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A LETTER

TO THE

EARL OF LIVERPOOL,

ON THE

ERRONEOUS INFORMATION THAT HIS MAJESTY'S
MINISTERS HAVE ADOPTED

REGARDING

COUNTRY BANKS AND THE CURRENCY IN THE
MANUFACTURING DISTRICTS;

AND SUGGESTING MEANS FOR CORRECTING SOME OF THE EXISTING
EVILS IN THE CIRCULATION OF COUNTRY BANK NOTES.

BY A MANUFACTURER,
IN THE NORTH OF ENGLAND.

LONDON:

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1826.

A LETTER, &c.

London, 18th February, 1826.

MY LORD,

I HAVE waited till this day, in anxious expectation that the erroneous information in regard to the currency, country banks, and the nature of their connexion with the people, which has been communicated to His Majesty's ministers in the lower house of parliament, and upon which they are proceeding to legislate, would not have been adopted by your lordship. On reading with great interest your lordship's speech of yesterday, I am, however, on this subject grievously disappointed; and feeling that it is the duty of every man who has a family to protect or neighbours to care for, to convey accurate information, I proceed reluctantly to address a few observations to your lordship upon this all-important subject. Unless the king's ministers are better informed, before the measures in regard to the currency become laws, I am confident that a defalcation of millions will take place in the ensuing four quarters, in those branches of the revenue which derive their chief supply from the prosperous condition of the active classes of the people: viz. the stamps, post-office, customs, and excise; and unprecedented and appalling extent of ruin must be the consequence in the manufacturing and commercial districts of the kingdom.

Regarding my fitness to give this information I shall ask for no voucher, but simply and plainly declare to your lordship, that I am a manufacturer in the north of England, and reside in a very populous district. I consider myself to be thoroughly acquainted with the condition of the active portion of the people in that district, their habits of business, the nature of their connexion with the bankers in their vicinity, and the circumstances that have, in aid of their own skill and industry, mainly contributed to their prosperity. I have during the last ten days conversed with many of the country bankers in different parts of England, on the present state of their business, and their views and intentions for their future operations. If I should offer your lordship any free animadversion upon the measures now pending in parliament in regard to the currency, I beg notwithstanding to be allowed to tender the sincere expression of my approbation and gratitude for the general measures of government; sentiments which I hold in common with almost all the reflecting part of the community.

Bank directors, the great merchants of London, though amongst them may be enumerated some of the most enlightened men in the world, are not the persons who are capable of giving your lordship the best information of the circumstances of the secondary traders and manufacturers of Great Britain. They are raised by their wealth and connexions above the necessities of the latter, and rarely come at any time in contact with them; and consequently, they never enter into a detailed examination of their habits of business, and the circumstances with which their successful industry is inseparably connected. Individual and national wealth and happiness, are, however, infinitely more dependent upon the well or ill-conditioned state of

this secondary class, than they are upon that of the comparatively few great capitalists. I am one of the few members of this secondary class of traders, who, from the exercise of great prudence and caution, may in this extraordinary juncture escape absolute ruin. Still I shall sustain considerable injury; and on that ground I presume to entreat your lordship to afford me a few minutes to read the following remarks, in order that your lordship may become acquainted with the sentiments of those secondary traders; not one of whom, I feel confident, has been consulted by His Majesty's government, though they are, more than any other class in the community, likely to be affected by the projected measures in parliament.

