DEPRECIATION

CAUSED BY

Conflicting Coins,

&c. &c.

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DEPRECIATION

CAUSED BY

CONFLICTING COINS;

OR,

A LETTER

TO THE

EARL OF LAUDERDALE,

IN REPLY TO THE

Depreciation

OF THE

Paper-Currency of Great Britain

PROVED.

BY A. W. RUTHERFORD.

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1812.

DEPRECIATION,

&c. &c.

In the discussion of the Bullion-Question, two opinions, which are equally erroneous, have been maintained with rival obstinacy by the contending parties. Some of the asserters of the non-depreciation of the Bank-note have advanced the immateriality of the standard of value; those who maintain that it is depreciated contend for the materiality of our standard in the material of gold alone, which they make to be the fixed

and only measure of the rising and falling value of all other things in Britain.

As it is more decorous to abandon than to sustain an erroneous opinion, I confess that early in the contest I was a partisan of the immaterial standard;—you have successfully opposed it, and you have not asserted that gold is our fixed and only measure of value; but, as I propose to shew that our gold coin has not been driven out, nor the prices of all other things advanced, by an excess of our paper currency, but by the practical operation of silver, another measure of value, upon the gold coin, a few observations on this subject become, of course, a part of my argument.

"In this country, (say the Bullion-"Committee,) gold is the measure of all "exchangeable value;" to which Mr. Huskisson has thus added his personal sanction, "gold in England, as silver "at Hamburgh, is the measure of the "rising and falling value of all other "things."

The refutation of this doctrine might be rested on the Resolutions which were proposed, in the House of Commons, on the 6th of May, 1811, by that gentleman himself, who is reputed to have been the framer of the Report, but it is entitled to a more detailed attention.

The measure of value at Hamburgh is, at best, but an incomplete illustration of our measure of value,—the cases, indeed, have no affinity. Silver at Hamburgh is the sole measure, because, being assumed as the measure, it is not restrained or tied down, either in coinage or in currency, as the fixed equivalent of any given quantity of gold, or of any other thing. All things, therefore, are at all times measured there from silver alone.

In England, there is no material which is at all times the fixed and sole measure of value. In the measure of a debt neither gold nor silver is exclusively the standard, because, by the 39th of the king, it is virtually admitted, that a ten-

der can be legally made in gold, at the rate of 5 dwts. and 8 grs. to the guinea; and positively enacted, that it may be made in light silver coin to the extent of £25, and to any further extent at 5*s.* 2*d.* the ounce, at the option of the debtor.

But were gold coin really and distinctly the only legal tender, the debt would be, undoubtedly, always measured in gold, whilst the matter of the contract, which gave rise to the debt, might be valued from silver, which will be abundantly proved in the succeeding passages.

Neither the one nor the other of these metals can be at all times the sole measure of a contract in this country, because our practice, directly the reverse of that of Hamburgh, erecting a double standard, exchanges gold and silver money at fixed equivalents called mint-propositions, which are liable to be so affected by the real proportions in the bullion-market, that at one period gold, at another silver, may become the dearest

of the metals in mint-proportions, and may, in turn, become the measure of a contract.

Although silver is the measure from which the legal value of our gold coin is raised; that metal which is over-rated in mint-proportions, by which is meant the one which exchanges for a greater quantity of the other in coin than it can purchase in bullion, is practically the measure of value. Thus, the ounce of gold exchanging against silver in currency at about 15 $\frac{21}{100}$, or £3 : 17 : 10$\frac{1}{2}$, and the proportions in the market being no more than 14, the ounce of silver bullion will be measured by the over-rated gold coin at 5*s.* 6$\frac{3}{4}$*d.* and in the proportions of 14$\frac{1}{2}$ and 15 in the market, the same over-rated gold coin will determine the prices of the same ounce of silver bullion to be 5*s.* 4$\frac{1}{2}$*d.* and 5*s.* 2$\frac{1}{2}$*d.* which examples are sufficient to explain the principle by which it measures the rising and falling value of all other things.

But if, during the continuance of these mint-proportions, the relative value of gold and silver in the market should become $15\frac{1}{2}$, 16, $16\frac{1}{2}$, or any other larger proportion than $15\frac{21}{100}$, although the price of gold should remain unaltered and silver should fall, or silver remain as before and gold should rise, the distinction being but nominal, the consequence would be in either case the same; silver would become the dearest of the metals in mint-proportions, and gold disappearing, and silver appearing in coin, from the inducement to melt the first and coin the last for the sake of the profit, value would, at last, be measured from silver coin, precisely as it had been measured before in gold, when that metal was over-rated in coin. Thus the ounce of gold bullion at 16 to 1 is practically sixteen times *5s. 2d.* at the coinage-price of silver, or £4 : 2 : 8 at $16\frac{1}{2}$, £4 : 5 : 3; and the rising and falling value of gold, during the continuance of these, or of other proportions above those of the

mint, will be in the same manner measured, through the existing proportions, from *5s. 2d.* the mint-price of the ounce of standard silver, whether that is the actual price or not in the market.—Such are the consequences of our double standard created by our mint-proportions. It may be, indeed, objected that a coinage of silver has not been possible since the prohibition of the year 1798; but that would not prevent a debased currency from supplying its place.—In fact, silver having been in the market, through the whole of 1809, part of 1810, and the whole of 1811, from $15\frac{2}{3}$ to $16\frac{4}{5}$ in proportion to gold, it has practically measured gold at a higher value than the mint-price; and the latter was not the measure of the value of other things, when the Committee commenced their investigation, of which more will be said hereafter.

As Mr. Lock expected that silver bullion would fall to the mint-price after the reformation of the silver coin, it does

not appear that he was aware of those effects of the proportions in the home and foreign markets, upon a mixed coinage of gold and silver, which so soon destroyed that standard silver coin, for which he had strenuously contended, much less did he contemplate the case, which did not exist in practice in 1695, when his opinions were published, of gold and silver coins exchanging with each other at fixed mint-proportions;—his reasonings apply alone to silver *as a sole coinage and a sole measure*, not bound down to exchange for a fixed equivalent in gold coin, or any other thing. The Bullion-Committee, however, enlisting his arguments in favour of silver on the side of gold, and overlooking the nature of our double standard, created by our mint-proportions, assume gold as our fixed and *only* measure; and assert that, in the event of its having increased in value, that metal will appear to rise in price at Hamburgh, where silver is the fixed measure,—and

silver will appear to fall in price in England, where gold is the fixed measure; but this is not correct to the full extent, in regard to England, because, when the proportions in the market become permanently more than the mint-proportion of 15½, the gold coin will gradually disappear, until, at length, gold bullion will rise or fall in price in England as well as at Hamburgh. Their neglect of this distinction, which is within the compass of our double standard, seems to have induced them to throw away the clue which would have led to the source of the disappearance and destruction of our gold coin; and to regard "that permanent rise in the market-price of gold "above its mint-price, which appears, "by Mr. Grefulhe's paper, to have taken "place for several years, both at Hamburgh and Amsterdam,"* as a cause which had not a consequence.

You have elaborately argued, that gold

* Report of the Bullion-Committee.

and silver have not increased in value in relation to other commodities,—which is a point that does not bear on the question of the existing depreciation; but a permanent rise in the market-price of gold (which is its price in silver) above its mint-price, being undeniably conceded, it is a trivial distinction, whether this "alteration "has taken place in the relative value "of the two metals all over the world," in consequence of the relative plenty of silver, or has arisen from a demand for gold on the continent; because, in either case, the effect upon our gold coinage would be the same.

1st. I propose to shew, in opposition to your opinions, that the permanent rise in the market-price of gold above its mint-price, has destroyed or driven from circulation the whole of our gold coin.

2dly. That the bank note is not depreciated in point of credit, as a bank note, and that the whole of our currency is not depreciated from excess.

3dly. That our only remaining metallic

money of silver being depreciated, is the cause of the depreciation of our whole currency.

