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A
LETTER
TO THE
RIGHT HON. ROBERT PEEL, M. P.
&c. &c.

UPON THE NECESSITY OF ADOPTING SOME
PARLIAMENTARY MEASURE

TO CONTROL THE ISSUES OF
Country Bankers,
AND TO PREVENT THE RECURRENCE
OF THE
LATE SHOCK

TO PUBLIC AND PRIVATE CREDIT,

WITH
THE HEADS OF A BILL
FOR THAT PURPOSE.

SECOND EDITION.

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1826.

A
LETTER,

&c.

SIR,

I make no apology for addressing the present letter to you upon a subject connected with a branch of public affairs in which you have so eminently distinguished yourself. Although measures of finance may more properly belong to another department of the administration, your particular study of the currency of the country, and the successful result of some of your early measures, must naturally suggest your name to any writer, who deems it his duty to recommend new means for upholding that system of the circulating medium which your bill in 1819 so happily restored.

I feel persuaded, Sir, that you have not been an indifferent observer of the recent occurrences in the commercial world. I am convinced, that so much extensive mischief, and I may add, so much needless ruin of many large capitalists;

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and still more, so much private calamity in large districts of the country, from the failure of insolvent firms, must have appealed very powerfully to your feelings. It must, I think, equally have become impressed upon your mind, that great interests have been seriously affected by the late events and their consequences; and that it is therefore a public duty to adopt some precautionary means against their recurrence.

In entering upon my present inquiry, I will not trouble you, Sir, with a long discussion of the causes to which the late events have been ascribed. But as the object of this letter is to show that the most efficient remedy is within the power of government, it becomes necessary to premise a few words to establish the fact (scarcely indeed doubted), that no part of the late extensive mischief can be attributed either to the negligence, or absence of foresight of the king's ministers.

As far as regards the government, it can manifestly have had no share in such consequences, unless it has encouraged that peculiar species of currency which has been principally affected; or unless it had originated any such course of measures, as have necessarily led either to an unusual demand for metallic specie, or to the circulation of an excessive quantity of paper. But what, under either of these heads, can with any candour be imputed to government or to its

measures? Perhaps at no period whatever has our finance stood upon a more solid basis. The system of our currency, so far as it was within the control of the state, has long rested upon its old established standard; and as it is composed of coin and paper, has long been under the proper check of each being maintained in its due proportion, upon the principle of convenience on the one hand, and convertibility into coin on the other. By the existing law, no debt can be legally discharged if the creditor should dissent, except in the coin of the realm. As regards the standard, gold has been continued in preference to silver, as tending to counteract the effect of the more fluctuating price of the latter metal. Under this standard, all prices are measured by gold; silver being only employed as the means of expressing the fractional parts of the current gold coin. No state events, no subsidies, no public transactions, at home or abroad, have tended to derange the natural order of our circulating medium. It must, indeed, be allowed, that the recent system of free trade has greatly enlarged the commerce of the country, and led to an extraordinary increase both of imports and exports. But it must be equally acknowledged, that this enlargement of commerce is, in itself, an unquestionable public good, being, in other words, an augmented source of profit, and an extended means of pouring new wealth into the

country. If the imprudence of merchants have pushed this opportunity beyond the compass of their own capital; if they have too eagerly and precipitately availed themselves of these occasions, the error and its consequences necessarily belong to the abuse of a good measure, and not to the measure itself. In a word, it would be impossible to find any thing in the conduct of government, or in the natural and proper tendency of their measures, which could in any degree contribute to the late disasters.

But as I am fully satisfied that no person of any candour or judgment can adopt this censure against the king's ministers, I shall proceed at once to the consideration of the subject before me, in its due method. This subject appears to distribute itself under two heads: First, what have been the causes: Secondly, what appear to be the proper and efficient remedies.

The first of these causes appears to have been the great redundancy of capital in the early part of the last year, and in such a consequent reduction of the interest of money, and in the rates of profits, as induced those possessed of it to seek for extraordinary means to employ their accumulations; and, under the avidity of gain, to embark in every perilous venture proposed to them. It is totally unnecessary to insist upon a fact now universally admitted. It is notorious that, under this abundance of money, the rate of interest in

the spring and summer of 1825 did not exceed three or three and a half per cent., and that bills of high credit and short dates were discountable in the market at a much lower rate. In a word, money was so plentiful, that, consistently with security, there was no competition in the demand proportionate to the supply. The bankers were more ready to afford discounts than the merchants to solicit them. The best notes, instead of being sent to the Bank of England, were carried upon the exchange, and there discounted at a lower rate. All government securities became affected by this character of the markets; Exchequer bills, yielding only two and a quarter per cent., were frequently sold at 50s. or 60s. premium, and the three per cent. stock rose very nearly in the same proportion.

The second cause, originating in the first, was the general spirit of speculation to which the state of the money market led. The first class of these speculations in order, if not in folly, were the loans to foreign states, and particularly to Greece, and some of the Independent States of South America. The loan for Mexico in the last year appears to have been 3,200,000*l.*; the loan for Greece, 2,000,000*l.* There were other loans at the same time, which, though more prudent as regards the event, equally tended to cause an exportation of specie from the country. I do not intend to assert that the greater portion of

these sums (I speak of the loans) will be eventually lost to the lenders; but they all had the same effect upon the general stock of metallic money in the country. Another class of these speculations was entirely of a different character. They were enormous ventures, and many of them have been as totally without any productive effect as if they had been cast into the sea. Such have been the numerous joint stock companies, of which every day in the early part of the last year saw the birth, and every day in the present period beholds the extinction. It was an entirely new feature, and a most unfortunate one in the greater part of these speculations, that they were foreign ventures, and made in remote colonies and kingdoms. It appears from the best information, that not less than 17 or 18 millions were thus withdrawn from the disposable capital of the country, and that the greater portion of it, if not totally lost, was at least rendered unavailable for purposes of present exigency. A third species of these speculations, although eventually of a character which may in a great measure redeem itself, has added very considerably to the present distress of the country; I speak of those enormous speculations in the ordinary branches of trade; such as cotton, silk, and other materials of manufacture. In cotton, in particular, this speculation was so excessive, that the price of the article rose within two months to 100 and 120 per cent.

In silk, there were most extravagant speculations in the raw material. Now it seems to be a necessary consequence of any unusual demand for foreign produce, that the excess of the demand must in all cases be paid for by a corresponding exportation of the precious metals. In the ordinary course of trade, the dealings of merchants are perhaps generally by barter; the export balances the import, and the accounts are settled by setting off one against the other. But where one party, under circumstances peculiar to himself and country, takes a great excess beyond his ordinary demand, he necessarily contracts a larger debt than his average exports will cover, and must therefore pay the difference in bullion, or in bills purchased by corn.

A third cause, necessarily proceeding from the two former, and thus at once following as an effect, and operating as a cause, was the epidemic diffusion of the same rage of speculation from the metropolis through the country, and the consequent participation of the provincial bankers in this spirit. As the profit of these bankers mainly consists in the extent of their issues, the greater portion of them require little other temptation to issue than a plausible opportunity of so doing. But this spirit of speculation no sooner reached the country districts, than an opportunity was most largely afforded. Every one now sought from the country banks the means to gratify the

spirit of gaming and speculation with which he was seized. Each presented his own bills, or accommodation bills from his neighbour, to an enormous extent for discount. These bills, as always happens upon such occasions, having no foundation in real transactions, possessed as little security in the actual, or at least available assets of the persons who negotiated them. They were, in fact, so much money borrowed of the country banker; who, being himself infected with the like spirit of speculation, willingly discounted them on his own part, as the means of getting out his paper. It is evident, therefore, upon the very face of the matter, that this was a system of mere accommodation on both sides, and could be continued so long only as the country banker was enabled by new discounts to afford his debtors the means of taking up their former bills. There was, thus, a necessary end to the whole system when any circumstance of public or local panic should cause a run upon the bank. Both bank and speculators were then involved in one common ruin. The speculators fell, as having issued their own bills and accommodation paper beyond their means; and the banks were ruined as having issued their notes, as an accommodation upon their part, on such worthless paper. Indeed, with such a wild and imprudent spirit did the country bankers endeavour to push their notes out, that in many instances they gave pre-

miums upon paper brought to discount, or to be exchanged with them for their own notes.

A fourth cause, and, like all the preceding, equally a cause and an effect, was in a defensive measure employed by the Bank of England, towards the close of last year; I mean the contraction of its discounts. The Bank of England was compelled to adopt this course under the two-fold reason; first, that the speculators in the metropolis, bankers and others, were practising upon the Bank of England the same system, as regarded accommodation paper, which the speculators in the country had practised upon their local banks. The second, that the immense quantity of paper issued under this system had now begun to affect the metallic currency of the country, and to cause a large exportation of gold.

