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COMMITTEE REPORT

THE REPORT

CURRENCY OF ENGLAND

THE PART OF THE

REPORT

RELATIVE TO THE

1871

... and to ...  
... of the ...  
... **OBSERVATIONS** ...

ON THE ...  
**STATE OF OUR CURRENCY.**

**MONEY** is that instrument of commerce, by the intervention of which, goods of all descriptions are bought and sold, or exchanged for one another. It may be divided into two kinds: 1st, That which is used for facilitating the exchanges between individuals of the same nation. 2d, That which is used in facilitating the exchanges between individuals of different nations. There is no necessary connexion between these two. They should be, therefore, considered separately and independently. From considering them together, and confounding them, some of the errors in the present discussions have arisen. Money for internal circulation may or may not have an intrinsic

value. It is not necessary that it should have an intrinsic value, or be, as it has been called, an universal equivalent. Money for external circulation must have an intrinsic value.

Money, for internal circulation, may consist of coin; or of paper convertible into coin; or, according to Sir James Steuart and Dr. Adam Smith, no slight authorities on this subject, of paper not convertible into coin.

Labour is the real measure of the exchangeable value of all commodities. Money is the nominal price. The prices of those things which are in general use, and which, therefore, it is most important to consider, are regulated by the competition among the lower, not by the wealth of the upper orders. We therefore see that their prices are measured by the low denominations of our currency. It is not the guinea, it is not the Bank-note, which fixes the prices of those commodities in the market. The reason is, that the lower orders are the general consumers of those commodities which are in general use. It is therefore, perhaps, in these denominations, as formerly, we should look for the proper standard of our currency. The shilling, from its worn state,

however less in value than the mint regulation prescribes, still seems to perform all its offices perfectly. It is not the intrinsic value of the shilling which is the consideration of the man who buys or sells in the market.—Whether it be heavier or lighter, he parts with it equally, or receives it equally, as of the same value: all he wants is a measure of the commodities he is exchanging. It would answer his purpose as well if it were made of brass, only that it would be more liable to be counterfeited, and therefore he would be more liable to be imposed upon. It is still, however, only as a *measure* that he wants it, and not for its intrinsic value; and he is no more interested in its intrinsic value, while it performs its office steadily as a measure, than he is interested in the intrinsic value of the weights by which he purchases his meat or sells his butter. Whether the shillings which pass through his hands in the course of the year have more weight or less weight; whether their intrinsic value has been great or has been little, it is all the same to him, and he is just as rich, at the end of the year, in the one case as in the other.

London: Printed and Sold by J. B. Nichols, in Pall-mall, 1790.

It is the same with those, too, whose receipts and payments are in guineas or Bank-notes. These are merely measures of what they receive, and what they pay; and whether they have, or whether they have not, an intrinsic value, is of no consequence to those through whose hands they pass; as it is not to make use of the intrinsic value of money that they want it, but as a measure of what is to be paid to them, and paid by them. All that a man considers in receiving money is, whether others will take the money from him at the same nominal value at which he receives it.

The melter or the exporter of coin will, indeed, consider its intrinsic value; that is, those who intend to violate the law: but no one will contend that money ought to have an intrinsic value in order to accommodate these. The person who wants money, also, for hoarding, and not for circulation, will consider its intrinsic value; but as it is of no advantage to the public to have a portion of that which was intended to circulate thus lying useless, but the reverse, neither will any one contend that money ought to have an intrinsic value, merely for the hoarder's accommodation. Besides,

those who wish to hoard may lay up bullion, which will answer that purpose as well.

The idea that Bank-notes should be always convertible into coin, and that money must be an universal equivalent, is the offspring of barbarous times. When there was little confidence between man and man, exchanges were made only for intrinsic equivalents; commodity for commodity; and afterwards other commodities for gold and silver. There was no credit; therefore an equivalent in value must be given for every exchange. Just as now, a man who has no credit in this great city, must go to the pawnbroker, and leave his watch or his clothes in pledge to get what he wants.

Gold and silver in uncivilized times were thus given in exchange for goods, as pawns or pledges. But as civilization and confidence advanced, paper securities, sanctioned by the laws, were deemed sufficient. That paper, therefore, cannot be so constituted as to form the instrument of circulation in this great commercial country, where laws, and confidence, and credit, are so well established; but that such operations must be performed by pawns

and pledges, called universal equivalents, seems an extraordinary proposition. Seeing what a small proportion all the Bank of England paper in circulation bears to the wealth of this mighty country; that the bankers' transactions of this metropolis alone, in a single day, are equal to a fourth of it—to fancy that so small a comparative sum as twenty millions could not rest securely on the property and credit of so great a company as the Bank of England; or that any apprehension should be entertained of excess from such an amount, I cannot well comprehend. Seeing, too, that all the great transactions of this country, not only within, but without, in comparison of which the whole amount of our Bank-notes is but a trifle, are performed by another species of paper currency, viz. bills of exchange, the credit and validity of which no man seems to doubt; and in such transactions pawns or intrinsic equivalents are not deemed necessary; seeing that the title-deeds to our lands, the security of our mortgages and loans, are all fixed and established by paper instruments, it seems extraordinary that paper instruments likewise should ever be thought incompetent to effect those lesser and petty transactions which a currency has to perform within the

nation; nor could such a notion have ever prevailed, but from the hereditary prejudices which have descended to us from age to age, originating in times of distrust and barbarism. Money for external circulation is chiefly bullion; but it may also consist partly of coin, where coin is allowed to be exported; and even where it is not, it may do so by illicit exportation. It is not necessary, however, that coin should make any part of the external circulation. Bullion alone will suffice. Governments are so convinced of this, that, in general, they interdict the exportation of their coin. So far from considering it as a necessary instrument in foreign transactions, they, by severe laws, forbid its being sent out of their respective countries. The authority of the statesmen of all, or almost all countries, therefore, sanctions the opinion, that coin is not necessary as an instrument in foreign commerce. By the laws of England too, coin cannot be exported: it never has been considered here as a legitimate instrument in foreign commerce; though it has been, and is so employed illicitly. The Bullion Committee, indeed, suggest their doubts, as to the policy which restrains its exportation, because it reduces them to this di-

lemma : If coin is not exported, it cannot improve the state of the exchange. And if they say, that it ought to be exported, they say, that the law ought to be violated. To avoid this, therefore, they suggest that the law should be altered: for every thing must bend and give way to their favourite theory. But as the policy of all the statesmen of this country, as well as of the other countries of Europe, has, for centuries, sanctioned the continuance of the laws prohibiting the exportation of coins, the Committee must furnish some stronger reasons, than a mere complaisance to their theory, to satisfy the Legislature, that so ancient a policy ought now to be reversed and abandoned.

The reason why statesmen interdict the export of coin is, that coin has been considered as the measure of the value of commodities within the state. This measure, or standard, ought, therefore, to be kept as fixed as possible; with as little variation; because variations make unjust and injurious changes in property.

If the coin were exportable, it might, on some occasions, be so diminished in quantity, in the country, as to raise what remained,

greatly above its usual value; whereas, the policy of all governments has been, and most wisely, to endeavour to keep its value fixed. Indeed, the principal reason that gold and silver have been preferred to other commodities as standards, is, that they are less variable. Our laws against exporting and melting are for the same purpose. And for the same purpose, the Bank was always obliged, until 1797, to supply the deficiencies occasioned by illicit exportation and melting, at the expense of frequent coinages.

It should, therefore, be a primary object with every state, to keep its currency stationary and unvarying. Guineas, for many years, have been the standard of our currency. Gold, however, though more stationary than other articles, occasionally fluctuated in its price. This fluctuation was corrected in the following manner: If gold sunk below the mint price, any person might send it to the mint, and, by having it coined into guineas, it was elevated to the mint price. If, on the other hand, gold rose above the mint price, as the Bank was obliged, when called upon, to pay its notes in guineas, it was obliged to buy gold at the increased price, and have it



coined at the mint to supply the demand, and then issue it in guineas; that is, at the mint price. Thus the standard was kept steady both ways. This was often an expensive operation to the Bank. Still, however, the Bank was able to afford it. So far the system answered. The principle of an unvarying and fixed value in our currency was adhered to and accomplished.

The war with France, however, produced a new state of things. Whether the Bank could have continued the old system longer than it did; or whether it was wise in the Legislature in 1797 to depart from the old system, are considerations which it is unnecessary now to spend time in examining. This, however, seems very evident, that, if the Restriction Act could have been postponed in 1797, we must of necessity, before this time, have adopted that measure. My reasons for thinking so, I shall state presently. I do not mean to contend that the system established before 1797, was not a very good one; but that the continuance of that system was impracticable: that a new state of things compelled this country to adopt a new system: that the question for our consideration now, is not, which is the best, for we have not any option left between them; that,

therefore, the great error of the Committee, and of those who have written on the same side, seems to me to be this, that they have applied principles and theories, which might have been very good and applicable in other times, to times in which they are altogether inapplicable.

The reason why the Bank could not have continued the old system, and could not now revert to it, is, the high price of gold, and the unfavourable continental exchanges. The Committee, however, say, that these have been both caused by the Bank restriction, and a consequent over-issue of Bank-notes. Others say, that they have been caused by the expenses of the war, and the prohibitory system established on the continent against our commerce.

It is necessary, in the first place, to examine which of these opinions is right. If it be that of the Committee, the remedy is within our own power, and we may prepare to apply it. If it be not, the remedy is beyond our power, and we must abide events. It is shortly this:

The Bank, being freed from the obligation of paying their notes in guineas, have been

induced to enlarge considerably, the amount of notes in circulation. The consequence of that excess has been, that their notes have sunk in value, and are depreciated: that they have sunk thus considerably below the value of bullion, and below the value of the currencies of other states: and that thus bullion appears to have risen considerably in price, and continental exchanges have become very unfavourable.

