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THE
EXPEDIENCY AND PRACTICABILITY
OF THE
RESUMPTION of CASH-PAYMENTS
BY THE
BANK OF ENGLAND;
OR
THOUGHTS
ON THE PRESENT SERIOUS STATE
OF THE
CIRCULATING MEDIUM OF THE KINGDOM;
AND A
SERIES OF MEASURES
PROPOSED,
WHEREBY SUFFICIENT SUPPLIES OF SPECIE
Might be introduced into the Channels of Circulation,
AND KEPT THERE,
WITHOUT THE PROBABILITY OF ITS DISAPPEARING.

By J. L. TOWERS.

LONDON:

Sold by J. M. RICHARDSON, No. 25, Cornhill, opposite the Royal
Exchange.

MDCCCXI.

MEMORANDUM

As this pamphlet is divided, without any obvious reason, into two Letters; and the proposed measures, which are of a direct and of a more general nature, are needlessly dis-

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morning of the 6th. Reluctant to throw aside my suggestions, I availed myself of his information; and having ascertained, by enquiry, that they could be printed, so as to be published on the morning of the 6th, I sent them to the press. But, as the whole of the pamphlet is to be printed to-day, I have not had time to throw the letters into a better form, or even once to read over the copy. Had not nearly half of the last week, indeed, passed away, before I had written a line of the following letters, or even entertained the most distant idea of writing them; I should have read and thought more extensively on the subject, and have rendered these observations less unworthy of being submitted to the public eye. I may observe, as an additional circumstance accounting for those omissions, and perhaps, inaccuracies, which will occur in the following letters, that, in the short interval of time, in which this subject has been the primary object of my attention, my attention has, unfortunately, been distracted, by my having had an unusual number of engagements in and out of London.

May 4, 1811.

LETTER THE FIRST.

AS the state of the circulating medium of the kingdom is, at the present time, a topic so deeply interesting, you will probably not think the following suggestions unseasonable, or altogether unimportant. The approaching decisions of the parliament and the ministers, on the report of the bullion-committee, are likely to be of momentous consequence. The house of commons may, indeed, decline at present to fix a period for the bank of England resuming its payments in cash; and yet determine to lose no time in the arrangement and adoption of measures, calculated to atchieve, with all practicable expedition, that important object. But it is to be apprehended, perhaps I may say, it is to be concluded, that the minds of the minister and of

a majority in parliament are not yet awake to the magnitude of the evils, which will arise from any longer delaying the adoption of such measures.

But, whatever may be the result of the deliberations of parliament, and however unfavourable may be admitted to be the state of the national credit and currency, yet am I far from discerning, in that state of things, any circumstances, which should make the lover of his country at all despair of its ultimate safety and welfare. This, however, I will say, that, if the bank shall not, within a very moderate time, renew its payments in cash, the overthrow of national credit, and the downfall, or extreme depreciation of the value of the public funds, may be fully expected to be the consequence. That such an event, though more gradual in its approaches, and less disastrous in its consequences, than if it proceeded from invasion and internal war, would be the source of a crowd of evils, and, among them, of innumerable privations and sufferings, disappointments and discontents, it is almost superfluous to state. To every

true and enlightened lover of his country, civil freedom and national independence are paramount considerations; and one consolation, at least, casts a gleam of light across this gloomy prospect: the country, it is probable, will not be, on the whole and eventually, at all the less able to withstand the power, and to defeat the attacks, of our enemy, who is at the same time ambitious, unprincipled, and gigantic.

But, on the other hand, an adherence to the dictates of honour and public faith is an object of commanding importance; and it seems right, that the country should be apprized, that, notwithstanding past prodigality, the pertinacity of our errors, and the present accumulation of our difficulties, the prevailing opinion is erroneous, that the resumption, by the bank of England, of payments in specie, and the subsequent preservation of a sufficient quantity of gold and silver coin in circulation, are impracticable.

Most formidable difficulties, no doubt, stand in the way of the renewal of a mixed circulation of cash and paper. The question is not, whe-

ther they are great, but whether they can and ought to be met. But, though there are many difficulties, there are also important facilities in favour of this renewal. In the present part of my statement, it will be sufficient that I should allude to some of them in a general way.

Much money is hoarded in the kingdom, which judicious measures would again put into motion; there is much superfluous gold and silver plate, a very considerable proportion of which could by degrees be brought into the mint by the operation of patriotism and interest; and there are numerous circumstances favourable to the procuring of coin, bullion, and gold-dust, from abroad. Greatly diminished as our export trade is, still it is superior to that of any other country on the globe. In no other European state, are there so many merchants or manufacturers of skill, of enterprise, or of responsibility and extensive property. Our bankers and our merchants are distinguished for habits of punctuality and the principle of honour. Individual confidence is here a plant of common growth. No other country, in proportion to its population

