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AN ENQUIRY  
INTO  
THE ORIGIN AND INCREASE  
OF THE  
**PAPER CURRENCY**  
OF THE KINGDOM,  
A subject deserving and requiring the serious consideration  
OF THE  
**LEGISLATURE**  
AND OF  
**EVERY MAN IN ENGLAND.**

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ANONYMOUS.

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Mea virtute, me involvo.

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— Si quid novisti, rectius istis  
Candidus imperti, si non his utere mecum.

HORACE.

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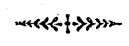
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1826.

*Entered at Stationers' Hall.*

TO THE READER.



THE object of the following pages is to call your attention to a subject very imperfectly understood by most, and, by many, not at all : of the former class, the writer himself, has been one, till some recent occurrences brought it more closely under his notice.

An honest writer will ever *invite* rather than *shun* candid criticism. Permit him to add, not rudely, but frankly, that, though he is not indifferent to your approbation, or your censure, he neither courts the one, nor deprecates the other ; the consciousness of the purity of his intentions render him alike independent of both.

Should he hereafter be as fully convinced that the present system of the paper currency is as conducive to the *comforts* and the *liberties* of his fellow-subjects as at present he believes it to be injurious to *both*, he will most cheerfully give as great a degree of publicity to *that conviction*, as he now wishes to obtain for this little tract.

Rose, Printer, Broadmead, Bristol.

P R E F A C E.



Should this little tract meet the eye of those whose political creed may lead them to treat it as merely the toncin of alarm sounded by some restless demagouge—let such at once be told, with that courtesy, which the desire not to give offence will ever prompt, but, at the same time, with that honest boldness which integrity alone can inspire, that the writer, deficient as he is in abilities to serve his country, yields not to any one of them in firm attachment to the constitution, and in anxious desire for its prosperity.

If, notwithstanding, any apology be thought necessary for this attempt to spread the information which he believes to be so generally, and so much needed, he would plead that apology in the words of the late Bishop of Landaff.

“ Much may be done by honest men ; and  
“ whether any thing can be done or not, I must  
“ still hold it to be the *duty* of each individual

“ firmly to profess what appears to him to be  
 “ right, though all the world should be on the  
 “ other side of the question. By a contrary  
 “ conduct, many a *moral* and *political* evil has  
 “ been *established*, and many a virtue banished  
 “ from amongst mankind; just as many a battle  
 “ has been lost from each man saying, Why  
 “ should not *I* run away as well as the rest?  
 “ which might have been won, if each man had  
 “ said, *I* will stand and do my duty let others  
 “ do as they will.”

*Life of R. Watson, Bishop of Landaff.*

## THOUGHTS, &c.

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WHEN an anonymous writer wishes to call the attention of the public to a subject of importance, and is aware that his views of it are not in accordance with public opinion, it is but justice to himself and to his subject, to avail himself of the assistance of such accredited characters, as are well known to the public, and who have held *similar opinions*. We will, therefore, before we enter upon any discussion of it, produce a few extracts, exhibiting the opinions of different characters, and at different periods of time, to which we may have occasion to refer in support of our own.

Burke on *the French Revolution*, written and published in 1790, says, “ *Real money* “ can hardly ever multiply too much in any “ country, because it will always, as it in- “ creases, be the certain sign of an increase “ of trade, of which it is the measure; and, “ consequently, of the vigour and soundness of “ the whole body: but *this paper money*, may, “ and does *increase*, without any *increase* of

“ trade; nay, often, when trade greatly declines; for it is not the measure of the *trade of its nation*, but of the *necessity of its government*, and it is absurd, and *must be ruinous* to think, that the same cause, which naturally exhausts the wealth of a nation, should likewise be the only productive cause of money.”

The same writer says, “ They (i. e. the French Revolutionists) forget that in England not one shilling of paper money is received but of *choice*, that the whole has had its origin in *cash*, actually deposited, and that it is convertible, at pleasure, in an instant, and without the smallest loss, into cash again. Our paper is of value in *commerce*, because *in law it is of none*. — It is *powerful* on change, because in Westminster Hall it is *impotent*. — In payment of a debt of twenty shillings, a creditor may refuse all the paper of the Bank of England. Nor is there amongst us a single public security of any quality or nature whatsoever, *that is enforced by authority*. In fact, it might be easily shewn, that our paper wealth, instead of *lessening* the real coin, has a tendency to *increase* it; instead of being a *substitute for money*, it only facilitates its *entry*, its *exit*, and its *circulation*: — that it is the symbol of prosperity, and not

“ the badge of distress. Never was a *scarcity of cash*, and an *exuberance of paper*, a subject of *complaint* in this nation!”

