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*with Mr Parnell's  
Comps<sup>ts</sup>*

**SPEECH**  
**OF**  
**HENRY PARNELL, Esq.**  
**ON THE**  
*9th of May, 1811.*

SUBSTANCE  
OF A  
SPEECH  
MADE BY  
HENRY PARNELL, Esq.  
ON THE  
*9th of May, 1811,*  
IN THE  
COMMITTEE OF THE WHOLE HOUSE OF COMMONS,  
TO WHICH THE  
REPORT  
OF THE  
BULLION COMMITTEE  
WAS REFERRED.

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LONDON:

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FOR J. BUDD, BOOKSELLER TO H. R. H. THE PRINCE REGENT,  
AT THE CROWN AND MITRE, PALL-MALL.

1812.



them any retrocession of opinion.—I wish also to make some observations upon a charge brought forward against the Committee by the noble lord, a charge which has been repeatedly urged out of doors, That the Committee were guilty of a great breach of duty in having framed a Report containing doctrines and conclusions diametrically opposite to the evidence of all the witnesses, except two, that they called before them. It does not seem to me to be necessary, in order to defend the Committee, to question the accuracy of this assertion, for though it would be easy to shew, that the facts admitted by many of the witnesses formed a complete refutation of their own doctrines, I prefer to allow the assertion to stand uncontradicted, and to endeavour to prove that the Committee acted wisely in not suffering themselves to be entirely guided by the opinions given in the evidence.

The Committee had a duty imposed on them by the House of this description; to decide upon a great and difficult question, in respect to which, on one side, the principles of a very abstruse science were to be attended to, and on the other the details of the most complicated facts, and the most intricate practices of trade, were to be unravelled. The science of the case they were able to learn from books of established autho-

riety; the facts and the practices they could only discover by the examination of those, who by profession were the most conversant with them. They therefore did not call before them men of great learning in the science of political economy, or those who were most competent to give opinions, but those men in business, who in the public estimation were considered to be the best qualified to give that information on matters of fact which was wanting to regulate the extent to which the principles of science were applicable, to enable them to form a correct judgment on the case to be decided upon. They did not select witnesses whose opinions were known to lean to the conclusions that the principles of political economy offered; but they selected those who peculiarly claim the character of being, in the strictest sense, the decided advocates of those inferences which mere practice suggests. In doing so, it seems to me, that the Committee acted in the most correct and impartial manner; that they could not have adopted any course so well calculated to enable them to form a just and safe decision. They almost seemed to declare by so doing, that they were sensible of being liable to be led astray by a leaning in favour of the abstract maxims of science; and that they wished to expose any pre-existing opinions they might have formed, to the test of the severest

trial which they could discover. I therefore think that the conduct of the Committee in examining those only who were mere practical men, which is the cause of the evidence being all one way, so far from being censurable, should secure to them the praise and confidence of the House. If it were an object to have avoided this charge of censure, it would have been easily attained; it was only necessary for the Committee to have followed the example of the Secret Committee of 1797, and to have examined one of their own members, the member for Southwark (Mr. H. Thornton), and in this way they might have given in evidence those sentiments so ably delivered by him in the first night's debate in favour of the Report.

If the Committee had examined witnesses all of whom concurred in opinion with that honourable member, then indeed they might have been exposed to blame; but, in having adopted a course exactly opposite to this, they certainly evinced the greatest candour, and the best proof of their inclination to discharge most faithfully and most impartially the great duty imposed upon them.

I now beg permission to say a few words upon the value of the evidence given by that descrip-

tion of persons, whom it is the fashion to extol as so very superior to men of science. I mean those who are called "practical men," or "men in business." I feel that I tread on very safe grounds, and have the sanction of the highest authorities, when I say that the evidence of persons of this description ought to be received with caution; for if there is one doctrine more firmly established than another by those who have most studied their character, it is this, that men in business are commonly most ignorant of the science of the particular business which constitutes their profession.

It is certainly true, that among men in business there are to be found those who are eminently distinguished for their scientific acquirements concerning the principles of trade. This fact could not be more fully illustrated than by the great number of practical men, who have so ably treated this subject, but those form an exception to the general rule, for experience shows that the science of the practice of trade, and the science of its principles, are not often found together. There is another reason why the evidence of practical men on this particular subject, should not be held to be infallible. All men in business are interested in preserving the paper system, and preventing a recurrence to the prac-

tice of those barbarous times, as they were called by a noble lord (Castlereagh) when the circulating medium consisted of coin. While this was the case all persons in trade were under the necessity of keeping by them considerable sums, at a great loss, to meet the daily demands to which they were subject, and thus the profits of their capital were so far diminished. But in proportion as the paper system has been introduced into general use, and has been extended beyond its natural limits, the accommodation derived from it has enabled them to dispense with keeping those large sums of money idle, and to convert the whole of their capital into direct profit. It is in this way that all men in business actually have a beneficial interest in opposing the principles which the science of political œconomy has established; and it is for this reason, and this only, that so much censure has been heaped on the Bullion Committee for adopting these principles. I do not say that all men in business are misled in their opinions by this consideration, but it may easily be conceived, that the majority of them, educated in details and not accustomed to extended views, might, without attributing to them any improper motive, be led to make their opinions agree with their interest. So far, then, as the evidence given before the Committee was the evidence of men in business, or practical

men, the Committee would have failed in their duty to the House, and proved themselves most ignorant and incapable of their trust, had they given implicit credit to it. Though the witnesses might be men of great knowledge, as they were interested witnesses, they were as little entitled to credit before the Committee, as they would have been before a court of law. In taking, however, so much evidence of this kind, the Committee has proved their impartiality, and desire of collecting every possible information. If the Committee had consisted wholly of men of science or theory, as it is now the fashion to call it, and had only examined persons of the same character, there might be some colour of reason to distrust them; but when men not more distinguished for their science than their practical knowledge are to be found among them, and a great number of men in business support the doctrines of the Report, their deliberate opinion is surely entitled to the confidence of the House and the public.

Several gentlemen who have spoken in this debate have blamed the Committee for not having adverted more fully in their Report to the late rise of prices. The reason, I apprehend, why they did not do so was, that they conceived they had not the requisite information in evidence be-

fore them. Had the information appeared to me to have been as complete as I have since ascertained it to be, I should have felt it my duty to have proposed in the Committee such an addition to the Report as would have removed this ground of censure.

As it is of the greatest importance that the cause of the rise of prices should be well understood, I shall now trouble the Committee with some observations on that head. Almost the only point, on which the utmost unanimity has prevailed, in the course of the discussion, was this, that prices had lately risen excessively. It has also been generally allowed that the rise has been equally great in the prices of all things. It is material that this should be stated to be the case, for then no cause of this rise can be considered as a good one, if it only accounts for a rise in the prices of some particular things, and not of goods in general. The author of a work entitled "Practical Observations," has said, that the Committee should have inquired into the effects of taxes and scarcity upon prices, before they alledged the advance of prices as a proof of a depreciation of paper. The answer to be given to this author is a very short one. Taxes and scarcity may account for the rise of the prices of some particular things, but neither

of them can account for a rise of the prices of goods in general; for instance, taxes on the necessaries of life operate as direct taxes on labour; if the labourer who pays the tax be employed by a manufacturer, he will charge upon the price of his goods this rise of taxes; and these goods only will be raised in price. If the labourer who pays the tax be employed by a farmer, the final payment will fall upon the rent of the landlord, and would not even raise the price of the produce of land. It was plain, therefore, that taxation could not be esteemed an adequate cause of the rise of prices in general. So in respect to scarcity; as the high price of corn operates in the way of a direct tax upon wages, it will no more than a tax on wages prove a sufficient cause. So again the improvement of a country will advance the prices of the produce of grazing land, but not of all things, and therefore this cannot be held as a good cause; the conclusion then to be come to is this, which is the conclusion laid down by the ablest writers, that a great and equal rise in the prices of goods in general, can only be occasioned by an alteration in the value of money.