Not more clearly can the manufacturing greatness of this country be traced to the discoveries and inventions of Watt, Arkwright, and the ingenious men of the last half century, than can be demonstrated the truth, that, to the system of country banking we are indebted for the full development and the wonderful effects of those inventions. By collecting the dormant capital of the inactive members of the community, and increasing the power which they thence derived by the issue of their own notes, the country bankers were enabled to stimulate the exertions of the enterprising and ingenious, and to produce those wonderful results in manufacturing industry, which have astonished mankind. To this, in no small degree, was your lordship indebted for the power to conduct to a successful issue the mighty contest with France. Without a power like that of country bankers, established in various places throughout the kingdom, which at once came in aid of, and gave life and vigour to the suggestions of the genius of Watt and Arkwright, their inventions might have been thrown upon society in England, and there re-

mained a splendid mark of their own skill; but, for a time, comparatively unproductive to their country. The power of adapting capital immediately to the wants of the ingenious, was then possessed by the established country bankers of Britain; and to the important aid to their exertions, which our manufacturers derived instantly, in no niggardly manner, from them, it is owing that other nations did not start in the career of manufacturing industry at an earlier period. Fulton's invention of steam-navigation, being, from its nature, more accessible to the knowledge and observation of foreigners, than the more hidden processes of our staple manufactures, was actually seized upon by the Americans, and brought by them to maturity, before we were aware of its great advantages. All travellers know how much the Americans still surpass us in steam-navigation: so important is it to a nation to be the first to cultivate any of the useful arts and manufactures.

If, then, the system of country banking became thus early connected with the main spring of our wealth, the staple manufactures of Britain, have any circumstances since arisen, which will render it perfectly safe to cripple and injure the one, without a corresponding injury to the other? I answer, upon an intimate and extensive acquaintance with the subject, emphatically, NO; but quite the contrary. It is a fact, that not only do our manufacturers depend upon country bankers for the regular supplies of money, for paying wages, &c.; but at the lowest computation, a full one-sixth part of all the mills and factories in the kingdom are pledged to those gentlemen, directly or indirectly, to secure advances. Ask anybody acquainted with the circumstance, how many of the mills of Bradford in Yorkshire are pledged to Messrs. Wentworth and Co. I should abstain from any reference to the private concerns

of parties; but when their affairs are in bankruptcy, more publicity is warranted, and it is at all times extremely difficult to obtain accurate knowledge on these subjects.

No very inconsiderable part of the capital of many of the manufacturers is derived from the bankers. Not only do they pay most of the bills which they receive for their goods to their bankers, for discounting, &c.; but a rule obtained in Yorkshire and the north of England, and until lately it was generally acted upon: viz. besides taking all the promiscuous bills received by the manufacturer in the course of his business, and converting them into bank notes or bank paper, he also engaged to advance, as an open balance, one-tenth of the gross amount of the returns in the account between them: in many instances the balance greatly exceeded one-tenth. These facilities the country bankers have been induced to afford their customers, by the profits which they obtained from the issue of notes which the manufacturers paid away, and the commissions charged on the account.

When we reflect upon the amount of property embarked in mills and factories, and see what a most essential and important tool in fabricating individual wealth a mill is, it becomes a serious consideration, whether it would be just so to interfere with the proceedings of country bankers, as to cause them to call in suddenly all their advances, and force one-sixth, or even one-eighth part of all the mills in the kingdom to be sold by auction; or, in default of customers, to cause them to be utterly destroyed, that the materials may be converted to the banker's use. We should always bear in mind, that it is a system that has not sprung up on a sudden; but that it has grown with the growth of our manufactures, and strengthened with the prosperity of the country. Nor does it matter for this

consideration, whether the country banks be situated in a manufacturing or in a farming district. They are the great collectors and reservoirs of the surplus capital of the country; and through the medium of bill-brokers, and the agents of country banks in London, as certainly does the spare money of the wealthy and inactive now flow into the channels of the active and enterprising classes of the community, as the water flows from a reservoir, to replenish the exhausted or diminished waters of a navigable canal.