In the commencement of this mischievous spirit of speculative ventures, it was chiefly confined to real capitalists, and to an actual excess of capital. But being adopted by them as the means of gain, and the shares in every scheme being sold almost as soon as created, the same spirit of gambling passed to another description of adventurers; men of no means, or of insufficient means, began now to press the Bank of England, or their own private bankers, for discounts, either entirely new or new in their degree; and an immense quantity of paper had

thus got out before the true description of the bills was detected. As to the defensive measure adopted by the Bank of England upon the discovery of these practices, scarcely a word need be said. It is totally unnecessary to say that an excessive issue of paper displaces the coin of the country, and sends it abroad. Under such circumstances it became manifestly necessary for the Bank of England to contract its discounts, and to stop the effect by staying the cause; several minor causes confirmed this resolution on the part of the Bank Directors. From the autumn of the year 1824, the foreign exchanges had become gradually unfavourable to England. The Bank of France, in order to favour the new scheme of finance, that of converting its five per cent. stock into three per cent., had called in its advances upon French stock, giving its debtor the option of continuing upon its books, if disposed to pass into the new three per cents. As the low rate of interest in England rendered a loan to these French capitalists a lucrative dealing, there can be no doubt that large sums of money in coin and bullion were exported from England with this purpose. This foreign demand for bullion thus concurring with the effect of an excessive paper currency necessarily led to an enormous drain of specie; the one cause rendering bullion dear abroad, and the other rendering it cheap, because not wanted as

money at home. Hence the Bank of England began to suffer in this new course of dealing.—It grew to be a lucrative trade to procure its discounts for the purpose of procuring its specie. It became, therefore, a necessary defensive measure on the part of the Bank to put an end to a dealing of this kind, and to contract those discounts, which, almost as soon as procured, were converted into coin.

The fifth and last cause was in that state of things which necessarily followed upon the natural catastrophe of the greater portion of these absurd speculations. In almost all the Joint Stock Companies the shares fell 50, 60, and 100 per cent. and many of them began to be totally abandoned. Numerous speculators were, in consequence, ruined; and one or two country banks, that of Plymouth in particular, became insolvent. The known ruin of so many private adventurers, and the probable difficulties of the country banks who had discounted their paper, naturally led to a degree of demand upon them which was, in fact, the commencement of the late run. The country banks being thus pressed sought assistance from their London bankers; and these applications being at once numerous, urgent, and concurrent, created a pressure upon the money market in the metropolis. But this unusual demand for money happened unfortunately to concur with the

resolution and necessity of the Bank of England to contract its discounts. Hence, when discounts were most wanted, the great market for them was nearly closed. The London bankers themselves were now manifestly in great difficulties to supply their country correspondents. It was now notorious, and indeed was published daily in every morning journal, that the paper of the best houses was refused in discount by the Bank of England, and that the greater part of the London bankers could not procure it in the ordinary extent. The failure of Sir W. Elford at Plymouth was followed by Wentworth and Co. in Yorkshire, and the panic was extended, or rather carried to its height in London by the known difficulties of the firm of Sir P. Pole and Co. All that followed was a necessary consequence; seventy country banks stopped one after another, and there is too much cause to apprehend that a very large proportion of those establishments which remain are mainly indebted to a system of forbearance in their several vicinities.

So much for the causes.

It is evident from the above statement, that the first and principal of these causes was the excessive issue of the country banks towards supplying the spirit of speculation, or rather gambling, which had become epidemic; and, secondly, the enormous exportation of bullion

upon foreign loans and ventures for three successive years. As to the first of these facts, the excessive issue of country paper, it appears, from the accounts of the stamp-office, that the amount in value of country bank notes, calculated according to the stamps upon which they are issued, were, for the three years 1820, 1821, and 1822, as follows:

1820.....	£3,574,894
1821.....	3,987,582
1822.....	4,217,341

Total for the three years, £11,779,817

whilst for the three following years, 1823, 1824, and 1825, the returns are as follows:

1823.....	£4,657,589
1824.....	6,930,367
1825.....	8,112,290

Total for the three years, £19,700,246

For 1825, the amount, up to April in that year was £4,056,145, which, if assumed for half a year, will give for the whole year £8,112,290.

As to the second fact; the amount of foreign loans, lent by English capitalists, appears for the last four years to be as follows:

1822.....	£24,450,000
1823.....	11,578,000
1824.....	18,700,000
1825.....	8,700,000

Total.... £63,428,000

It will not be contested but that this was a drain of specie, which, considering the shortness of the period in which it occurred, is totally unparalleled in the history of any other commercial country; and more particularly when so many millions were advanced to foreign borrowers, not upon the collateral security of our own government, as in the case of subsidies and state loans, but as private ventures, and upon a mere reliance on the good faith of the states and sovereigns so contracted with.

As to the general effect of the late occurrences upon public credit and the interests of the state, it can not admit a question, that such violent convulsions are necessarily attended with great immediate destruction to private property, and most serious consequences to the revenue of the country.

Amongst the numerous banking establishments in the kingdom, and particularly in the metropolis and large trading towns of the country, there is, unquestionably, a very large portion of them in a condition entirely solvent, and composed of the most respectable members; but is it not a matter of extreme hardship, that the imprudent, not to say dishonest, speculations of the less solvent establishments, should involve all in the same common danger, and that under the effects of a panic, at first local, but, from the sure nature of all strong feelings, becoming

epidemic, the whole system of public credit should be shaken to its base by concerns of such intrinsic insignificance? In a publication by the late Lord Liverpool, 'A Letter to the King, on the Coinage,' his Lordship appears to have foreseen both the certain occurrence of this mischief, and to have described its effects with great force and distinctness. Lord Liverpool there avows his opinion, that it had become necessary to adopt some regulation, and to institute some sufficient check upon the paper currency of the country.—“Unless this check be established,” says his Lordship, “property must become insecure, and the circulation of the country will be subjected to repeated shocks, which must cause great public calamities, and much individual suffering. The evil of insecurity would not be a solitary or mere private evil. The repeated failures of private banks will give a shock to public credit, and the character of all paper currency will be affected by that of the most insecure. The system (public credit and paper currency) will thus be exposed to convulsions, which, both from a regard to the general security of the country (of the country banks, and the Bank of England itself), ought to be prevented.”

I think, Sir, you will fully agree with me, that a paper currency is necessary in a country like England; and that whatever menaces its security,

or has a tendency to send it precipitately for liquidation at any one time, and under a sudden panic, is necessarily a great public evil. I shall not meddle with the comparative value of different currencies. If we were to begin again, I think there would be very little question, that a pure metallic currency would under all circumstances be the most efficient and expedient. The two arguments of theorists against it are, that no practicable quantity of metallic currency would be sufficient to carry on such a degree of commerce as exists in this empire; and secondly, the comparative expense of coin above paper. I think that neither of these arguments is satisfactory, and that both are well answered by experience and the practice of life and business. In France, the internal trade and consumption of the country, the greater population and larger extent of soil being considered, are certainly equal, or very nearly equal, to the same trade and consumption with us; yet, in France, a metallic currency, aided by the bills of exchange of merchants, is found adequate to all the demands of trade and commerce. The circulation of the Bank of France is very limited indeed, and it issues no notes of less amount than twenty pounds sterling. Again, when it is considered how often the same coin performs a thousand operations, and when it is remembered that the accounts of traders are in almost all cases mutual,

and are therefore settled by the payment of differences only, it is a manifest error in fact to assert, that the coin of the country need bear any very considerable proportion to its degree of trade and commerce. As to the expense of a metallic currency, I cannot but think that it is well compensated by the greater security. But this question, as I have said, cannot now arise in a country constituted as Great Britain actually is. A paper currency has existed amongst us so long, and by insensible degrees has rendered every thing so conformable with itself, that I consider it to be no longer practicable to depart from it as a system. Our national debt, the payment of the dividends, the state of our expenditure in war, the rents of lands, the rates of prices, have all, I think, become so gradually and insensibly affected by the peculiar nature of our currency, and are most of them of such an unyielding and inflexible description, that I should utterly despair of effecting any important change in our circulating medium, without incurring the peril of some mischief, which is perhaps still more to be dreaded, because less distinctly to be foreseen. If we add to this the immense increase of our imports and exports, and that traffic which has lately sprung up of extensive dealings in foreign securities, and the impossibility of conducting these branches of our trade by so cumbersome a medium as metallic money, I am

convinced we must resolutely adhere to our present system—that of a currency mixed up of specie and of paper, convertible into the coin of the realm at the will of the holder.

I shall assume it, therefore, as a conceded point, that it has become a most important consideration to adopt some immediate and efficient remedies which may obviate the recurrence of the late evil, and, by having this effect, may at once prevent much general calamity and a vast destruction of private property; and may secure from peril two unquestionably great public interests—that of our paper currency and the revenue of the state:

And this brings me to my second head, the consideration of the due remedies against the renewal of this great public and private mischief.

It is now generally admitted, that if the country banks, after the present panic shall pass away, be allowed to return to their former unlimited issues, the same mischief which we have lately seen, but in a far more extended degree, will in all probability recur. But let any one endeavour to form an adequate conception of what the effect may be, how far it may extend, and where it may terminate, if another general panic should first destroy a like portion of the country banks; and thence spreading to the metropolis, should occasion a run upon the Bank of England itself. If the foreign

exchanges had existed in a different state at the period of the late panic; or if there had been any backwardness or apparent difficulty on the part of the Bank itself; if the Directors (though not distinctly foreseeing the actual evil) had not most fortunately been employed for some months previously in accumulating specie and bullion and contracting their own discounts; in a word, if Bank of England notes had not existed in the highest degree of public credit, and if a most favourable state of circumstances had not given them a comparative superiority over coin, I am fully persuaded that the effects of the late panic would have reached the Bank of England itself. I can call to my mind many other circumstances which were both advantageous to the Bank and to the public during the late panic, and which, if they had not existed in our condition at that crisis, or had existed adversely to us, would have extended the ruin to a most fearful point. Let me suppose for a moment that the harvest of the last year had failed, and that large importations of corn had been necessary; that there had been no surplus fund in the hands of the Commissioners for the national debt, or that political convulsions of a menacing kind had occurred abroad, what might not have been the accumulation of difficulty and mischief at the period to which I refer?