That there is a difference of 16 per cent. between the price of bullion and of Bank-notes, no one denies. That our exchanges with the Continent also are 16 per cent. under par, no one denies. But whether either of these proves the depreciation of Bank-notes, is the question.

The Committee thus represent the price of bullion, and the rate of the continental exchanges, as the measures of the value of our present currency. Upon this the validity of their argument rests. Let us then examine shortly, by a few facts, whether they are so.

In the American war, the Bank of England was nearly exhausted of its guineas and bul-

lion. It had less left of each even than in the year 1797; and the price of foreign gold was so high, that, if the war had continued, the Bank could not have afforded to continue importing gold for coinage to supply the demand. Now, as the Bank was then paying its notes in good standard guineas, the currency could not then have been depreciated. Again, in 1797 foreign gold was from 7 to 12 per cent. above the mint price; and because the notes of the Bank were then also payable in guineas, the currency of this country could not then have been depreciated. Yet if, according to the Committee, the high price of gold be a proof of depreciation of currency, at both those periods the currency was depreciated: that is, according to the theory of the Committee, the currency at the same time was depreciated and was not depreciated; which is impossible.

If it be said that the price of gold is not to be taken, as I have now taken it, from its foreign price, but from its price in our own market, let us see whether this be or be not true. When the Bank pays in gold, if the foreign price of it be great, the Bank is still obliged to buy it at that price, and, when it is

coined, to issue it at the mint price; that is, the Bank pays the difference; the Bank is at the loss. But, surely, the real price of gold is that which the Bank buys it at, not that which it issues it for. If the Bank, in a scarce year, were obliged to buy corn from foreign countries for the public, and sell it at a certain standard price, much below what they gave for it, no one, I suppose, would contend that the real price of the corn then was, what it was sold for by the Bank, and not what it was bought for by the Bank.

The market price of gold, therefore, when the Bank pays in gold, is often an artificial price. The price at which the Bank purchases it, is the real price; but in all fair and just reasoning, it is by the real, and not by the artificial price of that commodity, that the value of our currency, with respect to it, ought to be measured, if it is to be measured at all; and if so, those unquestionable contradictions, which I have stated, will follow from the theory of the Committee.

The Committee, in support of their opinion, mention the price of silver bullion also. Now,

when the Committee made their Report, gold bullion was 16 per cent. above the mint price, and silver bullion only 9 per cent. above it. Therefore, measuring our currency by gold, it was depreciated 16 per cent., and by silver, only 9 per cent. That is, at one and the same time, according to the theory of the Committee, it was depreciated 16 per cent., and yet was depreciated but 9 per cent.; which is absurd.

Let us now see, if the exchange will afford a more accurate measure of the value of our currency. The Committee state, that, "during the last six months of 1809, and the three first months of the succeeding year, the exchange on Hamburgh and Amsterdam was depressed as low as from 16 to 20 per cent. below par; and that on Paris still lower." Therefore, according to their theory, this proves that our currency was then depreciated; but at the same period, that is, from the middle of 1809, the exchange with Sweden began to rise in our favour, and so continued regularly rising till the 4th of May 1810, when the last account was received by the Committee, and the exchange then was 24

per cent. in our favour\*. In the same period too, the exchange between this country and Jamaica, that is, indirectly with Spanish America, was twenty per cent. in our favour †. So that, according to the theory of the Committee, our currency then was not depreciated: that is, comparing our currency with Hamburgh and Amsterdam, it was depreciated; and comparing it, at the same time, with Jamaica and Sweden, it was not depreciated. Therefore, according to the theory of the Committee, it appears again, that, at the same time, our currency was depreciated, and was not depreciated. Now, can a theory be correct, from which such contradictions follow? Observe too, the paper of Sweden was convertible into coin, and at Jamaica there was no paper currency; so that the exchange with these countries in our favour, could not have been caused by any depreciation in the currency of either the one or the other.

Again, the Committee state ‡ the exchange with Amsterdam to be 7 per cent. below par, and the exchange with Paris to be more than

\* Bullion Report, p. 210. † Ibid, p. 62. ‡ Ibid, p. 2.

14 per cent. below par; therefore, according to the exchange with Paris, our currency was depreciated 14 per cent.; and, according to that with Amsterdam, but 7 per cent.: that is, at the same time, it was depreciated, according to the theory of the Committee, 14 per cent., and yet but 7 per cent.

Again, if the exchange be a measure of the excessive issue of Bank-notes, as the Committee suppose, as the issue of notes increases, the exchange ought to fall, and as it diminishes, it ought to rise. Now compare this with these facts:—In 1797 the Bank of England notes in circulation were eight millions and a half; and the exchange with Hamburgh 35 : 6; that is, above par. In 1807, that is, ten years after, the Bank-notes in circulation were eighteen millions; and the exchange with Hamburgh 35 : 10; that is, above par; and a trifle more favourable when the amount of notes was greater than when it was less\*.

Now let any impartial man upon earth say, what sort of a measure this is of any quantity, which indicates it to be the same at two pe-

\* Bullion Report, p. 109.

riods, though the quantity is more than double at one period, what it was at the other. What should we say of a pair of scales, or a clock, or a barometer, or any thing else that was to measure weight, time, or weather, and yet indicated no change when there were such variations?

I do not know what effect the exposure of these inconsistencies will have on the authors of the Report; but this I know, that if any one such contradiction could be deduced from any proposition in mathematics, there is not a man of science any where, who would not at once pronounce it to be erroneous.

There are some, however, who think that the mere fact of gold being now of a higher value than Bank-notes is a proof that the latter are depreciated: that Bank-notes must have fallen in value; not gold, which has risen. Now, in the first place, the laws of this country never required that Bank-notes should be convertible into gold, that is, bullion, but into guineas. And it is clear, that, even before the Bank restriction, bullion was often more valuable than guineas; otherwise so many heavy guineas would not have been, from time

to time, melted into bullion\*. If, therefore, bullion often rose in value above guineas before the Restriction Act, why should it be maintained, that bullion cannot rise above Bank-notes now? But, if it be once admitted that bullion may rise above notes, then the question comes to this: whether it is the bullion that has risen, or the notes that have fallen? If it be said, that, before the Restriction Act, though bullion might have risen occasionally, yet it never got to so extraordinary a height above our currency as now; let it also be recollected, that so extraordinary a state of things, contributing to raise it, never existed before the restriction, as exists now, namely, every article from this country, except bullion, being shut out from the Continent. If, formerly, when we could pay for what we got from the Continent, both in goods and in bullion, yet bullion sometimes rose in price above our currency, is it surprising, that now, when we can pay in bullion alone, it should rise much above our currency? The excessive rise, therefore, in the price of bullion

\* In the twenty years prior to the Bank restriction, about thirty-four millions of gold coins were issued from the mint, which used occasionally to disappear almost as soon as issued, and a great part of which were, consequently, melted.

now, above Bank-notes, will not prove that Bank-notes have fallen in value.

Again, according to the theory of those who insist, that the mere fact, that bullion bears a higher value now than Bank-notes, is, in itself, a proof of their depreciation; it is maintained, that augmenting the amount of Bank-notes, lowers their value; that diminishing their amount, increases it. Therefore, there must be a point between the two always, if we could find it, at which, with a mathematical accuracy, Bank-notes would be stationary. Now, suppose that point to be ascertained, and the amount of Bank-notes fixed at it, still, as gold fluctuates in value, which every one admits, it would sometimes vary in value from the notes. Surely it could not be maintained, then, that Bank-notes had risen or fallen, and that the gold was stationary, when, by hypothesis, the Bank-notes were stationary, and the gold had fluctuated? Whether, therefore, it is, that Bank-notes have fallen in value, or gold has risen; the fact is not to be presumed, but to be proved.

Since, however, it cannot be so easily established by fact or by argument, that

Bank-notes have fallen in value, an appeal has been made to the law of the land to prove it; and it has been said, that forty-four guineas and a half in Bank-notes, ought, by the law of this country, to be exchangeable at will for a pound of gold\*. But is not the Restriction Act the law of this country? And all that this law now does, is to prevent the holders of Bank-notes, now that gold has risen in value, from receiving for those notes a greater value in gold than they were intended to represent originally. If ten ounces of gold now are worth as much as twelve ounces were before, why should the holder of notes receive now so much a greater value in gold, than he did before? Or can it be said truly, that he suffers an injustice, because he is not permitted to do so? The object of a wise legislature is to keep the value of the currency stationary: gold has risen in value; the Restriction Act; therefore, which has prevented the value of the currency from rising with it, is a law of sound policy. If it be still said that gold has not risen in value, I say, prove it; no attempt has been yet made to prove it; for to say that Bank-notes have

\* Mr. Huskisson's Pamphlet, page 12.

fallen, and that they are depreciated, is not proving the point in question, but begging it.

The only attempt which has been made, to prove that gold has not risen in value in this country, is in this way: it has been said that gold has not risen on the Continent, which, however, is not the fact; but admitting it, at present, to be so, then it is said, that it cannot be, in *reality*, higher here than there, except by the difference of the expense of importing it.

Now this would be true, if we could send goods into the Continent to purchase it; but, as we cannot do so, the argument fails. If gold were as cheap there as silver is here, yet, if we had no commodity to give for it, or, which is the same thing, no commodity which would be received for it, we could not purchase it. Gold being low there, will not, therefore, in the present state of things, prove that it is not high here; or that its high price here is not real, but nominal.

It may be stated, also, that we export gold to the Continent, and that we would not do so, if it were dearer here than it is there. But

neither will this inference follow. If, while gold is dear here, another commodity which we want from the Continent, be still dearer here, and if we can purchase it only with gold, gold will be sent there for that purpose.

For instance, if gold were 20 per cent. dearer here than in France, and if wines and brandies were 40 per cent. dearer here than in France, after paying all expense of freight, &c. the merchant who should send gold there to bring back wine, would lose 20 per cent. on the gold, but he would gain 40 per cent. on the wine: that is, he would have a net profit of 20 per cent. by the transaction. Therefore, our exporting gold to the Continent will never prove that gold cannot have risen here, because it has not risen there, as long as the admission of every other commodity from this country continues interdicted.

