respecting a currency in coin is equally applicable to a paper circulation, not convertible into specie: but, on account of the perpetual fluctuations to which the latter is exposed, the market price of gold or silver is a test more peculiarly applicable to such a currency.

In all countries which carry on any commercial dealings with others, the weight of bullion, contained in any specific quantity of coin issued at the mint, is determined by law.—In the English mint, a pound weight of gold is coined into forty-four guineas and a half, which, at one and twenty shillings the guinea, is equal to forty-six pounds fourteen shillings and sixpence. An ounce of such gold coin therefore is worth 3*l.* 17*s.* 10½*d.* in silver. In England, no duty or seignorage is paid upon the coinage, and he who carries a

* Wealth of Nations, vol. i. p. 68.

pound weight, or an ounce weight, of standard gold bullion to the mint, gets back a pound weight, or an ounce weight, of gold *in coin* without any deduction. Three pounds seventeen shillings and tenpence halfpenny an ounce, therefore, is said to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for standard gold bullion. What is said to be the mint price, therefore, is that quantity of gold which it gives in coin for an equal quantity of gold in bullion: the object of the coinage is merely to certify, under the royal authority, that the piece of gold which forms the coin, contains so much weight and fineness of bullion.

But although the price given at the mint for the precious metals, is the standard by which the value of the coinage is regulated, its absolute value will depend upon its relative one, with that of the precious metals: now these, like every other commodity, rise or fall in proportion to the value of that for which they are exchanged; and if the circulating medium, for which they are so exchanged, has suffered a depreciation, whether from the debasement of a metallic currency, or from the discredit, or from the excess of a paper cur-

rency, the price of gold and silver bullion will rise at the same time in proportion to the depreciation of the former; and this circumstance is usually expressed by saying that "the market price of bullion exceeds its mint price,"* and when this excess remains steady for any length of time, and at the same time the course of exchange depressed, amidst the variation of all those circumstances which influence the balance of trade, the two effects have, by all writers, from the time of Adam Smith to the present day, been referred to one common cause, a depreciation of currency.

The mint price (as has been stated), is 3*l.* 17*s.* 10½*d.* an ounce.—The market price, is now from 4*l.* 10*s.* to 4*l.* 12*s.*—about 15 or 16 per cent. higher. But, as the market price of bullion may be affected by other causes than a depreciated currency, as, from an unfavourable real exchange, arising from a balance of trade and payments, a great demand for the article abroad, and other circumstances, the question is to what cause is this excess of the market price of bullion above the mint price, to be attributed?

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* Edin. Rev. vol. i. p. 408.

Before I allude to the evidence given before the Committee on this head, I could wish to advert to an argument which is very prevalent, and which the evidence before the committee has in some degree sanctioned: viz. that whilst in the price of all commodities, (in the price too of bullion, and of bills of exchange), there is no difference between paper and gold, or, whether the same be paid for in the one currency or the other; Bank notes cannot be considered as depreciated.

Whilst guineas form part of the currency of the country, there certainly is in common dealings no difference in this respect; and whilst the law is in force which prevents the exporting of and melting of guineas, and also of the purchasing of guineas for more than their current price, in all open contracts in the public markets, no difference will be made, and the gold will partake of the debasement of the paper: * and therefore, says Mr. Goldsmid, "if I was about to purchase on my own account a gold bar of the weight and standard of 100 guineas, I certainly would not make a bargain in which there should be any difference whether the pay-

* Essay on Paper Credit, p. 128.

ment was to be made in guineas or Bank notes."* "There is no difference," says Mr. Lyne,† "in the price of foreign bills, whether they be paid for in gold or in paper." So says Mr. Merle, "if I was to buy any quantity of gold, and pay for it in guineas, I should offer the same price as in Bank paper."‡ But let it be asked Mr. Goldsmid, Mr. Lyne, and Mr. Merle, if a hundred light guineas, which are worth one hundred and fifteen pounds§ in paper, and against the melting or purchasing of which there is no law; if, I say, under such circumstances, a hundred light guineas be offered to him in one hand, for a piece of plate for which he asks 100 guineas, and one hundred and five pounds in Bank paper in the other, will he not gain (and lawfully and fairly gain) ten pounds, by taking the guineas instead of the paper? Even Mr. Merle admits, "if he had no scruples of conscience in this case, and he was allowed to melt guineas, the payment to him in guineas would make 10s. an ounce difference to him." ||

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* Bull. Rep. Min. p. 47. + ib. p. 53. † ib. p. 36.

§ A light guinea will, upon the average, sell for 23s. to any bullion dealer, Min. p. 21, 23.—Mr. Huskisson says, a light guinea will fetch 24s. 3d.—See his Pamphlet, p. 15.

|| Min. p. 37.

How can it be said then that paper and gold are at par? It is the force of the law, as before observed, that depresses the value of the gold, and keeps it in all public contracts, and common dealings, upon a level with paper; but let the law for a moment be suspended, and let it be permitted to melt or export guineas, and in an instant (in the present state of the currency) there will be an agio in favour of gold against paper; and that, to the amount of the difference between the excess of the market price of exportable bullion, above the mint price; which is an excess of 4*l.* 12*s.* 0*d.* per ounce, above 3*l.* 17*s.* 10½*d.* or something above 24*s.* 1*d.* for each guinea.* For every sum of 100 guineas therefore, a man might obtain at least 121*l.* 11*s.* 6*d.* in Bank of England paper.†

But the law, and the practice which violates it, counteract in some degree the ill effects of each other: if the law was completely effective, and it was possible (which it is not) to prevent altogether the melting and exporting of guineas, bullion, in this case becoming

* Min. p. 29, 116.

