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LETTER

ADDRESSED TO THE

RIGHT HON. ROBERT PEEL,

&c. &c.

LATE CHAIRMAN

OF THE

COMMITTEE OF SECRECY,

Appointed to consider of the State of the

BANK OF ENGLAND,

With Reference to the Expediency of the Resumption of

Cash Payments

AT THE PERIOD FIXED BY LAW.

BY SAMUEL TURNER, ESQ. F.R.S.

LONDON:

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1819.

TO THE
RIGHT HON. ROBERT PEEL,
&c. &c. &c.

London, 31st May, 1819.

SIR,

HAVING been present in the House of Commons, during the Debate of Monday last, I had an opportunity of listening to the speech delivered by you, upon presenting to the consideration, and recommending to the adoption of the House, the Resolutions founded upon the Report of the Secret Committee appointed to consider of the expediency of resuming Cash-payments, over which Committee you had presided as Chairman. I hope I shall not be considered, either by you or by the country,

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as taking an improper liberty, or infringing upon the privileges of Parliament, in commenting, as I purpose to do in this Letter, both on the Speech delivered by you, and on the Plan itself, which you recommended to the House in a manner conciliatory, certainly, to the feelings of all, and enforced with a degree of eloquence, and with a candid confession of former error, likely to make a deep impression, and calculated to carry the House and the country along with you in those reasonings, so ably and ingeniously deduced from the premises you had assumed. It requires far more ability than I can pretend to possess, effectually to counteract such an impression; but, feeling as I do the grave importance of the subject, as concerns the highest interests of this great and powerful country, and persuaded as I am that the deductions drawn by yourself and others are contrary not only to past experience but to sound theory, I cannot remain silent in such a moment as this; and, not having the honour of a seat in Parliament, I feel called upon, as a citizen, and as having been for the last thirteen years one of the Directors of the Bank of England, whose conduct has been so severely arraign-

ed, (although now out of the direction by rotation,) to submit to your candid consideration, and to that of the country, my view of the many important subjects connected with the present monetary system of this country, which you touched upon in your very able speech. I must premise, however, that in doing this I act for myself alone, and I beg that you will consider the sentiments I shall deliver as attaching to myself, individually, and not to the Directors of the Bank of England, with whom, as a body, I have had no communication whatever upon this occasion. After this preface, I shall proceed to notice the general topics of your speech.—Of the importance of the subject itself it is quite impossible there should exist two opinions. It is felt in the House and out of the House, and it would be presumption in me to add one word to what was so eloquently and ably enforced by yourself on this head. The next point touched upon by you was personal to yourself; I hope I know how to appreciate that graceful confession of error which, proceeding, as I am sure it did, from an honest and sincere conviction of the truth of those new doctrines which you then

avowed, captivated the hearts, if it did not convince the understanding of your hearers. But the more I consider the real nature of this recantation, the more I must be allowed to doubt the judgment of that man who could easily change an opinion founded upon propositions so diametrically opposed to each other as those contained in the resolutions of the Chancellor of the Exchequer are to those contained in the resolutions proposed by the late lamented Mr. Horner, founded upon the Report of the Bullion-Committee. Of Mr. Horner, I can only echo the praise so justly bestowed by you upon his memory. I had the honour of being slightly known to him, and it was impossible to know and not to respect his virtues and his talents, and almost to lament being conscientiously forced to differ from his doctrines.

But to return to the matter of your speech.— You asserted that, until you went into the present Committee, you had not sufficiently considered the subject. What! is it indeed true that upon a subject of that grave importance, in which the interests not only of this country but of the

world at large are so deeply involved, that the learned Representative of the University of Oxford, who was for several years a member of the administration which opposed the resolutions of Mr. Horner, should not anxiously have inquired into the truth of those doctrines which he lent his powerful aid to oppose? Is it, indeed, true, that a man in the highly-responsible situation of Secretary for Ireland, so vital a part of our empire, should not have formed, settled, and determinate opinions upon a subject difficult, it is true, but connected in the highest degree with the revenue and commercial prosperity of that part of the empire committed to his peculiar charge? I really could scarcely believe I heard correctly, when I listened to such an avowal; and the grace of the confession, which, in a private individual, would have disarmed hostility, was lost as it were in the distressing consideration that one who had taken so active a share in the administration of his country, should be forced to the painful acknowledgement that he had not sufficiently considered a subject, the importance of which he was at that very moment enforcing. But this consideration, personal and important

as it is to your character as a statesman, falls into minor importance when compared with the establishment of the truth or falsehood of that new doctrine to which you then, for the first time, avowed yourself a convert, viz. to the doctrine laid down by the Bullion-Committee. It is, to use the language of Mr. Huskisson, in his pamphlet, entitled "The Question," "by the establishment of sound, and the detection of false principles, upon points of general interest and leading importance in political economy, that the greatest benefits are secured to nations, or the greatest calamities averted from them." So long, therefore, as Parliament did seem, from its conduct and its resolutions, to detect those false principles upon which, in my opinion, that report is founded, I felt so repugnant to intrude my own views of the subject upon public notice, that I have hitherto remained silent.

But now, when the principles of the Bullion Committee are avowed by you, sanctioned by his Majesty's Government, and recognised by Parliament, I feel that it would be a dereliction of that duty which every man owes to his coun-

try, were I any longer to refrain from expressing, thus publicly, those principles upon which I am compelled to differ from those who have supported the Bullion-question, and to expose those errors into which I think they have fallen. This brings me to the next topic of your speech, the restoration of the old metallic standard of value: and the difficulty to you seemed at once got over, when you stated that the House had only to determine that this standard should be restored, by adopting those resolutions you had laid on the table. That it was true a trifling deviation would be allowed for two years; but then the old standard would be effectually restored: and you then commented upon the evidence of an individual, who held that the pound sterling was the real standard of value, and had been so for 800 years; and you stated that Mr. Locke, after elucidating the subject of identity, dispelling all the erroneous views with respect to innate ideas, and endeavouring to penetrate even the properties of eternity, could not, with all his powers of reasoning and subtlety of disquisition, succeed in defining what he meant by an abstract pound. That, on this point, this distinguished

man was evidently misled himself, and, of course, misled his readers; and that the fact was, the only intelligible idea was in a certain quantity of metal of a determinate quality and fineness. Now it appears to me, that the difficulty of understanding this subject consists in not sufficiently distinguishing between a natural and an artificial state of society. That, unless we alter our weights and measures, a pound of gold must ever continue a pound of gold, will not admit of question; and of course it follows, that a Sovereign, or a pound sterling as it is called, must consist, when coined at the Mint, of $\frac{1}{46.725}$ of a pound of gold. But the question is, whether this really is or is not the real standard or measure of value, whenever we have, as we had prior to 1797, a convertible paper currency; and whether it is possible to exist as a standard or measure of value in that highly artificial state, arising from excessive taxation, in which we are now unhappily placed. To examine this subject fairly, it will be necessary to advert to first principles; and, above all, not to confound possibility under qualified circumstances with practicability under all. From very early stages of society,

the precious metals have constituted the medium or representatives of value; and the price of any given commodity has been measured by certain relative portions of one or both of the precious metals; which price has been regulated according to the quantity existing of such precious metals in circulation, together with the facility or rapidity with which it has been possible for them to change hands. This position I am sure you will not deny, for it is that of every writer on the nature of money,—the doctrine of the Bullionists themselves. And it is equally clear that in this stage of society the sum of commodities to be exchanged must accommodate itself, if I may be allowed such an expression, to the quantity of the metals circulated, and the power of circulation; so that if the commodities are abundant, a larger portion will be given for an ounce of gold than would be were they scarce. Supposing, therefore, goods to increase, and metals to remain stationary, that which at one time sold for an ounce of gold, or, in other words, commanded an ounce of gold, would, at another time, only sell for half an ounce or a quarter of an ounce, exactly according to the

quantity of metal and circulating power as compared with the whole quantity of commodities. If this is true, and you, and those to whose doctrines you have now become a convert, will not deny that it is so, then you must go along with me in the following algebraic statement. —Call the value of the commodities of any country exchanged in a given portion of time, as a year, a : call the quantity of the precious metals circulating in that country, b : and call the circulating power, or the number of times that b changes hands within that given portion of time, c . Then $a = bc$; that is, the sum of commodities exchanged, is equal to the whole quantity of circulating medium multiplied by the number of times it changes hands, and consequently, ——— If $a = bc$

$$b = \frac{a}{c}$$

$$c = \frac{a}{b}$$

Instead of applying this to any particular country, apply it to the whole civilized world, and call the whole value of interchanged commodities of the world a : call the whole of the precious metals, employed in circulation, b : and call the circulating power, carried to the utmost limit that

human ingenuity can devise, c . Then, I say, that the natural price of a will be bc , and that any given portion of a , say $\frac{a}{f}$, will be equal to $\frac{bc}{f}$, and that $\frac{bc}{f}$ will be the natural or real price of $\frac{a}{f}$, measured by the true metallic standard; or, in other words, that $\frac{a}{f}$ will be represented by such a part of the circulating Gold and Silver money of the world, as the whole of the commodities of the world bears to the whole of such circulating medium, allowing for the utmost circulating power of which it is capable. In this case, a guinea, a pound sterling, a ducat, a Louis d'or, a doubloon, are only so many defined weights, certain known fractional parts of a pound of Gold, and it signifies not by which of these $\frac{a}{f}$ be measured. Having thus considered society in its early and natural state, and defined, and, I hope, clearly defined, real or natural price, let us proceed a little further, and endeavour to trace, by regular steps, the progress of society to that artificial state in which we are now placed. It will not be denied, for the history of this and of every other country will prove the fact, that as society improves, and wealth becomes more abundant, (and by wealth I do not mean merely