(not even Holland excepted) has, at present, so large a surplus of valuable commodities, or such extensive means of transport; and, therefore, it has it in its power to procure the precious metals abroad, in very large quantities, if it will but send its agents for enough, and pay high enough for them. Freedom is the parent of energy, and knowledge is power; and ours is the only European nation, which can in any degree boast of the enjoyment of liberty, and of the freedom and energies of the press. Not merely have we the utmost freedom of intercourse, as far as any enemy can oppose us, with our numerous foreign possessions; but we have almost the uncontroled command of the seas. Never before had we such facilities of access, and such powers of influence and conciliation, in those countries, from which bullion principally comes, and particularly in Portuguese and Spanish America. Abroad we have had a number of recent military successes, successes both important and splendid. At home, our agriculture is flourishing, and unequivocally on the advance; and a large proportion of our manufactures are still carried on with spirit and

with success. The confidence in the stability of the credit of government, though shaken, is on the whole still great. At the present hour, we are unthreatened by the dangers of invasion. Nor does the existence of the bank of England preclude the establishment of another bank, should that be judged necessary, though it may preclude the institution of one for the attainment of precisely the same objects. It is also a consolatory circumstance, that the bank of England, in the event of its being repaid the money due to it from government, must be admitted to be founded on a solid basis; because, independently of the great profits, which it acquires by its banking and bullion business, it does not issue its notes, but in return for a valuable security, and in exchange for substantial property. Nor can it be doubted, that the numerous monied transactions, on a great scale, which occur every day in this country, and the greater dispatch and commodiousness, with which large payments are made in paper than in gold, would greatly facilitate the retention of cash in the channels of circulation, as soon as means had been successfully em-

ployed to render favourable the price of bullion, and some of the principal foreign exchanges. On these accounts, though the fabric of public credit is not only towering and artificial, but has received a very improvident degree of extension, and has been in a considerable degree undermined; yet, as it is propped up by public opinion and by the sinking fund, its fall may be prevented, or at least postponed to a distant day, if we will avail ourselves, with vigour and judgment, of our extraordinary resources and means of activity, of the energy of the national character and the advantages of our geographical position and our political situation. If the credit of the bank shall not be fully re-established, and cash re-circulated in abundance, the consequences, resulting from the decline of the one and from the banishment of the other, may be justly attributed not to the want of means, but to the want of management. But to re-tread our steps is alike painful and difficult. To bring forward a sufficient quantity of gold and silver coin, and keep it freely circulating throughout the kingdom, are not changes

which can be effected by slight and temporizing measures. They will not be effected, unless great sacrifices shall be made; unless means, powerful and combined, shall be employed and persevered in.

Such means have not, I believe, ever yet been communicated to the public. Of this most important but intricate subject both writers and politicians have, in general, taken a narrow view. Instead of looking at it on all sides, they have directed our notice to particular parts of it. And, independently of the partial views which have been taken of it, attention has been turned almost exclusively to the causes, and not to the remedies, of the existing evil. That the consideration of the former is necessary and most important, is a truth the force of which I strongly feel; but it does not, therefore, follow, that so many of our writers and our politicians should almost lose sight of the latter.

Had not the bank of England, in payments to bankers, and in payments of fractions of dividends under five pounds, issued, subsequently to the stoppage of general cash-payments, a large

quantity of new gold coin (all of it probably consisting of half-guineas and seven-shilling pieces); the reputation and value of their promissory notes would have been still more affected than they have been. As soon as the order, restrict-

ing the payments of coin at the bank, had been rendered necessary, in consequence of a temporary alarm, and of a long course of improvidence on the part of government and irresolute conduct on the part of the bank-directors; measures should have been taken, without the needless loss of an hour, to remedy the evil, and to avert those serious consequences to which it naturally led. But, even after years had been suffered to elapse, without exertion, and without a return to the councils of prudence, the concurring measures of the bank, the legislature, and the minister, might have restored cash to our circulation and confidence to the public mind. Those issues of new gold, of which I have just spoken, amounting to

a sum of perhaps not less than between ten and eleven millions, have been permitted to trickle drop by drop, into the channels of circulation, so as to produce, notwithstanding the magnitude of

the sum, only a temporary, and, indeed, scarcely a perceptible, effect. How different would have been the result, had this gold coin, and the large issues of stamped dollars been poured, in the contracted space of a few weeks, into the channels of the London-circulation; had those channels been, in a considerable degree, previously cleared of the super-abundant paper, so as to make money of any material scarce and almost entitled to a premium; and had other preliminary measures, of a similar tendency, been resorted to! Under these circumstances, the country-bankers would have been compelled to withdraw many of their notes from circulation; much of the gold, which had vanished from the sight, would have re-appeared; and, as the growing symptoms of returning specie would have made a happy and powerful impression on the sentiments of the public, the metallic sterility, in the present state of our currency, might probably have been corrected without any very great exertions or very painful sacrifices. For it is not to be forgotten, and it cannot be concealed, that the state of the currency itself, as well as the state

commands our applause, so neither is the burn-

of public opinion, was, three or four years ago, much more favourable to the measure than it now is. But it seems, that the favourable state of the public mind, with respect to confidence, which has prevented the evil of depreciation in the value of paper-money from rising to any considerable height, and which ought to be a motive and an encouragement to the efforts of the legislature, in resisting this great innovation of a mere paper-currency, and in re-establishing the reign of specie, is to be misapplied by the enemies of the re-introduction of specie, as the most powerful argument for boldly and cheerfully continuing, novel and desperate as is the experiment, a line of conduct, which is as pregnant with dangers, as it is irreconcilable to all the established principles of political economy.

