EXPOSURE

OF THE

FALLACIES CONTAINED IN THE *LETTER*

TO THE

RIGHT HON. ROBERT PEEL, M. P.

WITH

REMARKS ON THE LATE AUSPICIOUS CHANGE IN THE SENTIMENTS

OF THE

EARL OF LAUDERDALE

ON

PAPER CURRENCY.

BY CHARLES WYE WILLIAMS, ESQ.

"The Right Honourable Gentleman had said he had read the various publications on the "subject. He would, however, recommend one other to him. The work he meant "was a Letter addressed to the Right Hon. Robert Peel; and, in his opinion, it was a "work which reflected honour on the University of Oxford. He had not seen it till "that morning, and he regretted that he had not read it last year."—*Mr. Tierney's Speech of 29th January* 1819.

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TO

THE READER.

It has been well observed, that no falsehood can be too gross, and no fallacy too glaring, to dispense with exposure and reprobation. The greatest mischiefs have in all ages been occasioned by the extremes of both.

The Author of the Letter which it is here proposed to examine, is not charged with uttering falsehood; but he is charged with uttering fallacies so glaring, that to acquit him of intention, he must be convicted of stupidity. It is not, however, with the author, but the author's reasoning, that the public have to do.

That this Letter should have appeared under the "sanction of such a name," as that

that of the Right Honourable Robert Peel, was sufficient to insure to it a respectable class of readers;—that it should have deceived for one moment such a man as Mr. Tierney, is *prima facie* evidence that it may do harm;—but that it should have been gravely, and in solemn debate, recommended to the notice of Parliament, is demonstrative proof that it merits a reply.

The writer of the following observations had hoped that the exposure would have proceeded from some abler pen. The "Letter," however, having reached a second edition, he can no longer withhold his humble effort to place it in its right point of view before the public.

EXPOSURE, &c.

CHAPTER I.

THE author of the Letter to Mr. Peel, which it is here proposed to examine, professes to controvert the principles, refute the arguments, and analyze the reasonings urged by Mr. Vansittart in the year 1811, on the discussion of the merits of the celebrated Bullion Report; and on which the now Chancellor of the Exchequer justifies the continuation of the Restriction Act; and further, to throw discredit on the motives, the candour, the character, and the talents, with which those principles have been defended and applied.

He also charges his adversaries with enhancing the difficulties of the inquiry, by the fashion of "denying the fundamental principles alleged "by *their opponents;*" of disputing the authority

 of

of " the ablest writers, whose opinions have been " *universally adopted* throughout Europe;" and by " tricks of sophistry," involving the question in darkness and mystery; alleging, that men of station and character resort to this disingenuous and unworthy practice.

These are certainly hard words. Unsupported however by proof or fair reasoning, they affect the utterer alone*.

Allegations of this nature, it must also be confessed, are somewhat questionable, coming from a writer who commences his attack by asserting, what will perhaps startle some readers, that, on *practical* questions, the opinions of *practical* men are not so much to be depended on as those of *theoretical* men—a position which he illustrates, by allusion to the prevailing absence of *mental* exertion in the process of *mechanical* operations, shrewdly observing, that " dexterity in practice " is *by no means* a criterion of well-grounded " knowledge." Thus, by comparing the labours of practical merchants and financiers with those of mechanics and handicraftsmen, he brings his mind to this conclusion, that " *practical* men are

* I take it, that a writer is fully justified, after having stated the arguments or conduct of his opponent, to add his comment, and say whether he deems such to be disingenuous or otherwise, as the reader may then assent or dissent on the exercise of his own judgment; but I hold it equally clear, that he has *not* a right to adopt the latter, without having stated the former.

" *of all others* the *least* qualified to judge of new " and unforeseen cases*."

This newly-discovered analogy between a very complicated branch of political economy, and *a piece of machinery*, is a fair specimen of our author's *reasoning*. What currency this may possess at Oxford I know not; but quite sure I am it

* " The successive improvements which are engrafted on " the rude elements of *any art*, by degrees engross all their " attention, and impede, rather than assist, the view, in case " any derangement or unexpected difficulty should occur, " which calls for an examination of first principles. *Dexterity in practice is by no means a criterion of well-grounded knowledge.* It is often acquired by the very neglect of that " knowledge; the attention which such knowledge demands, " being profitably transferred to the rapid execution of " measures, really but not apparently connected with it. " *Thus*, in all improved machinery, the operation would be " *retarded*, if the *workmen* were continually *reflecting* on " the several principles of its *construction*, and the connec- " tion they have with the ultimate effects produced. There " is in fact no motive for such mental exertion, and the end " being not only as well, but even more expeditiously at- " tained without it, it soon is not only disregarded as useless, " but despised as pedantic. *Hence it is that practical men are, of all others, least qualified to judge of new and unforeseen cases. Habit has already with them superseded reflection;* they come to the consideration with minds pre- " occupied, and if, besides this, their interests are involved, " as they always are to a certain degree, in the question, " there is hardly any hope of a fair and impartial judgment." Thus, according to our author, with practical men, reflection is superseded, the mind pre-occupied, and the judgment warped, while theoretical reasoners alone are impartial, reflecting, and disinterested.

it is not likely to obtain for the author much credit on the Royal Exchange.

Having apologized for the didactic air of his letter, our author throws down the gauntlet in the following modestly authoritative style:—

"Notwithstanding, however, this *prejudice* "in favour of *practical* opinions as opposed to "*theory*, I will venture to premise a few of the "*established positions*, however trite, on which "the subsequent reasoning is founded*."

Before, however, we examine in detail these "established positions," it may be well to take a *coup d'œil* of the entire, with its general bearings.

The letter divides itself naturally into two parts—I say *naturally*, not because the subject is really twofold, but because the one part is a full and satisfactory refutation of the other, both being founded on certain "established positions," and

* The reader will not be surprised, after this, to find our author stating that this question of finance, "affecting the "most valuable interests of life," is but a question of simple arithmetic.

"For if once the generality of people of education *could* "*be persuaded* that they affect all the most *valuable interests* "*of life*—that there is really no mystery in the thing itself "(for *after all it is only a question of simple arithmetic*, "and the *whole difficulty* consists in preserving an exact "method, and clearing away irrelevant matter which ob-"structs the view, &c.), they would doubtless exercise that "independence of mind for which our country is justly ce-"lebrated."

and "first principles," which directly negative each other; the second part resting on the "established position" of a *permanent standard of value in the precious metals*—the first on the *non*-existence of such standard. *Depreciation*, however, is our author's sole text, and depreciation he proves (in his own way) from one end of his book to the other.

This may appear somewhat paradoxical, but we shall find the mystery easily resolved.

The process by which he works is this:—He first shews that the precious metals are but a commodity—that they follow the common law of all things, fluctuating in value in proportion to the demand and supply—that as all commodities have fallen in value, and are depreciated, *so are they;* and therefore, that as these precious metals have no fixed value, they cannot be a *fixed standard* of value. Q. E. D.

He then takes these very precious metals, (this already-demonstrated variable and depreciated *standard)*, assumes them to be *in*variable (following and quoting Mr. Horner and the Bullion Committee), compares them with bank paper, and proves that *paper is depreciated.* Q. E. D.

Let us examine his proofs and his contradictions somewhat closer.

He first alludes to the general opinion in favour of making the precious metals the standard

dard of value, exposes its folly, and proves, in the words of Dr. Johnson, in 1774—" *That it is the* " *standard which is variable, and not the things* " *which are measured by it,* and which keep for " the most part their relative value, *as measured* " *by each other*, unchanged." He shews how this is " of course owing to the fluctuations of " demand and supply;" cites both ancients and moderns in corroboration*; and concludes by observing, that " the change of value which " Dr. Johnson observed in 1773 has been ad- " vancing regularly ever since, and, during *the* " *last twenty years, with increased velocity*†."

He

* Is it not strange how a man can reason thus clearly on the errors of others, yet himself adopt the very errors he exposes? The following is a still more striking illustration: —" The NOTION of its *permanency, although it be conven-* " *tional and arbitrary*, and liable in reality to many causes " of *variation*, yet had gained so firm a hold on the minds " of men, as to resemble in its effects on their conduct that " instinctive conviction of the permanency of the laws of " nature, which is the foundation of all our reasoning."

Why did not our author apply this reasoning to himself? Has nature enacted any special proviso in his favour? Yet *this very " notion"* is the corner-stone of his whole argument, the key of all his reasoning. Can we wonder at our author's admiration of *theory*, " notwithstanding the *preju-* " *dice* in favour of practical opinions."

† I have now before me a note which I took of the speech of Mr. Horner, Chairman of the Bullion Committee, on the 6th of May 1811, when he proposed his celebrated Resolutions. Let them be contrasted with the sentiments above quoted

He then details the evils of this depreciation in forcible and pathetic terms, ushering them in with this remarkable passage, and which the reader is requested to bear in his recollection:

" The evils I am about to enumerate are no " ground of accusation against the government " under which they sprung. The rich have been " made poor—the creditor has been paid off with " less than he lent—the helpless annuitant has " sunk amidst the *general rise*—and he who sold " his land for what was deemed an equivalent, " has lived to see the price dwindled to less than " half its value. These, with a thousand other " grievances, *cannot be imputed either to laws or* " *ministers.* They are involved in the very na- " ture

quoted of our author, who defends and republishes those very Resolutions of Mr. Horner, and if it be not flat contradiction, it would be hard to say what is.

