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CONSIDERATIONS
 ON THE
 PRESENT STATE
 OF
 BANK NOTES, SPECIE,
 AND
 BULLION;
 IN A SERIES OF LETTERS,
 ADDRESSED TO
 THE RIGHT HONORABLE _____
 IN TWO PARTS.
 BY
 MERCATOR.

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APOLOGY.

THE following Letters were (anonymously) addressed to a Right Honorable Gentleman of high Consideration in the Councils of the State, at a Period when the Public Mind was much agitated on the Subject, hoping that *some* of the Writer's Suggestions might have been thought worthy of Adoption: But, on the contrary, a Bill has *since* been brought into Parliament, and passed, the Enactments whereof are so *opposite* to his Opinions, that he *now* feels an irresistible Impulse to commit them to the Press, somewhat modified and curtailed; acknowledging, at the same Time, the inadequacy of his Abilities to treat upon so *delicate* a Subject.

He therefore most respectfully submits them to the Peers and Members of Parliament, for whose perusal they are chiefly designed, previous to the *next* Session; when, he still presumes to think, the Bill will either be *repealed*, or amended so as to restore our *banished* Coin, which has passed into other States, where its Value is better appreciated; *or*, at any Rate, to prevent what *yet* remains, together with our Silver Tokens, from vanishing likewise; and which *alone* can support the Credit of our Bank Notes.

MERCATOR.

London, 31st October, 1811.

PART I.

CONSIDERATIONS

ON THE

PRESENT STATE

OF

Bank Notes, Specie, &c.

No. I.

London, 21st May, 1811.

SIR,

Much has been lately said and written respecting the alarming *increase* of our Bank Notes, and the like *decrease* of our Specie, which has produced a consequent deterioration of the former, when compared with the price of *Bullion*; whilst it is nevertheless contended, (by some,) that there is *no* difference between Bank Notes and our *own* Coinage: but that is a *paradox*, because the current value thereof is fixed by Law.

In all those discussions upon so momentous a subject, it does not appear to me, that any remedy has *yet* been suggested, or at any rate acted upon; and we therefore remain just where we were, *hoping* that every thing will yet go well. I hope so too; but it is like the hope of a dying man, who *dislikes*, and therefore will not take, *medicine* because his recovery is *possible* without it.

I believe, however, it is generally admitted, that the present scarcity of the precious metals has arisen from the two following *causes*,

First, the restriction laid upon the Bank of England from issuing Specie; which, however necessary, has also had the effect of locking up what was in the hands of *individuals*; whilst the Bank were the *only* gainers, by lending their *Bullion* to the Government, and their *Notes* to the Public, upon Interest; and this without the responsibility of redeeming them by *Cash*, and for which high (if not dangerous) privilege the State receives no *adequate* return.

And, *secondly*, from the unavoidable Exportation of Bullion, and Foreign Specie, (also our own Coinage clandestinely,) to pay for Corn, and other articles of necessity, (or luxury,) formerly paid for by our Manufactures, Colonial and Foreign Productions; and has now brought a very great balance of trade against us, which, in the present circumstances of commerce, can only be liquidated by the *precious metals*: and to this may be added the Payment and Supplies of our Forces abroad, together with many large Subsidies of Foreign Troops, which must chiefly be made in Specie or Bullion, and are *all* likely to continue during a protracted war.

In order, therefore, to meet this *continual* diminution of our precious metals, and the *like* increase

of our paper currency, which can only be effected by restoring (as far as possible) their *former* equality, I would humbly propose the two following expedients.

First, to prevent the *Exportation* of Bullion and Foreign Specie, excepting for the purposes of Government, whilst the price continues above the *present* value of our own Coinage: and, to obviate any evasion, I would *also* recommend the same prohibition of manufactured *Plate*, unless the workmanship exceeded the value of the metal, and *then only* to be permitted upon the oath of two competent persons in the trade.