In looking at the state of prices of corn from the year 1636, when the effect of the discovery of the mines of America appears to have been com-

pleted, to the year 1794, it would be found, that taking a general average of successive periods they had varied very little. From 1657 to 1700, both inclusive, the average price of the quarter of wheat was *2l. 11s. 0d.*<sup>1</sup>/<sub>2</sub>; from 1701 to 1764, both inclusive, *2l. 6d.*, and from 1764 to 1793, both inclusive, *2l. 5s. 10d.* But from 1794 to 1808, both inclusive, the price has been *3l. 15s. 6d.* This great rise since 1794 is a circumstance, the explanation of which is of the greatest importance to the present discussion. But so great a variation in price is not without a precedent; a still greater took place after the discovery of the American mines, and as the cause of it has been fully explained by Dr. Adam Smith, it seems to be a safe way of proceeding in looking for the cause of the late rise, to follow the course of reasoning which he has adopted. Though objections have been made to his doctrine, that the prices of corn formed the best standard for calculating the value of money, and though it may be liable to be considered as inconsistent with his reasonings about labour as a standard of value, still it has been allowed by every one to be sufficiently accurate for the purpose of ascertaining the value of the precious metals; and that part therefore of his work which relates to them, has been generally received as of established authority. The facts which he

states as to the rise of the price of corn are these: "In 1350, and for some time before, the average price of the quarter of wheat in England seems not to have been estimated lower than four ounces of silver, equal to about 20s. of our money. From this price it seems to have fallen gradually to two ounces of silver, equal to about 10s. of our present money, the price at which it was estimated in the beginning of the 16th century, and at which it seems to have continued to be estimated till about 1570. From 1595 to 1621, both inclusive, the average price of the quarter of middle wheat was *1l. 12s. 8d.*<sup>2</sup>/<sub>3</sub>, or about 6<sup>2</sup>/<sub>3</sub> ounces of silver. From 1621 to 1636, both inclusive, the average price of the quarter of middle wheat was *1l. 19s. 6d.* or about 7<sup>2</sup>/<sub>3</sub> ounces of silver."

"The discovery of the abundant mines of America," (he says) "seems to have been the sole cause of this diminution in the value of silver in proportion to that of corn; it is accounted for accordingly, in the same manner by every body, and there never has been any dispute either about the fact, or about the cause of it."

Again he says, "when after the discovery of the abundant mines of America, corn rose to

three and four times its former price, this change was universally ascribed, not to any rise in the real value of corn, but to a fall in the real value of silver."

The conclusion then to be drawn from this precedent; and from the writings of Dr. A. Smith, is this, that a great nominal rise in the price of corn, is a proof of a great fall in the real value of the precious metals, in which the price is estimated. Let us then apply this case and this conclusion to the recent advance of prices, with a view of ascertaining whether the value of gold has risen or fallen. The price of the quarter of wheat from 1764, the period to which he brought down his tables of prices, to 1794, both inclusive, was 2l. 5s. 10d., and may be estimated at 280 grains of gold. The price of the quarter of wheat from 1795 to 1808, both inclusive, was 3l. 15s. 6d., but the market price of gold having been greater than the mint price for the last nine years, a proportional deduction from the prices of three years should be made, which will reduce the average to 3l. 14s. 2½d. and may be estimated at 457 grains of gold.\* The real

\* The Price of the Quarter of Wheat statute measure.

1765	2 2 8
1766	1 18 3
1767	2 11 11

value of gold, therefore, seems to have fallen 63 per cent. It may be said that the scarcity of 1800 and 1801, was the cause of the high price of corn during the last four years, and not a fall in the real value of gold. But in answer to such a reason I would say, though these were unquestionably very scarce years, some of the following years were very abundant; and besides, it must

1768	2 7 10
1769	1 16 1
1770	1 18 8
1771	2 7 2
1772	2 10 8
1773	2 11 0
1774	2 12 8
1775	2 8 4
1776	1 18 2
1777	2 5 6
1778	2 2 0
1779	1 13 8
1780	1 15 8
1781	2 4 8
1782	2 7 10
1783	2 12 8
1784	2 8 10
1785	2 11 10
1786	1 18 10
1787	2 1 2
1788	2 5 0
1789	2 11 2
1790	2 13 2
1791	2 7 0
1792	2 2 11
1793	2 8 11
1794	2 11 8

30) 68 9 10

Average - - - £. 2 5 10

be remembered, that the ports have been open to the importation of grain as completely as if there existed no law to prevent it. But there is one circumstance which I think will fully settle every doubt upon the question, which is this; in the year 1740, which was a year of extraordinary scarcity, the quarter of the best wheat did not ever rise higher than 2*l.* 10*s.* 8*d.*; in 1807, when the market was overstocked with grain, and the prices fell very low, 2*l.* 7*s.* was the

1795	3	14	2
1796	3	17	1
1797	2	18	1
1798	2	10	3
1799	3	7	6
1800	5	13	7
1801	5	18	3
1802	3	7	5
1803	2	16	6
1804	3	0	1
1805	4	7	10
1806	3	19	0
1807	3	13	3
1808	3	19	0
			52 17 0
Deducting 2½ per cent. on the prices of the last 9 years, in consequence of gold being at 4 <i>l.</i> per ounce			0 18 4½
			14 51 18 8
Average			£. 3 14 2½

The prices from 1764 to 1770 both inclusive, are taken from Smith's Corn Tracts, p. 128. The prices from 1770, from the App. Bul. Rep.

lowest price of the quarter of wheat in London. This fact alone is sufficient to shew that the late advance in prices is not owing to scarce seasons. If we examine the state of prices in other countries, it will appear that a corresponding alteration has taken place. The accounts, in the Appendix to the Report of the Bullion Committee, of the prices of the corn in Spain, establish these facts; that from 1765 to 1794 both inclusive, the average price of the fanega of wheat was 35 reals vellon, and from 1795 to 1804, both inclusive, 55 reals vellon. A variation proving that the real value of silver has fallen in the proportion of 11 to 7, or 57 per cent. The right honourable gentleman, the Treasurer of the Navy, has told us that prices have advanced in France in as great a degree as here, and the right honourable member (Mr. Vansittart) bears testimony of a similar advance in Prussia. Though these prices in Spain, France and Prussia, were calculated in silver, and though the value of silver in proportion to gold has been gradually decreasing, still the just inference to be drawn from them is, that the real value of gold has fallen very considerably; because the decrease in the value of silver as compared with gold throughout Europe, does not appear to be greater than in the proportion which 1-15 bears to 1-16. There is some diffi-

culty in accounting for this fall in the value of gold, because there is no evidence of the produce of the mines having of late been greater than usual. The only ostensible circumstance that has happened to account for it is the universal substitution throughout Europe of paper money for coin. This, probably, has produced a considerable effect in diminishing the demand for gold, and in sending an unusual great quantity of it into the bullion market, because gold coin is that whose place is first supplied by paper. The right honourable gentleman, the Treasurer of the Navy, has computed the stock of gold coin of this country before the restriction of cash payments in 1797, at 35 millions; of these, he says, there are not three remaining. Now as the whole annual supply of the gold mines of all the world is only 2,215,283*l*.\* the addition of 32 millions of gold bullion from these countries only, to the ordinary and regular stock brought to market, must have produced a very considerable effect in lowering its value. It has appeared in the course of the debate, that the Bank paper in Austria amounts to eight millions sterling, and that of Paris to 4 millions: we have also been told, that the quantity of paper circulating in Sweden, Denmark, Russia and Portugal is so

\* See Appx. to Bullion Report.

great, that it is at a discount of from 20 to 80 per cent; from all which facts it is evident, that a new mine has been opened, a paper mine; which, by so extensively supplying the place of gold, must have produced a considerable effect in lowering its real value.

If, Sir, the facts and reasonings which I have advanced warrant this conclusion, I conceive I have established one of the greatest importance towards a correct decision of the question before us; because the position on which nearly all the arguments that have been urged against the report of the Committee, both in pamphlets out of doors and speeches here, is an assumption that the price of gold has risen, and not merely risen but risen very excessively.

I see the right honourable gentleman, the Chancellor of the Exchequer, does not allow the accuracy of my conclusion, that he seems to hold it very cheap; he cannot, however, overturn it by a mere expression of his disapprobation of it, because the argument is not a fanciful one of my own invention, but one drawn from the very highest authority upon the subject immediately under our consideration. When the right honourable gentleman shall favour the Committee with his sentiments on the motion before us, if

he shall think proper to attempt to overturn the conclusion that I have come to, that gold has fallen in value, he certainly may be able to do so, but he will only be able so to do, by shewing that the facts which I have stated concerning the prices of corn, are not correct; because, in order to controvert the reasonings I have made use of upon them, he will have no less a task to perform than that of confuting the greater part of the ablest and most approved doctrines to be found in the works of Dr. Smith. I have adhered strictly to those doctrines; I have taken the prices of corn as a standard of value, as he has done; I have examined the possible effects of scarce seasons on the price of corn, as he has done; and I have shewn a corresponding advance of prices abroad, as he did also, in order to make a complete parallel course of reasoning with his on the same subject. If I have done so correctly, I hope to have effected a point of great moment with regard to the present debate; no less than to have taken away the whole basis of the doctrines contended for on the other side.