I assume it, therefore, as an undisputed inference, that as it has become an object of the first

importance to prevent a recurrence of the same evil, we can only accomplish this end by establishing some efficient controul against the excessive issue of country paper. I need not insist to you, Sir, that it is in the very nature of all paper issues, and particularly of the issues of country banks, to become excessive. Without going into any abstract discussions upon the nature of money, every man's own experience and observation in the business of life sufficiently establish this fact. There are, indeed, two obvious causes which concur to produce this strong tendency of a paper currency towards excess—the interest of the country banker, and the convenience of the public. As the issues of the country banker constitute his profit, and as his trade becomes enlarged in proportion to his issues, he has always a strong motive to push them to the utmost possible extent. All his payments and discounts are necessarily made in his own notes; and for the sake of getting them out, and making a profit either by them, or by what he procures in exchange for them, he is induced to make purchases, loans, and mortgages, the imprudence of which, that is to say, the excess beyond his actual capital, he would in any other form of payment or loan more clearly understand. The public convenience equally co-operates with the banker's interest in extending these issues. Discounters, borrowers, mortgagers, and vendors in

general, are naturally enough contented with the money which passes current in the neighbourhood, and have a common interest with the banker himself in extending and upholding the circulation of the local paper. The banker, upon his part, will lend his paper where he would not lend his money; and they, upon their part, are willing to take paper which they can circulate as coin. It is in this manner that all local paper has a natural tendency to excess. A third cause, as you well know, Sir, renders this peculiarly the case with that portion of country paper which consists of small notes, such as one and two pounds. From its commensurate value with the circulating gold sovereign, the one pound note immediately displaces that coin. The two pound note has nearly an equal tendency to supercede the use of coin, from its like adequacy with the ordinary amount of daily or weekly payments in country towns and manufacturing districts. Under these concurrent causes, the effect, which we all see and acknowledge, is, that the coin of the realm, if not altogether disappearing in many country districts, certainly never exists in a sufficient quantity for public security, and, indeed, comes gradually into such disuse, and into such a kind of non-demand in all the transactions of trade and commerce, as, practically, to remove the only natural control against an excessive paper issue; that is to say,

the apprehension of the banker that such an issue will lead to a demand upon him for coin.

The question therefore is, what means can be adopted to control these over-issues, and to give the kingdom a secure paper currency; and particularly as to that species of country paper which has the strongest tendency to become excessive, and the excess of which, under any public panic, becomes principally dangerous?

The holders of large notes are few, and in country districts are, perhaps, far removed from each other. But the holders of the small notes are the population of the town of the country banker's residence, and the labouring and manufacturing body of the county. Hence, under any circumstance which leads to a run, the applicants for small notes are necessarily numerous; in a word, are a crowd and a mob, which as easily communicate, as catch a panic.

I have before stated, that the best and only safe system of paper currency is, where it is duly supported in its value, and controlled in its quantity, by being convertible into cash on demand. This circumstance of its being convertible into cash is considered by all writers to be the most natural and efficient control against the excessive issue of paper. But I have learned, Sir, from my own observation in the course of life and business, that this is only one of those general principles, which admits of such qualifi-

cations under particular circumstances, as not to be safely adopted as a universal maxim. If the habits of the people concurred with this convertible character of their paper currency, or, in simpler words, if the people were as ready to make a frequent exchange of their notes for coin, in an ordinary state of things, as they have the legal power of so doing, the above principle would be universally true, and no other control would be required than the convertibility on demand of such paper into coin. But, without troubling ourselves with the repetition of the reason, how does the fact stand? and by its plain language render all reasoning unnecessary. Of the numerous country banks which have lately failed, were not all their notes payable on demand? Were not the notes of the Plymouth bank convertible into coin on demand? Were not those of the York bank payable on demand? It is unnecessary, therefore, to urge any further argument, that the mere circumstance of local notes being payable in money on demand is no sufficient security against excessive issues.

Where, therefore, is this security to be found? The answer, I think, is obvious. I see no other means but by the interference of the legislature; and a positive law by which these country banks shall be compelled to give some security, and be put under the supervision of the government.

It may be here objected, that this is an in-

fringement upon the liberty of trade and commerce, and upon the acknowledged right of individuals to employ their capital as they choose, subject to no other restrictions than such as attach to all dealings in common. Why, it may be demanded, should bankers in particular be brought under this yoke? It may be briefly answered, for two reasons: First, because banking is a trade of peculiar hazard to the public, and the general good requires that this restriction should be imposed, or rather this security taken from those who exercise it. Secondly, because the trade itself is not only liable to abuse, and great public mischief in consequence, but the country bankers as a class, (I except, of course, many most opulent and highly respectable individuals) have, in fact, committed this abuse and occasioned this mischief. I should consider it but a waste of words to argue this point. It is a principle universally admitted, that all private trade may be subjected to restriction for the public good, and that no individual possesses a degree of liberty, which may not be regulated and restrained where the security of society requires it. In all our police and excise regulations; in short, in all trades which blend themselves with the interests of the revenue, we are daily acting upon this principle. Wine and spirit dealers, brewers, distillers, maltsters, soap and candle manufacturers, brick-makers, auctioneers,

and many other classes of trade, are subject to particular and peculiar restrictions in the exercise of their respective dealings; because the public good, that is to say, the interests of the revenue, and general safety, require such supervision and inspection. Publicans, hawkers, and others, are subjected to the like control of a licensing system, because the same public good, in another form, that of police regulations for the order of social life, equally demands it. There is therefore nothing new in this principle of restriction. It is the duty of the legislature to apply it in all cases, where any of the great interests of the community, such as the safety of the revenue, the conservation of public peace and order, and the prevention of fraud or extensive mischief from the possible abuse of a dangerous trade, may render it a measure of precaution and self-defence.

In answering this objection, it should not be forgotten, what are the amount and degree of the restriction proposed (that of taking security for the issue of small notes); or in other words, of how much the banker is, in fact, deprived.

Before the war in 1793 there were no notes below the value of five pounds. Several acts of parliament had been passed to prevent the mischief of a small paper currency. This dangerous currency, indeed, was first put under such restrictions as rendered it nearly imprac-

licable; and, latterly, bankers' notes of a less value than five pounds were expressly prohibited. This precautionary system against the small notes' circulation began as early almost as the trade of banking. We meet the first traces of this policy and legislative precaution in the reign of William III.; and the 15 Geo. 3. c. 51, 17 Geo. 3, c. 30, and the 27 Geo. 3, c. 16, recite, in their preambles, the salutary effects which had resulted from such restriction, and proceed to enact further restraints upon this growing mischief, which subjected the manufacturing and industrious classes of the king's subjects to great losses and damage.

When the suspension of cash payments occurred in 1797, it became necessary to give effect to that defensive measure, by allowing the issue of one and two pound notes. Before this period, the issue of such notes, as I have above said, was absolutely illegal.

If it were the object of any new legislative measure to prohibit at once, after due notice, the further continuance of such notes, the bankers would have very little reason to complain, inasmuch as it would only be a return to the old law, after the cessation of the particular causes under which it had been suspended. But the object of the measure which I am about to urge upon your consideration, Sir, is not to prohibit the further continuance of such issues, but to subject it, as

above said, to those salutary restrictions which late events have proved to be essential to the public security. But if the country bankers will lose little of what they formerly possessed, the effect of the proposed measure will certainly not be to subject them to such a degree of restriction, as will place them in a situation comparatively disadvantageous with other trades. The capital of trade is of two kinds; dead stock or machinery, and money. In all other trades, in the same class of magnitude and respectability with the trade of banking, both these capitals are required, and both are necessary to a great extent. In banking alone, and particularly in country banking, one species of this capital, dead stock and machinery, is totally unnecessary; and, under the light of recent experience, it is scarcely too much to say, that the other branch of the same capital, money, does not appear to have been considered as an indispensable requisite.

Under the effect of the measure about to be proposed, the trade of banking will only be brought upon an equality with other occupations of capital. The country banker will be required to possess, at least, some capital. One half, perhaps, of his issues will be vested in assets available by his creditors. Let him even consider this deposit in security (whatever it may be) as so much dead stock; so much machinery for his manufactory of paper. Even in this point of

view, his trade will only be upon a level with that of others. But as the measure which I am about to propose, or rather to enforce again upon the attention of his Majesty's Ministers, will still leave the country banker in possession (till default made) of the property pledged, whether it be in stock, land, or Exchequer bills; and as he will thereby be still in the receipt of the rent of one, or of the interest of the other, it is not even to be regarded as so much dead stock. It will still perform a double function for him; it will still be a present lucrative fund, as well as a future security; it will still, if stock, produce a double fruit, namely, its own interest according to its amount, and a commensurate profit upon the notes issued on it, as a security: And let it be asked, what more can any capitalist reasonably desire. For every 100% or 1000%, he receives at once the interest of a capital remaining realised in security, and the profit of the same capital circulating, or rather liquidated in his trade.

Having thus answered the preliminary objection, I proceed to the more particular statement of what I consider to be the measure required. I have before observed, that it is not so much my object to propose any new plan, as to show the expediency of recurring, at the present time, to one formerly introduced by Lord Bexley, when Chancellor of the Exchequer; a measure which, with some slight extension and adaptation to pre-

sent circumstances, is no less dictated by sound policy, than by what I consider the actual duty of parliament at the present moment.

I make no claim, Sir, to invention, nor to any other merit, if I may at all use the term, than that of bringing my own observation and experience to enforce and explain the urgent necessity of this measure. I am persuaded that the country would now have been in a very different situation, if Lord Bexley's bill had succeeded when first proposed.

