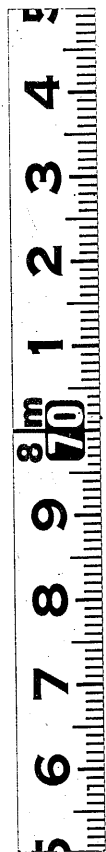


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C U R S O R Y
O B S E R V A T I O N S
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C I V I L L I B E R T Y ,
P A R T I C U L A R L Y R E L A T I N G T O
S P E C I E A N D P A P E R C U R R E N C Y ;

B Y W H I C H

Several of his POSITIONS are proved erroneous,

A N D

Most of his DEDUCTIONS utterly fallacious.

Published with a View to remove the Prejudices which
might affect the Minds of uninformed Readers, from
a too ready Assent to his Doctrine.

*Quumque habeas plus
Pauperiem metuas minus.*

HORACE.

L O N D O N :

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M D C C L X X V I .

*Cursorj Observations upon Dr. PRICE's Essay on
Civil Liberty, particularly relating to Specie
and Paper Currency.*

I N times like the present, when
the most gloomy prospects are held
up to view upon our entrance into
a war, it would be well to examine whether
too much shade is not thrown upon the pic-
ture, and in sober reflection to call, each man,
his understanding to his aid—without paying
a deference to the implied abilities of any
scholastick writer, who may deduce conse-
quences from undigested positions equally
fallacious and gloomy.

Under such an impression, and with a view
to chafe from the minds of credulous persons
those melancholy thoughts which will arise
from too implicit a belief of some of the
assertions contained in Dr. Price's pamphlet,
and the unfavourable deductions drawn from
them, I have attempted, with great diffidence,
to shew, that in those passages which relate

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to Coin and Paper currency, there are several positions unsupported by proof, which have no foundation in fact; and that all consequences drawn from such premises are not to be estimated as real, but merely imaginary.

Public credit indeed is of too serious a nature to be sported with by every pen—and however well intended and ingenious many of the Doctor's arguments may be, it makes but little difference in respect to the mischiefs arising from such misrepresentation, whether the public suffers by the designing clamour of a disappointed Patriot, or the misguided pen of a well-meaning scholar.

I will first quote those assertions which I think false; remark upon them, and endeavour to convince the candid reader, that the dangers so shockingly described by the Doctor as seemingly near at hand, are nevertheless at as great a distance as can well be imagined.

In page 74, & seq.—under the head of the Policy of the War with America—He has introduced Specie and Paper Currency in their comparative relations and estimates to support his arguments against the Policy
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of War in general, deduced from the extravagant expence, and the Distresses consequent upon an increase of paper circulation.

His definition of paper is this, that as gold represents commodities, so “ paper represents coin; *i. e.* Paper is a representative of a representative, or a sign of a sign.”

He might have called it, the shadow of a shade, unsubstantial, ideal, “founded in opinion, crush'd by the smallest shock.”

After these observations, he proceeds thus, “Coin is the *basis* of paper credit; and if destroyed, or reduced within a certain limit, paper circulation would sink of course.” Again.

“Paper, being destroyed, coin would rise in value.”

I shall take no more of the Text, but will descant a little on the foregoing observations of his; and attempt to satisfy my readers, in direct opposition to what the Doctor advances, that,

1. Paper currency is not merely a sign of a sign, a representative of a representative, or shadow of a shade; but that paper has a much larger scope in its representative capacity than mere coinage.

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2. That therefore coin cannot be exclusively called the *Basis* of paper; but that every article of property, represented by paper, has the same right to that term; and of course, the basis of paper differs according to the subject of property signified by that paper. Coin may be the basis of some paper; land or stock, of other paper.

3. That if coin was destroyed, or reduced within a certain limit, paper circulation would be so far from sinking, that it would of necessity spring up and flourish.

4. That paper, if destroyed, would be so far from increasing the price of coin, that it would have the direct contrary effect.

It is not convenient to me, in point of leisure, to take notice of more than the above: If I prove these assertions, I shall prove enough to shew, that the greatest geniuses, out of their own particular line of study, may commit very great and flagrant errors; the more mischievous, in proportion to the greater eminence of the literary abilities of the writer. But in method I must make it appear, that paper is not merely the sign of a sign, which

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which the Doctor represents, but that it has, in its representative capacity, a much larger scope than meer coinage.

I will lay down some propositions very simple, and that must be readily assented to, and then make my deductions.

1. Property, in its general idea, includes the whole of a man's possessions, whether in commodities, in land, or in Tenements; and is usually distinguished under the Terms of Personal and Real property or effects.