First. Although the Committee denied the existence of the alleged demand for gold on the continent, they certainly received the proof cumulative of its rise in price there, which men of less refined intellects generally consider to be a symptom of demand; Mr. Goldsmid, told them that he remembered the price of gold bullion, in Holland, to have been, twenty years before, about 3 or 4 per cent. above the Dutch par of 355 florins per mark weight, and, Mr. Grefulhe's paper proved, that, in 1808, it had advanced to 20 per cent. Mr. Grefulhe also stated, that the gold ducat, intrinsically worth only 5 florins and 5 stivers, was selling, in March, 1810, at 5 florins and 12 stivers, to 5 florins and 14 stivers, which is equal to 3 $\frac{48}{100}$ per cent. by assay above our mint-price; other evidences of the same complexion are on the records of the committee.

The rise in the market-price of gold on the continent took place many years earlier than the committee appear to have apprehended, and certainly long before the earliest of the dates in Mr. Grefulhe's paper. The following table of the prices of the ducat, which, however they may be denied, cannot be refuted, will prove that the committee did not inquire so deeply as they might have done into this branch of the subject. The proportions of silver in the prices of the ducat are obtained from Dr. Kelly's assay, which was delivered in evidence before the committee; namely, if 5 florins and 5 stivers for the ducat are 14 $\frac{63}{100}$, what are the proportions of any other given number of florins and stivers: and the per centages above our mint-price are thus taken:—if 15 $\frac{21}{100}$ has an excess of $\frac{53}{100}$ parts of one, what is the excess on 100? the excesses are only taken on the average, but the extreme price has been 8 per cent. above our mint-price.

Year.	Lowest and highest price of the ducat.	Average price of the ducat.	Average proportions in silver.	Proportions in excess of $15\frac{21}{100}$ to 1.	Value of gold in the ducat above our mint price.
					per cent.
1794	110 116	113	$15\frac{74}{100}$	$\frac{53}{100}$	$3\frac{48}{100}$
*1796	$114\frac{4}{8}$ $117\frac{6}{8}$	$116\frac{1}{8}$	$16\frac{13}{100}$	$\frac{97}{100}$	$6\frac{38}{100}$
1797	$111\frac{4}{8}$ 114	$112\frac{6}{8}$	$15\frac{70}{100}$	$\frac{49}{100}$	$3\frac{22}{100}$
1798	110 113	$111\frac{4}{8}$	$15\frac{53}{100}$	$\frac{32}{100}$	$2\frac{10}{100}$
1799	114 115	$114\frac{4}{8}$	$15\frac{95}{100}$	$\frac{74}{100}$	$4\frac{86}{100}$
1800	111 $114\frac{4}{8}$	$112\frac{6}{8}$	$15\frac{70}{100}$	$\frac{49}{100}$	$3\frac{22}{100}$
1801	$113\frac{4}{8}$ $113\frac{6}{8}$	$113\frac{5}{8}$	$15\frac{83}{100}$	$\frac{62}{100}$	$4\frac{7}{100}$
1802	$108\frac{4}{8}$ $111\frac{4}{8}$	110	$15\frac{32}{100}$	$\frac{11}{100}$	$\frac{72}{100}$
1803	$109\frac{6}{8}$ $113\frac{6}{8}$	$111\frac{6}{8}$	$15\frac{57}{100}$	$\frac{36}{100}$	$2\frac{36}{100}$
1804	$110\frac{1}{8}$ $113\frac{5}{8}$	$111\frac{7}{8}$	$15\frac{58}{100}$	$\frac{37}{100}$	$2\frac{43}{100}$
1805	$110\frac{2}{8}$ $117\frac{6}{8}$	114	$15\frac{88}{100}$	$\frac{67}{100}$	$4\frac{40}{100}$
1806	110 114	112	$15\frac{60}{100}$	$\frac{39}{100}$	$2\frac{55}{100}$
1807	$109\frac{1}{8}$ $111\frac{4}{8}$	$110\frac{4}{8}$	$15\frac{40}{100}$	$\frac{19}{100}$	$1\frac{25}{100}$
1808	110 118	114	$15\frac{88}{100}$	$\frac{67}{100}$	$4\frac{40}{100}$
1809	114 $117\frac{4}{8}$	$115\frac{6}{8}$	$16\frac{12}{100}$	$\frac{91}{100}$	$5\frac{98}{100}$
1810	110 115	$112\frac{5}{8}$	$15\frac{67}{100}$	$\frac{46}{100}$	$3\frac{2}{100}$

* The prices of the year 1795, not obtained. The proportion of $15\frac{21}{100}$ to 1 is equal to $15\frac{2864}{13640}$, and is, consequently, the nearest quantity which awnsers in decimal numbers to the proportion of $15\frac{2859}{13640}$ to 1.

The seignorage, or expense of coining guineas into ducats, is $\frac{96}{100}$ parts of 1 per cent. Any person, therefore, making this deduction from the per centages in the last column on the right hand of the table, will perceive that in every year, except 1802, the average value of gold in the ducat, after the payment of the seignorage, was higher than the mint-price of the guinea; that, even in 1802, it was worth, at its highest price of $111\frac{4}{9}$, after deducting the charge of coining the ducat, $1\frac{14}{100}$ per cent. more than the legal value of the guinea; that in most of the years, a considerable, and, in some years, a very large profit could be secured by this traffic, for the advantage is not to be measured alone by the apparently trivial amount of the per centage, but also by the very small space of time in which the whole affair may begin and be completed.

It is proved, by comparisons of the lowest prices of silver bullion with the lowest prices of gold bullion, and of the

highest with the highest prices at Amsterdam, as they are exhibited in the paper, No. 56 of the Appendix to the Report of the Bullion Committee, that, from 1804 to 1810 inclusive, the proportions between the two metals were never so low as our mint-proportion, and that the value of gold bullion was, in 1804, $\frac{58}{100}$ to $\frac{32}{100}$ of 1; 1807, $4\frac{69}{100}$ to $5\frac{6}{100}$, 1805, $2\frac{19}{100}$ to $5\frac{312}{100}$; 1808, $3\frac{19}{100}$ to $5\frac{32}{100}$, 1806, $1\frac{44}{100}$ to $2\frac{36}{100}$, 1809, $2\frac{76}{100}$ to $6\frac{4}{100}$, and, in 1810, $1\frac{11}{100}$ to $1\frac{31}{100}$ per cent. higher than the legal value of the guinea. These excesses of our mint-price were in evidence before the Committee, and constituted a cause to which, as I have already observed, they did not attribute a consequence; but they were premiums, nevertheless, which afforded large profits, in the melting of guineas, in the fraudulent export of the bullion obtained from them, and in the smuggling of guineas into Holland to be sold as bullion.

Some persons have spoken of the trouble and the expense of collecting guineas,

but when there is either expense or trouble in obtaining them, it is clear that the disease has been of long continuance, and is of the most malignant description; it is also clear, that the coin, driven from circulation, is either, in a great degree, already destroyed, or is become a contraband article of merchandise.

The expenses of freight and insurance, and the risk of evading the law, have been mentioned; truly formidable, indeed, to a smuggler! whose whole life is one continued evasion of the law, and who, putting his guineas into his chest, or his pocket, pays neither freight nor insurance; and, regardless of the rates of exchange, converts them into ducats, which are paid away for the objects of his contraband traffic.

You have supposed the case of sending bullion to Hamburgh, at an expense of $3\frac{1}{2}$ per cent. and the exchange being unfavourable to the extent of 3 per cent. that it could not be done without a loss of a half per cent, which is a description

of a legal adventure only, in which the value of the bullion is alike on both sides, and has no affinity to a smuggling transaction, the object of which is to obtain the difference between the limited mint-price of the guinea and the free price of the ducat.

You have employed some facts to be met with in the Earl of Liverpool's letter to the King, as an argument to prove that our gold coin has been driven from circulation, by an excess of our paper currency, which appear to me so completely to decide that it has been extinguished by an increase of the value of gold bullion as rated in silver above the legal value of gold in coin, that I shall convert your assault into my defence.—The following words are your own, and are to be found at page 172 of your pamphlet.—"The premium which "*in any country* will command the im-"portation of *foreign* coin, or banish it "from circulation, is powerfully illus-"trated by the following extract from Sir

"Isaac Newton's representation relating "to the coin of England, in 1717."