† *ib.* p. 46.; that is, he would gain 15*l.* 11*s.* 6*d.* the difference between the market price and the mint price, and 6*l.* the profit of the export merchant; *ib.* and *ib.*

more scarce, the difference between the market and the mint price, and the difference of the exchange would be greater than it is; in this case, coin and bullion would no longer be of the same value; guineas would bear no superior value to Bank notes, and exportable gold would sell for as much against guineas, as against Bank notes.* On the other hand, if guineas were allowed to be melted down and exported, (unless the Bank was again to pay in specie), the result would be as above stated, viz. an agio in favour of guineas; and Bank paper would be at a discount.† For although the paper of this country is not what is called a *forced* paper, (or paper forced into currency by government, having nothing to represent it ‡), but does represent property and something of real value, yet, as Mr. — says, “this property being abroad “unknown, and not in public estimation, but “in a great degree imaginary, the foreigner “would undoubtedly make a difference; and “the coin which has always a known and in- “trinsic value, would fetch a much higher “price.” § Gold, therefore, on account of

* Min. p. p. 73, and 88. † *ib.* p. p. 83, and 86.

‡ Min. p. p. 71, 131, 53, 117. § *ib.* p. p. 85, 89, 108, 109.

the price which it would sell for abroad, if once allowed to be exported, would be in this country also of greater value than paper. It is evident, therefore, that the value of guineas is depressed below its natural level, and degraded to that of paper, by the effect of the law, which in some measure, and to a certain degree (although not altogether) prevents their exportation; and, therefore, in those contracts, where this circumstance is considered, and the law attended to, and where the exportability of the gold is not in the contemplation of the parties, there is no difference between coin and paper: but in the case before put, of light guineas, and from the whole tenor of the evidence given before the Committee,* it is clear, that when the guinea is taken out of the currency for the purpose of melting or exporting, which the law cannot altogether prevent, that it will then bear a superior value, and be raised above its coinage price; and Bank paper will, under such circumstance, be at a relative depreciation.

Having thus endeavoured to explain, why guineas, when forming part of the currency, bear no superior value to paper, but partake

* See Min. p. p. 36, 46, 138, et passim.

of its debasement; but when once taken out of it, will fetch their own intrinsic and superior value; I recur now to the consideration, to what cause the excess of the market price of bullion above the mint price is to be attributed?

If it arises, in consequence of its export, from an unfavourable real exchange, or from an unusual demand for it abroad, the currency cannot in this case be said to be depreciated; for it bears the same relative value to all other commodities; it is the real price of bullion, which in this case is raised, from a temporary scarcity. See Mr. Blake's admirable treatise on the depreciated state of the currency, p. p. 13, 14, 15, 16, and 17; and Wealth of Nations, p. 87.

A great deal of the evidence undoubtedly attributes the high price of gold to these and other causes. See Min. p. p. 17, 38, 42, 47, 52, 53, 65, 120, 129, 135, 138, 177, 184, 226, 221. Yet still it is acknowledged by many of those who attribute the high price of bullion to the above causes, that there has been an excess of paper issued from the Country Banks; Mr. Greffhalhe speaks to this effect, Min. p. p. 76, 77.—So also Mr. Pearse, ib. p. 171, and seq.

On the other hand, it is stated by Mr. ———, the continental merchant, that the balance of trade, (and in one instance the balance of payments too, Min. p. 105) was in favour of this country although the nominal exchange was against it, ib. p. 84; * and he adds, that although the paper of this country does represent something in fact "real, yet it is not applicable to equalize the balance of trade, Min. p. 85.—The limitation of Bank paper, would reduce the price of bullion nearer to the mint value, and reduce the exchange also, ib. p. 86.—The issues of Country Banks too, he adds, "tend still more to depreciate the value of paper," p. 86, 87.—He says also, p. 108, "that the opinion of a foreigner as to the value of a pound sterling, has been reduced at the very time when the balance of payments has been in favour of this country." The observations of the Committee as to this point are very forcible, and worthy of atten-

* He admits, however, that a balance of payments on account of expenditures of government, &c. might affect a favourable balance of trade, and reduce it; p. p. 100, 103. But he says, p. 105, that the balance of payments between England and the North of Europe, has been for some time in favour of England; and if there was not some other cause that influenced the exchange, it ought to have been in favour of England.—See also ib. p. 108.

tion. They very justly observe, "that if there was an unusual demand for gold upon the Continent, such as would influence its market price here, it would of course influence also, and indeed in the first instance, its price in the continental markets: but it does not appear from the evidence, that there was any corresponding rise in the price of gold bullion in the market of the Continent, as valued in their respective currencies."—See Min. p. p. 70, 131, 132, 184.—See Report, p. 5, and seq. A doubt is reasonably too entertained by them as to the scarcity of gold bullion; for though guineas have disappeared from the circulation, this circumstance is no more a proof of scarcity than the high price of it: if gold is rendered dear by any other cause than scarcity, those who cannot purchase it without paying the high price will be very apt to conclude that it is scarce. A very extensive home dealer, (Mr. Merle), who was examined, says, that he found no difficulty in getting any quantity he wanted, if he would pay the price for it.—Min. p. 35.

