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From the Author

A
REMONSTRANCE

ADDRESSED TO THE AUTHOR OF TWO LETTERS

TO THE

RIGHT HONOURABLE ROBERT PEEL,

ON

The Effects

OF

A VARIABLE STANDARD OF VALUE,

AND ON

THE CONDITION OF THE POOR.

BY

AN ENGLISH GENTLEMAN.

“ But arrogance, no whit dismay'd,
“ Trusting in self-sufficient aid,
“ On other rocks misguides the realm,
“ And thinks a Pilot at the helm.”

LONDON:

PRINTED FOR BALDWIN, CRADOCK, AND JOY,
PATERNOSTER-ROW.

1819.

REMONSTRANCE.

SIR,

ALTHOUGH I am so far from having the honour of knowing you, that I do not even know who you are, the attention which your Pamphlets have attracted, calls upon me to submit the following observations to you and to the public. Your avowed station as a graduate of the University of Oxford, and, permit me to add, Sir, the talent worthy of that station which some parts of your productions exhibit, imperatively call upon a good citizen to let nothing pass under such authority which appears to him objectionable or dangerous in morals or in politics. If any thing of this nature has escaped your pen, the freedom with which you have treated those who differ from you will, I am sure, be sufficient apology with you, if in the discussion of important truths I

C. Baldwin, Printer,
New Bridge-street, London.

impose upon myself no other restraints than those which candour and politeness necessarily enjoin.

Before we enter upon argument it is necessary to determine the principles upon which it is to be conducted. As political writers, we may both of us be said to be "engaged in action,"* and I must beg leave distinctly to deprecate and disavow the latitude which in the third and fourth pages of your Second Letter you allow to persons so situated; and to reject with feelings approaching to horror the proposition that, "when persuasion is necessary to carry our purpose, we must use arguments not *the soundest* always, but those which *are most likely to prevail with the people we address*.*" that, "if men will not be guided by their reason to the right road, they must either be *led by their prejudices, or tempted by their inclinations*.* I beg leave expressly to deny, that when a people are in a state of moral or intellectual corruption, "allowance" is to be made for statesmen who think it necessary to *entrap* the said people into their real interests; † or, that any situation whatsoever can "impose upon a man" the *irksome duty of arguing upon false principles*. † I can-

* Second Letter, p. 3. † Ibid. p. 4.

not seriously believe that you was aware of the import and consequences of these expressions when you suffered them to pass through the press under your authority. And I am sure you will admit upon reflection, that if the *young statesmen* of England are to be brought up under a supposition that such principles are allowable, or even otherwise than unworthy of a British gentleman or statesman, there is an end of all hope of the moral amelioration of our political system; and, considering the increasing knowledge of the age, an end of all hope of a peaceful compromise between the possessors of power, and those who are naturally arrayed in opposition to them.

Sir, I do not at present mean to argue this question upon grounds of Christian principle, upon the simplicity and singleness of mind inculcated in the gospel,—but upon those of manly feeling and reasonable prudence. With respect to manly feeling, would a man of the world think it otherwise than disgraceful and contemptible to deal with his friend upon such principles, or in any way to use them for his own personal advantage? How then can he justify their use with those whose moral interests it is his especial duty by station and education to protect; whom he is the more particularly bound

not to deceive, because his superiority of information gives him peculiar facility in doing so? Or in what way does the substitution of *public* for *personal* advantage justify the adoption of immoral and deceitful means for its attainment? Surely, Sir, in our own country especially, divided as it is into parties, these questions acquire additional strength from the fact, that on scarcely any measure is the *private interest* of a politician disconnected from the success of his *public argument*.

Again, Sir, as to reasonable prudence: Is it to be supposed that a people thus *entrapped* will not some time or other find out that they are caught? In a free country there are always two parties at least in every political transaction; those who carry the measure, and those who oppose it. If the first party require a *good measure*, but facilitate its attainment by *deceitful means*, they do themselves and their measure injustice; for the second party will be sure to detect and expose the fallacy. The good measure becomes the subject of unmerited obloquy, and is received by the people as a bad one; (for who will believe, that a good measure requires bad means for its support?) the men who carry it justly lose the confidence of the people for the future; and the consequence is,

that every step they subsequently take, every argument they afterwards urge, being open to suspicion and received with jealousy, their usefulness as statesmen is, as they richly deserve, for ever lost. Nor is this the worst. As in the case of all immoral means, the evil intended to be met is only greatly aggravated. By the hypothesis the people to be deceived are morally and intellectually corrupt; * their morals therefore are to be amended, by showing them that their superiors are as immoral as themselves, and their intellects are to be cleared and enlightened by confounding every principle of right and wrong in the conduct of their affairs.

I have dwelt the more earnestly upon this topic, because the system I am deprecating has in degenerate times been acted upon and justified by the common place and hacknied politicians of every age and country. But such were not the principles of the great and good men to whom we are indebted for our religion, laws, and liberties: and I confess that my heart could not be wrung with a more painful feeling, than that the influence of them had crept in among the ingenuous youth of my favourite university, who from their fortune, station, and

* Second Letter, p. 4.

acquirements, must necessarily exercise an important influence on our political affairs in after times.

Permit me then, Sir, to state to them and to you, that a virtuous and honest statesman, in an age morally and intellectually corrupt, abuses the talent entrusted to him by Providence, disables himself as an instrument for any useful purpose, and loads his own conscience with guilt, if he permit himself to be drawn aside from the path of candour, upon the supposition that any other track will be more smooth and easy to him. In such an age the first steps in that path will perhaps be difficult and embarrassing, will be attended with sacrifices, perhaps apparently with public detriment. But reason, religion, history, and experience, all combine to prove, that every successive step will become more easy as he proceeds. The ground will be firm under foot, and the end of the journey will more than repay the toil of the passage. He will live in the history of his country, embalmed with the great and good in the memory of his children, while the career of the *entrapping politician* will stink in the nostrils of posterity.

You have supported your opinions upon this subject, by stating the principles upon which it

appeared to an Athenian orator, that the corrupt people of that free republic were alone *capable of being governed*. Permit me, Sir, to quote in reply a few passages from an account of the manner in which they *were actually governed*, by the man who of all others possessed the most absolute dominion over their minds.

“The multitude were not indulged or courted; the government in fact was not popular.”—“He kept the public good in his eye, and pursued the straight path of honour: for the most part, gently leading them *by argument to a sense of what was right*, and sometimes *forcing them to comply with what was for their own advantage*; in this respect imitating a good physician, who in the various symptoms of a long disease, sometimes administers medicines tolerably agreeable, and at other times *sharp and strong ones*; when *such alone* are capable of *restoring the patient*. He was the man that had the art of controuling those many disorderly passions which necessarily spring up amongst a people possessed of so extensive a dominion.”—“Nor were the powers of eloquence alone sufficient; but, as Thucydides observes, the orator was *a man of probity* and unblemished reputation. Money could not bribe him; he was so much above the desire of it, that though

he added greatly to the opulence of the state, which he found not inconsiderable, and though his power exceeded that of many kings and tyrants, some of whom have bequeathed to their posterity the sovereignty they had obtained, yet he added not one drachma to his paternal estate." (See *Langhorne's Plutarch; Life of Pericles.*) In fact, Sir, it is only by disinterested probity and independence of spirit, that a man is rendered either worthy or capable of permanently guiding the politics, and influencing the minds, of a free people. But a statesman endowed with those qualities will never brook the tortuous expedients you allude to, which, if traced to their source, must be allowed by candour itself to flow from the sordid springs of self interest.

On quitting this topic, I beg leave to express my hope, that the passages I have been commenting on escaped you hastily. I am willing to believe, that a wish to see one gentleman Chanchellor of the Exchequer rather than another, or to favour one description of property more than another, did not knowingly influence the course of argument pursued in your first pamphlet; and that a laudable wish to serve your poor countrymen was the single motive of your second. In short, that your own conduct

has not been influenced by the latitude you seem disposed to allow in the case of others. And it is under this supposition that I enter into discussion with you.