In the last pamphlet which has been published with a view of exposing the doctrines of the Bullion Committee, and which may be considered as a sort of summary of all that has been written before on that side of the question, I mean the

pamphlet of Lord Rosse, I find this general inference, "from these causes" (the war and its consequences) "the price of gold has risen, is rising, and we must expect that it will rise more and more." This is the language also of the noble lord (Castlereagh) whose speech by the way, is a complete counterpart of this pamphlet; and it has also been the language of the right honourable gentleman, the Treasurer of the Navy. The Treasurer of the Navy founds upon this supposed rise of the value of gold, his whole argument against the expediency of making the Bank resume cash payments. He says the value of gold is become excessively high, therefore it is excessively scarce, and therefore it would be absolutely impracticable for the Bank to procure the quantity of it, that would be wanting to enable it to pay in cash. But according to a more accurate way of speaking of the value of gold, if to judge and speak of it according to the principles of Dr. A. Smith is a more accurate way, the whole of the reasonings of the noble lords, and the right honourable gentleman, and also of about twenty or thirty pamphlets, are wholly void of foundation.

Having examined in what degree the advance of prices depend upon an alteration in the value of gold; I will now proceed to shew what part

of it is owing to an alteration in the value of Bank paper. But in so doing, I have nothing more to say, than what has been said so often before, that this alteration is exactly in the proportion which the market price bears to the Mint price of gold. This is a doctrine that no one can deny without at the same time denying the existence of a legal standard of money in this country. If a speech could produce conviction in this House, that of an honourable member on the opposite bench (Mr. Huskisson) would have settled all dispute about this question of the standard. As, however, it seems to have failed to do so, and as the establishing of the fact, that coin possesses value, only in proportion to the bullion it contains, is of great moment, I shall endeavour to give strength even to his arguments, not by using any of my own, but, by reference to the work of a person that has been quoted by the Treasurer of the Navy; a person who was stiled by him "a very sensible man, and an author of established authority." To such an author, so spoken of by the right honourable gentleman, the Committee I am sure will be disposed to pay great attention. But, besides the testimony of the right honourable gentleman, I am able to refer the Committee to the work of Lord Liverpool for evidence of the authority of this author, who says, when comparing his

opinion with that of Mr. Locke, respecting the standard of money, that the practice of all governments in every age has coincided with the opinion of Mr. Harris.—This author says, "In all countries, there is established a certain standard, both as to fineness and weight, of the several species of their coins. In England, the silver monies are to contain 111 parts of fine silver, and 9 parts alloy; and 62 of those coins called shillings, are to weigh a pound troy: That is, the pound troy with us, contains 11 ounces, 2 penny weights of fine silver, and 18 penny weights of alloy; and of a pound troy, of this standard silver, our money pound, called the pound sterling, contains  $\frac{20}{62}$  parts, or the pound sterling is  $\frac{20}{62}$  of  $\frac{111}{12}$  of a pound troy of fine silver: And this standard hath continued with us invariably, ever since the 43rd year of the reign of queen Elizabeth. The standard of our present gold coins is 11 parts of fine gold, and 1 part of alloy; and 44½ guineas are cut out of a pound troy; so that a guinea is  $= \frac{1}{44\frac{1}{2}}$  of 11 ounces of fine gold."\*

Under the head of "The standard of money farther explained," he says:

"It is carefully to be observed, that by the

\* Part 1, p. 53.

standard of money, is always meant the quantity of pure or fine metal contained in a given sum, and not merely the degree of purity or fineness of that metal, but the fineness and gross weight are both included. Thus, the standard of a pound sterling is 3 oz. 11 dwts.  $14\frac{2}{3}$  grains troy of fine silver, which is equal to 3 oz. 17 dwts.  $10\frac{2}{3}$  grains of silver 11 oz. 2 dwts. fine, which is our standard of fineness. The standard of a shilling is  $73\frac{2}{3}$  grains troy of fine silver, or  $80\frac{2}{3}$  grains of silver  $\frac{11}{12}$  fine. The standard of our money, strictly speaking, remains the same so long as there is the same quantity of pure silver in the respective coins having the old or given denominations, though the coins may be varied by making them either of finer silver and lighter, or of coarser silver and heavier. But such deviations from the old method of coining would be imprudent, as it might create suspicion of some unfair dealings, and would answer no good purpose. On the other hand, the standard may be debased or lowered either by coining the several species lighter but of the old fineness, or by retaining the old weights and making them of coarser silver, or without altering the respective coins by making a smaller number of them go to the pound sterling, which is our unit or money standard. And by debasing the standard, I every where mean the lessening of the quantity of pure

silver in the pound sterling, or in the respective specie which by law is ordained to make up that sum, without regarding the particular manner in or by which they may be done."\*

He gives the following definition of the pound sterling :

"In England, accounts are kept or reckoned by the pound sterling; which, as hath been before observed, is a certain quantity of fine silver appointed by law for a standard. It is according to this standard that the public revenues are established, lands are let, salaries, stipends and wages settled, and universally all sorts of contracts both public and private are made and governed by this standard."†

Under the head of "Established Standards should be inviolably kept, and more especially that of Money," he makes the following valuable observations.

"The standard measures of a country being once established and known, any deviation from these afterwards could answer no good purpose; but, on the contrary, they must needs be attended with mischievous consequences; they

\* Part 1, p. 55.

† Part 1, p. 59.

would disturb the arithmetic of the country, confound settled ideas, create perplexities in dealings; and subject the ignorant and unwary to frauds and abuses.

“ But of all standard measures in any country, that of money is the most important, and what should be most sacredly kept from any violation or alteration whatsoever. The yard, the bushel, the pound, &c. are applied only to particular commodities; and should they be altered the people would soon learn to accommodate themselves in their bargains to the new measures; and it is but rare, that these have any retrospect to preceding contracts. But money is not only an universal measure of the values of all things; but is also at the same time, the equivalent as well as the measure in all contracts, foreign as well as domestic. The laws have ordained, that coins having certain denominations well known to every body, should contain certain assigned quantities of pure or fine silver. This makes our standard of money, and the public faith is guaranty, that the mint shall faithfully and strictly adhere to this standard; it is according to this standard, and under this solemn guaranty, that all our establishments are fixed; all our contracts public and private, foreign and domestic, are made and regulated. Is it not self-evident

then, that no alteration can be made in the standard of money, without an opprobrious breach of the public faith with all the world, without infringement of private property, without falsifying of all precedent contracts, without the risk at least of producing infinite disorders, distrusts, and panics among ourselves, as all men would become thereby dubious and insecure as to what might farther be done hereafter, without creating suspicions abroad, that there is some canker in the state, without giving such a shock to our credit as might not afterwards be easily repaired? These wild and unjustifiable measures have ever been and ever will be considered, as a kind of public declaration of some inward debility and decay, and the discredit occasioned thereby, has ever proved injurious to those who used them. All payments abroad are regulated by the course of exchange, and that is founded upon the intrinsic values, and not on the mere names of coins. But having once broke the public faith and curtailed the settled and long established measure of property, foreigners will make ample allowance for what we may do of this kind hereafter, and however we may cheat and rob one another, they will not only secure themselves, but make an advantage of our discredit by bringing the exchange against us beyond the par. If we think to avert

this evil by transporting our coin, our having debased it will avail us nothing."\*

Under the following head, "By debasing the standard of money, the greatest loss will fall upon those who live on their own established properties," he points out the evil consequences of depreciated currency.

"It hath been already shewn, that, should the standard of money be altered, tradesmen of all sorts would help themselves, and they would probably ward off some of the inconveniences they would otherwise be subject unto by continuing to reckon in the old money, which it is likely they would call old sterling; the deficiency to the government must be made good by a nominal increase of taxes, otherwise some of the wheels must stand still. But all men who live upon their own estates or upon established stipends, that is, all men who are not somehow concerned in trade, would have no way of helping themselves, but would be obliged to submit to the whole loss which the law in this case would throw upon them, at the same time that taxes, wages and commodities of all sorts were raised, at least in proportion to the debasement

\* Part 2, p. 30.

of the coins. Rents, interest of money, &c. would be paid short of the original contracts; that is, they would be paid and legally discharged in the new money. The landlord could not help himself till the leases were expired, and the monied man would be a loser for ever, as he would be defrauded in both his principal and interest."\*

These, Sir, are the sentiments of Mr. Harris on the subject of the standard value of our money—of Mr. Harris, who has been brought forward by the right honourable gentleman as a witness against the Report of the Bullion Committee,—of Mr. Harris "a most sensible man, and an author of indisputable authority!!" The right honourable gentleman, the Treasurer of the Navy, while I was reading these passages, has thought proper to cheer them very loudly; what am I to understand his meaning to be? Am I to conclude that he who has disputed these doctrines, when so ably stated by those who have preceded me, by a counter tone of cheering, and also in his speech, wishes now to pass himself upon the Committee as approving of them? Does he mean to deny that he ever entertained the opinion I now attribute to him, or to acknowledge that these quotations have convinced

\* Part 2, p. 43.

him that those opinions are erroneous? I wish also to know what the right honourable gentleman on the other bench (Mr. Vansittart) can mean by joining in the cheers of the right honourable gentleman; surely he cannot imagine that he will thus be able to induce the House to believe, that he does not set up his authority against that of Mr. Harris. He who has denied repeatedly in the course of his speech, that legal money had any connection in value with bullion; he who has proposed resolutions contradictory to the resolutions of the honourable gentleman (Mr. Horner) which resolutions contain Mr. Harris's doctrine of the standard of money, and to which the right honourable gentleman intends, when the Committee divides, to give a negative.