The reader is particularly desired to keep in mind, that this was written in 1790; we shall see hereafter how it accords with 1797, the period when the SCARCITY OF CASH and THE EXUBERANCE of paper, produced not only “ *complaint*,” but *alarm*!”

“ It is not altogether improbable, that when the nation becomes heartily sick of its debts, and is cruelly oppressed by them, some daring projector may arise *with visionary schemes for their discharge*; and as public credit will begin by that time to be a little frail, the least touch will destroy it, and, in this manner, it will *die of the doctor*: but it is more probable, that the breach of public faith will be the necessary effect of wars, defeats, misfortunes, and public calamities, or, even, perhaps, of *victories and conquests*.”

*Hume on Public Credit.*

Lord Mornington (now Marquis Wellesly) in the House of Commons, January 21st, 1794, after describing the many evils of the French Government, and contrasting it with the advantages of our own, said, “ *Here we behold public credit of every description rising under*

“ all the disadvantages of a general war : an  
“ ample revenue, flowing freely and copiously  
“ from the *opulence* of a *contented* people.”

“ When the situation of the *Bank of England*  
“ was under the consideration of the two houses  
“ of Parliament in the *year 1797*, it was my  
“ opinion, and that of many others, that the  
“ extent to which the *paper currency* had been  
“ carried, was the *first* and *principal*, though not  
“ the sole cause of the MANY DIFFICULTIES to  
“ which that corporate body WAS THEN, and had  
“ of *late years*, from *time to time*, been exposed  
“ in *supplying the cash*, necessary for the com-  
“ merce of the kingdom.”

“ I should stop here, but there is a subject of  
“ so great importance, and so nearly connected  
“ with the coins of your Majesty’s realm, that I  
“ should not discharge my duty, if I left it  
“ wholly unnoticed, I mean what is now called  
“ the *paper currency*; which is carried to so  
“ great an *extent*, that it is become highly *incon-*  
“ *venient* to your Majesty’s subjects, and, may  
“ prove, in *its consequences*, if no remedy be  
“ applied, *dangerous* to the *credit* of the king-  
“ dom. — It is certain that the smaller notes of  
“ the Bank of England, and those issued by  
“ country bankers, have *supplanted* the gold  
“ coins, *usurped* their functions, and *driven a*

“ great part of them out of circulation.” *Earl of*  
*Liverpool’s Letter to the King, published in 1805.*

“ He hoped gentlemen would direct their most  
“ serious attention to the subject. If gold and  
“ silver were once driven out of circulation, how  
“ were they to be restored? The sure conse-  
“ quences of a *paper currency* would be a *debt* so  
“ enormous, that it would *never* be removed.  
“ The old debts and the new would vanish  
“ together, and the *funded property* would *sink*  
“ *with them.*” *Mr. Nicholls. Debate on the*  
*Restriction Act, March, 27, 1797.*

“ Nothing but a law declaring bank notes to  
“ be a legal tender of payment, can relieve the  
“ bankers and the trading part of the community  
“ from the hardships to which they are liable;  
“ and yet the remedy, *must*, in the end, be  
“ worse than the evil.” *Mr. Hobhouse.*  
*Debate on the Restriction Act, March 27, 1797.*

“ Thus, the measure of *non-payment* originated  
“ with the persons *bound to pay.*” *Mr. Tierney.*  
*Speech in the House of Commons, November 22,*  
*1797.*

“ Legal tenders (that is, enacting that paper  
“ money should be a legal tender of payment)

“ have been the cause of the overthrow of every  
“ *financial system* into which they have been  
“ introduced.” *Essay on American Paper  
Money.*

“ I would inculcate one truth with peculiar  
“ earnestness ; namely, that a *revolution* is not  
“ the necessary consequence of a *national bank-*  
“ *ruptcy.*” *Pursuits of Literature.*

From the foregoing quotations, the reader will see, on the testimony of those, to some of whom no suspicion can attach of their being unfriendly to the then existing order of things, or any doubts arise as to their want of information, That in the year 1790 (seven years before the Bank of England was restricted from making their payments in cash, and before ONE AND TWO POUND Bank of England notes were issued) Burke asserts, that “ Paper-money is the measure of the *necessity* “ of a government,” and that “ our paper-wealth “ was not” then “ a substitute for money.” The Earl of Liverpool also says in 1805, only eight years after one and two pound Bank of England notes were first issued, that “ The paper “ currency was carried to so great an extent as “ to have supplanted cash, to have usurped its “ functions, and to have become highly incon-

“ *venient*, and, unless remedied, might prove  
“ *dangerous* to the *credit* of the kingdom.”

The correctness of all these statements will be abundantly proved in the proposed investigation of the origin and increase of a paper currency.