Nothing, therefore, having been advanced by those who maintain the depreciation of our currency, which can tend to show, either by fact or by argument, that gold has not risen here, and that Bank-notes have fallen, let us now proceed to inquire, on the other hand,

what foundations there are for maintaining a contrary opinion.

In the first place, let me observe, that the effect of every war, for more than a century, has been, at the time, to increase the price of the precious metals. A most respectable witness, the late Sir Francis Baring, certainly has said, that no such rise took place in either the seven years war, or the late American war. But established facts prove, that his recollection, in this instance, was not perfect. Sir James Steuart, who was on the Continent during the former of these wars, and was then writing his Political Economy, repeatedly mentions the increased prices of gold there, in consequence of the war. The increased price of it there, must have raised the price of it here; I mean principally, for the reasons I have before given, the price which the Bank at that time paid for it.

The author of the History of Commerce says, that, "in the year 1759, there being an unusual *scarcity* of gold and silver at this time in England, partly occasioned by much money having been carried out of the nation, on account of our expensive wars in Germany and

America, &c. and partly by the large demand for the current service of the year 1759, the Bank of England, for the better accommodating of the public in their receipts and payments, did, in April 1759, issue cash-notes for fifteen pounds, and for ten pounds, which have proved very convenient for payments both in gold and silver\*.

In the American war, the price of gold was so much increased, that, towards the latter end of that war, the Bank was more reduced both in the amount of its coin and bullion, than it was even in 1797, when the Restriction Act passed †. The Directors then made several representations to Government on the subject; and it was only the prospect of peace which gave them any hopes of being able to continue their payments in gold. But this difficulty could not have occurred, if the price of gold had not considerably increased, so as to make the cost of importing it for coinage to supply the demands, too expensive to be persisted in. There can be no doubt, therefore, of the fact of gold having risen considerably.

\* Anderson's Hist. Com. vol. iii. p. 603, Irish edition.

† Lords' Commit. 1797.



in price in those wars. Indeed, it might be proved, *à priori*, that this must be the effect of war, for these reasons: First, that the precious metals are necessary to pay the expenses of armies in their movements at such a time, the very state of war impairing that confidence which gives currency to a paper circulation at other times: secondly, that the expenses of Governments, in time of war, are much greater than in time of peace, and, therefore, will require an increased currency: and thirdly, that the precarious condition of property in all those countries, which are, or which are likely to be, the scene of warfare, induces every prudent man to conceal a certain portion of the precious metals, to serve him in case of any exigency. The effect and extent of this practice of hoarding in such situations, has not, I think, been fully appreciated. Every man who hoards, occupies, thereby, a much larger portion of the precious metals, than he would do in ordinary times, and for the common purposes of circulation. The reason is this, that the sum which he keeps by him, in ordinary times, for his usual expenses, is only what he deems sufficient for two or three weeks or months; but what he lays up for such an emergency, is what he expects will answer his

more urgent wants for as many years. The sum, therefore, which a man makes use of for hoarding at such a period, is ten, or twenty, or perhaps forty times greater, than what he would make use of for his ordinary expenses; besides, he must employ as much, or nearly as much, money, in his ordinary expenses as before. It is, therefore, obvious that, in troubled times, when property becomes precarious, the quantity of coin which will be required by individuals, will be increased to a very considerable amount. And, as they cannot procure this at once, their demand for it will continue, until as much as accords with their means, and their fears, has been acquired. If this must have happened in former wars on the Continent, how much more so in the present? Formerly, the scenes of warfare were but partial, and no very violent or extensive transfers of property followed the defeats or successes of the belligerents; but now, when the war has been general, and general for so many years, when the contest only partially pauses at intervals, to be renewed again and again; when all the mitigating regulations of civilized states, which diminished the calamities and the apprehensions of individuals, are no longer respected, and violence

and rapine are not only permitted by those in command, but instigated and impelled; when no man, in any corner of the continent of Europe could, for a length of time past, or can now, look forward with confidence to two or three years of tranquil security; how strong, how universal must we suppose the disposition to have prevailed, and to be still prevailing, to lay up and conceal such a portion of the precious metals as would afford support to him and his family in times of confiscation and plunder! The demand, therefore, on this account, for the precious metals, operating over such an extended surface of the most populous and the richest portion of the globe, must have been very great; great beyond all former example during the present war; and must continue to be so, until peace, and a settled order of things, being well established there, restores security and confidence. The demand, therefore, for the precious metals from this country, we may presume, will still continue; and though they may become dearer and dearer here, the export to the Continent will continue as long as there are on the Continent, commodities which we wish to purchase, and which will here bring a still greater price than the precious metals.

The opinion of Dr. Smith on the balance of payments between this country and the Continent, in the seven years war, deserves particularly to be attended to. He expressly states, that, even "according to the most exaggerated computation which he remembered to have either seen or heard of, the gold and silver together of this country then amounted to thirty millions; and had that war been carried on by means of our money, the whole of it must, even according to this computation, have been sent out and returned again, at least twice, in a period of between six and seven years †." "Gold and silver, however," he says, "were generally to be had for their value, by those who had value to give for them."—And then he concludes, "the enormous expense of the late war, therefore, must have been chiefly defrayed, not by the exportation of gold and silver, but by that of British commodities, of some kind or other." But, had British commodities been then excluded from the Continent, as at present, the expense of that war could not have been paid for in the manner it was, but must have been paid for in the precious metals; and that, according to Dr. Smith, would

† Book iv. chap. 1.

have required a sum equal to twice the amount, according to the most exaggerated estimate, of the whole gold and silver currency of this country, at that period. If, therefore, a prohibitory system, such as exists at present, had obtained in that war, this country must have been then, as now, exhausted of its metallic currency, and gold and silver must have risen here in price proportionally. "It was only by an export of other commodities," says Dr. Smith, "that our gold and silver were then kept at home;" but, as other commodities cannot be so exported now, our gold and silver cannot be so kept at home. It is, therefore, a great error in the Committee and others, to judge of the state of our currency in the present war, by its state in former wars,—to appeal to the seven years war, and the American war, for examples to direct our conduct now; and to apply the principles which fitted the state of things then, to the state of things now; to which, being so dissimilar, they are altogether inapplicable. "In the seven years war," says Dr. Smith, "the merchant naturally exerted his invention to find out a way of paying his foreign debts, rather by the *exportation of commodities*, than by that of *gold and silver*. The great quantity of British goods, exported du-

ring the course of the late war, without bringing back any returns, is accordingly remarked by the author of *The Present State of the Nation*."

In the present war, far more invention, I believe, has been exerted than ever, in introducing commodities from this country into the Continent. If it had not been so, the price of the precious metals must, long ago, have been much higher here than at present. Buonaparte has not, and perhaps will not be able, altogether, to prevent such importations there; but he has been, and is able to obstruct the importation of them so much, as to produce those effects on the prices of bullion and rates of exchange, as were not before experienced, and which, the increased rigour of his decrees will, probably, augment more and more.

Again, Dr. Smith observes, that "a country, whose industry produces a great annual surplus of such manufactures, viz. the finer and more improved, which are usually exported to foreign countries; may carry on, for many years, a very expensive foreign war, without either exporting any considerable quantity of gold and silver, or even having any

such to export." But if a country either has not such manufactures, or if other countries will not admit them, which is the same thing, and which is our case, it follows, that then the war must be carried on by exporting the precious metals, and the consequence must be a great increase in their price. B. iv. c. i. p. 164. "The expense of 1761," says he, "for example, amounted to more than nineteen millions. No accumulation could have supported so great an annual profusion. There is no annual produce even of gold and silver which could have supported it. The whole gold and silver annually imported both into Spain and Portugal, does not much exceed six millions sterling; which, in some years, would scarcely have paid four months expense of the late war." Ib. 163.

Whatever then might have been the state of the currency of this country at that period, surely there cannot be a doubt, that if our manufactures had then been excluded from the Continent, as they are now, gold and silver must have risen here exorbitantly in price.

Whether, therefore, we look to the duration of the present war; the universality of it on

the Continent; the changes it has produced, and is producing, in states and governments; the destruction of the properties of individuals; the departure from those principles which used to be respected and acted on by civilized nations in their most hostile operations; the despotism with which the will of one man operates on the whole; the unexampled and rigorous prohibitions by which he has closed up the coast of the Continent against the introduction of any of our commodities, by which we used to pay the balances against us in former wars; we must admit that we are altogether in a new and unprecedented situation, to which, former principles and systems are but little applicable, and which therefore requires, on our part, new regulations, and the adoption of new and counteracting measures.

From these causes, then, the price of gold has risen, is rising, and we must expect that it will rise more and more. To make our paper currency rise with it, would be directly contrary to sound policy, the object of which must always be, to keep the currency stationary.

In short, the whole argument amounts to this; that foreign payments, whether for the purchase of continental commodities, or for carrying on our continental wars, must be made either in goods, or in the precious metals: that if they cannot be made in the former, they must be made in the latter: that if these payments amount annually to any thing considerable, the whole annual produce of the mines will not be sufficient to supply it: that the expense of obtaining these metals must increase with the demand; and that the longer the demand continues, the more they must increase in price.

The question then occurs, When will the demand cease? Will the Continent be never saturated? Will there be no reflux of these metals here; but will it continue to absorb them as long as the war and the prohibitory system continue? To this I answer, that I think it will, all things remaining as they are at present. For, in the first place, while uncertainty and instability prevails among the governments there, the disposition to hoard will continue; and secondly, while the people there are prevented from importing, they will

have no temptation to part with what they acquire.