If then, Sir, it be true, according to the opinion of this writer of so great authority, that the pound sterling is a certain quantity of bullion appointed by law as a standard, the solution of the question at issue, whether or not Bank paper be depreciated, is really so plain and palpable as to require no further illustration than the bare statement of the fact, that the Bank-note of one pound will not purchase this certain quantity of bullion; for the proposition is simply this, The value of a pound sterling in coin consists in its con-

taining a certain quantity of bullion. The value of a pound sterling in paper consists in its being convertible into a pound sterling in coin. Therefore the value of a pound sterling in paper consists in its being able to purchase a certain quantity of bullion. I observe an honourable baronet (sir Thomas Turton) denies the accuracy of this reasoning. I will, therefore, endeavour to make it clearer to him by the assistance of figures. Let 4 equal the certain quantity of Bullion, 2 and 2 the *l.* of coin, and 3 and 1, the *l.* of paper. Two and two are equal to four; but three and one are equal to two and two, and therefore three and one are equal to four. Will he now admit the accuracy of the conclusion that *l.* of Bank paper, to be of its proper value, ought to be able to purchase as much bullion as *l.* sterling in coin? An apology I feel is due to the Committee for occupying its time with such silly calculations, but unless we have recourse to them, it is not easy to comprehend in what manner it will be possible to expose completely those silly errors which so many have adopted concerning this most simple question.

I will now, Sir, advert to the doctrine of the right honourable gentleman (Mr. Vansittart) that Bank paper is not depreciated, because "in all pecuniary transactions, it is held in public

estimation to be equivalent to the legal coin of the realm." In the first place, I maintain he has no means of proving the affirmative of the fact, because the legal gold coin does not continue to form a part of the circulating medium. Though some few guineas may still be given in payment in common with Bank notes, they are so very few, that, comparing the number of them with the number that were in circulation, they cannot be said to form a component part of the general currency. The facts stated by the Treasurer of the Navy, shewing how few guineas were received in payment of the taxes in Hampshire and Lancashire, are decisive on this point. In one of these counties 118 guineas only were received in the payments of 400,000*l.* It was easy to understand, why even those few were paid, though each of them was worth 25*s.*; they were, no doubt, taken from the little savings of some poor persons who were unable to satisfy the pressing demands of the tax-gatherer from any other funds in these times of universal distress. In the next place, I maintain that the legal coin is worth more, sum for sum, than the promissory notes of the Bank of England. Before, however, I proceed to support this assertion by arguments, I wish to call the attention of the Committee to an admission of the right honourable gentleman, (Mr. Vansittart) which appears

to me to be one of great importance. He has said, that he was a member of the Committee appointed to enquire into the state of the currency of Ireland in 1804, and that he was convinced then, and continues to be so, that Bank paper in Ireland was depreciated, because guineas were openly sold at a premium of 10 per cent. This admission places the question of the value of Bank paper in this country in a very narrow compass indeed; because the doctrine being granted, that a premium on guineas is decisive evidence of a depreciation, it remains only to be ascertained whether or not such a premium does exist. The question is no longer one of doctrine, but one of fact, and depending on one fact only, and this very easily to be determined.

Now, Sir, it seems to me that, if ever there was a mere matter of fact about which every one might readily form a just and unanimous opinion, it is this concerning the comparative value of Bank paper and gold coin. In one sense it might be true that coin and Bank paper circulated for an equal value; for if I had one or two guineas in my pocket I should certainly pay them away with Bank notes without asking a premium for them, because it would not be worth my while either to keep so few by me, or

to require to be allowed their real bullion value. The case would be otherwise with any one possessed of a large quantity of them. In point of fact there was nothing but the terror of a penal law which prevented an actual premium from being established on guineas. The right honourable gentleman (Mr. Perceval) seems to deny it. Does he mean to say that this penal law has the property of maintaining Bank paper at a value corresponding with that of coin? That it has the property of equalizing a currency of paper with a currency of coin? That in addition to the causes of value laid down by all great writers on political œconomy, he means to add the properties of a penal law? This he must be ready to do, if he denies my position, for was it not for this penal law, gold coin could never be found exchangeable with Bank paper in the face of the present price of bullion. But it so happens that this law has not been altogether efficient, that some persons have not regarded it. There are at this moment three cases under prosecution, where the crime alleged and proved has been that of giving a considerable premium for guineas. It is a matter also of general notoriety that this practice of giving a premium is universal; that it is become a regular traffic, and that it would be an open one, were it not for the supposed legal restraint upon it.

But there are several ways of shewing that guineas bear a premium by transactions which would not fall under this law; I hold in my hand a news-paper that I received this morning from Ireland. It states that on Monday at Belfast, guineas bore a premium of  $15\frac{1}{2}$  per cent. when bought in the bank of Ireland paper; the exchange of bank of Ireland paper for bank of England paper between London and Belfast on that day was nearly at par. Whence it is plain that guineas in comparison with Bank of England paper at Belfast, bear a premium of  $15\frac{1}{2}$  per cent.

Again suppose two bills of unquestionable credit drawn in Liverpool on London for 105*l.* each, one made payable in guineas, the other in Bank-notes; what would be the respective value of them on the 'Change at Liverpool? computed in pounds sterling, one would bring 105*l.*; the other, taking that market price of gold to be 20 per cent. above the mint price, 126*l.* With such evidence, then, that guineas do really bear a premium, with what colour of accuracy can the right honourable gentleman, having admitted that a premium would prove a depreciation, maintain that no depreciation of Bank paper has taken place?

With respect, Sir, to the question, What the

true cause is of the unfavourable state of the foreign exchanges? it appears to me, that in examining into it sufficient attention has not been paid to the definition of the meaning of the *par* of exchange. About this definition no difference of opinion exists; every one agrees that the *par* of exchange between two countries, is a given sum of the currency of one country, which contains the same quantity of bullion as a certain given sum of the other; this is the definition which every one of the witnesses examined before the Committee has given. Hence it is plain that foreign exchange, in its true sense, is nothing more than a comparison of currencies; and that every dealing in exchange, is nothing more than a mere barter of money for money. When, therefore, a very unusual state of exchange occurs, the natural way of accounting for it, is to refer to the definition of the *par*; and to infer from it, that such a state of exchange must be owing to some alteration in the value of the currency of one of the two countries whose exchange is in question. An unusual state of exchange is, in point of fact, according to the established definition of the *par* of exchange, *prima facie* evidence of an alteration of currency. If we look into the works of the best authority on this subject, we shall find that no one doctrine is more completely established than that which

accounts for an alteration in exchange by a previous alteration in currency. Sir John Stewart, an author who has been referred to by several who oppose the report of the Committee, says "If the pound sterling, which is the English unit, shall be found any how changed, and if the variation it has met with be difficult to ascertain, because of a complication of circumstances, the best way to discover it will be, to compare the former and the present value of it with the money of other nations. This the course of exchange will perform with the greatest exactness."