"Some years ago, (Sir Isaac Newton "observed,) the Portugal moidores were "received in the West of England, at "28*s.* a piece; upon notice from the "Mint that they were only worth 27*s.* 7*d.* "the Lords Commissioners of the Trea-"sury ordered their receivers of taxes, to "take them at no more than 27*s.* 6*d.* "afterwards, many gentlemen in the "west sent up to the Lords of the Trea-"sury a petition, that the receivers "might take them again at 28*s.* and "promised to get returns for this money "at this rate, alleging, that when they "went at 28*s.* their country was full of "gold, which they wanted very much: "but the Commissioners of the Treasury "considering that at 28*s.* the nation "would lose 5*d.* a piece, rejected the "petition."

And you proceed, "Thus an advan-"tage of 5*d.* on 28*s.* was sufficient to fill "the West of England with foreign gold,

"whilst the loss of 1*d.* on 28*s.* in conse-"quence of the proclamation of the mint, "seems to have banished it all from "circulation."

In the same report we are informed, "that in the last year of King William's "reign, the louis-d'or of France, worth "only 17*s.* 0¾*d.* a piece, passed in quanti-"ties in England, being received for "17*s.* 6*d.* and that a proclamation forbid-"ding them to be taken at more than "17*s.* sent, within a short space of time, "upwards of fourteen hundred thousand "pounds worth to be melted at the "Mint."

"Thus, at that time, an advantage of "5¼*d.* per louis-d'or sufficed to bring "into England a great quantity of French "money; and the benefit of three far-"things per louis-d'or, to be derived from "melting it, sent it all to the Mint."

Any attempt of mine to enlarge on this quotation would add nothing to the force of the only conclusion which can be drawn from the application of it to the pre-

ceding tables. It is merely necessary to observe, that the premium, which filled the West of England with foreign gold, was one and a half per cent: that the profit which brought the louis-d'or of France in quantities into England was £2 : 11*s.* per cent: that the loss which banished the Portugal coin from circulation was 6*s.* 0½*d.* per cent. and that the very trivial profit which converted one million four hundred pounds worth of louis-d'ors into English coin was no moret han 7*s.* 4½*d.* per cent.: let the reader, bearing these facts along with him, next turn his attention to the tables, pages 13 and 15, and let him compare them with the premiums there stated, for the melting of guineas into bullion and into ducats; let him suppose no bank-restriction-act, no bank-note, no country bank-note, to have existed, and he cannot but determine, that a sole cause, the superior value of gold in bullion and in the ducat over the mint-price of the guinea, acting for seventeen successive years before the Bullion-Committee sat, had

the power to draw within that time, the whole of our gold coin into Holland, or to banish it from circulation in England. But if any one should doubt whether our gold coin could have been destroyed in so short a period as seventeen years, by an increase of the value of gold in relation to silver, the following passage, which is to be found at page 119 of the Earl of Liverpool's letter to the King, is submitted to him. "A general coinage took "place by advice of parliament, in the "reign of King William III. After this "recoinage the gold coins passed in pay-"ment at a higher value than that at "which they were still rated in the Mint "indenture, or than the relative value of "gold to silver at that time would justify; "not however by authority of govern-"ment, but by the general consent of the "people. The consequence was, that the "new silver coins began immediately to "be melted down and exported, notwith-"standing the very great charge which "the public had incurred in re-coining

"them. A very considerable part, *in the* "*course of not more than seventeen years*, "had disappeared, and there was found "to be a want of them in circulation. "The same deficiency in the number as "well as weight of the silver coins, has "remained to the present day, to the great "inconvenience of your majesty's people. "From the beginning of the reign of "James I. to the period of which I am "now speaking, gold and silver coins "were alternately exported, for the rea-"sons just stated, to the great detriment "of the public, as often as individuals "could profit thereby."

The crisis arrived in 1798, which called for some measure, the complexion of which would insure the preservation, or determine the ruin, of our whole coinage; a permanent alteration in the relative value of the two metals had taken place in Holland five years before, which, advancing the value of gold above our mint-price, has unfortunately continued to the present time.—

In England, a similar change had taken place; the price of silver bullion was, with the exception of the year 1796, generally below the mint-price; in 1798, certain individuals began a coinage of standard silver at the Mint, and the government ascribing the low price of silver bullion to temporary circumstances, either knew not, or dared not, to enforce the only measure which could have then preserved the gold coin, but by prohibiting the coinage of silver,* and preserving

* 38 Geo. III. chap. 59. sect. 2 & 3. And whereas his majesty has appointed a committee of his privy council to take into consideration the state of the coins of this kingdom, and the present establishment and constitution of his majesty's mint, and inconvenience may arise from any coinage of silver, until such regulations may be framed as shall appear necessary: and whereas, from the present low price of silver bullion, owing to temporary circumstances, a small quantity of silver bullion has been brought to the Mint to be coined, and there is reason to suppose that a still further quantity may be brought, and it is therefore necessary to suspend the coining of silver for the present. Be it therefore enacted, that, from and after the passing of this act, no silver bullion shall be coined

the old mint-proportion; they wrecked, by this double blow, the whole of our gold coinage, and deprived the country of even the possibility of having one of standard weight in silver.

Whenever it is advantageous to an individual to convert silver bullion into coin, it is undoubtedly profitable to melt the gold coin, but the non-coinage of silver, not altering the relation between the mint and market proportions in England, nor at all influencing the market-proportions in Holland, would not check the

at the Mint, nor shall any silver coin that may have been coined there be delivered; any law to the contrary in anywise notwithstanding.

And be it further enacted, that all persons who have delivered silver at the Mint for the purpose of the same being coined, previous to the ninth day of May, one thousand eight hundred and ninety-eight, shall be entitled to receive from the officers of his majesty's Mint, such a sum for each pound weight thereof, as shall be equal to the full value of the coin into which the bullion would have been converted, if the same had been coined according to the regulations of the Mint.

destruction or the export of our gold coin.

The conversion of silver bullion bought under the mint-price into coin, might, in the extreme case, have introduced under proper regulations a standard money in that metal which, being the dearest, would have become, as gold, the cheapest of the metals in mint-proportions disappeared, the measure of the value of the ounce of gold bullion, and of all other things without any alteration of the mint-proportions, and the loss of a standard currency in gold, might have been replaced by a similar currency in silver.

It is more than probable, that an opinion, that the circulation of standard silver coin in quantities would have obliged the government to have called in the debased silver currency, dictated the prohibition of the coinage of silver; but, although the measure may have averted the calling in of the debased silver money, it could not protect our gold coin for an instant, against the effects of that perma-

nent rise in the price of gold, which had some years before taken place on the continent.

Under our system that certain fixed portions of the two metals are the equivalents of each other; the only measure which could have then preserved our gold coin, was, to have raised its denomination in silver, not only to an equality with its value on the continent, but to such a farther extent, according to former usage, as would have rendered our mint proportion the highest price, and the English Mint the best market for it; but as the Earl of Liverpool, to whose advice the prohibition of the coinage of silver is attributed, asserted in his letter to the King; that, "the integer, or pound sterling, *which was* in the 43d of Elizabeth $\frac{62}{66}$ "parts of a pound troy, of standard silver, "*is now* become $\frac{62}{66}$ parts of a guinea," it is to be presumed that he who did not acknowledge an integer in silver, in 1805, had but too fatally maintained in 1798 in the true spirit of that proposition, that our

gold, is valued in gold alone, or that he was ignorant of the increased value of gold on the continent.—Thus, by one error of omission, and another of commission, a foundation was laid for the destruction of our gold coin, probably by the same hand which had reformed it only twenty-four years before: unfortunately for the nation it does not seem to have been remembered, at that critical moment, that although gold in coin may value gold bullion, that its own value is always rated in silver coin of standard weight, nor that we cannot stand aloof and measure our gold, in gold alone, so long as its price is measured on the continent in silver.