Mr. Horner asserted that gold was the best and only standard by which to measure the value both of commodities and a paper currency; and that while every thing else rose in value, *gold never did*, never had risen one penny. His proof was this: whatever a country chooses for its standard, *that* cannot rise. When a country, as was the case in some parts of the world, chooses leather or salt for a standard, by which all other commodities are to be measured, that leather or salt cannot and have not risen in value; that, when silver is taken as the standard, silver cannot rise in value, though gold may; and so, *vice versa*, of gold. A given proportion of the standard, be it gold, leather, or salt, cannot *itself* be raised in value; " and " this," said he, " is so true, I cannot, none can doubt " it, nor do I expect to hear it questioned."

" ture of the commodity itself. Money was " supposed to be unchangeable in value, and " property invested in that form to be less va- " riable in its nature, however precarious its te- " nure, than in any other. The opinion has been " proved by unforeseen causes to be *erroneous— " causes for which no one is accountable, and " which no one could have anticipated; and those " who acted under the error must abide by their " loss.*"

Up to this, then, we have the following facts distinctly admitted: 1st, That the precious metals are *not* a standard of value, inasmuch as they are variable, like all other commodities; 2dly, That the consequence of this variability has been vexation and loss to the rich, the poor, the creditor, the annuitant, and the landholder; 3dly, That these distressing evils are *not* attributable to laws or ministers, but involved in the very nature of money, and arising solely out of the obstinacy of men, who would persist in supposing that this standard was unchangeable in value*.

Now

* " The change of value which Dr. Johnson observed in " 1773 has been advancing ever since, and during the last " twenty years with increased velocity. This is a fact " placed beyond all dispute. Down to the commencement " of the war in 1793, a progressive depreciation of money " had been perceptible, shewing itself in a rise in prices " and increase of rents, with the usual accompaniment of " complaints " complaints at the growing avarice, extortion, and greedi- " ness of all men."

Here I take leave to ask why the *cause* of that depreciation observed by Dr. Johnson in 1773, and which advanced regularly down to 1793—which was *not* attributable to ministers or laws, but involved in the very nature of money, should have suddenly stopped short there, and that, for all *subsequent* depreciation, ministers and laws were *alone* responsible. Do causes thus suddenly cease to operate? or do *similar* causes sometimes produce *different* effects? These slight anomalies are awkward things.

Now for the second division of the subject. This, in one word, is a reiteration of those theories and " established positions" which the experience of the last twenty years has demonstrably proved to be false—which are to be found in scores of pamphlets, in the Report of the Bullion Committee, and in Mr. Horner's celebrated Resolutions of the 6th of May 1811, which, according to our author, " contain the " clearest and most concise exposition of the " principles of our currency that has ever been " published."

The short outline of this *second* act of our author's work is, that the precious metals *are* a fixed standard of value—that paper does not *come up* to this standard, and is therefore *fallen* to depreciation—and, that so much of the standard as the paper fails to produce is the measure of that depreciation. Again, that the Restriction Act *operates on* the gold, causing its absence—that this

absence

absence of gold *operates on* the exchange, *causing* it to rise—and that this rise in exchange is a further proof of the depreciation of our paper currency, compared with the currency of foreign countries.

In the progress of this part of the work, our author indulges in sweeping charges, without proof, of inconsistency, of sophistry, of disingenuousness, and even of an *affectation* of sentiment and feeling. These may answer a purpose in debate, but are not only a mere *brutum fulmen* in a written argument, but inexcusable in a work professing to be an appeal to the reason, and a search after truth*.

As

* Our author has certainly proceeded in a manner not hitherto adopted. Both parts of his drama have *separately* been exhibited a hundred times, but never before brought together. The first is matter of history—the second a romance. The plot of the union is this:—He first exhibits (what no man ever denied) the fall in the value of the precious metals since the earliest periods of our history; calls this fall *depreciation*, and thus gets an admission that depreciation does exist. He then shifts his ground, takes up another depreciation (the existence of which is the very matter in dispute, namely, that of paper), applies his reasoning to it, and then cries, see what ministers have done! The great merit of our author's work consists in the dexterity with which these shifts are managed. As with the canvas clouds and sunshine at a theatre, it is the operator's skill and address which causes the illusion: look behind the scenes, and the illusion is no more. In the one case, we go to be deceived, and are not disappointed: in the other, we read to be convinced, and are offended.

As the nature of this standard is at once the prop of our author's argument, and the proof of his inconsistency, it may be well to begin here.

No more need be said of the opinion contained in the *first* half of his book. We are there perfectly agreed that the idea of a *fixed* standard of value is but the source of error and confusion, and that " they who acted under that idea must " abide by their loss."

We are now about to examine our author's *defence* of a fixed standard, the first line of which is an expression, even of contempt, at an argument *in favour* of what he had written so many pages to *defend*. " The first argument of " Mr. Vansittart," says our author, " *against* a " fixed standard may safely be left to the judg- " ment of my readers, without *any attempt at* " *refutation**."

In

* Our author's entering on the *defence* of a fixed standard of value in this dogmatical and contemptuous manner is truly admirable, after having told us at page 12, that the *variation* in this standard is " *of course* owing to the fluctua- " tion of demand and supply;" at page 16, that " men " *will persist* in regarding money as a fixed commodity, " whereas *it is plain* that the *standard* is variable, and not " the things that are measured by it;" at page 22, " that " money was *supposed* unchangeable in value, but that the " opinion has been proved by *unforeseen* causes to be erro- " neous, and that those who acted under the *error must abide* " *by their losses*;" at page 26, that " when the *standard*, by its " *variation*, silently undermines the very principle of an agree- " ment, injustice follows," and is the more painful, " because

" men's

In opposition to our author, it is here contended that, not only is gold *not* the fixed standard of value, but that to apply this term to *any thing* which is *itself* a subject of valuation, is a solecism in reasoning, contrary to the ordinary conceptions of men, and cannot be explained away, so long as they retain the use of their senses, and can decide by the rules of reason*.

The *correct and legal use* of the term standard is as applied to the *physical* properties of *weight and fineness* in the coin. The *abuse* of the term is the applying it to their *abstract value;* and in the application of it in this loose, erroneous, and inaccurate sense, has arisen all the confusion which prevails.

We say then, correctly, standard fineness, standard

" men's opinions *vary about the reality of the change;*" and finally, at page 69, in express terms, that " *the coin is not* " *altered in value*—it is the paper that is depreciated." So far for this detector of inconsistency, this champion of established positions! If this be *consistency*, I ask what is *contradiction?*

* Unable to get over the glaring absurdity of the term *fixed standard of value*, a compromise has lately been made by several, and we now hear that the precious metals, though not a *perfect* standard, nevertheless answer all the necessary purposes. Our author at one time, pressed by the inference from his own arguments, dropt involuntarily the observation, that this variation " disqualifies them indeed " for being a *perfect* instrument, but still leaves them *by* " *far the best* that can be employed for that use." This is mere evasion, the very sum of this occasional divergence from perfection being the whole matter in dispute.

standard weight, but cannot say standard value, for the self-evident reason, that this given weight of a given fineness is itself to be subjected to valuation; whereas *standard* means what is *not* variable, or it has no meaning*.

The law says, the guinea, as *coin*, must pass for neither more nor less than twenty-one shillings, and must contain five pennyweights eight grains of gold; but the law does *not* say that five pennyweights eight grains of gold must always pass for and be worth neither *more* nor *less* than twenty-one shillings. This would be as absurd as to say that a bushel of wheat shall always be worth a given price: much less does it say that what will not *produce* five pennyweights eight grains of gold, without any regard to *practicability*, is not worth twenty-one shillings. *Yet this is the proof of depreciation.*

Again, if commodities are to be valued in gold, in what is gold itself to be valued? What do we mean when we say gold is worth four pounds per ounce, or wheat four pounds per quarter? The advocates of depreciation will say, four pounds in depreciated bank paper. Be it so; but what was the meaning of the term *before*

* The physical properties of one body may be taken as a standard for the physical properties of another; but that they should represent an abstract given proportion of what has none but a *relative* existence, is an absurdity. As well might we say that a given quantity of pleasure or pain may be represented by a given weight of metal.

fore bank paper existed, or even before the restriction? Who is there cannot see that there must be a measure somewhere else—an *indicator*, by which the value of this very standard must be *indicated?* They would have the paper measured in gold, and gold measured in paper. Is the standard *in*variable in the act of being valued—that very act by which its *variation* is ascertained?

The idea of variation is involved in the very idea of value. To ask what is the price of gold is to ask what variation has taken place in the value of gold. Does not the thing speak for itself?

I cannot here avoid remarking, that it is essential we should examine these elementary principles and established positions by strict proof; and that we shall find they have no better foundation, than a certain vague and inaccurate mode of expression, which gives an appearance of truth to what is downright fallacy. Were disputants more in the habit of studying that precision in the use of terms which is adopted in treating of other sciences, and which is so essential to the discovery of truth, nine-tenths of the contradictions which perplex our researches would be obviated. The science of political economy, of all others, not only most requires, but is most deficient in a given and appropriate nomenclature.

Value is a term of mere *relation*, and means the estimation in which any one given thing is held

held *relatively* with another, or others; and this inter-relative value, or mutual relation, is expressed in money, not taken at its *intrinsic*, but its *conventional*, and *nominal* value. Money, then, is but the *indicator*.

The question here at issue is simply this: whether shall the value of commodities in general be estimated by a comparison *among themselves*, or by relation to *some one*, taken apart from the rest, and merely because it possesses certain peculiar physical properties?

"Mr. Bosanquet," says our author, "follows "up the whole of Mr. Vansittart's system, even "to the point of declaring that the standard of "our currency is *that pound, whatever it may* "*be*, in which government pays the interest of "the national debt." If our author deny this, I ask him in what was his standard bullion valued before the existence of a note, but in this very identical conventional *pound?* There is not, and cannot be a standard of *value*, any more than there can be a standard of taste, or excellence, or utility, and unless we mean to deny a meaning to the term *estimation*.