Before we proceed to an enquiry into the origin of a paper currency, it will be necessary to state clearly, what we mean by the term, *The Bank of England*, especially as from thence the whole of our paper currency, was, in the first instance, issued, and because we not unfrequently hear *the Bank of England* spoken of, as if it formed an integral and constitutional part of the government of this country, whereas, it is nothing more nor less, than a number of men forming a trading company; under the firm of “ The Governor and Company of the Bank of England.” It should also be noticed, that prior to the establishment of this Bank, the circulating medium of this country was *not paper*, but *coin*.

The history of the Bank of England is briefly this. King William III. having engaged, in the year 1694, in a war with France, and wishing to procure the money he wanted for carrying it on, by *voluntary contributions*, engaged that if the sum he wanted (*viz.* £1,500,000) was advanced by a certain time, he would

incorporate the lenders into a trading company: the money *was advanced* by the time specified, and the lenders incorporated by Act of Parliament under the firm, as already stated, of "The Governor and Company of the Bank of England." This empowered them to trade in gold, silver, bills of exchange, &c. under certain regulations described therein. By this Act also certain taxes were levied for payment of the interest, and for *re-payment* of the principal so lent to the Government. Thus commenced our *National Debt*, small in its beginning, but how tremendous in its growth! And here it may not be amiss to remark, that as *war* occasioned the *debt*, so also it produced the necessity of raising *taxes* to pay the *interest* of that debt. But this will be brought more into view as we go on, and when we come to speak of the Stocks or Funds.

The Bank of England from the time of its institution in 1694, till the war which took place in 1755, issued no notes under £20. During this war, they issued notes for £15, and before its conclusion, for £10; and soon after the beginning of the war with the French in 1793, they issued notes as low as £5. On February 26, 1797, came out the memorable Order in Council, restricting the Bank of England from making their payments in cash;

this, of course, necessarily, and instantly produced the issue of ONE AND TWO POUNDS; and from this time, the transactions of the Bank of England became A COMPLETE PAPER SYSTEM.\*

Though it will be anticipating the progress of the national debt, by stating, in this place, its amount to the present time, yet it appears advisable so to do, to show how the increase of the debt, and the increase of *paper* necessary to pay the interest of that *debt*, kept pace with each other; and that the increase of the *debt* uniformly produced an increase of *paper* is proved by the Bank of England issuing notes of a progressively *smaller* amount, from £20 to £15, from £15 to £10, from £10 to £5, from £5 to £2, and from £2 to £1, for as the debt progressively increased, it will be seen at once, that the *smaller* was the amount or *value* of the notes issued, the more *generally* they would supply the place of cash, and the greater would be the proportion they would form of the sum total of the circulating medium of the country. This is self-evident, because the smaller notes *now* formed that portion of the circulating medium, which *before*, was supplied by coin.

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\* At first Bank of England notes were subject to interest, but this did not continue long, and, on its ceasing, they became a part of the circulating medium of the kingdom.

	Yearly amount of Taxes. Millions.	Expenses of the Nation. Millions.	Ann. Int. paid out of the Taxes. Millions.	Amount of the National Debt. Millions.
King William III. ... ..	1694	15		
7 Queen Anne ... ..	1701	16	1	5
13 George I. ... ..	1714	54	3	6
13 George II. ... ..	1727	52	2	5
33 George III. ... ..	1760	146	4	24
24 After the American War, in	1784	257	9	21
17 At end of the War of 1793, in	1801	579	21	61
8 At the end of ... ..	1809	811	32	82
16 At the end of ... ..	1825	not yet ascertained.		

Having thus stated the progressive increase of the national debt, of the interest due thereon, of the annual expenditure of the nation, and of the annual amount of the taxes, we forbear any remarks upon either of them, in this place, and proceed to the consideration of the Stocks and of the Funding System, which forms a very important branch of the present enquiry; and a thorough knowledge of which will *alone* enable us to attain a clear opinion upon the probable ultimate *results of the system*, and especially upon the *grand question*, whether there be any probability that the Bank of England will be able *to return to*, and TO CONTINUE their payments in gold and silver; *or*, whether from that physical and elementary constitution of things, over which man has no

control, the system of *such a paper currency* as we are now describing, does not contain in itself the principle of *inevitable decay*, analogous to the constitution of the human frame, in which

“ Our life is nothing but our death begun,  
As tapers waste, the instant they take fire.”