And, *secondly*, to raise (or lower, when the case may require it) the Value of our *own* Coinage somewhat above the Price of *Bullion* in the Market, from time to time, (say at three months each, or oftener,) so that it may keep pace with the latter, and thereby *alone* prevent the former from being melted, or *clandestinely* exported. And the more effectually to accomplish this, I would also recommend that our *Refiners* should be prohibited from melting our *own* Gold, as hitherto, when light; but that the holders should receive an equal weight

(allowing for re-coinage) at the Bank of England, or the Mint, in the *same* Coin, unless they preferred Bank Notes; by which means we shall keep in circulation what otherwise would be converted into *Bullion*. For at present, a Guinea, weighing five pennyweights and eight grains, passes current by law for *only* twenty-one shillings; but when it (fortunately) weighs half a grain *less*, will then also *legally* sell for twenty-five or twenty-six shillings as *Bullion*.

But it may be said, that my *first* proposition, "of preventing the Exportation of Bullion and Foreign Specie, would have a tendency to lessen the *Importation* thereof." I answer, that whilst we continue to hold good faith with the individuals of other nations, this country will be considered as the only *safe* depository of their wealth during the present tyranny on the continent; and whilst there is such a redundancy of colonial and foreign productions in our warehouses, there is no fear but that the precious metals will *continue* to be remitted from those countries where they are obtained, or may circulate in preference to their other products, for which there is at present no demand here; and at any rate, we shall be securing for our own use what we *actually* have, instead of suffering it to

pass any longer into the hands of our *Enemies*; who, I fear, will otherwise, and in a very short time, deprive us of every *Guinea* we have left, excepting what may be locked up in the Bank of England, or the coffers of *Alarmists*.

In order, however, to meet such objection farther, and to obtain, if possible, the desired end (of all good subjects) in a more palatable way; let the Exportation *go on* upon principles similar to our *Corn* Laws; for in the war wherein we are engaged, our Specie and Bullion are also of *vital* importance; subject it, therefore, to a *Duty* equal to the *Price* it bears in the market *above* £4 per oz. for Gold, and 5s. 6d. per oz. for Silver, which would make it an article of trade too dear for any one to *Export*, excepting, perhaps, the Agents of *Buonaparte*; and even they would soon get tired of it. The same principle I would apply to *Plate*; and if to that of our *own* Sideboards also, it would be very appropriate, when Silver is so scarce.

On the other hand, I would recommend an *eventual* Bounty upon Importation, which should secure to the Importer (as has been done in other articles of necessity) the like value of £4 per oz. for

Gold, and 5s. 6d. per oz. for Silver; that is, Government would have the option of taking the Bullion and Foreign Specie at those prices, if the Importers could not obtain *more* in the Market; this bounty to continue during the War, or pleasure of Parliament, on giving sufficient notice of its discontinuance.

It may also be said, that my *second* proposition, of "raising the present Value of our own Coinage, would consequently depreciate the Notes of the Bank of England;" to which I reply, the objection can no more *then* hold good than it does *at present* in respect to *Bullion*, from which our Coin is made; for they would still *remain* a legal tender £. for £. to prevent arrest; and in all transactions of business pass, as they do now, for the sum they *specify*. Indeed, I am persuaded, that, whilst they are taken by *Government* in payment of Duties and Taxes, they will suffer no farther diminution in value, but, on the contrary, would then be preferred, as their circulation is so *indispensibly* necessary to carry on our *home* trade, because they are much more commodious than specie; and I make not the smallest doubt that our bankers, merchants, and all other persons of property and respectability,

would (as formerly) declare their readiness to take them in payments, without *any* regard to the increased value of our own Coinage, *or* the price of Bullion, which would soon fall to their *former* level; and the public at large, convinced thereof, (and under the influence of such example,) would be eager to take the Bank Notes again in exchange for their *hoarded* Specie, whilst they *could* make a profit thereby, to compensate them for the *loss* of Interest they have *already* sustained by their own folly; which, to those who may have been doing so for the last fourteen years, is equal to the *original* sum, if they had laid it out upon securities at five per cent, payable half yearly, and re-invested the interest; for they may rest assured, that whenever our own Gold *re-appears*, (as it assuredly would,) the Price of Bullion will *fall*, and that of *their* Guineas therewith.

