0085

63-14

REFLECTIONS

ON THE

POSSIBLE EXISTENCE

AND

SUPPOSED EXPEDIENCE

OF

NATIONAL BANKRUPTCY.

By PETER RICHARD HOARE, Esq.

London:

PRINTED FOR T. CADELL AND W. DAVIES, IN THE STRAND;
HATCHARD, PICCADILLY; AND RICHARDSON,
ROYAL-EXCHANGE.
By G. SIDNEY, Northumberland-street.

1811.

0086

ADVERTISEMENT.

IT may be proper to advertise the reader, that in some of the following pages he will meet with a course of reasoning not very different from what may be found in an anonymous publication of last year;* wherein it is attempted, amongst other things, to be shewn, that the high prices of the necessaries of life have proceeded chiefly, if not altogether, from the excess of our currency.—A notion which, however prevalent it may be amongst certain individuals, either as resulting

* Entitled, "*A Letter, containing observations on some of the effects of our paper currency; and on the means of remedying its present, and preventing its future effects.* In two points the author, it seems, was ill informed.---viz. in respect to the amount of dollars circulated by the Bank of England, and the scarcity of the precious metals---as appears from the subsequent publication of the report of the bullion committee, and the evidence on which that report was founded.

from examination or from prejudice, is yet not so general as, perhaps, they may suppose.—The author of that publication, however, could hardly have expected that what he had assumed as fact in regard to the advance of prices, would have been so boldly and publicly contradicted; or even that more proof was necessary to be brought forward in support of some of the conclusions which he had drawn from that assumed fact. This, however, seems to be the case. It is a point of the utmost importance; and being so, it must stand as an apology for introducing the subject so much at length, but with so little novelty of principle, into the present publication.

ERRATA.

P. 10, l. 7, for *five*, read *five* or *six*.
l. 11, for *seven*, read *seven* or *eight*.

Page 9, line 14, *for* was, *read* were. P. 10, l. 14, *after* the, *insert* number of. P. 39, l. 25, *for* Bank, *read* Bank of England. P. 40, l. 13, *for* 22,700,000, *read* 22,266,970. P. 43, l. 11, *for* thus, *read* thence. P. 44, l. 20, *after* such, *insert* as, P. 62, l. 19, *dele* ?, *and for* is it, *read* it is. P. 65, l. 10, *for* mortgages, *read* mortgagees. P. 73, l. 23, *for* himself, *read* him. P. 75, l. 25, *for* necessary real, *read* really necessary.

REFLECTIONS

&c.

The lawful money of Great Britain is metal,—copper, silver, and gold,—each piece being coined, and that of gold remaining with little variation of standard weight and fineness. He that becomes fairly indebted to another in any sum of this money, does not legally or equitably repay his debt, if he pay with other money of whatsoever denomination, unless the amount of the money so paid be equal in value to the former; or in other words, enable the holder to purchase the same quantity of commodities, supposing the supply of, and demand for these, to have continued relatively unaltered.—It is the same thing, in effect, whether he pay with metal debased by alloy, or reduced in weight, or with paper which is not convertible, without loss, into money of weight and fineness or value equal to that in which he became indebted. Though his creditor may acknowledge payment and satisfaction of the debt; yet, in neither case does he actually receive full payment and satisfaction. And the debtor, who is unable to discharge his debts but with such debased, light, or paper money, and without making due allowance for its depreciation, is, in reality, bankrupt and

insolvent.* So, although the government of a country may enact laws raising the denomination of the old coin, or authorizing the mixture of base metal with new coin of the same denomination as the former; or may declare paper, wood, or stone, or any other substance which it may be pleased to issue, or allow to be issued, in all respects, the same as coined metal money, to be current for such sums as may be specifically inscribed thereon, and legally to be tendered as such money, but which cannot be converted into it without loss—although, I say, the government of a country may, in the decline of its credit and its resources, or in the

* I am aware of the objection, which may be, and I believe has been, set up to the doctrine here attempted to be maintained, on the ground of law and of general practice. The diminution of weight, which the coin necessarily, from its very use, undergoes, does not always, in a legal sense, reduce its value; nor is the creditor, who is paid with light coin, if legally current, in any worse condition, than he who is paid with weighty coin just issued from the mint. But the objection is, for the most part, frivolous and unimportant. It is to small payments only that our silver coin is usually applied, and such as are made soon after the debt has been contracted; so that little diminution in the value of the coin can have taken place, in consequence of its reasonable wear in the mean time. If, however, taking advantage of the law, which enables a debtor to discharge his debt in silver coin of reduced weight, he does so to the full extent which that law allows, and cannot otherwise discharge it, shall we say, that he is equitably solvent? Shall we say that he is altogether legally so, when we consider by what means he would probably enable himself to make such payment?

plenitude of its power and its profligacy, do all this, yet it alters not the real nature of the transaction. The government itself, however, which is reduced to the necessity, or is unnecessarily guilty of having recourse to any of these practices, in order to answer nominally the demands of its creditors; but to evade, in reality, the satisfaction of them, becomes, in like manner, bankrupt and insolvent, or, morally, what is worse.

Cases, indeed, may sometimes occur, when so large a portion of the precious metals may be withdrawn from the circulation of a country, that the stock remaining in it may, for a time, become more valuable. Thus the extensive practice of hoarding—the payment of heavy tribute, or subsidy to foreign powers—large remittances for the maintenance of fleets and armies on foreign stations—or for the settlement of unfavourable balances of trade, might, in process of time, well nigh exhaust a country of its circulating medium, when composed of the precious metals, if no counteracting causes should exist. But as the natural tendency of a scarcity of the precious metals, when they form the circulating medium, is to lower the nominal, or money price of goods; and it is the interest of the merchants to purchase at the low, rather than the high market—to bring gold from those countries where it is plentiful to that where it is scarce, in exchange for the produce of the land and labour of the latter;—the natural consequence of such drain of the precious metals, as has been noticed, is their reflux, sooner or later, into the same channels from whence they have been withdrawn.

0089

Still, however, as much inconvenience may be supposed to arise from such a reduction in the price of goods as would insure the immediate return of the precious metals; it may, perhaps, be deemed advisable to prevent that reduction by such means as are harmless, and seem best adapted to the case. And, in countries where public confidence and credit run high, none, it must be admitted, appear more harmless, or better adapted, than the substitution of paper money in lieu of the precious metals, which may have been withdrawn. But, if it be thought important that these should gradually, yet at no very distant period, be restored, it is important that the amount of paper money so substituted, should be somewhat less, instead of more, than the former; so that the money price of goods might be in some degree reduced, and, consequently, a greater number of purchasers be attracted from abroad. But, at all events, it is carefully to be provided, that the means employed for the prevention of an inconvenient reduction of prices should not operate too powerfully in raising them, and thus produce an evil as great as, or greater, than that which is sought to be prevented—that they should not work an injury to the private and public creditor—prove violatory of the faith of individuals, and the government,—and doom the nation not only to the disgrace of courting, or voluntarily submitting to a bankruptcy unprincipled and fraudulent, but to the danger of a rapid overthrow and ruin.

For it would be waste of time to set about to shew what has so often been shewn before, and what all who have a fair measure of understanding, and will make proper use of it, must clearly see, that the greater the

quantity of money employed in the circulation of a given quantity of goods, and with a given rapidity of circulation, the less must be its value. A proposition, indeed, which seems to be almost identical. Any specific quantity of money, therefore, may become more or less valuable according to the less or greater total quantity which may happen to be brought into circulation. And hence it follows, that, by means of an excessive increase, each piece may be depreciated, exactly in the same degree as if it were debased by alloy, or reduced in weight to the half, or the hundredth part of the value of such piece, or any other of similar denomination, before any depreciation had taken place.

And it is the same thing, in effect, whether the money consist of paper alone, or partly of paper and partly of the precious metals. It is, however, a redundancy of the former only, when unexchangeable for the latter, that can long exist in a country,—a redundancy of the latter would quickly be reduced, by reason of the more profitable employment which would be found for it elsewhere; and hence it is, that the former ought always to be limited narrowly in its amount, unless at all times exchangeable for the latter.

A Strange notion, the upset notion of other days, has, indeed, again been put afloat in ours, of the innocence of issuing any quantity of paper, provided those who issue it have property equal in amount to the quantity of paper so issued. But how, I would ask, is it possible, if every one were to issue promissory notes to the full amount of his property, all could provide for the payment of them? If it be said, that it is not intended that

actual payment should be made, the notion is absurd from its very condition; and it is equally absurd if it be grounded upon the supposition, that the payments could actually be made, or would not be demanded,—as the experience of latter years has abundantly proved.

Gold, from its durability, divisibility, and rarity, is the article appointed by civilized nations as the common measure and representative of the value of other commodities; and though, in many countries, where confidence and credit run high, the paper of government, of companies, and individuals, may circulate as freely as Gold; yet it is with the belief, or trust, that that paper entitles the holder to receive the same quantity of gold as that for which it purports to be current, or the value of that quantity in other commodities. The amount of the paper circulated, together with the gold and other metal in circulation, ought, therefore, never to be so great as to exceed, in a considerable degree, the quantity of gold and other metal which would circulate in case there were no paper at all,—and never would, if paper were always, as it ought to be, convertible into gold without loss.

It is in vain to attempt to determine, with accuracy, what may have been the amount of money in circulation previous to the restriction of cash payments by the Bank in 1797, or what it is at present. We know not the amount of the promissory notes issued by country banks, nor the amount of coin, at the former, or the present, period. The number of country banks which were, as well as those which are, established, might, indeed, enable us to form some loose judgment of the amount of their respective issues; but from the amount of the coinages

which have taken place, we could form no just estimate of the quantity of coin which remained. Nay, the frequency of those coinages might, perhaps, be adduced as a proof, that much of the gold and silver coined was continually withdrawn from the circulation.

But, whatever might have been the amount of species which remained at the period of the restriction, it is probable that the quantity of gold coin, lying in the coffers of the Bank of England, and of private banks, is not less now than it then was. It probably is more. The amount of that *actually employed in circulation* is, no doubt, much diminished. It is become quite insignificant, compared with what it then was. But its amount, even at that time, could have borne but a very small proportion to the aggregate amount of country bank, and Bank of England paper. For, supposing the total weekly payments to labourers, artificers, and workmen in general, (who, from the enumeration taken in 1801, do not appear to have exceeded 4,215,531 persons throughout England, Wales, and Scotland;) supposing, I say, such payments to have amounted, upon an average, to three millions in gold and silver; (which, when it is considered that many of those persons received no weekly payments at all,—that those employed in husbandry, equal nearly to one half of the whole number, who did receive them, earned only from 3 to 10 shillings per week,—and that some of the payments were made in the pound or guinea notes of country banks,) will not, I conceive, be deemed much below the truth,—how small does the quantity of gold coin requisite for these purposes, appear? Let us say, however, that *two millions* of gold were requisite,—and that *two millions* more, besides other metal and paper, were requisite

0091

for the use of all other classes of individuals for the purchase of the various commodities of which they stood in need.—A sum which, however small it may at first sight seem, will not, perhaps, upon reflection, seem at all unreasonably so;—since it appears that the produce of the income tax itself, for the year ending the 5th of April, 1800, did not exceed 5,801,624*l.* and, for the succeeding year, not three and twenty thousand pounds beyond that sum. And though it be admitted that the assessments were, in a material degree, defective; yet, making ample allowance on that account, the sum of two millions, in gold, will still appear considerable, and, probably, not insufficient for the purposes which I have specified, when compared with so large a portion of the assessed income of the people. But it may not be amiss further to observe, that, from what appears to have been the average amount of *one* and *two* pound notes issued by the Bank of England, during the two or three years immediately subsequent to the suspension of cash payments, (with the view of supplying the deficiency of the gold which had been withdrawn from the circulation,) we may reasonably conclude that previously to that suspension, the quantity of gold employed for other purposes, than such weekly payments as are mentioned above, did not exceed the sum which I have stated, since the average amount of those notes did not so much as nearly equal it.* Neither is that statement rendered less probable, notwithstanding it appears, by the returns officially made, that within those two years, the quantity of gold money coined, amounted nearly to five millions; for it is,

* The average amount of the years 1797-8, and 9, computed from the Accomptant-general's account, dated 15th Dec. 1800, was 1,502,736*l.*

at the same time to be recollected, that the Bank of England had need of large supplies, with the view of providing for cash payments; which, towards the close of 1799, it declared itself well prepared to make. And, in addition to all this, it should further be recollected, what was the average proportion which the amount of gold usually bore to the amount of paper, in payments previous to the issue of the low notes of the Bank of England; which, when we come to inquire what was the amount of the paper at that time in circulation, may serve yet more to confirm the statement which I have ventured to offer.