an increase in the precious metals, but an increase of the produce of the lands and labour of a country, and augmentation of its fixed capital, buildings, live and dead stock,) the avarice and ambition of other nations are excited, and from thence it arises that wars are undertaken, either of offence or defence, and the government of such countries feel it necessary to interrupt the ordinary course of society, and to lay heavy taxes for the support of that unproductive part of the population which is necessarily employed either in offence or defence. Be it remembered, that these taxes are levied, not in kind, but in money; that is to say, no specific part of the annual produce of the land and labour of the country is taken, but certain articles, both foreign and domestic, must pay a certain fixed contribution in money, before they are allowed to go into consumption. Take salt, for instance: the workers of the salt-mines, or the manufacturers of salt from sea water, are obliged to pay a certain fixed sum before the salt can be sold. No one will contend, that the salt manufacturer suffers from this beyond any other person in the community; he will raise the price to the consumer to

the extent of the tax. Let taxes be imposed, in like manner, upon articles, equal to $\frac{a}{f}$, in all to the value of $\frac{bc}{g}$: in this case, a continues the same; b continues the same; and we have already supposed c , the circulating power, carried to the utmost limit. The Government does not take a given portion of the salt; nor does it take a certain quantity of the oil, corn, or wine, raised or imported: but it fixes a certain tax or price, which those articles are to pay to the extent of $\frac{bc}{g}$, that is, to the extent of a certain proportion of the whole value of what the commodities sold for before. So that, in addition to the natural price of $\frac{a}{f}$, which is equal to $\frac{bc}{f}$, must be added $\frac{bc}{g}$; that is to say, that by means of taxation, $\frac{a}{f}$ is rendered necessarily equal, or must be sold for $\frac{bc}{f} + \frac{bc}{g}$. Then the remainder of all the goods untaxed we may call $\frac{a}{r}$, the natural value as before shown would be $\frac{bc}{r}$. But with this taxation, without an increase of the circulating medium, they could only be sold for $\frac{bc}{r} - \frac{bc}{g}$: if this were so, how would the growers or manufacturers of that portion of the annual produce of the lands and labour of any country, which before taxation sold at $\frac{bc}{r}$, be able to fulfil their engage-

ments in money, in case the same produce sold only at $\frac{bc}{r} - \frac{bc}{g}$. Taxation would, in this case, disarrange all the relations of society, and the proposition is thus brought to the *reductio ad absurdum*.

What, therefore, is the remedy by which society is still kept together, and different articles still bear their relative value one towards another? I answer, an increase of the circulating medium; either by advancing its nominal value, so as to call what before passed as a pound sterling, two pounds sterling, or by adding a paper or fictitious circulating medium to the former Bullion circulation. You will, of course, not suspect me of using the word fictitious in an invidious sense; but I know of no other word which will so clearly express the artificial value fixed upon articles by the arbitrary enactments of Government, over and above their real value as represented in Bullion. The history of this country will sufficiently elucidate, that, prior to the reign of Elizabeth, it was the practice of the sovereigns to debase the coin, and thus to make the same weight of the precious metals pass for a larger

nominal amount. The same effect has since been produced by the system of banking and the issue of Bank-notes; and I should hold as demonstrably true, that, since the first necessary introduction of paper-money, coined Bullion has ceased to be the measure of value, even when the representative or Paper has been convertible, at option, into its nominal value in Coin. Let the Coin be the same as was before supposed, b ; call the Paper in circulation p : then $b + p \times c$, or $bc + pc = a$, and any fractional part of a , say $\frac{a}{f} = \frac{bc + pc}{f}$; that is to say, that every fractional part of a , or of the annual produce of the lands and labour of the country, must be represented partly in coin and partly in paper: and if we say that a commodity sells for forty-four guineas and a half, or a pound troy of Gold, although such pound of Gold may be actually obtained, yet it becomes quite clear, that it is only so obtained through the general confidence or credit of the community; and that, in point of fact, if every person insisted upon receiving coined Bullion for his commodity, that it would be impossible that commodities should sell at the same nominal price. But it

has already been shown, that if the prices are reduced, contracts could not be fulfilled; and it, therefore, follows, that wherever the precious metals and paper circulate together, although one may be constantly exchangeable for the other, yet that, in fact, every article is measured by a standard, bearing a higher nominal value than it would be possible to obtain, if the precious metals were the real measure, and the amount of depreciation on any given article is exactly $\frac{pc}{f}$, that is to say, such article, in fact, sells for $\frac{bc + pc}{f}$, whereas the real natural price would only be $\frac{bc}{f}$. I shall shortly endeavour to prove that this fictitious price is not only necessary, but that, in fact, it causes taxation to fall evenly on the community. Suppose, for instance, a farm, the produce of which, at natural prices, would produce exactly £900 per annum, and that it was thus appropriated; one-third to the landlord, one-third for the support of the farmer and his family, and one-third for the expenses of labourers and other necessary charges: suppose, then, by an arbitrary act of Government, the farmer was compelled to pay £300 per annum as taxes,

what would be the effect of his produce, still sold at the same price? Either that £300 only would be left both for the support of himself, his family, the labourers, and charges, or that less rent could be paid to his landlord. But go on still further, and suppose that instead of £300 the Government were to exact £600; it becomes quite self-evident either that the farmer must be totally ruined, as well as his landlord, or that the produce must sell at a higher nominal value. But how can it so sell, if the circulating medium is not increased? and how can the circulating medium be increased, unless artificially, when we suppose the produce to remain stationary? It can only be increased artificially; and, in point of fact, I defy the production of proof to establish the reverse of the position which I lay down, that prices have always nominally increased with the artificial excess of value caused by taxation. In the case first supposed, the landlord had one third of produce £300
Farmer, one-third 300
Labourers, one-third 300
£900

But by artificial prices the produce sells for £1200. Then Government taxes, one-fourth £300

Landlord, one-fourth	300
Farmer, one-fourth	300
Labourers, one-fourth	300
	<hr/>
	£1200

Thus the weight of taxation is borne equally by all, according to the relative situation they bear in society. Taxation, in fact, fixes a *minimum*, below which any given article so taxed cannot be sold; and the diffusibility of the precious metals, if I may be allowed such an expression, is destroyed. It is no longer a piece of Gold of a relative magnitude, according to the whole quantity which is to cover the value of any given article; but it is at once declared, without reference to the whole quantity, that the article in question must be covered by a piece of Gold of a definite size. Continue this to a greater extent, and the whole quantity of Gold may still be insufficient to cover the articles upon which such *minimum* is fixed, and nothing would be left to measure the remaining articles, which is quite absurd. I have thus endeavoured to prove

that all Paper circulation, whether exchangeable for Gold, or not, is a fictitious circulation; that it is the offspring of necessity, and the *consequence* of prices being necessarily raised by taxation, and not the *cause* of such rise. After these remarks, the truth of which I have endeavoured to demonstrate, I proceed to the no less important consideration of the past and actual state of the Paper currency of this country. Prior to the establishment of the Bank of England by King William the Third, the interchange of commodities between man and man in this country was carried on, I believe I may say exclusively, through the medium of the precious metals; and whatever supplies were required for the support of the Government of the country, were raised within the year. But William found it necessary, in order to maintain himself upon the throne, to which he had been called by the majority of the nation, (opposed, however, by a powerful party,) to support a large standing army, and further by his wars in defence of Europe against the ambition of France, and in Ireland against James and his adherents, to incur expenses which could no longer be met by the ordinary revenues of the

country. He was, therefore, obliged to raise money upon the credit of the country; and by means of the establishment of the Bank of England, he created a new species of circulating medium, to answer the increased prices which the extraordinary taxation throughout the country rendered necessary. The plan, thus devised by William, of borrowing, and of establishing fixed taxes to meet the annual interest of the money so borrowed, was found too easy a mode of shifting the burthen of the present on the future, to be abandoned by his successors; and accordingly, the system has ever since been pursued whenever the wants of Government have exceeded the usual annual revenue. It is unnecessary to dwell upon particulars; it will be sufficient to state that the public debt increased up to the year 1793, to the sum of about £228,000,000; and that the annual revenue raised to meet the interest of this debt, and to pay the ordinary expenses of Government, was about £15,000,000.

During the whole of this long period, nearly one hundred years, the notes of the Bank of England had constantly been exchangeable for the current gold and silver coin of the realm; and so

few persons seem to have devoted their attention to the real state of the currency, that the fact seems hardly to have been contemplated, that, even during the whole of the above-mentioned period, all prices were partly artificial. The fact is, that the stability of the Bank of England became nearly proverbial; and because ten guineas could always be obtained for a ten-pound note and ten shillings, the standard or measure of value was considered to be the pound sterling, or $\frac{20}{21}$ of a guinea, equal to $\frac{160}{673}$ parts of an ounce of standard Gold, without considering that it was universal credit alone which gave this value, and that, if the Paper circulation had been destroyed, such a weight of Gold could never have been obtained for what at that time did so sell for $\frac{160}{673}$ parts of an ounce of Gold.

In 1793 we arrived at a new epoch; war was declared by this country against revolutionary France. Perhaps no war was ever undertaken more completely in unison with popular feeling. Mr. Pitt, then Prime Minister of this country, supported as he was by some of the wisest and best of his former opponents in Parliament,

Mr. Burke, Mr. Wyndham, and others, lost no time in availing himself of this popular enthusiasm, and he conducted the war upon a scale of expenditure unknown and un contemplated at any former period of our history. Not content also with supporting the expenses of our own fleets and armies, he listened, and in my humble opinion, most injudiciously listened, to the representations of foreign powers, and in a war in which their interests were quite as deeply involved as our own, consented, by means of very large subsidies to those powers, to pay the greater part of the expenses of their warfare, in addition to our own. In order to enable him to pay those subsidies, all the ordinary resources of commerce were soon exhausted. It must be recollected that all foreign trade is for the most part carried on by means of barter; not indeed between the individuals engaged in it, but it may be so stated as between nation and nation; and it is only the balance, which in the course of years must be trifling, which remains to be liquidated in the precious metals.