The bill of which I am speaking was introduced into the House of Commons by the Chancellor of the Exchequer,* in April 1818. The object of the bill was to authorise the bankers in England and Ireland to issue and circulate promissory notes of one and two pounds, secured by a deposit of stock, or other government securities.

By the first clause of this proposed bill, no banker was thereafter to issue notes under the value of five pounds, unless such banker was duly licensed according to law, and unless he made a deposit of the securities required by the act.

By the second clause, every banker, who was desirous of issuing one and two pound notes, was required to apply at the Bank of England or Ireland; and, according to the amount of one or two pound notes which such banker was

* Mr. Vansittart.

desirous to negociate and issue, he was required to make a transfer to the Commissioners of the Sinking Fund, of stock; that is to say, of stock to double the amount of his issue of small notes. Upon making which transfer, the Banks of England and Ireland were directed to give him a certificate, stating the name of the party, and the fact and amount of such transfer.

By the third clause, the Commissioners of the Sinking Fund were directed to establish agents and offices in London and Dublin for receiving such certificates; and, upon the production of them, were to enter them in their books and place them to the account of the proprietors. They were required, also, to receive deposits of treasury bills for the same purpose, and to make a like entry of them in books kept for this object.

By the fourth and fifth clauses, the bankers, having made such transfers of stock, or deposits of exchequer bills, were empowered to issue one and two pound notes, to *half* the amount of the stock, or to the *whole* amount of the exchequer bills, in the usual form, and on the usual stamps; all such notes, previously to their being issued, to be entered and registered at the office of the Commissioners of the Sinking Fund: Such notes to be payable in ordinary at the country bank; but, in the event of any urgency, or at the will of, or upon requisition made upon the country banker, they might be assigned, by in-

dorsement, for payment at the office of the Commissioners in London. If the banker refused to indorse the note, the holder might protest it, and the Commissioners might thereupon sell the stock, or Exchequer bills, to the amount necessary to pay such indorsed or protested bill.

The other clauses of the proposed bill provided for the payment of the dividends on the stock, and the interest on the Exchequer bills, to the parties transferring the stock or depositing the government bills.

Such, in substance, was the measure proposed; and it was no sooner introduced into the House of Commons, than it encountered such an opposition as might be anticipated from the interest of the parties to be affected. The Parliament was, at that period, fast approaching the termination of its ordinary course; and as the country bankers, under the extraordinary extent of their accommodation paper, at first during the war, and afterwards during the difficulties of winding up, possessed an unusual degree of influence, many of the landed gentlemen took the alarm lest such influence should be directed against them in a future election. They were thus induced to make a common party with the country bankers. The opposition lent their usual aid to embarrass Ministers, and in proportion to their unexpected strength in this particular measure, became more vehemently patriotic

in favour of the liberty of trade, and the unrestrained employment of capital. The people, and in particular the country population, with their usual inconsistency, at once loudly called for the return to cash payments, and for no "restrictions" upon country bankers.

Under these motives and feelings, it was objected, in the first discussion of the measure, that no notes would be issued by the country bankers on the condition prescribed by the bill, and that the necessary consequence would be, to expel their small notes from circulation to the benefit of the Bank of England. It was further objected by another party, that if the bankers should be imprudent enough to accept the conditions, and issue their one and two pound notes on such securities, the country people would indeed take such one and two pound notes, but that no one would then take their five and ten pound notes.

It was in vain that the Minister replied to the first of these arguments, that it was very natural for the country bankers to desire to issue such small notes without any security, but that there was no ground for assuming, that they would not continue to issue them under the conditions required by the act. They would necessarily continue to issue them so long as they could make a profit by them; but that there was nothing in the proposed measure, which reduced this profit beyond the rate of

profit in all other trades. Under the proposed bill, the bankers were to receive the dividends of the stock, and the interest of the exchequer bills deposited. In their notes, issued upon such deposits, they would receive a second interest, the usual profit upon commissions from the parties to whom they lent them, or for whom they discounted. There was, therefore, still a manifest and large profit to be made upon such issues. Nor would the very security and deposit be inert and useless; it would perform the function in some degree of an active and circulating capital to themselves, as well as of an effective collateral security to their creditors. In the event of any run upon them, they might pay their larger notes by these stock notes. They would in fact have always so much money in their house, and that not dead and unproductive money, for the purpose of meeting any such run; inasmuch as they would only have to endorse such notes, and they then became payable by the Commissioners of the Sinking Fund.

As to the second objection, it was equally fully, but in vain, answered, that it was a most unwarrantable inference, that the credit of a banker would be diminished by the notoriety of his having given security for a considerable portion of his dealings. It was a much more reasonable and sound conclusion, that the un-

questioned credit of one part of his issues would be communicated in a great degree to the whole. We have his stock and his Exchequer bills, his neighbours might say, for his one and two pound notes; we have therefore the entire fund of his lands, houses, and other known substance, as security for his five and ten pound issues. Above all, they might add, we know that he has always so many stock notes, equivalent to so many small Exchequer bills payable on demand, in his house; and that in the event of any run he can pay his larger notes in these, and it will be our own negligence if we are not in due time to receive such payments.

Such objections, and such answers to them, accompanied the bill upon its first reading, which took place on the 10th of April, 1818. From the strength of the parties opposed to it, and the manifest public prejudice artificially excited and directed against it, it became necessary to take an unusual time to endeavour to dissipate this delusion, for such it really was, before the further stages of the bill. The 4th of June was accordingly fixed for its second reading. But under the increasing strength of so many interests and parties united against the proposed measure, enforced by the apprehension, certainly unfounded, amongst country gentlemen, that it would affect rents and agriculture,

the Chancellor of the Exchequer stated to the House, on the 30th of April, "that in consequence of some circumstances which had occurred, he had found it necessary to withdraw the measure for the present; but he wished it to be understood, that his opinion respecting the utility of the bill was not altered, although it was not his intention to proceed further with it until the next session."

Upon this temporary abandonment of the bill being announced to the House, an honorable member, an eminent banker in the North of England, congratulated the House in language of great triumph; stating that the measure was altogether objectionable, and "that there was not a country banker in England who could at any period, or under any circumstances, consent to the principle of the bill." He derided all modification; "the measure must be entirely abandoned." Another active leader of opposition condescended to sneer at this desertion of his bill by the Chancellor of the Exchequer, and cautioned the House of Commons against its reproduction in the next sessions.

Another gentleman from the same side of the house concurred, as he said, with the country bankers, in thinking that a measure like this would effectually ruin their credit with the public. The debate, indeed, now assumed the tone of admonition and lecture upon the alternate

caprice and rashness of Ministers, which one honourable gentleman, of some station and talent, severely censured. "When the right honourable gentleman had a measure to introduce affecting the interest of so large a body of individuals, would it not be as well to advise first, and to act afterwards, than to act first, and then, when alarmed at the effects of his own precipitancy, to take advice and retract. There might be more of genius in bravely defying all consequences by a headlong and impetuous vigour: but was there not some defect of gravity and wisdom in all nugatory proceedings by public men?"

A new election, as is well known, took place in the year 1818; and very early after the meeting of the Parliament in January, 1819, an honourable member, the very respectable and opulent banker to whom I have before alluded, showed great anxiety lest any attempt should be made by the Chancellor of the Exchequer to revive this measure in the new Parliament. As the Committee respecting the resumption of cash payments by the Bank of England was now sitting, "the great body of country bankers," he said, "was most anxious to know distinctly to what part of *their* system the Chancellor of the Exchequer intended to draw the attention of the Committee." The honourable member was told, that although the condition of country banks formed a very proper subject for the considera-

tion of the Committee, there was no intention on the part of Ministers, at that time, to renew the measure of the last session.

It is scarcely necessary to discuss the reasons which appear to have determined His Majesty's Ministers not to introduce any measure of this kind in the year 1819. At that period, the important question of the Bank of England resuming cash payments was in progress before both Houses of Parliament. The well-known result of these proceedings was, that the Bank of England was to pay in cash in May, 1823. More than eighteen months before this period the Bank anticipated the directions of the legislature, and withdrew its one and two pound notes from circulation. The two following years were periods of agricultural distress; and as an opinion, however erroneous, prevailed among country gentlemen, that a very great portion of their difficulties was to be attributed to the diminution of the circulating paper of the country preparatory to the resumption of cash payments, there would have been an obvious impolicy in the renewal of the Chancellor of the Exchequer's bill under such circumstances.

In 1822, the liberty of country bankers to continue the issue of small notes was felt to be drawing to its close, and it became necessary to determine upon the line of policy to be pursued. I have already observed, that the liberty of issuing

one and two pound notes depended upon the 37 G. 3, c. 32, passed upon the occasion of the Bank Restriction Act, which had suspended the previous acts of 15 G. 3; 17 G. 3; and 27 G. 3; under which bankers' notes of a less amount than five pounds were absolutely prohibited. The 37 G. 3, had been continued by several successive acts, and it was at length fixed by the legislature, that the liberty given to country bankers to issue notes under the value of five pounds should be in force until two years after the expiration of the restriction of cash payments by the Bank of England.

At the termination of the session of 1822, it became, therefore, a consideration of great moment to take some step as to the country paper circulation. Under the prejudice before mentioned, that the prices of agricultural produce had been affected by the diminution of paper currency, the country gentlemen again took a strong part with the bankers, and employed all their influence and authority to procure a further extension of their power to issue small notes. Under such influence the small note bill was passed, by which the bankers were empowered to issue one and two pound notes until the 1st of January, 1833.* It is scarcely too much to say, that this bill was from these circumstances almost forced upon the Ministers.

* By the Act of 3 G. 4, c. 70.