Having now, I conceive, shown an ample and adequate cause, for the rising value of gold in this country, and for a strong presumption that it will still continue to rise, while our relations with the Continent shall continue as they are at present; let us next proceed to examine the operation of that process, which the Committee recommend, for the purpose of reducing the price of gold, and of restoring our exchanges to their usual level.

That it would be a desirable object to effect this, no one can deny; but two questions here arise: first, whether it would be practicable to do so in the mode proposed by the Committee; and, secondly, if it should be, whether the injuries which would result from the process might not be much greater than any advantages to be obtained from it.

The mode they propose is this: that the Bank should begin immediately to diminish the amount of its notes in circulation, thereby raising the value of those which remained outstanding; and, after persevering in this for

two years, that the restriction should cease, and that the Bank should then be obliged to exchange the Bank-notes, as formerly, for guineas.

Thus the effect of diminishing the amount of Bank-notes in circulation, would be, it is supposed, to increase their value; or, in other words, to diminish the value of other commodities; and diminishing the value of other commodities would increase the exportation of them to the Continent, and so improve the exchange. This would be true if the exportation of them to the Continent were at present obstructed by the high price of those commodities here; but so far from that being the case, the articles usually exported there are from fifty to three hundred per cent. dearer there now than they are here; if, therefore, a relatively low price here could force the exportation of them to the Continent, that would be, at the present prices, effected; but if such an immense difference of price as from fifty to three hundred per cent. cannot effect it now, no difference would \*. But it is not the price of the goods here, but the interdicts there,

\* Report, page 66.

which exclude them; and as no change in the amount of our currency would change those interdicts, lowering the prices of commodities would have no effect in this way towards improving our exchange with the Continent. If it be said that lowering our prices here would increase our exportations to South America and the West Indies, and thereby cause a greater import of bullion, and thus enable us better to pay in bullion our balances to the Continent, the answer is, that the articles we export to those countries are low enough in price already; that they have been exported in such quantities there, that those countries are overstocked with them, and that nothing would be gained from those countries by our reducing the prices of those articles still lower, while the distress of our merchants and manufacturers would be considerably augmented; and which distress is so great already in consequence of their low price, that Parliament has been obliged to resort to the extraordinary measure of affording them a great loan in order to give them a temporary relief. So that whether we look to the country which our gold goes to, or to the countries which it comes from, no advantage will be gained by reducing the prices of articles here; and yet to effectuate

such a reduction is the avowed object of the proposal to oblige the Bank to diminish its circulation. It would not, therefore, operate in this manner either to lower the price of bullion, or to increase the rate of the continental exchanges.—What other way, then, would it operate? By raising Bank-notes in value to a level with bullion.

Let us first see how high bullion is likely to rise. Has any calculation been made of this? Is any one sure of its limit and maximum? The Committee have not hazarded a conjecture upon this. Two articles are of different value; Bank-notes and bullion. No one contests it; no one can deny it. The Committee say, that they ought to be made of the same value.—That is to be effected in two ways: by lowering bullion, or by raising notes. Bullion cannot be lowered, for the reasons I have given. To lower it, you must either increase the import here, or diminish the export to the Continent. The former I have just stated to be impracticable: The latter is nearly impracticable likewise. Gold will escape out of this country as long as there is a profit in exporting it. That profit depends upon two circumstances: the demand for it there, and the demand for

continental articles here. The first I have already stated sufficiently. The second, the demand for continental articles here, is either for articles of luxury or articles of necessity. Luxury, as wines, &c. Necessity, as corn. You cannot stop the one or the other: your constitution will not admit such severe regulations as in France.—Will you destroy continental wines wherever found? Will you make it death to import them? Will you authorize domiciliary visits? Will you line your shores with troops? and make your armies your custom-officers?—No; it is impossible! This French system is not to be grafted on English liberty. It is impracticable, therefore, here. Even in France Buonaparte has been for years exercising all the inventions of despotism to bring it to perfection. And to do the same here, you must not only make equally rigorous laws, but equally despotic executers of them. And if you could effectually exclude luxuries from the Continent, could you exclude necessaries? Does your country grow enough of corn for your consumption? Can you insure abundant harvests? Can you rule the heavens, and say when the sun shall shine, or the clouds rain? You must therefore import corn, when the necessities of your people require it.

You may perhaps prohibit wines, and command the rich not to drink; but you cannot command the poor not to eat. I therefore say that you *will* have luxuries from the Continent; that you *must* have necessaries; that you *must* pay for them in gold and silver; for other articles will not be admitted: that you cannot, therefore, prevent bullion from going out; that you cannot, as I have already shown, increase the bullion coming in:—that, therefore, the high price will continue, and probably augment more and more. In this unexampled contest and anomalous state of things, no one can say what will be its limit, or to what amount it may not arise. And then the question follows: Will you make your currency rise to the same value? If you are disposed to do so, let us see the consequences of this.—This is what the Committee propose; this is their aim and object.

Since, then, the price of bullion cannot be reduced to the level of Bank-notes, let us see how the equilibrium may be accomplished in the other manner, namely, by raising the notes to the value of the bullion:—and let us see what we should gain by this operation, if it were accomplished. The project of the Com-

mittee is this: that the Bank should begin by contracting its issues of notes: that according as the amount of notes in circulation will be thereby diminished, their value will increase; Bank-notes, like every other article, becoming dear or cheap in proportion as the quantity in the market is lessened or augmented. The Bank Directors, at present, issue only on Treasury bills, or on good bills of exchange. They must begin to contract their issues in both these ways. To carry the scheme of the Committee into execution, whatever may be the exigencies of Government in this extraordinary contest in which we are engaged, they must on any emergency withhold, or greatly abridge, their assistance. And whatever may be the demands of substantial merchants for discounts on solid and unexceptionable bills for the purposes of trade, they must deny a large proportion of them. What injury the country might suffer on such an emergency as I have been mentioning, by the Bank withholding its assistance from Government, I am not able to anticipate. It might be trivial; it might be most important and injurious. But let us look at it in a commercial view.—The diminution of this great instrument of commerce must diminish the scale of commerce



likewise.—What then would be the consequence? Diminished trade: diminished, too, with those countries with which the balance is in our favour.—Diminished importation; and, therefore, increased price of bullion.—A diminished number of ships employed in our commerce.—A diminished number of seamen, who might seek from the enemy that employment which they could no longer obtain at home.—Failure of merchants, as their bills would be becoming due, being denied that accommodation from the Bank which they were wont to experience.—Diminished manufactures every where; the country banks being obliged to contract their issues in proportion to the town.—Disappointment and distress overspreading the face of the whole island. This is no fanciful picture:—look to the project of the Committee. They propose that the Bank should in two years resume their payments in gold. To effect this, the Bank must begin immediately to diminish their circulating paper; they must diminish it to a much lower quantity than that at which it stood when the Restriction Act passed, because gold is much higher, and exchanges, which were then favourable, are now against us. The amount of Bank paper in circulation in 1797 was about

ten millions; but the Directors would scarcely venture to open gold payments now with half that sum in circulation; for if they were obliged to close then, with only ten millions in circulation, surely, under the inauspicious circumstances of the present day, they would not venture to open with more than half that sum. Therefore sixteen millions of notes must be in the first instance, in the course of the two years, withdrawn from the circulation: that is, suppose eight millions in the first year, and as a beginning. What extent of ruin this would bring on the manufacturing and mercantile world it is not easy to calculate; no pen can describe, no fancy can well imagine it. But let us proceed. How would the city of London be affected by this? Take any class of people in it, be they merchants, manufacturers, or shopkeepers. As no notes circulate here but those of the Bank of England, the shock would be felt here first. The shopkeepers who have their magazines and warehouses stored, would find no one to buy—for who would buy, except absolute necessaries, when such a scene of difficulty and distress was approaching?—but the engagements which the shopkeepers had entered into for their goods they would be obliged as usual to

pay, come by the means in whatever way they might. Those among them, which is perhaps the general case, who looked to their usual sales to supply the provision for their usual payments, would be obliged to sell, get what they might for their commodities. They must pay their bills; they must pay their rents; they must pay their taxes; all, too, as usual; while the means for paying all these had ceased. Sell they must, though at much less than first cost; though at half the value. In this way, undoubtedly, the price of goods would be diminished, and the value of the remaining notes increased. Others, who might have other means, besides the daily sales of their goods; who might have other resources in property of some other kind, would not be under such immediate necessity of selling under prime cost; they might wait a little, and keep up their goods at the usual prices; but as all the rest, who must be the great majority, would be obliged to sell, get what they might, they would bring down the prices, and those who were able to forbear, and keep up their goods for a time, would, of course, have no customers; for no one would go to those who sold dear, when there would be so many who would sell cheap. These last, therefore, would be in some time

after obliged to sell too, or else they might as well shut up their shops, and discontinue their business. So that in fact all the shopkeepers of this great emporium of commerce would be soon obliged to sell their goods at considerably reduced prices, much lower than they originally gave for them; while at the same time they must fulfil their contracts; pay the engagements they had entered into; pay their rents; and pay their taxes, at the same rate as usual. All this time, however, the grand project of the Committee would be in forwardness, and the value of Bank-notes would be rising, and approaching nearer and nearer the value of bullion; though the great and general stagnation of commerce would diminish the importation of that commodity more and more; and its price would be consequently rising still in the market.

It may be said that this is an exaggerated account. But consider this—You are told by high practical authority; such as every one must respect, and which even the boldest theorists will not coolly be willing to slight; you are told by the Governor of the Bank, by Mr. Whitmore, that while any dealer in money can get a Bank-note to bring to the Bank for

gold, if the restriction be taken off, he will, in the present state of commerce, bring it there, and take the guinea out of circulation. Now without even supposing any thing like so general and fatal a consequence to the remaining notes in circulation as this, we must suppose that the scarcity will be such as to produce, either in a greater or less, but certainly, in a very considerable degree, all the inconveniences now represented. It is unnecessary to run through the effects on other classes of people in the town.