2. Gold is a commodity.

3. That all commodities have a relative value, formed from the proportion of each to the other; which proportions are usually ascertained in market-places or upon exchanges.

4. That gold, from certain intrinsic qualities, being the most handy, has been adopted as the properest for coinage, by which, as upon a scale, we estimate the precise value of every commodity, and with which we usually pay for all our purchases.

5. Paper is a representation of gold, or coinage, and is made use of from similar principles of convenience.

6. But

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6. But paper is not alone the representative of coin ; it represents also, property of every kind, and is in fact no more than a readier conveyance ; witness, deeds, bills of exchange, conveyances, properly so called.

7. Whilst these conveyances are made for real property, whether in cash, goods, chattels, lands, tenements, &c, they are substantial.

From the foregoing positions it is clear to me, that all paper which has value for its object, is so far from being a sign of a sign, that it is a sure and evident sign of a substance ; a substance that will answer to the amount of that paper, if brought to public market. Such are all deeds, mortgages, and, I will add further, such are Bank paper, and the general run of bills of exchange.

What then becomes of the Doctor's idea of visionary property ? Unless he proves, that more paper is current than there is property to answer it. A difficulty which, with every advantage of calculation, he will not be able to get over.

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On the contrary, it will appear in proof, that at the present period there is not so much paper as might be admitted. And, much to the credit I speak it of the governor and directors of the Bank, we are, as a nation, by the prudent reduction of paper since 1772, at this time in a capacity to enter on a war, without any shock to our national credit. — But of this in the sequel.—I proceed.—In proving that paper represents property, I have made good my second assertion, that coin was not the only basis of paper.

I shall only enumerate upon this head, the evils that would accrue to society from the opposite doctrine — That paper represents coin alone, and not property. — But I need not urge this, the Doctor has done it for me ; he sees all the gloomy consequences of false capitals, and imaginary riches. Indeed he sees right. Where no real property is represented by paper, and this paper increased to a great degree, all must become bubble and instability. But thanks again to those gentlemen who have timely prevented all such fatal consequences ; who, I will take upon

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me to assert it, are ever careful that no paper receives their sanction, but such as has real property to back it.

The evils from bad paper, are such as give rise to luxury and expence, to the diminution and exportation of coin, and to bankruptcy and ruin.

But will Dr. Price say, flourishing as we now are in our respective properties, paper circulation reduced within narrow bounds, that upon the entrance of this war we have no prospect but of ruin? Is there a fatal necessity compelling the Bank direction to traffick in bad paper for the supply of government? I will answer, there is no such necessity: And I will add, that there is as true a criterion by which to judge of the proper *quantum* of paper to be admitted in the market, as there is a standard for the regulation of the quality of gold itself. Surprizing as this may seem to many who have not made these matters their study, and to some who have, it is nevertheless true; and this criterion, or standard for paper, is no more or less than the *price of gold*, and the state of the exchanges; two circumstances

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stances, in subjects of this kind, ever to be attended to — they are elementary principles; and in all cases it may be depended upon, that where the price of gold exceeds the rate for coinage, or that the foreign exchanges are in our disfavour, that, under each of these circumstances, the paper is too much increased, and the balance of trade too strongly against us. But this leads me to the discussion of my third and fourth assertions — directly opposite to those of Dr. Price. I repeat his, *viz.* “The destruction of coin (he says) must prove the destruction of paper.” Again, “By the destruction of paper, coin must rise in value.” To both these positions I refuse my assent, and assert the contrary. Let the reader judge between us.

If the reduction of coin to a certain degree, or its total destruction, is attended with an utter extinction to paper, I will enquire how happens it in America at this present time that paper is the only coin current? By the Doctor's rule paper should be destroyed; but we do not find this to be the case: or does he mean that American paper is entirely ideal

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and worthless—as he is fit to represent the paper of this island? There are many who will in this respect be of his opinion. But should America be as independent as we are in this Country, I will suppose that even American paper represents property, and in that case the paper would be substantial; and as value has been parted with by those who are in possession of that paper, so value would be restored to those proprietors on their application in due time.

For my own part, I cannot form a single conception in what manner business or traffic of any kind can be carried on where no coin is to be procured without the intervention of paper. I leave it to the Doctor's sagacity to point out some other substitute for the dispatch of business, and must own my curiosity on this head is not a little excited to know what that substitute can be.