Let us suppose, therefore, that two millions in gold was the sum employed in weekly payments to workmen in general, and two millions more for the use of all other classes of individuals, as specified above, making a total of four millions of gold actually employed in circulation; that the average amount of gold so employed did not exceed this sum; and that the remainder of the circulating medium actually employed, consisted merely of silver and paper: and then let us enquire what, probably, was the amount of paper,—an inquiry which need not long detain us. For of the paper of country banks little approaching to certainty can be known, and therefore no proof shall be attempted. But, in regard to the notes of the Bank of England, of those we can speak with more accuracy. And for our present purpose, I trust there is, upon the whole, full enough to shew, most satisfactorily, that, by means of the one and the other, considerable additions have been made to the total circulating medium since the period of the supension, or restriction to which I have alluded.

0092

We learn, in short, from the Report of the committee of the Lords in 1797, that the number of country banks then established was about 230, and that the average amount of Bank of England notes, including post bills, for some years immediately previous, was *between ten and eleven millions*. If, therefore, we add to this the *four millions* actually employed in circulation, and allow *five millions* more as the amount of the gold lying inactive in the coffers of the Bank of England and other banks, &c. and *seven millions* as the amount of the paper issued by the country banks, the total would not exceed *six* or *seven and twenty millions*.

Again, from the report of the Committee appointed by the House of Commons in 1810, we learn, that the Country Banks then established was about 721, and that the average amount of Bank of England notes, including post bills, in circulation in the preceding year, was upwards of *nineteen millions*, which, it seems, has since been increased to more than *three and twenty*. Add, therefore, to this sum the notes of 721 country banks, or now, probably, of still more, amounting, perhaps, to *twenty, or five and twenty, or thirty millions*,* and the quantity of coin at present in circulation, and in the coffers of the Bank of England and other banks;—and it will appear that the present total circulating medium is not much less, if it be not much more, than *twice its average amount for some years previous to the restriction of cash payments*.

Has not then our circulating medium become excessive?

* See Mr. Tritton's evidence before the Committee, p. 214 of Minutes, and Mr. Richardson's, p. 230.

Has not its quantity been augmented much beyond what it ought to be in order to the preservation of its just value? Or has the value of the precious metals been so diminished, or the produce of the land and labour of the country been so increased of late, as otherwise to account, in any reasonable manner, for this vast addition? The almost total absence of the gold coin, the extreme scarcity of the silver coin, even of that which is greatly below the standard mint weight,* the high money price of gold and silver bullion, and the very depressed state of the foreign exchanges,† are circumstances notorious, and such as cannot be denied; all tending to prove that the value of the precious metals is not diminished, in proportion to the increase of the quantity of our circulating medium; if they do not further tend to prove that the produce of our land and labour likewise, is not increased in that proportion.

But, it is asserted, that the great increase of our taxes has rendered necessary this increased quantity of the circulating medium. It is well if, through the operation of taxes, an increased quantity of wealth may be obtained; if, spurring us on to industry, they tend thus to insure to us its fruits, or, in other words, an

* Our shillings are about one fifth, and our sixpences about one half below their proper weight. Shillings and sixpences, I call them, though for the most part they do not bear the marks of the legal coin of those denominations, and, perhaps, never did.

† Portugal gold coin 4l. 15s. Silver bars, standard 6s. 0½d. Hamb. Ex. 25s. 6g. July 12, 1811. See Wettenhall's Table.

0093

augmented produce, for the circulation of which, an augmented quantity of the circulating medium may be fit and requisite. That such may be their operation, in some degree, cannot, with justice, be denied; though, on the other hand, it is not with any greater justice to be denied, that they tend, in some degree, to prevent the accumulation of wealth, and to divert it from productive into unproductive channels of employment. Yet, neither effect will serve to shew the necessity or utility of creating any additional medium of circulation, to answer the increased taxes; or that these can have any necessary tendency to create it. On the contrary, such increased medium, if formed by means of the issue of paper, not representing or standing in the place of the precious metals, which would otherwise be in circulation, render the imposition of additional taxes, both expedient and just.

For, if we consider the nature of taxes, and what is the fair intention and sound principle in imposing them, we shall easily perceive how fallacious is the notion, that any addition which may be made to them, can require any great correspondent addition to be made to the circulating medium in which they are to be paid. In imposing a tax, the fair intention and sound principle is to acquire a portion of the income, or capital of the people, for the service of the state. If the amount of the annual income of the people be 100 millions, and 10 millions be annually requisite for the public service, upon the supposition that the value of money continues the same as it is at present,—should you lessen that value by increasing the quantity of money, say one-fourth, instead of 10

millions, 12 and ½ millions would be requisite; so that no advantage would be derived from such a practice, either to the government or the people. Whether the tax be imposed upon the commodities which we consume, or upon the income which we derive from our labour, or our capital—whether in land or in buildings, in money, machinery, or merchandize,—it is intended, or ought to be, that so much as we pay to the government, should be paid out of that income—that the full use of so much should be transferred from ourselves to the government. The total income of the people is not increased by the tax; but a deduction is made from the income of such individuals as are subject to it,—and what is so deducted is to be applied to public purposes. What then can be more absurd than to suppose, that, by putting into circulation vast quantities of paper, and thus diminishing the value of the circulating medium, the means of discharging the taxes are facilitated? I mean those taxes which are raised for the maintenance and support of government,—for the necessary salaries to its several officers,—for the manning and provisioning its fleets and armies. The smaller the quantity, the greater is the relative value of the money which circulates in a country; and the lower, therefore, will be the nominal amount of the taxes necessary for the support of its government.

It may, upon a different principle, indeed, be maintained, as it has been, and not upon contemptible authority, that if great additions have been made to the taxes, some addition to the circulating medium is requisite, by reason of the greater number of payments which are

0094

then required to be performed. But what, in this country, are the payments necessary to be performed in consequence of the increased taxes? They are those which are made to the collectors of taxes,—by them to the receivers,—by the receivers to the exchequer,—from the exchequer to the bank,—and from the bank to the orders of the several officers or boards, authorized to direct such payment. But, does not this accumulation of large sums of money, in the hands of the bankers, employed by the several collectors and receivers, or in the hands of the collectors and receivers themselves, but more especially of the Bank of England itself, and the subsequent application of the money by way of loan, instead of impeding the circulation, tend rather to quicken it, and render it more active, than if the money lay dormant in the drawers of individuals, as in some, if not in great, measure it would, had not such taxes been imposed? But, whatever delay in the circulation, these increased payments might have occasioned under other circumstances, it surely is not too much to suppose, that the great improvements in Banking, (as they have not unusually been termed, but, under the present system, little worthy of the title,) and the great multitude of negotiable bills which are set afloat, have rendered any further increase of the circulating medium wholly unnecessary, on the score of such delay. The necessity of such increase, if any necessity there were, would be seen in the rise, not in the fall of the value of the circulating medium,—in the low, not in the high price of bullion and almost all other commodities whatsoever.

Well then, it is next said, the multiplied improvements in our manufacturing, agricultural, and other arts, and the great

increase of our national produce, the consequence of those improvements, have manifestly required great additions to the medium of circulation; and such additions, therefore, have from time to time been made to it. Surely, however, it was beyond, much beyond the ken of the directors of the Bank of England, and of country Bankers too, to apportion the just quantity—so much as, and no more than our circumstances, from time to time, required. Had things indeed been left entirely to themselves to find their proper level, without any interference on the part of these gentlemen, all had then perhaps, been well. An increased produce would naturally, and without their aid, have attracted a due proportion of the precious metals;—for which they might have substituted their paper if they pleased. But, in taking on themselves to judge how much was fit, it seems they judged amiss;—amiss for the country, though rightly for themselves. The additions they have made, it is plain, have been excessive; it is plain, from the facts which have been already mentioned,—the almost total absence of gold coin; the extreme scarcity of silver coin, even in its debased state; the high price of bullion, and the depressed state of the exchange. But we have other direct and indisputable proof in the known fact of the enormously increased price of almost every article produced;—and it is upon this fact that I wish the attention of the reader to be more particularly fixed, the rather because endeavours have been made to do away the strong impression which it naturally is calculated to make.

For, whilst it is contended that the quantity of the circulating medium has not been increased beyond what

0095

the improved state of our agriculture, manufacture, and commerce, have reasonably required, it should, at least, be shewn that that increase has not occasioned any increase in the price of goods. Had the additional quantity of the former been proportionate only to the additional quantity of the latter, which it is employed to circulate, the price of goods, in general, would have remained stationary; unless other causes, indeed, should have operated to affect their price. It remains, therefore, for those who would say, that other causes have so operated, explicitly to point out what they really are.

If it be said, as I believe it often has been, that long, previous to the restriction of cash payments, the price of things in general had been progressively advancing in this country, and that the further advance which has since been made, has, probably, proceeded from the same cause; though we should admit the former part of the assertion to be true, (which, perhaps, we all do not;) yet we might still desire something more to be said, by way of proving the latter to be true also. For, although it should be admitted that the constant influx of the precious metals from the mines of South America, may, for a long course of years, have in some measure tended gradually to raise the price of things in general, as well in this as other countries; yet, that there should have been any extraordinary influx of late years, (whatever the real fact may be) can hardly be contended by those who are disposed to account for the high price of bullion, and low state of the exchange, from a cause directly opposite. If, however, the supply of the precious metals has, not-

withstanding, been so great, that their value is diminished--how happens it that their money-price is so increased; unless the value of that money is yet more diminished, by excess or otherwise—though here, not otherwise, it seems, than by excess, the consequence of an unlimited issue of Bank Paper, unexchangeable for gold?

True, indeed, it is, that divers commodities may be enumerated, the nominal or money prices of which, since the period of the restriction of cash payments, have either remained nearly stationary, or increased much less than others, or been more or less diminished. The mere improvements, however, which have taken place in various branches of our machinery and arts, may have enabled some of our manufacturers to furnish their goods, at a rate lower, in reality, than they formerly could. The abundant importations from our own colonies, and those which we have wrested from the enemy, have glutted our markets at home with the produce of each—whilst the system adopted for the exclusion of such produce, as well as that of our manufactories, from the markets on the continent, having considerably lessened the demand for, must also have tended in no small degree to reduce the real price of both. Such commodities, therefore, as these here described, may, notwithstanding the depreciation of our currency, be sold at a nominal or money price, the same as, or perhaps, somewhat lower than heretofore they were. Whilst on the other hand, taxation, direct and indirect, may have increased the price of sundry others, much beyond the rate of the depreciation. In our attempt, therefore, to ascertain whether any depreciation at all has really taken place, let all commodities, of the former, as well as of

the latter description, be placed wholly out of the question, and let us consider some few, only, on which the taxes imposed since the period of the restriction, have had, or at least ought to have had, little or no effect whatsoever.