But Mr. Ricardo, in his "Reply to Mr. Bosanquet," has clearly shewn that there has been no considerable advance in the price of gold upon

the Continent, not more than 3 per cent. ; and that this is owing to the rise in the relative value of gold to silver, which from 15, 07 to 1, is now about 16 to 1 : and certainly where the currency consists of silver, the price of gold may rise to a considerable extent without its being any proof of the depreciation of the currency ; it proves only an improvement in the relative value of gold to silver. He might indeed have referred to a passage in his first pamphlet, to shew under what deception we seem to have been in this respect. It is often asserted that a guinea is worth at Hamburgh 26 or 28 shillings, "but we should be very much deceived," says Mr. Ricardo, "if we should, therefore, conclude that a guinea could be sold at Hamburgh for as much silver as is contained in 26 or 28 shillings. Before the alteration in the relative value of gold and silver, a guinea would not sell at Hamburgh for as much silver coin as is contained in 21 standard shillings; it will at the present market price sell for a sum of silver currency, which, if imported and carried to our mint to be coined, will produce in our standard silver coin 21s. 5d. It is nevertheless true, that the same quantity of silver will at Hamburgh purchase a

"bill payable in London, in Bank notes, for 26 or 28 shillings.* Can there," he adds, "be a more satisfactory proof of the depreciation of our circulating medium?"

Complicated as the subject is, and contradictory as the evidence is also ; the fair summing up upon the whole, seems to be, that although a greater demand than usual for gold upon the Continent, from the causes mentioned in the evidence and before stated, together with the more strict execution of the law, might operate to a certain extent upon the market price ; yet, it seems impossible to ascribe the whole of the difference to this cause ; but, that much of it, and indeed the greatest part, must be attributed to an excess of paper currency. I shall now proceed shortly to examine the other test, viz that of an unfavourable Exchange ; which has been always considered as indicating the same circumstance.

IN the commercial dealings which take place between two nations, when one is indebted to the other, it must either pay the balance by the transfer of coin or bullion, or it must re-

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* On Bullion, &c. p. 34.—See also the last Edin. Rev. No. 34, p. 354. et seq.

mit the difference by a foreign bill of exchange; this latter mode (the other being attended with more expense) is generally preferred; but, as a foreign bill, for reasons which will appear, will in this case bear a premium, that sum which is given for the purchase of such bill, will denote the rate of the exchange between the two countries: where the market price of such bills is high, the exchange is said to be unfavourable, because a larger sum will be required to discharge a given amount of foreign payments: when the market price is low, the exchange is said to be favourable: whatever affects the price of a foreign bill, will affect the rate of exchange.

Now the price of such bills will depend upon two causes; first, on their abundance or scarcity in the market compared with the demand for them; and secondly, on the value of the currency, with which they are bought, compared with that with which they are to be paid: the first of these causes will depend again upon the greater or smaller amount of imports and exports, or upon the balance of trade. But, as it frequently happens that considerable *payments* besides are due from one country to another, from a large foreign expenditure, arising either from the expense

of foreign establishments and expeditions, subsidies to foreign powers, and other minor causes, as these payments will, for the reasons before assigned, be paid by the purchase of foreign bills also, rather than by the transfer of bullion, this circumstance will of course increase the demand and competition in the market for the purchase of such bills, and of course enhance the price of them.*—From the balance of trade and payments, therefore, will depend in the first instance, the price of a bill of exchange; and from these arise the rate or difference of (what is termed) the *real* exchange; † these circumstances, which thus constitute the *real* exchange are entirely of a commercial nature, and have no reference whatever to the state of the currency.

The second cause which affects the price of foreign bills, arises from the alteration in the value of the currency, and is the foundation of what is termed the *nominal* exchange: and out of these two arises the *computed* exchange, or the *rate of exchange*, which is made upon the calculation of the combined statement of the other two; and this will include not

* See Min. p. 52, 71, 74, 105.

† See Min. of Evidences before Bullion Committee, p. 52.

only the difference of the *real* exchange arising from the state of trade and payments, but likewise that of the *nominal* exchange arising from the value of the respective currencies. Now as these two circumstances are not separated in the calculation, but both included in the general term *exchange*, it is extremely difficult to judge from which of these two causes an unfavourable exchange arises; whether from a balance of trade and payments, or from an inferior value of currency.

Hence the computed exchange, or that which is generally termed *Exchange*, may be in favour of a country under very opposite states of the real and nominal exchange.* The computed exchange might be in favour of a country, although the *nominal* exchange was against it, provided the *real* exchange was in its favour; and this we may fairly presume to have been the case subsequent to the year 1803 to 1808, supposing the exchanges to have been somewhat in favour of this country,† but the market price of bullion still

* See a variety of instances put by Mr. Blake, p. 89, and Bullion Report, p. 22, et seq.