The restriction-act which was passed in the preceding year, 1797, is only to be justified in its enactment or its continuance on the ground of necessity, but, it is a most difficult task to trace the loss of our gold coin, to that measure, because if it had been raised in denomi-

nation in 1798 and had continued as formerly to be rated above the mint and market prices of the continent, it would have remained in coin on the surest principle; being then dearer, relatively to silver in coin, than in bullion, it would not have been the interest of any person to melt it for the sake of the profit, and, if it had been exported, it would have returned to us, as the best market for it in the shape of coin; there are, therefore, strong grounds for belief, that if the denomination of the gold coin had been raised in 1798, that the restriction-act might have been long ago repealed with safety; and, as a farther proof that the neglecting to raise the denomination of our gold coin has been the true cause of its disappearance, were the restriction-act a dead letter in the statute book, and a new gold coinage now issued, it could not be sustained or kept in circulation at the antient mint-proportions of about $15\frac{21}{100}$ to one.

Secondly.—That the bank-note is not

depreciated, in point of credit, as a bank-note, and that the whole of our currency is not depreciated from excess.

When you stated, at page 172 of your pamphlet, that "gold, in the shape "of coin, sinks in value with the note at "home," although the passage is not conclusive to your point of establishing a difference between the value of gold in coin and gold in the market, it admits that the note, in point of credit, is at par with the coin; thus the attempt to prove the depreciation of the bank-note by excess, in this way, necessarily implying no more than that we have too much of it; the security, upon which each note rests, which contributes to make up the aggregate of the circulation, remains whole and untouched.

The issues of the notes of the Bank-of-England may be divided into three classes. First, to government on the security of the taxes, which would return the notes of the company in three or four months. Second, for coin and

bullion, an issue of which would return them immediately. Third, for discounts of mercantile bills, the payment of which would bring back the notes of this class in two months. To use the words of Mr. Huskisson, in regard to a body standing on such ground, "no one sus-"pects the Bank of being insolvent, or "of having made any advances without "very good and ample security." The Bullion-Committee have also so carefully guarded the public against the suspicion of the depreciation of the note in point of credit, that nothing but the unqualified title of your pamphlet, "The "Depreciation of the Paper-Currency of "Great Britain *proved*," could have induced me to introduce a syllable in regard to this species of depreciation. The bank-note stands sufficiently high to entitle it to exchange with any coin, provided their is no vice or defect in the principle on which the coin itself is issued that will drive it out of circulation; the guinea passing at $15\frac{21}{100}$ of silver, and

the bank-token associated in currency with base silver are defective in the principle of their issue.

Speaking to the question of depreciation from excess, the Bullion-Committee, say "that the numerical return of "the amount of bank-notes, out in cir-"culation, cannot be considered as at "all deciding the question, whether "such paper is or is not excessive, it "is necessary to have recourse to other "tests," and they shortly afterwards inform us, that these tests are "only "to be found in the state of the ex-"changes and the price of gold bullion;" their opinion on the point of numerical amount is correct, but the application of these tests only, as a sure criterion and a proof of the excess of the paper-currency, is not equally just, because at that time there was another test in the actual condition of the coin: gold-coin was not then, in any sense, the measure of the value of gold bullion; it had not only disappeared from cir-

culation, or very nearly so, but the proportions in the market being more than the mint-proportion of $15\frac{21}{100}$ to 1, the office of the measure belonged to silver; — the Spanish dollar was then, *de facto*, the basis of our currency, and four of them worth seventeen shillings and threepence sterling, rated as one pound in the purchase of gold bullion, would have accounted for its high price, and the state of the exchanges, from the depreciation of the metallic currency. I shall return to these points in the sequel.

In my account of the loss of our gold coin, I have advanced a fact; the permanent rise of the value of gold, as rated in silver. I have given a table of prices, the truth or the falsehood of which may be as correctly ascertained as the hour of the day at the Horse-Guards. I have reasoned from this practical fact to practical consequences, which have received the sanction of the largest mind that ever animated a mor-

tal frame,* but now I am to descend; as I proceed in the question of the depreciation of our paper-currency from excess, I find your lordship arguing in the field of assumption, from a conjectural estimate; indeed, such a subject cannot be supported or opposed, except on this ground of your own choice.

The Bullion-Committee assuming no quantity, and guarding, in the forms of language, against numerical amount being a proof of excess, found a consequence, and neglecting the fact of that permanent rise in the price of gold, which they had admitted, reasoned upwards in search of some other cause, and after reviewing the state of the country bank-paper, coupled with their tests of the price of gold bullion and the state of the exchanges, pronounced that these indications did "afford the "strongest confirmatory evidence," that

* Sir Isaac Newton, — see the extract from his Memoir in the preceding part of this pamphlet.

"from the want of some adequate check "the issues of such paper had not "been restrained within proper limits."

You have advanced more boldly; you assert a depreciation, and assume a quantity in a note to the body of your pamphlet, which, like a postscript to a letter, or a *nota bene*, generally attracts our special observation, and we have now some hold of the question, a certain conjectural something, with which some other conjectural thing can be compared.

You have stated the average amount of Bank-of-England notes, for 6 months, ending July, 1811, at	23,421,866
The country bank-notes, computed from the number of stamps issued in 3 years, on the assumption that all of them last 3 years, on the 1st of January, 1811, . .	32,961,169
	56,383,035

It is to be observed, that your estimate, of the average amount of bank-notes in circulation, is not taken within the

same period of time which applies to your calculation of country-notes; the amount of the circulation of bank-notes, for the succeeding or preceeding half year to that which you have chosen, may have been lower, as it certainly has been since; on the 17th of March last, the governor of the Bank declared, in the House of Commons, that it did not exceed £22,500,000 on that day, but this is so immaterial that I accept your account of this part of the circulation.

Your estimate of country bank-paper, assumed on a calculation raised from the total of the stamps issued in three years, without a grain of allowance, seemed to me so excessive that I submitted a few questions to a gentleman who is a far better judge of the subject than I am, and, perhaps, as well qualified to speak to it as your lordship: — here follow the questions and answers.

1st. — What quantity of blank stamps does a country banker keep?	No. 1.—Very few blank note-stamps are kept by country bankers; they sup-

him, in proportion to the average amount of his circulation?

ply themselves only as new notes are wanted, but a large proportion of notes which have been used and paid, either at the bank from whence they have issued, or by the banker in London, remain out of circulation, this proportion varies very much; where there is a uniform trade and demand for notes, it will be far less than in those situations where, from great fairs, periodical exports and imports, or other fluctuating causes, a great amount of circulating notes is temporarily wanted, and soon after the supply has been granted returns to the issuers. This question is also affected by extended agencies, which in some cases are employed; the average quantity superseded from use may, it is conjectured, amount to one-third.

2nd. — Whether the practice now so prevalent of endorsing, or of making minutes upon country bank-notes of the names of persons through whose hands they pass, contributes, and to what extent, to the wearing out of those notes?

3rd. — Whether all country bank-paper, excluding that of insolvents, can be issued and re-issued 3 years without being worn out?

4th.—If country bank-notes do not last 3 years without being worn out by use in circulation, what period of time is, in your opinion, a fair average?

5th.—The firms of the country banking-houses that have failed between the 1st of January, 1809, and the end of January, 1811, with the probable amount of their several circulations, is requested.

No. 2. — The great destruction of country bank-notes arises from their being cut, to be forwarded by post and other conveyances.

No. 3 & 4.—It is presumed, they do not continue in use more than 2 years on the average.

No. 5. — Unknown:—the diminution of country-notes would not result, because the chasm would, in a great measure, be supplied by other solvent banks; but the circulations of insolvent banks, being superseded from use, are deductions

6th. — Assuming that the Bank has not increased its discounts, since the failure of the country-banks took place, whether the increase of Bank-of-England notes, within the same period, is a fair criterion, whence the decrease of the circulation of country bank-paper may be, in any degree, estimated?

The supercessions, which are mentioned in the reply to the first question, together with the bank-notes, which are at rest in the coffers of the bankers, may be denominated the passive medium, which being placed against the dormant part of the circulation, before the passing of the restriction-act, from no part from the aggregate amount of a computation of the whole circulation, which is raised from the total of the issue of the stamps.