An Account of the Market price of Wheat, from 1700 *to* 1810, *inclusive.*

	Years.	Annual price per quarter. l.	s.	d.
	1700	1	15	6
	1	1	13	5
War.	2	1	6	2
	3	1	12	0
	4	2	0	10
	5	1	6	8
	6	1	3	1
	7	1	5	4
	8	1	16	1
	9	3	9	9
	1710	3	9	4
	11	2	8	0
	12	2	1	2
Peace of	13	2	5	4
Utretcht.	14	2	4	8
	15	1	18	2
	16	2	2	8
	17	2	0	7
War.	18	1	14	6
Peace.	19	1	11	1
	1720	1	12	10
	21	1	13	4
	22	1	12	0
	23	1	10	9
	24	1	12	10
	25	2	3	1
War.	26	2	0	10
Peace.	27	1	15	6
	28	2	8	0
	29	2	1	7
	1730	1	12	5
	31	1	9	2
	32	1	3	8
	33	1	5	2
	34	1	14	0
	35	1	18	2
	36	1	15	10
	37	1	13	9
	38	1	11	6
War.	39	1	14	2
	1740	2	5	0
	41	2	1	5
	42	1	10	2
	43	1	2	0
	44	1	2	0
	45	1	4	5

	46	1	14	8
	47	1	10	11
Peace of	48	1	12	10
Aix-la-Cha-	49	1	12	10
pelle.	1750	1	8	10
	51	1	14	2
	52	1	17	2
	53	1	19	8
	54	1	10	9
War.	55	1	10	0
	56	2	0	2
	57	2	13	4
	58	2	4	5
	59	1	15	4
	1760	1	12	5
	61	1	6	10
	62	1	14	8
Peace of	63	1	16	2
Paris.	64	2	1	6
	65	2	8	0
	66	2	3	1
	67	—	—	—
	68	—	—	—
	69	—	—	—
	1770	—	—	—
	71	2	7	2
	72	2	10	8
	73	2	11	0
	74	2	12	8
War.	75	2	8	4
	76	1	18	2
	77	2	5	6
	78	2	2	0
	79	1	13	8
	1780	1	15	8
	81	2	4	8
	82	2	7	10
Peace of	83	2	12	8
Versailles.	84	2	8	10
	85	2	11	10
	86	1	18	10
	87	2	1	2
	88	2	5	0
	89	2	11	2
	1790	2	13	2
	91	2	7	0
	92	2	2	11
War.	93	2	8	11
	94	2	11	8
	95	3	14	2
	96	3	17	1
	97	2	13	1
	98	2	10	3
	99	3	7	6
	1800	5	13	7
War.	1	5	18	3
Peace.	2	3	7	5
	3	2	16	6
	4	3	0	1
	5	4	7	10
	6	3	19	0
	7	3	13	3
	8	3	19	0
	9	4	15	7
	1810	4	16	2

The account down to the year 1766, inclusive, is taken from the table of prices at Windsor market as given in 14th vol. of Mr. Young's Annals of Agriculture—from 1771 to 1809, inclusive, from the account transmitted by Mr. Catherwood to the Committee for inquiring into the high price of Bullion—and for the year and a half succeeding from the monthly returns. The price of wheat at Windsor is supposed by Mr. Young, to be 2d. per quarter higher than the general average of the kingdom, for which, therefore, allowance may be made.

	Average amount of Bank of Engl. notes, (post bills included.)*	Average price of Wheat, per quarter.	Beef.				Mutton.				Veal.				Pork.			
			lowest.		highest.		lowest.		highest.		lowest.		highest.		lowest.		highest.	
	£.	s. d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
1795		74 2	2	0 1/3	3	8	3	8	4	4 2/3	3	5 1/3	5	2 2/3	4	1 1/3	5	2 2/3
6		77 1	3	3 3/12	4	4 4/12	3	10 2/12	4	8 2/12	3	11 8/12	5	6	4	7	5	5
7	11,356,996	53 1	3	6 2/12	4	5 2/12	3	11 3/12	4	5 8/12	4	4 4/12	5	7 4/12	3	10 8/12	4	8 10/12
8	13,334,752	50 3	2	11 10/12	3	9 10/12	3	0 11/12	3	9 4/12	3	9 2/12	4	10 6/12	2	8 5/12	3	6 8/12
9	14,062,327	67 6	3	3	4	5 8/12	3	6 8/12	4	6 10/12	3	10 10/12	5	1 10/12	3	6	4	5
1800	15,841,932	113 7	3	8 8/12	5	4	4	5 6/12	5	5 8/12	4	5 10/12	6	4	4	11	5	10
1	16,169,594	118 3	4	4 10/12	5	8 4/12	5	2 4/12	6	3 8/12	4	11 6/12	6	8 2/12	5	8 8/12	6	9 2/12
2	17,054,454	67 5	4	2 8/12	5	5 2/12	5	1 6/12	6	1	4	10 6/12	6	3 6/12	4	7	5	6 7/12
3	16,847,522	56 6	4	3 10/12	5	6	4	5 6/12	5	11	4	3	6	7 4/12	4	1	5	1 8/12
4	17,345,020	60 1	4	4 4/12	5	5 4/12	4	6	5	3 10/12	5	0 4/12	6	5 8/12	3	11 4/12	4	11 4/12
5	17,241,932	87 10	3	11 6/12	5	0 8/12	4	2	5	1 2/12	4	7 8/12	5	11 2/12	4	4	5	3
6	17,135,400	79 0	4	3 1/12	5	3 4/12	4	7 4/12	5	5	4	7 4/12	5	11 4/12	4	10	4	9 4/12
7	17;405,001	73 3	3	11 4/12	6	0 8/12	4	1 10/12	5	1 2/12	4	3 10/12	5	9 10/12	4	5 10/12	5	4 8/12
8	17,534,580	79 0	4	0 10/12	5	2 10/12	4	4	5	5 6/12	4	8 8/12	6	3 2/12	4	9 8/12	5	10
9	19,001,890	95 7	4	6	5	9 6/12	4	9	5	10 10/12	5	0 4/12	6	8	5	7	6	8 8/12
1810	†22,266,970	96 2	4	6 11/12	5	11 1/12	5	1 8/12	6	1 11/12	5	3 10/12	6	11	5	9 2/12	6	9 6/12
1	‡23,441,866	91 3	4	10 4/6	6	2	5	2	6	2	5	10	7	5 4/6	5	7	6	8

* From the Report of the Bullion Committee.
* These yearly average prices are computed from the monthly average prices as given in the Gentleman's Magazine.
† The average computed from the amount on the 7th and 12th days of each month.
‡ The average computed from the amount on the 25th day of each of the first six months.

I know not, but it may be thought, that the demand for the several articles of human sustenance which are specified in the preceding tables, has of late years been so materially increased, that there has been no correspondent increase of supply; and that the great rise in their price, is to be referred to that cause. Yet, what foundation is there for the supposition, that the demand has been increased in any extraordinary degree at all? 'Tis true, we are wont to hear of the consumption and waste attendant upon the maintenance of our seamen and our soldiers. But then it ought at the same time to be recollected, that much of their supplies is drawn, not only from other countries, in which, or in the neighbourhood of which they may happen to be stationed, but from those also which, are remote, yet not so far remote as this;—on which last, for their maintenance in time of peace, they must chiefly, if not wholly depend. And it may, moreover, be observed, that if the effect of war were certainly to raise the prices of commodities, in any great degree, it should have been apparent, not only in the present and preceding, but in all former wars. From the table first presented, that, however, does not prove to have been the case.

Has the condition of the country labourer been improved? Is his consumption enlarged? Do his increased wages enable him to indulge more freely in any of these articles of subsistence?—Is their high price occasioned by the increased demand, and increased expense of cultivation, the consequence of such increased wages? Look into the cottage of the labourer, and see if his comforts have been thus multiplied; listen to his tale of other times, and hear him lament the change which

0098

he has experienced. Go to the overseers of his parish, and compare the accounts of the present and few preceding, with former years; satisfy yourself, whether in this class of people poverty has diminished, as the price of necessaries has increased; whether it is to the increased wages of labour, that this increased price is in the least degree to be ascribed.

Nor, does it appear that the increase of demand arises from any extraordinary increase of our population. That our population has increased, I will readily admit. But, what proof has been offered, that, within the last twelve years, it has increased extraordinarily? Already it has been intimated how little the condition of country labourers has been improved.—And how much more has that of others been improved? What probability, of any extraordinary increase of our population in general, arises from the general situation of the great mass of the people---straitened, for the most part, as they are in the means of maintaining an infant family? What from the want of fresh inducements held out to them for marriage,—what from the state of war in which we have been so much engaged with little intermission,—by which lives have been prematurely destroyed, and the intercourse of the sexes has been in some degree diminished?*

But, though our population had increased in such extraordinary degree, since the suspension of cash payments

* The enumeration of 1801 was avowedly defective; the present is likely to be more correct, and will probably be higher.

at the Bank,—nay, though its increase had been effected, (as some persons, it should seem from their language, are inclined to believe,) by means of that suspension; in what manner would this increase have operated in raising the price of corn, unless an excess of currency had accompanied it? Do those who attend open-mouthed in our markets, but, without money in their pockets, enhance the price of corn and meat? Does not the price depend a little on the means of those who come to buy? Besides, the mere increase of population without a proportionate increase of the necessaries of life, (if such a supposition be not in itself absurd, or nearly so,) would naturally operate in reducing the wages of labour;—there would be a greater number of competitors for employment, and their services might be obtained at a lower rate. Hence, the expense of cultivation would be diminished. And though the poor's rates for a time, might fall more heavily upon the farmer; yet, upon the renewal of his lease, he would stipulate for a proportionate abatement of rent, in case the increase of those rates exceeded the reduction which had taken place in the expense of cultivation. But what abatement of rent,—what reduction in the wages of labour, has of late taken place? In what district have not the nominal rents and wages of labour been enormously increased;—though not, perhaps, every where, or any where, in proportion to the depreciation of money? But after all, is not the increase of population the sure sign of increased means of subsistence, and nearly in the same ratio? But if those means have so increased, what is the pretence for saying that the increase of population is the cause of this enormous increase of price?

0099

Has the supply then been diminished? Years of scarcity we have occasionally experienced, and large importations of grain have been requisite to relieve the public want. But years of scarcity have been experienced in former times, and the price of grain has risen accordingly; but no such continued rise as has of late years been experienced resulted from them. The price soon fell to its former average level;—and it was not till fresh years of scarcity again enhanced the value, that the price rose to any extraordinary height,—and then, soon again to fall.

Of a long series of years which preceded the suspension of cash payments by the bank, the two immediately preceding it, seem to have been those in which wheat obtained the highest price. Whether at this period the quantity of money circulating in the country exceeded its due amount, and thus contributed to raise the price of corn beyond what the real scarcity of that article could warrant,—or whether the scarcity was so great as alone to justify that high price, it is difficult to ascertain. True, however, it is, that the people were under the necessity of resorting to new expedients for supplying the deficiency of food, and serious apprehensions of famine were entertained. Yet, whether any greater actual scarcity has prevailed since the two years immediately succeeding the suspension of cash payments, than occasionally at other times prevailed during the course of the last century, is not to be discovered by a comparison of the respective prices only which the principal articles of subsistence have, from time to time, obtained in this country; nor of the respective quantities of grain which may, from time to time, have been imported

into it. Had our currency continued stationary in value, a fair criterion would, perhaps, have been afforded by the former, as well as by the latter. But, as the excess of currency must naturally tend to increase the price of grain, as well as that of all other commodities—so the high price of grain naturally tends to increase the quantity imported from abroad; though, I fear, it must be allowed on grounds which shall presently be noticed, to diminish that which is grown at home.

Let us, then, argue from the nature of things, and judge whether the improvements which have within these fourteen years been made in our systems of agriculture—whether the wide-extended tracts of land, which have, within the same period, been brought into cultivation from a state comparatively barren, must not, or might not, if more of it had been applied to the growth of grain, have furnished us with great additional, nay, sufficient supplies of food,—of grain, if not of meat of every description, which our habits require, and our climate can afford---whether they do not enable us amply to provide for all that additional population which we have, and which generally succeeds, but seldom can exist, without an abundance of the common necessaries of life,—for which, in part, however, we have of late been indebted to other nations.

But, though thus indebted, let us not suppose, that the supplies of food, in proportion to the number of those who must be fed, cannot be raised at home. Since sometimes, nay, oftentimes, there has been an excess of our own produce beyond our own consumption,—the consequence in some degree, perhaps, of bounties upon

export. And though now, it seems, that our consumption far exceeds our produce,—at least, that our export is exceeded by our import,—yet, that is not as some would say, because the bounties are withdrawn,—for at so high a price as corn has been, none would claim them; but rather, as I apprehend, in consequence of the excess of currency which has occasioned that high price. For, I think, it will not be denied by those who say, that the growth of grain has been diminished in this country, or not increased in proportion to the increase of our population, (notwithstanding the high price which may be obtained for it,) that such diminution, or want of increase, has been occasioned by the greatly augmented nominal expense attending its cultivation—that hence the farmer is induced to graze rather than to till his land, a practice to which the scarcity of corn has often been ascribed. But from what cause has this augmented expense, and, therefore, this consequent practice, proceeded? Whence is this vast increase in the cost of horses, and of the implements of agriculture—and in the price of labour? Is it not all the sure natural effect of the augmented price of the produce of the land itself, of oats and fodder, of wheat and the common necessaries of life,--an effect which the excess of currency has most manifestly produced?