† As to this point however see Mr. Ricardo's "Reply to Mr. Bosanquet."

remaining at the same time above the mint price. The excess of the market price of bullion during this period, not arising from an unfavourable balance of trade and payments, may I think fairly be attributed to a depreciated currency, and that the exchange would have been more in our favour, if this had not been so; or rather, that the real exchange was so much in our favour, during this period, as to more than counter-balance the opposite effect of the nominal exchange. "We have," says Lord King, "a striking instance of an exchange with the continent at par, and in an improving state, while the price of bullion is above the mint price, this difference is rendered intelligible, by supposing Bank notes to be depreciated, and the real balance of trade very different from the nominal, but by no other hypothesis."*

It has been stated, that the rate of exchange depends upon the price of a foreign bill; and that this again depends upon the balance of trade and payments, and also of the relative nature of the respective currencies: if the merchant in the debtor country, however,

* Thoughts, &c. p. 41.

chooses to liquidate the balance, by the transfer of specie, (running the risk of the penalty of exporting it), or bullion of the standard weight and quality, the difference of the exchange arising from the balance of trade and payments, never could, (at least for any considerable length of time, Min. p. 117) exceed the expense of the conveyance and insurance, Min. p. p. 83, 139. †

Hence it would seem, that the price of a foreign bill, if paid for in gold, would not exceed the above limit also. In the purchase however of a bill, there seems to be no difference, as before observed, in the market, whether the price of it be paid for in specie, or in paper; (see paper delivered in by Mr. Lyne, Min. p. 52, 53) the payment for it will be the same in the one currency as in the other. But here again the same observations occur as to the effect of the law in not allowing the coin to be exported, as before in respect to bullion. If coin was exportable, the price of the bill would be limited in the same degree as the exportation of the precious metals; but as it is not so understood in the market, and the

† Which amounts at this time on the average to about 7 per cent. Min. p. 26.

sale is made upon the notion of its not being so, the price of the bill will depend in the first instance, as before observed, upon the competition in the market, arising from the balance of trade and payments, or upon the state of the *real* exchange; and in the next, upon the different value of the respective currencies; and as these depend upon the quantity of bullion of equal weight and fineness, which each will respectively purchase, (Min. p. 52, 117, 133, 134) the price in this instance may be said in a great measure to depend upon the market price of bullion.*

The exchange is from 16 to 20 per cent. against this country, and the question is, whether the whole of this depression is to be ascribed to the balance of trade and pay-

* It is observable, that the excess of the market price of bullion above the mint price and the depression of the exchange correspond nearly with each other; the former is 16 per cent. above the mint price, and the latter is from 16 to 20 per cent. against this country. Mr. Greffhalhe admits, that the deviation of the exchange from par consists in the different quantity of the precious metals which is equivalent at the two places to a given sum in the currency of either;—but he observes also, that as the respective market prices of gold and silver may be influenced by momentary circumstances, this may not be strictly accordant with the rate of exchange.—P. 134.

ments, or the real exchange being against this country, or whether any part of it is to be attributed to the difference of the nominal exchange in consequence of our currency being depreciated?

Mr. Lyne attributes the depression of the exchange, in the first place, to the trade with South America not having yet produced its effect, in the general balance with other countries, which are creditors; to a greater amount of import from the Baltic, France, and Holland, than that of export thither; to a great difficulty and hazard in carrying on bill and bullion operations with the Continent; to the want of a concurrence of drawers and consequent competition, which enables the few individuals engaged in those operations to controul the exchanges, and keep them so much depressed, to their own advantage; and to the great export of specie for the payment of our troops on foreign stations, and for other government purposes.—Min. p. 52, 53.

Mr. Greffalhe speaks to the same effect, p. 63 et seq.—and he adds another principal cause to be the stoppage of American trade, owing to the restrictions imposed in America, by which Americans have been prevented from carrying their own produce, and the pro-

duce of the enemies' colonies, to the continent of Europe; which would have operated upon the exchange in a great measure as an export from this country; the greater part of the returns of such American exports to the continent of Europe consisting of goods exported from this country to America, Min. p. 68, 71; and he conceives the state of the exchange to be entirely commercial and political; or in other words, to an unfavourable balance of trade and payments, ib. p. 71. Mr. Chambers's evidence is to the same effect, ib. p. 130. See also Mr. Cunningham's evidence, p. 189.

On the other hand, Sir F. Baring, and Mr. —, the continental merchant, "consider the two great circumstances which affect the exchange in its present unfavourable state, to be the restrictions upon trade with the Continent, and the increased circulation of this country in paper." See their Evidence, Min. p. 88 et seq. 197 et seq. and Bull. Rep. p. 19. The latter gentleman, after having given a good deal in detail the causes of the unfavourable exchange, concludes by observing, "that he considers the whole of the depreciation to have taken place originally in

“ consequence of the measures of the enemy;
 “ and its not having recovered, to the circum-
 “ stance of the paper of England not being
 “ exchangeable for cash.” Min. p. 90. see also
 ib. p. 108.

Contradictory as this statement is, it is evident that these two considerations, the price of bullion and the exchange, are implicated in the same results. The market price of bullion will, according to what has been advanced, affect the rate of exchange, and the rate of exchange will also affect the price of bullion; and they may alternately act as cause and effect; and yet the real exchange may be in our favour, whilst the market price of bullion is above the mint price, and vice versa; and this owing to the complicated circumstances upon which (as already stated) the rate of exchange is calculated. The price of bullion may be high, and yet the *real* exchange, or the balance of trade and payments, so much in our favour, as to more than counterbalance the effect of it:—thus, the whole effect might appear in our favour, although the high price of bullion in this case would undoubtedly render it less than it otherwise would be: this, as has been stated, was the case in the year 1803 and the following years. On the other hand, the real exchange might be against

us, and the price of bullion so low, as to counteract the effect of it, by the operation of the nominal exchange being so much in our favour. From these complicated statements which enter into the calculation of the exchange, and from the various circumstances and combinations upon which they depend, it is more difficult to draw any conclusion respecting the state of the currency from this, than from the price of bullion. An unfavourable exchange, however, may be, and has been always considered, an auxiliary of the other, and where positive proof is wanting, it adds to the weight of circumstantial evidence.