It is notorious, Sir, that in the political constitution of this country there are always two parties, which, from their own peculiar circumstances, must possess a most considerable degree of power and influence in Parliament and with the people—the landed interest, and the monied men. Where these two parties unite in the support of any measure, it is a matter of extreme difficulty to refuse or elude their object. It would be a most uncandid representation, that Ministers are in such circumstances driven into compromise under the mean and selfish apprehension of losing their places. Public men, like others, must consult the ordinary rules of prudence and discretion in the conduct of public business; and as they cannot proceed a step without co-operation, nor transact even the daily routine of business without possessing the good will and complacent feelings of the House of Commons, they must, like other individuals in a similar situation, concede and conciliate, and even sacrifice many particular measures, and some of them of importance, for the purpose of maintaining their general policy. I do not hesitate to say, Sir, that it was under these motives, and these motives only, that Ministers were induced to bring in the Small Notes Bill at the close of the session of 1822, and therein to depart from the complete execution of an object which they all had so much

at heart ; I mean the entire resumption of cash payments in effect as well as in terms. The Ministers did not require to be told, and certainly none of the opposition gentlemen came forward to tell them, if they had required this lesson, that there was something in the very nature of the small currency of the one and two pound notes which tended to perpetuate the paper system ; and so far as the amount of this small currency was concerned, to defeat the object of a complete return to the mixed paper and coin of the year 1792.—They perfectly well understood, that as the present convenience of a country population, and the interest of the bankers, concurred to uphold and extend this small paper currency in country districts, it would continue to extend and to be upholden, until it had displaced a great portion of the coin of the realm within the compass of its operation. Ministers, I make no doubt, fully understood this character and tendency of the Small Note Bill, but the country bankers, by means of their connections with the London capitalists, had contrived to unite all the monied and trading interests in their favour ; and nearly the whole body of the country gentlemen, alarmed at the state of agriculture and the general depression of prices, made common cause with them. The Ministers, therefore, were compelled to give way, and the Small Note Bill was passed.

I must here anticipate another objection, which will be perhaps made in the outset, to the proposed renewal of Lord Bexley's bill.

The Small Note Bill, it will be said, has been passed, and Parliament has therein given us the issue of these small notes for the further period of ten years from 1st January, 1823. Is it now proposed that Parliament shall deceive and take us by surprise ? Shall Parliament depart from the pledged covenant and promise which they have made with the country bankers ? Many of us have entered into the trade of banking under the faith of this law, and is it now proposed to be violated at our cost ?

It may be briefly, and, as I trust, satisfactorily answered to this objection, that an Act of Parliament can only become a contract or covenant, where the legislature, and the persons to be affected, are in the condition of two contracting parties ; each being so recognised by the other, and a suitable consideration passing between them. Where such relation or such consideration is wanting, an Act of Parliament may be a charter or free grant, but it is not a contract or covenant. But a charter, or an act of parliament in the nature of a charter, is a free gift of the legislature for the benefit of the parties concerned, granted upon the express application of such parties, either as a remuneration for past service, or as a lucrative exclusive privilege to

aid them in the prosecution of some public work or interest. In both contracts and charters, the interest of the parties is recognised, upon the face of the act or instrument, to be the immediate purpose of the legislature or grantor. Where an Act of Parliament contains no such recognition of any contracting parties, nor of any benefit intended to be granted to particular persons or bodies for their exclusive benefit, in the nature of reward or encouragement, there is no pretension for ascribing to such an act of the legislature the character and privileges of a charter or free grant.

I shall conclude that it will not be argued, that the bankers, as regards the Small Note Act, had any pretension to be considered as contracting parties with the government. Nor do I think that any one will contend, that the act in question contains any thing of the terms, form, or substance, of a parliamentary charter. It must, therefore, be regarded as a mere general Act of Parliament, passed under particular views of the public good; and to be revoked, qualified, or amended, as such views might become changed by new and unforeseen results. It was passed indeed for a term of years, but so (to instance one species of laws only) were insolvent acts, which, before the late permanent act, were altered and repealed from year to year before their expiration. Indeed, if it were any just

objection to such amendments, qualifications, or repeals, that they broke in upon an established and understood previous state of things, and varied the condition of parties as to their contracts, dealings, and engagements, new laws could in very few cases be passed. In brief, such laws are the mere acts of the legislature, enacted for public purposes and interests, and revocable as public interests may assume new forms. All that the parties acting under such laws during their term (if at all affected by their change) have any claim to require, is, that they shall not be subjected to any unnecessary damage, and therefore shall receive a due notice. If the legislature give them this notice, and thus enable them to prepare for the new state of things, it has performed its duty.

If we look to the terms of 3 Geo. 4, c. 70, the Small Notes Bill, it will be found to contain nothing in the nature of this alleged pledge. It is, in fact, nothing more than an extension of the dispensing act of 37 Geo. 3. By the 17 Geo. 3, bankers were temporarily prohibited from issuing notes of a less amount than five pounds. This act was rendered perpetual by 27 Geo. 3, c. 16. The 37 Geo. 3, was next passed, which, upon well-known occurrences in the year 1797, suspended the operation of the 27 Geo. 3, and permitted the issue of small notes until two years after the expiration of the restriction of cash

payments by the Bank of England. Then followed the 3 Geo. 4, c. 70, the Small Note Act in question, by which the 37th of Geo. 3. (the act suspending the operation of the small note prohibitory acts), was farther continued till January, 1833.

The 3 Geo. 4, therefore, is nothing more than an extension of the 37 Geo. 3, which was an act suspending the general law of the land. Small notes therefore, during the term of this law, may be issued till the period mentioned in the act; but there is nothing which ties up the legislature from adding a further qualification of such issues, if the abuse on the part of bankers should render it necessary for public security.

In the debate which arose upon the Resolutions of Mr. Horner,* and which occupied the House of Commons several days, until they were finally negatived, it was never supposed by any one of the speakers, that it was not competent to Parliament to abridge the term of the Cash Suspension Act, under which alone the country bankers were empowered to issue their small notes. It was taken for granted that the Cash Restriction Act might be amended by abridging the period of its duration. It was upon this understanding, that it was one of Mr. Horner's Resolutions, proposed to the House of Commons, "That it is

* Debates on the bullion question—May, 1811.

expedient to amend the act which suspends the cash payments of the Bank, *by altering the time till which the suspension shall continue, from six months after the ratification of a definitive treaty of peace, to that of two years from the present time.*"*

If the Cash Restriction Act, therefore, was not regarded by Parliament to be a pledge with the Bank of England against any alteration in the time which had been previously fixed by several acts for its duration; how can the Small Notes Act be considered to be a pledge by government to the country bankers against any mere qualification, or new mode of issue, which does not interfere with the time? The new act, still again suspending the old law, allows a further term of ten years for the issue of small notes. Now, if it were intended by any proposed measure entirely to take away, or even to abridge, this term, there might be some colour for complaint. But it is not proposed, as above said, to abridge the term given by the 3 Geo. 4. The old law prohibiting the issue of small notes is still to remain suspended during the term of ten years. The bankers are still to possess the power of issuing small notes; but under the recent experience of the abuse of this power, and of the consequent

* The sixteenth Resolution of Mr. Horner, Chairman of the Bullion Committee.

public mischief, the parties, permitted by the act to issue these small notes, are to be required to give securities against the recurrence of great public evils.

I maintain, Sir, that Parliament, under all circumstances, have a right to modify their own acts, where such acts contain nothing in their form or substance to justify any inference that it was the purpose of the legislature to tie up its hands from the future exercise of a discretionary power; and where the act is in terms, and in intendment, a general law, and not a contract or charter for the benefit of private parties, I contend, that it would be absurd to deny the right of the legislature to require a security for the issues of country bankers.

Let me suppose that Parliament should choose to fix a new scale of stamp duties, affixing higher rates upon one and two pound notes, would it not have this power? Suppose it were deemed expedient to call upon country bankers to register all their issues, would not the legislature have this power? Suppose (proceeding by a system of indirect checks) it should be deemed advisable to counteract the issue of small notes by a system of another character—Suppose it were enacted, as an emendatory clause to the last Saving Banks' Act, that no depositor should be allowed to pay any deposit into these institutions but in the current coin of

the realm, or in notes of the Bank of England—Suppose that a like order were given by the Boards of Customs, Navy, Transport, Victualling, Army Pay Office, Excise, Stamps, and Assessed Taxes—In a word, might it not be made a mere Treasury order and direction, that there should be no payment of any public duty, assessment, or account—of seamen's wages, dock wages, land-tax, county rates, &c. &c. but in the current coin of the realm, or in Bank of England notes. All these regulations are manifestly within the competence of Parliament or the Boards of Revenue. They are, in fact, according to the strict rule and language of the laws which now regulate the currency of the kingdom.* Is it not, therefore, evident, that the Parliament is possessed of ample power to check the abuse of the country banks' circulation? And although this mode of proceeding by indirect checks might probably be deemed harsh, it would certainly be effectual. Can it be objected, therefore, that Parliament is disposed to avail itself of the most moderate means of effecting this object, and that it is contented to allow the further continuance of this hazardous currency, upon some security given to the public in favour of the holders of small notes.

To conclude this part of my subject: The ar-

* I scarcely need say, that no payment is legal, so as to discharge the debtor (if the creditor take exception to it), but in the actual coin of the realm.

gument, on the part of the country bankers, is, that the Small Note Act not only gives them a further period for these issues during seven years, but exempts them from all regulations and parliamentary supervision during that time. The act was passed for us, they say, and for our benefit, and it gives us a vested right, which we will not surrender. The answer is, that the Small Note Act certainly gives you a further time, but in no degree exempts you from such regulation and supervision as the public good may require; the act was passed for the country, and not for the bankers; and may be revoked, and, *a majori*, qualified, by the same authority under which it was passed. It was a general law of regulation, and not a contract or charter.