But our present business, we acknowledge, is not with poetry, but prose — not with the pictures of the imagination, but with the close, rigid deductions of the judgment; except that when we are looking at the *amount* of the national debt, *then*, indeed, we are obliged to call in our *imagination* to the assistance of our comprehension

We must again, as in the case of the term, “the Bank of England,” have recourse to a definition of terms; but, in this instance, with ten-fold the occasion for it; for of all the words in the whole compass of the English language that have been either ignorantly or intentionally misused, the words, “the Stocks,” and “the Funds” seem to claim the preeminence. What would a foreigner think who had acquired a knowledge of our words, but not of our mode of using them, on hearing the common phrase of a person “having thousands in the Funds,” and “thousands in the Stocks,” but that “the Stock” meant his



property, and "the Funds" meant the place where it was collected and laid up: and what would be his astonishment when, on asking for further information, he was told, that by the term, "Stock," we did not mean *property*, but *debt* (in which, as he became better acquainted with us, he would of course allow we abounded) and by the term, "Funds," we did not mean a *place*, or a heap or quantity of money laid up, or indeed of any thing else, except *debt* again. Would this information, do you think, induce him to become a purchaser? however, that is *his* business, *ours* is to examine, and determine for ourselves, whether this statement be correct. To do this to any good purpose, we must place no reliance on the prevalence of *public opinion*, but adhere to the *evidence of facts*: this may lead us into a good deal of dry and tedious detail, but there is no help for it. In pursuing this investigation, we must keep in view the following facts:

That "the Funds," "the Stocks," and "the National Debt," are only different terms used to express the same thing, and, that, *that thing* is the *debt*.

That this debt is made up of the money lent to government at different times, from 1694, when the debt commenced, to the present day.

That the interest upon this debt is *paid out of the taxes*, under the name of "dividends."

That all those who are entitled to receive these dividends, are called Stock Holders, and that such are commonly (though erroneously) said "to have *money in the Funds*."

We are fully aware that this statement may be said to be *incorrect*, because the "Stocks" or "Funds" are not *the debt*, but the *interest* of the *debt*. Be it so: all we contend for, is, that it is correct as to all *practical* purposes. Perhaps it would be better stated negatively, viz. That the "Funds," or "the Stocks" *are not money, are not property of any kind or description whatever*: in a word, that, a man's having, according to the common phrase, a thousand pounds in "the Funds," or in "the Stocks," does not put him in possession of one farthing of property; it does not even give him any claim upon that very debt of which his thousand pounds forms a part. It gives him a right to receive the *interest* of that thousand pounds, and it gives him *nothing more*. We have asserted that "the Funds" and "the Stocks" are only different terms used to express the same thing (in effect) and that, *that thing* is the debt.

We are so fully aware that this assertion is directly opposed to popular opinion, and yet so fully convinced that it is the fact, and so deeply are we impressed with the importance of *this fact*, through all its ramifications of *past, present,*

and *to come*, that we must particularly press the consideration of it upon our readers: for if our views of this subject, be correct, *this debt* is the prolific *root* of that *tree* whose branches have overspread the land, diffusing not the shade of security, but, the gloom of distrust. If we are wrong here, we are (without a pun) RADICALLY wrong.

We have also asserted that "the Funds," or "the Stocks," are not *money*, are not *property* of any kind or description whatever; and that a man's having a thousand pounds in the "Funds," does not put him in possession of one farthing of *property*. Is not this the fact? You say, No. "I have, for instance, a £1000 in the 3 per cents. I want my £1000 to put into trade, or to purchase an estate. I go to the stock exchange, sell my 3 per cents. and receive my £1000. Is not this, then, *property*?" "Certainly it *is now* that you have the money in *your pocket*; but this does not prove that it was *property* whilst you held it as *Stock*; and *this*, he who is now the holder of it will find to his sorrow, should the time ever arrive when he wants to *sell*, and no one is inclined to *purchase*." We would ask, which of the qualities that characterise *property* (defined by Johnson to be "*possession held in any one's own right*,") would the "stock holder," in the case above

stated, apply to his 1000*l.* 3 per cents.? "Possession held in one's own right," may be of houses, lands, merchandize, cattle, &c. &c. in a word, any thing that is tangible, and is in possession. But of what does 1000*l.* in the 3 per cents. consist? Why, it consists in having your name written in a *great book*, which is kept at the Bank of England, and which book sets forth that you are entitled to receive the *interest* on 1000*l.* 3 per cents. Not a word about *property* even in this book, which is the only place where you can look for it, and where you may look for it in vain. Still, perhaps, you will say, that your name being written in this book is undeniable evidence that the government *owes you* £1000. This sounds well, but it happens that it is not the fact. The government does not owe you a £1000, nor a thousand farthings: it owes you the interest on 1000*l.* 3 per cent. stock, and nothing but that interest, and for the payment of this interest, you have the comfort of *being your own security*: for, as long as you are able and willing to pay *taxes*, government will always have the means of paying you *your interest*, and will *do it* too. So that you see you have the power of securing the payment of the interest *quite in your own hands*: and could any reasonable man desire a better security than this?