There is, however, one other point of principle which must be previously settled. I mean, Sir, the unqualified approbation you have been pleased to give to Bishop Warburton's paradoxical assertion, that the *end* of all government, and consequently the object of legislation, is ONLY "to give security to our temporal liberty and property;"* and that it is beyond the office of laws to maintain the influence of moral principle over the conduct of men, which is the exclusive province of moral and religious suasion.† It is not my present intention to insist upon the early education, the controversial habits, the imperious spirit, or the unsubdued temper of Bishop Warburton, which would appear to render him rather an unsafe guide upon such a subject. But I may perhaps venture to express a doubt whether the broad admission of this principle, taken in connection with those I have just quitted, do not constitute upon the whole a system of political action, if not positively profligate, at least very equivocal in its

* Second Letter, p. 20.

† Ibid. p. 17, et seq.

nature, and unquestionably mischievous in its effects; and whether such a system, if incorporated with our government, which is necessarily one of mutual influence and accommodation, would not open the flood-gates to a torrent of corruption, which the united powers of morals and religion would be utterly unable to stem. You contend that nothing is more fallacious than to suppose that it is the business of laws to *make* men do what all individuals ought to do*—“That an action to be virtuous must be voluntary. It requires a living and free agent to give it birth. If we attempt to transplant it from our own bosoms to the laws, it withers and dies” †—That “laws have little of *direct* influence towards effecting either the improvement or happiness of man. They prohibit him from injury, they protect him from it. Active virtue, generosity, benevolence, forgiveness, hospitality, piety, all that constitutes the charm, the beauty, the dignity of life—all that can develope the best part of man’s nature, or that can hope to be acceptable in the sight of his Maker, must be derived from another source.” ‡

Now, Sir, allow me to ask if you have not here a little confounded the state of man’s heart in the

* Second Letter, p. 17. † Ibid. p. 18. ‡ Ibid. p. 21.

sight of his Maker, with the state of his conduct towards his fellow creatures;—“the offices of inward affection, which the eye of man cannot reach into,”* with the offices of outward action, with which alone the eye of man is conversant?”* Admitting that the actions of the good are accepted by God, because they are *voluntary*, what restraint does that impose upon the bad, or what is to oblige them to perform *their* duty to society? *Their* voluntary actions are beyond the sphere of moral or religious influence; and unless the law steps in to *make them* do or abstain from that which *the good voluntarily* do or abstain from—how can public morals and public happiness be preserved? If the *security* of mere *temporal* interests, without regard to morals, is the exclusive province of the laws, it follows of course, that those interests will be for the most part regulated upon *immoral principles*, as far as the laws are concerned; for it is always more easy, *in the first instance*, so to regulate them. The common-place legislator, having the corrupt and selfish passions of men on his side, and but one half of his task to perform, will of course rest satisfied with so easy and so popular a duty; and will begin to hesitate when he sees difficulty and opposition rising up

* Hooker.

against him. But I am sure that it is unnecessary to press upon a mind enlightened as yours appears to be, that so direct a contravention of the commands of God must ultimately defeat its projected end; and that such a system, if not checked and overturned by the efforts of statesmen of a higher and a firmer stamp, must inevitably lead to general ruin by the ordinary road of general corruption.

This discussion is the more important, as it is to be feared that many of our own laws regulate the temporal interests of the different classes of society with a total disregard of moral consequences. Instead, therefore, of encouraging our rising statesmen to contemplate such a state of things with complacency, I should have been glad to have seen your talents employed in impressing upon their minds the undoubted truth, that sound morals are the only sure foundation of sound legislation:—that it is not enough merely to regulate the temporal interests of men, unless they are also obliged to pursue those temporal interests by means consistent with their own virtue, and with the moral welfare of the community. Nay, that we may and ought, in some cases, even “*to embody benevolence into law,*” * though you have denied it in principle,

* Second Letter, p. 22.

I think I shall presently show that you have admitted in practice. For you appear to me to admit the propriety of *obliging* all persons to pay their share towards the necessary relief of the poor.

In opposition to your quotation from Bishop Warburton, give me leave to place the following extracts from the writings of another divine, at least his equal in talents and learning, and greatly his superior in judgment and correct principle.

“The latter is that which we call the law of a commonweal, the very soul of a body politic, the parts whereof are by *law* animated, held together, and *set on work in such actions* as the COMMON GOOD requireth. Laws politic, ordained for external order and regimen amongst men, are never framed as they should be, unless presuming the will of man to be inwardly obstinate, rebellious, and averse from all obedience unto the sacred laws of his nature; in a word, unless presuming man to be, in regard of his depraved mind, little better than a wild beast, they do accordingly provide, notwithstanding, *so to frame his outward actions*, that they be no hindrance unto the COMMON GOOD for which societies are instituted: unless they do this, they are not perfect.” *

* Hooker's Ecclesiast. Pol. b. i. s. 10.

That this *common good* is intended to include *moral good*, will appear from the following passages:—

“As things of greatest necessity are always first provided for, so things of greatest dignity are most accounted of by all such as judge rightly. Although, therefore, riches be a thing which every man wisheth, yet no man of judgment can esteem it better to be rich, than wise, virtuous, and religious.”*

“They saw that to live by one man’s will, became the cause of all men’s misery. This constrained them to come unto *laws*, wherein all men might see their duties before-hand, and know the penalties of transgressing them.”†

“Because there is difficulty, and possibility many ways to err, unless such things were set down by laws, many would be ignorant of their duties which now are not; and many which know what they should do, would nevertheless dissemble it, and, to excuse themselves, pretend ignorance and simplicity, which now they cannot;—and because the greatest part of men are such as prefer their own private good before all things; even that good which is sensual before whatsoever is most divine;—and for that the labour of doing good, together with the pleasure

* Hooker’s Ecclesiast. Pol. b. i. s. 10. † Ibid.

arising from the contrary, doth make men, for the most part, slower to the one, and proner to the other, than that duty prescribed them by law can prevail sufficiently with them;—therefore unto laws that men do make for the benefit of men, it hath seemed always needful to add rewards, which may more allure unto good, than any hardness deterreth from it; and punishments, which may more deter from evil, than any sweetness thereto allureth.”*

“Laws do not only teach what is good, but they enjoin it; they have in them a certain constraining force; and to constrain men unto any thing inconvenient doth seem unreasonable.”*

Such are some of the sentiments of the judicious HOOKER upon the nature and office of human laws. But as you may perhaps agree with me that the authority of eminent lawyers and statesmen upon such a topic is of still greater weight than that of divines, who are solemnly pledged to devote their chief attention to matters of a less secular character;—I venture to suggest to you, that similar principles (if my recollection does not deceive me) may be found in the writings of Lord Bacon, Lord Clarendon, President Montesquieu, and especially of Sir William Blackstone, who seems to

* Hooker’s Ecclesiast. Pol. b. i. s. 10.

have concentrated the opinions of all the best authorities upon the subject.*

Having thus, Sir, endeavoured to show that we are bound by the rules of faith and candour, *even* in political discussions—and by moral principles *even* in the construction of laws; and that a prevaricating legislator, limiting his views to the passions and temporal interests of man, is neither a very wise, a very honest, nor a very useful personage;—I proceed to the interesting subjects of your Two Pamphlets, *viz.* the State of our Currency, and the State of our Poor Laws.

Upon the first I shall not detain you long—having no intention to controvert your general argument in political oeconomy, which appears to contain a very creditable display of book-learning, such as might be expected from a resident member of the University of Oxford, as from your title page I presume you to be. Still less do I intend to deny the expediency of resuming cash payments whenever the commercial community, of which the United Kingdom is a member, is in a capacity and in a disposition to act upon the general principles of political oeconomy. But I cannot forget, as a statesman, that before

* See his Chapter on the Nature of Laws in general.

those general principles can be strictly carried out into practice, or can operate towards their professed end in promoting the general good, it is presupposed that all the parties concerned are politically capable by the circumstances of their situation, and disposed by a conviction of the truth of the principles, steadily to act up to them: otherwise the adoption of the principles by one party (the rest being unwilling, or incapable of being bound by them) drives it from its own peculiar grounds of prosperity, without in any way promoting the general good by the sacrifice. For example:—the United Kingdom, in its domestic transactions, enjoys the advantage of the unbounded credit and confidence subsisting between man and man, who, in the transactions of business, are as well satisfied with each other's *engagements* to pay, as with the actual payment; the paper, bearing those engagements, being equally negotiable, and in many other respects more convenient than cash. So that if cash payments were resumed to-morrow, unless small notes under £5 were also prohibited by law, it is probable that, for internal circulation, paper would still continue the principal medium. It is well known that in Scotland, while notes were convertible into cash at the will of the holder, the people, at one period, pre-

ferred even five shilling notes to five shillings. I have a personal recollection of the circumstance.