Whatever that is in which not only all other commodities, but that very "standard" gold itself is, and ever was valued, is, correctly speaking, the common measure of our currency.

For ordinary purposes there can be no objection to the use of the term standard; but when the

the discussion is touching the nature and properties of the standard itself, it is absolutely necessary that we reason accurately, and by strict proof, or we only add error to error.

Bullion, then, is a most important commodity in *international* commerce. Coin is a medium of *domestic* trade. The one is the *mercury*—the other the *thermometer:* the former always possessing a quantum of intrinsic heat, determined by, and in proportion to that of the surrounding bodies—the latter indicating what that quantum is. In the latter sense is coin used, not to shew what value it contains itself, but what value is present in something else.

We cannot estimate the value of the thermometer *as* a given weight of mercury, and *as* a thermometer, at one and the same time. The two values are as essentially different as the two uses. Neither can we estimate coin as a given weight of gold, and as coin, at one and the same time. Yet this is the foundation of depreciation, and to this narrow point is the whole question reducible.

In valuing the guinea *as* metal, it ceases to be coin, and in this sense no one has a right to use it—none does so but the foreigner, and his convenience we have not to consult, or the melter, and him we ought to restrain.

In a word, it would be as absurd to call the thermometer a *standard* of heat, instead of a

measure

measure of heat, because it contains a given weight of mercury, as it is to call coin a *standard* of value, instead of the *measure* of value, because it contains a given weight of gold.

CHAPTER II.

WE now come to another of our author's "established positions."

"Another point *assumed* in this reasoning is, "that bullion and coin are *virtually* the same "thing in all *such* transactions."

Here the question on which the whole turns, namely, whether coins *may* or *may not* be applied in *such* transactions, is artfully evaded. The reader should be told the author has hitherto spoken but of *foreign* trade, and to which bullion is naturally applicable. He now, however, adroitly links the coin with the bullion, and "assumes" that *they* are virtually the same in all *such* transactions*. To

* There is a prevailing misconception among men respecting the *right* they have to the coin which may be in their possession; and as it has led many into erroneous views of the subject, it may be well here to notice it. We imagine that because the coin in our possession forms part of our property, that we have therefore an absolute *right* over it; and can destroy or convert it at will, as we might the timber on an estate over which we had the absolute control. This is an error. It is not the *jus ad rem*, which we possess: it is a mere possessory right, and is confined strictly to its use and enjoyment *as coin*, as *money*; and he who possesses any portion of the coin has no more a power of committing waste upon it, if we may so speak, or of destroying it altogether, than a strict tenant in tail has of assuming the fee and divesting the remainder.

To assume what all the world knows and admits, one would imagine was scarcely necessary. The question at issue, however, does not relate to *such* transactions, but to others of a quite different nature, and for *which* transactions they are *not* the same.

The author then goes on to *prove* (what he has already *assumed*,) and with great address introduces those *other* transactions (of the home trade) as *pari materia*, his object being to sink the question of application altogether.

"To the *foreign* merchant, the *matter*, not "the *form*, of the commodity constitutes its value. To *him* a pound of coined gold will not "be worth more than a pound of gold in bars. "*At home*, however, it may be thought there is "*some* difference: and *undoubtedly* for home "use, the coin *is* preferable, and its value is "*slightly* increased by having passed through "the mint."

The reasoning of this paragraph is quite *sui generis*. To prove that bullion is equal to coin, he thinks it sufficient to shew that coin is not more valuable than bullion for certain *illegal* purposes, and only *slightly* increased in value for *legal* ones—that, indeed, to the *foreign* merchant there is no difference—that to him gold is but gold, as if the foreign merchant had a right to use our coins as he pleases—that *at home*, however, it may be thought (*it may be thought!*) there is *some* difference, and that *undoubtedly*,

doubtedly, for home use, the coin *is* preferable. Indeed!*

But what connexion, I ask, is there between *domestic coins* and *foreign* trade?—what connexion between *bars of gold* and *home* trade? Why are such incongruous incidents brought together? Where find change of a gold bar? Yet without this we could neither buy nor sell, but starve in the midst of wealth. Oh, "*undoubt-*" "*edly*, for *home* use, the coin *is* preferable." *Mirabile dictu!* In the name of common sense, is the question any thing but a question of home use? What is our author arguing about? A bar of gold is *slightly* increased in value by being made into coins!† and this in a work, which the very titlepage informs us is an examination of the value of our currency, "especially as it re-" "gards the *lower orders*."

Yet Mr. Tierney expressly, and personally, recommended this book to the Comptroller of the Mint. Was it for the purpose of inducing him

* To apply this reasoning familiarly. At *home*, however, it *may be thought* there is *some* difference between our English carriages and the reindeer sledges of Lapland. *Undoubtedly*, for home use, the carriage *is* preferable, and the materials of which it is composed are *slightly* increased in value by having passed through the manufacturer's hands, though to the Laplander they are of no more value than as so much wood, iron, and leather.

† On the same principle, silver is but *slightly* increased in value by being made into shillings, and copper into penny-pieces.

him to have our gold put into *hundred*-pound pieces, instead of *one*-pound pieces, that it might accommodate the FOREIGN merchant?

What then is the use of coins, or for what made or intended; if the question must be put? Was it not to give *equal* accommodation to all, *not* exclusive emolument to *a few*—to facilitate the interchange of commodities *at home*, *not* the importation of commodities from *abroad*—to accommodate all orders, but particularly "*the lower orders*," with a medium of *small traffic*, not the *import* merchant with a mode of payment for *cargoes?* Was it not to enable *British* subjects to pay their contributions to the state, and the state to collect its revenues—*not* to enable *foreigners* to realize wealth, increase the revenues of *their own* governments, and thus render other nations equally rich and powerful? Was it not as a medium of trade *within* the realm, not an *international medium of commerce without* the realm? In a word, to provide that medium which should convert national industry into national wealth, and without which, the energies, both of body and mind, would be as useless as the gold itself while in the mine?

For these purposes alone is the conversion of bullion into coin made at the national expence, and paid out of the public purse; for this is melting and exporting prohibited; to accomplish these wise and salutary ends, have governments in in all ages been devising means; and finally, for the express object of keeping those domestic coins at home, or, OF DOING WITHOUT THEM, *if they cannot be kept at home,* are we so long and so anxiously debating and legislating.

Yet now we are to understand, that all this legislating and coining is merely to give the metals a *slight* increase of value for home use—to fix the value of the precious metals for the sake of *foreign* trade—or to make a *profit* by the conversion; for he tells us, this slight increase enabled some nations to take a seignorage. Is he then of opinion, that the seignorage of six per cent. taken on our present silver coinage, was for the mere sake of *profit*, or the more rational one of bringing the quantum of metal *in* coin to the value of the metal *not* in coin, and thus preserving those coins? No, our author will admit any objects but those for which alone coins are made—*domestic* purposes, and the uses of the *home* trade.

To the *foreign* merchant, we are told, coined gold, and gold in bars, are the same. Doubtless: but what have the wants of the foreign merchant to do with the question? If he be disposed to trade with England, or, what is the same thing, if the British merchant be disposed to trade in foreign produce, let him do so in the natural way, by meeting imports with exports; and if gold *be* desirable, as an international medium, let him

him find it *how and where* he can; but let him not do so at the expence of our domestic circulation and home trade—the violation of law—the contempt and defiance of all moral right—the credit and character of the Bank—the peace and good order of society, and the most vital interests of the empire*.

The question before us is not *how* the foreign trader shall be supplied. If it were, the answer would be, go to Manchester, Leeds, or Birmingham. But the question is one of a more commanding nature—it is how the *domestic* trader, the *shopkeeper*, the *manufacturer* and *ready-money consumer*, shall be supplied—it is how we shall meet their feelings, their wishes, their wants, if that these coins are really necessary.

Gold and silver *bullion* is the natural medium of commerce between nations, operating like a bill of exchange, universally negociable, and universally

* The original conversion of bullion into coin being at the instance of individuals, the profit accruing to them, and the expence of such conversion, was the premium paid and received for the handing it over to national purposes, and which our author calls, imprisoning it. To reconvert it, therefore, is to defraud the public, to burthen the nation with the expence of a continued recoinage, and is in fact unqualified robbery to the amount of that expence. Is then this to be defended? As well may it be argued, that he who sells a part of his land for the purpose of a public road has a right to reconvert it, stop the channel of public communication, and justify the fraud by an argumentative appeal to the notoriety of the act.

versally in credit. But will it be said that the *Bank* of England is bound to provide this international medium, at an expence which they cannot pay, which they ought not to be called upon to pay, nor was it ever intended they should, but which the consumer *alone* should pay?

The sum of our author's reasoning then, in one word, is this:—to the *home* trader, bullion and coin are one and the same, because, truly, to the *foreign* trader they are so.

On such a mode of conducting an investigation, our author has himself furnished a suitable comment, and which I here take the liberty of applying.—" Only let me be permitted to remark, " that this mode of reasoning, once exposed in " the way it is, ought to divest its author of all " claim to our confidence*."

We

* A learned schoolman once undertook to prove, that Peter's corn and John's corn were one and the same. A neighbour dealer who sat by, asked for his proof. "Why," said he, "there is Jew Peter the foreigner, who, you know, makes great profit by sending corn abroad. When there is none to be had in the market, or the price is high, he goes to John's mill—takes *clandestinely* what he wants—lays down the old standard price of last year, though you know how corn is raised, and ships it off. *Argel*, if Peter can use John's corn when he wants it, 'tis clear that John's corn and Peter's corn are the same."—"Softly, friend Schoolman," said his neighbour, "you have begged the question; you have assumed that Peter has a *right* to take John's corn, and which, by the way, has cost him trouble and expence in cleaning—which he wants for his own use—and which it is

fraud

We next find our author boldly speaking of the application of our coin to *foreign* trade, (as if he had made it clear that the *right* of such application really existed,) and becoming indignant that even an allusion should be made to the fact.