Let us now look to the country. The country banks, I say, would be obliged to contract their issues proportionally with the Bank of England. The subtraction of such an amount of circulation from the whole superficies of the country would soon be felt in every part. The country towns, especially the manufacturing ones, would be the first and principal sufferers. The workmen in multitudes must be disbanded. Thousands and thousands of men and families would be every where turned adrift, and forced to shift for themselves; for who could afford, with such a stunted and deranged currency, any longer to employ them? The principal manufacturers would be calculating where they

could obtain withal, currency sufficient to pay their outstanding bills, as they became due; instead of thinking to embark further in difficulties by continuing to employ their workmen. The woollen manufacturers of Yorkshire, the cotton of Manchester, the hardware of Birmingham, the potters of Staffordshire, would be all standing idle, not knowing which way to turn for subsistence. Neither would the inhabitants of the villages fare much better than the inhabitants of the towns.

Without attempting to ascertain what the currency would thus rise to in value, but merely to show, in a striking point of view, the consequence of such increase, I will suppose the value of the pound sterling to double; that is, that with one pound sterling we could buy as much of any commodity, as before we could with two. Consequently any one who had any commodity to sell, would get only one pound for so much of that commodity, as before he used to get two pounds for. See now the effect of this upon the tenantry in the country. The tenant could then get, for the produce of the land which he rented, but half the price he did before. How then could he

pay his rent? His rent, by his lease, was fixed: but the produce of the land which he held, and upon which produce he depended for receiving such a sum, as would not only pay his rent, but would also support himself and family, would now not bring him in the market, as much money, as would even pay the rent alone. In this state the tenantry of the country must be soon beggared. But if such would be the fate of the tenants, I need scarcely proceed to show what would be the fate of the landlords, who depend upon solvent tenants for their incomes. It is evident that they would be soon in a very distressed state. Besides, most of these land-proprietors pay large sums annually out of their incomes; and which sums are fixed too; as, interest for old incumbrances, annuities, jointures, taxes, &c. Suppose a land-proprietor, who used to receive four thousand pounds a year out of his estate, and was to pay two thousand out of it in these annual disbursements; what is he to do in consequence of this new state of prices? If he determines to extract the old rents from his tenantry, as long as they have a shilling left, so long he may continue to pay and to live as he did before. But in a year or two his tenantry must be beggared, and he can no longer ex-

tract the old rents from them. He must then set his lands anew; but he can get but half the rent for them then that he did before, as the produce of those lands will sell but for half what it did before: that is, he will get but two thousand pounds a year, instead of four thousand. Still, however, he is obliged by law to pay two thousand pounds a year, which is his whole net income, and he will not have a shilling left out of his estate for himself and his family.

Suppose, now, that these evils would be in degree only the tithe of what I have been stating, how dreadful still, and how calamitous would they be—and for what? What would be the advantage after all? Why, forsooth, that notes and bullion should accord in price, though no man has seen, or felt, or heard of any one substantial grievance resulting from their difference. All the disadvantages are theoretical, and speculative, and fanciful, while the change which is to be accomplished, must produce, in a greater or less degree, all the practical, substantial, and excruciating calamities which I have been representing.

Thus, if this project of the Committee were to be carried into execution, would wide and deep-spreading calamity overwhelm all the commercial, and dealing, and manufacturing inhabitants of this great nation, in town and country; the land-holder, the land-proprietor; in short, the most valuable part, high and low, of our active and productive population—and for what? for a crotchet; that the Bank-note and the gold bullion should, during a particular and extraordinary conjuncture, which has separated their values, be, by violent means, forced to keep the same value; and that, in order to throw off a mere disparaging appellation, which has been given to the note, viz. that it is depreciated. I have stated the injustice which would follow from this change. Let us suppose it for some time accomplished—order re-established, and the country in a few years, tolerably recovered from the convulsion—what follows next? Peace at length arrives,—continental exchanges are restored to their level; gold sinks to its former value; the Bank-note sinks too; and our currency is, with respect to commodities of every kind, at the same proportion it was, when the first operation of the Committee began. Well, will this repair the evil? Will this repay all those who were such unfortunate losers before by the project? Will

the merchant, the manufacturer, the shopkeeper, the land-holder, the land-proprietor, gain now, what he lost before? This prospect would, at least, be some consolation. But it is no such thing. In the first place, it would be impossible, by any subsequent change in our currency, to restore and re-establish bankrupt merchants, ruined manufacturers, reduced and shut-up shopkeepers, beggared and dispersed workmen, and an evicted tenantry. But in the next place, instead of repairing the calamity, it would, on the contrary, repeat and double it. The scene of distress would be inflicted a second time; but in a different manner. The currency, sinking to its former value, would be worth but one half what it was a little time before. The new rate which it bore, for a time, under the project of the Committee, and which, for distinction, I will call the Committee rate, being now reduced, every man who had latterly sold goods under the Committee rate, will be now paid for them at the old rate: that is, he will get, in reality, but half the value for which he had given them, and at which he had probably bought them; the pound note being now, but half of what it was according to the Committee rate. The manufacturers who had laid in

their raw materials at the Committee rate, and who had paid their workmen at that rate, will now be obliged to sell them at the old rate; for every pound sterling they get for them, will be worth but half the pound sterling which they gave for them; that is, they will be obliged to sell their manufactured goods for less, probably, than they gave for the raw material. The merchants too, whose bills of exchange will be coming due, for goods which they sold at the Committee price, will be only paid for them at the old price; that is, half what they sold them at. The landlords, who, during the reign of the Committee project, had let lands at the exalted value of notes, will receive their rents in notes, at the newly reduced value. So that it may happen, that those landlords who lost half their income at the opening of the project, will lose again half of what remained, at the closing of the project. And thus fleeced again and again, and reduced to a fourth of the income which they had before, they will have the mortification to think, that this was all done against the opinion of every man of practical knowledge on the subject, to gratify a few theorists, who thought it would be a more harmonious and beautiful system, to make our currency vibrate

in unison, and go up and go down, with the changes of gold in the bullion market.

The Bullion Committee complain of the injustice of any change in the value of the currency, which will raise the price of commodities; but they, and their coadjutors, never seem to look through the other end of the telescope, to see the injustice of any change in the value of the currency, which would diminish the price of commodities. Now their project would do both; it would first, by raising the currency up to the value of gold bullion, whatever that may be, or whatever it may rise to, diminish the price of every thing else proportionally: and then, after a few years, perhaps, when, with peace, bullion would sink to its old standard, and the whole currency with it, their project would thus raise the price of every thing, and inflict the very injustice on the community, which they profess to prevent—causing two certain revolutions, to prevent one problematical revolution.

Let it be recollected, that the whole question now at issue, turns upon this, whether Bank-notes have fallen in value, or bullion has risen. I do not deny that a paper currency

may fall in value; but I do deny that any fact or argument has been produced, to show that our paper currency has so fallen. I suppose that no one will attempt to deny, that bullion may rise in value. I believe no one has a doubt, that it may do so. If any one has, and wishes for authority to satisfy him, he will find it in every writer of celebrity who has written on the subject. If he wishes for fact to satisfy him, he will find it in the Report of the Committee of the House of Lords, made in 1797. It is there in evidence, that the Bank paid for bullion in 1795, 4*l.* 3*s.* and 4*l.* 4*s.* an ounce, that is, about 7 per cent. above the mint price; and at one time, even 4*l.* 8*s.* that is, about 13 per cent. above the mint price: and this, when the Bank paid its notes in gold, and when, therefore, it cannot be pretended that there was any depreciation of our currency. To deny then, that gold may rise in price, would be the same as to deny that the sun may shine, or the earth move. There can be no doubt on the subject. The next question then is this; to what amount it is likely to rise.

I have supposed in the foregoing argument that it might rise in this country, under the

present circumstances, to double its usual value; not meaning to assert that it will do so, but to avoid fractions, and to make the calculation more simple and striking. Every one is at liberty to mitigate my statement, according to his own calculations and suppositions. But let us examine facts. Having no mines of our own, we must buy gold and silver from other countries; as a country that has no vineyards of its own, must buy its wine. They are to be bought for a certain price, like all other commodities. That price must rise in proportion as the demand for them increases. Now the whole supply which Europe receives of those metals from the mines does not exceed six or seven millions a year. Make an estimate then of what quantity of these you may suppose will be wanted in the year for the supply of our armies abroad; estimate what quantity, in case of an unfavourable harvest, we may also want to purchase corn for the supply of our people at home. And making both estimates as low as any presumption will admit, our demand for those metals must considerably exceed the produce of the foreign mines. Still, however, we must obtain them, cost what they may. We must send out more and more goods of other kinds to purchase them. As our demand exceeds the supply,

they must rise in price higher and higher. The price of them will be raised in two ways, first, as we shall, by sending out still more and more of our goods to purchase them, overstock the foreign market, and so lessen the value there of those goods; and again, as we shall, by our demand, lessen the quantity of those metals in the foreign market, and so raise there the value of the metals: that is, the value of what we are to give will diminish; the value of what we are to get will increase: and, from these two causes operating against us, the value of those metals must rise most rapidly. It would be difficult, or perhaps impossible, to form any tolerably correct calculation of the amount to which they may in three or four years more rise. But as they become scarce in the countries from which we obtain them, and as our goods become, in those countries, redundant, exceeding all demand, that they will rise considerably, cannot, I think, be doubted.

We see how scarcity and demand raise the prices of other articles. Wheat, for instance, which in 1799 was 3*l.* 7*s.* 6*d.* the quarter, was in 1800, 5*l.* 13*s.* 7*d.*; that is, almost double. It was then maintained by many persons, that the increased price of wheat was occasioned by an increased issue of Bank-notes, and a con-

sequent depreciation of them; but in 1802, wheat was again at 3*l.* 7*s.* 6*d.*\*, which proved the error of that supposition. I do not mean, however, to insinuate, that gold will rise as rapidly as wheat; because the prices of commodities fluctuate in proportion as they are perishable, and *vice versa*.