Let us now compare the situation of the United Kingdom in these respects, to that of the continental states with whom it transacts business. In them there is scarcely any confidence in domestic transactions of exchange between man and man; consequently there is little or no paper circulation, but payments are actually made in cash,* the bullion for which is thus rendered *absolutely necessary*, and must be procured by them *at any cost*. Let it be observed too, that this demand for bullion increases with every augmentation in the business of foreign states; and must continue to increase until the slow growth of commercial confidence renders a paper circulation equally available in their market. But the nations of the continent *are in fact* daily increasing their domestic transactions of exchange, although confidence between man and man, or public credit, after the rude shocks it has received, has not yet grown to any maturity among them.

* I perfectly well remember in Flanders, during the peace of Amiens, that the saddle horses were all wrung in the loins by carrying saddle-bags of dollars and crowns to the fairs, &c. silver being then the principal medium of exchange between man and man.

Now, Sir, I venture to ask any statesman, or enlightened merchant, whether, in the relative situation of England and the continent, as thus described, the demand for bullion, and consequently its market price, as affected only by that demand, can possibly be the same in both,—putting out of the question the rate of taxation, and all other circumstances affecting the relative value of bullion and commodities in each market respectively.

Is it not evident that the country to which it is *indispensable* as a medium of domestic exchange must at all events procure it; and when the *demand* is continually *increasing*, must procure it at a high price? While the country to which it is of little or no value as a medium of domestic exchange will have no demand for it whatever, if the balance of trade is in its favour, except for the purposes of ornament and luxury. It must then, upon the common principles which regulate prices, be *cheap* in the latter country (England), and *dear* in the former (the continent); *i. e.* it will exchange against a larger portion of commodities abroad than in England. To the extent in which it can be procured, it will therefore necessarily travel from England to the continent, and remain there, unless forcible means are used to restrain it, or to bring it back.

Now, under these circumstances, should Eng-

land take a fancy to carry on all its small payments in cash, and for that purpose should prohibit the circulation of notes under £5, bullion enough for the purpose would probably make its appearance. But it would be by competing in the bullion market with those nations who have a continually increasing demand for it, and our supply would be procured at a very considerable rate above the mint price, and therefore at a very considerable loss; and I think it will appear, that if the sum is to remain with us, the exchangeable value of commodities must at once sink to the same rate as in other countries. The impossibility of so reducing the rate of the exchangeable value of commodities in England, under its present circumstances, without absolute bankruptcy and ruin, no man has yet ventured to dispute, or can dispute, unless he is also prepared to aver, that the land and labour of England can bear to have the *real* burthen of taxation increased in proportion to the difference between the value of commodities here and on the continent, or about 80 per cent. But without this reduction, the bullion would return from whence it came. The result of the whole experiment therefore to England would be comprehended in this alternative—either national ruin—or, to prevent it, a very useless, but

a very considerable waste of national resources.

Again, should the United Parliament simply decree that paper shall be convertible into specie at the will of the holder, before public credit is restored upon the continent;—without doubt England, being the richest country in the world, would be able to procure the necessary quantity of bullion; and as far as the internal circulation is concerned, the inconvenience would only amount to the outlay necessary for preserving constantly in hand a considerable quantity of dead stock in that commodity; for, as I have before ventured to premise, very little of it would be called into circulation for internal purposes. But so long as the relative value of commodities, *arising from causes distinct from the state of the circulating medium, and the state of public credit*, continue as they are between England and the continental states, it appears quite clear to my mind, that whenever a foreigner could obtain credit in England, he would of course realize it in bullion at the mint price, with a view to exportation: And further, that under the same circumstances, the mint price would always be below the market price; because the mint price has been very properly calculated upon the average value of bullion with

respect to *internal* supply and demand, and not with respect to the extraordinary demand created by the unprecedented state of things upon the continent. If this be so, it appears to follow, as a natural consequence, that the measure of resuming cash payments, under such circumstances, would be nothing else than a gratuitous donation of bullion to foreigners, at an expense to England equal to the difference between the mint price at home, and the market price abroad, always excepting the expense of the transfer in freight. I admit of course that if, by this expensive process, bullion enough could be exported to the continent to supply their necessary demands for specie, and to overcome the further effect produced by the comparative cheapness of their commodities; and supposing moreover (what is next to impossible under such circumstances) that the rate of exchange upon general commercial transactions were *also* to be in our favour, bullion would then begin to flow back to England. But besides that, in the interim, we should have been holding out a premium to foreigners to export from our shores a commodity which we should have sold them at a certain and absolute loss, instead of our produce and manufactures which we sell them at a certain and absolute profit; I should be glad to learn

what security we have that the experiment would not be repeated upon every increase of demand for bullion arising out of the augmenting prosperity of the continent, so long as the state of their public credit denies to them the advantage of a permanent paper circulation. Unless, therefore, we can safely calculate upon such a *permanent* preponderance of the balance of trade in our favour, as to overcome in the foreign market the united influence of the demand for bullion as a circulating medium, and of the difference in the price of commodities, the experiment could not now be undertaken with safety: and that we *can* calculate upon such a *permanent* preponderance appears to me impossible for many reasons; of which perhaps it may be quite sufficient to cite one only. For the single article of corn, the difference in our payments to the continent in different and even in two successive years, has sometimes amounted to seven or eight millions, as appears by several papers lately presented to the House of Commons. So that even a bad harvest may at any time turn the exchange against us. Combining this with the unsettled state of all commercial relations, he must be a bold politician who would predicate that, supposing a favourable state of the exchange to be once established, it

would endure for twelve months. I think then that I am authorized to assume that, until we have a large preponderating balance of trade permanently in our favour, or till public credit is restored upon the continent, the resumption of cash payments would be little else than an experiment to what extent the issuers of paper in England could afford, at their own expense, to supply the continent with bullion without ruin.

I am well aware that this experiment would be a short one, that the Bank of England and the private banks, to avoid ruin, would immediately contract their issues, not (as is contended) within those fair and reasonable limits which, supposing no suspension of cash payments had taken place, the free domestic interchange of commodities would have indicated in a country possessed of full credit and confidence, but loaded with heavy debts and taxes:—but further, until the standard of value should be reduced to a level, indicated by the wants and habits of countries, without either public debt, public credit, or commercial confidence.

In other words, England, which stands pledged to pay, from the produce of its land and labour, forty millions annually of its present currency, which it does successfully but with difficulty discharge, shall voluntarily alter the rate of that

currency, so as to impose upon its land and labour an additional payment equal to thirty millions more; and *that* by a process calculated so to confine and cramp the interchange and circulation of the products of land and labour, as shall absolutely prohibit their activity beyond the point indicated by a barometer, set up in the commercial atmosphere of rival nations oppressed by no such weight, and certainly unable to bear it. It would appear a strange way of dealing with a friend who had successfully, but with difficulty, carried an oppressive weight three-fourths of the distance allotted to entitle him to a rich reward, first to double the weight upon his back, and then to tie his legs, because a rival, who had just started without any burthen at all, was anxious to arrive first at the goal. Nor do I think it would be very satisfactory to allege in excuse, that, according to all the calculations to be found in books upon the physical powers of the human frame, the enterprising spirit of the man had led him to undertake an unprecedented labour, and therefore it was contrary to all rule that he should be permitted to succeed against his unburthened rival.

I venture to hope, Sir, that I have now said enough to call upon you to shew, first, that the inconvenience arising from the present system

is so great as to counterbalance the extreme risk of applying your remedy; and next that such inconvenience as can be proved really to exist *in consequence of the system*, cannot be obviated by safer methods until the radical remedy may be prudently applied.

