

137-67

0045

5 6 7 8 9 10 1 2 3 4 5

Amsterdam at sight sch. 36.4 for 20 Sterling  
 Schelling, 36.4 computed from 370.6-10 francs  
 to the old dollar, of old & pure silver — 1615 francs  
 Pure silver in 20 Sterling — 1614 6-11  
 In favor of London — 5-11

Amsterdam at sight, full den. 11.3 for 20 Sterling  
 Full den. 11.3 at 145.1-10 of pure silver  
 per full den — 1617.9-10 gr.  
 Pure silver in 20 Sterling — 1614.6-11  
 In favor of London — 3.3-11

Hamburg 2 1/2 marks sch. 34 for 20 Sterling  
 Schelling 34 are equal to 12 1/4  
 marks banco (27 1/2 marks banco  
 being the Cologne manuscript  
 of pure silver) contain — 1665 3/4 fr.  
 Pure silver in 20 Sterling — 1614-6-11  
 In favor of London — 49 1/4

Paris at 3 days, sight 24 fr for 20 Sterling  
 24 francs at 69.4-10 of pure silver  
 per franc contain — 1665.6-10  
 Pure silver in 20 Sterling — 1614.6-11  
 In favor of London — 51.

Par of Exchange betwixt Paris  
 & London — 24 3/4 francs for £1 Sterling  
 betwixt Hambro &  
 London — 35 sch. for £1.  
 betwixt Amsterdam  
 & London — 37 sch. for £1.

SILVER COINAGE.

TO THE EDITOR OF THE TIMES.

When I submitted my opinion regarding the effect of the new silver money upon gold coin to the public, through the medium of your journal, I did so without a bias to party or to persons; with a view, that if mischief really lurked in the system, correctives might be timely applied before we return to payments at will in gold: but aware of my literary incompetence, and of the calls of my private avocations on my time, I had taken leave of the question. Nothing short of the correct and tempered strain of your correspondent, A.Z., could have induced me to obtrude another sentence on the public; but he is fairly entitled to my defence in reply to his observations; we investigate in common a question of importance, and I should rejoice to be convinced that I am in error.

If I am not mistaken, I have not maintained that silver is the measure of property, at this time, because the pound of ingot silver has been coined into 66 instead of 62 shillings. My position is, that the value of the bank-note, and of all property, being referable to some ulterior standard, that standard is now silver, whether the pound weight be coined into 62, 66, or 100, because no other coin circulates with it, to which the value of property can be referred; and if this coinage is not now the measure, which fixes the value of the bank-note, and, through the note, the price of gold bullion, permit me in my turn to inquire, what is, in fact, the standard? Whether the pound weight be coined into a greater or less number of shillings, may aggravate or mitigate the action of silver on gold coin, but forms no part of the question of a standard at this moment.

I am not aware that I have asserted gold to have been the standard for many years prior to 1816, either in words or by implication; but I am asked whether the silver coin then current constituted, in fact, "our principal measure of the value of Bank-notes, and of all other property?" I answer, it did constitute that measure; for so long as any thing in the shape of a coin, or of a token, used by common consent as a coin, circulated with the Bank-note, the value of the note, the price of bullion, and of all other property, was referable to such a standard, however mutilated it might be. The sudden disappearance of gold, in 1797, originated in panic; its gradual disappearance afterwards is ascribable to the limitation of the guinea to 21s. when it was intrinsically worth 24s., the token circulating as 5s.; and about 27s., when the same token passed at 5s. 6d.; but in order to prove this, I am bound to show that the token also valued the Bank-note; viz. the Bank issued and received back a certain number of these pieces, as the equivalent of their note; and the officers of his Majesty's Exchequer receiving them upon the same footing; not only confirmed, but fixed this valuation, which, when the dollar token, worth no more than 4s. 3d., passed nominally at 5s. 6d., reduced the value of the note, to 15s. 8d. sterling, and ascertained its depreciation to be 4s. 4d. in each pound, exactly that of the tokens which performed the office of coins: I therefore think I have made out that, prior to 1816, during the whole period of the depreciation, the principal of the silver circulation, tokens performing the duty of coins, were, in fact, the principal measure of bank-notes, of guineas, and of all other property, not only "in the functions of all our home exchanges," but in all our superior bargains; nay, even in our public loans and our foreign exchanges. If A. Z. will be pleased to reduce the nominal current prices of that time of gold bullion by the depreciation of the token, in which its value then fluctuated, he will find they were no other than the ancient intrinsic prices; aggravated by that depreciated silver currency. I submit one example to his notice:—When the bullion committee sat, the token, or Spanish dollar, rated nominally as 5s.; gold bullion nominally also was at 4l. 10s., being equivalent with 18 of those dollars; now these 18 dollars, multiplied by 4s. 3d., their sterling value, bring out the intrinsic value of the same ounce of gold at 3l. 17s. 7½d. I am not acquainted with any question that admits a clearer demonstration. It is perhaps not strictly at this place in the course of my argument, but I cannot refrain from exhibiting, in the example of the tokens, a further proof of the danger of admitting nominal value into coins of gold or silver: these tokens were continually melted to form blank shillings, crooked sixpences, and local tokens of less intrinsic value. The old shilling and sixpenny pieces did circulate before 1816, and I grant at the rate of 100 instead of 66. A. Z. and I join issue on the fact; but did they so