Although the system of country bankers may be in some respects vicious in principle, and its practice in some particulars bad, yet it is the system with which we have been brought up and flourished, and it forms now a most important part of our commercial economy. To destroy or violently to interfere with this system at the present juncture, is to produce extensive ruin and indescribable misery. Your lordship will say there is no intention to interfere with it suddenly or violently. I reply, as a practical man, capable, as I think, of estimating some of the consequences of the present measures, that the ruinous effects will be immediate, and violent in degree. As well might it be enacted, that no small notes should circulate after one year, from the time of the act being passed, as to protract the period for three years: within that time the country bankers will be prepared for the entire change of system. In the session of 1819, it was obvious to practical observers of the measures in parliament, that all the consequences of Mr. Peel's bill would be in full operation, within two years from the time of the act being passed; and in point of fact, the greatest pressure occurred within that space of time, and the spring of active operations had partly recovered its elasticity long prior to the expiration of four

years. A similar result will follow your lordship's present measure. Now I hold, that it will be extremely dangerous and unwise to increase the pressure at a moment of suffering like the present; and this leads me to make a few observations upon the urgency of the case.

The only two considerations that could induce your lordship to agitate the country by the present measures, are a conviction of the unsound state of the currency of country bankers, and a belief that the public welfare would be endangered by allowing it to continue any longer in that state; or assuming that the evil exists, but granting the inexpediency of correcting it at present, an apprehension that it would not be so easy to carry the measure through parliament at any future time. It is unnecessary to make a single observation on the latter consideration; but as regards the former, without saying that the currency of country bankers is in a perfectly satisfactory condition, I deny the urgency of applying at the present moment any remedy. During the last ten years, both town and country bankers have become infinitely more circumspect in their transactions than they were during the previous ten years. If the effects of a moral hurricane, like that produced by the late panic, had been scattered over the country fifteen years ago, not three-fourths of the bankers then existing would have been found in a state of solvency. Now it is an undoubted fact that, taking all the bankers who have stopped payment, four-fifths are solvent; and estimating their failure in a mass, I believe the public will not ultimately lose one-tenth part of the gross amount of their debts. When the great Lincolnshire banks failed, about fifteen years ago, the state of the banking business in England was in a vast proportion more defective and rotten than it was at the close of the last

year; and the transactions in which those bankers were involved at the time of their failure, afford the last signal instance, that I am acquainted with, of the great power with which bankers are, by the nature of their business, invested, being abused for the purposes of ruinous private speculation.

Your lordship is in error in ascribing the failure of some of the London banks to the magnitude of their connexions with the country bankers. Of those who have stopped payment in London, none but Sikes, Snaith, and Co. Everett, Walker, and Co. Williams, and Co. and Pole, Thornton, and Co. were the correspondents of country bankers. The number of country banks that drew upon these respectively, were

Sikes, Snaith, and Co.	1
Everett, Walker, and Co.	12
Williams and Co.	15
Pole, Thornton, and Co.	38

It is only necessary to mention the names of those London bankers who actually have the largest connexions with country bankers, both as regards the number of such correspondents and the magnitude of their transactions, to prove that no just inference like that which your lordship erroneously draws, can be made regarding the dangerous nature of such business.

Glyn, Mills, and Co. had connexion with	41	country banks.
Barclay and Co.	45	_____
Esdale and Co.	46	_____
Masterman and Co.	55	_____
Jones, Loyd, and Co.	58	_____

It is a fact well known in the city, that the three London

banks most able to afford assistance to their customers during their late emergency, were Smith, Payne, and Co. (themselves amongst the largest country bankers in the kingdom,) Glyn, Mills, and Co. and Jones, Loyd, and Co.

The failure of Pole, Thornton, and Co. is in no degree whatever to be ascribed to their country correspondents, but mainly to the circumstance of that kind-hearted, amiable and good man, Henry Thornton, having left the concern of Down, Thornton, and Co. in a state of great perplexity, to say no more; and Sir Peter Pole having joined the concern, on the death of Mr. Thornton, in a state that imperatively required the most rigid adherence to pure banking principles, to ensure safety and prosperity to the establishment, being weak enough to depart from those principles for the purpose of speculation. Williams and Co. are now again, I trust, prosecuting a prosperous business, and it would, therefore, be unfair to make them a subject of remark: the cause of their stoppage is perfectly understood, and may be easily explained; but it is quite safe to assert, that it cannot be attributed in their case, or in that of Walker and Co. to the extent or nature of their country correspondents.

