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A FEW
OBSERVATIONS
ON THE
Reports
OF THE
COMMITTEES TO PARLIAMENT
ON THE
RESUMPTION OF CASH-PAYMENTS
BY THE
BANK.

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FEW OBSERVATIONS,

&c. &c.

WHATEVER was the original cause of the Bank-Restriction-Act, whether right or wrong in its adoption or operation, it is agreed by all parties that it is for the general interests that the reduction of the issues of the Bank, for the return to Cash-Payments, should be gradually made, and that a long period ought to be allowed to carry that object into complete effect. The Committees, under these impressions, have proposed to Parliament the following Plan: That the Bank should pay their Notes in Bullion, in February next, at £4:1 per oz. standard; in the October following, at £3:19:6 per oz. standard; and in the May following, at £3:17:10½ per oz. standard; and two years from the last period should elapse before they should resume Cash-Payments; therefore, the only question is, whether the Plan, as it is proposed, will answer that purpose, or *whether it will have nearly all the effect of a virtual resumption of Cash-Pay-*

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ments, at the end of the first year, by the preparations that must be made in consequence; but, in order to enable us to judge correctly of this, we must re-state the Plan in a clear mercantile form. The Bank, for example, owe £100, and they are told that the holder of that £100 note shall have a right to demand from them 96 per cent. in February next, which is about equal to bar gold at £4:1 per oz. standard; but if the holder consent to wait till October, he shall have 98 per cent. or bar gold at £3:19:6 per oz. standard; but if he wait till the May following, he shall have 100 per cent. or bar gold at £3:17:10½ per oz. standard. Further, the holder shall not be bound to declare his option till the very day on which his note becomes due. Now, I would ask any man of business, whether, in February next, the Bank ought or ought not to be provided, in common prudence, with as much Gold, and whether their issues ought not to be as much contracted, with the exception of 4 per cent. as at any other subsequent period; and whether they ought to trust to the forbearance of the holder, if he can make a profit on the exportation of gold, in consequence of the failure of the harvest, a foreign loan, or from a variety of circumstances which no one can foresee. Every mercantile man knows that, in those cases, Gold will be demanded for notes at

96 per cent. instead of waiting for the chance of a profit at the 98 or 100 per cent. and, therefore, it may be fairly asserted, that it will be indispensably necessary for the Bank to guard themselves against the possibilities of such a demand, at the end of the first year, almost to as great an extent as if there were no subsequent reduction. Now, in what an easy mode might these risks be avoided, the general alarm that is prevailing allayed, the ultimate object of the Committee completely attained, merely by omitting the periodical reductions, and by allowing the Bank, in conformity with the other resolutions, to pay in Bullion or in coin, according to the Mint-regulations, in May, 1821. They would hereby have two years instead of one to reduce their issues, and the return to the ancient standard of value would be effected precisely at the same period, according to the desire of the Committee, without all the injurious consequences resulting from too hasty a contraction of the issues of the Bank.

Festina lentè.

THE END.