Still further; if, at any time, you wish to

sell your 1000*l.* 3 per cents. and another person wishes to *buy* it, you then change places. He gives you *his money*, and you transfer to him *your stock*. To these transfers the people of this country have been so long familiarized: the transfer is so constantly, so easily, and so promptly made, that the transaction has *apparently* all the characters of *actual disposable property*. We say, *apparently*, for there remains to be a *real* difference, and that difference, an important one, because, in cases of *actual property*, such as houses, lands, goods, &c. for instance, if no one will *buy them*, you retain the *possession of them*, and may apply them to some purpose or other, whereas the *value* of your stock, in the character of available property, is entirely dependent upon the *will* and *estimate* of another, and that estimate is entirely dependent upon the state of *public credit* or *confidence*, so that if this confidence at any time becomes *lessened*, your stock becomes proportionably *depreciated*; and, should this confidence ever be *entirely lost—annihilated*. If we examine this confidence, we shall find, perhaps, in ninety-nine instances out of one hundred, that it is not founded upon *knowledge*, but upon *ignorance*: it is not that *we do know* that we have reason to be satisfied, but that, *we do not know* that we have not reason to be so. We

see that others, such too who are much better informed than we are, are satisfied, and why should not we? Nothing, perhaps, places this general feeling in a stronger light than the remark we sometimes hear, that "Bank of England notes are quite as good as Guineas." Certainly, they are, for those who think that the *acknowledgment* of a debt, is quite as good as the *payment* of it: but to such *only*, for the language of a bank note, whether *Bank of England*, or *country bank*, is, "*I promise to pay, &c.*" that is, it is a declaration that it is *not a payment*, for does a man ever promise to pay that which he does *not owe*?

After a short explanation of the celebrated sinking fund, from the operations of which such favorable results were at one time anticipated, we think we may dismiss this branch of our subject to such further consideration of it as our readers may think it deserves.

The sinking fund was established in 1786. An act was in that year passed, authorising Government to buy up annually a certain amount of stock, and enacting, that when the *produce* of the stock so bought up, should amount to four millions a year, all the stock bought up *after that time*, should no longer have *interest paid upon it out of the taxes*.

Public expectation was so highly raised upon

the adoption of this scheme, that many anticipated from it, the liquidation of the national debt: but some *then* thought, and experience has *since* shewn, that this anticipation was *delusive*: for though another act was passed in 1792, with an extension of the provisions of the act of 1786, yet in 1802, both these were repealed by an act, stating to be an "act to amend and *render more effectual* the acts of 1786 and 1792," but so far from having rendered these acts of 1786 and 1792 *more effectual*, it has rendered them of *no effect*, and *the interest of the whole of the "redeemed debt,"* as it is called, continues to be paid out of the taxes to this day. Thus has *sunk* the *once* celebrated "*Sinking Fund.*"

The plan we have pursued has now brought us to the *most memorable epoch* of the eventful history of the *paper currency*: but before we enter upon it, it will be advisable to look at *the state* of that currency when the Restriction Act took place in 1797, and also to take such a retrospective view of the whole subject, as may enable us to ascertain what were the causes that made this Restriction Act necessary; it will, therefore, be necessary here to refer to the statements given in 1816 of the amounts of the *national debt*, of the *interest* due thereon, of the *expenditure*, and of the *taxes*.

The amount of the national debt in 1784, after the American war, and at the end of a period of *ninety* years, was } £ 257,213,043  
 The amount of the debt in 1801 (after the war of 1793) was } 579,931,447  
 Shewing an increase of debt in *seven-teen* years of } ————— 322,718,404  
 The amount of debt at the end of 1809, was } 811,898,082  
 Shewing an increase of debt in *eight* years of } ————— 231,966,635

		Increase of annual interest of the national debt paid out of the taxes.	Increase of expenses of the nation.	Increase of the annual taxes.
From 1784 } To 1801 }	17 yrs.	£12,198,583	£39,620,409	£23,428,050
From 1801 } To 1809 }	8 yrs.	£11,092,590	£20,749,270	£33,511,255
	25 yrs.	£23,201,173	£60,369,679	£56,939,305

Increase in TWENTY-FIVE Years.

If we are asked, what it was that occasioned an act to be passed in the year 1797, *Restricting* the Bank of England from making payments in cash, which act is known by the name of the "Bank Restriction Act;" we say, that the cause of passing that act was, that the Bank of England *had not the means to continue to make its payments in cash*. It will, perhaps, be replied, "This statement is stamped with *incorrectness* on the very face of it. What! "pass an act to *restrict* a body of men from

“*doing that, which they had not the power of doing? If the Bank of England really had not gold and silver enough to pay their notes, what occasion could there have been for passing an act to restrict them from doing it. This looks like mere deception.*”

We will now state the *facts* of the case, and leave you to form your own conclusions.