Should this my second proposition still be thought too strong, (for I am aware that something must often be given up to public feeling, although not always correct,) I would then, *and only then*, recommend its being made *optional* with the receiver,* to take our own coinage at any price above

* With the Bank it should always be optional, whilst they are restricted from paying in Specie.

its *present* standard value, which might afford opportunities of *cheapening* it in some few cases. But as my great object is to bring our own gold into more *immediate* circulation, by making it the interest of the holders to part therewith, I think a *positive* standard would be more effectual, as every man would then know what his Guinea was worth.

And therefore, as I fear *strong* measures will be necessary to remedy the growing evil, it is in my opinion better to apply them at first, than to be under the necessity of adopting them at last, when, through so much *handling*, they will be in danger of losing their intended effect, and, like a disease of long standing, (and bad treatment,) become incurable by *any* prescription. For whilst the enemy is pursuing (too successfully) every possible means to ruin our commerce, shall we also continue to "choak him with gold," filling his coffers with our Bullion and Specie, as he boasts of having likewise done from the spoils of the continent, because we seem unwilling to adopt what (in the language of some *tender* minds) may be thought a "strong measure?*" But are not the circumstances of the present times *different* from all

* What is this compared to the Bill since passed?

that have preceded them? Our measures must therefore be *adapted* thereto, whilst those circumstances *continue* to affect us: and was not the restriction upon the Bank of England from issuing specie in exchange for their *promissory* notes a much *stronger* measure? Yet the *credit* of the Bank was not in the least shaken thereby, (at home or abroad,) and has now stood the test of fourteen years; during which period they have not issued any specie (excepting for fractional sums, when paying dividends) to the public, who well knew that they could not at *any* time pay *all* their notes in *cash*: but they *also* knew, that the Bank never issued them without value, or security, received from the Public, or from Government, thereon, and were therefore under *no* alarm from the moment it was promulgated by the Directors; because it was obviously for the benefit of the *whole* Community. Such, I am persuaded, would be the general sentiments in the *present* case, upon adopting *either* of these propositions; because the *necessity* of the measure is equally obvious, although no one seems *bold* enough to propose it. In my opinion, however, no one has any reason to fear the consequences, but *Buonaparte*, who would, in a very short time, feel the operation, by its defeat-

ing his last and *only* hope, to make us guilty of a
"Felo de se."

*Let us not, therefore, remain any longer in our
hammocks, whilst the storm is threatening to send our
ship to the bottom ! but let all hands (" for in a mul-
titude of counsellors there is wisdom") turn out, trim
the sails, and throw the lumber (our squeams and
heart-burnings) overboard, ere it is too late !! so that
we may yet have a chance, as I hope we still have, of
reaching port (although much battere!) with our sea-
manship unimpeached, and our precious lading still
on board ; which is the sinews of war, the strength of
all governments, and the touch-stone of commerce!!!
for, " Money makes the Mare to go."*

I have the honor to be, &c.

MERCATOR

To the Right Honorable ———,

MONEY DE JURE,

AND

MONEY DE FACTO.

PART II.

FURTHER CONSIDERATIONS

ON THE

PRESENT STATE

OF OUR

Bank Notes, Specie, & Bullion;

ARISING FROM, AND DURING THE PROGRESS OF,

LORD STANHOPE'S *late* BILL IN PARLIAMENT.

ADDRESSED TO THE

RIGHT HONORABLE _____.

BY

MERCATOR.

B

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No. II.

London, 3d July, 1811.

SIR,

HAVING been upon a journey for the last eight days, I knew little of what was passing in Parliament, until I this day read the speeches of some Noble Lords upon the second reading of Lord Stanhope's Bill; which, if I understand it, is to make Bank Notes a legal Tender, or rather *Payment*, at the Sums specified, in *all Cases*; and that it shall be illegal to give (or take, I presume) more than Twenty-one Shillings for a Guinea, and so in proportion for our other Gold Coin. The intention is doubtless truly patriotic, but the measure will not produce the benefit intended; and therefore I cannot but express my humble sentiments to be in perfect unison with those Noble Lords who have spoken against the dangerous tendency of such a *coercive* measure; and that of a *Paper* medium, in particular, not issued by the Government, (which in that case would be guaranteed by Parliament,) but by a Company, (chartered, it is true, and of the greatest respectability,) from whom, however, the Public have no better security than that of individuals of

known property and discretion in their engagements; save and except, that the Notes of the Bank may be paid to the Government for taxes and duties, which so far indentifies them therewith.