IT is easy to discover what class, and how many, of the community suffer by this rise of prices; the public creditor, the annuitant, in short all those who have a fixed income incapable of being raised with this rise of prices, must of course suffer a proportionate diminution of income.

Mr. Huskisson has accurately described how it affects this class of people.—It will be my endeavour to shew (and it is not a difficult task) how it increases the number of poor, and swells the list of paupers.

In the first place, the poor suffer from the derangement of those more immediately above

them: There may be said to be a scale or gradation of incomes, from the lowest to the highest class; and if a chain or link of it be broken, the policy of the country suffers. It is not so much the quantity as it is the proper and due circulation of wealth, which benefits and enriches the community: and that system, which tends to create an injurious accumulation, to enrich a few at the expense of many, cannot but ultimately injure the commonwealth. The influx of fleets, the sumptuousness of trading towns, and the splendour of the merchant, gives the appearance of general wealth and employment; whilst at the same time it too often happens, that a considerable part of the nation are in a great degree destitute of both: such a partial accumulation, has been aptly compared to a morbid congestion of blood in the human frame, and its more general diffusion, to the brisk and equable circulation of health.—“It is the industry,” says A. Smith, “which is carried on for the rich and powerful, that is principally encouraged by our mercantile system; that which is carried on for the benefit of the poor and indigent, is too often neglected and oppressed.”—Wealth of Nations, p. 312.

But to view the subject somewhat more closely; if, as before stated, the effective labourer has the means in some measure of shifting the pressure from his shoulders, because the price of effective labour must increase with the rise of the necessaries of life; the others (whom I have termed the non-effectives) have not such means; their labour is not of the same value, nor in the same request: the demand for them is comparatively scanty and limited, and their numbers far exceed it. In point of fact, the price of labour of this description was but a trifle higher in 1803 to what it was in 1785: it has risen but slowly, and by no means in due proportion with the rise of the necessaries of life.* Many of the middling and inferior classes, who, some time ago were able and were accustomed to employ the labourer of this description, have been of late, from their own increased embarrassments in consequence of the extraordinary advance in the price of provisions, obliged to discard him. The cause therefore which has produced a rise of prices, has doubly affected this class of labourers; by depriving others of the ability to employ them, it has lessened the demand for their labour, and by increasing the price of

* Davis on the Price of Labour, and Malthus, p. 359.

the necessaries of subsistence, has rendered the disproportion greater between their means and expenditure. In this case the labourer has no other resource nor any other mode of relief, but what the charity of individuals or the parish rates may afford him.

If he be consigned to the latter, his distress reacts again upon others: the poor rates are increased, and an additional tax imposed upon the inferior classes who can little or not at all afford to pay it. The poor are made to assist the poor; and the fall of one accelerates that of another, and another also. Those who were before upon the brink of poverty are now, by this increased and complicated distress, precipitated to the lowest state of it; others, from the same cause, are successively advancing towards it; are yearly "pushed from their seats," and gradually descending to the doors of a workhouse, or the almonry of a parish officer.

BEFORE I quit this subject, I could wish to advert to a part of Mr. Bosanquet's pamphlet, where he states the two obvious and practical causes of the augmentation of prices since the date of the restriction bill to be, first, the altered state of the corn trade, and the

scarcity arising out of it in 1800 and 1801:— and, secondly, the increase of taxes since the commencement of the war in 1793. "From the year 1790," says he, "Great Britain has ceased to produce corn enough for its own consumption, and has annually imported large supplies. At the end of 1799 there was no stock in hand, and during the deficient harvest of 1800 and 1801, importations were greatly inadequate to supply the loss. It became necessary to advance the wages of all descriptions of labour, and these, as well as the pay of the army and navy, were raised to the standard of the current prices. Although the price of grain subsequently fell, the wages of labour did not experience a reduction; and they remain at present nearly at the standard to which they were advanced about the years 1800 and 1801. If the price of labour be now, as it is generally understood to be, fully adequate to the present high price of provisions and commodities, the excess during the abatement of price, in the years succeeding 1801, from an average of 110s. to 67s. in 1802, 75, 76 and 79, in 1805, 1806, and

" 1807 has operated as a cause instead of
 " being the effect of high prices, and has
 " defeated the endeavours of parliament so
 " to apply the taxation as not to affect the
 " wages of labour, and has produced the same
 " effect which a direct tax on labour would
 " have occasioned. From the communica-
 " tion made to the Board of Agriculture," he
 adds, " it appears that the advance of wages
 " to labourers in husbandry, between 1790
 " when export ceased, and 1804, amounted to
 " 37 per cent. on the prices of 1790." *

I have before endeavoured to shew that the
 wages of effective labour, or labour in hus-
 bandry, must rise with any permanent increase
 of the prices of the necessaries of life. Upon
 this principle the price of labour must neces-
 sarily have risen during the period above
 alluded to; but that any material, gener-
 al, or permanent rise took place in the
 wages of labour solely in consequence of
 the scarcity in the years 1800 and 1801, is
 a proposition to which I cannot assent.
 In the first place, the act itself is so obvious-
 ly impolitic, so destructive in its nature,

* Practical Observations, p. 90.