What then can be more manifest than that hence, too, proceeds the reduction in the quantity of grain which, of late years, has been exported, and the great augmentation in the amount of that which has been imported? Even with the bounties which, under the old regulations were allowed upon the export, the profit could hardly have been so great to the merchant then

employed in that trade, as is now the profit attending the import from other countries.* It is idle to talk of general inclosures, of a free corn trade,---nay, of bounties upon its exportation. Where in Europe, where, on the surface of the globe, is a market to be found, in which corn bears so high a price as in ours? Add to that price the costs of freightage and insurance, and the trader will make but a sorry voyage homewards with his corn on hand, who would venture out in such a trade as this.

Did the high price of wheat, in reality, proceed only from the small quantity which is grown compared with the demand---could it be doubted, that more land would speedily be put into tillage, and render the supply sufficient? Again, if so much land, as it is contended, has been converted from the purpose of tillage to that of pasturage—has the price of wool, of leather,† and of meat, been proportionally lowered? If the high price of wheat be the effect of diminished tillage—the effect of increased pasturage, should be to lower the price of those articles—of which the quantity must be multiplied by means of that increase. But, notwithstanding their multiplication, their price has been enormously advanced, as the second table clearly shews.

That the price of meat must, in some measure, depend upon the seasons, it would be absurd to deny—since it is upon the seasons that the supply of grass and

* See p. 42, infrà.

† I mean, no doubt, British leather.

other herbs, must depend,—and hence the quantity of young which are reared, and of the stock rendered fit for use. No such sudden and violent variations are here, however, to be expected as in the price of grain, and more especially of wheat, which constitutes the principal article of food for the great mass of people; and from a real or supposed scarcity of which, it naturally follows that the increase of price must be rapid, and may be almost unlimited, except by the want of means wherewith to purchase it. But, is it pretended, that during the course of twelve years, our seasons have been invariably unfavourable to the production and maintenance of cattle and sheep,—that the propagation of the several species has been retarded,—that the herbs of the field have been checked and blasted in their growth year after year? It is childish to imagine and assert it. Whereas it is most reasonable to conclude, that from the regard which has been paid to the breed of animals, their qualities have been generally improved—whilst, from the improved system of husbandry which has been adopted, not only has the quantity of food, fit for their support, been greatly augmented, but greater economy has likewise been observed in its consumption. So that the very animals themselves are thus not only maintained in greater numbers, but are rendered fit food for man at an earlier age than formerly they were.

Neither can it with much shew of reason be said, that the additional taxes, which have been imposed since the restriction of cash payments, have occasioned this extraordinary rise in the prices of almost all articles whatsoever. That the prices of some articles have

been raised, and greatly too, in consequence of these taxes acting directly or indirectly upon them, is certainly true.---But upon the prices of a variety of others (such as those specified in the preceding tables;) they ought to have little or no operation at all, whatever they do have:---For, though we admit that a tax upon the necessaries of life must operate as a tax upon all articles whatsoever; yet we do not admit that a tax, imposed upon such articles as are not of that description, should attach to those which are---or, in other words, that the price of corn, or of meat, or the wages of agricultural labour, should be increased by a tax upon spirits, or hair-powder, or upon incomes, exceeding what the necessities of those employed in agriculture absolutely require.

It long, indeed, had been the policy of the legislature of this country, as it ought always to be, to abstain from the imposition of such taxes as appear likely in any considerable degree to affect the wages of agricultural, if not of manufacturing, labour,---well knowing how prejudicial they are to the real interests of the nation:---and although I fear it may be gradually deviating from this policy, yet, since the period of the restriction of cash payments, it seems to have imposed no fresh duties of that nature, to such an amount as ought to have produced much effect on the price of the necessaries of life. The additional duties of 5s. per bushel each, which were laid upon salt, in 1798, and 1805, should be considered as in part negatived by the reduction of $\frac{1}{3}$ of the duty upon candles in 1803. And, together with the increased duties on horses employed in husbandry, now perhaps operating merely as a tax upon the high profits of farming capital or of land, would scarcely have been perceptible in the reasonable conse-

0102

quent increase of the price of agricultural produce, even though those profits had remained stationary, and the duties been thrown altogether upon the consumer.*

If, then, since the restriction of cash payments no material taxes have been imposed upon the necessaries of life, none, at least, the tendency of which, towards raising the price of those necessaries and of other agricultural produce, is not greatly counteracted by the partial abatement of other taxes—with what reason can it be said that the price of all things has been increased by means of the increased taxes?

I do not, indeed, intend to argue, that if there had been no increase of taxes, the prices of things in general would have been increased to their present amount;—but, that if there had been no increase of the circulating medium, they would not have been materially increased, notwithstanding the heavy taxes, which

* The annual sums payable in respect of these duties may be upon an average about 3*s*. for each person.

* With regard to the additional duties upon sugar, tea, and malt, these are not justly to be deemed necessaries, since in the families of country labourers they are not generally used, and no increase in their wages seems to have taken place in consequence of those duties,—But see p. 44.

I will not, however, therefore say, they have not proved oppressive to the lower classes of the community, in depriving them in great measure of their almost only luxuries, if luxuries they can be called.—It can hardly be doubted that very many who, before the additional heavy duties were imposed upon tea and malt, indulged themselves in, are now, in consequence of those duties, precluded from the use of them,—perhaps to the detriment of the community. But as to the increased

of late years have been imposed. For, it is not at all improbable that much of our paper money has been put into circulation, for the purpose of providing for the discharge of them. Those, who by raising the price of the commodities which they sell can acquire to themselves sufficient to discharge, either partly or wholly, the taxes which are imposed either upon themselves, or upon the articles they consume, be they articles of necessity or luxury, will naturally so raise them. And as the greater the plenty of money, and the greater the facility of obtaining it, the greater is the price which a purchaser is willing to give for the commodity of which he may stand in need; so the less is the difficulty of obtaining that which the seller may think fit to ask;---and without much offence to his conscience, he will ask so much as will insure to himself his accustomed enjoyments. Whereas, had the quantity of money remained stationary, the purchaser would be no better able than before, to pay an advanced price for the commodity: which, therefore, must, probably, continue to be sold at the same.

For it is not only what the seller may demand, but what

duty upon sugar,—the large supplies which have been thrown into our market, since the numerous captures of sugar islands from our enemies, and the exclusion of the produce, as well as that of our own colonies, from the greater part of the continent of Europe, have rendered this article so plentiful, as to counteract, for the present, the tendency of the new duty, to increase its price to the consumer.

0103

the buyer also can give, that fixes the price. Is he, then, who pays 10 per cent. on his income, or is subject to an additional per centage upon the old duties on his house and his windows, better able to pay an advanced price for his shoes or his coat, than before those additional duties were charged upon him? As a purchaser he will contend against any increase of price, as much as the vender will contend for it; and on the score of taxes, there would, in general, be no better reason for the latter to increase than for the former to abate from it. The consequence of all which would be, that the taxes would be paid by those who it was rightly intended, should pay them, and not be thrown, unjustly, upon others who may not now have the power of avoiding them.

And these observations, perhaps, cannot be applied more properly than to the case of those commodities which are particularly specified in the tables. In regard, indeed, to the class of farmers, (such as the majority of them were in this country not long ago,) few are the taxes which affect them in any material degree, if we except the duties upon income, sugar, tea, spirits, malt, and hops, all but the first, reducible at will. The taxes upon houses and windows, though in most cases trifling, being considered in the adjustment of their rent,—and those on horses being properly chargeable on others. Now, whatever may be urged in favour of this, or of any other useful class of individuals, it surely will not be maintained, that this or any other ought to be exempt from the charge of contributing equally (according to their respective abilities) to the service of the state; unless it can satisfactorily be shewn that such exemption is conducive to the general welfare and prosperity.

How, then, does the exemption of the class alluded to conduce to these ends? How speeds the public, that this, above all other classes, should exclusively enjoy its wonted luxuries and comforts without abatement---that out of the clear profits of farming stock alone (as profitable perhaps as any other) nothing, or but little should be deducted? Admit the principle but for a moment. Would the landlord, when the lease which he had granted should expire, so far neglect his own interest as not lay on an additional rent in proportion to the advantage which his tenant derived from such a privilege? It would not be the farmer, then, but the landlord, who would be exempted. And what claims has the landlord---the idle capitalist---the owner of the soil---from whence, if not above, at least in full as great a degree as all other funds, the taxes must be drawn?

But, however small the claims of both may be,—when we come to consider, as we shall, the average prices which the produce of land has attained, within these few years —we may be satisfied that not only has the farmer been enabled entirely to reimburse himself for the payment of such additional taxes, as have been imposed since the period of the suspension of cash payments, but has also acquired such extraordinary profits as might, if applied to the service of the public, have been productive of most essential, and important benefits.

Enough, however, has now, I trust, been said in opposition to the arguments which have been brought forward

with the intent to shew that the high prices which have prevailed since the suspension of cash payments, have in a material degree proceeded from any other cause than an excessive paper currency; which simply, and alone, is fully capable of accounting for them. So that if any reasonable man had considered, fourteen years ago, what effect such an increase of the circulating medium, as, since that period, appears to have taken place, would probably have, in the augmentation of the prices of commodities, it is not too much to presume, that he would have judged that augmentation to be greater, instead of less, than it has actually proved to be. For our great and unforeseen improvements in machinery and other arts, and the extension of our agriculture, must, no doubt, have had a tendency to reduce them in some, and that no small degree.

It is curious, indeed, to see to what shifts men who are intent only upon supporting a favourite, and as they believe to themselves most profitable doctrine, will sometimes have recourse. The high price of bullion, say they, is no proof of the depreciation of paper, but of the increased value of Gold and Silver.---But when it is shewn that the value of these has not been increased abroad, and that their value, at home, compared with the generality of other articles, is relatively diminished; that an ounce of gold will not now buy as much corn, or meat, as it would have done before the restriction of cash payments, when the market price of bullion was below its mint price;* that the value of gold, in the

* If the price of wheat were 50s. per quarter, an ounce

form of bullion, is reduced, and greatly too, in consequence of the excessive issue of paper money—they will tell you that it is the scarcity of those articles—of corn, and meat, compared with silver and gold—that has occasioned their high price—thus almost in the same breath denying the very assertion which they themselves had made. And, though they would argue that the increase of taxes has a tendency to render a larger supply of the circulating medium necessary for effecting payments in general, yet we hear them on the other hand, contending that the natural and requisite consequence of taxes, whatever they may be, is the increase of the price of all articles whatsoever, whether taxed or untaxed.—Thus affording an argument for the expediency or justice of reducing instead of increasing the quantity of that medium.

In truth, more full and convincing proof of an excessive currency can hardly be desired by those who are anxious only to obtain the truth. What other proof will the nature of the case admit? The vast issue of paper money; the almost total absence of gold, and great scarcity of silver, coin; the depressed state of the exchanges; the increased nominal price of bullion; but the still more increased price of all other commodities whatsoever—excepting those only whose prices have either been reduced or held in check, or stationary, from peculiar circumstances of increased supply, diminished

of gold at the mint price, would have purchased $1\frac{1}{2}$ quarter of wheat and upwards. Supposing wheat at 85s. the quarter, and gold at 4l. 15s. the ounce, the ounce of gold will not purchase so much as $1\frac{1}{8}$ quarter of wheat.

0105

demand, or fresh facilities of production—all combine powerfully and irresistibly.