The resources of commerce having been, as before stated, soon exhausted, our commissaries

or agents with foreign powers were then instructed to draw largely on his Majesty's Treasury, and these bills were negotiated through the medium of the first bankers and merchants in the respective foreign states. But what was the consequence of this? The bills being more than were required by the ordinary routine of commercial demand, the bankers and merchants on the Continent would only take them at a high profit; that is to say, they would only give a less sum in the Paper or Coin circulating in their own country than what was called the British Pound Sterling: and thus the exchanges became unfavourable to this country throughout the world, and Bullion was largely exported both by private merchants and on the Government account. But Mr. Pitt, not content with this, made frequent and most pressing demands upon the Bank for the current coin of the realm, for the purpose of exporting it, to pay our own and foreign armies. To the repeated remonstrances of the Bank, on the danger of such a continued and unnatural drain upon its coffers, he, with his characteristic boldness, stated that it was essentially necessary for the public service; that, without it, the whole

plans of this country, with reference to its own immediate policy, and that also of its foreign relations, must fall to the ground.

I never approved the policy of Mr. Pitt; but, had I held a seat in the direction of the Bank of England at the time of which I am now speaking, I very much question whether I should have hesitated to make those advances which he so strongly stated the public service required. The Bank, as a corporate body, has no right, and very fortunately for the country has never pretended to any right, to sit in judgment on the policy, either foreign or domestic, of those to whom the reins of government may be entrusted. But it has felt, and I trust always will feel, that it is imperative upon it to afford all the aid in its power to those financial arrangements, which the Government may think necessary, which Parliament may sanction, and which are consistent with the safety of its own establishment. But there have been, and may be again times, in which the particular interests of the Bank must give way to the paramount necessities of the country; and when the Prime Minister stated that it would be impossible to bring the war (and that

a war, whatever my own individual opinion may be, which it were vain to contend the great mass of the population did not esteem just and necessary) to a successful issue, without the sacrifices which he called upon the Directors to make in the very teeth of their own Remonstrances,—it surely will hardly be asserted that the Directors failed in their duty in at last yielding to such reiterated and pressing demands. The consequence, however, of yielding was as foreseen by the Directors, and stated by them to the minister,—the total inability of meeting the continued drains both of the Government and the Public; and the bold measure of the Restriction of Cash Payments was resorted to by the minister.

Whether this was, or was not, a wise measure, need not at the present time be inquired into; that it was absolutely necessary at the moment, will hardly be disputed. Perhaps I may be allowed to say here, that it very ill becomes those who were instrumental in bringing about this necessity, in spite of remonstrance upon remonstrance repeatedly and pressingly urged by the Directors of the Bank, now to turn round upon those, whose only fault, if fault it can be called,

was having yielded to the intercessions of those very men. I say again, it very ill becomes those men, by an apparently candid confession of their own errors, to throw the blame which attaches to themselves upon those who trusted to them; and unblushingly to attribute at this day all the evils attending our present artificial state to an over-issue of Bank paper, instead of ascribing it to that enormous expenditure which rendered such over-issue, if over-issue there really be, absolutely necessary. This is, indeed, to confound cause and effect; and to the confusion of ideas arising from this, is to be attributed those wild and dangerous doctrines which would lead the public mind to believe that a simple diminution of Bank-notes would remedy all the evils of twenty-two years, and cure that artificial state created by an increase of six hundred millions of Public Debt, and a corresponding increase of Taxation from £15,000,000 to upwards of £54,000,000. But I must proceed.

The consequence of the Bank Restriction was to banish from circulation that portion of the precious metals, or of Gold, which had been employed in our circulation jointly with Paper, and

which, perhaps, up to that time was our full proportion of what belonged to us as a nation, comparing our commodities with the commodities of the rest of the world.

It is necessary that we should fairly view the difficulties of our situation. It thus became apparent, for the first time in this country, that promises to pay, or acknowledgements of debt, could not always be converted into actual Bullion; that *alarm*, great foreign expenditure, and increasing taxation, were incompatible with that universal credit upon which our whole Banking-system depended. But, at the same time, it also became evident, that for the purposes of internal circulation the pound-note, or promissory pound, could effectuate that interchange of commodities upon which the convenience of society so materially depends; that is to say, that the manufacturer of broad-cloth could sell his cloth for an hundred promissory pounds, and with those hundred pounds purchase an equivalent value in corn, oil, or wine, or any other of the necessaries or conveniences of life. In this state we have remained ever since, and to all practical purposes the pro-

missory pound has acted as completely the part of a measure of reciprocal value between man and man, in the exchange of commodities, as the Bullion pound ever did, or ever could do. In fact, as I have endeavoured to show, the great mistake in all argument upon the currency has proceeded from what is expressly laid down in the Bullion Report; "that in this country Gold is itself the "measure of all exchangeable value, the scale to "which all money prices are referred. That it is "so, not only by the usage and commercial habits "of the country, but likewise by operation of "law." That it was believed to be so, and that too not only by the generality of mankind, but by most of the ablest authors on political economy, cannot be questioned; but that it really is so, whenever, by means of taxation, a *minimum* is fixed below which any given article, or articles, cannot be sold, is what I expressly deny, as contrary to all sound induction; and it is only wonderful that the fact that law cannot enact impossibilities should have escaped the acute mind of the late Mr. Horner. In illustration of this, take any one article, wheat for instance. The natural price of wheat, as raised throughout the world, mea-

sured by that part of the current Bullion existing in the world, may be about half an ounce of gold per quarter. But, by means of taxation, the growers of wheat in this country would be absolutely ruined if they could not sell their wheat for what will pass current, and enable them to pay their rent to their landlord, and taxes to the Government, at the rate of an ounce of gold per quarter, or what is nominally called £3:17:10½ sterling. But a quarter of wheat is a quarter of wheat all over the world, capable of maintaining the same quantity of labour, affording equal sustenance, and of the same intrinsic value. The natural value, if measured in Bullion, is precisely, as I have assumed, half an ounce of gold. But by the artificial state created, not as I must contend by an issue of Bank-notes, but from the arbitrary enactments of Government, the quarter of wheat in this country must sell for what will pass current for an ounce of gold, or £3:17:10½. But where is the ounce of gold to come from?

" I can call spirits from the vasty deep,

" And so can I, and so can any man,

" But will they come when you do call for them?"

The world does not, and cannot, produce gold sufficient to make the natural price of a quarter of wheat equal to an ounce of gold, and it can only be sold for what is called £3 : 17 : 10½, either by altering the coinage so as to make half an ounce of gold, instead of an ounce, into £3 : 17 : 10½, or, what amounts to the same thing, by the substitution of paper promissory-notes to the extent of such depreciation. I have thus endeavoured to prove that gold has not been from the first establishment of a paper currency our real standard of value, and that because it was possible, for a long series of years, to exchange the paper pound for the gold pound; still, that this possibility only proved that the gold itself, as a measure of value, was depreciated in this country, although it continued to bear the same value in other countries not subject to the same necessarily artificial prices; and, that having been so depreciated, it continued to exchange freely for its equally depreciated representative in paper. What then, it may be asked, is to be done? Are we to continue for ever in the same artificial state? I am the last man in this country who would recommend such a course. I should say, that to restore

the country to its natural state, if I may be allowed to parody a well-known expression of a deceased noble author, three things are necessary. That the first is retrenchment; the second, retrenchment; and the third, retrenchment. That the nation, like any individual in a similar condition, can alone hope to recruit her finances, and return to a natural state, by the strictest economy, by the most watchful attention, and by using every exertion to improve her revenues. The edifice of public credit has been shaken to its very foundation; but thank God it is still standing, and let the legislature beware, that in their endeavours to repair it too hastily, the whole building does not fall to the ground by the weight and clumsiness of the machinery they may employ. Let them remember, that as long as public confidence exists, paper credits may be constantly exchangeable for current coin; but that they cannot be forced to be so exchangeable: and that the only way in which the issuers of such paper credits can satisfy the holders of them, is by cancelling them against the securities upon which they have been issued; and, that in point of fact, the real question at the present moment is not whether the Bank can pay in

specie, but whether the public can pay the Bank. For although the Bank is a debtor to the public to the full extent of its notes, it is still a larger creditor of the public, and that (exclusive of its large capital of nearly fifteen millions) to the extent of upwards of five millions: and this leads me to notice that part of your speech in which you commented upon the late Resolutions of the Court of Directors, and particularly upon that passage which runs thus:

“ Under these impressions the Directors of the
 “ Bank think it right to observe to his Majesty’s
 “ ministers, that being engaged to pay on demand
 “ their notes in statutable coin, at the Mint-price
 “ of £3 : 17 : 10½ per ounce, they ought to be the
 “ last persons who should object to any measure
 “ calculated to effect that end; but, as it is incum-
 “ bent on them to consider the effect of any mea-
 “ sure to be adopted as operating on the general
 “ issue of their notes, by which all the private
 “ Banks are regulated, and of which the whole
 “ currency, exclusive of the notes of private Bank-
 “ ers, is composed, they feel themselves obliged, by
 “ the new situation in which they have been placed

“ by the Restriction-act of 1797, to bear in mind
 “ not less their duties to the establishment over
 “ which they preside, than their duties to the com-
 “ munity at large, whose interests in a pecuniary
 “ and commercial relation have, in a great degree,
 “ been confided to their discretion. The Directors
 “ being thus obliged to extend their views, and
 “ embrace the interests of the whole community
 “ in their consideration of this measure, cannot
 “ but feel a repugnance, however involuntary, to
 “ pledge themselves in approbation of a system,
 “ which, in their opinion, in all its great tenden-
 “ cies and operations, concerns the country in
 “ general more than the immediate interests of the
 “ Bank alone.”