circulate when gold was current, without injury to gold coin? If they were innocuous, the new coinage is a superfluous waste of treasure, of labour, and of time; so that the force of the objection to my opinion, is removed in the proportion of 100 to 66, by the very act of coining. That the extreme degradation of these shillings and sixpences encouraged the destruction of more intrinsic money, has been just stated in the case of the token; that it no less acted on gold coin, has been shown in the legislative interdiction of the import of light silver of this kind from the continent, which, as I observed in a former letter, was exchanged for heavy gold coin. One fact of this kind is worth fifty speculative reasons.

These shillings and sixpences were not the measure of property; but why not? A currency in gold, not exceeding 30,000,000, and ever wasting away, was fed, by pouring in fresh coinages, in all exceeding 60,000,000, to maintain the standard in gold; and such a standard may be again maintained against denominative value by such enormous exertions and coinages, but will never disprove the injurious action of arbitrary denominations. When gold no longer circulated, bank-tokens interposed and became the measure; but if the tokens had ceased to circulate, these shillings and sixpences would have become not merely the principal, but the only measure of property.

Certainly gold cannot disappear before it appears; but sovereigns have been emitted in considerable quantity, and have disappeared. The notoriety of the fact first drew my attention to the subject. I admit that Government limits the legal tender of silver coin to a certain amount, and limits its quantity; but what do these limitations mean? They admit a certain thing, called intrinsic value, that governs the proportions between the bullions, which are to be counteracted in support of nominal value in the silver coins against intrinsic value in the market; regulations about as efficacious against melting and exporting gold coin, as spreading cobwebs to catch sparrows.

We affect to emit one species of coin for internal trade, another kind for other purposes; do they circulate, then, independently of each other, and each in its own orbit? I say no: if we exchange 20 of these shillings for a sovereign, we suffer them to intermix, and we allow them to be pares; 1614 6-11th grains of pure silver are, therefore, in our coinage, the equals of 113 grains of pure gold, or 14 2-7ths for one. Allow me to suppose a case, grounded on this fact, which our limitations of tender and coinage cannot reach. A Frenchman arrives here, receives our sovereigns, and smuggles them over; the Mint of France gives 15 65-129 of silver for one of gold; and thus, by the conversion of English into French coin, he realizes a profit of about seven per cent. As this can be done, it will be practised; and how is this consequence of our false proportion in silver coin to be guarded against?

The two main pillars of the doctrine, that denominative value may be safely admitted into silver coins, are the example of blank shillings and crooked sixpences, and the Earl of Liverpool's opinion; that at the recoinage of William III., the ounces of silver bullion was prevented from rising beyond 6s. 5d. by a denominative value, possessed by the clipped silver of the time. I intended, when I began this letter, to have offered reasons against his lordship's opinion,

but I fear that I have already too severely taxed your patience; however, my conclusions, perhaps erroneous when I presume to think in opposition to high authorities, are, that Mr. Locke mistook the measure when he valued silver bullion by clipped silver coin; that the denominative value of Lord Liverpool neither influenced its price, nor even existed; but that from the moment the rise of the guinea was limited to 30s., neither rising nor falling, it became the measure in fact, though not in law, arrested the further advance, and fixed the price of silver bullion, and measured the value of all property around it.