It has been said, indeed, that Bank Notes are not at discount. But that has been denied on the authority of facts, proved and proclaimed in court of law. It was, moreover, amongst the last acts of the legislature itself, to provide against it by prohibiting them from being received for any smaller sum than the sum therein specified.* It was not, however, necessary to prove the depre-

* A measure, supported by those very persons, who, a few weeks before, had supported the resolutions proposed by Mr. Vansittart, declaratory of the undepreciated state of the paper of the Bank of England.—A measure, however, which, (alarming as it is, from the apparently acknowledged tendency of that paper to depreciation) may seem at first sight wise and prudent; and would, perhaps, be so, if effectual steps had at the same time been resolved upon, and taken for the gradual, yet speedy reduction of the quantity now in circulation (such steps as those recommended by the committee appointed to inquire into the cause of the high price of bullion)—but which, otherwise, will probably fail of its intended object,—and fail too, it probably would, though it had been backed by the enactment of Earl Stanhope's Bill auxiliary thereto, if bereft of the clause of limitation, as to the amount of notes to be issued—the only clause in the bill which has been passed, and in that which has been rejected, which seemed at all calculated to restore things to their pristine state of fair and reasonable price, and to keep them in it,—for it is much to be doubted, whether the establishment of provincial offices would have any great effect in reducing the quantity of the notes of country banks, on the solvency of which, the surrounding inhabitants seem

ciation of the currency in general, that bank notes alone should be at discount. A well-founded confidence in the resources of the bank, and a general anxiety to support its credit, prevented, a long while, the depreciation of its notes below the legal coin,—which rather was itself depreciated by the abundance of paper money, purporting to represent it. Both the coin and the paper were thus depreciated below the value of the metal, of which the former consisted. But now, since the practice of receiving in exchange for gold more than its nominal amount in paper, became, though rare perhaps, yet so notorious, and undeniably confirmed---since a peer of the

now to depend more confidently, than on that of the Bank of England itself. But what Earl Stanhope's final views and schemes may be, 'tis not yet quite easy to develope—What, indeed, is his principle? Is it the real reformation of the currency,—the restitution of their due to all men? I trust it is. To gold, however, he objects as a standard,—as a measure of that due; and yet, how else would he determine it? By a standard, properly so called, forsooth—by a standard whose value is not liable to change. Where will he find it? In wool or in wheat? Not in paper, though limited in amount; still less, if unlimited—for he will not find it in the discretion of the directors of the Bank of England, nor yet of country bankers, nay, not of the minister himself for the time being. The relative value of a given quantity of paper money, like gold, may rise or fall. But it may fall so low, as to be good for nothing. Let Earl Stanhope beware, lest he place in the hands of men an engine, which will shatter still deeper the foundations of all property whatsoever.

0106

realm publicly avowed his determination not to accept notes of the Bank of England, but at a discount equal to 20 per cent.---a determination founded upon principles to which no reasonable man can object, however alarmed he may be at the probable consequence of the practice*---it became the labour of the legislature to bolster up the declining value of those notes, by the means to which I have alluded. The next step, it is probable, will be to make them a legal tender for the payment of a debt. And thus, it seems, are we to run the vile and wretched course of unprincipled and needy bankrupt states.†

* "What!" say his opponents, "receive gold in payment of rent, but pay your coach-maker with paper!" And where, good reasoners, is the injustice though he do? You surely have not considered all his lordship's terms. He did not say (whatever the new law may compel him now to say) "I will have nothing but the lawful coin;" but "I will take the lawful coin, or paper, at a reasonable discount; I will take the latter for so much gold as it will purchase; and I do not demand a greater quantity of gold than at the time of our contract I could have purchased with the amount of my stipulated rent, if paid in paper." The coach maker has increased his charge in consequence of the depreciation of that paper; and thus he indemnifies himself. Why should not others be allowed to do the same?

† Could our fathers, could we ourselves, till we had witnessed it, have believed, that in a British House of Commons, the prime minister of the day would hazard even an insinuation, still less a threat, that under any circumstances, the

Grievous, indeed, it is, yet not unprofitable, I trust, here to pause awhile, and to contemplate the circumstances which present themselves to our observation.

It appears from the first of the preceding tables, that the average price of wheat for ten years, immediately preceding 1797, the year of the suspension of cash payments by the Bank of England, did not amount to 53s. 3d. the quarter, notwithstanding the two last of those years were years of distressing scarcity; the average price of those two years was 75s. 7½d. In the year of the suspension, the average price fell to 53s. 1d. and in the following year to 50s. 3d. the average price of both being less than that of the ten years immediately preceding the suspension. Since the year 1798, the average price, it will be perceived, has in no year been so low, but has in most years been much higher than that of 1798.---But it is peculiarly worthy of remark, that in the years 1800 and 1801, though they must be admitted to have been years of great scarcity, the respective average prices were 113s. 7d. and 118s. 3d. the quarter, far exceeding those of any former, or even subsequent year, not excepting the years 1809 and 1810. I say this is peculiarly worthy of remark, because it is also remarkable, that the increase in the amount of bank notes in 1800 and 1801, was

paper of the Bank of England should be made a legal tender? Mr. Perceval seems to have said, that "as to the measure of making bank notes a legal tender, he hoped it would not be necessary; he trusted that the seasonable adoption of the present bill would prevent it." Notice intelligible enough.

likewise very great; the average amount in 1799, being only 14,062,327*l.* but in 1800, 15,841,932*l.* and in 1801, 16,169,594*l.* between which latter period, and the year 1808 inclusive, it appears that the yearly average amount of Bank of England notes rose (the amount of one year, however, being sometimes somewhat less than that of the preceding year) to 17,534,580*l.* which is an increase of only 1,364,986*l.* in the course of eight years.* In 1809 they were increased rapidly to 19,001,890*l.* an increase exceeding the total increase during the whole course of the eight preceding years, and in 1810 still further, to the enormous sum of 22,700,000*l.* whilst the price of wheat rose, upon an average of the former year, to 95s. 7d. the quarter, and of the latter, to 96s. 2d.

Can it really be doubted, then, that the extraordinary and unprecedented prices of 1800 and 1801 proceeded from the extraordinary and unprecedented amount of Bank paper put into circulation, as well as from the scanty supply of wheat which our harvests afforded---and that the high prices of 1809 and 1810, and even of the present year, must have proceeded, if not altogether, at least principally from the former cause? How far the promise of the present year may be blasted, I know not. If plenty

* Though the average amount of Bank Notes appears to have been less in 1805 than in 1804, the average price of wheat was greater than in that year or 1806, probably owing to the deficient crops of 1804, for it will, upon enquiry, be found, that the rise in the price of wheat commenced in the middle of that year, and continued to increase throughout it.

† The paper of country banks, it is to be remembered, was increasing perhaps in a greater degree than that of the Bank of England.

should abound, it must, in spite of our excessive currency itself, have some effect, though small I fear, upon the prices---nay some it already has.

Again, if we consider the advances which have, from time to time, been made in the price of butchers' meat, we shall, perhaps, observe a still stronger correspondence between those advances, and the amount of Bank Notes which, from time to time, have been in circulation. For, let us even suppose the average price of the years 1797 and 1798, (remembering, however, that the former immediately succeeded a year of scarcity and would, therefore, naturally be somewhat dear) to be the average price at which meat would have been sold, in case there were no depreciation of money.---The price of 1799, it will be seen by the table, differed little from that of 1797; for it was not till the close of 1799, that the currency (if we judge from the amount of Bank of England Notes then in circulation) appears to have materially exceeded its due level. The average price of 1800 and 1801, and of every succeeding year up to the present, has, however, greatly exceeded that of 1799.

That the high prices of meat as well as corn in 1800 and 1801, were in part occasioned by the deficiency of the supply of food in general, in proportion to the demand, ought certainly to be admitted. When that cause, therefore, ceased, the prices fell, as in the next ensuing year, but not to the level of preceding years,—neither till the year 1809, do they seem to have risen so high as in either of the two years, 1800 and 1801, notwithstanding the gradual increase in the amount of Bank Notes. In

1809, however, the prices rose above those of 1800, if not of 1801, and in 1810, above both, except in one article, the probably increased supply of which, from some of the causes I have mentioned, may account for the lowness of its price.---But by this time the excess of paper money alone seems to have effected (as might have been observed in regard to the price of wheat) what a smaller excess of paper money, co-operating with a real scarcity of the chief articles of subsistence had effected in 1800 and 1801---the augmentation of their price to the extent of 40 per cent. or upwards, beyond their average price in preceding common years.

Looking, then, to the established high prices of our markets, it is not to be wondered that we should receive from foreign countries such large supplies of the necessaries of life. It is no proof of the present, though it may be the cause of the future deficiency of our own produce, that such great importations of grain have taken place.

From the Report of the committee of the House of Commons, 6th March, 1800, it appears that at that time 33s. per quarter was held sufficient to cover the expense of insurance, freight, and other merchants' charges of conveying wheat from the Mediterranean or America, to this country---so that supposing the price of that commodity to be even the same in the countries bordering upon the Mediterranean, and in America, as the average price at which it was sold here for ten years previous to the suspension of cash payments, (including two years of scarcity,) the price at which it might be sold

in our markets, need not exceed 86s. 3d. which is about 2s. more than the average price of the last eleven years, but 9s. 7½d. less than that of the last two. To what a state of calamity and distress, then, may this country be reduced, if the prime article of subsistence cannot be produced at home at so cheap a rate as it can be furnished to us from abroad;---if the native farmer shall be undersold in his own market; if we shall for ever be dependent upon foreign countries for supply! Yet as we surely shall, should all our corn fields be thus converted into pastures. In times like the present---with a foe so powerful in arms, and so inveterate in spirit, what dreadful affliction may we not expect? We have seen his policy extended against our manufactures;---he has excluded them from the limits of his wide-extended sway.---A different policy, suggested by the same spirit, may prompt him to interdict wholly, as he has already, partially, interdicted our supply of corn from the countries lying within those limits,---and the powers which are without them, may yet adopt his policy.

Let us now, however, consider a little further the effects of these high prices. Although I would adopt it as a principle, both of justice and of policy, that no peculiar class of individuals ought to be exempted from contributing an equal share, according to their respective abilities, for the service of the state, unless such exemption be manifestly beneficial to the general interests of the community; yet I am not disposed to urge any thing against the practice, or the principle of improving the condition of our agricultural labourers;—still less would I urge any thing against the continuance of those comforts, or innocent enjoyments,

which they have at any time heretofore experienced. I would admit, therefore, that in consequence of the fresh duties which were (improvidently, I think) levied upon malt, a proportionate rise ought in justice to have taken place in the wages of such labourers as were, before the imposition of such duties, accustomed to the constant use of that article; and that those farmers, who themselves immediately supplied their labourers with drink, ought to have incurred a proportionately greater expense on that account?

Supposing, then, that either way the cultivators of land had been fully justified in laying on an additional charge upon its produce---what probably would be the amount?---Taking the number of persons employed in agriculture to be about 2,080,000, which exceeds, in a small degree, the number stated in the returns of 1801, and estimating that half that number was accustomed to the constant use of beer,---the additional duties which, since the restriction of cash payments, have been imposed on hops and malt, and such ought to have been defrayed, in the first instance, by the farmers, by way of increased wages or expenses, could hardly have amounted to the sum of *eighteen hundred thousand pounds.**

But did such rise in the rate of wages actually take place---or was such additional expense actually incurred on this account? Has not the labourer been compelled rather to abandon altogether, except perhaps in harvest

* This is allowing for each person more than 8lb. of malt, and 4lb. of hops per annum.

time, the use of his accustomed beverage if made of malt, or to put up with such as is of far inferior quality?* If not, tis highly fit, on grounds of public policy, that these heavy duties upon malt should cease. But so they should, in either case.

What, however, is the amount of the additional sums which are paid to our farmers for the produce of their land, or rather not only to our farmers, but to those traders also, whom the high prices of our markets have enticed to import the corn of other countries, and enabled to undersell our farmers?

In supposing that the average price of the quarter of wheat would not in common years have much exceeded 50s. in case there had been no excess of currency; I am aware, that I hazard objections from many quarters. The objections, however, I have endeavoured to anticipate and remove,---though not with the expectation that all those who would advance, are well disposed to retract them, even though they should be convinced of their futility. But it matters little what those who are intent upon supporting a particular dogma, rather than in searching out the truth, may either assert or contradict. Facts manifest themselves. Look, then, at the foregoing tables, and let it be shewn, if it can be, what other cause than the depreciation of our money, has produced the extraordinary increase in the price of the several articles of sustenance comprized in them. We will,

* In many districts, cider, if not water, is the common beverage of labourers employed in agriculture.

in the mean time, proceed in endeavouring to ascertain, in some degree, the aggregate amount of the vast surplus which the prices of the present day yield over and above those which would probably be obtained under a well-regulated currency.