Not being at present in the direction, I did not know of these Resolutions until I saw a copy of them in the newspapers, after they had been laid upon the tables of the Houses of Lords and Commons by Lord Liverpool and Mr. Vansittart. It is almost unnecessary to say that I have read these Resolutions with the profoundest attention; and in my opinion there is not one word in them which is not founded in fact, and not a sentiment, which,

had I been in the direction, would not have met with my entire concurrence. It has, I understand, been asserted in another place, that the Directors of the Bank forsooth wished to erect themselves into legislators; that it was their sole province to look to the proper management of their own establishment, and to leave it to the legislature to take care of the public interest. But I should wish to ask those, to whom these opinions relative to the conduct of the Directors are attributed, whether, when they themselves constituted part of his Majesty's Government, they never urged the public interests upon the consideration of the Directors. Were not remonstrances made again and again, relative to the great extent of the advances to Government, and were not the Directors called upon for larger and larger advances, not as a matter of advantage to the Bank, but on the sole plea of convenience to the public service? And were the Directors not to consider this? Moreover, what says the Bullion Report? After recommending the repeal of the law which suspends cash-payments by the Bank of England, it proceeds thus:—"In effecting so important a change, your Committee are of opinion that some diffi-

"culties must be encountered, and that there are
 "some contingent dangers to the Bank, against
 "which it ought most strongly and carefully to be
 "guarded. But all these may be effectually pro-
 "vided for by entrusting to the discretion of the
 "Bank itself, the charge of conducting and com-
 "pleting the operation, and by allowing the Bank
 "so ample a period of time for conducting it, as
 "will be more than sufficient to effect its comple-
 "tion. *To the discretion, experience, and integrity,*
 "of the Directors, your Committee believe, that
 "Parliament may safely entrust the charge of
 "effecting that which Parliament may in its
 "wisdom determine upon as necessary to be
 "effected, and that the Directors of that great
 "institution, far from making themselves a
 "party with those who have a temporary in-
 "terest in spreading alarm, *will take a much*
 "*larger view of the permanent interest of the*
 "*Bank, as indissolubly blended with those of*
 "*the public."* And it goes on to recommend
 "that the Directors, availing themselves only
 "of favourable circumstances, may tread back
 "their steps slowly, and may preserve both the
 "course of their own affairs as a Company, and

“ that of *public and commercial credit* not only “ safe, but unembarrassed.” Have, therefore, the Directors exceeded their province, in taking an extended view of the permanent interests of the Bank, as indissolubly blended with those of the public? Have they exceeded their province in endeavouring to preserve both public and commercial credit not only safe but unembarrassed? Would they have done their duty, either as Directors of the Bank, as merchants, or as men, if they had hesitated to lay before his Majesty’s government, their view of those doctrines and of that plan, which, in their consciences, they believed would compromise not only the interests of the Bank, but those of the public,—not only endanger commercial but public credit? The noble merchant, Antonio, encountered the hatred of Shylock; and so it is with the Bank of England. The vulgar, the purse-proud, the disappointed, will beset it with all the arts of envy, hatred, and malice; and this spirit has been so artfully fomented, that even many of those of enlightened views upon most subjects, seem now never to speak of the Bank without reproach, or to regard it but through a jaundiced eye. So

that even its noble sacrifice of at least a million in the public service, as was specified by one of its Directors, which ought to have been lauded both by the House and by the country, met with nothing but reproaches, even from so enlightened an individual as the honourable member for Port Arlington, who was pleased to say that, in attending to the public convenience, we had sacrificed the interests of the proprietors. That he expected we had a great deal more money, but that we gave a million here, and a million there, and did not know how to manage our own affairs, much less to attend to those of the public. The honourable member in question is a proprietor of Bank-stock, and, of course, in that capacity, has a right to arraign, at a General Court, the conduct of the Directors; but, as a member of Parliament, it did seem rather extraordinary that he should complain of the generosity of the Bank. On one day we hear of the inordinate gains of the Bank; on another, that it lavishly gives to the public million upon million. It is blamed for its rapacity, it is blamed for its generosity; and the very men who differ in so material a point as this, still draw together on all those occasions

where the Bank is concerned. But, perhaps, I may be excused, if I here state that no less distinguished an individual than the late Duke of Norfolk condescended to attend one of the General Courts of the Bank, and, from his place as a proprietor, strongly to recommend to the Court of Directors, for the sake of the great public convenience, to undertake the issue of Tokens to that extent, which has entailed the loss of more than a million upon the Bank. But this part of their conduct is as nothing compared with the measures they have taken, in order to bring about the resumption of cash-payments without danger to the country; or, in other words, to restore to Great Britain, and introduce into circulation, that portion of the precious metals which ought to belong to it, and by the possession of which, in ordinary cases, Paper credits, or Bank-notes, might be exchangeable for Gold at the Mint-price. By act of Parliament, the Bank was to open for cash-payments in July next, and the following fact is stated in the Resolutions of the Court of Directors of the 25th March last, "that, in the course of the years 1816 and 1817, the Bank accumulated a sum of treasure, which, in addition to what

"was already in its coffers, would have been sufficient to meet the opening, if the hopes which were then entertained had been realized." Nothing which the Bank could do was left undone. They made arrangements with his Majesty's Government for the gradual repayment of the loans of six millions and three millions; and they had taken special care, that the greater part of the other advances on Exchequer-bills should fall into the regular course of re-payment prior to the day when the restriction was to expire. Is the Bank to blame because his Majesty's Government found themselves unable to fulfil their engagements, not only for the re-payment of the loans, but even of those Exchequer-bills, which had been advertised to be paid off, and which the Bank always held, as any individual might hold them; to be renewed or not at the option of the holder, and this, too, to the extent of no less than eleven millions. His Majesty's Government, having thus failed in their engagements, wished to propose to Parliament to continue the restriction to March next. But, upon the receipt of the Minute of the Committee of

Treasury of the 29th January, stating "That the Committee thought it a matter of the highest importance that the public should not be deluded with an expectation not likely to be realised; and that it would be better to submit to the consequences of a Parliamentary inquiry, rather than pass a bill for a time inadequate to the circumstances in which the country was placed," without any farther discussion, his Majesty's Servants immediately proposed to the two Houses of Parliament the appointment of separate Committees, to consider of the expediency of resuming cash-payments. Over the Committee of the House of Commons you had the honour of presiding, and it therefore became your duty to lay the Report upon the table of the House, and to propose the Resolutions founded upon it; and this leads me to revert to the Report itself. After sifting the conduct of the Court of Directors to the very bottom, and perhaps we may proudly affirm that few establishments could have borne such a scrutinizing examination, the Committee, instead of stating broadly the simple fact (as in my humble view of

the question should have been done) that the Bank had made every preparation in their power, but that the Government had failed in their engagements, and that not only part of the loans of six millions and three millions remained unpaid, but that eleven millions of the purchased Exchequer-bills were actually over due, endeavoured, by a kind of side wind, to escape the main question, and by impugning not the motives but the judgment of the Directors, to lead the public mind to imagine, as I have before expressed myself, that all the evils of our present state have proceeded from an over-issue of Bank-notes, arising from the Directors having neglected constantly to diminish the circulation whenever the market-price of Gold bullion exceeded the Mint-price, and the foreign exchanges became unfavourable to this country.

It is the favourite doctrine of the Bullionists, the pivot upon which their whole machinery turns, that the high price of Bullion and the exchanges can constantly be regulated by contracting the issue of Paper; and the declaration of the Court of Directors, that they could see no solid founda-

tion for such an opinion, was commented upon more severely, by one of his Majesty's present ministers, than any other passage in their Resolutions, and was of itself, according to that Right Honourable individual, a sufficient cause for the interference of Parliament. So that it becomes of no small importance to examine into the truth of this theory; and I must crave your particular attention, while I endeavour to expose the fallacy upon which, according to my view of the subject, such theory is founded.

The question constantly asked by its supporters is this. Do you not increase the value of any article by diminishing its quantity? and, if so, do you not, by decreasing the amount of your Notes, increase their value in exchange for every other article, and, of course, in exchange for Gold? It seems difficult, at first sight, to question this; and when a mind so acute as that of the late Mr. Horner could not penetrate the veil which in this instance has covered error with the garb of truth, it cannot be wondered that others, not very much accustomed to examine into abstract subjects of

this nature, should equally have failed in detecting the imposture.

The great error, in my humble opinion, consists in confounding the shadow with the substance. Coin is *substance*, constituting part of the circulating capital of the world. Bank-notes are only the *shadows* or images of wealth, and are not, as they are distinctly stated to be in the Bullion Report, capital. The real capital of the world, or of this country in particular, would continue precisely the same, if the whole of the Notes, not only of the Bank of England but of Country Banks, was annihilated *instanter*. We should have the same quantity of wheat in our garners, the same quantity of goods in our warehouses, the same ships, the same colonies, and the same power, although that power would be interrupted for the moment, of carrying on our commerce: and yet the evils of such an annihilation no man of any reflection can contemplate without horror. All the relations of society would be completely overset; those who were in opulence would be reduced to beggary, and those who are in a state of indigence would gain *pro*

tantó! What the creditor lost, the debtor would gain; and all faith, both public and private, would be at an end.

But let us consider what a Bank-note really is. Upon what is it issued? First of all, upon Coin and Bullion; and for every Bank-note so issued, a correspondent quantity of Coin and Bullion is withdrawn from circulation. Does this create fresh capital? In the next place, Bank-notes are issued upon Government securities, or Exchequer-bills; and here they become the shadows or representatives of a certain portion of the anticipated revenue of the country. But does this also create fresh capital?