The first inconvenience stated, from which indeed all the rest are said to arise, is the alleged depreciation of our currency, or, more correctly speaking, the progressive lowering of our standard of value; the precise nature of which complaint I apprehend to be this: that in consequence of the non-convertibility of paper into cash, the former has increased to such an extent as to raise the NOMINAL VALUE OF COMMODITIES, MORE THAN THEY WOULD HAVE BEEN RAISED BY THE VARIOUS CAUSES CO-OPERATING TO THAT END, HAD PAPER CONTINUED CONVERTIBLE INTO CASH AT THE WILL OF THE HOLDER. It appears to me quite clear that this proposition must be made out before any charge of having caused a depreciated currency can be fixed upon the prohibition of cash payments. It appears equally clear that any forced increase in the value of our currency, beyond the point stated in this proposition, would be a fraud and injustice upon the land and labour of England, and upon one of the parties to every subsisting

contract; and that such *forcible increase*, made upon the plea of equalizing values between England and the continent, would be an insult as well as an injury to the former. It would be saying, We have taxed your land and labour for our own benefit, and have raised the price of its products without any benefit to you. But as, in other countries not so taxed, the price of products is lower, we mean to reduce yours to the same level, but shall take the taxes notwithstanding. We must have the same tale of bricks, but can no longer give you straw. Whether the depreciation, as defined at the beginning of this paragraph, can be made out or no, I profess my inability to decide;—but this I know, that I have never seen it proved upon a fair balance of the contending arguments. A reference to the value of bullion in the continental market, or even *in the home market, as caused by a foreign demand*, appears to afford no proof of the proposition. The question is, whether, taking into consideration the demand and supply of our own markets, the state of our taxation, the uncertainty of our domestic supply of food, the fluctuations in our agricultural, commercial, and manufacturing prosperity, and the various circumstances which influence the price of commodities, that price has varied more than

can be fairly ascribed to those causes. You decide this question in the affirmative; and refer for proof to a standard of value, adjusted not with reference to the state and transactions of our own society, but to those of countries which are in a state of society in every respect opposite; and your argument amounts to this: Because bullion, as a commodity, has increased in price *abroad from peculiar circumstances*, and has not remained stationary, in obedience to the laws of the English Mint;—therefore the pound sterling, in reference to commodities *at home*, is depreciated below the standard which should have been indicated by the state and transactions of *our own society*. It really appears to me quite as reasonable to contend, that the relative value of cotton wool with other commodities, is disturbed by the misconduct of *our own cotton spinners*, whenever an extraordinary demand from *the foreign manufacturer* raises its price in the market.

Again, Sir, admitting that our circulating medium has greatly increased, I cannot accept your unqualified proposition, “that a vast increase of the circulating medium lessens the value of any given part of that medium,”* as a positive

* First Letter, p. 17.

proof that a depreciation has taken place. For I apprehend that the truth of your proposition is entirely conditional. If the commodities produced and circulated, and the various transactions arising out of that circulation, augment in the same proportion with the medium employed, its value will in no respect be altered, but things will remain just as they were before. The application of this argument to the enormous increase of all our transactions during the revolutionary war is obvious.

Neither, Sir, can I accept your argument* from the depression of the exchange beyond the cost of transmitting bullion, when applied to England and the continent respectively, as any positive proof of the depreciation of our currency; though I certainly shall not argue this point in the manner which you state Mr. Vansittart to have argued it. Whether your statement of his argument is correct or no, it is not my province, but that of his published speeches to ascertain. But this I hold to be perfectly clear:—that if from the necessity of a metallic currency on the continent, bullion equal in weight to 100 guineas bore a premium of 12, 15, or 20 per cent. above the rate of English

* First Letter, p. 42, et seq.

currency, in the principal port open for the supply of the continent; and the guineas themselves could have been transported at an expense of 7 per cent; it amounts only to a positive proof that guineas equal to the demand at Hamburgh *could not be procured in England*, otherwise they would certainly have been exported. And why could they not be procured? Because the legislature had wisely protected the issuers of paper from a drain which would evidently be opened upon them, not for the advantage of England, but to supply the extraordinary demands of the continent at our expense. The commodity (whether guineas or bullion) being scarce in England, and the demand from abroad great and pressing; as soon as the supply to be procured from England, began to be exhausted, the price would rise of course, from the mint price at home, to whatever sum should be indicated by the market *price abroad*; which, it must be again repeated, is adjusted not by the circumstances and situation of England, but by those of the continent. The fact, therefore, cited by you, only proves, that when foreigners could drain *England* of no more specie at the *mint price*, they were obliged to go to *other markets* for bullion at a *higher price*;—but it does by no means prove that the pound sterling, or a bank

note to that amount, bore a different proportion to *commodities* in the English market, than it did before the extraordinary rise in the price of bullion took place at Hamburgh.

In short, Sir, whether I have taken a right or an erroneous view of this question, you will perceive my opinion to be, that the proofs of a currency depreciated below the proper standard of value offered by the Bullion Committee, and stated in your First Letter,* could only be conclusive *sub modo*, and are *not conclusive* in the relative circumstances of England and the continent. For, 1st, "*The desire of men at home to obtain specie rather than paper, and their readiness to exchange paper for it, at a nominal loss,*" is no proof that the currency is depreciated, or in other words, that the price of goods in general is unduly raised in the *home market*, so long as the desire to obtain specie exclusively arises from an intention to sell it again in the *foreign market*: and the readiness to exchange paper for it at a nominal loss, *exclusively for such a purpose*, proves nothing more than that there is a greater demand abroad than at home, for the commodity called bullion. 2dly, "*The estimation in which our currency is held abroad,*

* Page 40.

being lower than it would be if it consisted of specie, or of paper convertible into specie," when considered in connexion with the state of society abroad, proves only that the want of public credit and of mutual confidence on the continent rendering bullion to them a necessary medium of exchange with each other, they undervalue every other medium, unless it be convertible into bullion, at the high rate of value to which their extraordinary demand for that commodity has raised it. But such extraordinary demand not existing in England, neither does the consequent exaggeration of value exist. The natural price of bullion therefore, arising from the state of the demand and supply, will differ in the two countries. Bullion, as the measure of the standard of value with respect to other commodities, loses as to the two countries relatively its most essential property, identity and permanent equality of value. The superior estimation in which that part of our currency, which in argument must always be taken to be bullion, is held abroad, affords no positive proof that the other part of it, with which we are satisfied at home, is depreciated in the domestic market; or that the price of goods in this market is higher than it would have been under the ordinary circumstances of

the world, had paper continued convertible into specie. The proposition of the Committee, taken in connexion with the extraordinary circumstances of the world, seems only to prove that if the standard of value, as between England and the continent, is to be arbitrarily settled with reference to a particular commodity for which the continent has a great demand, and England very little, a proportionate difference will of course be found in each country.

I think it will appear as a natural consequence from this reasoning, that when contiguous countries, having commercial intercourse with each other, are respectively in states of society and of public credit, so opposite as England and the continent, the price of bullion ceases to be a fair criterion of the standard of value. That this circumstance alone is a great and heavy inconvenience I readily admit, and therefore I can without the "marvellous inconsistency*" with which you are pleased to charge some of your antagonists, "profess a disposition and even an eagerness to return to the ancient course." It is inconvenient, because it transfers the standard from a certain and tangible criterion to the indefinite and uncertain tribunal of pub-

* First Letter, p. 39.

lic opinion, and renders it impossible, without a more careful analysis and comparison of all the circumstances operating upon the price of things than most men are capable or willing to undertake, to ascertain whether the standard of value is, or is not, *really depreciated* in the domestic market. It is inconvenient, because, in a country like England *made up of parties*, a question thus open to controversy is sure to be used as an engine of bitter hostility; and the leaders, in the heat of argument, sometimes pledge themselves to principles which they must either depart from when the political purpose is answered, or injure their country to preserve their consistency. But considerable as the inconvenience is, the question for the citizen of a highly improved commonwealth to consider is, whether it shall be got rid of immediately by *reducing his own country to the level* of those, which by their crimes and sufferings are driven almost to begin anew the career of society; or whether it shall be endured with patience, till those countries have in some degree recovered and placed themselves upon an equal footing with his own. I am not ashamed to declare myself an advocate for the latter branch of the alternative, the policy of which I the more approve, in our own case, because it affords an

additional inducement towards a liberal policy to other states, by the direct interest we have in their commercial prosperity and peaceful intercourse with each other.