It appears, then, from the first of the tables, that excepting in the two years immediately preceding that in which the cash payments were suspended, the average price of wheat for every five years since the year 1770, was always something, and occasionally greatly, below the standard I have chosen. The two years which form the exception, viz. 1795 and 1796, were (as I have more than once observed) years of scarcity; but the average price even of the ten years ending with 1796, and, therefore, including both those years of scarcity, amounted to less than 53s. 3d. The quantity of land which, merely in consequence of that scarcity, had been brought into tillage, and the general economy which was also the consequence of it, (though no extraordinary inclosures of wastes had since been made), would have contributed much, both to multiply the produce and to diminish the consumption of this chief article of subsistence. The improvements and extension of our agriculture, it is reasonable to think, would, under all our circumstances, excepting the depreciation of our money, have kept its price upon the level of former years, if it had not positively lowered it. But what appears to have been the average price for the last five years? No less than 84s. 7d.;—a sum, however, much below the present and two preceding years,—for the quantity of paper money has, within that interval, been greatly increased. Admitting, however, that even in the present state of the currency, the price of common years did not exceed 85s. the quarter—the amount of the difference

between this sum and 50s. calculated upon the total amount of wheat consumed in Great Britain, (supposing that consumption to be, upon an average, equal to one quarter only for each person per annum, and reckoning the whole population according to the returns to parliament,* in 1801) would of course be equal to 18,842,369*l.*†

But this is not all---the difference which the table points out between the prices at the period of the restriction of cash payments, and subsequent thereto, is not confined, to the article of wheat, but extends also to the several sorts of butchers' meat—and supposing the average consumption to be at the rate of one pound per day for one-fourth part only of the inhabitants of Great Britain, the total difference between the average price of the years 1797 and 1798, and that of last year being estimated at 3d. per pound, would amount to 12,281,186*l.*

And thus if the grounds, on which the above calculations rest, are as fair as the nature of the case will permit us to employ, it seems that the additional sums which are paid for the maintenance of the inhabitants of this country, in consequence of the depreciation of the currency, over and above the sums paid for the like purpose previous to that depreciation, even supposing our numbers not to have increased since the last enumeration, and that no other sort of provisions than those above noticed were consumed; [and that after making full allowance for the

* Exclusive of seamen, soldiers, and convicts, the number appears to be 10,767,068.

† At 91s. 3d. the average of the first six months of the present year, the difference would be 22,211,577*l.* 13*s.*

operation of the additional duties upon hops and malt, as already estimated,] amount nearly to the enormous sum of *eight and twenty millions* !---an aggregate sufficient to discharge the entire interest payable on the national debt [redacted]

But, in addition to this enormous annual sum arising only from the increased prices of the articles specified in the table—we ought further to take into the account the difference in the price of every other species of produce of our soil—of butter, cheese, barley, oats, hay, straw, and whatever else our farmers, and our gardeners too, may bring to market, which would altogether not only discharge the interest on the debt but probably also, in the course of a few years, the capital on which such interest, computed at the rate of 5*l.* per cent. is payable. It would form a total astonishing to many of those who would rashly say, and ignorantly think, that the additional taxes have wrought those high prices which are the subject of our present observation.

But do the cultivators of land, then, receive as clear gain and profit, the total of this vast surplus, arising from the difference of prices? Most assuredly not—and though they did, it is to be remembered, that the surplus is to be reckoned in a depreciated currency. But still it would be considerable, notwithstanding that depreciation. The cultivators, however, in consequence of the increased prices of the necessaries of life, the produce of their own farms, must pay higher prices for their implements of agriculture—higher wages to their labourers—higher rates for the maintenance of the poor,---and (if not the

owners of the land and their leases should have been granted since the depreciation of the currency,) higher, perhaps, much higher, rent to their landlords. Still, however, gain and profit enough they enjoy—immense capitals have been realized by our farmers—they have become great purchasers of land—they indulge in luxuries which their forefathers knew not;---their children are instructed in new sciences and arts---new habits of life are induced amongst them---they are not what they were. That their wealth should be disposed of after this manner, we do not complain. But we complain, as well we may, that a system should have been adopted, which has overturned the fortunes of many without any real benefit to the community at large. It would have been no injury to those whose expectations and hopes were bounded by the limits of their experience, that these expectations and hopes should not be prodigiously exceeded. But it is an injury, and a serious one, to others, who, confiding in the honour and integrity of the government to which they were subjected, doubted not, that the property, which they rightfully possessed, would be effectually secured to them;—but who, on the contrary, are cruelly abandoned by that government,—and year after year, without the means or hope of redress, are reduced to the hard necessity of yielding up their rights, and submitting to the abridgment of their wonted comforts and enjoyments.

Had it been at any time proposed, that an annual sum, far exceeding the interest now payable on the public debt, should be raised by a permanent tax upon the land---what wailings and complaints should we have heard of the injustice and impolicy of the measure. But

0112

what greater injustice or impolicy would attend it, than attends that of permitting the currency to be so depreciated, that the price of the common necessaries of life, the produce of that land, should be augmented to such an extent, as to yield a surplus beyond the former price, equal on the whole to the amount of such a tax? The impolicy is as great;---but the injustice is above comparison greater. Had such a tax been levied, the price of commodities would have risen as they have now risen; but we should, at least, have had the satisfaction of knowing, that the public at large was not without benefit---that it would be relieved from many of the taxes now imposed, and, perhaps, from the necessity of being burthened with others, which, sooner or later, we must now expect.

Without attempting any nearer approach to accuracy, than what I have already made, in calculating the average amount of the circulating medium, for some years previous to the restriction of cash payments, and what it is at present,---we may reasonably suppose that from the improvements in our agriculture and manufacture, and their augmented produce, a larger quantity of circulating medium than we possessed at the former period, even if it consisted of the precious metals alone, might now be current, without suffering any diminution of its relative value. We will, therefore, say, that only two fifth parts of its present amount ought to be withdrawn, in order to restore it to its due level.

Nor is the degree of depreciation here supposed, altogether without proof, as may be seen upon a comparison of

the present with the former prices of the several articles specified in the tables which have been submitted to the reader. And though, perhaps, it may be urged as an objection to this hypothesis, that the market price of bullion does not exceed the mint price, nearly in the proportion which we have assigned for the depreciation,---yet, whatever the true proportion may be, the market price of bullion can hardly, in the present state of things, be admitted as a just criterion. For, notwithstanding that, in former times, the price of gold could never long remain much below the mint price, by reason of the greater profit which it would afford in the shape of coin; yet now, since that chief purpose for which there was then in this country a demand for gold has ceased to operate upon its real price, this naturally falls,---and hence its nominal price is not so high as it would be, had not the demand been thus diminished. The chief demand must now indeed arise from abroad; and much, it seems, has been exported,---in part no doubt, because our home demand is small, whilst the supply is much increased by means of our direct and indirect intercourse with the Portuguese and Spanish settlements. But, were the Bank of England to return to its cash payments, and it were possible, notwithstanding, (which it would not be) to retain the present quantity of paper money in circulation, it is probable the price of gold would rise rapidly to a level, with that of other commodities. It is not, therefore, on the whole, I apprehend, too much to say, that, notwithstanding the market price of gold, does not exceed the mint price above 20 or 25 per cent. the currency is depreciated in a still greater ratio, even to the extent of 40 per cent.

0113

What then is a further consequence of this depreciation? Is not the amount of our public expenditure, exclusive of the interest payable on the debt, two-fifths more than it ought to be? And is it a small matter that we should annually pay from *fifty* to *sixty millions* for supplies and services which, if the money were undepreciated, might be obtained for *thirty* or for *thirty-six?* Is it of no importance that loans should be required to an enormous amount, and a debt fixed upon the country for which we receive not an equivalent, but what is equal in value to no more than three-fifth parts of the amount of debt incurred---that taxes should be levied upon those of fixed incomes, as well as others, to defray this vast expenditure, or to discharge the interest of that debt, and, in time, the principal? I know there are some temporary advantages, (if such they should be called) derived from this depreciation.---I know that serious abatement is virtually thus made from the pay of our naval, military, and other officers, as well as pensioners of government. I know that the public creditors, those who were so from of old, receive much less than what is owing to them. But who would not be ashamed of such advantages as these, disgraceful as they are? If salaries or pensions have been bestowed to an excess, or lavished on unworthy objects, let them at once be curtailed, or totally abolished ---But let not the meritorious servants and fair creditors of the public be abridged of one tittle of their due, so long as we have wherewithal to pay them.

The rapid rise of rents, has been another consequence of this depreciation of our currency, and reasonably enough. But a further consequence, I fear, has been the adoption

of a notion amongst our landlords, as well as tenants, that the latter could not provide for the payment of those rents, if the quantity of currency were reduced, and therefore that no reduction should be made. As if all leases had been granted since the depreciation of the currency---as if no means could be devised for the establishment of an equitable arrangement in each possible case, either by the parties themselves, or by the legislature, establishing a fair scale whereby to regulate the amount of rent to be paid, according to the depreciation at the period of entering into the contact,* or by enabling the tenant, at his option, to rescind it---and, above all, as if a system, fraught with such glaring and extensive mischief, as is the present, should be upheld upon so trifling a pretence as this.

Yet what other and better pretence is there? Where, let us ask, is the necessity for continuing—what views and notions have they who would urge us to continue this destructive course?

Some there are, and those well meaning, honest men, who deny not the existence of the evil, even in its utmost extent; but they despair of the possibility of removing it. "Would you," say they, "compel the Bank to pay in cash? It has not gold sufficient in its coffers." But we do not require the immediate resumption of cash pay-

* As Lord King, it seems, would have done in respect to his own tenants, had not the legislature interfered to prevent him.

ments. We admit, that suddenly to reduce the quantity of the circulating medium in any very great degree, would be attended with mischievous effects. The committee appointed to inquire into the cause of the high price of bullion, did not recommend it. It is the prohibition of any further increase of notes of the Bank of England; it is the gradual diminution of the quantity of those now in circulation—the narrowing of its discounts, and lessening its advances to the government which we require of the Bank of England. We require also the gradual diminution of the notes of country banks, now in circulation, the prohibition of any further issue of new notes to succeed them when no longer legally re-issuable. So that the former value of the currency may be at length restored.

But then there is a notion entertained by some, that if the amount of t' e circulating medium were greatly reduced, there would be much difficulty in providing for the quarterly payments of interest on the public debt.---But when we call to mind what was the amount of interest actually payable on that account in 1799, when the currency was but little, if at all, depreciated, the average amount of Bank of England notes being then only about fourteen millions,--- it will appear plain that the additional interest now payable, cannot require such an addition to the circulating medium as has since been made. The amount of interest on the debt, then unredeemed, being 17,019,399*l.* 9*s.* 1¼*d.* and on that unredeemed last year 21,555,401*l.* 4*s.* 0¾*d.* making a difference, therefore, of 1,138,000*l.* 8*s.* 8¾*d.* only in the average amount of the quarterly payments, whilst he difference in that of the currency is apparently not much

less than *five and twenty millions.* But I would contend, though the former difference were much greater, and the latter much less than they appear to be, that the currency ought not to be materially depreciated throughout the year, or for any considerable part of it, for the purpose of facilitating these quarterly payments. It clearly is not necessary. The times of payment may be multiplied, and the subsequent issue of paper delayed, till the return of that which may have been put into circulation for the due discharge of the interest.

"But wait," say others, (who would do well to consider a little more what they are about to say) "wait," say they "till the arrival of peace, and all will then be well. We shall then be enabled to return to cash payments without difficulty or danger." Because forsooth, I guess, we can perpetuate the war taxes. But may not the evil be then so aggravated---so deeply rooted and confirmed, that no effectual remedy can be applied? May not the public debt be swelled to such enormous magnitude, that no sufficient means can be devised, not even with the aid of the income tax itself, to discharge the total interest?

It is true, our commerce may be restored to us,---and there may be those who fondly imagine, that so favourable a balance of trade will be the consequence, that it will speedily furnish us with ample supplies of the precious metals,—or at least that these may then be obtained in any quantity like other articles in exchange for our commodities. But what is to occasion this extraordinary balance in our favour- -these vast supplies of gold and silver?---The high prices of our commodities,---

operating almost as a prohibition of their sale in foreign markets? Whence the probability, that the precious metals will then abound so greatly, as at present, in this country---the channel through which alone or chiefly they at present take their course to the greater part of Europe, and the rest of the Old World---this country---now the sole ally of the Portuguese and Spanish nations---the only friendly power which they have, or with which they seem to hold commercial intercourse? And after all, supposing by those means, or any other, short of a discovery of new mines, that gold and silver were with peace to be imported, and that to a considerable amount,---will the price so materially fall as to enable the Bank of England to purchase them at the mint price? Most surely not—if (as is pretended) our present market price be not belowthe continental price. Nor even if it be,---for as the drain from other countries will make them scarcer there as they become more plentiful here, the fall will surely not exceed the expense of re-conveyance to the former. Perhaps it may not fall at all. But, on the contrary, may rise,---as probably, nay, almost certainly it would, in consequence of the increased demand which would be made, with the view of providing for the supposed cash payments;---unless, indeed, a stop were put to the further increase of the currency. And so, if this were now considerably reduced, the price of gold would fall. No fall, in short, is otherwise in reason to be expected.