I come now, Sir, to the heads of the remedial measure proposed, and therein to the consideration whether, in assuming Lord Bexley's bill as my groundwork, it may not be expedient to make some modifications in its detail, and, more particularly, to transfer the administration of the powers it contained to another public board than that of the Commissioners of the Sinking Fund.

Lord Bexley's measure, in its detail, contained four main parts. I speak of course of the leading provisions of the act, omitting the mere process by which it was intended to work.

1. To require country bankers, desirous of issuing one and two pounds, to transfer to the

Commissioners of the Sinking Fund stock to *double* the amount of the proposed issues, or to deposit exchequer bills of the *same* amount with their intended notes.

2. Upon such transfers and deposits, country bankers were to receive one and two pound notes from the Commissioners, and such notes were to be duly stamped.

3. Upon the country bankers becoming unable to take up such notes at their country banks, the holders to be empowered to present them to the Commissioners, and the Commissioners to be authorised to pay them, and to sell the deposit of stock or exchequer bills, to the amount required to discharge them.

4. Until default made by the country bankers, the commissioners to pay over the dividends of the stock, and the interest of the exchequer bills, to such country bankers as had deposited them in security.

When the above measure was withdrawn under the united opposition of the bankers and their friends in 1818, it was sufficiently understood, that the Ministers, though resolutely adhering to the principle, were content that the bill should be modified so far as could be consistent with its due effect. What the modifications intended by his Majesty's Ministers were, I am not prepared to say; but with a very high respect for the eminent financial talents, judgment, and ex-

perience of the author of this bill, I am sanguine enough to think that certain modifications would have removed all objections.

The country bankers having sustained a severe run upon them in 1816 and 1817, were actuated by the apprehension, that a great portion of their capital would be locked up by the operation of this bill, and rendered unavailable for the daily occasions of extending their discounts and accommodations as circumstances might require. The country gentlemen were fearful, lest the bankers, under such circumstances, should abridge their supply of paper currency, and that the prices of agricultural produce should become affected by the reduced quantity of notes in circulation. Another class of persons, whose views went a little further, began to apprehend some indistinct evil from the nature of stock notes, and the possible extent to which the system might be carried, when it was once fairly commenced. The increased value which would be indirectly given to exchequer bills, by the sudden call for them which would be occasioned by the act passing, was another objection against the measure in its proposed form.

It is not my intention, Sir, to argue these several objections: it is notorious that they existed in fact, and were strong enough to defeat the purpose of the Ministers. It becomes, therefore, an important consideration, whether such modifica-

tions cannot now be suggested, as may give to a like attempt a better chance of success. It might, indeed, be the duty of Ministers to carry a necessary public measure through all objections, but it is a more satisfactory policy to convert antagonists into friends, and to conciliate opposition by the manifest reason and expediency of the proposed means.

Not to detain you, Sir, I would propose the following modifications of the bill introduced by Lord Bexley:

1. I would confine the security to notes under the amount of five pounds. For these notes, I certainly should not require exclusively the deposit of stock or Exchequer bills; nor should I think it necessary that the notes should have the character of being stock notes. I neither recommend land notes nor stock notes. I am afraid of the precedent. I would have the notes in question issued indeed upon the collateral guarantee of a fund, but I would not wish them to be the representative of such fund. I would, therefore, propose this qualification: That a banker, desirous to issue one or two pound notes, should give a security of the following kind. Supposing he wished to issue notes of this description to the amount of 20,000*l.*; I would permit him to give, indifferently, a real security; a chattel security, in the nature of realty; or a security by his own bond and sureties, and

not excluding (but leaving him a choice to make a deposit of) Exchequer bills, and stock. I would not limit him to any particular security, but permit him to offer any which would satisfy the Commissioners appointed to judge of it.

2. Instead of the Commissioners of the Sinking Fund, as proposed in Lord Bexley's bill, I would transfer the management of the detail of this business, such as determining upon the securities to be taken; upon their value and sufficiency; the giving of the certificate to the Stamp-office; and the putting the securities in force, in case of default, to another body of commissioners, who, as I humbly think, are better adapted, both by experience and their particular composition as a board, to execute the purposes of the proposed act; I mean, Sir, to the Commissioners for issuing Exchequer bills in loan, as aids for public works, &c.

It is well known, that this board is permitted by several Acts of Parliament to make loans upon real securities, chattel securities, or the bond of the principal with sureties, and even, in some cases, on the mere personal obligation of the borrower.

3. Supposing this charge committed to the board above named, I would propose that they should proceed upon the following principles. If a real security were offered of the due amount, I should consider it sufficient without any thing

else. It might be assigned to the Commissioners, by way of security, in the manner in which heritable estates in Scotland were directed to be assigned under the act of the 51 Geo. 3. which was an act passed during the commercial distresses of 1811, for enabling commissioners, appointed by the crown, to advance 6,000,000*l.* to the merchants and manufacturers of the United Kingdom, upon deposits, pledges of goods, public securities, bills of exchange, &c.

4. If long leasehold securities were proposed of an adequate value, I should deem these also sufficient.

5. If the banker had no real estate, either sufficient, or such as to be made legally available for such pledge, from the circumstance of family settlements, prior mortgage, &c. I would empower the Commissioners to take a personal security by bond, and sureties in double the amount.

6. And, lastly, I would permit, as above said, the deposit of stock, Exchequer bills, India bonds, or other available securities of a public nature.— And where such securities were of a fluctuating value, I would leave it to the Commissioners to make what they deemed an average reduction of the amount for which they should be considered to be pledged:—for example, deducting from the price of stock at the day of deposit, 10 or 15 per cent., and empowering the Commissioners, in the

case of a further depression, to call upon the banker for a renewal and enlargement of his security.

I should thus consult every description of property which a banker might have; some of these he must have, or he has improvidently embarked in his trade; and in none of the classes of security which I have proposed, but in the last, would I require any thing of deposit or pledge. In the last, the stock, Exchequer bills, or other securities of the like kind, must necessarily be deposited in the office of the Commissioners, with the reservation of the interest and dividends to the depositors. Now, Sir, with the highest deference to the opinion of Lord Bexley, and to his great and unquestioned talents and experience in this part of public business, I think that the above plan would not be liable to the objections which were made to his proposed deposit of stock or Exchequer bills.

To require a banker to deposit stock to double the amount of his issues, would possibly be too hard a dealing with him, and would be open to the well-known objections against stock notes. To require a deposit of Exchequer bills, would not only be to withdraw an equal amount of a banker's capital, but the capital so withdrawn would be of itself a portion of his circulating means.

I think the plan proposed would equally

answer the purposes of the public, and not trespass too far upon the urgencies of the parties concerned. I am confident it would not be opposed by the more opulent and respectable class of country bankers.

A banker might have good freehold and copyhold security, or good leasehold security, or be in such credit as easily to obtain bondsmen to double the amount of his small note issues, and yet not have it in his power to deposit Exchequer bills to the amount required. In short, Sir, I would adapt my plan to the possible circumstances of all solvent bankers; taking care, at all times, that the security should be sufficient, and always available. But I would leave this, Sir, to the judgment and practice of the body of Commissioners I have mentioned, who, having acted as a board for loans and securities now nearly nine years, have lent some millions of the public money without the loss of a guinea to the government.

It should be obligatory upon the Commissioners to accept securities manifestly sufficient, or to assign their special objections to the Lords of the Treasury. For example, it should be compulsory upon them to put a value upon landed security, less by one-third only than its real value. Thus, if a banker offered a free unincumbered estate, ascertained to be of the value of 30,000*l.*, by an estimate made according to the

practice of the Exchequer Bill Loan Office, that is, by the oath of surveyors, the production of rentals, assessment, &c., I would empower him to have a certificate from the commissioners to issue small notes to the value of 20,000*l*. I would pursue the same course with respect to long leasehold property, and other chattel interests in the nature of real property. If the security offered were personal; that is, the bond of the banker and his sureties, I would take such securities (as is the practice of that office) to double the amount from the obligor and his friends. In the last description of security, namely, the deposit of stock, Exchequer bills, &c. I see no objection to the transfer of stock to the Commissioners in the mode proposed by Lord Bexley's bill, deducting 10 or 15 per cent. for the average of fluctuation.

Now, every banker, in the reasonable credit of his business, could give one of these kinds of securities. The discretion of the Commissioners would be very limited indeed. It could only operate in the third class, where there was no freehold or leasehold pledge, and no deposit of public security, but the mere bond of the banker and his sureties. Here, Sir, I think the Commissioners ought to have a full discretion. The securities should always be taken to the crown, and the Commissioners would thereby have the privilege of the process by extent.

Upon giving this security, the banker should have the certificate of the Commissioners for a certain amount of one and two pound notes from the Stamp Office; which notes should be stamped, numbered, and registered. He might, at any time, increase his issue by giving a further security.

I think it unnecessary, Sir, to trouble you in this letter, with any details of a legal nature as to the mode of enforcing the securities on the banker's default. I would take the ground plan of the act passed in 1811 for this part of my measure. I do not wish to convert the Board of Commissioners into an office for satisfying the demands of the holders of one and two pound notes. It would be unnecessary; as the Commissioners might be empowered, where the security was freehold or leasehold, to convey it to the assignees of the banker in the event of his insolvency; taking security, of course, from the assignees, for making a distribution to the holders of the small notes according to their priority, and for payment in full where the security would afford it. I presume all along that the security is sufficient; if there should be any surplus, it would necessarily belong to the holders of the larger notes. If the security taken were merely the personal bond of the banker, with sufficient sureties, the Commissioners, upon failure, might either themselves put in force the

remedy by extent against the bankrupt's estate, and sue the securities, or enable the assignees to take the crown process into their own hands for this purpose.