Our readers will once more allow us to go back again a little. We will readily admit, that going *backwards* so often, is not the usual method of getting *forwards*, still if there be any truth in the saying “that the farthest way round, is the nearest way home,” we hope we shall not much lengthen their journey by these retrograde movements.

By looking back to the statements already made of the national debt from 1692 to 1809, they will see that as the increase has proceeded for the last 25 years with a rapidly increasing velocity, so the increase of the *interest*, and of the *taxation* necessary to meet that interest, must have, of course, *increased* in the same ratio; and it must also be obvious, that the increase of *paper-money* must have kept pace with it; and that as *paper-money increased*, the circulation of real money, i.e. gold and silver, would be proportionably *diminished*, as is explained page 8. This then accounts, on prin-

ciples that are self-evident, for the almost total withdrawal of cash, and this was the *fact* to so great a degree, that as the issue of paper-money *increased*, a guinea was a sight very *rarely* seen. It also proves, so far as such a case admits of *proof*, (unless the Bank of England could convince us of the contrary, by giving us a sight of their coffers,) that the amount of bullion or coin in their possession, must *always* have *fallen short, very short indeed*, of the *amount* of their notes kept out *in circulation*, and that this was the case, see their own account presented to Parliament, February 25, 1797; for what inducement could they possibly ever have had to issue notes, if they had, at the same time, bullion to an equal amount lying unproductive? And here we wish to impress upon the minds of our readers with that force of conviction with which it is impressed upon our own, that there is an *intrinsic, unalterable* distinction between real money and paper-money — that *real* money is the representative of actual property; *paper* money, *always*, and in *all cases*, the representative of *debt*.

Previously to entering upon the historical detail of the proceedings which issued in the passing of the famous Bank Restriction Act in 1797, it will be advisable to show the state of the national debt, and the interest payable thereon, for *a few years* before the adoption of that measure. D

	Debt. Millions.	Interest. Millions.
Before the revolutionary war with France } (in 1793) the amount was - - - }	257	9
In that year was added - - - - -	6	0½
Amount at the end of 1793 - - - - -	263	9½
Added in 1794 - - - - -	16	1½
Amount at the end of 1794 - - - - -	279	11
Added in 1795 - - - - -	25	1
Amount to the end of 1795 - - - - -	304	12
Added in 1796 - - - - -	42	2
Amount at the end of 1796 - - - - -	346	14
Added in 1797 - - - - -	67	3
Amount at the end of 1797 - - - - -	413	17

The above statement exhibits an increase of upwards of 150 millions of debt, and 7 millions of interest in about 4 years! What a field is here opened for comment! But our business is chiefly with facts; and the fact we want to establish, is, that not long before the restriction act was passed, there was a great *increase* in the circulation of *paper*, and, consequently, as before shewn, a proportionate *decrease* in the circulation of gold, which we conceive the above statement abundantly proves.

Not to encumber our reader with all the particulars connected with, and tending to produce the memorable epoch of which we are now treating, it may suffice to say, that from the commencement of the year 1797, the public mind had been strongly agitated by the apprehension of invasion. This feeling was not merely kept alive, but greatly increased by the measures then adopted. Government acted upon this apprehension by vigorously and extensively embodying and arming a great portion of the population. One natural and certain effect of an impending invasion was, to make every one desirous of securing what gold they could. The bank soon felt this effect, and felt it in such a rapidly increasing ratio, especially on an account being received from Portsmouth, of several French transports convoyed by armed vessels having been seen off Beachy-head, on February 20, that on the 24th, the directors thought it necessary to have an interview with the Chancellor of the Exchequer. From their report of this interview, we annex the following extract.

“It appeared that the loss of cash yesterday, was above \* and that about \* were already drawn out this day, which

\* No sums were reported to the public.

“gave such an alarm *for the safety of the house*, that the deputy governor and Mr. Bosanquet were desired to wait on Mr. Pitt to mention to him these circumstances, and to ask him how far he thought the bank might venture to go on paying cash: and *when* he would think it necessary *to interfere* before our cash was so reduced as might be detrimental to the immediate service of the state.”