Exchequer-bills continue precisely to the same amount, whether held by the Bank or by the Public; not, it is true, having the same facility of being broken into fractional parts, and as such serving as an easy measure of value for small quantities, but still furnishing to the possessor the same equivalent to give in exchange, the same power of commanding Gold or Silver Bullion, or any given quantity of commodities. To the ex-

tent, therefore, of the issue of Bank-notes upon Government Exchequer-bills, so much anticipated revenue is withdrawn from circulation as those Bank-notes represent; and if there be excess, it seems contrary to all just reasoning to lay the evils attending such excess on the shadow instead of on the substance. The third security, or substance upon which Bank-notes are issued, is regular Commercial Paper of Exchange, or what is more commonly called Mercantile Bills, and whenever a Bank-note is issued upon such bill, a transferable security, founded upon real transactions, and representing some real commodity, as far as the Directors can discriminate real from fictitious paper, is removed from circulation, and another, but more easily divisible paper, or credit, substituted in its stead. Bank-notes, therefore, in this instance, create no new capital, but are merely the substitution of an easily transferable and easily divisible credit for another species of credit not so easily divisible nor in such general acceptance. And I really am totally at a loss to conceive how a diminution of credit, or, what is the same thing, a decrease in the facility with which Exchequer-bills, or Commercial bills,

could pass from hand to hand, could increase the facility of obtaining the precious metals. It is an anomaly, which I am totally unable to reconcile either with sound theory or past appearance. Do, I intreat you, examine carefully the following Table, showing, for every six months since 1813, the average number of Bank-notes in circulation, the average price of Gold, and of sundry staple articles of commerce; and then ask yourself, coolly and dispassionately, whether that theory can be true which asserts the prices of Gold and all other articles depend upon the amount of Bank-notes, when the facts show directly the reverse?

1813. 1st Six Months	Number of Bank-Notes.	Average Price of Standard Gold.		Price of Foreign Gold Coin.		English Wheat, per Quarter.	Sugar, Muscovado Jamaica.	Coffee, Jamaica.	Whale Oil Greening, per Ton.	Tallow, Yellow Soap.	Iron Bars.		Meat at Smithfield Market.	
		£ s. d.	£ s. d.	£ s. d.	£ s. d.						Beef.	Mutton.		
2d	23,939,693	5 1 8	5 3 8	104 1 30	88 à 92	74 à 85	42 à 48	88	14 0	15 4 8	10 0	5 0	6 6	0 6
1814. 1st	24,107,445	5 8 9	5 9 3	86 134	93 95	80	88	88	14 0	15 4 8	10 0	5 0	6 6	0 6
2d	25,511,012	5 4 0	5 7 0	60 80	110 112	95 99	57 58	98	14 0	15 4 8	10 0	5 0	6 6	0 6
1815. 1st	28,291,832	4 7 4	7 9 5	56 74	92 100	74 80	34	88	15 0	15 4 8	10 0	5 4	6 8	6 8
2d	27,155,824	5 2 0	5 2 1	48 72	117 124	91 96	45	89	15 0	15 4 8	10 0	4 8	6 4	5 6
1816. 1st	26,618,210	4 6 10	4 7 0	56 78	100 106	76 80	33	68	14 0	15 4 8	10 0	5 0	4 4	5 4
2d	26,468,885	4 1 0	4 1 0	50 70	99 102	102 110	35	59	13 0	14 4 0	5 4 0	5 4	4 0	5 4
1817. 1st	26,681,398	3 19 0	3 19 0	60 90	88 95	71 74	27	52	10 0	18 4 0	5 4 0	5 0	4 0	5 0
2d	27,339,768	3 18 10	3 18 10	90 122	85 93	74 78	36	54	9 0	10 3 0	4 4 3	4 6	4 8	4 8
1818. 1st	29,210,035	4 0 4	4 0 0	80 140	78 80	83 85	27	30	10 0	11 3 8	4 8 3	4 8	8 8	4 8
2d	27,954,558	4 1 6	4 1 6	65 103	87 90	91 93	59	77	14 0	15 3 4	4 10 3	8 5 6	5 6	5 6
1819. January	26,487,859	4 1 6	4 1 6	63 90	88 91	133 135	83	76	12 0	10 5 0	5 6 5	0 5 6	5 6	5 6
March	25,794,460	4 3 0	4 3 0	58 80	86 89	145 146	36	78	12 10	13 3 4	5 0 4	0 6 0	6 0	6 0
		4 1 6	4 1 6	57 82	83 86	126 130	32	68	13 0	14	—	—	5 6	6 4

Now, do see what this Table proves: on the first six months of 1813, the average price of Gold was £5:1:8 per oz. in the last six months an increase of Bank-notes took place, to the extent only of £167,752, and the price of Bullion rose 7s. 1d. per oz. In the first six months of 1814, Bank-notes increased £1,403,567, and the price of Bullion fell 4s. 9d. per oz. The following Table will at one view, show the inconsistency of this doctrine with the real facts.

	Increase in Bank-notes.	Decrease in Bank-notes.	Rise per oz. in Price of Standard Gold.	Fall of Price in Standard Gold.
			£ s. d.	£ s. d.
1813. 2d Six Months	167,752	—	0 7 1	—
1814. 1st "	1,463,567	—	—	0 4 9
2d "	2,780,820	—	—	0 16 8
1815. 1st "	—	1,136,008	0 14 8	—
2d "	—	537,614	—	0 15 2
1816. 1st "	—	149,927	—	0 5 10
2d "	213,115	—	—	0 2 0
1817. 1st "	658,370	—	—	0 0 2
2d "	1,870,267	—	0 1 2	—
1818. 1st "	—	1,255,477	0 1 6	—
2d "	—	1,466,699	nil	nil
1819. "	—	693,399	0 1 6	—

If the truth or falsehood of any theory whatever is to be determined by the test of facts, then this Table affords a refutation of the position that the price of Gold Bullion and the quantity of Bank-notes, or circulating credit, have a necessary relation one towards the other, for we see an increase of notes of £167,752 only, raises the price of Gold 7s. 1d. and an increase of £2,780,820 lowers the price of gold 16s. 8d. per oz.; and, again, a diminution of notes, to the extent of £1,136,008, is attended with an increase of the price of Gold of 14s. 8d. per oz.; and it, therefore, appears to me quite as irreconcilable with common sense, to hold that it is the sun and not the wind which turns the weathercock, as to affirm that it is the amount of Bank-notes and not the balance of trade and of foreign payments which regulates our exchanges and the price of Gold Bullion. Another great mistake, which has led to the support of this theory, arises from not having sufficiently considered that Bank of England notes, at the present moment, do little more than carry on the minor interchange of commodities between man and man, and that, through the universal system of Banking, all

great changes of property, particularly in the metropolis, are effectuated almost without their aid, by means of mere book-transfers, and that Bank-notes settle merely the little differences arising from a multiplicity of transactions which are not precisely balanced. It becomes quite clear, that if A and B have the same banker, and A has to pay B ten thousand pounds, that he does so by a check, which B pays to the banker, and the whole transaction as between A and B is settled by a transfer in the books of such banker, from A's account to B's. By the system of the clearing-house, the whole of the bankers of London become almost as one bank, and we have it in evidence, before the Bullion Committee, that about £220,000 in Bank-notes are sufficient to settle the balance arising from the interchange of drafts to the extent of £4,700,000. Although, therefore, through this machinery Bank-notes are economised to the highest possible degree, yet it becomes quite evident, that this is merely confined to the bankers themselves. That the power of the merchants, manufacturers, and traders, of satisfying the immediate demands upon them, must depend

not upon the few Bank-notes in their pockets, but upon the extent of their book-credits, and that, without such system of banking, Bank of England notes, to the full extent of such book-credits, would be absolutely requisite to supply their daily wants. And further, that their power of carrying on those more distant engagements upon which the commerce of this country so materially rests, must depend in like manner upon their Exchequer-bills, bills of exchange, debts owing to them, goods in their warehouses, or stock in the public funds. It is of the very nature of public debt, and consequent taxation, not only necessary to increase prices, but at the same time to convert fixed capital into circulating capital; fictitious, it is true, to a considerable degree, but serving at the same time all the purposes of real circulating capital.

The public funded debt at the present moment, is about eight hundred millions, paying an annual interest of about twenty-seven millions. But where are the eight hundred millions? All vanished through the expenditure of Government; but still, though the capital is gone, cer-

tain individuals hold permanent annuities, secured on the lands and labour of the country, to the extent of twenty-seven millions; which annuities are differently named, according to the terms, upon which the country is at liberty to cancel them without the option of the holders. The 5 per cents. 4 per cents. $3\frac{1}{2}$ per cents. and 3 per cents. being each indeterminable at the will of the grantor, unless by payment of the full sum of one hundred pounds money for each species of annuity; but, nevertheless, the holder may sell, and does actually sell, such annuity or annuities for the best price he can obtain, either from other individuals, or from the Government, whenever he requires to realize their value; and this he does from day to day, with quite as much facility as he can draw upon his banker for the balance in his hands: and thus the full market value of such annuities becomes, as it were, circulating capital, answering, in many of the great dealings of this commercial country, all the purposes of circulating medium. It here becomes evident, that the land, which by nature is fixed capital, and difficultly transferable, is thus converted to the full extent to which it is pledged, (which at

the present moment, can be no inconsiderable part of its value,) into circulating capital, changing hands from day to day, and affecting the whole monetary system of this country; and it therefore is of the utmost importance that this fact should be kept constantly in view in all those measures which Parliament may deem necessary to be adopted prior to the resumption of cash-payments.