I need not repeat, Sir, that the main distinction between the measure which I now humbly propose, and that of Lord Bexley's, is, that all I should require in any case would be *security*. I would not require, as an indispensable condition, the deposit of stock or Exchequer bills; I would leave this to the option of the banker, and exact it only in those cases where he had not any of the other classes of security to give. However disposed to look with a degree of compassion upon the holders of small notes, as being not unfrequently in that class of the community upon whom loss or delay of payment would fall most heavily, I cannot think they are entitled to any thing more than ultimate security. If they possessed this, the notes they held, notwithstanding the stoppage of a bank, would still pass from hand to hand, or be discountable at a very small premium.

I shall now trouble you, Sir, little further but to recapitulate. I believe it will be readily conceded to me, that some check is necessary to this dangerous species of our currency. I have never conversed with any person upon the subject who, however differing upon the mode, had any doubt upon the principle. If the shock

occasioned by the failure of these local establishments merely terminated in themselves, less could be said for the expediency of the measure: but when I see that the ruin which they produce spreads a panic through every branch of our domestic dealings; interrupts the ordinary credit and confidence between man and man in our trade and commerce; extends itself to the securities of the state, and agitates all the elements of our financial system; involves in one common ruin both solvent and insolvent; pulls down indifferently the rotten and the sound; I say, Sir, when I observe such effects produced by late events, I can have no difficulty in saying that it is the most important duty of Parliament to administer some efficient control against the recurrence of this evil.

If we look back upon the history of the currency of country banks for the last twelve years, and to the calamities which have arisen, not only to trade and manufactures, but also to agriculture, from speculations of this description, the particulars will be truly appalling. It will be needless to recall to mind the failures of 1793, 1797, 1802, and 1811. If we take an earlier date, we shall see enough to justify the anxiety of Ministers for putting these establishments under some restraint.

Out of seven hundred country banks which existed in 1814, two hundred were swept away,

and disappeared, to the ruin of individuals, and whole districts, before the month of April, 1818. Since that period the ruin has not been so extensive, but gradually going on, and the last three months have added more than seventy to the number.

The objections which existed to the measure of 1818 no longer exist. It can no longer be said, that it is a mere palliative to put off cash payments, and to sacrifice the country bankers to the Bank of England. Nor can it be objected to the plan suggested, that its purpose is to force up the price of stocks and treasury bills. I think as little weight is due to the objection that it will occasion an unlimited issue of paper. As respects the small notes, no more will be issued than is adequate to the security given, and up to this extent the issue may safely proceed. Again, if it be said that, presuming upon the security given for the smaller notes, the bankers would be tempted to an almost indefinite issue of their larger notes, I would answer in Lord Bexley's argument in 1818: "The temptation to issue in case of paper (a large portion of which is founded upon security) could not be greater than in the case of paper founded on no security at all." And with respect to the banker's large notes, as his over issues would naturally return upon him, and be exchanged either for coin or small notes, the security which

he had been obliged to give for this lower species of his paper would correct all undue redundancy in his notes of larger amount. In short, Sir, nothing would be taken from him to which he had a claim before the suspension of the old law. He would be left, in all issues of notes beyond the value of five pounds, without any other restraint than that discretionary caution in the conduct of his business which his own safety would suggest. He would be left with all that Parliament and the law of the land thought it proper he should have before the act of 1797.

I confess, Sir, that I consider this mode of protecting the holders of small notes, which have so insensibly, and now I am afraid so firmly, introduced themselves into our paper currency, preferable to any of the proposed systems of Joint Stock Banks, after the example of Scotland. If the charter of the Bank of England did not afford a present obstacle to such an innovation, I think the interests of the large class of persons engaged in banking ought to be considered a sufficient objection. I do not meddle with any question touching the undoubted security of the Scotch banks; but I think just as much stability might be given to the numerous individual firms in England, without adopting a mode of banking, which is perhaps more suitable to the character and habits of Scotch traders, than to capitalists of the like description amongst ourselves.

In England, the class of bankers have always maintained the highest station amongst our merchants and wholesale traders; they are not only one of the most respectable and opulent bodies in the ranks of commercial life, but are connected with families of the first consideration in the country. They form a large and distinct class of individuals. In Scotland, the greatest portions of the bankers are merged in Joint Stock Companies, and in society are scarcely known or recognised as a distinct body of traders. The introduction of the Scotch system amongst us would be equivalent to the extinction of a large order of most respectable and opulent men, and would ill supply their place by so many mere subscription companies. There is no doubt but that the system of banking might be carried on like insurance and fire offices, or like underwriting at Lloyd's. But who could desire such a change at the expense of so many individuals, the large majority of which are entitled to respect and esteem upon every private and public consideration; whose names are foremost in every scheme of beneficence, and stand at the head of almost every list of charitable aid and contribution.

Upon the part of the agricultural gentlemen, I am persuaded, if they understand their own interest, that there can be no opposition to this measure. It is impossible that the present sys-

tem can continue without proceeding from bad to worse; every future convulsion will be more violent than the previous one, and the end must be a general breaking up, as far as concerns a large portion of country banks, of the whole paper system. If the country gentlemen desire the continuance of these establishments, they must desire, as a necessary measure, that some check should be applied to their imprudent issues. I would appeal to their own experience in recent events; I would ask them, if many of the local banks have not been upholden, and are not still upholden, by a system of general forbearance, and by guarantees more generous than prudent, upon the part of the great landholders in their neighbourhood. But can it be necessary to inform these gentlemen, that public credit can never be long consistent with a system of mere forbearance. It is their manifest interest, therefore, to put the paper of their neighbourhood upon such a foundation that their rents may be always securely paid, and that the insolvency of a local banker may not be pleaded against the demands of the landlord.

I scarcely think that any attempt will be made by the opponents of his Majesty's Ministers, to impute the late effects to the errors of Government, or even to the Bank Directors. In popular discourse three causes have been loosely assigned; the bargain of Government with the

Bank in 1822, to pay the military and naval pension list for an annuity of 2,800,000*l.* for forty-five years; the loan of money on stock and mortgages by the Bank; and the new system of free trade. As to the first cause, if the Bank of England had not paid the four or five millions of the annual amount of the dead list, the same amount must have been yearly paid by Government. It follows that nothing upon this account has been added to the general circulation of the country. The adoption of the bargain by the Bank cannot therefore have led to any excessive issue of paper. Nor can it be said, that the annual advance of this sum can in any degree distress the Bank, or embarrass the directors in their mercantile accommodations. If the Bank have to advance for the first six or seven years between four and five millions annually, Government, by the bargain, are engaged to pay the Bank every year, 2,800,000*l.*; leaving an excess only, on the part of the Bank, of 1,700,000*l.* per annum, on an average of the first five years.

As to the Bank loans on stock and mortgage, the original purpose of this measure was to afford some accommodation to country gentlemen, and to persons not immediately connected with trade. In a period of agricultural distress, there was a very general complaint amongst landholders, that the high rate of mortgage

interests, and too frequently of annuities granted on real estates, concurred with the reduction of rents to absorb all their incomes—Whilst traders were only paying from three to four per cent. for money upon their bills, and upon the lower obligations of personal security, the mortgages of landholders, even under the most favourable circumstances, stood at five per cent. Under such circumstances, the Bank Directors announced their intention of lending money upon stock and mortgages at four per cent.; thus affording an opportunity to the landed gentlemen to pay off their incumbrances, and to convert their mortgages of five per cent. into a lower rate of interest. Instead of complaining that this accommodation has been carried to an excess, there is too much reason to imagine that it has been less efficacious than Government and the friends of the landed interest had anticipated.

There is something in the very nature of landed security, and particularly in family estates, encumbered with settlements, remainders, &c. which is wholly inconsistent with the daily and hourly occasions of commerce. All the legal modes of conveyance had their origin in times when commerce was little known and understood, and are therefore very ill adapted to that quick transfer, and instantaneous conversion, which the sudden and unforeseen exigencies of trade may require. There is no mode of passing

land by the mere endorsement of a title-deed. A bill of foreclosure is as tardy, and almost as cumbrous, as the ancient mode of livery of seizin; and a merchant who wanted repayment of the loan which he had advanced upon land, might be ruined, ten times over, before he could get a decree of foreclosure, or the master's report in his favour, on a bill for account in a court of equity.

The Bank Directors know all this; and have accordingly afforded these loans upon land with a very sparing hand. However valuable as an ultimate security, and as a *security merely*, land is the most tardy and difficult of all convertible assets.

The same general reasoning applies to the loans upon stock.

All loans upon pledge are too slow in their returns for the nature of trade. They are not payable on demand; and even where payable on a day certain, they are not in the mean time circulating securities, nor at all times convertible into value. In case of default, the proceeds of the pledge are only to be realized through a broker or auctioneer, and the accounts become complicate and irregular, and the proceeds often insufficient. Hence the loans upon stock by the Bank have been scarcely more liberal than those upon mortgage, and their amount has certainly had very little operation, either in first extending, or latterly in restricting, the issues of the Di-

rectors. They have, in truth, till upon late occasions, been altogether unimportant.