Some of the panegyrics on paper reflect credit on the abilities of the writers, as skilled in the schools of the rhetorician: but, as, in the political world, to convert a solid fabric, into one of larger dimensions, and a more imposing, but aerial, character, is not a metamorphosis which commands our applause, so neither is the burn-

ling of incense, and the scattering of flowers,
 on an altar, erected to a new and indescribable
 subject of veneration, an office entitled to much
 praise, of a task of any extraordinary difficulty.
 The difficulty lies in the opposite direction: a
 contrivance is wanted for giving consistency and
 permanence to a structure, which has not been
 erected according to any former model; and is
 the result not of design but of accident; an
 edifice, which, from the fault of the materials and
 the inadequacy of the pillars that support it, is
 in its own nature transitory and tottering.
 That there is no prospect of terminating,
 either with honour or with safety, the war with
 France, or I may rather say, the war with the
 Continent of Europe, begins to be the prevailing
 opinion. The war is likely to be protracted.
 And with these opinions a new doctrine seems
 about to be coupled, that the bank is not to re-
 sume its payments, until some time after the con-
 clusion of a general peace. When the period of
 peace shall arrive, can any man of a sober mind,
 who has deeply reflected on the subject, think it
 at all probable, that the circumstances of our

currency and our country will be more favourable
 to the bank, honouring its notes by the payment
 of cash, than they now are? Can it be right, that
 those who rule, and those who legislate for a great
 and enlightened country, should shrink back
 from the task of looking forward to the future,
 and satisfy themselves with providing for the
 wants of the present hour?
 That, in a commercial country, greater
 stress would have been laid, on punctuality of
 payments, and on the importance of returning
 as speedily as possible to those habits of punctu-
 ality, was a circumstance which might antece-
 dently have been expected. But the enemies of
 innovation have now become its friends. Ex-
 periment is to be the order of the day. The
 bank of England is to be invested with the pri-
 vilege of altering, at her discretion, the value of
 all the property in the kingdom. Attempts are
 made, to render this the age of paper. Their
 notes are to become substitutes for coin, instead
 of being pledges for payment. A species of
 paper is to be kept afloat, and kept encreasing,
 which continues to issue, but not to perform, its

promises, which neither pays interest, nor is convertible into cash. The bank-note is spoken of as the new measure of property; and hopes appear to be indulged, that economy will cease to be a national virtue, on which much stress need be laid. We are likely to see the new phenomenon of a materially diminished foreign trade and a greatly extended circulating medium. That, when we are speaking of those streams of treasure, which flow in the ordinary channels of circulation, and feed the extensive reservoir of the exchequer, it is the heavy body which keeps the lighter afloat, was a position, which no one, formerly, ventured to deny. We are now to prepare ourselves for new theories, and the visions of fancy are to be transferred from our poetry to our acts of parliament.

When nations and individuals have fallen into errors, and have been guilty of faults; what are the objects to which they ought to aspire? Not merely to amend their steps, but to extract benefits from misfortunes, and security out of danger. That if we see the light, we shall follow it, I dare not venture to promise

myself; but, if the right path is open to our view, we shall be much more likely to pursue it strait forward, or at least to enter upon it, than if it remains concealed beneath the mists of prejudice or the clouds of sophistry. In proportion to the number of converts are, in some degree, the hopes of success; and, though a single writer, like a single measure, may accomplish little, a succession of writers may effect much.

There are many, who would lull us into a state of false security; but opiates are not administered to those who are in health. Lie still, swallow paper, and quietly resign yourselves to a silent revolution in the general value of property, seems to be the prescription, which not a few of our state physicians are anxious to enforce. That a peace was concluded between France and Great Britain at Amiens, without any attempt on the part of the legislature to enforce, or of the bank to renew, her payments in cash, is a fact which it is impossible to forget.

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The probability of effectual means being employed, I am far from undertaking to shew. But they are even yet within our power. Those which have occurred to me from reading and from reflection, I shall, therefore, proceed to state, though the attempt, I am aware, is arduous.

The remedies, or auxiliary measures, which I have to propose, I have divided into two classes. A few that are more general, and comprehend other objects besides the improvement of the currency of the kingdom, I shall proceed immediately to state. Those which are recommended for adoption, principally, if not exclusively, with a view to the attainment of that great object, I shall reserve for a subsequent letter.

1. The encouragement and extension of our agriculture and our fisheries: or, in other words, a variety of concurring measures, adopted by parliament with a view to the extension of the fisheries near our own coasts, and to the encouragement, improvement, and rapid extension of our national agriculture; measures,

which would facilitate the inclosure of common fields, and the cultivation of waste lands, without any unnecessary delays, discouragements, or expences, and which would occasion the farmers of other countries to be less able to come into competition with those of our own; measures,

intended, at the same time that they would give employment to our dismissed manufacturers, and enlarge the great sources of national population and strength, to tranquillize our minds on the subject of food, and, at least, most materially to diminish the quantity of bullion, wanted for the purchase of French and other foreign corn.

2. The exportation from our own country, or the purchase abroad at suitable places, as at Malta, Gibraltar, and Jamaica, of various articles, such as coffee and sugar, rice and raisins, rum and tobacco, which, in the event of their being preferred, may be given to our soldiers abroad, at prime cost, in the place of a part of their pay, with a view of lessening the remittances of specie to our troops in Spain, Portugal, and Malta, and of enlarging the remittances of specie sent from abroad to this country.