But he adds, the destruction of paper will raise the value of coin. I find no proof for this assertion, nor any foundation upon which proof can rest. On the other hand, I observe that coin (or, I will call it by its proper name, gold)

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gold) is a commodity, and liable to every change in value in common with every other commodity.—That the value or rate of commodities being ascertained by the proportion each commodity bears to another, it follows, that where there is a scarcity of any one commodity, the same will rise in value — and *vice versa* — where there is a redundancy of any one commodity, the same must decline in value.—Daily experience testifies the truth of this position.—To apply these observations—where there is much money at market, though it be paper currency, yet, being estimated as real value, it follows that commodities must rise in their price from such a redundancy of paper.

On the contrary, where there is little paper or money at market (and where there is a reduction of paper there cannot be much) commodities will fall in their price.

In the first instance, a redundancy of paper will have this effect at market or on the exchange, *viz.* that a larger quantity of it must be given for certain quantities of staple commodities.

Whilst

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Whilst a deficiency of paper can produce no other effect than this, that commodities to be purchased must be bought for less sums, in proportion as there is less money in the market : and as gold partakes of all the vicifitudes of other commodities, so in this particular instance, it will, upon the reduction of paper, be sold as other commodities are, *viz.* cheaper ; or, in other words, more will be given for money.

Is it possible for any thing to be plainer than this ?—Where there is much money, whether paper money or coin, there goods and provisions will sell dear.—Where there is but little money, there they must sell reasonable.—Every market-place will teach us this.—To argue is needless.

Experience adds the most convincing testimony. Let us hear its evidence, and turn to the year 1771 or 2, when paper currency flowed in upon us through every channel. When taking advantage of the high exchanges, the Dutch, Scotch, and Jews loaded the banker's drawers with their created paper—for the purposes of speculation and of
plunder,

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plunder, to support extortioners by monopolies—and thieves, by draining away our coin.—A period, when, indeed, paper was as a mountain in respect of bulk, threatening ruin and devastation to all beneath its tottering head.

To refer then to this crisis of our paper credit, how will the argument stand between us ? According to the Doctor's assertion, by the vast increase of paper, coin or gold should decrease in value. Did it do so at that Time ? The fact turns out directly otherwise. The price of gold at that period was nearly 4*l.* 1*s.* *per* Ounce. The standard at 3*l.* 17*s.* 10*d.* So that argument is justified by experience, since we have seen, and that lately, that coin rose much in value when there was the greatest quantity of paper in the market.

If we examine into the effects produced by the extirpation of paper, upon gold and commodities, experience proves the very contrary to Dr. Price's assertions ; inasmuch that immediately after the salutary reduction of paper, *anno.* 1772, the price of gold lower-
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ed to 3*l.* 17*s.* *per* ounce—whereas, according to his ideas of the matter, it ought to have advanced in price.

I think I have fairly proved the assertions I made in my outset, that paper now current is not merely a sign of a sign—but really representative of substantial property, and that consequently no danger is to be apprehended from its circulation—that there is room for more in the market—that it is capable of being governed by fixed rules and criterions, so as to prevent the evils arising from an immoderate flow of accommodative paper—at the same time that, by its means, a ready assistance can be given to government by occasional advances upon such pledges as government offer, and merchants or Bank directors think proper to lend upon.

If Bank notes were visionary, issued out without property some-where deposited as a pledge to the Bank corresponding to the nominal value of such notes, then much mischief might be expected. But upon every enquiry I can make, I cannot find any note issued without corresponding security. If
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to government—government securities are pledged, certain duties arising from taxes or levies of one kind or other are made over. The idea of property still is annexed to the paper—and such loans are in the abstract no more than the anticipation of property, paid to government through the medium of paper, some little time before the property was due or receivable.

With respect to merchants and discounts, the case is the same—and the trade carried on by the Bank and bankers fair and equitable, whilst regulated by that criterion and standard of paper *quantum* which I have before described.—The Bank note issued for a discounted bill is, in every point of view, substantial paper—the property appertaining to the various parties mentioned in such bills being amply sufficient to justify such an advance, or loan, from the direction upon such security.

I have said the more upon Bank notes, because I have, with concern, seen many who, not understanding the nature of money transactions, have been dupes to their own sus-
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picion and timidity, or to the artful representations of designing men under a mark of patriotism.

And I have treated the subject upon leading principles, not taking into account the validity of the Bank itself, as a trading company. But if this consideration be added to the other arguments, we shall find that, in their trading capacity, they have accumulated astonishing riches. If the private banking business has answered well to individuals, what rate is there so high at which we may not estimate the superior savings of the Bank of England, possessed, as it is, of advantages so much beyond those of any individuals whatsoever.—Surely this consideration alone, were sufficient to cure the timorous of their unwarrantable suspicion respecting the validity of Bank paper, or the dangers threatened by a run upon the Bank.