No. 6. — It does not strike me, that such inference can be drawn from this circumstance, to this extent; there is great reason, however, to think that a diminution, not inconsiderable, has taken place.

of the deduction from your lordship's estimate.

The second reply, accounting for the great destruction of country bank-notes from the cutting of them, leads to the conjecture, offered in reply to the third and fourth questions, that they do not last, on the average, more than two years. The answer to the fifth question, admits a positive and important deduction from the whole circulation, by the supercession of the notes, of the many banking firms, which failed between the 1st of January, 1809, and the 1st of January, 1811; and the last answer presumes a diminution, not inconsiderable, of country bank-paper, superseded by the increased circulation of Bank-of-England notes.

Of these several articles, in abatement of your estimate, I shall assume that a lone, which limits the duration of the country-paper to two years, by which the active and passive circulation will

be reduced, by excluding the stamps issued for the four quarters, ending on the 5th of January, 1809,* to about 22,300,000

Your account of Bank-of-England notes, ...	23,421,866
About	45,700,000

To which I oppose the following estimate. The Earl of Liverpool computed the gold coin, in the king's European dominions, to have been, in 1805, about thirty millions; no coinages of impor-

* The number of promissory-note-stamps re-issuable, which were taken out in the four quarters, ending on the 5th of January, 1809, obtained by dividing the totals of the duties set forth in No. 53 of the Appendix to the Bullion-Report by the stamp-rates,

£	s.	d.	d.			£	s.	d.
5Oct.1808,	16,808	10	0, at 3	3,083,366	stamps circulating, at £1 1,	3,237,534	6	0
5Jan.1809,	28,978	1	11, at 4					
5Oct.1808,	1,605	15	6, at 6	107,131	from £1 1 to £2 2, averaged to circulate at £1 11 6,	168,731	6	6
5Jan.1809,	1,429	19	2, at 8					
5Oct.1808,	20,380	1	0, at 9	935,802	from £2 2 to £5 5, at £3 13 6	3,479,072	7	0
5Jan.1809,	14,712	10	0, at 1s					
5Oct.1808,	7,881	11	6, at 1s	280,532	from £5 5 to £20, at £12 12 6	3,541,716	10	0
5Jan.1809,	2,217	11	6, at 1s					
	134	14	0,	898	from £20 to £30, at £25	22,410	0	0
	53	11	0,	238	from £30 to £50, at £40	9,520	0	0
	699	15	0,	1,866	from £50 to £100, at £75	139,950	0	0
						£10,598,934	9	6

tance took place after 1798, a waste of gold coin had been, therefore, going on for seven years; but, as eleven millions were coined in the three or four years which preceded the restriction-act, it is scarcely too much to assume, that we had thirty-three millions of gold-coin in 1797, notwithstanding the Earl of Liverpool's estimate for 1805 may have been, as it probably was, overrated. Mr. Frank estimated, before the Committee, on the Irish exchanges, that the circulation of Ireland in gold, in 1797, was about five millions, which, being deducted, would leave to Great Britain, at that time, not a guinea,*

* Gold coin estimated, by the Earl of Liverpool, to have remained in currency at the re-coinage, ... 5,000,000

Gold coined from 1773 to 1796, both years inclusive, ...	48,455,270
	53,455,270

Assumed, in the text, to have been in circulation,

of which is now in circulation as coin, about		28,000,000
Average of bank-notes, before the restriction act, on the estimate of the Bullion-Committee, from ten to eleven millions . .		10,500,000
The circulations of 230 country bankers, in 1797, *pro ratâ*, with the circulation of twenty-two millions, by 820 country bankers, at the 1st of January, 1811,		6,200,000
		44,700,000
in Great Britain, at the begining of 1797, . . .	28,000,000	
In Ireland, by the estimate Mr Frank, ...	5,000,000	33,000,000
Allowed for light guineas re-coined and the waste of the gold coin, in the 24 years, which immediately preceded the restriction of payment in coin . . .		20,455,270
		53,455,270

No conclusions are less to be relied on than those which are drawn from putative statements, a counter-estimate on my part has brought the total of the currencies of 1797 and the present time nearly to an equality; and if my account rests on conjectural quantities, your own does not stand upon a better footing.—An assumption on your part, that all country bank-notes remain three years in currency is not more proveable than that their duration is only two years; but whatever may be the amount of them, it is proved by the supercessions of the country-circulation from failures, and from the cutting of notes for the security of conveyance, that your estimate is very materially in excess.

There is a check on the issues of country bank-paper, in the obligation of the emitters of it, to pay their own notes on demand in Bank-of-England paper, another check resides in the varying amount of the exchanges of each district, which, as the occasion requires, may call out

the full extent of the circulation, or return a material portion of it upon the banker, as explained to be the practice in answer to the first question, which illustrates the opinion of the Committee, that numerical amount alone is not a criterion of excess; on the whole, whatever may be the amount of the country bank circulation, no very strong case is made out from whence it can be proved that there is a permanent excess in that quarter.

Whether the difference between 10,500,000 of bank-notes in circulation before 1797, and your statement of nearly 23 millions and a half in July, 1811, has more than replaced the gold coin, which formerly exchanged within the sphere of the bank-note circulation, can be but conjectural; yet it is probable that the excess of thirteen millions of notes has only taken the place of about the same quantity of coin. Five, two, and one pound bank-notes are now the substitutes of the coin which has disappeared since

1797; and, as it appears by the paper, No. 38, of the Appendix to the Report of the Bullion-Committee, that there were about 8,300,000 of them in circulation on the 16th of February, 1810, it may be presumed that your statement, in July, 1811, comprises as large a quantity of that class. The quantity of coin and bullion in the bank, which is now known to have been very low in 1797, is understood to have been since considerably increased, but to what extent is only known to those who ought to be acquainted with the fact: if after these deductions any excess beyond the period of 1797 could be proved, it is probably not greater than our increase in numbers, products, and transactions, would require to carry on our exchanges and the distribution of things among the people.

The existence of a permanent excess of our circulation is not so easily made out, as are the consequences, if an excess did really exist.—Permit me to sup-

pose that we have a currency in gold only, that sixty millions of guineas are in Great Britain, and that 30 millions are sufficient to conduct the exchanges of the whole population, the surplus of 30 millions would be sent out of the country, or go to the manufacturer. Suppose again, a currency of 60 millions of paper in the place of the gold, and the commerce being the same, that a moiety of it is also equal to the making of the same exchanges, what is to become of the remainder?—Would a man hold the paper-money any more than he would keep the money in coin, for which he has no use? Certainly not; it would be returned upon the emitters of it, for the same reason that the guineas would be converted to other purposes, because, although it is not so chargeable to a banker to emit a note as to lend a guinea, it would be equally expensive to those who hold the one or the other to keep them unemployed.

Our paper-circulation has been assimi-

lated with the forced paper currencies of America, Austria, France, and God knows where, in speeches fraught with Athenian eloquence, in dissertations abounding with classic composition, particularly by your lordship; but a laconic answer is ready;—the leading features of the two systems opposed to each other place the question at a point from which the highest reach of human talent cannot remove it.

1st.—The paper currency of a government is always multiplied to the extent of its necessities, and its necessities may have no limits.

1st.—However anxious our bankers may be to extend their circulations, and the needy adventurer to accept of their paper, there is a limit in the necessity, which the receiver of the paper is under to deposit with the banker a pledge which is valid in the estimation of the latter, and which turns out to be valid in the great majority of the cases.

2d.—The holder of the paper-money of a government cannot return it at his pleasure upon the emitter of it.	2d.—The holder of our paper-money can return it at his pleasure upon the emitters of it; he can compel the Bank-of-England and the country-bankers to absorb it, at any point of time, when the holding it becomes either inconvenient or chargeable to him.
3d.—The paper-money of a government, which once sent into currency, cannot be returned upon the emitter at the pleasure of the holders, can be so multiplied that a pound in the issue may become a doight in the mass of the circulation.	3d.—Our paper-money, which once sent into currency, can be driven back on the emitters at the pleasure of the holders, will only fill the void of the gold, which would have been employed, if gold had been in currency.