3. A rigorous abstinence, on the part of parliament and the executive government, from the grant and payment of any subsidies, and from the sanction and the prosecution of any hostilities, in any part of Europe, except in Spain, in Portugal, and in one other country which I will not name; neither Russia, Sicily, nor any of the neighbouring states being so situated, with respect to power, sentiments, government, and geographical situation, as to have a claim, to call upon us in our present circumstances, to make so costly and embarrassing a sacrifice.

4. Parliamentary provisions to prevent any part of any subsidy, afforded to the governments of Spain, Portugal, or any other power, being paid in specie; arms, ammunition, artillery, entrenching tools, cloathing, medicines, and other commodities, which can be produced and procured at home, and give employment to our national industry, being capable of being rendered efficient equally with money, as the means of assistance and the sources of encouragement.

5. A strict economy in the collection and expenditure of the national revenues, and a

severe punishment of all who plunder the public revenues, or dilapidate the public property; which economy, and which vigilance, will more than compensate the state for the diminution of the receipts arising from the temporary restriction of the import-trade, and will enable the present government the more easily to repay to the Bank the heavy debts, which have been contracted by itself and its predecessors.

6. Negotiations, entered into on the part of the British government, and conducted by gentlemen of talent and information, activity and address, with the Spanish regency, with the prince regent of Portugal, with the provincial governments of Buenos Ayres and Peru, Mexico and the Havannah, with some of the more opulent of the princes of Hindostan, with the emperors of China and Morocco, and with the emperor of Japan and the king of Bambarra, should those two sovereigns be found to be accessible, with a view to the assistance of our manufactures, navigation, and commerce, by obtaining of grants of commercial privilege and the opening of new markets, and with a view to the purchase

of the precious metals, in exchange for the commodities which we have in this country, or which we can obtain abroad in return for our spices, our colonial produce, and our East-India and home manufactures: it not being forgotten, that well-chosen and well-timed presents of the most highly esteemed spices and of articles of British manufacture, made in the capitals of the American viceroyalties, and in the courts of Africa and Asia, would, if presented by persons conversant in the language and sentiments of those to whom they are given, produce, now that France and Holland are impotent in remote countries, a powerful effect in the furtherance of our negotiations; and that, by the stimuli we could apply, the information we could communicate, and the persons, skilled in mining and mineralogy, whom we could discover and send, we could probably occasion some of the Mexican, Peruvian, and Brazilian mines to be rendered far more productive than they now are, and thus obtain the precious metals, which we so much want, in return for many of those British

manufactures for which there is now comparatively slight a demand. In my next letter, the more direct and appropriate remedies will be enumerated.

It is the efficiency, and not the quantum, of money which is a desirable object to the executive government; for, as taxes and money of any material are multiplied, the cost of articles and the worth of services, for which government has to pay, are also proportionably increased.

LETTER THE SECOND.

The bank and the government have not availed themselves of the opportunities put into their hands. How often have the foreign exchanges been in our favour, subsequently to the stoppage of the bank-payments. "Delay, at present, any measures on the subject," is the current language of the day. "Wait," it is said, "the melioration of the exchanges, and then propose the commencement of remedial measures." But I reply, if you stand still, until the stream turns of itself, it will continue, year after year, to flow in the same adverse direction, and obstacles will accumulate upon you. To delay, in a crisis of difficulty, all measures favourable to the attainment of an important object, is the advice of insincerity, or the refuge of indolence and inactivity. The general exchanges will continue unfavourable, unless the legislature shall, by their

HAVING, in my former letter, stated a few general measures, calculated to occasion an influx of the precious metals into this country, and to assist in keeping cash afloat in the customary channels of circulation, I shall, in the present letter, suggest a series of measures which are of a more direct nature. But I shall previously introduce a few general observations. That there are fundamental errors in the established system, with regard to the currency of the realm, is proved by the magnitude of the sum, which has, in the present reign, been coined in gold, when compared with the very small amount, which has, on the average, been kept in circulation.

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measures, and the accomplishments of this most desirable alteration. Such interference would, in all ordinary times, be needless, and, in general, improper; but these are not such times, and we are not contending with an enemy of ordinary character. Until the mass of bills, due from this country to the merchants of Germany and of Holland, shall have been discharged, there will, I am aware, be a strong tendency adverse to the retention of our bullion. This difficulty is, however, perpetually lessening; and our merchants, accommodating themselves to circumstances, must no longer look to Hamburgh, Flushing, and Amsterdam, as the markets to which they are to trade. From French, and even from Portuguese wines, we should, for a time, in a great degree abstain; of the brandies of France we have already a stock, which ought to last us for several years; and from the use of her fruits, her gloves, her silks, and her watches, we ought entirely to refrain. Where indulgence is regardless of consequences, and patriotism is inoperative, the authority of law should interpose, and the vigilance of government restrain. Even when

we were not in want of French corn, what an immense quantity of French brandy was suffered by the legislature and the government to enter our ports, year after year! Had the importance of the bank being enabled to respect its fundamental obligation, of paying its notes in specie, been a question well-understood, would this importation, which carried so much of our bullion out of the country, been tolerated?