Gold, we have seen, has already risen nearly 20 per cent. In 1808 it was but 4*l.* an ounce; that is, not 3 per cent. above the mint price. In 1810 it was 4*l.* 12*s.* an ounce †; that is, above 18 per cent. above the mint price. Thus in two years it has risen 14 per cent. What may it rise to in the two next years? Consider this too, that, in the two former years, there was still a considerable export to the Continent, through Holland. But that inlet to our manufactures is now hermetically sealed against them. It is therefore to be presumed that, if our harvests shall not be peculiarly favourable, the price of the precious metals will still rise much more rapidly than it has done. If then we shall adopt the project of the Committee, and make our currency rise with them, all the calamities which I have stated as resulting from

\* Bullion Report, p. 227. † Ibid. p. 132.



such a change and revolution in the value of money and of property will follow, and that to an extent, on the most cool calculation, not much less than I have represented.

I have omitted mentioning some circumstances, which it may be supposed will contribute to prevent the precious metals from rising here to such an exorbitant price: as, for instance, that some persons may be induced, by the increased price, to part with their plate. But the supply, which would be brought into the market from this cause, must be inconsiderable. People of small fortunes have few articles in plate, but necessaries: and people of large fortunes will not be tempted, by increase of price, to part with that which they deem a suitable appendage to their station. The high price will do little more than prevent new purchases. Neither have I mentioned what supply, from the same cause, may be obtained from the American continent, out of the property of individuals there; because, for the same reasons, I suppose, it will be inconsiderable in proportion to our demands. Besides, the present troubled state of the Spanish settlements there, will create a disposition to hoard; and therefore the supply, from that quarter,

will probably be diminished, instead of increased.

After all, however, it is possible, that the price of the precious metals here may not increase. Events, which no human foresight can now ascertain, may make such changes in our foreign relations, as will prevent it. To consider the subject fairly, therefore, in every point of view, I will now put this short dilemma: If the precious metals should rise, as I have supposed, and we adopt the project of the Committee, all the evil consequences, which I have said would follow from raising our currency in value with them, will be inevitable. If, on the other hand, the precious metals should not rise further, no injury can result from letting our currency remain as it is for the present, and waiting for a favourable time, and a settled and certain order of things, when the Bank may return to payments in guineas, as formerly.

Let not, either, any one think, that he has refuted my arguments, if he can show that the value of bullion will not rise to the height I have supposed. I do not pretend to ascertain to what height it will rise. I only know that

it has risen already about 20 per cent. I only state, that I think it probable, that it will rise still higher. But the height to which it rises, only determines the degree of the calamity which will ensue, from raising our currency to the same height. It only decides, that the calamity will be greater or will be less, but it does not prove that the calamity will not be considerable: for even taking it at its present height, viz. about 20 per cent.; that would be no inconsiderable loss, on the property of all the active and productive inhabitants of this great nation.

I pass by many minor considerations—the attempts, which the Committee have made to frighten this nation into a compliance with their theories, by comparing our currency to the assignats of France, and the paper money of Austria and Portugal. It is well observed by the author of the *Universal Cambist*, Dr. Kelly, that “where credit cannot be given, coins are necessary; but where well-founded credit exists, paper is greatly preferable †.”

† Introduction, page 21. This is a most valuable new work, abounding with facts, and giving the most accurate and perfect view of the coins of all nations.

One of the many advantages of our free and excellent constitution is, that it establishes credit on a basis of solidity which cannot be obtained under other governments. Credit will not flourish in an arbitrary government, because the fulfilment of engagements there rests upon the mere will of an individual. Neither will it flourish in a democracy, because there the fulfilment of engagements rests upon the caprices of the people. To exist in perfection, a constitution must be both as free, and as fixed, and as steady as ours. All comparisons, therefore, of the paper-money of other countries with ours, are, in the very first essentials which are necessary to the parallel, inapposite and inapplicable. I need not, therefore, enlarge on this subject. I shall only observe, that as we are blessed with so excellent a constitution, which gives the most certain and solid securities for public confidence, why shall we not, at this great crisis of the world, avail ourselves of the advantages it offers us, in every way which is practicable? The only perfectly parallel case which the Committee have appealed to, is that of Ireland. There the same laws and constitution have established similar confidence. The Bank there is formed upon the

same model as here : it is governed by the same principles and rules. The Committee have appealed to transactions there, in corroboration of their theory. But they have mistaken and misstated every fact. The exchange, which was so unfavourable to that country, recovered its usual level, not, as the Committee state, in consequence of the Bank of Ireland diminishing the amount of its notes in circulation, but long prior to any such diminution. At the time when the Bank did diminish its issue of notes, exchange did not improve. Afterwards, when it increased its issues to their former amount, exchange did not become unfavourable, but more favourable than before ; and so it continues. Neither is it true, as the Committee state, that the Irish exchange was, in part, originally improved by an increased issue of notes by the Bank here, and their consequent depreciation ; for in those years, in which the Committee state such an increased issue to have taken place, the fact is the reverse ; the issue of the Bank here was, in each year, somewhat diminished.

There is another case which the Committee quote, and which, as occurring under the same constitution, may so far be deemed parallel : it is

that of the depreciation of the paper currency of certain banks in Scotland. They quote it from the Wealth of Nations, as they state in the margin, vol. i. p. 492 ; and they represent Dr. A. Smith to have stated, that those notes were depreciated in consequence of an excessive issue ; but he states no such thing. He does not say a word of excessive issue ; he assigns a totally different cause for their degradation. In short, the Committee appear to have been such enthusiastic admirers of their own favourite theory, that they have seen, and they have stated even matters of fact, directly contrary to what they were, though lying at the time before their eyes, and thereby made them accord with the opinions which they had adopted.

In 1804, when the same kind of attack was made upon the paper currency of Ireland, which has lately been made upon the currency of this country ; and when pamphlet after pamphlet was written there and here, to prove that the issue of notes there by the Bank was excessive, I used to ask these questions : Where are these superfluous notes ? Who has them ? I never could get a satisfactory answer ; I never met the man who had more than his immediate occasions required ; I was sure that no man would keep more of them

than what he immediately wanted. Being an unfructifying paper, if he had an excess, he would forthwith part with it, either for some fructifying paper, as a government security, or in some other way. Men will not hoard notes as they will sometimes hoard guineas; but if none of the individuals of the community keep more of such notes than is necessary for their immediate occasions; and if the whole quantity which is in circulation consists of that aggregate which is in the possession of these individuals, it is clear that no more is in circulation than what the immediate occasions of individuals require. This, in short, is the difference between a forced government paper, and an unforced mercantile paper, issued on substantial securities, payable, and therefore reverting, at short intervals, to its original source. It flows back, like the blood to the heart, at regular and quick pulsations. I had soon the satisfaction of seeing the opinion which I had formed of the Bank-paper of Ireland, confirmed by the fact, as I have already stated.

Wishing to make my argument as clear as possible, in order that, if there be any error in it, it may be detected, being only anxious that the truth, whatever it may be, shall be

ascertained and established on this important subject, I will now observe, that whoever differs from me in opinion, in order to refute what I have stated, must prove one of these things: First, either that it is Bank-paper which has fallen in value, and not gold which has risen; or, Secondly, gold having risen, that raising the Bank-paper also, will be a means of bringing the gold down to its former level; or, Thirdly, that raising the Bank-paper to the value of the gold, will restore our continental exchanges; or, Fourthly, that some great advantage will be gained, if, while gold continues at its high value, Bank-paper be raised also to the same value; and that this advantage will be such as will countervail the great and extensive injustice and calamity, which would follow from thus raising the value of our currency. Unless he can show one of these four things, he cannot overthrow my argument.

As to the first, viz. Whether it is Bank-paper which has fallen in value, or gold which has risen? I conceive that the error of the Committee, upon this part of the subject, has principally arisen from the abuse of a word: *depreciation*. This term has been applied to

our Bank-paper, as if it were a self-evident truth, that it must be depreciated, when it does not bear the same value as gold; whereas this is the fact in dispute, and which should be proved. To depreciate, is to bring a thing down to a lower price. If it be paper which has sunk in value, not gold which has risen, the term is properly applied; but if otherwise, it is an abuse of language, arising from a confusion of ideas: or else it is, what is worse, but which I cannot suppose, a mere trick, by a degrading term, to attempt to persuade people to believe that to be true, which those who maintain it are unable to prove to be so by fact or by argument.

It is usually the last resort of those who fail to establish what they wish, to use disparaging appellations; but, in the present controversy, it has been the practice, at the very commencement to do so, and at once, by a word, to assume that, which is the thing to be proved. Now the value of our Bank-paper is, I conceive, in all fair consideration of the subject, to be measured, not merely by gold, but by every other commodity which it will purchase.

That gold has risen, is notorious. I have shown from unquestionable authority that it has risen in former wars; that in the American war, when notes were convertible into gold, it rose. The state of our intercourse with the Continent, which takes from us only gold and silver in return for whatever articles are purchased for us there, must satisfy every reasonable man, that gold must have risen here; and while that system continues, that it must continue to rise here. On the contrary, there has been no proof offered to show that our Bank-paper, with respect to other commodities, has fallen. The Committee, indeed, state, to show that it has, that the prices of other commodities have generally risen; but the fact is, that the rise in the price of other commodities took place, before the time that the Committee suppose the depreciation of our Bank-paper to have taken place. The depreciation of our Bank-paper, therefore, if it were true, could not have been the cause of the rise in the prices of other commodities, because the effect could not precede the cause. "The depreciation of our paper," the Committee say, "is proved by the low exchanges, coupled with the high price of gold, which took place in 1809;" but the increased prices

of other articles had taken place prior to 1809. What article has risen in value since? Have cottons? have linens? have woollens? have colonial products? No: all have fallen; and these are no inconsiderable articles in the consumption of this country.