Lord Liverpool says, "In exchanges with foreign countries, and in payments made to them, the intrinsic value of the metal of which the coin is made, is the only measure of property and commerce." Now substituting the word paper for metal, and money for coin, it is, according to his opinion, the value of our paper that regulates our present exchange. He also quotes in his work, the case mentioned by Dr. A. Smith, concerning the exchange with the Low Countries in 1695, by which it appears, "That in consequence of the defective state of the coin at that time, it had fallen so very low that the public lost four shillings in the pound on monies remitted there." But it is unnecessary to make

any further reference to the works of learned authors, the right honourable gentleman (Mr. Rose) has himself supplied a fact which is quite decisive. He tells us that in consequence of the French army having retired into Spain, the discount on Portuguese paper is  $18\frac{1}{2}$  per cent. instead of 31 per cent. and that the course of exchange has consequently become more favourable to Portugal, having risen from 67 to 40. Nothing can be more completely illustrative of the doctrine contained in the Report of the Committee on the subject of exchange, than these two facts which the right honourable gentleman has mentioned; because they shew an improvement in the course of exchange of Portugal in time and degree corresponding with the improvement of the Portuguese currency. But it so happens that there is another feature belonging to this case highly demonstrative of the accuracy of the doctrine; exchanges between London and every other country having in the course of the last fortnight improved in favour of London, excepting the exchange on Portugal:

The right honourable gentleman (Mr. Rose) has been at considerable pains, to expose another doctrine of the Report, "that the course of exchange can never vary on account of trade in a greater degree, than will repay the mer-

chant the expences of transporting Bullion." In support of this doctrine, I will again refer to the work of Mr. Harris. "Bullion," he says, "is not exported till the exchange is at a certain limit from par;" and also that "Merchants always prefer bills of exchange, whilst they are to be had at moderate rates, before bullion or cash, which with them is the same thing; and bullion is never transported from one place to another, till the exchange is at a certain distance from par; and this distance is again limited by the expence of transporting bullion, wherein is included, besides the freight, commission and insurance."\*

But the right honourable gentleman has produced a fact to substantiate his reasoning. It seems, that he has had a private examination of several of the witnesses, who came before the Bullion Committee; and that one of them shewed him a calculation, by which it appeared, that the course of exchange was now at such a rate, that a profit of no less than 16 per cent. was to be made by the mere transport of gold to Paris. If this ever was for one moment the case, it is plain from the very nature of trade, that it could not last many days. A sufficient number of persons would soon avail themselves of this

\* Part 1, p. 126.

mode of making so large a profit, and so extraordinary a state of things would soon cease to exist. The right honourable gentleman in his zeal has proved too much, so much that no one can believe the statement he has made.

There was no circumstance that could more completely clear up all doubt as to the doctrine of the Committee in regard to exchange, both as to the cause of a permanent unfavourable exchange, and the limit to fluctuation, which the transport of bullion established, than the state of things, as to exchange, between two places, both having the same circulating medium. For instance, Liverpool and London. Though a very great trade is carried on between these places, there is no such thing as a fluctuation of exchange between them; there is an exchange, but of a fixed kind, amounting to a charge for commission and interest on each bill that is negotiated, but this never varies. The reason is obvious; in case of a scarcity of bills, a remittance may be made, by sending a bank note by the post, at no other expence, but that of postage. So between London and Hamburgh, if there was a common currency there could be no fluctuation, and even without one, it can never exceed that limit, which the expence of remitting gold imposes; for when Bills are scarce, bullion being

a commodity always in demand at both places, a remittance may be made of it, as well as of a bank-note, for the expence only of transporting it. Those who argue, that the present state of unfavourable exchanges may be accounted for by a balance of trade and payments, forget that the doctrine they adopt consists of two parts. For the balance will not only make exchange favourable or unfavourable, but it will also in its operation make an exchange, that is unfavourable, favourable, and *vice versa*. The tendency of trade is always to bring back exchange to par; if it raises it very much above or below par, it makes it a matter of so much profit to restore it to its true level, that it is sure to come to it. But, those who now argue, that the present unfavourable exchange is owing to the balance of trade and payments, forget this counteracting quality of it; and omit to observe that the permanency of an exchange at a rate much above par, is a state of things quite inconsistent with their own doctrine. This permanency is, in fact, the test of the cause that is now operating on exchanges. It is this part of the cause of exchange, that remains steadily below par, without fluctuation, that proves that something besides the balance of trade and payments is at work upon it, and which something is the depreciation of our currency.

But it appears that the unfavourable course of the exchange is to be explained by the greatness of our foreign expenditure. We are told, that eleven millions were remitted last year to our armies, and seven millions for grain. If this is a good cause for the present unfavourable exchange, an unfavourable exchange ought always to be the effect of a similar foreign expenditure.

But, in looking back to 1796, I find, by the report of the Lords Committee of 1797, that in that year 10,649,916*l.* were remitted to our armies in Germany, and 3,926,484*l.* for grain, but so far from the exchanges having become twenty five per cent. against this country as they now are, the exchanges with Hamburgh in 1797, which is the year to be taken to make the case parallel with the present case (as it is the foreign expenditure of 1810, to which we are referred) were in favour of London. Wherefore, I feel, that I have a right to argue, that the great foreign expenditure of the last year cannot be the true cause of the present state of the exchanges. At all events, it is not an infallible cause, whereas no instance can be produced of a depreciation of currency, which has not been followed by a depreciation of exchange.

It has surprised me, Sir, very much to hear

gentlemen still contending for the effect of the decrees of Berlin and Milan upon our exchanges. I did conceive the speech of the honourable gentleman (Mr. Horner) had completely settled that point. For if ever a statement was made in this House more conclusive and more triumphant than another, it was this statement in reply to the arguments of those who attributed the unfavourable state of the exchanges to these decrees. For what can produce conviction if the facts, which he has mentioned concerning the exchanges between Hamburgh and the rest of the continent, cannot! Hamburgh is a place of trade upon which these decrees have had a more deadly operation than they have had on our own commerce; and yet Hamburgh, having a currency of a fixed standard value in bullion, has the course of exchange in its favour with every country in Europe, in which there is a paper currency. But with France, she has an exchange of a few per cent. against her, France having a currency composed almost entirely of coin. Or what can produce conviction, on this point, if what he has said cannot, respecting the exchanges between this country and those countries, against which these decrees have no operation? No one can maintain that these decrees have produced the great alteration which has taken place in the exchanges with the Ea

Indies and West Indies, Portugal, Ireland, &c.—  
 So much, Sir, has been so ably said to illustrate the bad effects of this depreciation of the value of our money; and so accurate an explanation is given of them in the quotations that I have read from Mr. Harris, that I shall make but a few observations on this part of the subject. But it does so happen that I am able to produce the right honourable gentleman, the Chancellor of the Exchequer, as a witness of its very injurious effect upon our public expenditure. When the army extraordinaries were before the House, it appeared there was a deficiency of the vote of last year, of 700,000*l.* He said, that the whole of this deficiency was owing to the unfavourable exchange with Portugal. There could be no stronger proof than this, of the injury which the public sustained by this depreciation. For if so large a sum was lost upon one head only of our expenditure, how great must the loss be upon the whole of it? This depreciation was peculiarly hard upon the officers of the army, and the navy, as it in effect curtailed their scanty pay, full 20 per cent. All landlords, also, who derived rents under leases made more than a few years back, sustained a similar injury. They are in fact made to pay in this way out of their incomes, more than twice the amount of the property tax. Concerning

the cause of the depreciation, I wish to go somewhat further in developing it, than has yet been done by any gentleman who has preceded me. I consider this to be the most material part of the whole subject. For if we fail in forming a correct notion of the cause, or causes which have produced this depreciation, we shall never be able to provide a proper remedy. If a depreciation of Bank paper does exist, there can be no question that the proximate cause of it is an over-issue of it; and that the cause of this over-issue, is the misconduct of the Directors of the Bank of England. I by no means intend to charge them with criminal misconduct. Their first duty is to advance the interests of those who have placed them in the direction of their affairs. This duty they have fulfilled with great success. The price of their stock, their bonuses and dividends, afford the best proof of the zeal and talent, with which they have discharged it. If in so doing they have done great injury to the public, it must be recollected that they are able to plead this duty in justification, and that they may also say, how could you expect from us any other way of acting? We who are by profession men in business, and from our earliest days instructed that the whole skill and success of trade consists in turning every fair opportunity to a good account? For my own part it is matter of great

surprise, that they have not done a great deal more injury than we have yet experienced. The cause of their misconduct does not rest with them; it is that impolitic measure of the legislature, which gave to them a power which was quite inconsistent with their profession, a power which they could not exercise with full advantage to the public, without exposing themselves to the censure of the proprietors of Bank stock. But before I examine the nature of this act of the legislature, the act for restraining cash-payments by the Bank in 1797, I wish to call the attention of the Committee, to an act passed subsequent to this act in 1802. A right honourable gentleman (Mr. Vansittart) has called the remedy proposed by the Committee, "the boldest experiment in finance," he ever heard of. I think that the right honourable gentleman should have been the last person to make such a charge against the Committee. That right honourable gentleman was the principal financial adviser of all Mr. Addington's financial measures, among which is to be found an act for altering the system of restriction, as first adopted by Mr. Pitt, from being one of a temporary nature, to be one of a permanent system of restriction, during the continuance of the war.