I therefore trust that this Bill will never pass the *third* reading in the House of Lords, (indeed, I think it cannot, if there is a greater attendance,) and that, at all events, it will not receive the sanction of the Commons House; where, it is reasonable to presume, the effect will be better understood by commercial men; and I am led the more to hope this, as it has not originated there, although, in fact, it may be called a *Money* Bill, if Paper is *now* to be considered such.

The Noble Lord who has introduced this Bill, seems to have *converted* some of his Majesty's Ministers in the present case; and if the measure *would* prevent the buying or selling our Coinage at an advanced price, *or* of Bank Notes at a reduced price, it would indeed be most desirable; but rest assured, that the very idea of coercion will have a *contrary* effect; for the value of our own *Coinage* will (notwithstanding any legislation thereon) be held in proportion to the current value of *Bullion*; and

in like manner will that of *Bank Notes* to our *Coinage*. They will *both* be bought and sold *clandestinely*, whilst the temptation remains so great, and the means of discovery so difficult to be come at.

The best security, therefore, to maintain the value of Bank Notes, is to take away the *temptation* to export our *Coinage*, by *raising its value* to the price of *Bullion* in the market; instead of lowering it from the price it *now* bears at every silversmith's shop, (where it may be legally sold for Twenty-five or Twenty-six Shillings, if *under* five pennyweights and eight grains,) to that of Bank Notes, as this Bill proposes.

I have the honor to be, &c.

MERCATOR,

To the Right Honourable _____

No. III.

London, 5th July, 1811.

SIR,

HAVING attended the debates in the House of Lords last evening, I found that I had not fully comprehended the extent (and I know not whether I do now) of Lord Stanhope's Bill; but I believe it does not yet go to make Bank Notes a legal tender to prevent action, although pretty nearly what amounts thereto; that "no one is to give or take less than twenty shillings for a one pound note." This is still forcing a value upon them, which has never been attempted even upon Government Securities; for instance, Exchequer Bills, which are this present moment selling at a discount. As to our Gold, although the measure is equally impolitic, it is less obnoxious, because the holders may still keep it by them if they please.

But, contrary to his Lordship's plan, if our Guineas were allowed to pass for what they would sell, (although I should prefer a standard value,) they would again come into circulation, and the consequence of that would be a fall in the price, as is the case with every thing when plentiful. This

would also produce a competition against those who are now purchasing clandestinely for the purpose of exportation, and at the same time afford greater facilities of detecting them in so injurious a traffic to the State. And, in order to counteract them still farther, let our Exports of Bullion be stopped until the prices fall, as recommended in my Letter of the 21st of May last.

But I would hope that the united wisdom of Parliament, and of Ministers, will not suffer this Bill to pass into a law; especially if it is to be the foundation (as I believe his Lordship says) of other measures connected therewith, "to make Bank Notes the same as standard Coin in Law;" by establishing Receiving Houses, if I may so call them, all over the kingdom, where deposits (I suppose in Bank Notes) are to be made for the discharge of debts.

Was the Bank of England to undertake such a gigantic concern, the profits, I fear, would not pay the innumerable establishments requisite in every little district for the facility of payments, and to prevent litigious actions; and it would often happen, that the parties must first send to London for the Notes, to obtain certificates of credit at the Bank of England.