In consequence of this interview with the Bank Directors, and the great increase of the run on the bank on Saturday the 25th, the Minister called a Cabinet Council, on Sunday the 26th February, and issued the Order in Council, which order, being afterwards ratified by the parliament, became the memorable “Bank Restriction Act.” From this statement it will appear, that the Restriction Act, originated with the Bank Directors themselves; and that Mr. Tierney was perfectly correct, when he said in the debate of November 22, 1797, that “the measure for *non-payment* originated with the persons bound *to pay*.” In a word, that the object of their application to the minister, was not, for a *restriction from paying cash*, but for, *protection for not paying it*.

Monday 27, is thus described by the “True Briton” of Tuesday the 28th, “A great run seemed to have been *meditated* upon the Bank,

“as a crowd of people assembled there as soon as the doors opened. This design was happily *defeated* by a resolution of the Privy Council, transmitted to the Bank Directors on Sunday, and, in consequence, they had hand-bills ready for delivery,” &c.

A general meeting (which had been *previously proposed* by the Bank) was held at the Mansion House, the Lord Mayor in the chair, and resolutions entered into and signed, *to receive and give bank notes as usual*.

The Privy Council, including all the ministers, had a meeting, and entered into and signed resolutions, similar to those of the general meeting.

March 2. The magistrates at the quarter sessions for the County of Surrey, entered into a like agreement, which was issued “by order of the *Court*,” and signed by “*the clerk of the peace*,” thus giving it an *apparent* official authority. The other counties did the same.

May 3, 1797. The Bank Restriction Act became a law.

As the last scene in this serio-comic drama, a meeting of the bank proprietors was held May 3, and a unanimous vote of thanks passed to the directors for having *obeyed* the order in council, accompanied by a declaration that the affairs of the bank were in a state of *the greatest afflu-*

ence, and expressing an earnest hope that they should soon be *permitted* to pay their notes in cash as usual. Of such a transaction as this, may we not well exclaim, "*Qui vult decipit, decipiatur.*"

The Bank Restriction Act, it should be observed, was declared to be "*only a temporary measure,*" but what has been the result? An attention to the dates and periods of its renewals will suggest many important considerations.

It became a law, May 23, 1797, to continue in } 52 days  
force to June 24th,

Renewed June 22d { To continue in force till one } 5 months  
month after the next sessions }  
of Parliament.

Renewed again, { To continue in force till one } 4½ years  
Nov. 30th { month after the conclusion of }  
the then war, by a definitive }  
treaty of peace.

Renewed again, { (After peace was made) to } 1 year  
April 30th, 1802 { continue in force till March }  
31st, 1803.

Renewed again, { To continue in force till six } 10 months  
Feb. 28th, 1803 { weeks after the commencement }  
of the next session of parlia- }  
ment.

Renewed again, { To continue in force till six } 19½ years  
Dec. 15th, 1803 { months after a conclusion of a }  
definitive treaty of peace.

Mem. Mr. Peel's bill for the *resumption of cash payments*, was to have been carried into effect, May 1st, 1823.

The truth is, that "the Bank Restriction Act" has *never* been totally repealed to the present

day (now 1826) for, about nine months before Mr. Peel's bill for the resumption of cash payments *would have taken place*, the Small Note Bill was passed, and this was a *repeal* of Mr. Peel's bill as to its *most important part*; for Mr. Peel's bill put an end to *all small notes* on the 1st of May, 1823, but the *Small Note Bill* allowed them to be made and circulated for ELEVEN YEARS LONGER.

Before we quite dismiss the subject, it is but justice to let the bank speak for themselves on the authority of their own accounts, laid before the House of Commons, by a committee appointed by that house to examine the state of the finances of the bank.

This committee was designated, a "*Secret Committee*;" and, *be it remembered*, was told by the minister (see debate February 28th, 1797) that "They were not required to push their enquiries, into circumstances, the disclosure of *which* would be attended with *temporary injury to the credit of the country*, and with *permanent embarrassment to the operations of the bank.*" They appear to have fully *understood* and *attended* to these instructions: their report to the House of Commons makes up the accounts of the bank to February 25, forming a balance in favour of the bank of nearly four millions. That item of the account which ap-



plies to our present subject, is the amount of their *notes in circulation*, and the amount of the *cash in hand* to meet them, which stands thus :

Bank notes in circulation nearly . . . . . 9,000,000.  
Bills and notes discounted, cash, and bullion, about 4,000,000.