In the following extract, the author would browbeat his readers into the admission of a fact which none deny, presuming he shall thereby entrap them into a conclusion which common sense rejects. The impression he seeks to make is, that because coin *is* exported, it is mockery to talk of it as fraudulent or illegal, and that *therefore* it *may* be exported.

" But it may be said, that bullion will often " be *above* the mint price, because when once " turned into coin, it is, *as it were*, imprisoned: " it can neither legally be turned back into the " form of bullion, nor legally be exported. " Such *undoubtedly* is the law of the land. *But*

" there

fraud to take away; besides this, it is *illegal*."—"Good Mr. Dealer," replied the schoolman, "you are confusing yourself with *practical* views, and don't see the truth of the *theory*. 'Tis true, Peter has no right to take John's corn; and that 'such *undoubtedly* is the law of the land;' yet, honest Mr. Dealer, you and all the neighbourhood know that Peter *does* so, and *cannot be prevented;* and therefore, as an eloquent author has said on another subject, 'to affect 'this moral sensibility about a fact which is perfectly notorious, is worse than solemn mockery."—"Ah, friend Schoolman," said the dealer, "this may be very good logic; but, trust me, it is neither common sense nor common honesty."

"there is no fact more certain, than that these "laws are wholly inefficient whenever a profit "attends the violation of them. No man of the "slightest experience or knowledge in mercan- "tile affairs is ignorant of the fact: no man, *ex- "cept for the sake of argument,* supposes it to be "otherwise. Ties of law, and even of religion, "*it is perfectly notorious,* are altogether useless. "If the coin is not smuggled abroad, it is melted "into bars, and *sworn off* as foreign gold for "exportation. Large dealings, limited only by "the demands of trade, of both kinds take place: "and although there is no doubt that *clandestine* "exportation is the main channel through which "the traffic is carried on, yet the form of an oath, "for the purpose of rendering melted coin le- "gally exportable, is too well known to be but "a slight obstacle—an obstacle reducible, *like "all other matters of trade,* to an average ex- "pressed in money. *Practically, therefore, it "cannot interfere with the correctness of our "conclusions. To affect all this moral sensibi- "lity* about a fact which is perfectly notorious— "which is *by every writer on the subject as- "sumed as necessary,* and incapable of being "prevented—nay, which he himself, for his own "argument, presently after assumes and reasons "upon—is *something worse than solemn mock- "ery.*"

Is it possible to read this miserable shift to evade

evade the admission on which the whole hinges, namely, the illegality of converting our coin, and not say that common sense and common feeling are trifled with, and even insulted?

"Ties of law, and even of religion, it is perfectly "notorious, are altogether useless." What sort of doctrine is this to promulge?

But the coin, we are told, "is, *as it were, im- "prisoned,* and cannot be reconverted;" and that "such, *undoubtedly,* is the law of the land." Does he then question the policy of that law, and yet leave the Government open to be reviled, and the Bank to be charged with fraud, *because* the coin *has* so disappeared? Is swindling "*ne- cessary*" because it cannot be prevented? Is the swindling act a trifling with free trade because it is not effectual?—and is the legislator who refers to the law to be insulted with the cry of mockery, by him who would compel the party swindled to *repurchase* his property from the *rogue?*

But hear our author further touching the *fraud* and *perjury:*

"Let it be observed moreover, that *for the "sake* of heightening the glow of his description, "Mr. Vansittart calls the clandestine exportation "of coin a *fraud.* In what sense the word fraud "is here used *I do not perfectly understand.* "When melted coin is *sworn off* for exportation, "*most probably* there is perjury; although even

 "here

"here it *by no means follows* that the exporter "*knew* the gold to be melted down from coin: "but in the case of *clandestine* exportation, the "revenue is *not defrauded:* the gold runs the "risk of seizure, it is true, but *no duty* is with-"held from government, and *certainly* no *fraud* "is practised on individuals."

Here he goes on the very brink of saying, that to cheat the revenue is *not* fraud, and to swear falsely is *not* perjury. One is really at a loss in what terms to observe on this; whether to admire most the sophistry by which fraud is extenuated, or the boldness with which such assertions are hazarded.

Does the author mean seriously to say he does not understand the sense in which the term fraud is here used? Is there no fraud in clandestinely abstracting the coin of the realm from its legitimate use, to the injury of trade and the embarrassment of individuals? Is it no fraud to export the coin, and compel the bank to repurchase it at any price, under the terror and threat of imputed insolvency? Does not the very term *clandestine* imply the contemplation of a fraud? Is it not a fraud *knowingly* to convert to purposes of *private* gain, that which has cost the nation so much in its fabrication*? And has the statute law visit-

* The Earl of Lauderdale, in his protest against the bill for the present silver coinage, observes, "Fourthly,—Be-

ed it with pains and penalties for the mere sake of "heightening the glow of description?" Yet here we have this common cheat upon the revenue and upon the nation, in the very face of the law, and to the derangement of the most vital interests of the state, not only *denied* to be illegal or fraudulent, but, with an effrontery which should put any man out of the pale of all courtesy, and a sophistry which rejects the plea of ignorance, the honest deed is palliated, defended, justified, and *all but* claimed.

"The form of an oath," we are told, "for the "purpose of rendering melted coin exportable, "is but a slight obstacle—an obstacle reducible, "like

"cause in the present moment of our financial distress, and of "the sufferings of the people from excessive taxation, the conduct of the government in undertaking a measure *which must* "*involve the treasury in a great expence, and inflict even* "*on the lowest and poorest orders* of the impoverished people "of this country a *grievous burthen*, appears unaccount-"able; yet these cannot fail to be the consequences of now "decrying and throwing out of circulation the coin which "Parliament has so long suffered to remain in circulation." And further his Lordship observes—"I cannot find terms "sufficiently strong to express my sense of the *criminal* "rashness of hastily adopting such a project."

Here his Lordship cannot find terms sufficiently strong to express himself against incurring the expence of *repairing* our silver coinage; yet our author sees no fraud nor any thing reprehensible in the total absence and *annihilation* of our *gold* coins, and by which the entire expence of replacing them must be borne, if they be brought back.

" like all *other* matters of trade, to an average ex-
" pressed in money."

Is then the taking a *false oath* a mere *matter of trade*, and like the signing a docket, to be got over without the imputation of immorality? Is even the mere noticing it to expose a man to the reproach of " an affectation of moral sensibility?" Are we come to that pass, that because perjury is, like all *other* matters of trade, reducible to a money scale, that it is to be put down as such in a price current? Who ever heard such doctrine before, except from a Machiavel or a Paine? The reasoning of our author may be absurdity itself—his respect for the law a very mockery,—but, for his morality!

Yet this work is recommended by Mr. Tierney. Can Mr. Tierney have read this passage? —impossible: I will not libel him by the insinuation*.

" Money

* Mr. Tierney observed that this pamphlet was an honour to Oxford. Look to the above extracts. First—even to *notice* the fraud on which the whole argument hinges, is solemn mockery. 2dly, We have an affectation of ignorance of the application of the term, from one who in the next page charges others with tempting to violate or evade this very law. 3dly, We are told that in *swearing off* bullion for exportation, " *most probably* there is perjury." 4thly, That it by no means follows that the exporter knew the gold was melted down from coin; that, *non constat*, the receiver knew the goods to be stolen. 5thly, That in

" Money dealing is not the most respectable
" calling, any more than dealing in old clothes.
" But they may both be exercised with a safe
" conscience: and even if we ourselves should
" have scruples of conscience, yet if there are
" always *people to be found who do this work*,
" where is the use, *where, I may say, is the ho-*
" *nesty*, of pretending that it is not done as cer-
" tainly and as regularly as if we were engaged
" in it ourselves? *Who* does it, is a point per-
" fectly indifferent to the argument."

Here lies the *sophistry*. Every one knows that it *is* perfectly indifferent to the argument *who* does it; but every one knows and feels that

it

in *clandestine* exportation the revenue is not defrauded, although he himself alludes to the state paying the expence of coinage. 6thly, That no *duty* is withheld; as if duty was only to be paid on gold which had passed the assay of perjury. 7thly, That to export an article by tricks and shifts was not defrauding the revenue; as if smuggling was not virtually withholding duty. And 8thly, That in clandestinely exporting coin, *certainly* no fraud is practised on individuals; as if it were not fraud to intercept the gold on its way back to the Bank, and thus put it to the cost of the repurchase. In fine, whether we regard the whole as an evasion of the true point at issue—as a flimsy affectation of ignorance to avoid the charge of justifying immorality—as an unworthy instance of prevarication—a sort of *alibi* to the crime of perjury in the very commission of the act—and a mockery of all reason, argument, or inference;—for the honour of Oxford it is most devoutly to be wished that such a production had never issued from its press, or that Mr. Tierney had never unadvisedly thrust it into notice.

it is *not* indifferent to the argument (but is, in fact, the very argument itself,) whether the act *be* fraudulent and illegal, *or otherwise*; and for this plain reason, that if it be so, then is there no *right* to export the coins, and their absence, with all its train of consequences, is chargeable on the *exporter*, and *not* on the Bank*.

We are told, "There are always people to be "found who do this work." Are we, therefore, to be precluded from considering whether the consequences of this work be mischievous or salutary? People will always be found to rob, commit perjury, and even to murder for hire; but shall we not dare to say this is illegal? Our author asks, "Where is the honesty of pretending that it is "not done?" I ask, *who* pretends it is not done? Mr. Vansittart asserts it, and argues that as we *cannot prevent it*, we must legislate *so as to avert the evil consequences*. Our author also asserts it, but argues that we must legislate so as that it may be *perpetuated*.