The obtaining of loans, or portions of the currency, by discount and otherwise, on simulated securities, and the using of them as capital, would be a powerful argument in favour of the opinion of excess, if it was a peculiar feature of the present system; but it is not peculiar to

our present condition,—it existed long before, as it does now, to the full extent, that the arts of the borrowers could impose on the precautions of the lenders.

Your lordship asserts an almost incredible increase; I contend that there has not been any important addition to the circulation: you conceive that paper-money has driven out the coin; I that coin, being driven out by the increased value of gold in relation to silver, has been replaced by paper-money: and if the latter fact has been made out, my premises are more tenable than your own, which rest on the assumption that a conjecture is a fact; however conclusive, therefore, your arguments drawn from the most approved maxims of political economy may be, the entering into a more general examination of them, or the travelling through them in detail, is neither necessary nor important.

Third.—That our only remaining metallic money of silver being depreciated, is the cause of the depreciation of our whole currency.

Two causes that have contributed largely to the destruction or disappearance of our gold coins, which are distinct from that of the increased value of gold, as rated in silver, and unconnected with the influence which has been attributed to an excess of our paper-money remain to be noticed.

1st.—The action of a debased silver currency exchanging at a value of convention with gold coin of intrinsic value.

The Earl of Liverpool maintains, at pages 167 and 168 of his Letter to the King, that, for almost a century, no injury had been sustained from this cause; for, although he admits that the profit of the counterfeiter would have been very great, he says,—yet it is certain that he has never thought fit to engage in this traffic: this account is neither

credible on the face of it, nor correct as to the fact. The manufacture of light silver in Ireland, Birmingham, and Holland, for the purpose of exchanging it for heavy gold coin, whilst it was obtainable, is well known to have existed, the greater part of the half crown pieces, which were for many years past in circulation, came from Holland.

But there is no occasion to travel out of his Lordship's letter to establish that such a silver currency does contribute to the destruction of gold coin. It is presumed that the intrinsic value of the debased silver money, lately exchanging nominally against heavy gold coin, is not intrinsically more than 9 to 1. Now, in the 36th year of Henry the Eighth, his Lordship states, that fine gold, compared with fine silver, was estimated in coinage at nearly 7 to 1; and that "the necessary consequence resul-
"ting from this disproportioned and very
"unequal value set on the gold and silver
"coins, was, that enormous profits were

"made by exchanging silver coins for gold-
"coins at their respective nominal values:"
the gold coins, at that time less numerous than they were among us in the last century, were then driven from circulation by this cause alone; and if the effect in our time has not been so decisive, it is to be recollected that, however certain the practice has been, its action against an infinitely larger quantity of gold money, recruited by fresh coinages to a vast amount, would be of necessity not so perceivable.

2d.—It will be shewn, as I proceed, that for some years past the exchanges have been really so much below the par as to encourage the transport of gold to Holland. When such is the condition of the exchange, it appears to men of common understandings, that we are in debt to the country with which the exchange is unfavourable; and if bills on some other country, with which the exchange may happen to be favourable, (which has not been, of late, the case,) cannot be

remitted, that gold bullion will go first as a legal export, and gold coin next as a contraband article.—This is, I know, in the opinion of some persons, an antiquated doctrine; but, I think, Mr. Lock said,—if you are in debt, your coin must go: the Earl of Liverpool has proved the same thing, at considerable length; and the continental merchant, who was examined before the Committee, asserted, in one energetic phrase, that, in such a state of relation with the continent, there are only two alternatives,—bullion or bankruptcy: with these authorities, joined to the plain and obvious inference, which arises from the fact of being in debt, I rest content, and assured, that the debtor must send his gold at as little cost as possible to satisfy his engagements; but, during the period before us, the gold coin affording the largest profit would go before the bullion.

Supported by these accumulated proofs, I maintain that gold coin has

not been driven from circulation by the action of the paper-money which has replaced it; that paper-money, possessing no value in currency, but that which is imparted to it by the coin, has never been the measure of value in this country; that when paper exchanges at par with the best of the coin which is current, if there is a depreciation, it is to be sought in the state of the coin and not in the condition of the paper.

From the first introduction of gold into our coinage, in the 41st year of Henry the Third, a continued conflict has been maintained between our coins in gold and silver: the first debasement of our silver coin took place forty-three years afterwards, in the 28th of Edward the Third; and it is not improbable, but that this conflict had then some influence upon that measure; but, be this as it may, it is certain that alterations in the relative value of the two metals, or in the relative value of the coins themselves, have driven them alternately from circu-

lation; and that, during the absence of the one, the other, in whatever condition it might happen to be, has been for the time the measure of the rising and falling value of all other things.—This is the point at which we are.

Gold, after having maintained its ascendancy, in the quality of an over-rated coin for a century, has been driven, as it had been on former occasions, from circulation, by an alteration in the relative value of the precious metals. Silver, now the only metal remaining in circulation, became the measure, and, as I have before asserted, was the measure when the Bullion-Committee sat. The Spanish dollar, bearing the title of the bank-token, was then the leading coin, from which the nominal prices of gold bullion can be clearly made out to have been rated; and the exchanges, estimated from the same coin, can be proved not to have fallen at any time lower than they were in the reign of Queen Anne, when the currency of the country was

good. It has been shewn, by Mr. Vansittart, that the exchange fell, in 1703, only seven years after the great re-coinage, to 12 per cent. and, in 1711, to 13 $\frac{1}{3}$ per cent. below the par.

When the Committee was sitting, in February, 1810, gold bullion was at £4 : 10 the ounce;—the dollar worth 4*s.* 3$\frac{3}{4}$*d.* sterling was passing nominally at 5*s.* (but still bearing a superior intrinsic value to that of our debased shillings and sixpences), and the price of gold bullion measured from the nominal price of the dollar turns out to have been exactly three pounds seventeen shillings and seven pence half-penny sterling;—viz.—

THE DOLLAR.

Sterling value.	Nominal.
0 : 4 : 3$\frac{3}{4}$	5
	18 dollars.
£3 : 17 : 7$\frac{1}{2}$	£4 : 10

On the 6th of November, 1810, gold in bars fell to the nominal price of £4 : 4 : 6, which, by the same rate, was £3 : 12 : 10$\frac{3}{4}$ the ounce; soon afterwards the rate of the dollar being advanced to 5*s.* 6*d.* in currency, the nominal price of gold bullion also advanced; on the 2d of April, 1811, it stood at £4 : 14 in the dollar at 5*s.* 6*d.* which was £3 : 13 : 7$\frac{1}{4}$ sterling; from the 12th to the 15th of November, 1806, gold had again risen to £4 : 19 : 6, which being reduced from the nominal to the sterling value of the dollar amounts to £3 : 18 : 7$\frac{1}{4}$ the ounce. Thus the dollar, as the leading coin, has measured the rising and falling value of gold bullion; and the fluctuations of the price have been upwards of seven per cent.

During the currency of dollars at 5*s.* the guinea sold for 24*s.* and since the advance of the dollar to 5*s.* 6*d.* for 27*s.*; which prices in reality have been about the true measure of their value in the leading coin of the dollar; for, at 5*s.*

the guinea, or 21*s.* sterling, is 24*s.* 4*d.* and at 5*s.* 6*d.* 26*s.* 9½*d.* nominal value.

The ounce of silver, rated in our mint-system at 5*s.* 2*d.* answers to 5*s.* 11¼*d.* in the dollar, at 5*s.* and to 6*s.* 7*d.* in the dollar at 5*s.* 6*d.*; an examination, therefore, of the nominal prices for the years 1809, 1810, and 1811, will prove that it has been, without a single exception, always below the mint-price, and the relative value of the two metals have not been within the mint-proportions, except from July, 1810, to January, 1811; consequently, gold measured through the proportions between the metals in the market, from the coinage price of silver, having been for the greater part of that time, worth more than its mint-price of £3 : 17 : 10½ per ounce, would inevitably disappear. Another inference, which flows directly from this low price of silver in the market, is, that the dollar is, both at its mint-price of 4*s.* 3¾*d.* and its nominal prices of 5*s.* and 5*s.* 6*d.* an overrated coin; to which circumstance, it

owes its quality of being the measure of all value among us at this moment.