But to return to the more immediate consideration of the doctrine that the price of Bullion and the foreign exchanges depend upon the amount of Bank-notes; and though I may be prolix upon this head, yet the importance of determining whether this theory be true or false, will, I am sure, plead my excuse. It will not be contested, that this, or any other country, can only obtain that which it has not, by giving in exchange something which it has; and of course, Great Britain can only obtain Gold, which it has not; by giving in exchange for it that which it does possess; and the power which it has of obtaining Gold must be precisely commensurate with the value of that which it has to give in ex-

change. Now, if this be true, do let us for one moment put out of our consideration the artificial divisions of pounds, shillings, and pence, and consider with what we do buy Gold and Silver Bullion from other states. Do we not pay for it with our colonial produce, and with our manufactured goods? and do we not buy it either dearly or cheaply, exactly in proportion as we give more or less in quantity of such produce and of such goods for any given weight of Gold or Silver? Now let us look what we gave for Gold in 1815, when it was 102*s.* per ounce, and what we give now when it is at 81*s.* 6*d.* when paid for in colonial produce. By reference to the table of prices before quoted, you will see that the price of sugar, for example, in the first six months of 1815, was from 117*s.* à 124*s.* call the mean price 120*s.* 6*d.* and then, after deducting the duty of 30*s.* per cent. the net value of such cwt. of sugar, when exported, must have been, taking Gold at the price of the time, 102*s.* per ounce, $\frac{181}{204}$ parts of an ounce of Gold; and we may, therefore, fairly say, that an cwt. of sugar thus sent abroad, could bring back into this country $\frac{181}{204}$ parts of an ounce of standard Gold Bul-

lion. But what can the like cwt. of sugar bring into the country at the present moment? Taking the mean price, as before, from the table, and referring it to the present price of Gold, 81*s.* 6*d.* we shall see that the net value of such cwt. of sugar is only 54*s.* 6*d.* or $\frac{109}{204}$ parts of an ounce of Gold; so that when Gold is at 102*s.* per ounce, the cwt. of sugar would buy $\frac{181}{204}$ parts of an ounce of Gold; and now, when at 81*s.* 6*d.* it will only buy $\frac{109}{204}$ parts, being a difference of no less than $\frac{7267}{33252}$, something between 1-4th and 1-5th. The power, therefore, of commanding Gold, does not depend upon the nominal price at which it is passing in exchange for Bank-notes, but upon the relative value which other nations possessing Gold may be inclined to place upon those commodities we may have to give in exchange. Again, let us consider this in a different point of view:—supposing, as was the fact in the year 1817, that this country has a most deficient harvest, so that it becomes absolutely necessary that corn should be imported for the sustenance of its inhabitants, how is such corn to be ob-

tained? In the first place, by the exportation of colonial produce and domestic manufactures, to the utmost extent that the rest of the world will take them. There is a limit, however, beyond which this cannot go; we may be content to sell cheap, that is, to give a large portion of such produce for a comparatively small portion of corn: but the foreign market being once fully supplied, any further export can only bring ruin upon the exporter. Corn, however, must be had, or our population must starve, and recourse must be had, after other resources have failed, to that special commodity, Bullion, which, from the common consent of mankind, can command the produce of the world, in all quarters of the world, and in a country like this where credit can and does supply the place of Bullion, in the common interchange of commodities between man and man, Bullion, whether coined or in ingots, must go to the last grain. Nor do I see by what course of solid reasoning this drain is to be stopped by the mere curtailing of that credit by which trade, both foreign and domestic, is invigorated, and without which the relations of society would be completely overset. It is di-

rectly saying, that our merchants could do more when absolutely bound hands and feet, than when left to the free exercise of their limbs, and invigorated with the powerful cordial of public and private confidence. But the argument may be pushed still further. If the exchanges can be restored to par, and Gold brought to the Mint-price, simply by the curtailment of Bank of England notes, then it follows, as a consequence, that if, instead of Bank-notes, the circulating medium of the country consisted in a deteriorated metallic currency, so that the sovereign, or pound sterling, was ordered by law to pass for one pound one shilling, or a guinea, that the power of obtaining Gold Bullion in exchange for such sovereigns so passing at twenty-one shillings, would not depend upon the weight of metal in such sovereigns, but upon there being a greater or less quantity of them in circulation. Decrease your Notes, say the Bullionists, and you will easily be able to buy Gold with them at 77*s.* 10½*d.* per oz.; and if so, debase your Coin, either by diminishing its weight or increasing its nominal value, but, at the same time, diminish the total

quantity in circulation, and you will be able to buy a pound of Gold uncoined, with eleven ounces of coined Gold. The doctrine, that by a diminution in quantity of the circulating medium, the exchanges will be restored, and the price of Gold reduced to £3:17:10½, must be true in both cases, or in neither; and, if true in the latter, all received opinions as to the par of exchange between nations, being regulated by the comparative weight and fineness of their respective metallic currencies, must be completely overset.

We have all seen the labours of the Committee. We know that it was composed of noblemen and gentlemen from both sides of the House, who, greatly to their praise, went into the Committee divested of party feeling, and anxious only to devote their time and labour to the investigation of a subject, which every man in the country feels to be of the highest moment. At the same time, pre-conceived opinions could hardly fail to operate with many of the Committee; a degree of popular odium had been artfully excited against the Bank, and his Majesty's Ministers, after

having been disappointed in their measures, cannot well be supposed to have been quite impartial judges in the case, particularly when it became necessary to make manifest to the country one of two things, either that the Bank of England had failed in its duty, in not making all due preparation for the return to cash-payments in July next, or that the Government had failed in their duty by not making those re-payments to the Bank, without which it is absolutely impossible it should ever be able to open its doors to cash-payments, without imminent danger of closing them again immediately. The case is now fairly before the country, and, having been a Director of the Bank, I can feel no fear as to that judgment which, at the candid bar of public opinion, will be passed upon our conduct. Blame, it is true, is cast upon the Bank by the Committee, and that too in a manner which calls for some few comments on my part. I beg leave to quote the passage at length:

“ Your Committee are satisfied that the Bank,
 “ in undertaking to pay their notes in cash, under
 “ the circumstances above mentioned, acted from

“ the best motives, and from a belief that the
 “ measure would tend to facilitate the complete
 “ resumption of payments in specie. Unfortu-
 “ nately it has had a contrary effect; the last of
 “ the three notices having been given at a period
 “ when the exchanges were unfavourable, when
 “ the price of Gold had risen from £3 : 18 : 6 to
 “ £4 per oz.; and at a time when the Bank had
 “ not (according to the evidence given by Mr.
 “ Harman,) that controul over their issues, which
 “ might have enabled them to counteract the effect
 “ of the unfavourable exchange, by a reduction
 “ of their paper currency.”

The Bank forsooth acted from the best motives, from a belief that the measure would tend to facilitate the resumption of cash-payments, but the price of Gold had risen from £3 : 18 : 6 to £4, and then the theory comes into play, that the Bank had not that controul over its issues which might have enabled them to counteract the effect of the unfavourable exchange, by a reduction of their paper currency. We are plain good honest men, who did try to pay our debts, but we acted without judgment, solely because we did not

adopt the favorite theory in all its bearings. But let me beg the favour of you to inquire a little further into the real facts of the case. On the 28th November, 1816, the Bank advertise that they are ready to pay off all notes of one and two pounds value, dated prior to the 1st January, 1812; and, on the 17th April following, all notes of a like description, dated prior to 1st January, 1816. Thus, within the short space of five months, a very considerable sum of coined money was opened to the demand of the public. At the date of the first notice, in November, 1816, the price of Gold was £3 : 18 : 6, the exchange with Paris, 25 : 70. In January, 1817, the price of Gold rose in spite of this first notice to £3 : 19 : 6, and the Exchange on Paris fell to 25 : 10. At the time of the second notice, in April, 1817, which opened the doors to a still larger payment in coin, at £3 : 17 : 10½ per oz. the price of Gold, which in February, returned to £3 : 18 : 6, immediately, on the very day after the notice was dated, rose to £3 : 19 : 0, and the exchange with Paris, which, from February 7th to 4th April, had continued nearly stationary, varying only from 25 : 20 to 25 : 40, immediately fell to 24 : 80;

and, excepting on two days, the 25th April, 1817, and 15th September, 1818, when it rose again to 25, it has continued ever since never exceeding 24 : 90, or going below 23 : 50. On the 17th July, the Bank advertised that they would exchange all Silver Tokens for current Gold and Silver Coin of the realm, which opened a still further demand for Gold, and the price of Gold in the market rose to £4 : 0 : 6, and the Paris exchange fell to 24 : 30. But yet so far from demands being made upon the Bank for Gold, that, according to the evidence of Mr. Harman, the public, instead of coming to the Bank for Gold, brought their Gold to the Bank; and, accordingly, on the 18th September, 1817, after having felt the pulse of the public, as it were, for ten months, and found that the demand for gold was comparatively trifling, the Directors of the Bank, with so large a sum of treasure as they then possessed, thought themselves called upon to shew boldly to the public their desire to return to cash payments by opening their doors to a very large portion of their notes. The Committee state that when the last of these notices was issued, Gold had risen from £3 : 18 : 6 to

£4 per oz. Would not any one, from reading this passage, imagine that a new circumstance had arisen, against which the Bank ought to have guarded? But did not the price of Gold rise in April to £3 : 19 : 0,—in May, to £3 : 19 : 6,—in July, to £4,—in August, to £4 : 0 : 6; and had not the Paris exchange fallen from 25 : 70 to 24 : 30? and yet, through the whole of this time, so far from Gold being demanded from the Bank, Gold was brought to the Bank. What new circumstances, therefore, I may boldly ask, had arisen which could induce the Bank to believe that the public would show greater avidity for Gold after September, 1817, than they had done for the ten months preceding. It is true that great additional facility was afforded to the public by this last notice of coming to the Bank for Gold; but they did not avail themselves of this until the middle of October, when the complete failure of the harvest, with which it pleased Providence to afflict this country, became apparent, and caused that demand upon the Bank for Gold, increased afterwards by the large French loan, which I, and those who oppose the doctrine of the Bullion-Committee, hold, must ever be the case

whenever the necessities of this country require a larger portion of the goods of other countries, than they require of our goods in return; and this without any reference whatever to the extent of our Paper credits. Now the fact proves the truth of our theory. No demand was made for gold, until the balance of trade required the remittance of Gold. But, say the Bullionists, reduce the Bank issues at the same time, and the Gold will not go abroad, or, if it does, it will return immediately, and the exchanges will be restored to par. But how is this fact? On reference it will be found that, on