In

* To deprive a manufacturer by underhand or illegal means of the mode of obtaining the implements for carrying on his trade, and by which his credit might be injured, would be called a fraud by every petty jury in the land; but to deprive the Bank of the implements of its trade by perjury, is not to be called a fraud. Either gold is a necessary implement to the business and credit of the Bank, or it is not. If it *be* so, to deprive them of such implements is fraud. If it be *not* necessary, then why this outcry at their absence? I defy sophistry to disprove the application and the inference.

In a word, one would suppose that this clandestine work of exportation was the result of some moral necessity—some imperious law of nature, to which we are obliged to yield, without daring to question either the cause or its consequences.

CHAP-

CHAPTER III.

So far for our author's assumption touching the identity of bullion and coin. Now to another "established position," that *paper* and *coin* are *not* equivalent in domestic circulation.

"The creditor says, pay me in legal coin. "The answer is, paper is as good as coin. The "*creditor* denies it, and contends that bank pa- "per is notoriously of less value than coin."

Here again lies the fallacy. What creditor denies it? He alone who wants to export it or to sell it to the exporter.

"Pay me in legal coin." The answer is, who are you?—either an exporter, or the innocent dupe of that exporter? If the former, you have no right to ask,—if the latter, you ought to be refused.

"Mr. Vansittart's *resolution* * declares, that in "public estimation bank paper and coin are equi- "valent, *except where this object* (exporting) *is in* "*view*:

* "*Resolved*, That the promissory notes of the said com- "pany have hitherto been, and are at this time, held in pub- "lic estimation to be equivalent to the legal coin of the "realm, and generally accepted as such in all pecuniary "transactions to which such coin is *lawfully* applicable."

"*view*: that is, excepting the very proof which "is offered of the point in question."

Let us state this part of the case on both sides.

The Chancellor of the Exchequer argues thus: —Bullion is a medium of *foreign* trade; coin and paper the medium of *home* trade. Bullion being scarce in the market, our coins (they being made out of bullion) are applied as a substitute; and being so applied, acquire a proportionably increased value and price. *But*, that if they were *not* so applied, this increased price would not have existed; that the paper and coin would, as formerly, continue to be equivalent at their respective nominal values, and that in point of fact, *except* for such illegal purposes, or ancillary to such, they are equivalent. *Hence*, between *paper* in its application as a medium of *home* trade, and coins, in their *mis*application as a medium of *foreign* trade, there is no legitimate ground of comparison*: it being contrary to all reasoning to compare two things, with a view to any practical or correct inference, except in their common application to some common purpose. To

* Thus it would be equally irrational to *deny* that mercury and water are *equally* valuable in the laboratory for those pneumatic purposes *where they answer equally well*, *because* that for the purposes of the barometer they have different values, as it would be to deny that paper and coin, as a *domestic* currency, are *not* equally valuable, because that for *other* purposes they have different values.

To do otherwise is to apply one or other of them in two different senses at the same time*.

Our author, on the other hand, argues, that true it is, bullion is so used; that equally true it is, that our domestic coins are so applied, and that they thus acquire a proportionate increase in value of which the paper is not susceptible. But that, in point of fact, they *are* so applied—that it *cannot* be prevented—and that, *being so applied*, whether legally or otherwise, *per fas aut nefas*, the comparison *does* hold good, and the inference *is* legitimate; namely, that there *is* a difference between paper and coin, and that therefore they do *not* pass indifferently.

I must stop here to ask, is this the reasoning of

* This is virtually the province of *wit*. These false inferences, and equivocal applications of terms and meanings, may be agreeable embellishments in conversation; but it is their *rejection* which constitutes the perfection of scientific proofs; and this I believe to be pretty nearly the distinction which Locke draws between wit and judgment. "It "is a good rule in *reasoning*," our author observes, "to "estimate arguments, as *prudent* men estimate payments, "*pondere non numero*—a *rule* which ought perhaps to "have led to the disregard of this passage altogether; for "I cannot believe that any person seriously examining," &c. Who could have supposed that any man seriously examining this question, would have put forth this mere conceit, this witticism, as an argument, a *rule* to direct the judgment? I recommend the reperusal of Locke to our author.

of our author which attracted Mr. Tierney's notice? Is this the logic that "does honour to Oxford?" Is this the mode of treating an important and vital question, which is recommended to the adoption of a grave, deliberative, and judicial assembly? Mr. Tierney will not, he cannot say it is.

"The reasoning of Mr. Vansittart," says the pamphlet, "against this argument is curious." (Curious that he should tell the foreigner that he has no right to export our coins, and the public that if they will export them, they must do without them or fetch them back!) "He does "not deny that if the guineas were to be had "they would be sent out to save the discount, "but he *reminds* us that it would not be legal "to do so. The fact is *admitted* that coin *will* "*be* exported in such a state of things; but he "says it *ought not* to be so, and *seems to think* "this an answer to the proof above adduced "of the difference of value in our paper and "our coin. Paper cannot *purchase* bullion ex- "cept at a considerable loss. Coin will pur- "chase it at little or no loss. Coin therefore "is more valuable than paper. No, says Mr. "Vansittart, if the law were enforced, coin "would not be applied. *But is the law en-* "*forced? Can it be enforced?*"

No, it cannot be enforced, and therefore, if we we *cannot* have the coin, we must do *without* the coin.

"But where is the candour," says our author to Mr. Vansittart, "of thus pressing the *argu-*" *mentum ad hominem?*"—the first and last, and only argument with our author himself. Call it illegal, or fraudulent, or mischievous—the only answer is, *the thing is done—why talk about it?* With our author, then, our domestic coin is the coin of the *foreigner*, for the *best of all reasons*, because he takes it, and uses it, and you cannot prevent him.

CHAP-

CHAPTER IV.

The next topic referred to, and beyond all doubt the most important in the entire range of the discussion, is the high rate of foreign exchanges. The Chancellor of the Exchequer asserts, that this high rate is the *cause* of the increased value and price of bullion, and renders the restriction necessary. Our author asserts that it is the *consequence*, and *not* the *cause*. Thus issue is directly joined. Let us now examine the grounds of these opposite views of the question.

Before we go further, however, it may be well to hear what our author means by *exchange*: otherwise we argue to no purpose.

"The *very term exchange* indeed has no " meaning, except on the supposition of the " transaction, which is thus awfully depre-" cated. It is not exchange of commodities, " nor exchange of bills, but exchange of the " currency of one country *for* the currency of " another, which the name originally imports " —which is *the basis of all commerce between* " *civilized nations*—and *without* which no inter-

" course

"course but that of barter could take place "among them."

This is certainly new. Will any one now doubt whether our author be a practical or a theoretical reasoner? It is not necessary here to discuss what exchange means. It may be found in any and every book on the subject, *our author's alone excepted.* We are now, however, told that it is the *actual exportation of the coin itself.* That it is "not the exchange of commodities, or of bills, but of the currency of "*one country* for the currency of *another.*" That it is not a matter of *calculation,* but of *permutation.*

We have now to learn that our merchants, instead of going on 'Change to buy and sell *bills,* actually go to arrange the exporting our coin! —that this melting and exporting is the very basis of all commerce between *civilized* nations, and without which no intercourse but that of barter can take place.

One would rather imagine that this actual exchange of the precious metals is the *basis* of commerce between *un*civilized nations; that civilization has introduced confidence and *credit,* which means the *absence* of an actually valuable transfer; and that this intercourse recommended by our author is itself, *virtually, barter.*

Let us return to the question whether the high

high rate of exchange is the *cause* or the *consequence* of the high price of bullion? This part of the inquiry is of the utmost importance—not because our author has raised the question, but because it is the doctrine of those higher authorities whose errors alone he has adopted. This idea of the Restriction Act operating *on* the exchange is entertained by Mr. Tierney; but he may with equal propriety say, that *withholding* his bounty from an object of his charity, is the *cause* of that object being so necessitous.

The *rate* of exchange is the *amount* of the premium to be paid by one who owes a debt *to* a foreign country for the transfer of the claim of *another* who has a debt due to him *from* that country. If, then, instead of paying the debt through the instrumentality of such claim, it can be done by the transmission of a commodity like gold; it is evident the expence of that premium will be avoided—an expence which otherwise must have been paid, unless indeed the party sent *some other* commodity, as woollens, hardware, &c. but which, as the payment must be made *forthwith,* could not by any possibility answer the purpose.

Here then lies the connexion between the rate of exchange and the *increased* value of our coins. The merchant about to remit bullion reasons thus:—My debt *must* be paid. Gold in bars is scarce, and consequently dear: but, as my foreign

reign correspondent cares only "about the *matter*, "not the *form*," of what I send; and, as to him "a pound of coined gold is the same as a pound "of gold in bars," I will get the coins at the Bank and ship them off "*clandestinely*," by which "*certainly* no fraud is practised on *individuals*, "and no duty is withheld from government;" or I will purchase them cast into the shape of a bar from certain Jews who make a trade of collecting, melting, and swearing them to be foreign; in which, "*most probably* there is perjury," but of which I am innocent, *foro conscientiæ;* and thus by *open, fair*, and *legal* exportation, at once pay my debt and save the premium.

Hence, then, the abstraction of our coins, which, instead of reverting to the Bank, or being paid into the Treasury in the way of taxes, are thus collected for the very purpose of foreign trade. But hear our author himself tell the story:

"By this time it had become perfectly noto-"rious that agents were employed in every town "of the kingdom to collect guineas, by offering "a premium in bank paper. A law had passed "rendering the transaction penal, and some con-"victions had taken place. The traffic however "was not in the slightest degree interrupted. "The dealers collected gold from tradesmen, "who sold their goods at a cheaper rate when "paid in specie. The *profit* was thus divided "among several, according to the number of "hands

"hands through which the coin passed before "exportation—the main *risk* remaining only "with the exporter, while the intermediate deal-"ings were never brought to light, except by "spies and informers. Of the fact, and of the "motive for the fact, there could be no doubt."