A minute examination into the amount of the notes issued by the bank at different times, and into the variations in the price of bullion, of corn, and of the funds, and into the rise and fall of the exchanges, is capable of throwing much light on the state of the national currency; but such an examination, if unaccompanied by comprehensive views of the general subject, will be altogether insufficient to enable the mind to form correct opinions upon it. A knowledge of principles will be found to be necessary as a clue to the enquirer, to prevent his being bewildered in a vast labyrinth of facts, where there are no flowers, and but little fruit, to reward his researches, and where some firmness will be

required to encourage him to proceed, as he will be sure to find some unexplained facts, which will, in the first instance, operate as thorns in his side.

With respect to the recent prices, many of which are fallen prices, of commodities; this fall is completely to be accounted for, notwithstanding the opinion, generally entertained, of the profuse emission of promissory notes by the Bank of England and by country-bankers, may be perfectly correct. To what are we justly to attribute the very material fall in the prices of various commodities, such as coffee, raw sugars, and tobacco, cotton and Spanish wool, hemp, turpentine, tallow, and barilla, the cotton manufactures of the north, and the woollen goods of the north and the west, but to the largeness of our imports, to the difficulty of calculating the amount of our wants, to an uncertainty respecting the extent of the supplies of a future period, to the spirit of over-trading, which has led so many persons to launch out far beyond the depth of their capitals, to the consequent embarrassments and bankruptcies of so many of

our traders, our merchants, and our manufacturers, and to the large quantities of goods, which have been sold at almost any price at home, as

well as abroad, at a time when the supply was above all comparison greater than the demand. The obstructed and precarious state of our relations with the United States of America, and the system of exclusion so rigorously enforced on the continent of Europe, have, of course, greatly aggravated these evils. The abundance of paper produced a rash spirit of speculation and too eager a thirst of gain; and their effects have very naturally led to a powerful re-action; to a temporary fall, in spite of the abundance of the circulating medium, in the prices of many articles, and to the withdrawing of an immense number of fictitious bills from circulation.

But even, if there had been no excess at all in the amount of our currency; if our paper-money, of various kinds, had, in proportion to the extension of our population and solid property, which must in fairness be taken into the account, not at all exceeded, for the last four or five years, the amount of our money of gold, sil-

ver, and paper, which circulated twenty years ago; and if the contrivances, resorted to by the London-bankers, subsequently to the memorable month of February in the year 1797, for the purpose of facilitating business, and of making a smaller quantity of money perform the office of a far larger sum, had produced no important alteration in the monied transactions of the capital: it would not, therefore, at all follow, that a paper-circulation, if accompanied only by a scanty and very diminishing proportion of the precious metals, would be able to maintain its ground, either in public opinion, or upon the exchange, for any length of time; or that the most early and strenuous efforts ought not immediately to be made, before it is yet too late, in order to improve the character of a circulation so radically defective in its composition. This is an important hinge, on which the arguments, in a great degree, turn; but on which, I apprehend, hitherto little, comparatively, has been said.

In a country, where there are such an extent of trade, such mutual confidence, and so many

great capitals, and where the monied, the mercantile, and the maritime interests have so powerful an ascendant, it was to be expected, that, even under the circumstances of a currency very badly composed and regulated, and in the absence of all system, the progress of depreciation would be slow and silent; and that ample time would be allowed for warding off, by a timely recurrence to effectual remedies, those distresses and disasters, which, if they are not, steadily and pointedly, guarded against, will inevitably arrive. A commercial state, surpassing, in a mercantile point of view, every other state of ancient or modern times, may, when in a state of full vigour and activity, be attacked by a sudden and dangerous malady; and yet such will be the soundness of its constitution, that the symptoms will be flattering, and the public aspect in a great degree florid, though a secret disease may be preying upon it, which, though at first tardy in its progress, and but little observed, will, at length, be rapid in its strides, and dreadful in its effects, unless timely remedies shall be administered, and unless a severe regi-

men, against which the present feelings will recoil, shall be strictly enforced.

That the present state of the currency of the kingdom is extremely troublesome and degraded; and that it is likely to become much more unsatisfactory, few will deny. Now the object which

I have in view, in the proposal of the following remedies, is to suggest such measures, as will not only rescue the currency from this state, and from these prospects, but as will, in spite of the power, the proximity, and the prohibitory system of France, place it on a footing, which shall be satisfactory and but little subject to fluctuations. Whether the proposed measures are or are not calculated to produce this most desirable change, I must leave to the decision of impartial and competent persons. Of the inferior details, connected with this complex subject, many must, of course, be omitted. I shall accordingly endeavour to point out the principal methods, whereby not only a restoration of our money, but a reformation of our coinage, may be effected.

As there is one publication, which contains much information on the subject of the coins

of the kingdom, and to which I am under obligations in some parts of the present letter, I shall here mention it, and observe that it has not, I believe, received that attention from the public to which it is entitled. I allude to the late earl of Liverpool's *Letter on the Coins of the Realm*.

Of the statements, which I shall suggest, some will be favourable, and some unfavourable, to the interests of the bank of England. But the latter I shall bring forward with the less reluctance; because, as its directors and proprietors have different species of property, and a deep stake in the general prosperity of the country, their interests are often, perhaps I may say, generally, greater as Englishmen, than as individuals deriving profit, or patronage, from the emoluments, or the accommodations, of that important but much-altered establishment.

The measures, of a more general nature, suggested with a view to the improvement of our currency, have already been alleged. Those, which are of a more direct and appropriate nature, remain to be stated.