Present experience would also prove that we are mistaken in supposing, that greater risk inevitably appertains to those bankers who issue promissory notes payable on demand. Three bankers have stopped payment in Lancashire, who never issued a note: viz. J. Hadwen of Liverpool; Crewdson and Co. of Manchester, and Dilworth and Co. of Lancaster. Three banks to fail amongst that very limited portion of bankers who issue no notes, is certainly a remarkable circumstance; a proportion of failure infinitely greater than that which has taken place amongst note-issu-

ing bankers. But we cannot draw general conclusions from particular facts.

Feeling, at this momentous crisis, how essential the confidence of the public in the country banks is, to cause the productive energies of the people of England to be supported in their activity by the issues of those banks, I regret the disparaging expressions which your lordship applied to them. From so high a quarter expressions have a prodigious influence, and I know that your lordship's words have had a tendency to disgust and drive some good country bankers out of business. The system of banking being open to the public, low men as well as high have a fight to avail themselves of its advantages. Low men may, also, by prudent and discreet management, so conduct their affairs as to become high men. Lord Carrington's father was a retail grocer in Nottingham, and his lordship has ere now ridden on a pair of saddle-bags from his bank at Hull, to dispose of his notes at Beverley market. Becketts of Leeds, and Jones of Manchester, were retail traders; and I know a very good country banker, and the only responsible member of the firm, who, at the time of his becoming a banker, was in the habit of travelling on foot to the surrounding villages to measure the husbandry matrons for their stays. The whole affair is one of skill and intelligence, and has little to do with a high or low station in society. We see the son of a Nottingham grocer has become a peer of the realm, while the high and wealthy family of Surtees, (formerly bankers at Newcastle) who scorned an alliance for their daughter with the present Lord Chancellor, lacking these qualities, reduced to bankruptcy.

Considering the very great power that the system of banking confers on individuals, I regard it as a remarkable circumstance, that will redound very greatly to the honour

of Englishmen, that so little mischief has at any time resulted from it. In America the failures of banks are in proportion more numerous, and their effects more disastrous.

I must address a few observations to your lordship, on the effect of the present measures of government upon the manufacturing classes. Great changes will be produced by them, and your lordship does not, I presume to think, contemplate all the effects that are likely to arise from so great an alteration in our system of currency. I am led to this conclusion, by perceiving that the two houses of parliament are proceeding to legislate upon information which is in some respect, grossly erroneous. Your lordship, and Mr. Canning, are both reported to have asserted, that in a population of two millions surrounding Manchester, there existed no other than a metallic currency. What astonishment the intelligent people of that district express at such declarations! How Manchester and its dependencies can be represented as containing a population of two millions, one is at a loss to conceive. The whole of Lancashire, and the West Riding of Yorkshire, do indeed contain a population of just about two millions. However, so far from there being two millions of people, amongst whom none but a metallic currency circulates, I venture to assert that there are not 300,000 persons who are served exclusively with the united currencies of the king's coin and the notes of the Bank of England. I do not intend to rest this assertion upon my bare declaration, unsupported by reference to facts, though my conviction arises out of personal examination in that part of the country, from whence I have just arrived. However, I will endeavour, very briefly, to analyze some of the circumstances that may tend to illustrate my opinion.

At no time, during the last thirty years, has there circulated in the West Riding of Yorkshire, any thing but notes of the provincial bankers and bills of exchange; they are as much the whole and entire circulating medium of that district, as the notes of the Scotch banks are the circulating medium of Scotland. The West Riding of Yorkshire contains about 1,000,000 inhabitants, the consideration is therefore reduced to the remaining 1,000,090 living in Lancashire. Of this latter portion I admit that the people of Liverpool are principally served by Bank of England notes and the king's coin, and that few provincial notes circulate there. There is, however, *no other part* of Lancashire similarly circumstanced. In Manchester, indeed, the inhabitants have partially resisted the introduction of provincial notes, and some of the great manufacturers adhere still in principle and practice to the resolutions of the town's meeting respecting the introduction of local notes, and their workmen continue to be paid in coin, or Bank of England notes; but it may safely be asserted, that at the least, two-thirds of the wages of Manchester and its immediate vicinity were, up to December, 1825, paid in the notes of the local banks; while beyond the immediate vicinity of Manchester, as we shall presently see, nothing, or very little else but local bank paper, was used for the payment of wages and the necessaries of life.