Now, Sir, it seems to me that this was a mea-

sure, more justly entitled to the appellation of a bold experiment than the measure proposed by the Committee. I will not call it the boldest experiment that I ever heard of in finance, because that character is much more appropriate to the original restriction of 1797: which I shall ever consider, as that measure of Mr. Pitt's political life, which reflects the greatest degree of blame against him.

In respect to this measure as bearing on the present depreciation of paper, I feel myself obliged to differ from the honourable member (Mr. Horner) in his opening speech. He has stated that the cause of this measure was a panic that spread through the country in consequence of an expected invasion; I do not conceive this to be the true cause, and I am anxious to persuade the Committee to agree in opinion with me, because if this were to be held to be the cause the proper remedy could never be adopted. I think, Sir, that the paper money was in an unsound state for some time previous to the restrictions of 1797. That there had been more issued into circulation than there ought to have been; and, therefore, that more is necessary now to be done to remedy the evil we complain of, than merely placing things in the same condition as they were just prior to the restriction.

I allow that the panic spoken of by the honourable gentleman had a great effect in bringing matters to a crisis; that it was the immediate cause of the run on the Bank. But it was not the original cause, it served only to bring into light the disease which had long been established. I do not give this opinion to the Committee on any slight consideration of the subject, or without having the best authority. Lord Liverpool, who has given his judgment on the cause of the restriction, formed some years after the events of that day had passed by, and with the full advantage of having been able to take a comprehensive and dispassionate view of the whole subject, says, "When the situation of the Bank of England was under the consideration of the two Houses of Parliament in the year 1797, it was my opinion and that of many others, that the extent to which paper currency had been carried, was the first and principal, though not the sole cause of the many difficulties to which that corporate body was then, and had of late years from time to time been exposed, in supplying the cash necessary for the commerce of the country."

It appears to me that this opinion of lord Liverpool is one deserving of the greatest attention, if we sincerely desire to apply an effectual remedy to the evil; because, if it be correct,

it fully shews that we must do something more than merely enact that cash payments shall again be made by the Bank at the expiration of two years. In the view that I take of the state of the paper currency in 1797, I am disposed to think there was an excess of it in this sense of the word excess; that is, in comparison with the quantity of coin then circulating in the kingdom; that the proportion which the paper bore to coin in order that it might be a paper money truly convertible into coin was much too great; and, therefore, that it was not what it professed to be, of the value of coin itself. The cause of this excess I attribute to that act of the legislature, which enabled the Bank to issue notes for sums under 10*l.* So long as the Bank were restrained from issuing notes of a smaller value, the whole retail trade of the country and all payments for sums under 10*l.* were of necessity made in coin, there was always therefore a prodigious stock of coin in existence. Business could not be carried on without it, and the truth of the doctrine was fully illustrated, that a country will always have as much money as it wants, provided no impolitic act of legislation interferes to force it out of circulation. While there was this large stock of coin in the country, it was always at hand, for the purpose of being collected by the Bank whenever circumstances occasioned runs

upon them. In 1782, and 1793, the drains upon the Bank of England are stated in the Reports of the Secret Committee of 1797 to have exceeded the drain of 1797. Yet the Bank was able to encounter and get over their difficulties. The reason was, that there was an abundance of coin in circulation, and they had only to pay for it, and were able to obtain it to any amount. After the law enabling the Bank to issue 5 pound notes had been in operation a few years the state of the case became quite different. The 5 pound notes issued by the Bank of England and country Banks displaced as much coin as was equal in amount to the issue of them. The stock of coin was thus materially diminished, and the proportion between paper and coin was no longer that proportion under which the paper system had before flourished; but was one that placed it on a new foundation, by taking away the facility with which the Bank had been able to obtain coin to meet all demands made upon them to give it in payment for their paper. When, therefore, the panic of invasion in 1797 led to a run on the Bank of England, it was unable to find the coin it wanted, and got into that state of difficulty, which induced Mr. Pitt to advise the restriction of their paying in coin. Whenever we are to apply a remedy to the present state of things, I conceive it will be necessary

to re-establish the limitation of Bank-notes to an amount not less than 10*l.*; because, without doing so, I am sure we shall be liable to be again called on for a new restriction of cash payments, an event which ought never to be anticipated and which I wish to provide against; as I cannot agree in opinion with an honourable member (Mr. Huskisson) who in his very able pamphlet on this subject has thrown out, that we are to expect a recurrence of similar circumstances, such as existed in 1797, and which may again compel government to afford to the Bank a temporary protection against the demands that may be made upon it for gold. For I conceive that it is a most extraordinary position to lay down, that, in a country so opulent as this is, and among whose inhabitants there is so much industry, talent and capital, it cannot so manage its circulating medium, as to be able to provide against the necessity of having recourse to the dangerous expedient of taking from it the only attribute that gives it a proper value. I cannot for my own part discover any reason for such a doctrine, and I am quite sure that if the legislature does its duty, and imposes an effectual limitation, in the manner I have described, on the issue of Bank paper, it will completely relieve us from all future similar embarrassments.

There is another doctrine which has been advanced by the honourable member (Mr. Horner) and the honourable gentleman (Mr. Huskisson) to which I cannot subscribe. I mean the doctrine of the institution of the Bank of England having been a measure of the soundest policy and greatest wisdom. I acknowledge that the Bank of England has occasionally conferred great advantages on commerce and on the finances of the country; that a great deal of good has been done to the public by the institution. But when I consider the evils which have arisen from it, that the evil of which we now complain could never have existed if no such institution had existed, when I compare the evil with the good, I have no hesitation in saying, that on the whole, the establishment of this Bank has been a great national misfortune. All the good that has been done by it might have been fully as well afforded to the public by the establishing of several Banks. If instead of one Bank having been established with so immense a capital, and such great exclusive powers, the trade of Banking had been left free, and several Banks had been allowed to grow up with the improving wealth of the country, the public would have derived equal accommodation, without any of the risk or any of the evils to which it has been exposed by the enor-

mous power that has been given to this one establishment.

The whole of our commerce could not be, as it is now allowed to be by a noble lord (Castlereagh) under the management of 24 merchants. This monstrous state of things could never have existed in this great country, of all its best interests being made subservient to the caprice, the ignorance or the misconduct of 24 merchants. The noble lord has said a great deal concerning the Banking system of Scotland, in order to prove to us how far paper money may be safely carried. But he has looked at the subject in a very superficial manner. He has made no distinction between a system of Banking which is managed by many large companies of equal powers, and a system entirely under the controul of one privileged company. This distinction fully accounts for the superiority of the banking system of Scotland, where there are several great Banks, and no controuling Bank, and the banking system of England and Ireland, in both which countries there are national Banks. In Scotland, the management being in the hands of a great number of persons, much talent is brought into action, and the public derives the full benefits of a most active competition. But in England and Ireland, the numbers who di-

rect the affairs of these national Banks are but few, and those neither fear nor experience the controul of competition, which is the only corrector in all matters of trade, of the tendency of trade to interfere with the rights and interests of the public.—Some gentlemen have declared their approbation of the policy of the laws for preventing the exportation of guineas; with them I cannot agree; but on the contrary I am clearly of opinion, that we ought to repeal these laws, whenever coin shall again be paid by the Bank. If they were to be repealed no evil consequence would follow from it. Guineas would, no doubt, be sent abroad whenever it was a profitable traffic to export them; but as they would keep their shape and character of coin, according as it became a traffic of gain to import them, they would be brought back in a state fit for immediate circulation. The effect of the laws, as they now exist, is not to prevent their export, but to induce people to melt them prior to their being exported, and thus to diminish the general stock of coin.—The laws against usury are also, in my opinion, frequently productive of great injury to the public credit. By limiting the rate of interest, whenever circumstances make money worth more than that rate, they operate directly to put a stop to all discounts. For those who usually employ their capital in discounting

the bills of men in business, will not continue to employ it in that way when public securities and other resources will give them a much greater profit. The usury laws, therefore, produce that effect which it is erroneously said, the remedy proposed by the Committee would produce, that is, they deprive all men in business of the usual means of carrying on their affairs, and thus occasion universal distress and bankruptcies. This effect they certainly did give rise to, immediately previous to the restriction of 1797; they, as well as the laws against exporting guineas, ought therefore to be repealed whenever we come to apply a proper and effectual remedy to the disordered state of our credit and currency.