The rates of exchange, like the measure of value, have no connection with the paper-circulation of a country, but the par of exchange accommodates itself to the par of the coins that are actually current in any two countries; therefore, if the pound sterling were now to circulate at home, in silver money of standard weight and fineness, and the silver coins of Holland be taken to be equally good, the par of the currencies, by assay, would be . . . 38 | Sch. 7 | Grots. 6 | Pen.

But when the dollar circulated at 5*s.* there being only 17*s.* 3*d.* in the pound sterling, the par was . . . 33 | 3 | 7¼

And the dollar now circulating at 5*s.* 6*d.* but being only 15*s.* 8*d.* sterling, the par is at this time . . . 30 | 2 | 1½

The table containing the nominal and sterling prices of gold and silver bullion, calculated from the nominal and ster-

ling rates of the dollar, which will be found at the end of this letter, also comprises the rates of exchange upon Amsterdam, and the fluctuations from the par of the coins actually current: it is, indeed, admitted, that if our coins held the weight which they are certified by law to contain, the par of the currencies by assay in silver should be as before stated, 38*s.* 7*g.* 6*p.*; but, no such coin being current, no such par is in existence; the table is, therefore, formed from pars of 33*s.* 4*g.* and 30*s.* 2*g.* (adding the minute portion of ½ of a penning to the first, and rejecting ½ of a penning to the last for the sake of easier calculation) on the ground, that the money-pound of England did not contain more than 17*s.* 3*d.* and 15*s.* 8*d.* sterling, at the times when those pars are used, and the exchange has, at no time, been more than 10 per cent. against England, except from the beginning of February, to the 15th of March 1811, when the scarcity in circulation of the dollar at 5*s.* might have, in some degree, let in the in-

fluence of the common silver currency, or a knowledge of the intention to advance the dollar to 5*s.* 6*d.* which took place on the 16th of March, might have then acted on the rates of exchange. At present, (31st of March, 1812), the exchange is 31*s.* 4*g.* which is 3½ per cent. in favour of England. Gold bullion has, therefore, fallen, because none can be sent to the continent by the influence of the present rate of exchange; and, if this rate should be maintained, bullion will soon become an article of remittance from the continent to this country; these circumstances abundantly shew that the quantity of silver which now passes in the country as a pound, and not the quantity of paper-money which circulates within it, is the regulator of our exchanges with foreign countries.

During the period comprised in the table, the depressions of the exchanges deduced from the real pars of the two currencies have been so much against us, as to encourage, until very lately, an export of gold, and to have been such,

that no gold could return through their influence; and having proved the existence of causes not connected with paper-money, which had power to destroy or expel our gold coin and to send our gold bullion to the continent, having materially shaken your estimate of the amount of our circulation in paper, having shewn that our paper-money, which can be returned at pleasure upon the emitters of it, is limited by that privilege to the quantity which is necessary to distribute all commodities susceptible of value among our population: having pointed out the difference between such a paper money, and the forced paper of a government, which is unlimited, because it cannot be driven back upon the emitters of it; having explained, that silver coin is now become our measure of value without any alteration of our mint-proportions; having demonstrated that the nominal prices of gold bullion are calculated from the nominal value of the leading coin in silver, and that the ex-

changes are estimated from the intrinsic value of the same coin; I trust, I have made out that the depreciation complained of is not a depreciation of our paper currency, but of our metallic currency, which contains a smaller quantity of standard silver than it is certified by law to contain.

As I have attributed to the dollar the character of an over-rated coin, the property of which is to retain itself in currency without an alteration of the value at which it is current, it may be inquired, why the several emissions of dollars by the Bank, as tokens, disappear, and are raised, from time to time, in their nominal value.

Those who attribute both these circumstances to the action of the paper-currency upon the dollar, or ascribe the

increase of its nominal value to the caprice of the directors of the bank, have not taken every view of which the question is susceptible: there is an irresistible and controuling cause in the condition of our debased silver currency, and in other circumstances connected with it.

The dollar and the debased silver currency circulate interchangeably; it is well known, that if two coins of different degrees of intrinsic value, are sent into currency at the same nominal value, that the better kind will be destroyed for the sake of the profit, or withdrawn, unless an agio is permitted in favour of the better kind.—This opinion is proved from the History of our Coins in the reign of William III. when all the heavy silver coins were clipped to the level of the base silver, or withdrawn; but the guinea, bearing an agio in the same base silver remained in circulation. The dollar of more intrinsic value, even at its nominal rate, than the debased silver, and bearing no

agio, is continually driven from circulation by that degraded silver. It is scarcely necessary to strengthen this reasoning with particular instances, but one of the most destructive tendency should be noticed: it is the general practice of those persons who issue their own silver tokens, to melt down those of the bank to make their own, thus creating, perhaps, a still baser species than the worst which is in circulation in London.

When an issue of tokens at a given nominal price is driven, or nearly driven, from circulation, the baser sort of silver currency obtains an influence over silver bullion, and advances the nominal price: thus, in 1810, the tokens at *5s.* continually decreasing, the price of the standard bar of silver kept continually rising until in November 1810, it was at *5s.* 11½*d.* nominal, being only a minute fraction below the nominal price of the ounce in the token.

Another issue of tokens then took place, at the nominal rate of *5s. 6d.* the

dollar, with the view of keeping the value of the coin higher than the value of silver bullion; but although the coin is overrated, the debased silver being still current, and the fabrication of private silver tokens tolerated, the attempt is fruitless. Silver bullion has already attained the nominal price of 6*s*.4*d*. this emission of tokens will be consumed, silver will again arrive at the nominal price of this token which is 6*s*.7*d*. per ounce; another, and another, issue of tokens will follow at advanced rates, until the whole circulation sinks to the level of the basest of the currency, and ends in one general mass of depreciation, unless the common currency of debased shillings and sixpences, and of private tokens is crushed.

We hold a common opinion, which we trace from different causes, and attribute to different portions of our circulation;—we agree that a depreciation exists, but as we have reasoned to this conclusion from opposite points, our opinions of the remedy may disagree, your lordship with-

holds your own, I publish mine, not obstinately contending that they are strictly correct, but under the conviction that men who have reflected on the subject are bound in duty to their country to place their thoughts in the way of being known to those whose province it is, in virtue of their public functions, to determine upon and to apply the remedy.

1st.—Under the lately-existing circumstances of the exchange with the continent, gold in sufficient quantities for the executing of a coinage of any kind in that metal cannot return to or be imported and remain in this country; and if a coinage of gold were executed at the present mint-proportions, it would not remain in currency because it would be an underated coin; consequently, that as the paper-currency supplies the place of the gold coin, that measure of necessity, the restriction-act cannot be safely repealed.

2d.—The paper currency would not be in conflict with that portion of a silver coinage, which in carrying on the ex-

changes of the population, is necessary for the division of the pound into the minor portions of value.

3d.—A sole metallic currency in silver at the present legal weight and standard, being an over-rated coinage, would not be in conflict during the absence of gold coins with them or with the relative value of the two metals in the market, and would maintain itself against every contigency, except that alone of our being in debt to foreigners, beyond the amount of the gold and silver bullion and foreign coins which are imported from abroad.

4th.—A sole metallic currency in silver, of the present legal weight and standard, exchanging at par with the bank note, would destroy instantly the depreciation of our whole currency and restore it to its integrity.

5th.—The mode of executing the thing is simple; for instance, if it were determined to avoid the expense of a coinage, and there was in the kingdom a sufficient number of whole, half, quarter,

and eights of dollars, to execute the minor exchanges of the country, let the base currencies in shillings, sixpences, and in private tokens, be crushed; let these Spanish pieces be issued as the sole species of coin, at 4*s.* 4*d.* the dollar, that no conflict of coins might exist, and being overrated they would remain in currency at that rate, so, were a sole coinage of standard silver executed, and no conflict of coins admitted, it would remain in currency as a standard coin.