A WARNING VOICE.

PROTEST.

By the Earl of Lauderdale, against the third reading of a Bill, entitled "An Act to provide for a new silver coinage, and to regulate the currency of the gold and silver coin of this realm." [We insert it at this time, as it corresponds, in its doctrines, with the opinions which have been recently stated in this journal, and because it predicts the events which are now taking place.]

DISSENTIENT.

1. Because the Bill, which has now been read a third time, sanctions a plan for the future regulation of the metallic currency of this country, founded on very erroneous views of that important subject. Gold coin, according to this new system, is to be the only money in which a legal tender can be made for any sum exceeding 42s.; and thus, in contempt of the opinion of Mr. Locke, Sir W. Petty, Mr. Harris, and of almost every other respectable authority, the coin made of that metal is constituted the measure of value, and the means of conducting all exchanges throughout the empire.

2. Because no reasonable ground has been assigned in debate for this preference of gold as the material of money. It has, indeed, been stated, "That gold, as of superior value, is the proper measure of value for this opulent country; whilst silver, as of inferior value, is the more proper measure of value for a poor country."

1. That gold, as of superior value, is the proper measure of value for this opulent country; whilst silver, as of inferior value, is the more proper measure of value for a poor country.

2. That gold is less variable in its value from day to day, and therefore better for the material of money.

3. That the prevalence of gold in circulation during the last century, proves the natural inclination of the people, in the state of society in which we exist, for that species of money.

To me, however, it appears, 1. That to argue that the increased wealth of a country requires a measure of value formed of a more valuable material, is as absurd as it would be to state, that, in proportion as our manufacture of cloth is increased, the dimensions of our yard ought to be extended.

2. That in this country, where gold, from our Mint regulations, has been for some time past practically the measure of value, and silver the thing to be measured, there must have had the appearance of sustaining more rapid variations in value than gold; just as in France, where silver being the measure of value, and gold the thing to be measured, gold appears more variable in its value than silver, and that there is, therefore, no real ground for preferring gold to silver, as less variable in its value from day to day.

3. That to ascribe the prevalence of gold coin to its being more acceptable to the people, is in itself ridiculous. Men have no preferences upon these subjects, but what are dictated by views of interest; and the history of our Mint regulations discloses, that, in the year 1717, when the relative value of gold and silver coin was last settled by proclamation, Sir Isaac Newton predicted that the denominative value of the gold, in proportion to its intrinsic or marketable value, being greater than that of the silver coin, it was impossible the latter could remain in circulation; an opinion which is proved to be true by the experience of what we have since seen: for all the lawful silver coin has, for more than half a century, disappeared; and the people have had no opportunity of selection, there existing nothing but gold coin, in which a legal tender could be made.

4. Because I am of opinion, that there are many advantages which concur to recommend perseverance in the ancient regulations of the Mint of this country, which regarded silver as the proper material of the coin to be by law constituted the measure of value, and the means of making legal tenders of payment.

1. Silver coin is harder, and less subject to wear than gold coin; therefore better qualified for the general currency of the country.

2. There is less temptation, by mechanical or chymical operations, fraudulently to diminish its value; for the profit to be made by abstracting a grain from the weight of a coin of gold, must be 15 times the amount of what can arise from a similar fraud with respect to silver coin.

3. It is certain that the only means of securing the purity of all the coin in circulation, is to adopt silver coin as the measure of value, and the sole legal tender of payment. In this country, where gold, from the regulations of our Mint, has long been, in fact, the measure of value, it does not require reasoning to prove that, if gold is the measure of value, silver coin, however debased, will circulate to mark the fractional parts of that gold coin, purely on the principle of convenience; for it was stated in evidence before the bullion committee, that, on this principle, even a premium was given for 100l. of silver coin, the purchaser of which knew that its intrinsic value was not 60l. But if silver was the measure of value, had gold could never circulate from matter of convenience; for it is obvious, that no motive can be assigned, which could induce any man to give 101l. for 100l. worth of gold coin, not intrinsically worth 60l. If, then, silver coin was adopted as the measure of value, the law would secure the purity of that coin which exclusively formed a legal tender, whilst the interests of individuals, and the circumstance of its being allowed to take its value in circulation, would sufficiently secure the purity of our gold coin.