You will perceive, Sir, that in the course of this remonstrance I have not presumed to determine whether, upon the whole, the currency of England is or is not depreciated below the fair standard by the suspension of cash payments; or in other words, whether the price of commodities has been raised beyond the point at which it would have stood, had no suspension taken place. But I think it clear, that you have given no positive proof of the affirmative; and several facts and arguments occur to my mind, which induce me to believe, that the opinion of those who hold the negative is not so entirely absurd, as to merit at your hands all the sarcastic and contemptuous expressions with which you have been pleased to overwhelm them. You have no mercy upon the Rt. Hon. Chancellor of the Exchequer, for "*his argument about the dearness of gold*;" and insinuate, that he borrowed it from the revolutionary argument in favour of the depreciated assignats of France. But surely, Sir, it could not have escaped your observation, that those assignats were *currency issued by authority of the*

state, and forced upon the people, without being bottomed upon substantial property of any kind; that of course, with respect to bullion, they bore an enormous and instantaneous discount *in the home market*, and with no reference whatever to any operations disconnected with that market. Whereas the paper currency of England is the result of mutual confidence, represents substantial property; and the only difference in value which can be shown between it and bullion has no reference whatever to the *home market*, has been comparatively small and gradual in its progress, and has kept pace with the *demand for bullion*, and consequently *with its price*, exclusively *on the continent*. So much for the justice and candour of the argument: and, now Sir, for the justice of the sarcasm; give me leave to ask, is there any thing absurd in calling a commodity *dear* or *cheap* with respect to two separate markets, in each of which it necessarily bears a very different value? Or is a man to be convicted of wilful ignorance for asserting that *gold is dear* at Hamburgh, when the fact is really so, and plainly to be accounted for; because you have been pleased to issue a decree from your armed chair at Oxford, that the same standard of value shall be applied to the domestic interchange of every country,

whether rich or poor, commercial or idle, populous or thinly peopled?

There is, however, one point of view in which a comparison may *fairly* be drawn between the depreciated assignats of France, and the paper currency of England; though it will probably not add much to your reputation for candour or foresight in adverting to the subject for the illustration of your argument, in which you have entirely overlooked the difference between *paper money* issued on the authority of the state, and a *paper currency* resting upon the mutual confidence of individuals in each other's credit. When the assignats were issued by the authority of the French government, very cruel laws were enacted prohibiting their circulation at a less nominal value than they purported to bear; yet they were immediately circulated in all domestic transactions at *an enormous discount*. And you will probably admit, that no severity of enactment can prevent such a consequence, when a paper currency is *really depreciated*. Yet, although our laws prohibiting the sale of specie at more than the nominal price are comparatively mild, I believe you cannot point out an instance in which any man ever disposed of a guinea in the home market for more than twenty-one shillings worth (nominal

value) either of paper or goods, except for the purposes of exportation or of hoarding. There never existed two regular sets of prices in our shops, one for gold and silver, the other for paper currency; nor any regular tariff, as in France, of the rate of discount at which one could be exchanged against the other. And this is the first fact which occurs to my mind in palliation of the opinion of those who hold that our currency has not been depreciated in the home market.

Again; I have already admitted that the increase in the total amount of the currency of a country, without a corresponding increase in the commodities to be circulated, must raise the price of the latter: but it will of course be admitted to me in return, that a corresponding increase of both leaves things exactly in the same relative situation in which they were before. Now that the produce of our capital and industry has upon the whole increased fully in proportion to our currency, I have never yet seen disproved. But I have met with powerful reasons for believing it to be true, that the issues of paper have never exceeded the fair wants of the merchant, farmer, and manufacturer, and that in proportion as those wants decreased by the depression of trade, agriculture, and manufactures, the paper was immediately

contracted, and accommodated itself to that decrease. To enter into a minute detail on these subjects would be trifling with the patience of my reader. But let him consider the specie withdrawn from circulation during the war; the immense increase in the real value of our exports of British manufacturers; the number of enclosure and canal acts; the produce of the customs, excise, and stamps, and the other solid proofs of increased internal industry during the war, such as the immense improvements set on foot on the old enclosed lands, in draining, embanking, &c. and in useful or ornamental buildings which required a proportionate addition of currency to circulate their produce, or pay the wages of labour employed upon them; and he may find, perhaps, some ground for supposing that the currency which supplied it was not excessive.

This supposition, too, is considerably strengthened by what took place at the peace. When the sudden check given to manufactures, by various causes arising out of that event, diminished the demand for currency to be employed in producing and circulating manufactured produce; and the unprotected state of the agricultural interests checked the spirit of improvement, threw out of cultivation much of the old

enclosed lands, and diminished the demand for labour in every department of rural employment;—and when the progress of building was suddenly checked over the whole kingdom; the currency theretofore used for these purposes immediately contracted itself within the limits of the decreased demand. A great proportion of the country banks, whose issues were employed in creating and circulating all these products of industry, successively stopped payment, and their notes disappeared. The amount of the currency thus withdrawn from circulation I have no means of ascertaining; it is probable, that the reports about to be presented from the Committees of the two Houses of Parliament will contain some information upon the subject. The fact, however, that a very large amount was withdrawn, is undoubted. And when you combine this fact with the undoubted truth, that no banking establishment can permanently issue more notes, than the circulation of commodities at their average prices will employ within the range of its credit;—that no man will borrow paper from a bank at five per cent. unless he can actively employ it to a greater profit; and that no banker in his senses will put his capital to risk in desperate adventures; I think, you will be disposed to admit, that a

reasonable man may venture to maintain, that our paper currency has never much exceeded the fair wants of the community, without availing himself of the latitude of stating *that which is not*, in support of his argument.

It must, however, be admitted, that an increase of prices, though not exactly contemporaneous with the great issues of paper currency, was nearly enough connected with them to render a more particular inquiry into its causes necessary to this discussion. You will therefore excuse me, if I shortly advert to them, especially, as it has been supposed by many competent judges, that sufficient causes offer themselves in great number by which to account for the rise in prices, without reference to an excess and depreciation of currency.

First, it is well known, that the quantity of capital and industry applied to the production of goods for exportation, has exceedingly increased since 1797, the period of the suspension of cash payments. Now, the manufacturers of these goods make a substantial demand upon the market for the necessaries and comforts of life; but their productions form no part of any supply, immediately or certainly available in the market where they purchase those necessaries and comforts. The additional demand there-

fore, not being accompanied by a corresponding addition to the supply, must of course raise the price.

Again, the scarcities of corn, which have occurred so frequently and operated so severely since 1797, have tended much to raise the price of every thing produced by labour.

Lastly, the increase of taxes, laid on during the late wars, is sufficient of itself to account for a great proportion of the rise in all prices. The gross revenue at the end of the war was more than *four times* greater in amount than at its beginning, and is now more than *three times* as great. It is perfectly clear that this sum is added to the aggregate price of all commodities purchased in the home market, except in so far as an increase has taken place in their production. But it is equally certain, that the increased quantity of goods bought for consumption in the home market of Great Britain has neither been *quadrupled* nor *tripled*, that it has not even *nearly doubled*. The precise increase it is not easy to ascertain. But no man who compares the amount of our population, and the habits of the people at the two periods, can believe that the articles consumed by them have any thing like doubled in quantity. For our present purpose, however, it is only necessary to recollect

the number of individual articles which have been additionally taxed, and must of course have risen in price;—the indirect effect which the taxation of these articles has in raising the price of others;—the increase of the stamp duties;—and the numerous items of general taxation, having no direct tendency to increase the quantity of commodities, although they must ultimately have fallen on the consumers in an increase of price;—and it will be difficult to avoid admitting, that a great proportion of the rise in all prices since 1797, may fairly be ascribed to the increase of taxation.