With respect to the new system of Free Trade, I have no doubt, as I have before stated, that the facilities afforded by it have been pushed beyond what prudence will justify. But the abuse of a system is no argument against its proper and natural character. A system is good or bad, according to its natural fruits, under a wise and discreet exercise, and is not to bear the faults of that excess and abuse which belong only to the errors of those who pervert it. But in what branch of our trade shall we look for that degree of abuse from excessive and extravagant speculation, which can properly be charged upon the new system of free trade? I readily admit that there have been some most absurd and enormous ventures in articles of foreign and colonial commerce. I merely assert, that the subjects of such speculations have little or any connexion with the new system which has been principally ascribed to Mr. Huskisson. What had this free trade system to do with the excessive imports of cotton in the early part of the last year?

The free trade system during the last year has operated principally upon silks and wine. In silks there has certainly been some excess, but not to that extent which could have any material operation in producing the late events. It is perhaps to be regretted, that our manufacturers

have been induced, under any circumstances, to embark in a fabric, in which the natural and almost moral circumstances of our country render us unequal competitors with foreigners. But the distress in the silk manufacture has not been occasioned by any natural consequence of the late measures of the Ministers; inasmuch as it has preceded the operation of these measures nearly nine months. Government have acted with great caution, and a most liberal consideration in the reduction of the duties. Repayments were made, and indulgences granted, so as to adjust the intended measure to the actual state of the trade when the allowances were given, and to its probable condition when the new law should operate; and it was fully understood and stated by many of the leading manufacturers, that when the new system should come into operation, the trade would be prepared and competent to bear it. But the manufacturers, from an imprudent eagerness to supply and anticipate the market before the commencement of the new duties, have in fact filled it to a glut, and the price has fallen in proportion to the excess of the supply beyond the present demand. In order to supply the materials of this manufacture, the capitalists in this trade have been equally extravagant in their importation of raw silks, and have thus run into a double excess,—an excess in the domestic manufacture, and in the import of the raw material.

As to the excess in the import of wine, no one has heard any complaint upon this subject—A third article, which is affected by the free trade, hemp, has certainly not been imported in any mischievous excess. But it is almost exclusively in these three articles that the free trade system has operated within the last twelve months.

I cannot conclude this part of the subject without expressing my regret, that the free trade system, as it is now popularly called, has been very generally misunderstood; and that, under this erroneous conception of its object and principles, much mischief has been imputed to it which it could in no degree produce.

This system, so happily begun by the present Chancellor of the Exchequer, and continued by the very able President of the Board of Trade, comprehends four leading heads.

1. To reduce, consolidate, and simplify the Shipping and Navigation Acts, Register Acts, and Custom and Revenue Laws, relating to our general trade and commerce.

2. To regulate our Colonial and Foreign trade, more particularly our Warehousing system, Transit, Pilotage, Lighthouse, Docks, and Harbour Duties, and all the other details of navigation and shipping.

3. To place every branch of British Commerce, in whatever part of the globe, upon one uniform system of law and regulation, and to regard

Ireland to be as much an integral part of England, as the Isle of Wight, or Wales.

4. To terminate the system of prohibitions, and of all duties in the nature of prohibitions; to crush smuggling by reduced duties on almost all articles of foreign produce; and to encourage all countries, by removing fiscal obstructions and commercial impediments, to deal with us on the same terms of a commerce reciprocally free.

Now, in order to form a due judgment of the nature of this system, let us look to its practical operation in conducing to these objects; let us inquire, whether in any one of them it has failed; and whether any public mischief, in any one branch within the compass of this system, can fairly be imputed to it.

In our shipping and navigation; in the consolidation of our Custom House regulations; and revenue laws, let the British merchants be consulted, and Ministers, I feel persuaded, will willingly abide by their answer. I am not one of those who attribute to official returns a weight of evidence which cannot belong to them; I know that they are not to be assumed as perfectly exact accounts; but there is a kind of average of errors, which, running generally through all such returns, renders every successive estimate comparatively a sufficient measure of any actual excess or deficiency in our trade. Let us, therefore, take the official returns of our shipping for

the last three years. In 1823, the number of new vessels built was 780; in 1824, the number was 847; and in 1825, the number was 1,011. The returns of vessels entered inwards, and clearing outwards, British and Foreign, for the years 1823, 1824, and 1825, are equally in favour of the latter year, and exhibit that increase in our home and foreign trade, which cannot but have added most largely to the commercial capital and circulating wealth of the country. I have no doubt, as I have more than once said, that those large opportunities, afforded by the new policy, have in some cases been pushed to a mischievous extreme; but I am persuaded that they have not been so far abused, but that the actual good resulting from this part of the system still greatly exceeds the mischief of the abuse.

Our colonial commerce has been affected by the free trade system in the same manner and degree as our navigation and shipping. In despite of some absurd speculations, wholly extrinsic to the proper nature of this policy, it has been greatly and most advantageously increased. In the East Indies there is a rising demand for all British articles; and the liberty given to the free trader to export directly from India to foreign Europe, and from foreign Europe to India, is gradually laying the basis of a productive commerce. In the West Indies, the free intercourse of the colonies with America, and

each other, has opened the immense markets of the United States and South America to them. The former narrow and limited system of free ports has been merged in the large and liberal policy of regarding the colonies as so many integral parts of our own home empire, and opening them, like so many maritime counties of Great Britain, to the almost unrestricted intercourse of foreigners, both in imports and exports.

For the sake of our ship-owners, the free trade system has, hitherto, restrained the direct supply of colonial produce to the mother country to British vessels; beyond this, our colonies are almost wholly and effectually opened to all the commerce of the world.

As regards our dealings with Europe, and indeed generally with Asia, Africa, and America, the jealous restrictions of the old navigation acts, so long contended for by our merchants and ship-owners, have been almost extinguished, and our general commerce in every part of the globe has reaped the advantage. Our goods, more particularly our cotton and woollen fabrics, our hardware and cutlery, circulate more freely and largely than ever in the German and Italian markets; and all combinations against us have disappeared under the immense superiority of British capital and ingenuity.

It would lead me beyond my limits to go into the details of the official returns; suffice it to say,

that our trade with foreign Europe, if we except France, has increased under this system nearly one-fourth within the last three years.

As regards the simplification and uniformity of the revenue laws and custom house regulations, and particularly with reference to our intercourse with Ireland, the results have been equally in favour of the liberal policy of the free trade system. The Irish revenue, both in its excise and customs, is greatly on the increase; the collection itself has been improved, and there can be no reasonable doubt but that its net produce, in a few years, will be augmented at least one-third of its present amount, without any increase of burthens upon the people.

As to the last division of the free trade system, the prevention of smuggling, and the reduction of duties, it has been nearly as prosperous as was anticipated. It may be safely asserted, that smuggling in many minor articles has been entirely extinguished. The repeal of prohibitory duties upon upwards of one hundred small commodities, has removed so many temptations to dishonesty and fraud, the worst effects of which were, that they gradually corrupted the morals of the people. No one now smuggles lace, and many minor articles of French fabric; the result is, that a manufacture of our own has almost superseded the use of French and Brussels lace,

and our domestic artisans gain what was formerly given to foreigners.

I have thus, Sir, rapidly run over the heads of this system, not so much with a view of explaining the sound prudence and policy of the variety of measures which it comprehends, (for it runs through the whole circle of our commerce, foreign, colonial, and domestic,) as for the purpose of showing that it could have very little effect in producing late events. It certainly had no tendency to encourage any of those numerous joint stock companies, in which so much capital has been embarked and lost. It had no tendency to stimulate speculations in foreign loans; and as little to call forth accommodation paper, and the rash and exorbitant issues of country banks. It was intended to enlarge the sphere of regular trade, and in no degree to provoke or afford opportunities for absurd and precipitate ventures.

But I am trespassing beyond the limits which I had prescribed to myself, and entering upon topics which would open a boundless field. I am persuaded that no man, of any common candour and information upon these subjects, can impute to the system of free trade, or indeed to any measure of the King's Ministers, the late convulsions in the commercial world. The Government, indeed, foresaw the recent

catastrophe with more distinctness than even the Bank Directors. The papers published from your own office, Sir, and inserted in the journals in the early part of the last session, gave the people a forewarning of such consequences, from the absurd and precipitate spirit of speculation which at that time began to prevail. But as the people were speculating with their own money, it was not within the power of Ministers to adopt any preventive means. They seemed resolved to throw the abundance of their wealth upon the waters—and they did throw it.

As I am persuaded, Sir, that most of the topics urged in this letter must have repeatedly passed through your mind as well as my own, I have only to conclude with the expression of my great respect for yourself; and my best wishes for your long continuance in the possession of that power and influence, to which your acknowledged talents and public services so unquestionably entitle you.

I am, Sir, &c. &c.

Jan. 23, 1826.

The first part of the book is devoted to a general
 introduction to the subject of the history of the
 world, and to a description of the various
 countries and peoples which have inhabited
 it from the beginning of time to the present
 day. The second part of the book is devoted
 to a description of the various religions and
 philosophies which have been practiced by
 mankind, and to a description of the various
 governments and forms of society which
 have existed in the world. The third part
 of the book is devoted to a description of
 the various arts and sciences which have
 been discovered and practiced by mankind,
 and to a description of the various
 inventions and discoveries which have
 been made in the world. The fourth part
 of the book is devoted to a description of
 the various wars and conflicts which have
 taken place in the world, and to a
 description of the various treaties and
 alliances which have been made between
 nations. The fifth part of the book is
 devoted to a description of the various
 revolutions and changes of government
 which have taken place in the world, and
 to a description of the various forms of
 society which have existed in the world.