4. By rejecting silver coin, as a measure of value, you at once deprive this great mercantile country of the possibility of sharing a par of exchange with any part of Europe, where, generally speaking, silver coin is exclusively the measure of value; for, if gold coin is to be the legal tender in this country, whilst silver is a legal tender in others, the par of exchange must depend not only on the balance of remittances, but must be subject to the daily fluctuations arising from the variations in the value of these several metals.

6. Because, in the present moment of our financial distress, and of the sufferings of the people from excessive taxation, the conduct of Government, in undertaking a measure which must involve the treasury in a great expense, and inflict, even on the lowest and poorest orders of the impoverished people of this country, a grievous burden, appears unaccountable; yet these cannot fail to be the consequence of now degrading and throwing out of circulation the coin which Parliament has so long suffered to remain in circulation.

6. Because, under these circumstances, I must be of opinion that, even if the success of this measure was certain, and the projected coin sure of remaining in circulation, it would have been prudent and advisable to delay the undertaking, till the agricultural and manufacturing interests of the country were better able to sustain the burthen to which they must be subjected by this reform in the system of our coinage; and I cannot find terms sufficiently strong to express my sense of the criminal rashness of hastily adopting such a project at a time when both authority and reason combine to enforce the opinion that the new coin cannot remain in circulation, and that, after the vexatious suffering to which the people must be exposed, the attempt would prove abortive. From authority we learn, "That no system of coinage can be adopted with any prospect of permanent advantage, till some regulations have been made for remedying the evils resulting from the present state of our paper currency;" and yet this arrangement is brought forward at a time when Parliament has been persuaded to continue for two years that unfortunate system of paper currency, which is described by the late Earl of Liverpool, in the foregoing extract from his letter to the King on the coins of the realm, as likely to render any regulations of our coin of no permanent advantage.

By reason and experience we are taught, that two coins of the same metal, varying even in a small degree in the proportion betwixt their real and denominative value, cannot remain in circulation together—as that which possesses the greatest real value must always be withdrawn from circulation; yet it is now intended to throw into circulation this new silver coin, of which 5s. 6d. is to be made out of an ounce of silver, with tokens of the Bank of England, of which 6s. 8d. is fabricated out of an ounce of silver; and with tokens of the Bank of Ireland, of which 7s. 3d. is coined out of an ounce of silver; and that, without any provision to impede these banks from continuing to fabricate and issue these tokens to any amount.

Again, by reason and experience we are taught that, if coin of different metals is thrown into circulation, varying in its proportion betwixt their real and denominative value, that which is of greatest value has always disappeared. Thus, in the course of the last century, twenty-one shillings of lawful silver coin, being of intrinsic or market value, was nearly 4d. more than a guinea. We know that all lawful silver money vanished from circulation, and yet it is now expected that our gold coin will remain in circulation, though a guinea will, under this new plan, possess considerably more real value than twenty-one shillings of our new silver coin.

Lastly,—By reason and experience we are taught, that an over-issuë of paper-money, depreciating the paper, raises the market price of the metals of which coin is formed, to a degree that makes it profitable to withdraw them from circulation; and that, when this is the case, coin has uniformly disappeared: yet the projectors of this plan think it safe to put the nation to a great expense, and to impose great burthens on the people, when they know that they have made it necessary for the Bank of England to extend its circulation by the sums they have borrowed from that establishment; and when they must be aware, that it is in the power of the Banks of England and Ireland, of 642 different banking establishments in England, and of numerous copartnerships in Scotland and Ireland, to extend their issues of paper to any degree which a consideration of their own interests may sanction; and thus to render abortive this new system, for which the people of this country will have paid so severely.

(Signed) LAUDERDALE. Note.—It appears that his lordship might have here added, as a further reason for preferring silver as the material of money, that, as the variations in value, which constantly take place betwixt gold and silver, render it impossible that both should be adopted as standard measures of value, with a reasonable hope of preserving both in purity, silver appears to be the metal to which resort ought to be had as the material of money, from the very circumstance of its inferiority of value; for coin is principally beneficial to the community in making small payments, which gold could not effect with any degree of convenience, as it is obvious that shillings and sixpences of gold would be too diminutive for use; whereas, in silver, even inferior values may have their equivalent in coin admirably calculated for circulation.