What solid ground, then, have we for conceiving, that the currency ought to be reduced in time of peace rather than in that of war? Have we not been told (with what degree of reason I leave others to determine) that it is by

means of the great issue of its notes, by way of discount, that the Bank of England renders such service to our merchants, thus enabling them to extend the commerce of our country? Would the time of peace, then, when so many markets would probably be open to the speculation of our merchants, be more fit for narrowing Bank discounts, and consequently the issue of Bank paper, than the time of war, and of such a war as this, when almost the whole civilized world is shut against our commerce---when our goods are rotting in the warehouse for want of markets, and the machinery of our manufactories is standing still and rusting for want of use?

Why, then, any longer delay to remedy so great an evil? Were prompt and decisive measures adopted for such a purpose we should hear complaints no doubt, from a variety of quarters as we have already heard them. The interested few would strive their utmost to set the public face against them. They would tell us that our manufacturers and merchants would be ruined---as if it really were a matter of importance to these what may be the nominal or money price at which they sell their goods, provided the real price be the same---whether they sell this or that lot at a *hundred* pounds in a currency depreciated two-fifths, or at *sixty* in a currency not depreciated at all---enabled, as they would be, to purchase the same quantity of commodities with the one as well as with the other; or, as if justice herself should be sacrificed at the altar of mercantile, or manufacturing speculation. They would tell us, that our exertions against the enemy would be relaxed---

as if our strength were derived from the abundance of our paper, its enormous nominal amount---and not from our real and substantial wealth, and capital--- our persevering industry and courage. Lastly, they would tell us, that the public creditor cannot be paid with such facility---that the revenue would be diminished, and prove insufficient for the discharge of the interest on his debt.---The very point to which I would now turn the attention of the reader.

I will not suppose, that at the period when the law was first enacted for suspending cash payments at the Bank of England, the government of this country deliberately intended to defraud its creditors. And I would fain suppose, it does not now intend to defraud them by continuing that suspension; but that it deems such suspension expedient and necessary to preserve itself from bankruptcy. Yet, if the very measure itself under the existing circumstances be an act of bankruptcy, what boots it? If in effect it be equivalent to the establishment of part, instead of entire payment, and satisfaction of the debt; what is it but bankruptcy manifest and decided?

But why is it to be feared, that sufficient taxes cannot be raised, except in a depreciated currency,—that they would prove inadequate to the discharge of the interest on the public debt, and of the ordinary, and extraordinary expences of the government? What, though the present taxes should prove so? what, I ask, is the reason which any honest man will venture to put forth, that should prevent the imposition of additional taxes to make

good the deficiency? Is the private debtor, who has the means of paying all his debt, allowed to pay but half of it, and stand acquitted of the rest? Does the law permit him then to go at large---roll at ease in his carriage, and feast in luxury and splendour, whilst the poor half-starved creditor must be content to receive as a boon from his hands just so much as his bounty, or his conscience can afford? No, no, it does not. But, too surely, I fear it will. The same spirit will extend the same law, and the same law will sanction the act in one case as well as in the other;—but the same justice will cry loudly against both.

It is true that with a blindness, I could almost say wilful and criminal, this excess of currency has been permitted gradually to grow up, from time to itme, during the course of many years, so that the loans which have latterly been advanced, have proved much less effective for the service of the state than they would have been, had the currency maintained its former value. We have, in consequence, a larger annual sum to provide for the discharge of the stipulated interest, than we should otherwise have had. But I know not with what semblance of consistency, the legislature, after having solemnly proclaimed the undepreciated state of the currency, can now turn round and say (unless it first acknowledges its error) that, henceforth, should the currency be duly regulated, an abatement must be made in the amouut of interest, payable to persons whose claims may happen to be derived from those whose loans were advanced during the depreciation. I fear, however, it will rather still persist in maintaining, that none at all has

taken place; notwithstanding, that by the laws which it enacts, it goes well nigh to prove directly the reverse to be the fact.

Besides, upon an equitable view, the present owners of the stock allowed for the sums originally advanced to government, may, perhaps, be those whose property before was vested in mortgage or annuity secured on land, or otherwise; or which was the accumulation of rents under old leases, or of interest on other stock acquired long ago; persons who, already, have been grievously oppressed. Could perfect justice be insured, indeed, by apportioning such quantities of capital with interest, payable in a more valuable currency, as should equal the value of the capital, advanced at the time it was originally acquired by the present owners of the stock, they would have no reason to complain. But a measure such as this, is now, no doubt, impracticable. Moreover, the sum which might be thereby saved, though, certainly, not inconsiderable, would not, I apprehend, be so great as many persons may conceive--- for the loans which have of late years, since the great depreciation, been advanced, have been comparatively small. And it should, also, further be observed, that if justice were completely done, each public creditor should be indemnified for the injury which he has already so patiently endured.

But whatever line of distinction, it may be thought fit, should here be drawn, it is, plainly, the government which has, in its power, if not in its wisdom adopted, those measures which have led to the depreciation of the currency.

It is likewise as plainly one of the chief ends of every good government to establish justice amongst the people—to protect the property of all, alike,—moreover, to deal justly by its own creditors,—a sacred and inviolable charge, which nothing but necessity should ever compel it to abandon.

If there be amongst us those who have unfairly profited of the confidence reposed in them, and turned to their own emolument what should rather have been for that of the community at at large---it might be well, perhaps, were restitution to be made. But let the Bank of England, and the country bankers, retain their past gains, enormous as they are; let public and private creditors abide by their past loss, more enormous than than those gains. But, no longer, let the government stand aloof in this scene of iniquity,—no longer countenance and applaud it,—still less participate in, and support it by the arm of law. If the government be not too weak and degraded to perform its just engagements, and I trust it is not, let it faithfully perform them. For the discharge of the interest stipulated to be paid on the millions which have, from time to time, been advanced to it,—its honour,—the honour and property of the people have been pledged; they have been pledged for the full, true, and faithful,—not the partial, fictitious, and fraudulent, discharge of that interest. So long as there is taxable property in the nation, it is liable, in justice, to satisfy the claims of the public creditor. I do not say those claims are to be preferred to the immediate necessities of the state,—but this I say, that the interests of individuals, or of peculiar

bodies, or orders of men, ought not to be preferred, but ought to be postponed to them.

Look around then, and see whether the country is so destitute of resources, as to be utterly incapable of affording to the government, the means of discharging the interest of the public debt, except in a depreciated currency. Are our nobles, our clergy, our country gentlemen, our farmers, manufacturers, tradesmen, bankers, and merchants,—all—all of them so pinched withal in this long struggle, against the common enemy, that nothing further can be wrung from them for the creditors of the state? Has the land ceased to yield its harvests, its accustomed rents, its tithes and its profits, to their necessitous proprietors? Do none of our manufacturers, tradesmen, bankers, and merchants, any longer derive gain, or even common interest from their enormous capitals, as well real as fictitious? Or must we be compelled to abandon the principles which we have dared to maintain, and confess that it is reasonable?—is it right, that peculiar orders of men and individuals should be privileged, and exempt from all further contribution, though the public creditors be left unpaid,—or paid, at least, not honestly, unequivocally, and without abatement? We hope not.

Be not alarmed, my countrymen, for it is not expedient that any vast and intolerable sacrifice should be made. Though great and sorely distressing, the loss which public and private creditors, landlords and others, sustain, in consequence of the depreciation of the currency; yet, by means even of additional taxes, or the additional pressure of those already levied, to make good

the future payments to the first, in a currency free from depreciation, it seems that not more than one-fifth part of the taxable income of the people would be requisite; since no more, it seems, would, probably, be requisite to make good the deficiency in the revenue, applicable to the discharge of the interest and other sums payable on account of the public debt; though the quantity of currency were reduced within its proper limits, and the nominal amount of the revenue reduced in the same ratio---a sacrifice which, I fain would hope, the people would for such a purpose most willingly undergo.

For, supposing that the annual sums payable on account of the public funded debt, amount to *four and thirty millions and a half*; and that we have been right in assigning two-fifth parts of the circulating medium as the amount of its excess---and allowing that those sources of revenue which are now sufficient for the discharge of those annual sums, would, upon the restoration of the circulating medium to its due level, yield only *three-fifth* parts of their amount---it follows that there would be a deficiency of 13,800,000*l.* only,* to be raised by additional taxes. But instead of such an actual deficiency, and correspondent levy of fresh taxes, the pressure of some of those which are at present levied, would be increased. The effect would, notwithstanding, be to certain individuals the same. Should the depreciation, however,

*Not very much more, it seems, than *two-fifth* parts of the additional expenditure occasioned by the depreciation of the currency. See p. 52, supra.

here assigned, be overrated, the less would be the sum required, the less the sacrifice in doing justice to the public and the private creditor.

Now, upon the presumption, that *twelve millions* are the amount of one-tenth part of the taxable income of the people, reckoned in the present depreciated currency, but over and above all abatements and exemptions which are allowed, under the present income or property tax (and it probably is not much less) this deficiency of 13,800,000*l.* might be supplied by an additional tax of *less than one-fifth part* of the taxable income of the people, subject to proportionate abatement when reckoned in an undepreciated currency, taking, according to our supposition, the present currency to be depreciated two-fifth parts, and, consequently, that income to amount only to three-fifth parts of the present.* For, if a

* Presuming that so much of the public debt as has been created subsequent to the year 1799, was on account of advances made in a depreciated currency, and that the depreciation was, upon an average, in the proportion of one-fifth of their whole amount, which is in the ratio of one-half of the assigned present depreciation, (a proportion, I conceive, not very wide of the probability;) then it follows, that the annual interest payable in respect of these advances, over and above what in strict justice, perhaps, the public ought to pay, may amount to 2,000,000*l.* for the discharge of which, it should seem that about 2*l.* 15*s.* 6*d.* per cent. upon the taxable income of the people, reckoned in an undepreciated currency, would suffice. But again, if justice were strictly to be pursued, the public creditor, as before has been observed,

tax of one-tenth of the present income, now produces 12,000,000*l.* it necessarily follows, that supposing that income to be reduced two fifths, the like tax would produce only 7,200,000*l.** which being doubled, amounts to 14,400,000*l.* a sum exceeding the supposed deficiency, by 600,000l.†

And what is such a tax as this, of which a large proportion would be paid (no doubt, most cheerfully) by landlords, who may, some time since, have granted leases for long terms,---by mortgages,---by stockholders and annuitants---what, I say, is such a tax as this (let it affect other persons as it may) compared with that enormous sum, arising from the difference of price of the common articles of subsistence, which we so long have been content to pay?—What, when that enormous sum is further magnified, if it were possible to calculate it, by the difference of price of other articles,---and what

should receive complete indemnity for the loss he has hitherto sustained, in receiving payment of his dividends in a depreciated currency, during the last eleven years.

* It is not unworthy of remark, that this sum amounts nearly to 1,400,000*l.* beyond the produce of the income tax, for the year ending the 5th April, 1800. A circumstance somewhat corroborating the assumed extent of the depreciation. The substantial revenue, and the mode of assessment, are both, probably, improved; the abatements too are less; and hence, no doubt, in part, it is that the present produce is so great.

† Which probably would nearly meet the amount of the depreciation in the sum requisite to discharge the interest on the unfunded debt.

0120

compared with the real deprivations to which so many of us have in consequence so long submitted?*

Profiting, as many of us are by the system at present pursued, such an expedient as this, I fear, will not be generally countenanced. They, however, who can feel for others wrongs, should cast a thought at least upon those whom that system so heavily oppresses—upon the multitudes who have fixed incomes only for their support,---who, in effect, suffer a loss not of *one-fifth*, but of *two-fifths*, not of *twenty*, but of *forty per cent.* upon the amount of those incomes. It is by distributing the burthen equally amongst us all, according to our abilities to sustain it, that we should alleviate those who have already so much more than their due share of it.