Who doubts the fact? Why will our author thus put his sincerity to the test? Why not add, what he must have known, that if the main risk was with the exporter, and the main profit with the dealer, the main loss was with the Bank, *to whom this specie should have honestly reverted*, and without which they can no more give it back, than our author himself can take wine out of his cellar without having first placed it there?

Did it never occur to him, that to be thus instrumental in sending the gold coin out of the kingdom, though ever so indirectly, was morally and legally a fraud? and that while the coined gold was thus *going away*, the Bank must be *bringing it back* at a heavy loss? But the application of the term *fraud* our author seems not to comprehend.

In this way we trace the coin out of the kingdom, and at the same time trace the rise and progress of the high price of gold, or, in other words, the proof of depreciation.

Our author says it will need "some more "powerful wizard than the Chancellor of the "Exchequer," to replace the gold at home.

 I think

I think it requires neither wisdom nor witchery to see, that if we wish to preserve a circulation of coin, the readiest way is not to send it abroad; yet our author cannot see this.

"What obvious truths the wisest heads may miss!"

The Bank continued to exchange their notes for coin, until they could no longer afford to pay the heavy expence of bringing them back, and indeed found it impossible to do so with sufficient expedition.

What then was the alternative? Either the exportation of the coin must be stopped, or the Bank must stop issuing gold until remittances *to* England shall exceed those *by* England, and by a reaction of the same causes the gold shall return.

In the mean time trade required a medium: a substitute was absolutely necessary—the void must be filled, or trade must stop; the Bank supplied that substitute, and here lies the *gravamen*.

To pursue this one link further. The occasional appearance of gold bullion in the market fixed a rate. Even the repurchases by the Bank itself (which, by Mr. Newland's evidence, it appears went even to four pounds eight shillings per ounce) raised that rate; and this was the measure of the depreciation. Can any thing more

more forcibly illustrate the fallacy of such a test?

The fact is, this reasoning commenced when guineas were *going*; but now that they are *gone*, the depreciationists are absolutely at a loss. Their scale is gone, or only occasionally appears, and with it this notable proof of depreciation. When guineas were at fifteen or twenty per cent. premium, this was the measure of bank-note depreciation. When no longer to be had, by the same rule the bank-note should have been worth nothing! The total absence however of gold coins, the subsequent fall of the exchange, and the continued credit of the paper, notwithstanding its subsequent increase, accomplished the disproof of the theory of the Bullion Report, and the prostration of all the reasoning founded upon it*.

Our

* In the year 1804, and about the time of the Irish Exchange Committee, the exchange in Dublin on London being near 20 per cent. the Chancellor of the Irish Exchequer pledged himself to reduce it to par, and he certainly redeemed his pledge: but how? by the mode now recommended to the Bank, namely, by paying the amount of that increased rate. A loan for the service of Ireland was raised in this country, and an attempt made to force down the exchange, by drawing it over at rates considerably under those which the wants of trade demanded. The Irish Exchange Committee and their supporters foretold that the exchange must continue to rise in proportion as the Bank increased its issues, asserting that the latter was the direct cause of the former; but how were their predictions verified? The Bank

Our author, in common with all depreciation advocates, observes, that an unfavourable exchange would rectify itself by the exportation of bullion or coin. So said Mr. Vansittart—so says every one. But how long is this to last? Just so long as *there remains coin or bullion to export, and no longer*.

He observes—" There is a continual tendency " to restore the equilibrium (of imports and ex- " ports), and in a natural state of things, the " oscillation never departs far from the mean: if " it does, its great excess receives an instant check " by the actual transmission of bullion."

Here the point is put distinctly. The export of bullion or coin is not the *cause* of a high exchange, but the actual *remedy* for its alleviation. Here Mr. Tierney will find his difficulties solved*.

Again—" Bullion is a commodity, which is al- " ways

Bank *increased* their issues, and the exchange, instead of *rising* in the same proportion, *fell*, not only to par, but eight and one-third below it—in September 1813, it being actually hundred for hundred. Thus, while the Committee were expecting it to *rise* in support of their theory, it fell twenty per cent. to their utter confusion. How cautious then should we be of adopting mere speculative opinions, where practice and experience should be the only guides!

* Well might the Chancellor of the Exchequer, on the late debate on Mr. Tierney's motion, observe, that " one " object of the motion was to inquire into the effects pro- " duced *upon* the exchanges *by* the restriction; while the " state of the exchanges was the only cause which could " operate on the policy of the restriction."

" ways set in motion by the slightest advantage " attending it, being the most portable, &c."

This *sounds* well: but pray where is this bullion to come from? for our author has himself told us, that in consequence of the *enormous* profit on exporting, it had " totally disappeared." This little point, it seems, he always forgets to consider*.

Nothing surely is easier than thus to theorize on the balance of exports and imports, and *talk* loftily about the excess receiving an instant check by the transmission of gold, " a commo- " dity *always* set in motion by the slightest ad- " vantage,"

* In the Supplement to the Encyclopædia Britannica, now publishing, under the head Banking, we have a similar oversight.

" In the case of an unfavourable balance of trade, there " arises a temptation to export the coin of the country, " which, from the state of trade, has become more valuable " abroad than at home; and where a national bank is esta- " blished, whose notes are convertible into cash at the will " of the holder, it may undoubtedly be exposed, by an *un-* " *favourable balance of trade*, to demands for specie to a " considerable amount. But, in the nature of things, the " drain of specie from this cause must be slow and gradual; " and when a bank has *ample funds* wherewith to *purchase* " specie, it can hardly ever in this case be driven to the ex- " ceptionable measure of suspending its cash payments. " The Bank of England has frequently been exposed, from " this or from similar causes, to a *regular drain of its* " *specie;* but its credit was in no danger from those de- " mands, *because its coffers could always be replenished as* " *fast as they were exhausted.*" I ask, *how—at what ex- pence—and from where?*

"vantage," as if *talking* would bring it back. Yet our author might have avoided all this absurdity, as this part of the subject is fully and satisfactorily discussed in the published speech of Mr. Vansittart, the reasoning of which he professed to analyze.

As Mr. Vansittart observed, the *practicability* of a resumption of cash payments is never once touched on by the Bullion Committee, although Mr. Baring himself told them that his house, carrying on the most extensive foreign correspondence, and possessing unbounded credit in both hemispheres, *could not procure ten thousand ounces of gold, if they would give for it a premium of fifty per cent.!*

Ay, says our author; but if the Bank Directors, who have "glutted" themselves with these unholy gains, would pay their notes, as they are bound to do, the *equilibrium* would be preserved; and if the *oscillation* departed far from the mean, "its excess would receive an "instant check by the actual transmission of "bullion;" the high exchange would be for ever removed, and all go on smoothly as before. Nothing surely can be easier*. CHAP-

* Well may he say "there is no mystery in the thing;" he empties the coffers of the Bank by honest fraud, and then cries, "pay your notes." "Take two from two," says our author, "and two remain." This is at once his logic and his arithmetic; for "after all, it is but a question "of *simple arithmetic*." So it is, when our author quits his theorics at Oxford to lecture at the Royal Exchange. Without offence, I would remind him of the adage "*ne sutor*," &c.

CHAPTER V.

The leading points on which our author, and indeed all the advocates for cash payments, rest, are, the high price of gold, the high rate of exchange, and the redundant issues of bank paper. The first has been fully explained out of our author's own mouth. The second, also, he has shewn, is not the consequence, but the cause of the former, and to which it acts as a *remedy*. The latter alone remains to be considered; and here at length we have the anodyne.

Formerly, the doctrine was that the country was inundated with paper—that our currency could never be sound or secure until brought back to the state of 1797—that paper, *ex necessitate rei*, must be depreciated when issued to the extent the Bank has gone—that, in fact, quantity and depreciation were synonymous—and that a paper currency was but another term for national bankruptcy.

We have now, however, an unequivocal averment that it is not the *nominal amount* of paper which is or is not the test of depreciation. On the contrary, we have an unequivocal *advocacy* of a paper currency, which it is asserted *may*

 be

be issued in any quantity (and the larger the better), and yet remain undepreciated. But let let us have it in our author's own words:

" *The larger the proportion of paper* in our " currency, provided that paper is equivalent " to specie, the better. The quantity of unde- " preciated paper we can keep afloat in the " market is the very test of the buoyancy of our " credit—a sure token of public prosperity—an " index of the amount of *displaced* specie, which " is employed to advantage somewhere else. " The only benefit proposed, by making it *con- " vertible at the will of the holder*, is, that de- " preciation may never take place; this natural " check being fully adequate without any of- " ficious vigilance, or any positive enactments " on the part of Government, to controul it. " But when this check is wanting [that is, dis- " placed], there is no security against such an " excess as shall cause depreciation."

Here are admissions and contradictions with a vengeance.

Thus, the quantity of *undepreciated* paper afloat is an index to the amount of *displaced* specie, yet the means by which this paper is preserved undepreciated is its *convertibility*. In other words, its absence is the index of a certain good, which good is alone compatible with its presence. I rather think it now rests with our author to shew how it be *possible* that this " larger

" larger proportion of paper" can be convertible, and *at the will of the holder*, while the specie is employed to advantage *somewhere else*.

A larger proportion of paper currency necessarily implies a smaller *relative* proportion of coin. Large issues and convertibility being opposed to each other, like the two ends of a beam; to raise the one is to depress the other*.