PROTEST  
AGAINST THE REJECTION OF THE CLAUSE PROPOSED TO BE INSERTED  
IN THE BANK RESTRICTION BILL, TO EXTEND THE RESTRICTION  
TILL THE REPEAL OR ALTERATION OF THE 56 GEO. III. CHAP. 68.

DISSENTIENT,  
First, Because it appears to me that no reduction of the advances to Government, on the part of the Bank of England, or any other arrangement of its affairs, however prudent and well calculated to secure its being qualified to pay in cash on demand, could, if the restriction was done away, enable that establishment to fulfil its engagements for any length of time, without enormous loss to the proprietors; unless the Act of the 56th Geo. III. chap. 68, entitled "An Act to provide for a New Silver Coinage, and to regulate the Currency of the Gold and Silver Coin of this Realm," is altered or repealed.

By that Act gold coin is declared to be the only legal tender of payment for any sum exceeding forty shillings; and the proportion betwixt the value of our gold and silver coin is altered from 15.059 to 1, which is nearly the present relative value of gold to silver bullion in the market of Europe, to 14.121 to 1, making a difference of 5l. 18s. or nearly 6 per cent. in the relative intrinsic value of our gold and silver coin.

Under this arrangement it is evidently impossible that gold can continue to circulate in this country; for unless there was a gold price and a silver price for all commodities; gold coin can only have the same avail in making purchases as silver coin; that is, it would have 6 per cent. less of efficacy in the purchase of commodities in these his Majesty's dominions than in the rest of Europe; a difference more than sufficient to force its being exported the moment it is issued from the Bank.

The Bank, therefore, must be subjected to a great loss from a constant demand for gold, whilst it continued to issue its paper—a demand not naturally arising from the state of the circulation, but inevitably resulting from the profit afforded by the exportation of gold; and this loss must be the more formidable, as, under the present system of our paper circulation, the Bank of England is liable to provide gold, not only for its own notes but through its own notes, if they are allowed to remain in circulation, for all the paper issued by the private bankers throughout the kingdom.

Second, Because, though the profits the Bank has acquired since the Restriction, have been, to the great injury of the community, large beyond example, yet these profits would, without benefit to the community, be exhausted if they continued their paper in circulation under the 56 Geo. III. Cap. 68, as it is impossible that any capital could continue to sustain the operation of purchasing gold at the price it would infallibly hold in the market, when measured by our silver coin, and paying it away at the rate of 3l. 17s. 10½d. per ounce, to persons who could alone realise the profit, which its comparative intrinsic value secures, by exporting it; for that Act provides, under severe penalties, that "no person shall by any means, device, shift or contrivance whatsoever, receive or pay for any gold coin, lawfully current within the United Kingdom, of Great Britain and Ireland, any more or less in value, benefit, profit or advantage, than the true lawful value which such gold coin doth or shall by its denomination import: nor shall utter or receive any piece or pieces of gold coin of this realm at any greater or higher rate or value, nor at any less or lower rate or value, than the same shall be current for in payment according to the rates and values declared and set upon them pursuant to law."

Third, Because, as I cannot help regarding the declarations made in the course of the debate on this subject, that every thing had been done on the part of the Government, and of the Bank, to qualify it to resume payments in cash on demand, as tending to deceive Parliament, whilst the 56th of the King, cap. 68, remains in force; so I cannot concur in passing an Act for the resumption of cash payments on the 5th of July 1819, or at any other definite period, without reference to the alteration or repeal of that law: for I should feel myself, by such conduct, a party to a gross deceit which Parliament will practice on the people of this country, by passing an Act which seems to assume the possibility that the Bank may, without ruin to the establishment, resume and continue its ancient, salutary practice of paying in cash on demand, whilst the provisions of that Act are in force. (Signed) LAUDERDALE.

ON THE POLITICAL ECONOMY  
OF THE PASSING HOUR.

No. XVII.  
THE MONETARY SYSTEM OF THE GREAT CHINESE  
EMPIRE, OF A POPULATION ESTIMATED AT 150  
TO 200 MILLIONS;  
THEIR COIN, COMPUTATION, CURRENCY, CREDIT, AND  
CIRCULATION.