Within fourteen miles of Manchester there are nine country banks that issue local notes. I could name two, amongst the following, that have a circulation jointly of £300,000 in local notes, and all have or had an astonishing amount of notes in circulation, and which takes almost exclusively the space which your lordship imagines is occupied by the metallic currency. The following issue the greatest amount of notes:

Christy, Lloyd, and Co., Stockport, 7 miles from Manchester.

Fenton, Roby, and Co. Rochdale, 11 miles from Manchester.

Rawson and Co. Rochdale

Harrop, and Co., Saddleworth, 12 miles from Manchester.

Cunliffe, Brooks, and Co. Blackburn.

} Attend to distribute notes on market-days, at Bury.

} Have banks at Halifax and Huddersfield.

} Attend to distribute notes for wages at Oldham, seven miles from Manchester; Ashton ten; Stayley Bridge, thirteen miles.

This last-mentioned firm have a bank in Manchester, where they pay not only their own notes, which are made payable at Blackburn, Manchester, or London, but also all the provincial notes that are issued within forty miles of Manchester.

The circumstance of there being an open bank in Manchester that would at all times give, for a trifling premium, gold or Bank of England notes in exchange for local notes, is alone sufficient to convince your lordship that provincial notes were currently passable in Manchester in payment for provisions.

Information is not to be obtained accurately on these important subjects, from those rich bankers who go to their banks in carriages, and converse with none but the wealthy amongst their customers. He that goes to the shops of the provision-dealers on a Saturday night, and can obtain from the butcher, baker, grocer, or mealman, satisfactory answers to such questions as—What is the amount of your receipts for the day or week? In what kind of money have

you received them? And in what respects do your receipts differ as to the sort of money you receive from the receipts of such and such a period? is alone able to furnish accurate information. The result of such an enquiry would prove that two-thirds or three-fourths of all the provisions are paid for in Manchester in country bank notes.

All large manufacturers uniformly experience extreme difficulty in obtaining any quantity of proper money with which to pay their workmen, and many have been thereby driven to issue their own promissory notes, payable on demand; a practice still in general use. Sir Robert Peel issued, many years ago, at Bury, a town nine miles from Manchester, notes for this purpose. Mr. Owen, of Lanark, does not, that I am aware of, issue notes, but he does that which is equivalent thereto. He showed me a book, kept in a general clothing and provision shop, appertaining to the Lanark mill, in which the names of his work-people were inserted, and underneath every name a memorandum of the amount of the weekly earnings of each individual; to that amount the workmen had credit with the shopkeeper, and he obtained goods in the course of the week upon this credit. The shopkeeper, as a matter of course, at the end of the week, added up the several sums that had been thus drawn from him in goods by the work-people; obtained a bill, or bills, to transmit to the wholesale dealer at a distance, from whom he derives his goods in gross.

Many manufacturers keep, themselves, a provision-shop, and compel, not openly but covertly, their workmen to spend their hard-earned pittance for their master's benefit at such shops. I believe this practice is in contravention of a positive law; but dexterous and tricky people can always evade such laws: besides, the times are now coming when no workmen will have the time, the spirit, or

the inclination, to quarrel with any hand that affords him any bread.