This account then shews at the very time when the Order in Council was issued, restricting the bank from paying cash, that the *amount of cash* in their possession was not equal to *one half* of the amount of *their notes in circulation*, possibly, not to the amount of *one fourth*, or even *one tenth*! for it should not pass unnoticed, that the four millions of *bills and notes discounted, and cash and bullion*, are *blended together* in one total, of which, if the cash and bullion had formed only one half, may we not safely conclude it would have been so stated? Compare this with the declaration of the Bank Directors "that the affairs of the bank are in a state of the greatest affluence" and may we not exclaim once more "*Qui vult decipit, decipiatur.*"

Another very important part of the committee's report is, that they state, that previous to 1797, the amount of bank notes in circulation, was "between ten and eleven millions, falling hardly ever, below nine millions, and seldom exceeding eleven millions."\*

\* It is worth noticing how uniformly the increase of the dividends, and the increase of bank notes out in circulation,

Is it not on this principle also, viz. of keeping in *circulation* a greater quantity of *notes* than of cash to answer them, and by this means reaping *private profit at public risk*, that the business of every country bank in the kingdom is conducted? and the greater the risk to the *public*, the greater the profit to *them*. Is this a state of things to be encouraged, or even to be suffered in a great commercial country like ours, where a *CREDIT founded*, not on *fictions*, but on *substance*; not on the *symbols* of property, but on the *possession* of it, is the very principle of its *vitality*: the "*sine qua non*" of its *existence*.

Let the events of the last month, and those now impending in the months to come, *answer these questions*, whilst we look at the following facts.

That — in 1810, that is in thirteen years after the "Secret Committee" on the affairs of the Bank "have reported that the usual amount of bank notes at the time was from nine to eleven millions," it appears, that the amount of bank notes *then* in circulation (that is in 1810) was upwards of TWENTY-ONE millions.

keep pace with each other. In the year 1798, the dividends amounted to *seventeen* millions; the bank notes in circulation, to *thirteen* millions; in 1809, the dividends amounted to *thirty* millions; the bank notes to *twenty-one* millions.

That—in 1797, the number of country banks was ONLY about TWO HUNDRED, and in 1810, upwards of SEVEN HUNDRED.

That—the *amount* of notes circulated by the country banks, collectively, is estimated to be more than *double*, perhaps more than *treble* the amount of bank notes in circulation.

That—the amount of bank notes in circulation in 1810, was upwards of TWENTY-ONE MILLIONS, and how overwhelming is the consideration of these united facts!!!\*

After these statements, is it not clear as figures and reasoning can prove it, that the evils of this system, not only *are*, but *must be*, progressively *increasing*, and that the ultimate *result* of the system must be a *diminution* of the *value of paper*, and a proportionate *increase* of the *value of gold*, until the *paper* will become of no *value at all*.

We do not forget that, formerly, when a guinea would yield twenty-seven shillings, whilst a pound note, of course, would yield but twenty shillings; we were often told that the bank note was *not* depreciated in value, but that gold had *risen* in value. Our object is, we say it with perfect sincerity, to *convince*, not to

\* Both France and America have experienced this, and both have flourished much more since their paper money has been annihilated, and succeeded by the circulation of coin only.

*offend*, or we should be induced to call this a mere quibble, or play upon words; for as it will be admitted, that a guinea and a pound note and a shilling were *once* EQUAL in value; so, when a pound note is still a pound note, but a guinea is *twenty-seven* shillings, is not saying that gold is *risen* in value, virtually saying also, that paper is *fallen* in value?

That this disproportion of value of the circulating mediums *must* eventually produce *two prices*, with a *certainty* and *extent* of operation, which no legislative enactments can *controul*, is as clear an axiom in the science of political economy, as that two and two make four, is in the science of mathematics.

Our readers will allow us to remind them that our professed object has been to call their serious attention to “the origin and increase of the paper currency,” and to give them such information as we could on the subject. In doing this, we can now appeal to them that we have carefully avoided all offensive personal allusions, and every thing calculated to excite feelings of irritation in those who do not think as we do. We have dealt chiefly in *facts* and *figures*. In the way of remark or comment, we have said but little where it would have been much easier to have said more.

It was our intention to have brought down

our statements to the present day, and it is with no small reluctance that we submit these to the public in this unfinished state; but circumstances not within our controul, prevent us from pursuing the investigation any further *at present*; while circumstances equally cogent, prompt the publication of this *without delay*. We must, therefore, conclude: but we cannot do it without once more repeating, as our farewell admonition to our readers, the conviction so deeply impressed upon *our own minds*, and which, if we have not written entirely in vain, must, we think, have been produced *in theirs*: a conviction founded upon the evidence of figures: an evidence which neither *power* can over-rule nor *sophistry* pervert, that there is and ever must be an intrinsic, immutable *distinction* between paper and gold. That *real money* is the representative of actual property. *Paper money* — always, and in all cases, the representative of DEBT.

Let this conviction be once firmly established in our minds, and we shall *then correctly* estimate our hundreds and thousands of "*I promise to pay*," as being, *not* the multiplied vouchers of INCREASING WEALTH, *but* the reduplicated proofs of INCREASING POVERTY.

January, 1826.