All this may, however, *seem* very practicable to his Lordship, but it is not so easily to be accomplished. And farther, it would be a competition which would greatly injure the Country Banks, who have been, and still are, (when well conducted,) of the greatest benefit to the internal Trade and Manufactures of the Kingdom: nor would it benefit the Bank of England, unless they carried on the business upon the *same* principles; by granting Bank Note Certificates for such *other* securities also, (of various descriptions,) as the parties in need may have to offer; but which the Bank Agents might not be authorised to take, or could not be so competent judges of, as the Country Bankers, and would therefore very often *refuse* the accommodation. If such a measure *is* to be resorted to, why should not the *Government* rather take it into their own hands, and reap the advantage of Bankers? The Public would probably also be better satisfied with the security; for I can assure you, the country people in general prefer their *own* Bankers Notes to those of the Bank of England; and I have heard them say, in reply to my arguments, "they know *where* the property of the partners lays in land and houses, and they also know them *personally*, but they know nothing about the Bank of England, and

therefore are *better* satisfied with their own Banks." This must have been the result of every man's observation, who has had an opportunity, especially throughout the more distant parts of the Kingdom.

To sum up the whole in a very few words, his Lordship must first *ballast* the Bank Notes with *Guineas* (at their *full* value) before he can make them "sail *against* the Wind."

I have the honor to be, &c.

MERCATOR.

To the Right Honourable _____

IV.

London, 6th July, 1811.

SIR,

I addressed you on the 3d and 5th instant with reference to my general ideas of the 21st May last, on the subject of our Bank Notes, Specie, and Bullion; I cannot but *go on with it*, whilst the present Bill of my Lord Stanhope's is depending; in the hope of being enabled to add something *daily*, to convince his Majesty's Ministers of the dangerous consequences which may result from it to the public credit, especially in setting a value upon *Bank Notes*. Let them alone, and rest assured, they will *maintain* their present value much better than by any parliamentary interference. And as to the *Gold*, you will be enabled to keep it *in* the Kingdom (if his Lordship is desirous thereof) much more effectually by allowing it to pass "for what it would," if Parliament does not think proper to *fix* a value, than by making it illegal to give *more* than Twenty-one Shillings for a Guinea. For who would at present offer Guineas at that price, when they are worth from Twenty-five to Twenty-six Shillings *as Bullion*? No one — But they will, nevertheless, be sold for *Exportation* or *Melting*; and what is not so disposed of, will remain *hoarded*, whilst the Bank Notes will daily be suffering depreciation from the want of a circulating *Coinage*.

I have the honor to be, &c.

MERCATOR.

To the Right Honourable —

No. V.

London, 24th July, 1811.

SIR,

My last Letter was dated the 6th instant, since which I have been silent, perceiving *you* also determined to support my Lord Stanhope's Bill; under the apprehension (I presume) that another Noble Lord's example, of insisting upon *Specie* in a particular case, might be followed by *others* in a more *general* extent. But I really cannot allow myself to think that even the avowed *apologists* for that Noble Lord would be inclined to do so *themselves*; and if they did, their conduct would certainly be so reprobated by the good sense and patriotism of the Kingdom, that they could never expect to make any figure in the counsels of the State *again*.

It is *now* to be wished that Parliament had (for the present) gone no farther than to pass a Bill "for the relief of Tenants," thereby putting them upon the same footing as *other* debtors; without intermeddling with the *value* of Bank Notes or Guineas, which would have equally defeated that Noble Lord's system of *finance*. But if Bank Notes *are* to be made

a legal tender, to prevent *action* likewise, it could not have been done at a more favourable period than the present moment, when the public sentiment is, I trust, so much opposed to that of the Noble Lord. I think, however, that no necessity can ever *justify* such a measure, and I hope it never will be attempted; but if the present Bill is not to be *repealed*, it may be somewhat *amended* in the *next* session of Parliament, by the following propositions.

First, allowing the Bank of England to pay their One Pound Notes (at any rate) in Gold Tokens, when called for, (as *Guineas* would *now* be immediately *resold* to the refiners,) and they could regulate their issues of *such* Notes accordingly; for in my opinion there are at present more in circulation than necessary, which might be substituted by a small increase of *Two* Pound Notes.

This would bring out some *Gold*, (although no *Guineas*;) in all probability equal to the wants of the public for internal circulation; and when they found that they *could* get a few *Gold* Tokens, they would soon be better reconciled to the Bank Notes.

Secondly, stopping the *Exportation* of Bullion, until the price *falls* to the present standard Value (or nearly so) of our own Gold and Silver Coinage, as recommended in my letter of 21st May last.