I have proved, by a glance at America, that paper circulation will exist where coin is destroyed — and I have proved, that the price

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price of coin, or gold, will be reduced in proportion to the reduction of paper: and it is from this last argument—that I deduce is as a necessary inference from the present price of gold, that the quantity of paper now in the market is so much less than might be admitted—as the price of bullion is below that of standard gold.

In short, gold and paper rise and fall together—and there is a line of limitation, beyond which neither should be suffered to rise; and this line of limitation is the price of standard, and the equality of exchange.

When too much paper comes upon the market, it will serve to raise the value of gold above its intrinsic worth described by this rule of limitation.—Whilst there is only so much as to keep it up to standard price, no mischief can arise to society.

I have said, and I firmly believe it, that, in case of need, there will be expedients sufficient for the relief of government, without the introduction of bad paper.

Nor am I of so despairing a cast, as to suppose that we are not able to provide, and

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amply too, for vigorous campaigns.—Dr. Price has introduced the French into his pamphlet, as being more fertile of present expedients, and quicker recruits from the expences of war than ourselves.—I will not enter into the argument minutely, but will content myself with referring to the miserable situation of that people during the last war, when the noblesse of France subscribed their very plate—a poor but necessary supply at that time for the maintenance of the war.

For heaven's sake are we in such a desperate situation—are we likely to be so—if a twenty years war was to happen.

Talk of resources, and compare ours to the French resources; and I will ask, what is become of all the personalities derived to individuals in this country from the once lucrative and so much boasted trade of America; from the continual yearly influx of balances of trade in favour of our separate merchants trading to Russia, Germany, and all the continent; from the stupendous fortunes of India Nabobs? Not to mention the yearly

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yearly savings of our manufacturers in Norwich, Leeds, Manchester, and numberless other places. Will any one talk of want of resources with such strong assistances as these, or shall the miserable poverty of French individuals be magnified into opulence superior to our own.—Forbid it, sense; forbid it, reason.

The national debt is deemed enormous. It may be so. But, I think, in the estimation of this debt the same error prevails as in the estimation of paper.—It is usually compared with the circulating specie.—From the smallness of this, and the largeness of the other, many horrible consequences are drawn.—Would it be fair in private life to estimate a man's riches by the money he carries about him, or lays by in his bureau?—No—in private life we make different and more rational estimates.—The worth or riches of a man are judged of by his possessions of all kinds.—Why should we not in public concern take as wide and liberal a ground to argue upon?

If

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If the nation at large is in debt, let us enquire what the nation has to answer its debt.—The riches of a nation, I apprehend much to depend on the number and the riches of the individuals which compose a nation.

I am sensible many exclaim, that the nation is in a state of abject poverty, whilst individuals are rich.—This appears to me a strange doctrine—for supposing any very violent shock or emergency which should require the payment of part of the principal debt—How is this to be effected? otherwise than by self-consenting taxation, subscription, or contribution of individuals.—Now if upon such an occasion, individuals were under the hard necessity of bringing their plate or goods to market, in order to answer the demands of such taxation, levy, or contribution—I would then agree with the foremost of those who cry up the poverty of the nation.—But when every one sees and knows that the individuals in this country in general are, by commerce and industry, in such happy situations, as to be able, upon emergencies, to subscribe, I had almost said enough, by install-

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installments, to pay the whole of the national debt, without being reduced to the miserable expedient of pledging their plate or their valuables.—I profess I cannot but esteem the nation as substantially rich and opulent.

If such arguments are not convincing, let us turn our eyes to the continent, and compare this nation with the neighbouring kingdoms, states, and provinces:—and here we shall see that part of my doctrine verified with a witness, which lays down as a principle, that where little riches are, there commodities will sell at very low rates.—Compare the price of the articles of life and the necessary expences of a family upon the continent, with those in this island—and we shall find, that an income barely sufficient to support a family here, would enable the same family to live in splendor *there*.

To what cause is this owing, but to that which I have described, the much greater redundancy of money in this country than in any other upon the continent.—So that, I hope, I shall at least gain the confidence of many well-wishers to their country, and convince

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vince them from the foregoing observations,
That the idea of national poverty is not
founded upon fact or argument. That our
resources are great, and nearly inexhaustible.
—That our prospects upon entering into a
war, are far from gloomy and unpromising,
in what respects the raising supplies.—That
the national debt, however great, is not out
of proportion to the immense property and
riches of the nation at large.—In short,
that we are a much happier and more flourish-
ing people than can be met with throughout
Europe—and therefore, in all respects, a
sturdy match for any adversaries who may
rise up against us.

F I N I S.