6th.—The power to execute, which consists in the possession of a sufficient stock of silver for the work, is more peculiarly to be determined by those persons on whom the duty of directing the execution would fall. These general heads of the subject are thrown out rather to engage the attention of others than for the purpose of affording me an opportunity to discuss them; but I may be allowed to say that a sole coinage in one of the metals is not only the best, but the only

security on which a metallic currency can be expected to remain always in circulation.

Sir William Petty maintained that "one of the metals only is a fit matter "for money; and, as matters now stand, "silver is the matter of money."—Mr. Lock, that "gold is not the money of the "world, nor fit to be so, yet it may and "ought to be coined to ascertain its "weight and fineness," but this admission in favour of coining gold betrays a suspicion that he was not sensible of the eternal conflicts of the two metals in their quality of coins.—The Earl of Liverpool only advocating the cause of gold as the *principal* measure, "now or at the present time," admitted, by implication, that it was not the *sole* measure, yet he thinks it "difficult to determine what Mr. Lock "means when he asserts that gold is not "fit to be the money of the world."—It may be however permitted to an humble individual, to conjecture Mr. Lock's meaning to have been, that silver was the

fittest metal to be the money of the world, and the measure of commerce, because it is the only metal which is dividable into coins of a convenient size, that are capable, at the same time, of making payments of the largest amount, and of exchanging for commodities of the smallest value. A silver shilling and a silver sixpence weigh $85\frac{58}{62}$ and $44\frac{60}{62}$ grains, but who ever thought it possible or expects to see a golden shilling of $5\frac{26}{40}$, or a golden sixpence of $2\frac{33}{40}$ pure grains executed and sent into circulation. Silver does not require the assistance of gold in coinage, but gold, unable to perform all the functions of a measure without silver, is not fit to be the money of the world, and is not in any country on earth the sole measure of commerce.

Among other reasons assigned by the Earl of Liverpool in favour of gold, as the fittest metal for the measure, is the little variation of its price, but that circumstance took place in England because the highest price in Europe was given,

and could be obtained at pleasure for it at the English Mint; a similar regulation in favour of silver would so fix the price of it, as to render it as little fluctuating as that of gold had been, provided the silver coins be not permitted to fall into a state of degradation.

THE TABLE REFERRED TO AT PAGE 59.

Date.	The nominal price of the dollar in currency.	The nominal price of the ounce of gold.	The nominal price of the ounce of silver.	The price of the ounce of gold in the standard value of the dollar, being 4s. 5¾d.	The price of the ounce of silver in the standard value of the dollar.	Par of the exchange on Amsterdam in the currency of the dollar.	Rates of exchange on Amsterdam at usance.	Per centages on the par of exchange on Amsterdam at usance.
	s. d.	£ s. d.	s. d.	£ s. d.	£ s. d.			
1809.								
Feb. 28 to March 3	5 0	4 10 0†	5 5½	3 17 7½	0 4 8½	33 4	33 0	1 per cent. below
March 17 to 24 - -	—	4 12 0†	5 7½	3 19 4	0 4 10¼	—	33 0	1 do.
April 7 - - - - - - -	—	4 11 0†	5 7½	3 18 5¾	0 4 10¼	—	33 0	1 do.
April 25 to May 2	—	4 11 0†	5 6½	3 18 5¾	0 4 9¼	—	32 6	2½ do.
May 9 - - - - - - -	—	4 11 0†	5 7	3 18 5¾	0 4 9¾	—	31 0	7 do.
May 12 to 19 - - - -	—	4 11 0†	5 7½	3 18 5¾	0 4 10¼	—	31 0	7 do.
June 2 - - - - - - -	—	4 10 0†	5 7½	3 17 7½	0 4 10¼	—	31 0	7 do.
June 9 - - - - - - -	—	4 10 0†	5 8	3 17 7½	0 4 10¾	—	31 0	7 do.
1810.								
February 24 - - - -	—	4 10 0§	5 8½	3 17 7½	0 4 11	—	31 6	5½ do.
May 18 - - - - - - -	—	4 11 0†	5 10	3 18 5¾	0 5 0¼	—	33 5	¼ above
June 1 - - - - - - -	—	4 11 0†	5 10½	3 18 5¾	0 5 0¼	—	33 5	¼ above
July 27 to August 17	—	4 6 0§	5 11	3 14 2	0 5 1¼	—	33 0	1 below
October 5 to 19 - -	—	4 5 0§	5 11	3 13 3¾	0 5 1¼	—	33 0	1 do.
November 6 - - - -	—	4 4 6§	5 11½	3 12 10¾	0 5 1¼	—	33 0	1 do.
1811.								
January 18 - - - -	—	4 7 6§	5 11½	3 15 5½	0 5 1¾	—	30 6	8½ do.
22	—	4 7 6§	5 11½	3 15 5½	0 5 1¾	—	30 0	10 do.
1811.								
February 1 - - - - -	—	4 10 0§	5 11½	3 17 7½	0 5 1¾	—	29 0	13 do.
8 to 12	—	4 11 0§	5 11½	3 18 5¾	0 5 1¾	—	29 0	13 do.
March 22* - - - -	5 6	4 16 0†	6 2	3 15 3¼	0 4 10	30 2	28 4	6 do.
April 2 - - - - - - -	—	4 14 0§	6 1	3 13 8¼	0 4 9¼	—	28 0	7⅙ do.
April 26 to May 7	—	4 17 0†	6 1	3 16 0½	0 4 9¾	—	28 0	7⅙ do.
May 24 - - - - - - -	—	4 14 0§	6 0½	3 13 8¾	0 4 8¾	—	28 4	6 do.
July 9 - - - - - - -	—	4 15 0§	6 1	3 14 5¾	0 4 9¼	—	28 6	5½ do.
August 16 - - - - -	—	4 17 6†	6 2	3 16 0¾	0 4 10	—	28 4	6 do.
September 3 - - - -	—	4 17 0†	6 2	3 16 0¾	0 4 10	—	29 0	3⅚ do.
October 1 - - - - -	—	4 17 0§	6 2½	3 16 0¾	0 4 10½	—	29 6	2⅙ do.
15	—	4 18 6†	6 3½	3 17 2¾	0 4 11⅙	—	29 0	3⅚ do.
October 25 to Nov. 1	—	4 18 0‡	6 3½	3 16 10¾	0 4 11¼	—	29 0	3⅚ do.
November 8 - - - -	—	4 19 0‡	6 3½	3 17 7½	0 4 11¼	—	29 0	3⅚ do.
November 12 to 15	—	4 19 6‡	6 4½	3 18 0	0 5 0	—	29 0	3⅚ do.
December 6 - - - -	—	4 18 6‡	6 4	3 17 2¾	0 4 11½	—	29 6	2⅙ do.
20	—	4 19 0†	6 4	3 17 7½	0 4 11½	—	29 9	1⅓ do.
1812.								
January 3 - - - - -	—	4 18 6†	6 3½	3 17 2¾	0 4 11⅙	—	29 9	1⅓ do.
14	—	4 19 0†	6 3½	3 17 7½	0 4 11¼	—	29 9	1⅓ do.
31	—	4 18 6‡	6 3½	3 17 2¾	0 4 11⅙	—	29 9	1⅓ do.
February 4 to 7 - -	—	4 18 0‡	6 3½	3 16 10½	0 4 11⅙	—	29 9	1⅓ do.
14	—	4 17 0§	6 3½	3 16 0½	0 4 11¼	—	29 9	1⅓ do.
Feb. 28 to March 3	—	4 15 0§	6 3½	3 14 5¾	0 4 11¼	—	29 9	1⅓ do.
March 24 - - - - -	—	4 13 0§	6 3½	3 12 11	0 4 11¼	—	30 8	1 1/12 above
31	—	4 13 6†	6 4	3 13 3¾	0 4 11½	—	31 4	3⅙ above

* The dollar was raised in currency from 5s. to 5s. 6d, on the 16th of March 1811.
† Portugal coin. ‡ Portugal coin and standard gold. § Standard gold.

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