Now, Sir, you will probably admit that the three causes just detailed do not operate materially upon prices on the continent, and that our prices must naturally and necessarily be higher, or, which is the same thing, the price of bullion, as the measure of their value, lower. Before, therefore, you have any right to ascribe this difference of price to depreciation, arising from excess of currency at home, or to insist upon a practical assimilation of those prices, you must assimilate the condition of the two societies. You must either annihilate our manufactures of exportable products, guarantee us against future scarcities of corn, and take off one half of our taxes;—or you must establish

equivalent manufactories, ensure periodical scarcities, and lay equally heavy taxes upon the continental states;—and when you have thus placed all parties upon equal terms, you will be fairly entitled to ascribe any difference in the value of the circulating medium of each country respectively, to depreciation arising from excess in one of them.

I confess that the most interesting point of view in which this subject can be considered, is its connection with the wages of labour, and I fully agree with you, “that any *artificial*, any *superfluous*, any *arbitrary* and *coercive* depreciation of those wages, is one of the worst and most unjust measures which can be inflicted upon the country.”* This, however, is strong language, and we should be quite sure that such an infliction has been imposed before we raise an outcry, which, should the ground of it be false, is no less mischievous than unjust. You admit more broadly, I think, than the truth will warrant, that the great and rapid increase of our national wealth has, by causes independent of depreciated currency, been attended by a corresponding pressure of distress upon the labouring classes. But you do not appear to have

* First Letter, p. 38.

considered with sufficient attention the effects of the extraordinary demand for labour (created by that increase of national wealth) which, *until the revulsion attending the late peace* placed the *aggregate remuneration* of the labouring classes, both *real* and *nominal* (i. e. whether estimated in goods or currency), upon a higher scale than it ever before reached. I speak of the *aggregate wages* of labour, from the journeyman manufacturer at three or four guineas a week, down to the ploughman at twelve shillings. That the sum was unequally divided among the several classes, and that the *real wages* of each class individually, and of the whole collectively, were liable to much variation, I admit. But, independently of the fluctuating state of demand and supply in a highly commercial and manufacturing country, the still greater variation in the price of bread corn, and in the other necessaries of life, is more than sufficient to account for it, without reference to a depreciated currency. *Since the peace* the circumstances which have thrown into the market a supply of labour greatly exceeding the demand are so obvious and notorious, and so superabundantly sufficient to account for all the depreciation which has occurred, that I am sure you will not yourself contend that the state of

the currency need be pressed as a make-weight into the service.

I would willingly enter here into a discussion with you, upon your opinions respecting the state of our labouring classes, and of the means most conducive to its amelioration. It was your reference to this in your title-page which first attracted my attention to your pamphlets. But the trespass which has been already made upon your time, and that of my readers, suggests the propriety of treating so large and interesting a portion of the subject in a separate publication. In the mean time, Sir, I trust that the preceding arguments do at least throw enough of doubt over the fact of a depreciated currency, which you have assumed with so much confidence, as to entitle me to reason a little with you upon the probable consequences of a resumption of cash payments, before public credit and commercial prosperity are in some good degree re-established upon the continent. For if the good to be attained is, as there is reason to think, problematical and comparatively small, and the evil to be feared great and very probable, the experiment cannot be such as a wise and prudent government is justified in making.

Now, Sir, the first evil that would arise would

evidently be to oblige the Bank, and, as the Bullion Committee contended, all other Bankers, gradually to contract their discounts, and the issue of their notes, within a very limited compass. A competent authority, when the subject was last under discussion, thought that this reduction would amount to nearly one-half, and there seems no ground for concluding that it would now be less. That this would be a ruinous blow to commerce, external and internal, can scarcely be doubted, unless the chasm were to be immediately filled up with specie. But I should be glad to know in what manner even a few millions sterling of bullion to coin into specie is to be procured, at a time when exports to that amount (the only means of purchasing it) could not by any means be added to our foreign sales, since their present amount falls short of the demand against us from abroad. It must be recollected too, that the effect of adding so much bullion to our other imports *must be*, in the first instance, to add to the depression of the exchange, and of course to the temptation of re-exporting it, when coined and issued from the Bank. Should this preliminary step succeed, we cannot doubt that, upon the opening of the Bank, the holders of paper, whe-

ther of the Bank of England, or of private Bankers, would forthwith carry it in, and demand specie in exchange for the purpose of exportation. The Bank, therefore, and the private Bankers, must purchase gold at £4. 3s. the ounce, or probably at a much higher price, that it may be paid away to foreigners at £3. 17s. 6d.; and as these purchases and payments could not have the effect of *permanently* equalizing the exchange, so long as prices continue widely different in the two countries from the causes which I have more than once adverted to, this patriotic and profitable speculation would continue at short intervals either till the Bank, and the other issuers of paper, became bankrupt*, or till the restriction were

* Mr. Huskisson has admitted, "that circumstances might arise by which the Bank might be driven to part with its last guinea, not only without having checked the drain, but with the certainty of *increasing it in proportion as the amount of their notes was diminished.*"

A very complete practical commentary upon this opinion was given in the House of Commons on the 5th of April last, by the leading Members of the Committee of Secrecy on the affairs of the Bank. They are reported to have said, that *nine millions of coin* had been issued by the Bank within two years, the whole of which had disappeared, having probably been exported; and that five millions of the sum could be fairly traced to the melting pots of the FRENCH mints; which

again imposed, and things replaced as nearly on the present footing as, after so ruinous an experiment, they could be. There is to be sure one other alternative, and it is that which would probably occur. Commerce, manufactures, and public credit, would not survive the blow given by the first experiment. The taxes evidently could not be paid; for the compulsory contraction of the circulating medium would forcibly depress the price of every article in a proportionate degree. Let us estimate this depression at only 40 per cent. Two-fifths would then be added to the present burthen of taxation, i. e. a man having now £100 to pay in taxes, instead of carrying to market such a quantity of goods as would *now* sell for £100, must *then* carry an *additional* quantity, of the value of £40, to satisfy the demand. The public would be paying £140, where it had only borrowed £100; and the country, its credit and its commerce, already burthened to the full with the weight of the lesser sum, must of course sink under the accumulation of the greater. I believe that I have taken this estimate much lower

were thus furnished with gold bullion, at a *gratuitous expence* of five or six shillings an ounce, by the Bank of ENGLAND—very kind and neighbourly this! and a great encouragement to the establishment of the system by law.

than the truth; but whether it be more or less, it is impossible to deny that, as the produce of the taxes is increased or diminished by the greater or less rapidity with which commodities circulate, any diminution of the circulating medium must more than equally diminish the *real* produce of the taxes.

Commerce, manufactures, and public credit, then, would probably not survive the blow; so that the alternative, which would save us from the evils detailed in the paragraphs preceding the last would be, that we should be reduced as to commerce, manufactures, and public credit, to a level with the continent. Then, indeed, prices would be levelled also. The demand for bullion here would, to the extent of the diminished employment, be the same; and things would go on as smoothly as possible with all those who, after the struggle was over, would be left in existence to enjoy the *golden age*. Upon the scenes which we should have to go through in the interim, I will not waste your time by enlarging; but the picture they present to my imagination is such, that I confess my appetite to be very small towards a measure so revolutionary. But without it, I beg leave to recur once more to the paragraphs preceding the last, as containing the only other alternative; for

which I cannot conceive that the appetite of any good citizen can be in any degree more keen.

I do not think it necessary to enlarge further upon the effect of the measure upon all subsisting contracts for future payment;—or to insist “That goods will be sold at a less price than they cost and debts found to be heavier than when they were first incurred; that people, finding their income lessened, will contract their expenditure; that trade will be cramped; agriculture checked; the demand for country labour of course be diminished;” and pauperism considerably increased. You have atoned for the omission of these trifling items in your first pamphlet, by admitting them into the account in your second, in nearly as ample a manner as could be wished.

But you have not afforded any satisfaction as to the mode in which *these consequences* are to be palliated or averted: at what period, or under what circumstances, cash payments can be resumed, without incurring them, you do not intimate. Though you seem to entertain some vague and enigmatical ideas of enforcing *restitution* at the expense of “*somebody*,” when there has been no proof established, that a robbery has been committed by *any body*;—of the necessity that may exist, for “*throwing part of*

the cargo overboard to save the whole vessel ;— intimations of a grave and portentous nature, calculated rather to alarm sober and honest politicians in these times of *radical reform*.