In event of the present plans of government going unmodified, in the state they now appear, into effect, if I were a manufacturer who had to pay £600. or £800. per week in wages, I would not keep a shop even upon Mr. Owen's improved plan; for he assured me that no compulsion whatever existed to make the workmen purchase goods at his shop; but I would arrange with four or five shops in the neighbourhood, recommended by my workmen, a plan by which I would myself become the debtor for goods obtained by the workmen, and would balance the account-current with the shopkeeper every seven or fourteen days. Little plain printed bits of paper, signed by my foreman, would serve for this purpose, as well as Mr. Perkins's fine flourishing notes, which your lordship is now committing to the flames. Some clause, however, may perhaps be inserted, intended to prevent this process; but I affirm, that with all the power that your lordship possesses, it is impossible that you should find a person ingenious enough to prevent this kind of credit from obtaining currency, without shutting up half the manufactories in the kingdom, and driving the workmen employed therein to starvation, and producing also such an effect upon the revenue as I may contemplate; but upon which it is no part of my province to remark.

One great objection to the present measure, at the present time, is, that in addition to the paralyzing effect which they must, by their influence upon the country bankers, have generally on all the energies of industry, that they will have a decided tendency to encourage the low, tricky, and dishonourable trader in the densely-peopled districts. I will cite a case in illustration of my opinion, with which I

have been made thoroughly acquainted, and I vouch for its accuracy.

I know two large manufacturers, both engaged in the same kind of business; they are both wealthy and skilful, and they both buy the raw material in the same markets and on the same terms. One, who is open, manly, and honourable, disdains to pay his workmen in ~~other~~ other way than in the current money of the country, that they may be free to expend it where they please. The other, who is cunning, tricky, and dishonourable, will resort to any subterfuge, endure any indignity, rather than alter his practice of paying his workmen in provisions. If there be any difference in the position of their works, and in their interior management and economy, that difference is in favour of the honourable man.

Both these houses have agents in all the principal towns of South America, where, indeed, the honourable house has been in the habit of supplying the markets directly or indirectly, through the mother countries, for fifty years. Now, however, so decided an advantage has the trickster over him, by the manner he adopts to pay his wages, that the honourable man is in danger of being driven out of all the markets where his formidable but unprincipled rival meets him in competition. In October last he dismissed one-third of his workmen; in December a further number; and now, I believe, he has not one-sixth of his usual number remaining. One cannot marvel at this effect. The wages of each of these firms amounted weekly to about £600. If the base fellow were content to take only thirty-three and one-third per cent. profit upon his coarse and bad provisions (and it is notorious that they were bad and coarse) he would gain an annual income of £10,400. over his competi-

tor, all other things between them being alike. Whenever the circulating money of the country, of whatever kind it may be, passes slowly and with difficulty from hand to hand, the unprincipled and unfeeling traders reap their best harvests.

It cannot, I think, be the intention of parliament to pass the present measures without any other modification than that mentioned by the Chancellor of the Exchequer, on Friday; viz. to allow the Bank of England to issue new one and two pound notes till October next. Otherwise we, as Englishmen, ought to raise our voices against the manifest injustice of allowing one and two pound notes to circulate in Scotland, when the privilege is taken away from us. The Scotch have been at all times the great sinners against your lordship's favourite doctrines regarding the currency. To them, far more than to any English country bankers, is to be ascribed the evil of excessive issue. When the Bank of England discounted three months' bills at four per cent. and the less prudent bill-brokers and money-agents of London discounted, for a higher premium, some that had five and six months to run, the Scotch banks were in the practice of discounting bills that had eight and ten months to run, at four per cent. per annum, provided the security were good. The flagrant injustice of this proposition must be so obvious to all, that it would be a waste of time to reason upon it. If the Scotch notes be allowed to circulate after the English are driven in, they will force all the gold out of circulation throughout the north of England for more than 100 miles south of the Scotch border: they are even now not unfrequently passed in payments at Kendal and at Newcastle, and they will be the only circulating medium throughout the northern counties of England: bales of them will also be sent up by the coaches to Manchester and Leeds, to

pay wages, unless they be absolutely prohibited from passing from hand to hand after they pass the border.