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1. A very material, but gradual, diminution in the amount of the discounts afforded to merchants and manufacturers by the bank of England; which discounts may again be extended, when cash shall have become abundant; the temporary accommodation of individuals being an interesting and desirable object, but not an object to be put in competition with the permanent restoration of payments in specie by the bank.

2. A very great, but gradual, reduction in the amount of the promissory notes issued by the bank in other ways; which notes, in the event of the re-introduction of cash into circulation, may again be moderately increased in amount, when cash shall have become abundant.

3. The issue, by government, of a considerable amount of exchequer bills, paying 5 per cent. interest, required at a future time to be repaid, and incapable of being purchased by the bank, as a loan to merchants and manufacturers, and as a temporary mode of relieving the embarrassments; to which many of them would be

subjected by the partial or entire withdrawing of that aid, which they have been accustomed to receive from the bank-directors.

4. The impartial appointment of a committee of the house of commons, which shall examine into the profits, received by the bank and the bank-proprietors, in consequence of the restriction of cash-payments, a measure, adopted in consequence of the effects of the injudicious extent of accommodation granted, from time to time, by the bank-directors to government, in conformity to the apprehensions privately communicated by them to government, and agreeably to an order of the privy council issued, in February, 1797; and which committee shall fairly decide, and report to parliament, what sacrifices, in this great crisis, they ought to make, both with a reference to those very large profits, which have risen out of that restriction, and to the future establishment on a solid foundation of the capability of renewing their payments in specie: it being recollected, that the bank of England was not intended to become a paper-mint; and that the profits of the

bank, accruing from the suspension of its cash payments, ought, instead of having been distributed in bonuses and extra-dividends, in point of correctness, to have constituted a separate fund, to be appropriated to the purchase of bullion, which bullion was to be converted into coin, whenever the legislature should enact the resumption of those payments.

5. The raising of a loan, and the imposition of new taxes for the repayment of the interest on it, which loan shall speedily enable the government to repay the old debt of £11,686,800, due from government to the bank, and the debts of £6,000,000 contracted in the years 1800 and 1808: it being unequivocally understood, that the bank will make sacrifices for the public good, proportioned to the value of a repayment thus complete and unexpected, and that the whole of the sums, so repaid, shall be expended in the procuring of bullion, and much of it in the purchase of commodities in this country, and in their exportation to those countries, where they can be exchanged, with

the least loss or to the greatest extent, for coin, bullion, or gold-dust.

6. The establishment, in London, of a new chartered bank, in which one half of every sum, paid by each subscriber, shall be employed in the purchase of lands, the receipts of the annual rents of which are to constitute a principal part of the solid, and, I may add, of the increasing, capital of the company.

7. The parliamentary grant of a small bounty to those private persons, who, within a limited time, shall import gold and silver bullion or foreign coin; provided that any means (such as the evidence of the recent date on the foreign coin being made an indispensable condition of the payment of the bounty, or the bullion being brought from a distant country, with the knowledge, and under the protection, of a captain of the navy) can be devised, to prevent the fraud of bullion being exported from this country with a view to the bounty, and then re-imported.

8. The imposition, during a period of a year and a half or two years, of high duties almost amounting to prohibitions, upon most

articles imported; those from Canada, Nova Scotia, and the West-India islands being excepted; it being recollected, that, though the price of bullion, and the largeness and smallness of its supply, are considerations independent of the state of the exchanges, in foreign countries, a state of the exchanges favourable to this country, would prevent the exportation of bullion, and probably quickly occasion a re-influx of that valuable commodity.

9. The permanent parliamentary additions to the duties on a number of imported articles, after a very careful and comprehensive view has been taken of the probable effects of these advances of duty, both with a view to the danger of smuggling, and to the export-manufactures and prosperity of the kingdom: these additions of duty being decided on, not so much from an expectation of an increase of revenue, as for the purpose of rendering, even in the present disadvantageous state of the commercial world, the balance of our exports, greater on the average, than that of our imports; and it being intended, that the amount of the duties on imported articles

shall hereafter receive such alterations, as the results of experience shall dictate.

10. The enactment of a law, imposing penalties more or less heavy, upon all, who shall be discovered, either to import, to sell, or even to use, any of the manufactures of France or Holland, Germany or Italy: the utmost care being given to render these penalties operative, in their nature, and the strictest vigilance being exerted in order to carry them into execution.

11. The adoption of parliamentary measures to prevent any foreign vessels being employed in our commerce, as far as these measures of restriction shall be at all compatible with the extension of our export-trade, and with our supply of foreign articles of an indispensable nature; very heavy sums having been paid to foreigners for freight, a very large part of which has gone out of the kingdom in the form of bullion, of guineas, and of foreign coin.

12. The alteration of the mint-prices of the gold and silver coin of the realm, so as to re-establish nearly the exact proportion, which is not maintained in the present mint-prices, between

the existing relative values of gold and silver, gold, however, being rated a little above its real relative value, because, from the smallness of its bulk in proportion to its value, it is more liable than silver both to be melted and exported.

13. The introduction of a new principle of coinage into the British mint, whereby all gold and silver coins shall be made, in proportion to their weight, much thicker than they now are, and with a higher relieve, so as not only to increase the beauty of the coins, but, by preventing so many points in different pieces of money coming into contact, to diminish the waste of the precious metals, arising from wear and friction, and at the same time to preserve the marks of genuineness, and to prevent the necessity of re-coining any money for a much longer time than could be effected, upon any other principle; many of the Greek, the Macedonian, and the Roman coins serving to illustrate the utility and importance of this principle in coinage.