If, however, this sacrifice to justice be thought too great to endure; if we have not the prudence and resolution to submit to it—it may, with equal advantage to the public creditor (though not perhaps to the public, if we consider as well the future as the present) be mitigated to an extent not inconsiderable, by providing such additional tax as may meet the deficiency in the amount of, or by submitting to the additional pressure of the taxes producing so much of the revenue only as may be applicable to the discharge of the interest actually payable to the public creditors—not to that which is made to accumulate for

* For I would not have it understood, that persons of every description are materially affected by the increase of prices; but what multitudes are?

the gradual reduction of the debt. But if even this—if an additional tax of about *one-eighth* part only of our incomes be deemed intolerable---(shame upon our selfishness and folly!) if we be averse to draw an additional shilling from our pockets in such a righteous cause, still are we possessed of resources which, without distressing ourselves, in any material degree, we may apply upon an occasion of such importance—an occasion, to meet which, if no other sufficient means can be devised and approved, must surely justify us in having recourse to these. I allude to the discontinuance of the payments to the commissioners for the reduction of the national debt---*the suspension of the operation of the sinking fund*---by means of which alone, without the imposition of any additional tax whatsoever, the public creditor might, though the currency were free from depreciation, receive the full amount, both nominal and real, of what is due to him.---The annual sums now applicable to the redemption of the national debt, amounting to more than *thirteen millions*---and being, therefore, much more than adequate to the amount of any probable deficiency in the revenue, whence the interest, and other sums payable on account of the debt, both funded and unfunded, are now, or may be proposed hereafter to be, discharged.

Nor care I for the clamours of those who would oppose such a measure as this, yet leave the public creditor without redress. For what can be more absurd, if it be not somewhat worse, to make a show of redeeming the principal of a debt, of which we do not fairly even pay the interest? But the nation depends upon the inviolability

of the sinking fund. It is the darling theme of our statesmen and financiers. Now, alas! a poor subject of boast—a sorry symptom of prosperity---A richer subject of boast,---a surer symptom of prosperity it is, for a nation to deal honestly with its creditors,---to abandon a system fraught with so much injustice as the present.

What is it, but insulting to our understandings, if not to their own, nay, to their own integrity, that those who have the guidance of our affairs, whilst they are so loudly proclaiming the financial prosperity of the state, the unprecedented magnitude of our public revenue, they should practically acknowledge its real insufficiency---its inadequacy to the expenditure and just discharge of the engagements of the government---by virtually compelling its creditors to accept payment of their demands in a currency which is depreciated? If our prosperity be so great as is pretended---if our means of executing justice be so abundant, (as, I trust, they are,) why submit we any longer to the disgrace of doing that which fits only the insolvent bankrupt?

Whichsoever of the measures here proposed, or whatsoever other be thought preferable, to make good the deficiency of revenue which would probably attend the restoration of the value of the circulating medium to its proper level, by means of a reasonable diminution of its quantity; it does not appear necessary, that it should continue in its present depreciated state, in consequence of any supposed inability to satisfy really, as well as nominally, the demands of the public creditor---which

may, without serious difficulty, be both nominally and really satisfied, though the medium of payment were not depreciated at all. And, in regard to any deficiency in the duties applicable to the other ordinary and extraordinary purposes of the government, which would result from such reasonable diminution of the quantity of the circulating medium, it is evident, that the same cause would operate in reducing the necessary expenditure of the government, but probably in a much greater proportion. So also it is evident, that the apprehensions which some persons would entertain, lest the government should be unable to obtain supplies upon the security of their navy and exchequer bills, are, for the most part, groundless and absurd. The sums requisite would be proportionate only to the whole quantity of money in circulation---and the government securities would be purchased by the means of a real, instead of a fictitious capital, at the same rate of interest as they are at present,* or rather at a lower rate in consequence of the increased confidence which then probably would be placed in them.

I know expedients have been suggested very different from the above.---We have heard it said, that the denomi-

---

* In *An Examination of Sir John Sinclair's Observations on the report of the Bullion Committee,* I have entered more fully into the discussion of these points, p. 69. 79, et seq. 84, et seq.

0122

nation of the coin may be altered,*--that the interest payable to the public creditor may be reduced,---and that if the Bank of England should resume cash payments, some such measure must surely be adopted. Abominable doctrines!

But better---the latter better far, than that by which it is attempted to support our present system,---for by the former the evil, vast as it is, might be limited to its present extent, and by the latter not only so limited in respect to some, but in respect to others totally removed. And of what greater advantage to the public creditor, or to the public, is this pretended payment of the whole interest, but in a depreciated medium of circulation, than the real payment of such part of that interest in a medium that is undepreciated, as is equal in value to the former? It would be dealing at least as honestly with him and with ourselves, if the latter course were to be adopted.

* Is it without astonishment, without indignation, that any one can hear the doctrine of the King's right to alter the denomination of the coin, if not openly maintained, yet insinuated, not merely by men of no consideration or significance, but by senators themselves, even by men of high authority in the state.---A doctrine which ought not to be endured in such a country as this. What! arbitrarily invade the property of individuals! Cancel debts, and reduce all creditors—all money claimants on land and personal securities to beggary, by the edict of a monarch! Shame! shame! 'Tis enough, if we acknowledge the right in parliament itself.

Reduce the quantity of the circulating medium, then, to its proper level; and though you be unwilling or unable to satisfy the just claims of the public creditor, (miserable nation!) you may enable the landlord, or other money claimant upon land, and the private creditor in general henceforth to obtain theirs. You will still relieve many a widow and many an orphan---many struggling with poverty and in sore distress;---the victims of this sad system of finance begun, perhaps, in innocence, but terminating in wickedness and ruin.

It seems, in short, that the grounds and reasons upon which it has been inferred, that it is expedient to uphold the Bank of England and country banks, in their excessive issue of paper, meaning, in other words, to countenance the depreciation of the currency in general, when fairly, candidly, and thoroughly examined, fail utterly and altogether. And, therefore, that to persist in the present course is not only grievously to injure creditors in general, both private and public, but to subject the government and the country to the imputation of bankruptcy unprincipled, fraudulent, and disgraceful.

A hard return, indeed, it is, and most ungrateful to those, who in their ready compliance with measures which were intended to shield the Bank of England, for a while, from the pressing demands which, in time of great alarm, were made upon it, were content to take its notes in payment of their due, till full provision could be made to answer such demands. In their liberal confidence they harboured not a thought that they were nursing a viper in their breast, that, in time to come, would suck their vital

blood, and utterly destroy them. Little did they think, in the hour of its distress, when supplicating for mercy, it would rise paramount to justice, and crush the rights of others. And little did they think that the superintending guardians of those rights, would abet and support it in its iniquity.

And what is to be the event of all this? Shall we permit the interests of a mercantile body, such as the Bank of England, great as it is, and of the scattered companies of country banks, numerous as they are, to stand in the way of private and of public justice? Shall we, year after year, creep on in a vile course of iniquity and fraud, faithless to our national engagements, and sanctioning unjust dealings in our several transactions, one with another?---or shall we boldly break up the fountains of justice and honour, and at once dissolve all confidence and credit between man and man? Shall we legally set at defiance the claims of right, or in the pulpits of anarchy and revolution preach up the wild prerogatives of plunder---and, by public and private example, proclaim equity but a name, a mere sound,---which we and our children are no longer to respect? Wide is the mischief, long wasting the evil, which such precept and example must inevitably produce.

You have permitted the issue of paper money to such an excess as to depreciate the currency of the country,---to set a premium upon the melting down our coin, and selling it as bullion, and thus almost wholly to exclude it from the circulation. You may pass laws, as you have lately done, for inflicting penalties on those who would

take the paper of the Bank of England only at a discount; you may go further, as I fear it is probable you will do, and declare that paper, to all intents and purposes, a legal tender for the discharge of every debt; you may even forbid all difference between cash and paper-money prices; nay, you may establish an odious maximum in regard to price, throughout the country,---and all this under the pretence of affording facility to the government in raising its supplies, and of upholding the interest of the public creditor. Go on---go on---nor heed the dreadful responsibility which awaits you and your country. There will be a day of rejoicing to the debtor---yet only to the dishonest debtor; he will praise you for your goodly work,—but a night of wretchedness will close in upon him. The creditor, public as well as private, will curse you. Waiting, in sullen inactivity, till the tide shall overwhelm him and his family; he will feel no interest for the safety of the state; no love of his country, or the institutions of his forefathers;—or, urged on by the madness of despair, by the blind, or the watchful spirit of revenge, by the vain or well-founded hope of executing justice for himself, he will seek to re-establish himself on the ruin of those who shall have brought ruin on himself,--nor will stop, perhaps, till the nation itself shall, with rivers of blood, have atoned for the iniquity it shall have permitted,—whilst surrounding states, amazed at our career, checked neither by admonition nor example, will lament or rejoice at our fall from the proud and mighty pre-eminence we had attained.

For, whatever may be the present confidence of the creditors of the public in the government, the time,

0124

perhaps, will come, and that shortly, when their confidence will cease. Do they not hold the property of the nation to be pledged to them? Have they not as fair a claim as the landholders themselves? Is it not the duty of the government to protect the property of all alike? Why shrink from the glory of the task? Are no means of doing justice to be found?---Yes, ample. Check the further, and reduce within due bounds, the present issue of paper money.* And though you bring not the Bank of England, nor the country banks, to an account---Though you let not the laws of bankruptcy at once be put in force against them---Though you allow remuneration to all those who merit it,---and that without parsimony,---Though you abolish not all unnecessary places and pensions---Yet may you lay fresh taxes on those who still are well able to bear them,---or you may suspend the operation of the sinking fund. But tell us not that the means of the country are exhausted,---that there are no longer funds from

* And this, it seems, may be done without any serious injury to trade, by subjecting every new promissory note, and bill payable without interest, (excepting those of the Bank of England) to so heavy a stamp duty, as to render it unprofitable to issue them. The notes and bills of the Bank of England may be gradually reduced, and their amount expressly limited. And a considerably larger sum than now is paid by that body to the government may be exacted, for the privilege of issuing them payable without interest. This accords with the plan proposed in the "*Letter containing observations on some of the effects of our Paper Currency,*" *&c.* p. 73, and seq.

which can be drawn supplies to discharge the interest of our debt,---so long as our manufacturers, tradesmen, bankers, and merchants, still derive vast revenues from their capitals, of whatsoever description, so long as our farmers are greatly increasing in opulence.---Tell us not so, whilst there is such abundant, not to say superfluous, provision for our clergy---whilst we have such wealthy commoners, and still more wealthy noblemen, possessed of extensive domains, with rent rolls beyond all precedent in amount---heightened no doubt, apparently, by means of our excessive currency, but yet substantially sufficient to allow of great abatement. For why, I ask, are these, or any of these to be exempt, in any degree, from contributing to the full and honest discharge of the interest on the public debt? On what better foundation is built their right of property, than that of others? Lay on the public creditor himself his full and equal share of the burthen, how heavy so ever it may be, but do not lay on him more than that share. At all events, *whilst there is property, let there be justice.*

With such resources as, notwithstanding our adversities, are still in store---with so large a proportion of the property of public bodies and of individuals which may yet be made applicable to the service of the state,—and with so vast a surplus revenue beyond our necessary real expenditure, it is astonishing that any one should be so timid, or so bold as to persevere in our present system. How miserably weak the policy of awaiting patiently the approach of unnecessary bankruptcy! How daringly profligate to court and embrace it! Our taxes press hard,---Without pressing harder, except on those from whom the

burthen is now unjustly shifted upon others, they may be effectually increased, and greatly too, if evenly imposed.

Let not, then, the *expedience of national bankruptcy* be avowed in principle---still less in practice. An avowal, dangerous and alarming to ourselves, but pleasing to the ears of our jealous enemy,--flattering his schemes, and encouraging, if not in part realizing, his hopes. Our resources are as yet unexhausted,---and so may they long remain. The stream, flowing, perhaps, through different channels, but from the same plentiful springs,---if these be kept but free and unincumbered---

Labitur et labetur in omne volubilis ævum.

G. SIDNEY, Printer,
Northumberland-street, Strand.