Thirdly, securing to the *Importers* of Bullion, a Price equal to the aforesaid Standard, or a little

more, say £4 per oz. for Gold, and 5s. 6d. per oz. for Silver; for the State would be gainers *eventually* by any loss arising from the *fall* of Bullion, however paradoxical this may seem.

And, *lastly*, Parliament making itself liable for all the Notes of the Bank of England (if they are not already so) *whilst the present Act is in force*, as that will give the public more confidence.

I believe the first and second of these propositions might be adopted if Parliament were not sitting, and they are the most essential. As to the two last, I humbly conceive the necessity of the measure (in conjunction with the former) would also be their justification when Parliament met.

I much doubt, however, whether any thing short of *repealing* the present Bill, *in toto*, (excepting as to the relief afforded Tenants,) will do much good, whilst our *Guineas* are not allowed to pass for *more* than twenty-one shillings, (unless to the *refiners*;) and if some remedy is not soon applied, this Act will become *obsolete*, as there will be no *standard* Gold Coin in the Kingdom, excepting what may be locked up in the Bank of England; because it will pass from hand to hand (under weight) as *Bullion*.

I have the honor to be, &c.

MERCATOR.

To the Right Honorable _____

SUPPLEMENT.

The Writer of the preceding Letters cannot let them come from the Press, without animadverting on a most extravagant position laid down by a certain advocate for the late Bill, "that it is the Royal *Impression* upon our Coin which gives it *Currency*; and might be as efficaciously applied to Paper, Lead, Leather, or any other substance of no comparative *intrinsic* value." This has, indeed, been practised, and I believe still is, (as also in *debased* Metal,) among barbarous or despotic nations and governments, where the precious metals, in their purity, were and are *solely* reserved for the use of their *Supreme Lord*; or where, for want of the metals, the general assent of the People, for their own conveniency, adopted those substitutes, and even *Shells*, (which could receive no impression,) as tokens; but in this free and enlightened Nation, where the Sovereign reigns for the benefit and protection of his loyal People, the Royal Impression upon our Coin is the *Sign* of its *real* Value, without which the metal might be deemed spurious; and therefore, for the farther confidence and *security* of the Subject in a matter of such general im-

portance, our Laws (whereby the power of Coining is vested in the Crown) have made it Death to *counterfeit* that Sign.

The precious metals, diamonds, and many other *rare* productions of the earth and sea, every one knows, are chiefly considered valuable on account of their *scarcity*; and it is from that consideration *alone*, they have been held in such high estimation from time beyond record; therefore, no *Impression*, stamped upon Paper, Lead, or Leather, can give them *equal* currency, unless they could be exchanged at pleasure (or, if bearing interest, payable in a given time) for those *precious metals*, which have *acquired* an intrinsic value by the consent of all People and Nations, and therefore pass current by *weight* (with or without Impression) *every where*.

It is upon *this* principle that credit is attached even to Government Securities, as well as to Bank Notes and Bills of Exchange, which are *all* the signs or tokens of *Money*; but whenever that cannot be obtained (if required) they must suffer *depreciation*. Let us not, therefore, any longer *deceive* ourselves, but apply the *only* remedy we ever had (and ought always to resort to) for preventing our Coinage from being Hoarded, Melted, or Exported,

when its *current* value is *under* that of Bullion ; by “ raising the Value of the one, and stopping the Exportation of the other ;” and let us immediately abandon the present *visionary* pursuit, in quest of the “ Philosopher’s Stone,” so often (fruitlessly) sought for in *Papier Maché* ; which is, nevertheless, “ a good *Servant*, (when *discreetly* used,) but a very bad *Master*.”

The Writer cannot conclude without assuring his Readers, that, as he is not connected with (or even known to) any Party, he has no motive but the *public good* in publishing these Letters ; and as this is the first time (probably the last) that any thing from his Pen has appeared in Print, he *claims* their indulgence for its many Imperfections ; hoping that so important a subject will yet be taken up, and treated more at large, (but with the same motive,) by some much abler pen before the *next* Session of Parliament ; for, “ *England expects every Man to do his Duty*.”

MERCATOR.

London, 31st October, 1811.