I shall hope, however, before we finally quit this discussion, to show that the time is probably not very far distant, when we may all be satisfied, without calling upon any one for the restitution of that which they have never stolen; and by a little patience, courage, and sobriety on the part of the crew, that the vessel may yet sail into port with all her valuable cargo safe and sound, uninjured by the storms she has weathered.

In the mean time I beg leave to present to you the outline of my present argument, briefly summed up in the following propositions; to which I take the liberty of soliciting your particular attention.

I contend, 1. That from the want of public credit and confidence on the continent, all their domestic transactions of exchange being effected in specie, an extraordinary demand for bullion, for the purposes of specie, exists there, which has raised its *price, as a commodity*, above that which it bears in England—a country where the demand for specie is very small; and that this extraordinary demand for bullion from the con-

tinental states must *continue to increase in proportion to the improvement of their circumstances*, until public credit and confidence introduces among them the use of paper credit.

2. That, although from these peculiar circumstances the price of bullion, *as a commodity*, is high upon the continent, as compared with England, the price of *every other commodity* is, from circumstances disconnected with the state of the circulating medium, *comparatively low* on the continent, and therefore, if measured by BULLION AS THE STANDARD, adds still further to its *comparative value* there.

3. That these circumstances, combined with others which have been stated, appear sufficient to account for the difference in the price of commodities (including bullion) between England and the continent, without ascribing the high nominal price in England to the depreciation of her currency.

4. That such a condition of things has a tendency to produce a continual drain of bullion, and a state of exchange unfavourable to England; which can *only* be turned in her favour by a more overbearing preponderance of export trade than in the present state of the world can reasonably be expected; for no practicable drain of bullion from England can *permanently* restore the ex-

change during the continuance of the facts stated in the three first propositions.

5. That until the comparative value of bullion and commodities is brought nearer to an equality between England and the continent, by the gradual restoration of commerce and public credit in the latter; and the gradual removal in the former of the causes alluded to in the third proposition, any attempt to *force* that equality of value, by renewing cash payments in England, would be premature and violent—involving great injustice to individuals, and consequences nothing short of national bankruptcy and ruin.

While these propositions were passing through the press, the arrival at my country house of the London papers of April 6th filled me with astonishment. I find it there reported, that the leading members of the Secret Committee on the affairs of the Bank informed Parliament that within less than two years (since June, 1817) the Bank had issued more than nine millions of specie, which had been exported, and the greatest part of it converted into foreign coin; and yet, in the same breath, these gentlemen express their *confident expectation* of proposing a *plan*, 1. To enable the Bank ere long to resume cash payments; and, 2. To establish a

standard of value in bullion, without injury to the great interests of the state. The Chairman of the Committee, Mr. Peel, is further reported to have said, that this money issued by the Bank *could not have remained at home*, unless paper to the same amount had been withdrawn from circulation. Does the Right Hon. Gentleman believe that one ounce the more would have *remained at home*, or that the temptation to export it would materially have diminished, although *paper equal in amount had been withdrawn*, so long as the relative price of commodities (including bullion) continue so unequal in England and the continent, from causes disconnected with the *present amount* of English currency. If not, surely he must see that his argument and his hopes rest upon a fallacy, unless he is prepared *forcibly* to withdraw a *still further amount of paper*, in order to equalize prices, where nature and necessity declare that there must be a difference.

It would be presumptuous to anticipate the *precise plan* from which such *confident expectations* are entertained. But it may not be entirely useless to foreshow the probable results of any scheme for the attainment of what seems to be so *impossible an end*.

There appear to be but three modes within the range of legislative enactment. 1st, To

oblige the Bank to pay its notes upon demand, in cash or bullion, at the mint price. 2dly, To oblige them so to pay bullion at a *fixed rate* above the mint price. 3dly, To oblige them so to pay bullion at the market price of the day. The objections to the first plan I have endeavoured fully to demonstrate. Whatever weight they may be found to have, it is quite childish to suppose that they can be obviated by the ingenious plan of Mr. Ricardo and the Edinburgh Review; which consists in obliging the Bank to pay bars of standard gold, at the mint price, instead of specie. If the bullion dealers, for the *very trifling profit* arising from melting guineas, which, by chance, have exceeded the standard in fineness by a very small fraction, have actually converted them into bullion; and have followed the same process with respect to French coin made in this country, because, by a still more trifling fraction, it exceeded the standard of the French mints;—can it be supposed that they will want contrivance to collect Bank notes, in order to procure bullion at a price which will afford them the *large profit* of from five to eight or ten shillings the ounce?—But unless this can be denied, the scheme for making the Bank of England *bullion merchants*, under a *certainty of loss*, but with *no possibility of profit*, is not likely

to compensate private injustice by any public benefit. The bars will inevitably follow the track of their predecessors the sovereigns. Nor can any thing keep them at home, but what would equally have retained the sovereigns;—namely, a *forced*, and therefore an *unjust* equalization of prices between England and the continent.

The second plan, of obliging the Bank to pay in bullion at a *fixed rate* above the mint price, appears to amount to nothing more or less in effect than the hazardous experiment of altering the mint price of bullion. It would obviously be *nugatory*, unless the rate were fixed high enough to bring the price to an *equality* in England and the continent; for the temptation to export would still exist to the amount of *the difference*; and the difficulty of ever returning to the old standard would be greatly enhanced. To the extent in which it proved effective, it would be unjust; to the extent in which it was nugatory, of course it would be only foolish. Half measures are generally a compound of folly and injustice.

Of the third plan, obliging the Bank to pay in bullion at the market price of the day, it is almost enough to say, that instead of *fixing* the standard of value, which is the professed object,

it is simply enacting that it shall *be for ever variable*. If fairly carried into effect, it could have no tendency either to restrain or enlarge the issues of Bank paper, as it merely calls upon the Bank to go into the market and purchase for the holder of its notes, that which the holder himself may purchase there with the same notes without any such circuitous process. To call this a resumption of cash payments in the sense intended by the advocates for that measure would be an outrage upon common sense.

I have ventured upon these remarks before the presentation of the Reports of the Committees, because it seems to be of the last importance that no measures of a doubtful tendency should be adopted upon this vital subject of policy;—and also, because a previous discussion of principle appears to be more decorous, and more likely to be useful (certainly it is more to my taste) than a controversy with powerful and enlightened men upon their pledged opinions.

I do not recollect that I have any thing further to offer upon the argument of your first pamphlet. Upon a general review of its contents, I cannot help thinking that by permitting your imagination to wander ABROAD in search of the proofs of a depreciated currency, when your

attention ought to have been confined *at home*, you have magnified a natural and comparatively harmless creation of our political state into a hideous and portentous monster;—like the philosophers who flattered themselves that they had discovered an elephant in the moon, when they had only got a mouse in the tube of their telescope.*

I have been the more earnest with you in my Remonstrance upon the general tenor of your letters, because the moral principles, as far as you have stated them, instead of running counter to the besetting sins of the politicians of the day, selfishness and party spirit, appear to countenance and abet them; and the political opinions, in so far as they may influence the minds of statesmen, can only withdraw their attention from the evils under which we actually labour, to topics which, in whatever manner they may be determined, can have little or no influence in curing those evils, though they may have much upon the interests of contending parties. For one, I am very far from feeling sanguine respecting the future prospects of the country, unless a higher tone of moral feeling shall ani-

* See Butler's Poem, entitled, "*The Elephant in the Moon.*"

mate our public men, and a firmer and more consistent principle of action shall invigorate our national counsels. Under the peculiar circumstances in which we stand, there appears to be only one course of conduct to be pursued; and to be favoured with success it must be persevered in with vigour and consistency. Neither the spirit of the times, nor the state of affairs, will much longer endure half measures. The fear of popular clamour, or the miserable desire of balancing one species of corrupt influence against another, must no longer govern the man who hopes to serve his country usefully. His call, his duty, and his privilege, are beautifully and forcibly set forth in Milton's character of Abdiel:—

“ Among innumerable false, unmoved,
Unshaken, unseduced, untterrified,
His loyalty he kept, his love, his zeal:
Nor number, nor example with him wrought,
To swerve from truth, or change his constant mind,
Though single.”—

For a necessity will be laid upon him of supporting measures which will assuredly call forth clamour and opposition from interested parties.