and so directly calculated to increase the
 evil complained of, that no sensible or ra-
 tional man ever thought of adopting such a
 measure. Mr. Burke declaimed against it
 with all his powers of eloquence and argu-
 ment, and denounced it with all the bitterness
 of invective, that a mind like his, prescient of
 the ills which such a measure would occasi-
 on, could express.* Nor was he the sole
 champion in the cause; others, nay almost
 every considerate person lent his aid, to pre-
 vent so destructive a measure: and the people
 of the country who were inclined to err, were
 soon induced, by the arguments alledged, to
 abandon such notions; and I will venture to
 assert, that owing to the scarcity *alone* the
 wages of labour (although occasional advances
 might have been made on this account), re-
 ceived but little if any permanent addition.
 Previous to the year 1800, the price of pro-
 visions in general, and also the price of
 necessaries, had risen beyond the due pro-
 portion to the wages of labour: and the
 price of labour not having advanced in 1800,
 in proportion, the wages of the labourer were

P 2

* See Thoughts on Scarcity.

at that time inadequate to his support: * the scarcity in the year 1800, and the still increasing advance of prices, imposed the necessity of giving some additional aid to the labourer; and some rise in his wages might probably have taken place about this period: the previous high prices, which had arisen from permanent causes, required a permanent increase also in the wages of labour. This increase was not more than adequate to the rise of prices, previous to the year 1800; the rise of the price of labour, therefore, I cannot possibly attribute altogether to the effect of the scarcity in 1800; still less can I assent to the assertion (which I must confess appears to me extravagant), "that it rose to an excess beyond what was necessary for the subsistence of the labourer in 1802, and that this excess continued to operate as the main cause of increasing prices."

The rise of prices has been the effect of various and combining causes, each of which I have endeavoured to explain; and to these causes alone are we, in my ap-

* This was most satisfactorily shewn, in a work published about that time by the Rev. Mr. Davies, Rector of Barklan, Berks, entitled "The Case of Labourers in Husbandry considered."

prehension, to attribute the rise in the wages of labour.—Taxation has been one, but this, in conjunction with others, and in a limited and proportionate degree. Mr. Ricardo truly asks, in his "Reply to Mr. Bosanquet," that if taxes, since the year 1793, have increased to the enormous amount of forty-eight millions, whether all that sum must, as Mr. Bosanquet states,* have gone to the increase of the price of commodities? and whether this alone is to account for a rise of 50 per cent. on the prices of 1793? How far a tax has any tendency to raise the price of commodities at all, depends upon the nature of the tax; whether it be what is termed a proportional or cumulative tax;† the latter, seems to have in this respect, but very little if any effect, and the former can never be considered as operating in the manner above stated. Suppose, for instance, a tax of 50,000*l.* to be paid upon leather; this article will undoubtedly in the aggregate be raised in price to this amount: and if one man was to purchase the whole quantity, he would pay the amount of the tax in the first instance, and the

* Practical Observ. p. 95.

† See Sir J. Stewart's Pol. Œc. vol. iv. b. 5, c. 1, and 3.

article of leather would be raised in price to him just so much: but this leather, after it has passed through his hands, is in various shapes distributed, perhaps amongst a hundred thousand others, each of whom repays a proportionate share of the tax, and it is to the amount of this proportional share which each pays, that the price of any commodity, affected by this tax, may be said to be raised.—Gloves, shoes, and a variety of other articles are affected by it, but if a consumer or buyer of shoes or gloves or any thing else, only pays one hundred thousandth part of the tax, or a trifle more, the price of those articles affected by the tax can only be said to be raised to that amount. But when we find the price of each raised far beyond this proportion, and instead of paying one shilling more in four, for a pair of shoes, (which we will say is the due proportion of additional price created by the tax), we pay double, or eight shillings for our shoes, we must recur to some other additional cause for this more than proportionate rise. Taxation is one cause, a failure of produce or scarcity may be another; and I have no doubt, but that a fall in the value of money from an excessive issue of currency has been another.

The effect produced on prices by this latter circumstance, has been stated to be the difference between the market and the mint price of gold, or to the difference between 3*l.* 17*s.* 10*d.* and 4*l.* 12*s.* 0*d.* which is 18 per cent. All above such rise, says Mr. Ricardo, may be either traced to the effects of taxation, to the increased scarcity of the commodity, or to any other cause.

If the currency be at present depreciated, I have no doubt but that its effect began to operate during the year 1800;* that it increased in 1803, but even at that time its effect may be considered as trifling to what it is at present. Whether it be depreciated or not, is a matter upon which an opinion can only be formed by a minute investigation of all those circumstances which attend, and are the consequences of a depreciation; but which, as they may be referable to other causes, and in respect to which no positive

* To this cause Mr. Boyd, in his letter to Mr. Pitt, in the year 1800, attributed the rise which, he said, "almost all things had experienced within the last two or three years preceding that time;" and he observes also, "that a scarcity of grain produced by a bad season, is an obvious and a natural cause of the increase in the price of that article; but the occasional high price of grain does not necessarily produce an advance in the price of all other commodities."—P. 60, 61.

and direct evidence can be adduced, will always admit of various conceptions and different explanations.

When we observe, however, different effects arise, all of which may be referable to one and the same cause, and which effects, when happening together and continuing uniformly the same, have been by all writers considered as indications of such particular cause; when we observe too, a variety of other circumstances corresponding with such causes and effects, one cannot but assent to the argument a posteriori, and one's mind is necessarily led to the conclusion, that these uniform and combining effects are owing to those causes to which they have generally been attributed.