"Stat Nemine Umbra."  
"Burcke—Eureka!"  
The Emperor of CHINA, who is considered the Great Father of the Nation, provides all his numerous people with an abundance, or sufficiency of "Cash," a small coin so called, of a coarse mixed metal:—

10 Cash, are 1 Candereen = to our 3d. nearly.  
10 Candereen, 1 Mace... = to about 8d.  
10 Mace... 1 Tale... = to... 6s. 8d. or 1-3d 11. sterl.  
The Cash are round flat pieces, with a square of one-third their diameter struck out of their centre, (for convenience to string them, for security and easy tale and carriage); and then stamped on both sides, with holy Imperial characters of their language on one side, and a mere simple scroll on the obverse. These are never forged, hoarded, nor exported; their small value will not admit the labour and workmanship of counterfeiting. It is probable their current value is less than their intrinsic, with the cost of their fabrication considered; and their metal is not fit for domestic purpose and other uses, so that they are neither forged nor melted down.  
This is the only coin of all China, the unit, or lowest denomination of value; 10 Cash weigh about 1½ oz. Troy, and still, are in exchange considered by us, as only equivalent to 3d., and 1000 of these useful legal stamped money of currency, equal to 6s. 8d., or 2000 to the pound sterling!

In China there is no legal or received current paper money of the State, of a Corporation, or of Banks.  
In 1784, 1½ lb. Beef was worth 50 Cash, or 4d. nearly.  
1817, the same was worth 100 Cash.  
1784, 1½ lb. Rice was worth 25 " or 2d.  
1½ lb. Salt... 25 " or 1½d.

Silver and Gold are merchandise in China, exchanged by weight, at a varying market price, governed by the rate of the Dollar exchange. If a person possessing 10 Cash, or about 1d., wants silver for his coin, the few grains that are equivalent are cut off for him, and delivered from the scale.

These Cash are kept on strings, and carried, as occasions require, to markets, by porters.  
For bargains in trade, commerce, or large exchanges, commodities are delivered; or silver or gold, by weight, reckoned decimally, in "cash, candereen, mace, and tale."

Candereen, mace, and tale, are imaginary merely, and have no representation in coin or paper; they are money of account only, as our pound sterling.

The Chinese have personal credit, and the obligation and currency, of bills, of acknowledgment, or of promise, which they call "Chops," formally written.

The curiosity and the felicity of the Chinese money and currency seem to be, the beginning at the radix, or germ of value, which can neither sink nor vary, and representing this by a coin in a metal of no value, or of little, whose workmanship alone defies all counterfeits, and whose non-value nearly, intrinsically, secures it from idle hoarding, conversion, or exportation.

The decimal notation is another happiness of practice; a great simplicity and facility—stringing these numerous coin, is a great economy of time, and an ease in handling, counting, and transporting.

We are more in want of small coins than of large; the germ or radix of value; the lowest notation of account, is the surest, simplest, and most unvarying standard.

With us, farthings, half-pence, sixpences, and shillings, are the only metallic coins essentially necessary for us: half-crowns and half-sovereigns may be added, for the card-table luxury of the easy and the rich, and for the ease of our females, who can no longer carry "money in both pockets."

Silver and gold are with the Chinese, wisely, merchandise only, and can always be had, as much as they can be wanted, for "cash" or for commodity.

No coins are required with us, even for our great taxation: it is at present all matter of account; the balances represented by Bank-paper, and even this could be dispensed with, as in China.

The powerful mind of the Noble Earl GRENVILLE can draw much of inference from the consideration of this system and practice.

The facts are taken to be true as reported and here stated; and they should be contradicted, corrected, or corroborated, by those who have clear observation of them, with comprehension of the matter.

This system, scheme, or practice, is pregnant with much teaching example, and leads to many useful and consoling conclusions of analogy, in the supposed difficulty of our conditions, in this important habit of our internal economy.

It is curious to observe that the great empire of China has its coin, currency, and values bottomed, and resting on a metallic basis, and an unvarying one also, though neither of gold, silver, copper, tin, nor iron, which neither of these metals can be, except they are used in the same, and this copper and iron only can.

27th May, 1818. R.  
\* See the able and elaborate Speech reported this day, it is to be hoped more remarkable and ingenious than bottomed on the nature of things, and the necessity and practice of our habits, wants and security of currency.

Sent to Lord Lauderdale  
date by Mr. Rowan  
30 May 1818

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