14. The imposition, by royal proclamation, of a slight seignorage, or duty on coinage, on all new gold and silver coins; this duty hav-

ing a tendency, like the price for fashion in gold and silver-plate, to prevent their being either exported or melted, and this duty being capable, in the present state of the improvements in coining, of at least greatly reducing, and probably of removing altogether, the expense, to the public, of coining, which has, in the present reign, been an important item of expence.

15. The reductions, from time to time, after proper notice has been given at two or three successive periods, and as soon as it can safely be done, of the stamped dollars, or bank-tokens to a sum, only a little exceeding their worth as bullion, and regulated by the newly established mint-price of silver.

16. The issuing of a new and very extensive coinage of guineas and half-guineas, conformed in weight to the new mint-prices; which, however, are not to be issued, until the foreign exchanges shall have been rendered sufficiently favourable by the adoption and success of suitable preliminary measures; and until the price of gold bullion shall have fallen below the new mint-prices: it being recollected, that a recoin-

age is become necessary, both on account of the comparatively small quantity of gold-coin remaining in the kingdom, and of a large proportion of that, which does remain, being as deficient in weight, as it was antecedently to the great coinage in 1774.

17. The issuing of a new silver coinage, in which each coin, like the silver coins in the reformed coinage of king Edward the VIth, shall have a known weight, and shall be a precise part or regular division in the pound-troy; and in which the crown-piece shall weigh exactly an ounce, the half crown-piece half an ounce, the shilling one fifth of an ounce, and a half or semi-shilling one tenth of an ounce; this regulation being calculated to facilitate the practice of weighing silver-coin, and, by rendering that more frequent, to preserve it in an unclipped and satisfactory state; and this regulation not interfering with sales and contracts, or with the payment of debts and salaries, they being estimated, not according to the number of guineas or crown-pieces, but of an ideal coin, called a pound sterling, the value of which, when com-

pared with a guinea, is to be announced by royal proclamation.

18. The coinage, at a subsequent period, of coins of twice the weight and value of the new guineas.

19. The enactment of a law, excluding any silver, as well as gold coin, from being a legal tender, if diminished below a certain weight.

20. The condemnation and calling in, by means of successive proclamations, of all gold and silver-coin, below a certain weight; it being intended, that all the debased and much-worn coin of the kingdom shall be gradually driven out of circulation.

21. The issue of a royal proclamation, annexing a new value, conformed to the new mint-prices, on all the old gold and silver coins of the realm, which shall be found to retain a sufficient weight, and to be, therefore, fit to be continued in the channels of circulation; it being recollected, that, when the paper-currency shall be greatly reduced, the circumstance of these old coins, still kept by the weight of public autho-

ity in circulation, rising in actual, though not in nominal, value, and being able to purchase so much larger a quantity of corn and of all other commodities, than they would otherwise purchase, will operate as a compensation to most individuals, for the loss sustained by the unavoidable measure of a condemnation of those coins, which are either counterfeit, or quite light and unworthy of being retained in circulation.

22. The immediate exchange, at the mint, of an equivalent amount of coin for any quantity of standard gold or silver bullion, or foreign coin, and the immediate assaying of the bullion, if necessary, whenever any private persons shall carry them to the national mint; it being recollected, that, though the possession of a large quantity of current coin, of sufficient weight, is often a great accommodation to individuals, yet the loss of time, the inconvenience of delay, and the fear of mistake, have, in this country, long checked the carrying of bullion to the mint for the purpose of being coined; and it being also remembered, that the recent erection of a spacious and commodious mint will greatly faci-

litate the expeditious coinage of money, and that the use of the steam-engine, and the contrivances in machinery which have been made, will extremely diminish the expense.

23. The enactment of a law, grounded on the consideration, that two metals, of fluctuating relative value, cannot possibly be both uniform measures of value, ordering that, if the well-ascertained price of silver-bullion should rise or fall to a certain amount, when compared with that of the superior metal, a proclamation shall be issued, ordering at what sum each silver coin of the realm shall pass current; gold coin, as made of the more valuable of the two precious metals, being at present the standard coin of this kingdom, and being indeed, best adapted to be the standard coin of every rich country, or, in other words, the chief instrument of commerce, the principal measure of property, and the only legal tender for sums above a small size.

24. A lowering of the sum, at which foreign corn may be imported into the ports of the united kingdom.

25. The adoption of means, by authority

of parliament, for preventing the circulation of any counterfeit copper coin, and the coining of an additional quantity of copper coin.

26. The parliamentary restriction of either of the banks of England aiding government with any accommodations of credit, beyond a limited and moderate sum.

27. The repeal of the law, preventing the arrest of any person, who offers for payment the promissory notes of the bank of England; a law professedly qualified and temporary, but, in its actual effects, almost equivalent to the rendering of them a legal tender.