I cannot conclude this chapter better than in the words of Sir Edward Coke, which well apply to the currency of the present day:—
“The money of England,” says he, “must either be of gold or silver, and it cannot be impaired either in weight or in alloy; and that the law is thus, it is best for the King; for by the impairing of the coin of England either in weight or in alloy, the King has the greatest loss both in his annual revenues, forfeitures, and subsidies, and also in the

“disvaluation of his subjects: for the King
“can never be rich when his subjects be poor,
“and the fineness and goodness of his coin is
“inter magnalia et regalia coronæ.” *

* 2 Inst. 577, 578.

CONCLUSION.

THERE is one other cause to which I have before alluded, on the subject of increased population; and which certainly may be deemed a very considerable one, of the increase of the number of poor in 1802-3; but which requires so little to be said respecting it, that I have not made it the subject of a distinct head: I mean the scarcity of 1800, and also of 1801. The effect of this, in increasing the number of poor, must have been very considerable, particularly in the early part of 1802: for altho' the price of wheat had fallen to about the general average in this year, yet that increase in the number of poor, which had been occasioned by the severe distress of the two preceding years, must have remained in a considerable degree, in the beginning of the year immediately following. The quantum of relief might have been lessened, but the probability is, that to a very great, if not to the greatest part of that increased number, some relief was still

given; and however small it might have been, those to whom it was afforded would have been in the list of paupers, and included in the returns of 1802-3. This cause, therefore, must have occasioned a considerable increase beyond the usual proportion in the number of poor in 1802-3.

There are many, I have no doubt also, will be surprised, that amongst the causes of the increase of the poor, I have omitted to mention idleness and profligacy; which seem to have been the favourite theme with some who have written on the subject. In truth, I do not believe that the poor were at all more idle and profligate in 1803 (with the exception I before noticed of what will always belong to increased numbers), than they were in 1785; and when there are other causes, at once so clear and satisfactory, I do not choose to resort to that which is so vague and uncertain. That many idle and undeserving persons have applied for, and received relief from the parish, I have no doubt; and that it has been burthened with the maintenance of many illegitimate children from the profligacy of others, is equally manifest; but improvidence and vice have existed in all

ages and times, and perhaps in as great a degree, in proportion to the population, at one period as at another.—I do not mean to urge that they might not, and ought not to be punished and restrained; but as there is no reason to suppose, that they have increased within the interval of which I am speaking, I need not assign to them any material effect in the increase of the number of poor during that period. The counties of York and Lancaster are amongst the number of those who have the fewest poor in proportion to their population: Middlesex is in the next class; and yet I should suppose, that they were naturally full as idle, and quite as profligate, in these counties, as in Wiltshire and Sussex, where they have the greatest number of poor: and the way I should account for this extraordinary disproportion in the comparative view of the number of poor in the different counties, is, that in Yorkshire and Lancashire, from the number of manufactures, there is a greater demand and employ for the inferior class of labourers, as, the old, the young, and the infirm: and it will be found, in most instances, that in those counties where there are comparatively the fewest poor, either that the necessaries of life are more reasonable, or that

there is a greater demand and better pay for the above description of labourers.

But we are referred to the increase of the poor rate between 1776 and 1785, during which interval the rate had increased 474,458*l.* whilst the price of corn was lower in the last year than in the former, nor had there been any taxes imposed on the necessaries of life: and it is asked, to what can we attribute this increase, but to the increased idleness and profligacy of the poor? * It is said again, that about the year 1751, the poor rate annually amounted to 3,000,000*l.*; that the price of wheat in 1750 was 1*l.* 8*s.* 10*d.* and in 1751 1*l.* 14*s.* 2*d.* per quarter, † and in 1785, 1*l.* 16*s.* 11*d.*; but that the rate in 1785 only amounted to 2,004,238*l.*; the expenses of the poor, therefore, being less in that year than in 1750 above 800,000*l.* and wheat 8*s.* a quarter more, was a proof that the increase of the price of bread was not a cause of the increase of the poor's rate. § In the first case the price of bread was reduced, and yet the poor rate had increased; in the last, the price of bread was increased and the rate reduced.

* Ruggles' History of the Poor, p. 230; et seq.

† Mr. Colquhoun says, wheat was very high this year, Treat. on Indig. p. 36; and that it was a year of dearth, p. 182.

§ Ruggles' Hist. p. 128.

Admitting the correctness of these facts, (which however depend upon the assertion of one individual only, Mr. Alcock, and which may very fairly be questioned;) the latter instance, is on the face of it, quite out of the common course, and the extraordinary amount of the poor rate (if it be correct) in 1751, must have arisen out of some accidental and particular circumstances, from whence no general conclusion or inference can be drawn. This argument, however, proves a great deal too much. According to this notion, the increase of the price of wheat, or that of the necessaries of life (for Mr. Ruggles admits that the price of the former regulates to a certain extent that of the latter also), has no effect upon the poor's rate or the increase of the number of poor. That the rate may increase from causes which do not affect the increase of the number of poor, has been already shewn; but to these causes it is evident Mr. Ruggles does not allude; and to deny that the increase of the price of wheat, and also of the other necessaries of life, has no tendency to increase the number of poor, which he evidently does, is to reject a self-evident proposition.—If the rise of the price of these do not increase the distress of the

lower orders, and consequently increase the number of poor, it is impossible to say to what cause such an increase may be owing.