As some persons have of late insisted that the arguments and opinions of those, who in 1804 attributed the high exchange against Dublin to a depreciated currency, prove to be unfounded, because the exchange has become favourable to Dublin, without any diminution having taken place in the amount of Bank of Ireland paper in circulation; I beg to trouble the Committee with a few observations on this subject. The state of the case in respect to the currency and exchange of Ireland in 1804, was this.—The quantity of Bank of Ireland paper in 1797, the time when the Bank of Ireland was restricted

from making cash payments, amounted to 600,000*l.* Up to that period the exchange with London had never been much against Dublin, it was usually somewhat in favour of Dublin. In 1804 the exchange had become established at 10 per cent. against Dublin, though the balance of trade and payments, as far as such a fact could be proved, was in favour of Dublin. The notes of the Bank of Ireland in circulation were increased fivefold, being 3 millions; every village in Ireland had its Bank, and every large town at least half a dozen. Guineas were publicly advertised for sale, and bore a premium of 10 per cent. But while the exchange between Dublin and London was so circumstanced, the exchange between Belfast and London was in favour of Belfast. The north of Ireland, having kept its currency of coin, while that of Dublin, and of the South of Ireland, was wholly composed of Bank paper. The inference drawn from these facts, by many of those who gave an opinion on the subject in 1804, was, that the cause of the unfavourable exchange with Dublin was owing to the depreciated value of Bank paper. An inference of which the accuracy is now disputed, because the exchange between Dublin and London is at par, though the Bank of Ireland still have three millions of paper in circulation. To do so, is to take a very shallow view

of the subject. The true question is, what was the value of the Bank paper of England, compared with that of Ireland in 1804, and what is now the respective values of them. In 1804, Bank of Ireland paper was of less value than Bank of England by 10 per cent., for if this was not the case, and Bank of Ireland paper was not depreciated, Bank of England paper must have then bore a premium. According to the present course of exchange at par with Dublin, Bank of England paper is of equal value with Bank of Ireland paper. But the Bank of England paper has become of less value than it was in 1804, as appears by the price of gold, and the course of foreign exchanges. It is therefore owing to this fall in its value, that the value of Bank of Ireland paper seems to have increased, whereas according to the present value of Bank of England paper it has diminished; and thus, then, has nothing occurred contradictory to the inference, that the Bank of Ireland paper was depreciated in 1804, because the exchange with London is at par, though the paper of the Bank of Ireland amounts to three millions. This reasoning will appear more clear and conclusive, by calculating the value of Bank of Ireland paper in 1804, and in 1811, according to the rates of exchange between Dublin and Hamburg; In 1804 the exchange with Hamburg was 10 per

cent. against Dublin. That is, the exchange with London, was 10 per cent. against Dublin, and the exchange between Hamburgh and London was at par: now the exchange between Hamburgh and London is 20 per cent. against London; therefore the exchange between Hamburgh and Dublin is 20 per cent. against Dublin; so far, therefore as the exchange between Dublin and a place, of which the currency has not altered in value, proves any thing, it proves that the value of the paper of the Bank of Ireland is now more depreciated than it was in 1804, a conclusion which is warranted by the present price of guineas in Ireland, which now bear a premium of from 15 to 20 per cent. But they not only bear this premium with respect to Bank of Ireland paper, but with respect to Bank of England paper, in consequence of the exchange being at par.—The present state of things in Ireland, instead, therefore, of establishing the case of those who dispute the opinions held respecting the unfavourable exchange of 1804, corroborates most strongly the doctrine that the unfavourable state of foreign exchanges with England is owing to the depreciation of Bank of England paper.

But, among other things, it is discovered that to alter our present paper system is incompatible

with the public safety; that it will annihilate our manufacturers, destroy our commerce, and disable us from carrying on the war in Portugal. This is the picture of national calamity, which is presented to us by those who look at but one side of the question. Do they, when they make these extravagant and fanciful assertions, mean to say, that no danger will attend the continuance of the present system? That it is one beneficial to our manufacturers, salutary to our commerce, and safe for our finances? If they do, I will ask, Does not the actual state of our manufactures and our commerce afford a most decisive proof to the contrary? Has not the system of overtrading which has been the result of an excessive issue of paper, already been productive of great evil? Without then entering into a detailed refutation of the absurd and unfounded assumptions of those who think that a reformation of the paper system would be nothing less than national ruin, I maintain that this evil, great as it is, must become one of a greater and more destructive kind, the longer the system prevails; and, therefore, by suffering it to exist, we render it more and more difficult to meet it with an effectual remedy. For my own part, I confess, that I cannot look at the continuance of this system, without anticipating the certain destruction of our public credit. No one can deny

that a great scale of over trading, founded on an excessive issue of paper, will materially injure our manufactures and commerce. It must also be allowed, that our finances depend upon the prosperity of our manufactures and commerce. Our finances, therefore, and with them our public credit, and our means of carrying on the war, are placed in great danger by this system of paper money. A system which the right honourable gentleman, the prime minister of this country, does not controul; which parliament does not controul; but which is entirely under the exclusive power and management of 24 merchants, a body most honourable and upright, as merchants, but not designed for such a trust. I will ask the Committee then, whether it is wise or safe to leave the entire conduct of our currency in such hands? whether, while it is so, we are not subject to a degree of danger, which cannot be equalled by any possible evil which might follow from taking it from them? whether in this great and powerful country, on whose prosperity and independence as a nation the happiness of so many millions is at stake, it is sound policy to shut our eyes against our misfortunes, and fear to embark in an attempt to conquer them.

FINIS.

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TABLES,  
 SHEWING  
 THE GRADUAL FALL IN THE VALUE OF  
**Bank Notes,**  
 AND  
 THE INTRINSIC VALUE OF  
**MONEY-CONTRACTS**  
 AT THE  
*DIFFERENT PERIODS OF DEPRECIATION:*  
 BEING A  
 SUPPLEMENT  
 TO  
 LORD KING'S SPEECH  
 UPON  
*EARL STANHOPE'S BILL,*

F

TABLE, shewing the comparative Values of Bank-notes, Standard Gold, and Wheat, at the Period of the Bank Restriction, and in the subsequent Years.

Years.	Average Amount of Bank-notes in Circulation.	Price of Standard Gold per Ounce.	Number of Guineas which 105 <i>l.</i> was able to purchase according to the Market-price of Gold.	Real Value of a One Pound Note.	Average Price of Wheat per Quarter for England and Wales.	Quarters of Wheat equal to purchase one Pound Troy Weight of Standard Gold coined into 44 <i>½</i> Gs.
1797	—	£. s. d. 3 17 10½	Gs. 100	s. d. 20 0	s. d. 53 1	18 Qrs.
1798	13,334,752	3 18 0	100	20 0	50 3 52	Gold 3 <i>l.</i> 18 <i>s.</i> per Oz. medium Price.
1799	14,062,327	3 18 0	100	20 0	67 6	
1800	15,841,932	4 0 0	97½		113 7	Years of Dearth.
1801	16,109,594	4 0 0	97½		118 3	
1802	17,054,454	4 0 0	97½		67 5	14 Qrs. and Half a Bushel.
1803	16,847,522	4 0 0	97½	19 6	56 6	Gold 4 <i>l.</i> 2 <i>s.</i> per Oz. mean Price.
1804	17,345,020	4 0 0	97½		00 1 70 av.	
1805	17,241,932	4 0 0	97½		87 10	
1806	17,135,400	4 0 0	97½		79 0	Qrs. Bush. Gold at
1807	17,405,001	4 2 0	95½	19 0	73 3	13 3½ £4 2
1808	17,534,580	4 4 0	92½	18 6	79 0	12 6½ 4 4
1809	19,001,890	4 8 0	88½	17 8½	95 7	10 7½ 4 8
1810	22,541,510	4 11 0	85½	17 1½	106 2	10 2½ 4 11
1811	23,471,290	4 13 0	83½	16 9½	*	

\* The great import of foreign corn in 1811 must diminish the price of the year, by adding so greatly to the supply.

SCALE to ascertain the intrinsic Value of Contracts, at the Time of the Bank Restriction, and in subsequent Years, according to the Quantity of Gold which 105l. was able to command at different Periods, and shewing the Depreciation subsequent to the Date of the Contract.