If the specie be *displaced*, and " *employed to " advantage elsewhere*," in the name of all ordinary possibilities how can it be *present* to prove the equivalent? And will it be a sufficient answer

 to

* Lord Lauderdale asserts that the gold cannot go unless by the issue of a substitute in paper. I confess I do not feel the force of this, inasmuch as I cannot see how the use of a substitute can *precede* the absence of the principal. His Lordship's absence is essential, previously to his proxy becoming available.

From the authority of Mr. Winthorp before the Irish Exchange Committee, his Lordship observes, " It is impos- " sible to drain any country of so much of its coin as is ne- " cessary to carry on its traffic, unless by the establishment " of banks, and the issue of the paper of such banks, made to " answer as a substitute for coin." In reply to this, I beg to state a fact, namely, that nothing less than the absolute want of gold, or *any other* medium by which to carry on the great staple of Ireland, the linen trade, could have given currency to paper. The consequence of the almost total absence of gold, was, the establishment of banks in all the principal towns in the north of Ireland. For an interesting and highly instructive history of the origin and progress of banking in Ireland, see Wakefield's History of that country.

to the public, in case of a run on the Bank, to say, "the gold is employed to advantage else-"where?" The specie cannot be in the Bank and out of the Bank. I defy any unravelling this paradox, without proving it to be *sheer nonsense.*

The last extract I shall give from our author was alone wanting to heal all the wounds he had inflicted, and to convince us, that if we would know whether depreciation really exist or not, we must go *abroad* for the information. This paragraph our author presents, *par excellence,* in italics:

"The only proof that such a depreciation has "taken place is, either *the desire of men at home* "*to obtain specie rather than paper, and their* "*readiness to exchange paper for it at a nominal* "*loss;* or, *the estimation in which our currency* "*is held* abroad *being lower than it would be if it* "*consisted of specie or of paper convertible into* "*specie.*"

Would to God that we could perpetuate the idea *abroad* that our currency is of so little value *out of the kingdom,* that foreigners, instead of taking our *coin,* would take our *manufactures!*—that instead of consigning to us their produce to be sold for specie, that they may purchase the manufactures of *other* countries on better terms, by which our warehouses are often overstocked, and our

our manufacturers often idle, they would find it their interest not only to *sell* but to *buy* with us*. Then would exchange be the true barometer of our international trade—then would we find that the most unproductive of all exports, was bullion, and the most mischievous, coin.

We must not, however, give our author the exclusive credit of the discovery that an increased quantity of paper may be the test of public credit, and be compatible with public prosperity. We have higher authority for this. The Earl of Lauderdale has just announced a corresponding change in his opinion, and never was there a more auspicious index, a more convincing proof of the utility of public discussion, and the superior value of experience, in opposition to the opinion even of the "ablest writers."

The

* Lord Castlereagh said, "The effect of the Bank open-"ing now would be to carry the metals out of the country; "it could open with safety and advantage when the ex-"changes should be in our favour. There was a difference "of 7 per cent. between the market price and the mint price "of gold. If, in such a state of things, cash payments were "resumed, *not one of those merchants who trade with the* "*continent and exchange goods, would buy from the manu-*"*facturer in Yorkshire or in Manchester, while he could* "*make 7 per cent. of profit by taking gold from the Bank.* "The effect of the resumption would really be to turn the "Bank into a shop or exchange for brokers to go to for "gold, which could be exported with much profit to *other* "*countries.*"—*Speech on Mr. Tierney's Motion, Feb.* 2, 1819.

The noble Earl has just republished his protest against the silver coinage of 1816, with the following additional articles, and which will doubtless be considered as the most important document on the subject, since the Report of the Bullion Committee*.

On

* The noble Lord's protest was entered on the Journals of Parliament three years ago. He now announces this important change in his opinion in the following terms:—"These two grounds of preference of silver, as the material "of money, were not in the original protest. They have "since occurred to the author; and as one of the objects "of this publication is, at a moment when the subject "attracts attention, to lay before the public the ground on "which he thinks silver is preferable as the standard of va- "lue, he has thought it right not to withhold what he con- "ceives to be important reasons for maintaining that "opinion.

"Secondly—Silver appears to be the metal to which re- "sort ought to be had as the material of money, from the "circumstance of its inferiority of value, for coin is princi- "pally beneficial to a community in making small pay- "ments, which gold could not effect with any degree of "convenience, as it is obvious that shillings and sixpences "of gold would be too diminutive for use, whereas even "inferior values may have their equivalent in silver coin of "a size admirably calculated for circulation.

"Thirdly—Silver derives, from its *inferiority* of value, "another strong recommendation, as the material most ap- "propriate for the standard of *a wealthy commercial coun- "try, whose commodities are mainly circulated by paper, "current on the credit of individuals and of public banks.* "In such a country, *metallic money* is *only* useful as a check, "to insure the uniform value of the paper. *The more the "circulation*

On this doctrine of convertibility, I would here submit a few observations.

As a test of solvency, convertibility is a mere illusion, unless it go to the extent of the Bank circulation; for who shall say to what extent it should go, to satisfy the question of solvency?

By this test, the Bank must have been insolvent from the moment it became useful, and by the very act of its incorporation. Its value, as a promoter of credit, would have been circumscribed almost within the bounds of *usefulness*, had it not soon issued paper far *beyond* the amount of gold in its coffers. The apprehension of having more notes in circulation than could be changed for specie, in case of a *run*, it is said, will operate as a restraint, and prevent an over issue; but is not such an apprehension more likely to restrain the Bank from issuing *up* to the wants of trade, than from going *beyond* them?

and

"*circulation is conducted by paper, whose value is thus se- "cured, and the less by metallic money, the more the system "is conformable to views of sound policy.* As paper is the "cheapest, metallic money is the most expensive machine "for circulating the commodities of a country. It follows "then, that the metallic money which most encourages re- "sort being had to paper must be the most advantageous "for the community; and it is impossible to doubt that "silver has, in this point of view, a distinct preference, "because its bulk and weight make it inconvenient to be "used as an equivalent in great payments, whilst, as a "standard, it equally possesses qualities that insure the "uniformity of the value of the paper in circulation."

and has not this been really the case whenever this check *was* applied? Can any man deceive himself by supposing the Bank *ever* was in a state to stand this test, or that it was ever *intended* it should? and is this the principle on which to build a *rational and permanent* system of public credit? If never applied, this check need never exist; yet its very application must ever prove its insufficiency.

Independently of these considerations, is it possible to conceive a principle more at variance with the policy which set this great machine of public credit in motion? a principle which would substitute a mere apprehension of alarm for the efficient support of public confidence, and exercise men's judgment in calculating the quantum of alarm they may have to counteract, rather than the quantum of good they might accomplish. This establishment was founded on a quite different principle—that of an issue *beyond* the possibility of payment in specie. The very essence of banking involves the principle of such an issue. While the trade of the kingdom, and the quantum of existing coin, preserved a certain relative proportion, the absurdity of such a principle was not so manifest; but under a state of things in which the very idea of a comparison is mockery, the only *practical* effect of such a check would be to place the national credit at the mercy of panic.

But look to the original intention of this establishment. It was the want of money—of a circulating medium—not *metallic* money, that called it into existence. It was not a bank of deposit, which was required, but a bank of *credit.*

We cannot charge the authors of this great fountain of commercial prosperity with a purpose at once so absurd, impracticable, and contradictory—no, they had other and more rational objects at heart. It was established, as Smollett observes, "for the support of credit, the prevention of extravagant usury, and the utility of "trade in general"—to *support* a currency of credit—not *provide* a currency of cash—not to *originate* credit of itself, but to give a flow to that of others, and, like the heart in the human frame, to support that circulation on which health and life depend. It was to stamp individual credit with a feature of general negotiability—it was to give facility in the collection of the revenues, and punctuality in the payment of the public creditor*.

* Harris, in his history of the reign of King William, says—"The constituting the Bank, occasioned the increase "of trade and the accumulation of money; and with all "other remote funds that were created, had another good "effect, engaging all concerned in them to be, *on account of* "*their interest*, zealous for maintaining the Government, "since it was manifest a revolution would have swept all "their funds away." The nature of credit seems to have been better understood in those days than it is with us.

It was to bring trade to that unrivalled magnitude, which has made Britain the sun and center of the world's commerce—which has accumulated her internal wealth, and external power—which has given vigour to her industry, and scope to her ingenuity; a state of things which credit alone could have accomplished, and to which the specie of all Europe would have been inadequate.

But what would these theoretical reformers of our banking system do—these contractors of our credit and our trade? They would make the ignorant and the credulous believe, that the Bank are bound to accommodate them at a given rate, and yet pay double for the means of doing so. That they are bound to accommodate the public with a metallic currency, without a corresponding obligation of repayment in the *same* currency. They call that fraud on the public, which is substantially fraud on the Bank—yet talk of maintaining public faith. They tell us the Bank can absolutely control the rate of exchange, and prove it, by calling on the Bank to pay that rate. They would encourage the exporting our coin—yet deny the use of a substitute. They would give a bounty to those vampires of the commercial body, who fatten on this life's blood of our industry, to the breaking up of all uniformity in the value of the circulating medium—yet talk of a permanent and fixed standard.

dard. "They talk with their mouths, but their heart is far from us*."