As to the other instance; undoubtedly the price of corn had not risen during the interval between 1776 and 1785, and yet the rate had increased 473,434*l.*—When we consider, however, that the population of the country had increased during this interval from 7,600,000 to 8,006,000; that the war with America had but just closed; and that the rage for building Houses of Industry, upon the largest and most extravagant plan, was almost at its height, we shall not, I think, be at a loss to account for this rise in the rate, independant of any rise in the price of corn, or even, to any great extent, of the necessaries of life, and of course without any great increase of the number of poor.

During the interval of nine years, between 1776 and 1785, the rate had increased about one third; in the period between 1786 and 1803, it had increased from 2,004,238*l.* to 4,267,965*l.* making a difference of 2,263,727*l.* This interval, to be sure, comprehended a period of 18 years, twice the number of the former; but the increase of the rate, is far beyond all proportion to the difference of the length of

time. In the first period it had increased about one third, in the last more than double: and I have no doubt but the greatest part of this increase took place during the latter part of it, when the price of wheat began to rise, and which has since continued uniformly to do so.

Mr. Colquhoun observes, that the indigence of one fourth part (including females) of the adult population of the 1,040,716 paupers who in 1803, received parochial relief, was owing to culpable causes.* It seems to me that Mr. Colquhoun, in his estimate of human depravity, and the culpable causes of indigence, is too severe a censor: certain it is, that in his application of that estimate to the increase of the rate and of the number of poor during the interval of 1785 and 1803, he has evidently attributed too much to these culpable causes, and too little to others. "The cause," says he,† "of the excessive advance in the parochial assessments cannot be traced to an augmented population, since this increase has by no means kept pace with the rapid and progressive rise of the rates; the statement of the relative increase of the population and the rate, shews that the rates have increased within a century

* Treatise on Indig. p. 236. † Ibid. p. p. 182, 183.

"upwards of five-fold on a population which has not been doubled, while in the last nineteen years, on an increased population of only one ninth part, the assessments for paupers only, have been augmented more than two-fold: Some other cause or causes, than that of an increased population, must therefore have operated to produce this extraordinary effect, since it has in no respect kept pace with the augmented expense, which ought only to have been about one ninth part, or, in round numbers, about 220,000l.: instead of 2,263,000l."

Mr. Colquhoun is evidently incorrect in this observation. An augmented population will increase the number of poor, and consequently the rate also: but the increase of the rate from this additional number of poor, will, from the increased cost of maintenance, be in a much greater proportion, than the increase of the number of poor; as will clearly appear by referring to the statement at the close of the first chapter. From this statement it appears, that although the increase of the number of poor between 1785 and 1803, from an augmented population alone, is only

estimated at about one tenth part of it, yet the increase of the cost of maintenance of this part, appears to be somewhat above one third of the increase of the rate during this interval. The cost of maintenance has increased as well as the number of poor, and that in a much greater degree; owing to a variety of causes which have been mentioned. Besides, no one ever attributed the whole increase of the rate to any one cause only; but if one cause will not solve the whole of the difficulty, it is not on that account to be thrown entirely out of the calculation. The aggregate increase of the rate depends upon the joint result of various and combining causes, each contributing its share to the whole effect. To those causes to which *the increase of the rate*, independent of the increase of the number of poor, is to be attributed, as fraud, mismanagement, Houses of Industry, &c. I have cursorily alluded; it is to the more important cause, *the increase of the number of poor*, and which of course increases the rate also, that I have more particularly endeavoured to draw the attention of the reader. The evil of the increase of the poor rate is of greater or less magnitude, as it is more or less attributable to this cause. To detect fraud, and

correct mismanagement, is something; it is, however, at the most, but examining the surface:

Non tamen ulla magis præsens fortuna laborum est,
Quam si quis ferro potuit rescindere summum
Ulceris os;

To cure the evil, we must search to the bottom of the wound, and arrest the progress of poverty and indigence.

On a review of the whole, it appears that of the causes which have tended to increase the number of poor, independent of the accidental scarcities in 1800 and 1801, an augmented population has been the chief: that the great advance in the price of the necessaries of life, arising in part from increased taxes, but in a much greater degree (as appears to me), from the fall in the value of money, has been the next in degree: that war, and the circumstances attending it, have also had their share in contributing to the effect.

In reflecting upon these, if there is much to lament, there is also something to console, and something even to gratify us. In the increased population, we are gratified with the reflection, that it is the most sure criterion of increasing national vigour and strength.

With the evils of war we have been long acquainted, and unhappily long familiarized; if it is now, however, a matter of necessity, it is in vain to complain of the evils inseparably annexed to it.—If the rate has increased from carelessness and mismanagement, we may correct it by attention and œconomy; if the poor have increased from idleness and profligacy, that system of education which has been recently adopted, and is now so happily extending itself, is the best corrective of the evil, and the surest presage of a reformation.

In the increased price of commodities in general, and particularly of the necessaries of life, occasioned by a depreciated currency, we have the most to lament: and if there are other causes to which the same effect may be referred, we ought the more studiously to have avoided any measure which might tend to aggravate the mischief. With respect to the lower classes of the community, the Restriction Act is a measure pregnant with infinite hardship and evil; if necessity produced its birth, the monster ought to have been strangled long ere it had arrived at a growth capable of committing so much mischief and depredation. As to this, however, we are not left in a hopeless state; thanks to

those who have come forward on the subject, we may yet see the evil, if not altogether cured, in some measure remedied: to their endeavours we are much indebted; to others who may yet lend their support, and to the Bullion Committee in particular, we look with hope and expectation.

Tu, si qua via est, si quam tibi Diva creatrix
Ostendit,
Da, dextram misero!

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