Years.	Market-price of Gold.		Number of Guineas 105l. was able to purchase.	Present Value of the No. of Gs. Gold being at 4l. 13s. per Ounce.		Depreciation on 100l. since Date of Contract.				
	£. s. d.	£. s. d.		£. s. d.	£. s. d.					
1797	3	17	10½	125	7	10	119	8	4½	
1798	3	18	0	100	125	3	10	119	4	7¼
1799										
1800	4	0	0	99 <sup>839</sup> / <sub>1000</sub>	122	1	3	116	5	0
1801										
1802										
1803										
1804										
1805										
1806	4	2	0	94 <sup>918</sup> / <sub>1000</sub>	119	1	8	113	10	8½
1807										
1808										
1809										
1810										
1811	4	13	0	83 <sup>736</sup> / <sub>1000</sub>	105	0	0	100	0	0

The Report of the House of Commons states that the price of Gold Bullion, which, by the regulation of the Mint, is 3l. 17s. 10½d. per oz. was, during 1806, 7, and 8, as high as 4l. per oz. I have given the advantage to contracts, taking it higher.

SINCE the restriction on cash payments in 1797, the natural check and safeguard against excessive issues of paper-currency has been removed; and it is confessed, that the Bank has not been guided in regulating the amount of their notes either by the price of gold bullion, or by the state of the foreign exchanges. All paper, not convertible into gold on demand, is in its nature liable to depreciation from excess, and the amount of such depreciation is measured by the excess of the market-price of bullion above the Mint-price. When the paper-currency is not able to purchase as much gold as it promises to pay, then in proportion to that smaller quantity which it can command at any given time is the depreciation of the paper. Since 1799 gold bullion has progressively advanced in price, in proportion as the real value of the note (by which the gold has been purchased) has declined.

The alteration of the intrinsic value of the currency has been so considerable, that it is become necessary, for the just and equitable liquidation of contracts made prior to the de-

preciation of the currency, or at any time during the progress of that depreciation, to ascertain the real intrinsic value of the common currency in which all contracts have been estimated, at the date of each respective agreement. For this purpose, it must be ascertained what quantity of standard gold any given sum of the common currency was able to command at the date of the agreement; and the payment of the same quantity of gold, or the value of that quantity, will be the equitable fulfilment of the contract, according to the intent and meaning of the parties. A payment in paper-money of inferior value is a payment in name only and not in reality; a payment in good and lawful money, according to the letter, may be a payment of more than was intended by the spirit of the contract.

It has been said, that no contracts since 1797 could have been expected to be paid in gold. If such contracts stipulate for payment in gold, they are nevertheless binding on the parties, and any modification must be considered as an act of favour and concession. Such contracts ought, on every principle of justice, to be fulfilled according to their spirit and meaning. The Restriction Act at first was expressly stated to be only temporary; and for ten years, there

was no important depreciation: it was not before 1808 that any serious injury was sustained. The hope that the currency would be restored to its former value, might have induced many persons to submit to a loss of five or six per cent.; but are there no limits to the endurance of an injury, and is the patient acquiescence for so long a time to be now urged as a conclusive reason against all future attempts to resist a manifest fraud and public injustice?

It appears from the first Table, that any considerable increase of the amount of notes in circulation has an obvious influence in producing an advance of the price of gold, and a correspondent diminution of the real value of the pound note. The average price of wheat for England and Wales, which from 1771 to 1785 was forty-six shillings the quarter, and from 1786 to 1797 was fifty-two shillings, has since that period, in the short space of fourteen years, experienced an advance in price greatly exceeding the advance of the whole preceding century. Before the Bank restriction, and even during the two first years, it required 18 quarters of wheat to purchase one pound weight of standard gold, which was coined into 44 guineas and a half; at subsequent periods it has required only 14 quarters and half a bushel,

12 quarters and 2 bushels, to purchase a pound weight of gold, even at the apparent high price of gold. These calculations are made on the average prices both of corn and gold for five years, and five years, omitting the two years of dearth 1800 and 1801. In the last year, 1810, the average price of wheat was 106s. 2d. the quarter, and the price of gold for that year was 4l. 11s. the ounce: it required then only 10 quarters 2 bushels and 1 peck to purchase a pound of gold; which same quantity of gold fourteen years before required no less than 18 quarters of wheat to purchase it. Considering the facts here stated, it is impossible to maintain that the price of gold has increased of late years; on the contrary, there is every reason to believe that a real and sensible diminution in the value of the precious metals has taken place, comparing them with wheat and labour, usually considered as the best criterions and standards of value.

The pound Troy is, by the regulation of the Mint, coined into 44 guineas and a half, of the weight of 5 dwts.  $9\frac{1}{2}$  grs.; but guineas, if not reduced below the weight of 5 dwts. 8 grs. continue to be a legal tender. At that weight, viz. 128 grains, the pound Troy of 5760 grains is equal in weight to 45 instead of  $44\frac{1}{2}$

guineas. Promissory notes and tokens of the Bank of England, to the amount of 46l. 14s. 6d. can virtually and lawfully be discharged only by the payment by that Corporation of 44 and a half guineas, or gold coins to that amount; and as 44 guineas and a half is only another name for a Troy pound-weight of standard gold, every 46l. 14s. 6d. worth of Bank-notes is an engagement to pay a Troy pound-weight of standard gold\*. A Bank-note, or any paper-currency, neither has, nor can have, any value but what it derives from being a true representative, not merely of the coins of the realm, but of a *certain quantity of gold*; because the coins of the realm have themselves, and can have, no value but what they derive from the quantity of sterling gold contained in them, and the gold coins in use are legal tender so long only as they contain the quantity of gold declared by the King's proclamation to be contained in them.

In the Earl of Liverpool's Treatise on the Coins, an account is given of the different *treasons* against the pound sterling which have been committed at different times; a brief summary of which may be usefully inserted:

\* From the Theory of Money, printed for S. Highley, 24, Fleet Street, 1811; a work containing a variety of useful information upon this subject.

					<i>s. d.</i>
1.	{ In the 28th year of his reign, }	Edw. I.	{ coined 1lb. weight of silver into }		20 3
2.	— 18th —	Edw. III.	— —		22 2
3.	— 20th —	Edw. III.	— —		22 6
4.	— 27th —	Edw. III.	— —		25 0
5.	— 13th —	Hen. IV.	— —		30 0
6.	— 4th —	Edw. IV.	— —		37 6
7.	— 18th —	Hen. VIII.	— —		45 0
8.	2d year of her reign,	Elizabeth	— —		60 0
9.	— 43d —	Elizabeth	— —		62 0

The reformation of the coin (in those times the only circulating medium) seems to have formed no inconsiderable part of the grievances for which Parliaments attempted to obtain redress from those Sovereigns, who, urged by their necessities, had degraded the coin for the purpose of defrauding their subjects.

Since the establishment of a more regular government, acting by general rules in the administration of the national affairs, according to the well-understood interests both of the government and people, no Sovereign of England, since the reign of Elizabeth, has had recourse to the expedient of making further innovation in the standard of the currency. The legal standard has remained unaltered ever since the time when Queen Elizabeth made the last alteration in the silver coinage, and gold has since been made the only legal tender in all payments above 25*l.* in value.

The use of the second Table is to shew, by inspection, the real quantity of gold which the current paper-money was able to purchase in any given year, that quantity, or the weight of the number of guineas in the 3d column, being, according to the spirit of the contract, the equitable payment of 105*l.*; the 4th column shews the value of the weight of gold equal to the number of guineas contained in the third column, at the price of 4*l.* 14*s.* per ounce; the 5th and last column shews the further depreciation of paper-money for every hundred pound since the date of the contract.

It would have been a much easier and shorter method to have paid the difference of the value of Bank-notes by an addition to the nominal sum equivalent to the depreciation; but this practice would have exposed the fact to daily view, and would have carried with it irresistible conviction; and the Legislature has lately interfered to prevent the depreciation from becoming thus palpable and manifest.

If gold is in demand for the payment of contracts, for instance, for the discharge of rent, it will now be necessary for the tenant to require two prices for his produce, one for gold, and another for paper; or he may, if more convenient, dispose of the whole of his produce for

the ordinary paper currency, and purchase the weight of standard gold (if gold coin cannot easily be procured) requisite to discharge his rent or bond-debts, according to the spirit of his contracts.

It has sometimes been said, that the total disappearance of gold, and universal substitution of paper in all payments, prove, that it is impossible to procure gold; but it must be recollected, that the whole question rests precisely on the inferior value of our paper-money compared with gold; and therefore, as long as any considerable difference exists in reality, it is a manifest absurdity to imagine that payments will be made indifferently in gold and paper, when one currency has been 10, 15, and even 20 per cent. less in value than the gold coin. Let the value of the paper-currency be restored to the value of the legal gold coins, and payments will again be made in gold and paper indifferently; let the opposite course be persevered in, and allow the depreciation to become so sensible that gold shall be demanded generally in preference to paper-money in satisfaction of old contracts, and in this manner the demand for gold will establish two prices, one for commodities sold for paper, and another for those sold for the gold coins.

THE END.

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