For all these reasons, I conceive it to be established to the satisfaction of every candid and reasonable man, that it is gold which has risen in price, and not the Bank-notes which have fallen. If these facts do not establish it, I know not what could establish any proposition of the kind.

As to the second case, if it could be proved that gold would, by the project of the Committee, be brought down to its former value, and so continue, I need scarcely observe, that the other object which the Committee has in view, would be accomplished also, namely, the restoration of favourable continental exchanges; for then we should have gold enough on cheap terms, to pay our balances. But it is impossible to show this, because no change in our currency would diminish the demand for gold on the Continent, or increase the importation of it here. It might indeed be ex-

pected, perhaps, by some, that the Bank, by buying foreign gold dear, and selling it here cheap, would accomplish this purpose; but the expense of doing so would be so enormous in the present state of things, that the Bank could not possibly afford it to any extent which would avail. The Bank, to avoid this, would undoubtedly contract its issues of notes so much, as to ensure it against any such costly operations; otherwise the Bank, wealthy as it is, must be speedily exhausted.

As to the third case, viz. raising our paper to the value of gold, that could have no effect on the continental exchanges while we are precluded from sending goods to the Continent; for as the only way in which that could so operate would be by reducing the price of goods here, and thereby increasing the exportation of them to the Continent, that could not operate while they are excluded from the Continent: besides, as I have already stated, if a difference in price between what the goods in demand on the Continent sell for here, and are bought at there, would force an exportation from this to that country, that difference is already so great, being from fifty to three

hundred per cent. that it would effect it, if any difference could effect it.

As to the fourth case, viz. the advantage which would result from keeping our paper up to the high value of gold, I have not been able to discover any which would result from it. We should not have more gold in consequence for the supply of our armies abroad, or for the payment of our continental balances, but less, inasmuch as some portion must be reserved for our currency.

In fine, I have shown that if the project of the Committee were carried into execution, viz. that notes should be raised to the value of gold, still that our continental exchanges would not be improved thereby, nor the price of gold lowered. We must, therefore, be content to let them remain as they are: high gold—low exchange. Let us now see the extent of what we suffer from it, that we may thereby estimate the extent of the ill which Buonaparte is able to do us by his prohibitions.—This is what I propose now to examine.

That a more favourable exchange with the Continent could not be of much advantage to

the commerce of this country, when we have, truly speaking, no commerce with the Continent, and cannot, under the existing prohibitions, have any, is pretty obvious. With a favourable exchange, or low price of bullion, we should get our wines and brandies, &c. somewhat cheaper; but that would be of no great importance. We should, however, get wheat cheaper; and we should be able to maintain our armies on the Peninsula at less expense. These would undoubtedly be advantages, and I wish to estimate them at their full value; but I see no other: for as to the advantage of having such gold and silver as we consume at home somewhat cheaper, it is too trifling to be taken into our consideration. To maintain our armies abroad, or to procure wheat at home, at a smaller expense, are, undoubtedly, objects of considerable importance; but the resources of this country are abundantly equal to these increased charges. We cannot expect to carry on war without encountering some difficulties, and incurring heavy expense. But never did this country, after all, carry on a war in which it suffered so few privations. And though Buonaparte, by this prohibitory system on the Continent, may inflict some injuries on us, he does so by inflicting tenfold heavier pe-

nalties on the people of his own country, and of the other countries which are crouching under him. We have, therefore, no reason to be dissatisfied. When we are engaged in a war, whether it be a contest of armies, or a contest of commercial prohibitions, if our enemies suffer considerably more than ourselves, we may be assured that, sooner or later, they will be glad to put an end to it, and take the means, whatever they may be, of doing so.

Having now shown the calamities which would be brought upon the people of this country by attempting at present to raise our paper currency to the value of gold; that the advantages which the Committee propose from that measure would not be produced by it; and that the disadvantages of the high price of gold and unfavourable exchanges with the Continent are not so great as many might have supposed: let us next inquire, since our paper is not to be measured by the present value of gold, to what standard it is to be referred: whether it is, as the Committee would represent, a mere unsubstantial fabric, without any basis; or whether it stands upon solid and permanent foundations.

If paper be not convertible, at present, into bullion or coin, to what is it referable? What is its standard? I have already stated the opinions of Dr. A. Smith and Sir James Steuart, which are as much to be respected as any authorities on this subject, who both agree that a paper currency may be established without being convertible into either of the precious metals, which will not only keep up to the value imposed on it, but which, according to Dr. Smith, may even bear a premium. Whatever I now state must be considered to have reference to the peculiar constitution of this country, where the rights of property are undeviatingly respected; where free discussion secures us against the schemes of ignorant projectors; where the slow and deliberate forms of our Legislature protect us against the reverses of intemperate innovation; where confidence, therefore, is so settled and established, that it is not liable to those shocks and overthrows which have occasionally deranged the credit of other nations; and where the whole system of our currency is founded on a commercial bank, possessing a capital more than commensurate with its most extended issues; and the conduct and management of which, instead of being occult and clandestine, are open to the whole



nation, and every year under the eye, the examination, and the control of the two Houses of Parliament.

The first principle which I would lay down is this, that when the goods of a country which are to be circulated remain the same, and when the circulation of these continues with the same degree of rapidity, that the same amount of currency, whatever that currency may be, will be necessary to circulate them, and that, while that currency is not augmented, it will retain the same value.

2d, That in proportion as the quantity of goods to be circulated increases, some addition will become necessary to the currency which circulates them, provided the ingenuity of men has not devised means so to economize the currency as to make less circulate more than it did formerly; that the effect, however, of such ingenuity must be slow, not sudden, and cannot in a short space of time, as in a few years, have any considerable effect.

That in order to prevent the inventions of men from augmenting the currency imprudently by similar fabrications, if it be a cur-

rency which does not possess an intrinsic and equivalent value, either some prohibition should exist to prevent them from doing so, or such a decided preference and advantage should be given to the currency so authorized by the State, as would be a security against any excess being produced by such inventions or fabrications.

That where the revenues of the State bear a considerable proportion to the currency of the whole nation, the compelling the payment of those revenues in the currency of the State exclusively, may be a sufficient preference in this instance (this is the opinion of Dr. A. Smith), together with making that currency the only legal tender.

Supposing, but with all the diffidence that on a subject of this kind one ought to feel, that these principles are just, let us now apply them to the present state of our currency. Previously to the Restriction Act, while Bank notes were commutable for guineas, the various articles used in this country had their prices established in that unquestionably undepreciated currency. The value of the notes was then ascertained without controversy, and every

article bore its price indifferently, whether paid for in coin or in notes. Gold for some years after suffered but little variation in its price; exchanges in general were favourable; guineas continued to circulate indifferently with notes: nor was it until the year 1809, as, indeed, the Committee state, that the exchanges turned decidedly against this country, and that gold rose so high. Until that period, therefore, it is admitted by all, that there was no depreciation of notes; and any increase of prices in goods which may have accrued between 1797 and 1809 must, therefore, have arisen from the usual causes, viz. increasing population, increasing prosperity, increasing taxes; and not from any fall in the value of our currency, paper being still on a par with coin.

Since that period, that is, since the beginning of 1809, we have no reason to think that the goods of this country, which are to be circulated, are less than they were before, or that they circulate with less rapidity: consequently, according to my first proposition, the same amount of currency will be necessary to circulate them now which was necessary before; and if that currency has not been augmented in amount, it must continue of the same

value. Now the only fact here to be ascertained is, whether the amount of our currency has been in the above period augmented; and as that currency consisted then of guineas and notes, and as the former have been nearly all taken out of circulation, I think there cannot be a doubt that the increase of Bank-notes since has not supplied the deficiency left by the gold, and, consequently, that the issue has not been excessive, and that they cannot have been thereby depreciated.

As to the second proposition, it is not necessary now to examine it, as in so short a space of time no material difference can have occurred, either as to the quantity of goods circulated, or as to the means of economizing the currency in circulation. I would rather apply this proposition to a comparison of the whole amount of our currency prior to the commencement of the Bank restriction in 1797, composed, as it then was, of guineas and notes, to the whole amount of our currency now, composed as it is almost wholly of the latter. That there has been an increase of the goods to be circulated in this period no one can doubt; our increased commerce, increased revenues, &c. demonstrate it; yet,

upon the whole, I do not believe that the amount of our currency now is greater than it was then; certainly that currency which consists of Bank of England notes is not within two thirds of what the whole currency was then.

The late Lord Liverpool supposed our gold alone to be thirty millions; the Governors of the Bank, about twenty millions: take it at the lower estimation: the Bank of England notes then in circulation exceeded ten millions; making, in the whole, a currency of thirty millions. Now our Bank of England notes, which are, properly speaking, our whole legitimate currency, amount to but about twenty millions. The deficiency, country bankers must have supplied: these may occasionally make too great issues; but the evil reverts soon upon themselves. Besides, the injury any country bank can do can only be local and temporary. If the Bank of England is not excessive in its issues, I think there can be little danger to be apprehended to the nation at large, and to the general currency, from any occasional excesses of country banks. The country banks seem to have hitherto done no more than fill up a part of the vacuum

which the withdrawing the guineas from the circulation had left, and which the Bank of England by its increase of notes has supplied so inadequately.

What I conceive, then, that our notes are referable still to, as a standard, is to guineas. Our coin and the price of gold were nearly upon a par prior to the restriction, and for years afterwards. The value of the notes was then established; at that value they still continue; and, if the Bank of England make no excessive issue, which there seems to be no reason to apprehend, at that value they will remain until peace, and former commercial relations with the Continent, shall be restored, when the Bank will be able to resume its payments in guineas, as formerly.

I, therefore, see no occasion to refer to any other standard than the old one. In mentioning the opinions of Sir James Steuart and Dr. Adam Smith, that a paper currency could be established not convertible into either of the precious metals, and in offering some reasons in support of that opinion, I do not mean to propose the adoption of any such project in this country, but merely to show,

that, if such a currency might be established, thus permanently inconvertible into gold or silver, little danger is to be apprehended from our currency being at present temporarily inconvertible.