The public are under great delusion respecting the Scotch banks. Many of them, like the English banks, have only two or three partners: they are no more secure than ours, except that the more cautious and calculating character of the Scotch renders them more careful in selecting good securities in exchange for their money. It is management and a better understanding of the true principles of banking, that make the Scotch banks better than the English. In times of alarm and apprehension they assist each other, knowing how important it is to their prosperity that the public should have a steady and unvarying belief in the inviolable solidity of their establishments as a whole. Charter or share banks will never be generally established in England, from the different character of the people; and if they were, injurious consequences would at intervals result therefrom, greater than those with which your lordship has now to deal. But this is an extensive branch of the subject, and I purpose only to convey information to your lordship upon those points whereon, from local circumstances, I am better informed than the persons who have been consulted by the government.

I have abstained from troubling your lordship with a single observation upon the general question. Admitting abstractedly the desirableness of bringing the opinions regarding the currency, which your lordship has often promulgated, into practical operation, it cannot be disputed that with our debt, our manufactures, and commerce, and with the constant and rapid internal circulation of commodities, it will be of most difficult accomplishment. No economist will deny that the most abundant paper-circulation consistently with security, the stability of the exchanges, and per-

fectly free convertibility into cash at all times, is that condition of the currency which, in our circumstances, is the most desirable. This principle is, however, at the present moment, terribly departed from, and a ruinous contraction of the currency has taken place: in evidence of which, the wages of labour cannot be regularly paid in many parts of England. In Yorkshire the most opulent houses instead of paying, as heretofore, their wages in coin, or notes payable on demand, are constrained to arrange their men by tens, add the united weekly earnings of ten men, and draw a bill at two months, payable to that man amongst the ten most likely to get the bill exchanged at a provision-shop, and to distribute the commodities which he there obtained for his bill, to the satisfaction of the other nine. This is the mode in which Messrs. Rawson and Co. of Halifax are paying their workmen, and other houses in Yorkshire are doing the same, only in a manner less satisfactory.

This state of things would in part have passed away, and all matters regarding the currency and confidence in bankers, would partially ere long have taken their wonted position, but for the alarm and apprehension spread abroad amongst bankers, and traders who are in any manner connected with bankers, by the present measures of the administration. My plan would, therefore, in the present circumstances, have been,

- 1st. To recommend, urgently and forcibly to recommend, the Bank of England to establish branch banks at Exeter, Bristol, Birmingham, Liverpool, Manchester, Leeds, Hull, and Newcastle.
- 2nd. To prevent, by law, any person who deposits money in a bank, bearing interest, from demanding it without fourteen days previous notice.

3rd. To prohibit, after a reasonable period, the issuing of any note, payable on demand, above the value of £5, except by the Bank of England.

4th. To have a graduated scale of stamps upon all internal bills of exchange below the amount of £300. drawn after date or sight, so that the cost of the stamp should have a relation to the value of the bill: thus, on a bill at two months after date, the stamp of a bill not exceeding £10. should be 3d. exceeding two months, 4d.

Above £10, and not exceeding £20	should be	6d.	exceeding two mo.	8d.
20,	_____	30	_____	9d.
30,	_____	40	_____	12d.
40,	_____	70	_____	1s. 9d.
70,	_____	100	_____	2s. 6d.
100,	_____	200	_____	3s. 9d.
200,	_____	300	_____	5s. 0d.

5th. and lastly, I would have abstained, for one year at least, from saying or doing any thing respecting country bankers (excepting as above suggested) and their £1. notes: a trifling consideration in any point of view, and especially so at the present moment, when all the issues of bad notes have been swept away; when every man can exchange a £1. note for a sovereign, at his pleasure; and when a decided preference is manifested throughout the country for gold in exchange for paper.

I will further trouble your lordship only with one observation upon each of the foregoing propositions.