16th August, 1817, Bank-notes were at	£ 30,112,661
15th November, 1817,		29,446,087
16th February, 1818,		28,742,826
16th May, 1818,		27,985,869
15th August, 1818,		26,603,937
14th November, 1818,		26,026,540
13th February, 1819,		25,680,114

Here is a gradual diminution of Notes to the extent of £4,432,547, in the short space of one year and a half, equal to $14\frac{7}{10}$ per cent. on the whole quantity of Notes. Is there any man in the country, who, after this simple statement of

facts, can lay his hand on his heart and say, that the Bank Directors are to blame. Did not the Governor and Deputy-Governor express, early in 1817, to the First Lord of the Treasury and Chancellor of the Exchequer, their anxious hope that no encouragement would be given to British subjects to invest their capital in foreign securities, stating, that such investments might be found to interfere with the financial arrangements here, and possibly retard the return to cash-payments? Are the Bank Directors to blame that the harvest proved deficient? But suppose that the Directors had acted differently from what they have done, that, instead of opening their doors partially to cash-payments, they had kept them hermetically sealed up to the present day, which, by the Report of your Committee, it is insinuated they ought to have done. It is true, the Bank would have had nearly seven millions of Gold more in its coffers than it has at the present moment; but at what rate would the exchanges have been during this period? How would the corn have been paid for, or those engaged in the foreign loans have made good

their instalments, if these six or seven millions of Gold had not been issued from the Bank and exported? Perhaps you may say by a further export of goods. But have not the exporters of goods suffered severely enough already? and would not any further forced export have entailed irretrievable ruin upon the unfortunate individuals engaged in such transactions? And how would the public voice have been exerted against the Directors, and that justly too, if, with millions in their vaults, and with the knowledge that the issue of a few of those millions would afford effectual relief, they had looked calmly on upon the distresses of their country with a closed hand and an un pitying eye? Even, therefore, if the Bank could have foreseen, which they certainly could not, the drain which has been made upon them, I very much question whether sound policy, as well as good feeling, would not, even with such foreknowledge, have dictated the very measure they took, and that after-wisdom, which now blames the proceeding, because it did not effectually succeed in all its objects, can have very little weight, either with

the candid, or with those who take pains to discriminate between right and wrong.

Another doctrine of the Bullionists, or, I should rather say, of the Ultra-Bullionists, (for it is impossible to confound the late highly-gifted Mr. Horner with those who now profess themselves his disciples,) which is also most completely disproved by the facts, is that which asserts that the excess of the price of Bullion above the Mint-price, is the exact measure of the depreciation of Bank-notes. So that if Bullion is 3, 5, 10, or 20 per cent. above the Mint-price, Bank-notes have only to be reduced *pro rata* 3, 5, 10, or 20 per cent. in amount, immediately to restore Bullion to the Mint-price.

The Honourable Member for Port Arlington distinctly stated to the House, that he could not conceive what had created such an alarm in the public mind; that the Bank had only to reduce its Notes about three per cent: that already had the price of Gold been reduced from £5:10s. to £4:1s. and he could apprehend no danger to the country in that further reduction, which

would bring the Exchanges to par, and reduce the price of Gold to the Mint-price. But how are the facts? As appears before, in August, 1817, Bank-notes were £30,112,661, and the price of Gold 80s. 6d.; but the amount of Bank-notes have been reduced $14\frac{7}{10}$ per cent. and Bullion continues precisely at the same price, and that too after the doors of the Bank have been opened to the payment in cash of great part of its Notes, and actual calls have been made for the purposes of exportation, to the amount of nearly seven millions.

I come now to a brief consideration of the Plan itself, recommending Bullion payments, instead of Cash payments in current coin of the realm. The plan has already been so completely before the Public, through the medium of the daily press, that it is unnecessary that I should repeat it here *verbatim*, and I shall therefore proceed to consider it in its two most important bearings. First, as it concerns the real interests of the Public. Secondly, as it concerns the interests of the Bank itself, as indissolubly blended with those of the Public.

In the first place, it proposes to restore the old metallic standard of value by gradual means, by compelling the Bank to pay its notes in Bullion, first at 81s. then at 79s. 6d.; and, after the expiration of two years, or on the 21st of May, 1821, at the Mint-price of £3 : 17 : 10½ per oz. Now, what do the public generally gain by this? I have already shown, and I hope satisfactorily shown, that the old metallic standard of value is altogether imaginary, the *ultima thule*, to which we can never arrive, so long as prices are necessarily rendered artificial, through the means of excessive taxation. But what, I say, will the public gain? Will guineas or sovereigns be again introduced into general circulation? So far from it, that the Author of the Plan says expressly, that the country is to go on, *ad infinitum*, with a paper circulation only; that the Bank may conduct its affairs without danger, and issue a much larger proportion of Paper, as compared with the treasure in its coffers, than it ever could do, when liable to pay coin in the ordinary way; and that, according to his view of the subject, about one-eighth of the amount of Paper-issue preserved in Bullion would be

amply sufficient to answer all the calls which are ever likely to be made upon the Bank. But, again, I ask, What does the public gain? Have the Committee inquired of the agriculturist or the manufacturer what would be the effect, if present prices are materially reduced? Is there a farmer? is there a manufacturer? who would not answer such a question,—RUIN, irretrievable RUIN. Is there a landed proprietor who in this case could receive his rents, or could the Government enforce the payment of its taxes? and are these interests, so important, to be sacrificed in support of a theory, by putting which into practice, the only persons who would fatten upon the ruin of their country would be foreign loan contractors, dealers in bullion, and cambists, or dealers in exchanges? The enactment of the present Plan would, in fact, only declare, that, from the present time, or rather from the 1st of February, 1820, to October in the same year, whatever may be the state of the country, or the real value of commodities, as exchangeable for gold in foreign countries, that Gold shall be supplied to such contractors, dealers, and cambists, at 81s. per

oz.; from October, 1820, to 1st May, 1821, at 79s. 6d.; and, after that time, at 77s. 10½d.

The wisdom of ages is to be upset in a moment, and the laws of the land, prohibiting the melting or exportation of the coin of the realm are to be repealed, for the sole purpose of benefitting those against whom those laws were enacted; for I have already shewn that the export merchant of goods could not be benefitted by such a Plan; and that, in point of fact, he obtained between one-fourth and one-fifth more of an ounce of gold for a hundred weight of sugar, when the nominal price was 102s. than he does now when it is at 81s. 6d. so that only the persons I have mentioned could really gain any thing by this notable Plan, which, as it was humourously expressed by the Right Honourable Member for Knaresborough, seemed to fall from the skies and was taken up by the Committee, because, after sitting for nearly three months, they were quite as much at a loss what safe course to recommend to Parliament as they were at the very beginning. But a Plan they must have, and they take the first which is

presented to them, without weighing those ruinous consequences which are involved in the second view of the inquiry.

How far the Plan in question involves the interest of the Bank as indissolubly connected with those of the country:—and here, perhaps, I may be allowed to say that the mere private interest of the Bank, unconnected with such public consideration, never has, since I have had the honour of a seat in the direction, and I trust never will influence the conduct of the Court of Directors, and that there is no sacrifice, however great, which they could be called upon to make, which would, according to their own view of the subject, tend to promote the glory, honour, and prosperity of their country, which the Directors would not willingly make; conscious that, in so doing, their conduct would not merely be sanctioned, but approved,—not merely approved, but lauded, by their large, respectable, and enlightened proprietary. But, feeling the danger not merely to themselves but to the country, which the proposed Plan suspends over their establishment, they would have failed in their

duty both to the proprietors and to the public, if they had not laid before his Majesty's Government their views of the subject, as contained in their Resolutions, before alluded to, of the 20th May. But I must point out, a little more particularly than is done in those Resolutions, those dangers which, in my view of the subject, this Plan presents. I am very ready to concede to the author or authors of the Plan, that in ordinary times the Bank might be opened for such Bullion-payments as are proposed, without having the demand made upon them for a single ounce of Gold. And this of itself is exactly one of the dangers. The Plan holds forth no encouragement for the introduction of Gold into the country; but it is the very essence of the Plan that we are to go on, *ad infinitum*, with a Paper currency, and a Paper currency only as far as concerns all our domestic operations, so that, in point of fact, there is to be no current coin of the realm beyond the Silver currency, which is available only in the payment of debts to the extent of 40s. Another and the greatest danger, a danger so great that it is only wonderful it should have escaped the observation of yourself and the

other promoters of the Plan, is this: that the Bank are, by law, to be compelled to pay its creditors in that in which its debtors are not compelled by law to pay the Bank. Now only suppose that the harvest of 1820 should unfortunately prove deficient, and that the Bank has only such a sum of Bullion in its vaults as the projectors of the Plan affirm it is necessary it should always keep. What would be the result? What has experience taught us? That Gold would rise, and if it rose from 81s. even to 82s. and much more so if it got up to 90s. or 100s. would there not be an instantaneous demand upon the Bank for every ingot in its vaults? And how could the Bank obtain a fresh supply, but by buying (with a fresh issue of notes) at 82s. 90s. or 100s. that very Bullion which, perhaps, the day before they had sold for 81s. and by the issue of such fresh notes give power to the seller himself to come back again in an hour and demand the very Gold he had just sold at such increased price at the fixed price as ordered by the Plan of 81s. By the proposed Plan there would be no stock of Bullion in the country, excepting in the coffers of the Bank; and if what I have endeav-