* Among the many writers who have helped the public to this confusion, and who appear to talk wisely, because they talk vaguely, none has been more prominent than Hume. In his essay on public credit, he says—"There "is a word which is here in the mouth of every body, and "which I find has got abroad, and is much employed by "foreign writers in imitation of the English, and that is, "*circulation*. This word serves as an account of every "thing; and though I confess that I have sought for its "meaning in the present subject ever since I was a school-"boy, I have never yet been able to discover it." And yet in the same essay, nay, in the very next page, he adds—"More men, therefore, with large stocks and incomes, may "naturally be supposed to continue in trade where there "are public debts; and this, it must be owned, is of some "advantage to commerce, by diminishing profit, *promoting* "*circulation*, and encouraging industry." Yet this is one of the writers, whose opinions are "universally adopted" throughout Europe. He again observes, "But no more is "requisite, the whole fabric, already tottering, falls to the "ground, and buries thousands in its ruins; and this I think "may be called the *natural death of public credit*." Yet to this very paragraph is a long note, in which he offers to those ruined thousands this consolation.—"The fear of an ever-"lasting destruction of credit, allowing it to be an evil, is a "*needless bugbear*." It is curious to retrace the difficulties under which the political economists, in all ages, have laboured. Hume said, England had *more* commodities, and *less* gold, than other nations. M. Necker estimated the gold of England at twenty millions, while that of France was at a hundred; yet England was richer, and more powerful than France. This seeming paradox confounded all their calculations. Had these men been told that England should support the most eventful war which Europe ever saw, almost without a single guinea, what would they have thought?

CHAPTER VI.

What then is this Bank credit, this paper currency, this fictitious wealth, which is to lead the nation into bankruptcy? Neither more nor less than the credit of individuals, with the *super-added* guarantee of an authorized and wealthy public body. Whatever impeachment lies against the credit of the Bank, lies equally against the aggregate of private credit, which is the very element of its composition. They receive but credit, and they return credit. The credit and solvency of the Bank is added to that of individuals, that what was before but *partially* negotiable, should become *universally* so. This is the *rationale* of Bank credit and Bank accommodation. Were it required absolutely to return specie; it would then cease to be a bank of credit, and become a bank of deposit, like those of Hamburg, Amsterdam, and Genoa, with this anomaly, that whereas they received cash and paid cash, the Bank of England would receive but *paper* and be bound to return *cash.*

Shall then unquestionable private credit be impeached the instant it becomes part and parcel of the Bank credit? Shall a merchant's bill, drawn

drawn on his correspondent, or a government bill drawn on the public, go into the Bank *un-depreciated*, and come out *depreciated?** Bank credit rests on the estimation of its solvency; and this solvency, taken in a strictly commercial sense, rests, not on the amount of specie in hand, which is but an item in the account, but on the balance between its credits and its debts—unless indeed there be one law for the public, and another for the bank. The promissory note of the Bank ceased to be convertible into gold, *because* the promissory notes of the public had ceased to be so. Specie must originate now, as it ever did, with the public; unless the circumstances of foreign trade enable the Bank to procure it upon reasonable terms. The Bank were no way instrumental in its exportation. It is monstrous then

* The short state of the case is this:—A merchant discounts his bill, or his promissory note, induces the Bank to exchange their paper for his, paying the bare interest for the time it has to run, and having received it, calls it depreciated, and why? because it will not purchase 10 per cent *more* of gold than his own would. If his own paper were "*real value*," as the Edinburgh Reviewer calls it, why exchange it for bank paper? and why call the exchange *accommodation?* So of the accommodation granted to government. Parliament order a bill to be drawn on the payers of taxes, and the Bank discount that bill, to enable Government to pay the public creditor with punctuality and dispatch; yet the public call that paper depreciated, although issued on the credit of *their own* solvency.

then to impeach that credit from the circumstance of an inconvertibility which that public had themselves occasioned.

What a delusion then is this doctrine altogether! To imagine property to be real, and credit undepreciated, only because they were convertible into gold, without reflecting that the attempt alone was sufficient to dissolve the spell, by opening our eyes to its utter impractibility and folly!

In a word, then, trade is the interchange of commodities; this interchange requires, at every stage, the presence of a medium; and this medium consists either of the metals or credit. To advocate the necessity of a metallic medium, is to advocate the banishing of credit; yet it was to create this very credit, and to give it currency, that the Bank was established. The very use of metallic money involves the idea of distrust; while that of a medium of credit, engenders, and is founded on a base of confidence.

If credit be created and circulated with too great facility, it cannot be through the Bank, where accommodation (in the opinion of those who alone are competent judges, the mercantile body) is often contracted to illiberality, but never extended to repletion. No, it is through those private channels, where the favour of the public is *solicited,* not through the Bank, where it is *rejected.*

What sort of consistency is it for an individual

dual to *solicit* the *loan* of Bank paper, on the credit of his own, as a *medium by which* to trade; and having obtained it, to cry *fraud,* because they will not go further, and supply him with the *article in which* to trade, and to their own certain loss? Yet this is what Mr. Tierney and the other advocates for the removal of the restriction require. The error of the present day lies in regarding the Bank but in connexion with a metallic currency. The wisdom of our ancestors lay quite on the other side, in confining it to the question of credit.

Mr. Tierney has called Bank paper a "blot on our credit." He may as well call the Sun a blot in the Heavens. What is bank paper but a part of the national credit? That credit, which like the sun itself, urges inanimate matter into life and action to the creation of human comfort, and the satisfying human wants; and without which, all would sink into inaction, and stagnate into decay.

If the paper be a blot on our credit, it is the very blot which has secured to him his freedom of speech, and his parliamentary independence; it is that which has indirectly secured to half the nations of Europe the power of fashioning their own laws, and pursuing each its own policy; it is that which has secured to Great Britain, after a long and eventful struggle for that very credit, the dignified station she now holds in every part of the known world.

But

But we are alarmed at the amount of our circulation, which is to be alarmed at the amount of our trade. It is the wants of trade which can alone regulate, and ever will regulate the quantum of circulation necessary. If we leave it alone, all will go well. It is the attempt to equalize the waters of trade, by force, which creates the agitation. Should the legislature interfere, and set a positive limit to the circulation of the Bank; it cannot do good, and it may do harm. They would also have to set limits to the issue of the country bankers. We shrink at those storms which are inherent in the commercial atmosphere, and because individuals over-trade, or certain branches of commerce are overdone, we would stop the motion altogether. The very accumulation of capital is alone sufficient to increase commercial enterprise, speculation, and even desperate adventure; and if we expect that trade will be thus trebled, without corresponding fluctuations; we expect that causes shall cease to be followed by effects.

There can be no doubt that the Bank will go to the utmost of their means, whenever it shall appear advisable to remove the restriction. But in the event of those millions which the Bank have accumulated, going away, as before, who shall again replace them, to prevent another restriction, and another panic? So long as the exchanges remain favourable, the restriction is a dead

letter; as on the first issue of the sovereigns, the gold would remain at the bankers unasked for, and even avoided. It is when, through the fluctuations of foreign commerce, exchanges again rise, that the mischief would again rise with them.

The Bank, it appears, are now prepared for payments in specie. But the Bank will not, and cannot guarantee their continuance. This is the question which the Legislature and His Majesty's ministers are bound to look to. It is their duty to see "that the republic shall receive no "harm." It is now no longer a Bank question—it is one of national policy.

The necessity for an unexampled increase in the medium of trade is but the natural consequence of a corresponding increase in the trade itself.

It is in the very course and order of events. It is but one of those important changes which the general state of society has induced, but which men attribute to proximate and local causes, instead of looking abroad over the great stream of time, where it appears but as an incident.

Again, the exclusive application of credit to this unexampled increase of trade, which the last twenty-five years has brought about, is but another consequence of the progress of civilization, and

and of the ever ready ingenuity of man, which supplies the necessity the instant it arises. This *auri fames*, this first step towards civilization, has long since given way to correct notions of real wealth and power.

It was not a matter of choice, but of necessity, that men fell into the use of a substitute. The capabilities of trade increased, and a medium for that increase must have been discovered, or civilization itself must have stood still.

This adoption of credit *commenced* by supplying that to which the existing medium was inadequate, and *ended* by shewing, that the necessity for any other existed but in the imagination of the theorist, or the ignorance of the learned.

Thus, it is not by speculation on the *abuse*, but by observation on the *use* of credit, that we learn its real value. *Rerum usus optimus interpres.* Originating in necessity, there was no alternative. The first cause has ceased to operate, but it has left a state of things which no earthly power can control; and to attempt to bring back trade to a state restricted by the physical presence of a given supply of gold, is to attempt to stop the very course of nature. With what humiliation shall we hereafter look back at those impotent endeavours to restore the former state of things, and persuade men against the evi-

dence

dence of twenty years experience; that wealth and property are all fictitious, unless moved upon a golden medium!

In the mean time, the business of life goes on. The trade of the civilized world receives an impulse, as it were, by the creation of a new *momentum.* Latent capability is disengaged, and becomes an efficient force; and the very principle which lets loose the precious metals from our shores, has wafted them to others as instruments in the hand of nature to work out her own ends. Where then, it is asked, is our gold? Gone to work its round of usefulness—to supply the trade of other nations not yet prepared for an exclusive use of credit—to civilize the semi-barbarous inhabitants of other kingdoms; and even reclaim the savage tribes which this very credit has opened to the world. Thus the metallic medium of our former trade—these golden fetters which we have rejected, are gone to bind the savage to his fellow man—to give him a more worthy motive for existence than the mere support of life—to humanize him by the bonds of society, that he may be first fitted, and then freed, for rational and useful liberty.

To throw off these fetters from our commercial industry is but to prove they are no longer necessary. It is to vindicate the power of reason over prejudice, of practice over theory. As it regards our trade, it is virtually to give every

species

species of property a locomotive power from its creation to its consumption; by which the means of existence are dispensed to a wider circle, and employment given to the industry and talent of all. By these means is the frame of society supported and improved, mutual confidence increased, and mutual dependance rendered indispensable: the very bond of public faith and national security; the very object of our temporal existence; the very elements of human happiness.

FINIS.

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