My object in stating this, is, merely, to endeavour to remove some misapprehensions about the necessity of money having an intrinsic value, and being an universal equivalent, as it has been called. It is not necessary for me, at present, to do more. I only want to show, that, as such a currency might be so constituted, to answer every purpose of internal circulation, *a fortiori* there is no reason to apprehend any injury from the currency of this country being, for a time, in that state during the suspension of payments in guineas. I do not wish to recommend any project. I do not like novelties and experiments either on our currency, or our Constitution. I respect the wisdom of those who went before us. I respect what experience has proved to be, in general, right; and under the operations of which, this country has flourished and risen to such an unexampled height of splendour and power; and under the operations of which, it has, at the same time, enjoyed every object

of private comfort and happiness, which a people are capable of enjoying, and more perfectly, I believe, than any other people ever possessed. But this new state of our currency has been forced upon us. It has been forced upon us by new and unheard-of decrees and interdicts. We must, therefore, for the time, meet them by new measures. But whenever peace shall be established, and commerce restored to its ancient freedom, I have no doubt, that the wisest course for this country to pursue, will be to remove the restriction on the Bank; to let Bank-notes be convertible into guineas as before; and to proceed upon that system of currency, sanctioned by past experience; and by the instrumentality of which, this country has so long prospered and flourished.

All, therefore, that I venture to recommend is, that we should keep our paper-currency as it is, as stationary as we can, during this extraordinary contest with France, instead of endeavouring to force it to undergo the fluctuations in value, which such peculiar circumstances have, to so great a degree, imposed upon gold; and are likely to impose on it still further. I wish only that we should remain

quiet, and not tamper with it, but await events. The price of gold, and rates of continental exchange, may, by some events, which we cannot now foresee, be brought, at no distant time, to their former level.

In 1801, the price of bullion and rate of exchange were nearly as adverse as in 1810, and yet they were afterwards restored to their equilibrium. They may, therefore, recover their equilibrium again, though we do not now see any prospect of it; and though, perhaps, the Report of the Bullion Committee, by making unfavourable impressions on the Continent, may have contributed to retard that event.

We have seen that the issues of notes, by the Bank of England, are far from supplying, on any calculation, the channel of circulation as full as it was before the subtraction of guineas from it: that, therefore, there is no fear of its overflowing in consequence of the issues of the Bank. On the contrary, but for the issues of the country banks, we may presume, that it would not have been kept up to its level. As the country bankers must be better judges of the solidity of country bills in their respective neighbourhoods, than the Di-

rectors in London could be, they are fitter to circulate that currency which the country may want. And as any excess in a country banker's issue can only be temporary and local, no general injury can result from it. There is, besides, less danger of forgeries of country notes than of town ones, as in so local a currency a forgery would be soon detected: the facility of forgery is one of the inconveniences of a paper circulation; and, consequently, whatever system tends to counteract it, is so far preferable.

For these reasons, I am inclined to think, that the wants of men, and the ingenuity exercised in remedying them as they occur, have in this, as in most other instances, formed, upon the whole, a better system of currency for this country at present, and better adapted to the circumstances of the time, than any statesman, or political economist, however able and well informed, could have devised in his closet. Indeed, we see practice running before theory in almost every science and invention. The thing is done first; the reason why it should be so done, is found out afterwards. Sheep or oxen served very well as the money, or measures of value of commodities

in early and simple times. Bars of metal of some kind or other succeeded, and, for a while, answered the purposes: then stamped bars, as society advanced; afterwards coins; and, at length, paper, which, by common consent, and prior to the inquiries of theoretical writers, became the general instrument of exchange, not only in all the great transactions between individuals of the same state, but in the great commercial purchases and sales between even distant and different nations.

Where currencies of paper have failed in other countries, it is generally where speculative men have formed the plans for establishing them. They have been projected by the statesmen of their respective governments, who, no doubt, with the best possible intentions, and according to the schemes which they deemed most sound and safe, had formed them. And thus governments, under the sanction of their authority and power, have carried them into effect. The paper-currencies which have been degraded on the Continent, have all, I believe, been issued by the governments of their respective countries. Fortunately for this country, our currency, in the present extraordinary conjuncture, has, to this

day, been left to the management of experienced traders, who, little perhaps acquainted with abstruse theories, have regulated their proceedings by the emergent wants of the time. I confess, therefore, that I feel a confidence in it far superior to what I should if it were the theoretical offspring of the most able and enlightened politician. But if there were any doubt of the solidity of this system before, I am surprised that any one should entertain a doubt of it now, seeing that it has withstood, in the late attack made upon it by the Committee, an assault, which, if it had not been founded on an adamant basis, must, long ere this, have prostrated it with the dust.

At home, the effect of that Report was to lower our funds; to give a shock to public credit; to raise doubts and fears in the public mind, which nothing, at the instant, but a kind of intuitive confidence in its stability, could have controlled or prevented from producing effects the most prejudicial. It was not merely by a statement of facts, many of them mistaken, nor by a deduction of arguments, many of them inconsequential, that our currency was assailed; but even by a com-

parison of it with the assignats of revolutionary France, and the degraded paper of Austria.

If we look abroad we shall find the effects of this Report still more injurious. As soon as it appeared it was published in our daily and weekly papers. That it reached the Continent immediately, we can have no doubt; neither can we doubt what sensations it produced there; how much it must have animated the enemy, how much it must have dejected the prostrated nations who still looked to this country for assistance in some future effort for the recovery of their independence. Previous to the publication of the Report, there seemed to have been some inclination in France to relax the prohibitory system. The privations of the people there in consequence of that system; the discontents which it produced among the inhabitants of the other parts of the Continent; the triumphant manner in which the finances of this country were so long upheld against it, must have all contributed to make the policy of it, on the part of France at least, problematical. Differences of opinion in the Cabinet of the Thuilleries must have existed on the expediency of persevering in it; and must even have shaken the inflexible mind

of Buonaparte, as to the wisdom of the councils that had originally determined on it. But all these doubts and differences vanished on the introduction there of the Report of the Committee. What must we suppose to have been the exultation of the French Ruler when perusing it! "Now," he must have exclaimed, "you see who was right. Now you see, that the policy which I have been pursuing towards England was wisely projected. Now the discontented in this country, and in the other countries of the Continent, must see, that I did not make them submit to privations in vain. Here is England, by the wisdom of my measures, brought to the verge of bankruptcy; the foundations of all her greatness are giving way; the sinews of all her power are withering; that wealth, with which she endeavoured to uphold the other nations of the Continent against me, and which alone has enabled her to carry on her extensive operations by sea as well as by land, is now failing in its sources. It now appears to be all an airy unsubstantial fabric, with which she has deluded surrounding nations; and deluded, until now, even herself. This is no representation of mine, or of any of my people; this is no exaggerated description by any one

unfriendly to the greatness of England; this is not even the effusion of party heat and animosity there; nor the hasty and intemperate assertion of a declaimer in her Parliament; but the solemn declaration of a Committee of that Parliament, composed, we must presume, of the ablest and best-informed men; selected for that special purpose; sitting, for months, in the investigation of it; with all the means of information which the enlightened and commercial metropolis of that country could supply. The soundness of their opinion, therefore, cannot be questioned. Now then is the time to redouble our efforts, and complete that destruction which we have so nearly accomplished."

Accordingly, we soon see him proceeding to do so. Decree after decree, more rigorous than ever, more ferocious than the mind of man could have anticipated, is issued against our commerce. What before was to be confiscated, now is to be burnt. Holland, which appears by the Report to have been latterly the principal inlet to our goods, is immediately, as a distinct government, to be annihilated; his own brother is to be precipitated from that throne to which he had so recently

raised him. Troops are every where to be stationed along the coast, and nothing, which rigour can devise, omitted, to perfect the exclusion of all commerce with this country. The other humiliated nations of the Continent are ordered to forward this excluding system by new decrees and new penalties. Even letters for this country, the difficulties of communication by which the Committee had stated to have opposed some obstructions to our trade, are, by a new decree, ordered in future to be burnt, contain what they may. In short, we can, through the Report of the Committee, trace the recent acts of Buonaparte against the commerce of this country, as on a chart. Still, however, I have no fear but our credit, our commerce, and our independence, will survive all he can do, and triumph over all his projects against us, if we do not, by adopting the fatal recommendations of that Report, cut off the sources of our wealth, our power, and our glory.

Why do I state these facts? I can have no personal objection to any of the members of the Committee. I scarcely know any of their names; much less their persons. I am willing to think, however their system may be erro-



neous, or their conduct indiscreet, that their intentions were patriotic; but I make this statement in the hope that it may, in some degree, possibly contribute to make them and others more cautious in venturing to disparage the credit and resources of this great nation. I state it in the hope that they may endeavour to make some reparation for the mischief they have done, by candidly and openly acknowledging any errors they may have committed; some of which, at least, being mere numerical facts, they cannot close their eyes to. I state it, above all, to show how dangerous it is, on a subject so delicate as public credit, to utter crude and hasty opinions, founded upon the uncertain basis of theories, when in opposition to the decisions of men of experience and practice; and to show that, if from the mere promulgation of such opinions, such injury has been done, both at home and abroad, what still more mischievous effects might follow, if any considerable body of men, by any thing which they may say or do, should sanction those opinions further. Upon other occasions, individuals may, through the medium of party prejudices, view the transactions of the times; but upon this, when an injudicious movement now may break or debi-

litate the lever of all our power; of every thing which lifts us above the other nations of the earth; and which gives a hope and a prospect, at this terrible epoch, to a prostrated Continent; we should, at least, endeavour to dispel the mists of those prejudices, and resolve to do nothing, until we have the clearest conviction, that whatever we are advised to do, we may do securely.

THE END.

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