voured to press upon your attention is true, that the vast extent of the public debt does give to the public creditor that instantaneous command of Bank-notes which I have described; if it be true that the Government Exchequer-bills do sell from day to day, and give also to the possessors of such Exchequer-bills an equal power of commanding Bank-notes,—then one of two things must take place, either that such securities must cease to be saleable, or if they continue to be saleable, then that the power of demanding Bullion at the Bank, must be commensurate with the notes they can obtain in exchange for such securities, which, considering the great extent of such securities, becomes almost unlimited, until every note in existence is withdrawn from circulation. This power, indeed, is so great, that, even without any special demand for the balance of foreign payments, it may very justly be apprehended that even a trifling combination amongst some of the great Capitalists and Bullion-dealers may artificially raise the price of Gold, and cause that run upon the Bank which it would be quite impossible for them to meet, without not merely most injuriously contracting their issues, but without can-

selling them to the last note. And is it possible that you, Sir, that Parliament, can coolly contemplate such a state of things as this? You may ask, Is it not practically the same thing when the Bank are compelled to pay in the current coin of the realm? I answer most decisively, it is not; and I proceed to show the very great distinction between the two cases:—Prior to the Restriction upon Cash-payments, there was a great stock of coined Gold in the country, some affirm to the extent of forty millions; but take it at any sum you please, half that amount, or twenty millions; these twenty millions of coined Bullion were protected by law: it was illegal to melt the Coin, illegal to clip the Coin, illegal to export the Coin, illegal to pass away or tender the Coin in payment for more or less than the nominal price at which it was issued from the Mint. If the creditors of the Bank demanded Gold, the debtors of the Bank brought Gold to it; and for this simple reason, that, without infringing the law, nine guineas and eleven shillings could neither be bought nor sold for more or less than ten pounds, and could be of no higher value in exchange for any one article in the country, than a Bank of England

note for the like current amount. There existed a large tangible stock of current Gold dispersed throughout the country, the price of which was limited by law; so that, even allowing that the laws were inefficient to prevent the exportation of part of this stock, whenever a profit attended such export, still a very large proportion remained in circulation, which it was impossible to collect for the purposes of exportation until the necessities of the country rendered the restriction upon cash-payments by the Bank of England a necessary measure of state policy. But, even after the restriction, a considerable portion continued in circulation, until the increased value of the precious metals in foreign countries, and the danger and difficulty attending the export of goods to the Continent, after the Berlin and Milan decrees, made it necessary, that almost every article either openly or clandestinely obtained from thence should be paid for in Bullion. In the mean time, one and two pound notes of the Bank of England and of private country Bankers were allowed to circulate, and were found to answer all the purposes of the Gold coinage so effectually, that guineas disappeared entirely from circulation without any ap-

parent injury to the country. But is there any parallel between the case of the Bank of England paying their notes in the current coin of the realm, when there was a large stock of such coin in circulation, the price of which was definitely fixed, and the case of their being compelled to pay their notes not in such protected coin, but in Bullion at a price limited as regards their establishment, but unlimited as regards every private dealer. A measure of this nature is fraught with dangers of the greatest magnitude; every grain of Bullion which the natural or artificial wants of the country may require is to come out of the Bank; whilst not a single grain could return to its coffers by any other means than by an issue of fresh Notes: so that the evil might be increased by the very remedy taken to avert it—an attempt to increase the stock of Bullion.

Having thus pointed out those errors in theory, and those dangers which would, in my apprehension, attend the execution of the Plan which you have proposed to Parliament, perhaps it may be thought incumbent upon me to go a little further, and to endeavour to point out some Plan

attended with less danger, and which might prove equally efficacious in restoring to this country their just portion of the precious metals as compared with other nations. I shall not shrink from this task; but, as an Ex-Director of the Bank, I cannot but feel the delicacy of the situation in which I am placed in this respect. In discussing the merits of a theory, or in laying before the public view the evils I apprehend that theory would produce in practice, I act only as an individual, anxious for the development of truth, and eager to avert those dangers which threaten the interests of all: but in submitting a Plan which may or may not be approved by the Bank, and by which, if adopted by Parliament, their conduct is to be regulated, it may seem that I am outstepping my province, and that I am wanting in that respect, which both individually and collectively I do and ought to feel towards those with whom I have been acting for the last thirteen years. But I had to choose between two courses; either by free communication with the Directors to run the chance of making them parties in public estimation to all that I have now written, or by neglect-

ing to consult them, or even to make it known that I was employed in writing this letter, to afford my late colleagues just cause perhaps to complain, that I should presume to recommend any Plan to Parliament without first consulting them.

Under the circumstances of the case, I have thought it best to adopt the latter course; and I must again, therefore, as I did in the commencement of this letter, beg that you will consider that I alone am responsible for the opinions, whether true or erroneous, which I have detailed; and that you will believe that nothing but a sense of the danger likely to attend the execution of the Plan proposed by you, could have induced me to address you. I must be very brief in the few observations I shall now make, as to that course, which, in my opinion, Parliament, in its wisdom, ought to take under existing circumstances. In the first place, I should deem it necessary that the public mind, which has been greatly alarmed, should be calmed as speedily as possible. In the next place, in applying a remedy to what is generally felt as an evil, namely, the continued re-

striction upon cash-payments, I should deem it consistent only with that wisdom which should guide even the conduct of Parliament, to inquire into the original cause of that evil, and, by the removal of that cause, do away with the continuance of the evil itself. If I am right in the details which I have given, it must be evident to all, that the difficulties which first caused the restriction, and those which have since rendered its continuance necessary, originated and are still to be attributed to the urgent necessities of the state. The third resolution therefore of the Committee, that ten millions should gradually be repaid to the Bank, as far as it goes, is most proper and salutary. But this does not go far enough: it ought to be provided for by law, that the Government should be bound constantly to repay to the Bank in money, if desired so to do, all those Exchequer Bills in their hands which may from time to time be advertised to be paid off, precisely in the same mode as similar bills are paid to the public, leaving it completely at the option of the Bank, as circumstances may render it desirable at the moment, either to renew such bills or to

receive the amount in money; and, by a law to this effect, restore that clear understanding of the right of the Bank to demand money for such bills, which I believe never was questioned until the last few months. The Exchequer-bills also issued under the act of the 57th of the King, deserve the attention of Parliament, and that law authorising the appropriation of the Consolidated Fund to other purposes than those to which it was originally pledged, owing to which the issue of bills under the aforesaid act is so greatly increased, deserves also re-consideration. The next inquiry, which I should deem it important to make, would be as to the real state of the currency prior to the Restriction act: and if it be true that there existed a very large sum of protected legal coin of the realm in general circulation, and that such coin never effectually disappeared until the public at large got accustomed to the use of One and Two pound Notes, it surely becomes a subject of grave inquiry whether the long use of such small notes has not, in a great measure, led the great mass of the population to prefer such small notes to current coin; and whe-

ther this preference does not of itself oppose an effectual bar to that general introduction of current coin into circulation, which would afford the best security for its remaining in the country when once again introduced; and on these grounds it would follow, that the first safe step, in order to restore to the country, and retain in it, any considerable quantity of the precious metals, will be by rendering them essentially necessary in all small payments in the daily intercourse between man and man, by rapidly withdrawing from circulation all One and Two pound Notes of the Bank of England, and introducing current gold and silver coin of the realm in their stead. The admirable mode in which, highly to the credit of the Master of the Mint, the old silver coinage was called in and the new introduced, affords an example by which a similar operation, with regard to the One or Two pound Notes, might be carried into effect without any material inconvenience to the public. After these observations, I beg to submit to your candid consideration the following Plan, which is plain and intelligible to the meanest capacity, and which, in my opinion, would satisfy

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the wishes and expectations of the nation, and restore that confidence, so essential at the present moment to the agriculture, the commerce, and the security of the British empire.

With very great respect,

I have the honour to be,

Sir,

Your obedient and very humble Servant,

SAMUEL TURNER.

RESOLUTIONS.

That it is expedient, for the purpose of allaying public alarm and restoring commercial credit, that the restriction on cash-payments, by the Bank of England, should be continued until the 1st of May, 1821.

That the third Resolution of the Committee, relative to the gradual repayment of ten millions of the public debt to the Bank, should be adopted, together with such other regulations relative to the further advances of the Bank to Government, as may to Parliament seem meet.

That, on the said 1st day of May, 1821, or sooner, at the option of the Bank, by giving one week's notice in the London Gazette, the whole of the one and two pound notes of the Governor and Company of the Bank of England shall be paid in the Gold and Silver Coin of the realm; and that, in twenty-one days after the issuing of such notice, or after the 1st day of May, 1821, no note of such Governor and Company for the sum of two pounds, or one pound, or any sum under five pounds, shall be allowed to pass current; and any persons so passing such note, excepting in payment of taxes or to the revenue of the Post-Office, for a further time to be limited, shall be liable to such penalties as Parliament may think fit to inflict.

That, after the payment of such notes by the Governor and Company of the Bank of England, of which due notice, as aforesaid, shall be given in the Gazette, it shall

be incumbent on all country bankers throughout England and Wales, to pay all their notes under five pounds, in cash, or in notes of a denomination not less than five pounds, at the option of the holders of such notes under five pounds.

That, from and after the 1st of May, 1821, and until the 1st of May, 1823, the Bank shall not be compelled to pay their notes of five pounds and upwards, in the current Coin of the realm; but, at the same time, it may be lawful for the Bank to make payments in such Coin to the bankers of London, the country bankers, or their immediate agents, in exchange for their notes, or to the public creditor in payment of dividends, as to the Bank may seem meet.

That, on and after the 1st of May, 1823, the Bank shall pay all its notes, on demand, in the Gold and Silver Coin of the realm.

That the laws prohibiting the clipping, melting, or defacing the current Coin of the realm be continued, and, if possible, made more effectual, by still further regulations.

That, between this and the 1st of May, 1821, the Bank shall not be compelled to issue one and two pound notes beyond the amount of such notes brought in for payment, or to have liberty to refuse to exchange large notes for small notes at any time when the total issue of such small notes shall be equal to millions.