There is another short passage from one of our best poets so eloquently descriptive of the

spirit in which men placed in responsible stations, especially in critical times, should contemplate the talent entrusted to them, that I hope its insertion will not be considered as oppressing the subject with quotations.

“ Is Heaven tremendous in its frowns? Most sure;
And in its favours formidable too:
Its favours here are *trials*, not *rewards*;
A *call to duty*, not *discharge from care*;
And should alarm us full as much as woes,
Awake us to their *cause* and *consequence*,
And make us tremble weigh'd with our desert.”

YOUNG, NIGHT I.

But to return—If it is impossible under all the circumstances forcibly to equalize the relative prices between England and the continent, the government has clearly two duties to perform. First, to provide, that under the system of high prices, which must for a time subsist in England, no essential department of industry, shall, without necessity, remain unprotected from the inconvenience naturally flowing from that system, which is a ruinous competition with foreign produce in the home market; otherwise the first duty of every government is overlooked—namely, to provide for the employment and contentment of the industrious classes of the governed.

The second duty seems to be by strict economy, by distributing the burthen of taxation as equally as possible over every species of property so as to relieve land and labour from any disproportionate share; and, above all, by increasing, in every possible way, the proportion which the products of internal industry bear to population and consumption; gradually to *reduce* the price of those products *at home*, while the natural progress of wealth, commerce, and population, in *foreign nations*, is gradually *increasing* the price of the products of *their* internal industry. The progress of these two principles will gently lead both parties back to that state of equality in which ancient systems may be securely resumed. But it must never be forgotten that the task which this career imposes upon the English people is one of mutual sacrifice, of circumspection, and of self-denial; while the rest of Europe has little else to do but to avail itself, in the ordinary course, of the liberty and security which England has had so large a share in achieving for it.

To enter into a minute detail of the specific measures which these two duties should impose upon a consistent government, at the present crisis, would far exceed the limits which are left to me upon this occasion. But I may venture

to call attention to one which is a good deal discussed at the present time, and which an account lately presented to the House of Commons has forcibly impressed upon my mind. It appears that though the average price of corn in England, for the last two years, has not exceeded the remunerating price *for an average crop*, yet the quantity imported has exceeded that of the two preceding years, in 1817 by upwards of *five millions* of pounds sterling, in 1818 by near *eleven millions*. So that the domestic grower has been receiving only an *average price* for a quantity of corn very far short of an *average crop*. And the excess of money which has been paid in two years only, viz. SIXTEEN MILLIONS STERLING, has been gratuitously given to encourage the products of internal industry in foreign states, at a time when (as it appears by the preceding paragraph) it is peculiarly our duty to encourage such products at home. Can it be wondered at that we are retrograding in our prospects under such a system? that the agricultural villages are full of unemployed labourers, farm-houses untenanted, and the mansions of country gentlemen deserted? that when the principal consumers are thus reduced to penury, manufactures for the supply of the *home market* (*the main sup-*

port of all manufactures) are dwindling down to nought, and manufacturing labourers weaving conspiracies instead of cloth,

And that the surly spirit, melancholy,
Hath baked their blood and made it heavy, thick?

Is it surprising that in passing through the kingdom, a traveller may apply, in melancholy earnest, to towns and villages, and farms and mansions, the lamentations made by a facetious pedestrian two centuries ago?

"Sunt fornaces sine fumo;
Promptuaria sine promo,
Clara porta, clausa domo;—
Sunt Camini sine foco,
Et culinæ sine coquo!
Clamans, "Domum ô inanem!
Resonabat Echo, "Famem!"
Parietes, "ubi mures
Intus reptant, extus fures."

But I have done; and shall only in conclusion address a few words to your candour and gentlemanly feeling. In adopting the tone which you have thought proper to assume towards the Chancellor of the Exchequer, did it never occur to your mind, that supposing, as you say, he obtained his office through the influence of the opinions from which you

dissent, it is scarcely probable, that all the enlightened men of England would have left their property exposed to the evil influence of those opinions, had they been so utterly absurd and unfounded, that a resident Master of Arts could not only rebut them in a pamphlet of ninety pages, but be entitled to treat them as "deceitful promises," "baffling put-offs and excuses," "a round of frivolities," "mea fraus omnis," and many other sarcastic and contemptuous expressions, which are but ill redeemed by a tardy and somewhat inconsistent admission of the Right Hon. Gentleman's established character for private worth and integrity?* Surely, all this is unworthy of a writer engaged in the search of truth upon a political subject of vital importance to society, and must upon reflection strike you, as neither manly nor decorous, when applied to an amiable and honest man, your superior in station; especially as most of the positions, which you have been pleased to illustrate by this constellation of epithets, have a close connexion with the demand for bullion on the continent, are therefore strictly apposite to the subject in hand, and would require from a fair controversialist an

* First Letter, p. 83.

answer rather than a *sneer*. Did it never occur to you as just possible, that a diligent inquirer, who to a careful education in political œconomy has added many years of practical experience in official station, with the resources to be derived from the information of the whole world open to him, might take a juster view of the wide but intricate bearings of this great practical question, than you have been able to acquire within the four walls of your college room? Granting, that you can find no precedent for his opinions in your books of œconomy; can you find any precedent for the present state of Europe, as compared with England, in your books of history? Is there any account to be found of contiguous states in relative conditions of society so very opposite? Can you suppose, that, if Sir James Stewart and Dr. Adam Smith had lived to this day, they would not have altered many of their opinions, and modified many of their principles? One thing, I am sure, their modesty would *not* have permitted them to undertake. They would never, *by a sort of episode in their general habits of study and inquiry*, have volunteered a controversy with Bishop Secker upon a question of theology; nor, upon the strength of a popular pamphlet, have accused all who refused their assent

to it, and adhered to his Lordship's opinions, as abandoning "every fundamental principle in the science" *of their own profession*, and as affording standing monuments "to lower the pride of those who are wont to exult in the triumph and advancement of human reason." * Neither, would those great œconomists, in their own department of inquiry, have written such passages as those quoted below,† under an idea

* Second Letter, p. 5.

† "Let him wait till the experiment is fairly over, before he pronounces on its success. Until that representative wealth assumes again the solid form, we have no right to say, whatever its temporary effects may have been, that it really is what it professes to be. From the obstinate refusal, indeed, which it shows to reassume this shape, from its abhorrence to obey any of the charms and incantations that have been tried to induce it to re-enter the earthy substance, there is good reason to think, that the subtle sprite is well aware how much its importance would suffer; how greatly its dimensions would shrink, and its volatility be impaired, by such a change; at least, it should seem, that some more powerful *wizard* than the *present Chancellor of the Exchequer* is needed to bring about the *metamorphosis*!!" First Letter, p. 82.

"If the vessel has got among shoals and currents, undoubtedly we must not hope to recover the track by the same rules of navigation which are practised in the wide ocean: yet who can bear to entrust her safety *to the same pilot*, whose obstinacy has entangled us in the difficulties; and who has all along chosen to regulate his course, *not by the sun and the stars and the immutable laws of nature*, but by objects, fleeting and variable, which move as he moves, and by the advice

that they were "analyzing the reasoning" of an opponent.* For they would have thought even *very fine writing* no adequate compensation, in a severe argument, for the absence of close reasoning.

In conclusion, Sir, permit me to observe, that although problematical morals may be popular in a corrupt age, and gross attacks upon official characters may be praised by the leaders of party in parliament, and may carry a pamphlet through two or three editions, while the fate of parties is suspended upon the issue of the question under discussion; yet they do not constitute, upon the whole, a species of composition likely to add to any man's solid reputation; or to afford satisfactory reflections to his conscience, when he comes to inquire of it, not how he has served himself or his friend, but in what manner he has served his country and his Maker.

I have the honour to be, Sir,

Your obedient humble servant,

AN ENGLISH GENTLEMAN.

of those whose interest it is to keep him involved in these perplexities." Second Letter, p. 7.

* Second Letter, p. 5.