1. Branch banks from the Bank of England would have the immediate effect of giving assurance, confidence, and stability to existing banking establishments; and through them to the mercantile firms, by showing them

that, in cases of renewed alarm and runs, relief was at hand; and by having the power to discount without that apprehension that pervades, and will for a long time pervade the country bankers, they would be able greatly to relieve much of the distress and embarrassment. The branch banks may examine, check, and exchange their notes from one denomination to another; but they must not pay their notes in specie any where but in London. I am a decided approver and eulogist of the conduct of the Bank of England. The watchfulness, intelligence, zeal, and promptitude of the directors, in the late emergency, saved us, if saved we be, as a commercial nation, from the shock of general bankruptcy. I have never been at any time able to discover any defect in their management, except that of lending money on mortgage; and their having no particular member or officer whose only duty it is to examine into the responsibility of the parties upon the bills tendered for discount. The losses of the Bank of England from this cause, as compared with that of prudent private discounters, are always great, and must, I should think, at the present juncture, be enormous. They would get better bills in the country, for discount, than they do in London.

2. The reason of the second suggestion is obvious.

3. The less paper a country banker has out, payable on demand at his counter, the less gold will it be necessary for him to lock up in his safe, to answer sudden calls, the effect of panic, or malicious reports. Nor can the country bankers, in fairness, object to this regulation on account of its abridging their issues, if it be accompanied by the succeeding; or,

4th Suggestion, which I regard as a matter of very great importance. I believe the stamp revenue would not

be injured by this alteration. Bankers reckon that the notes of the higher denomination last on an average three years. I believe four years would be nearer the truth. So much of the circulation of the country being payable at the provincial towns, has, by causing runs and increasing alarms, been one very efficient cause of our present pecuniary embarrassments. £800,000. were sent by one house in Lombard-street, in two succeeding days, in December, into Norfolk alone. The cautious country bankers now consider themselves obliged to keep so great an amount of gold and bank-notes, to answer sudden demands, that the more they are relieved from such dangerous liabilities, the better for themselves and the community, and more money will circulate for the benefit of the public. The 2d, 3d, and 4th propositions will do this in the most effectual manner. But it will effect further good, and that of still more importance. The notes which circulate most at country fairs and markets, in payment for cattle and for provisions, are the notes of the country banks of the value of £10. and upwards, payable to bearer. This is a comparatively insecure kind of currency; more liable to forgery, and if lost or stolen, readily convertible by the bearer into gold. A great part of it too is perpetually travelling in coach-parcels up to London, to the great hazard of the senders, and to the great gain of the organized robbers of bankers' parcels, for the purpose of being converted and re-converted into cash. This regulation would have the further effect of greatly improving the security of the public. A bill of exchange has generally several securities: it cannot move a step in circulation, after the first issue, without doubting its validity; and every succeeding person through whose hands it must pass, adds, if need be, to its safety. Many persons who frequent fairs and markets

have recently suffered most unjustly, by taking notes of any banker whose circumstances were unknown to him. He could not have suffered if this regulation had been in operation, and it is therefore perfectly just in principle; whereas the effect of the present custom is most unjust. The man who first gives currency to the notes of a banker, ought to suffer, if those notes are bad. He it is who has been the instrument to palm upon the public a base counterfeit for real value, and he must suffer the consequences of his ignorance. Such a regulation would make people very circumspect in selecting good banks from which to draw their supplies, and would do more to improve this part of the currency of England, than any vaunted Scotch plan. This part of our currency would always thenceforward be obliged to be sent to London for payment, where it would be paid by exchanges at the clearing-house of the bankers, without the intervention of gold or bank notes at all; and thus would be set free, to flow into the pockets of the people, all those Bank of England notes and gold which are now kept at the bankers to pay notes of the value of ten pounds and upwards, when demanded by the public.

If no part of the above suggestions should meet the approbation of your lordship, still the views that I have presented to your lordship in the foregoing observations, in regard to the ruinous consequences likely to follow the drawing in of the £1. notes in the manufacturing districts, will I hope induce your lordship to recommend to parliament to continue the power to the Bank of England of issuing £1. and £2. notes till April, 1827.

I have the honour to be, my Lord,

Your Lordship's most obedient, humble Servant,

A. MANUFACTURER.