28. The immediate parliamentary limitation of the number of £1. £2. and £5. notes, issued by the bank of England, and by all public and private banks; and, after a sufficient quantity of gold, silver, and copper coin has been issued, and whilst they are in the course of being issued, the successive prohibition, by act of parliament, of any bank notes, issued by the public or private banks, as low as one pound in value, as two pounds, as five pounds, and as ten pounds; the cash accounts kept by individuals

at banks and banking houses, and the circulation of guineas and bills of exchange, rendering the issue of any notes below 15 or £20. in value quite unnecessary, and ultimately mischievous, by their tendency to supersede and drive away cash.

29. The enactment of a law to prevent any gold, or even silver coin being received at any of the public offices, or at the national banks, but by weight; an allowance being made for a moderate loss of weight from wear.

30. The passing of an act of parliament, as soon as specie shall become plentiful, ordering that a certain proportion of the taxes, probably not less than one third or one fourth, shall always be paid in specie at the different tax-offices, and to the different tax-gatherers, and by them to the superior collectors or to the exchequer; it being understood, that that part of the army, which is in Great Britain, shall be paid exclusively in specie. It is not to be concluded, that I myself am sanguine, because I have suggested so many different measures. That it would be necessary to adopt every one of them, in order to render cash

permanently current, I by no means assert; but this I maintain, that the foregoing remedies, if resorted to, would be found effectual. To carry all these measures into execution would, I believe, be beneficial; but several of them might be omitted, and yet the end would be perfectly attained. To suppose that they all will be acted upon is a vain hope, which I, assuredly, never for a moment did, or could, indulge. Why I am not inconsistent, when I say, that to execute them all would be beneficial, but, that though they are all adapted to promote the accomplishment of the object which is more immediately aimed at, they are not all requisite, I shall explain by means of a statement, which will form the conclusion of the following paragraph.

That none of the measures, which I have recommended, will be found to be the occasions of considerable inconveniencies, is a hope which I am far from venturing to entertain. It cannot, for one moment, be cherished. The maxims, that apply to individuals, are in a great degree applicable to nations. The sick man cannot have the variety of pleasures and the latitude

of choice, which he, who is in health, may enjoy. He who has wandered a very considerable distance from the right path, must employ time, and encounter toil, before he can return to the point from which he set out. But, after I have made this acknowledgement, and have added these remarks, I am, nevertheless, justified in stating, that, the invaluable advantages, attendant on a re-influx of gold and silver into circulation, might be obtained, according to the plan proposed, if strictly followed, without the nation in fact making, on the whole, any sacrifices, in order to obtain these great advantages. This statement of course requires explanation. My meaning is, that so many of the measures, which have been recommended, are deserving of being adopted for their own sakes, and on considerations perfectly distinct from their favourable effects on the materials, used as our representatives of property, and our instruments of purchase, that the advantages, which would flow from the execution of the whole of this long series of measures, would, independently of their rectifying the very degenerated state of our

circulating medium, be much more than an equivalent to any inconveniencies, which would arise from them, at the time of their commencement, or progress, or completion. It is true, all these advantages of a different nature, advantages too great to be spoken of as collateral advantages, might have been obtained, without any deterioration of the state of our circulating medium, and consequently without a recurrence to any remedial measures. But, nevertheless, in the deteriorated state of our currency, it is a happy circumstance, that many measures, calculated to assist in placing it upon a sound and satisfactory footing, would, on other accounts, be eminently serviceable to the nation. If any set of measures proposed is likely, either in a considerable degree, or in any degree, to occasion the discussion and the adoption of measures, which are clearly beneficial on other accounts; this cannot but be regarded, in point of justice, as an additional recommendation in favour of the attentive consideration, and, I may add, of the final adoption, of such a set of measures.

That it would not be worth while to resort

to so many different important measures, unless the evils, which are to be avoided, were extremely great and most extensive in their operation. I am perfectly aware. It is not worth while, to set up a steam-engine, in order to overthrow an ant-hill. But, the evils, which we feel, and which we have in perspective, are feebly characterized by the language which I have just employed. To these evils I have already, very briefly, alluded; and I shall purposely abstain from expatiating upon them at length, as I wish rather to awaken hope, and to animate exertion, than to excite apprehensions. But, if I was quite silent on this part of my subject, I should not do justice to it. Of little avail will be the knowledge of remedies, unless a serious malady shall be believed to exist, and unless the dangers, which lurk under the present state of things, shall, though very imperfectly seen, nevertheless be believed to exist, and shall operate as motives for the administering of remedies and for promptitude of interference.

Who does not see, that, if the legislature shall neglect to adopt measures, calculated to

restore gold and silver into our permanent circulation, we are threatened to be inundated by a greater and a greater quantity of paper-money; and who will not acknowledge, that this is a time, when indifference to our situation, and insensibility to our dangers, are alike censurable and unseasonable? In the event of this dreaded neglect of the legislature being realized, may we not expect either two prices, a paper and a money-price, or the total disappearing of the precious metals from the ordinary channels of circulation? If there should be a paper and a money-price, will not the former continue to fall more and more? May we not anticipate the fabrication of many millions of 5 and of 10 shilling notes? To what an extent will the notes of larger amount be multiplied? How excessive will be the rise in the prices of commodities! How seriously will the productive powers of any nominal amount of receipts from the taxes be lowered? What incessant interruptions, perplexities, vexations, and disputes, will, it is to be feared, arise in the intercourses of trade and commerce! What will be the situation of the public creditor, and of all

who have nominally fixed incomes! What sudden elevations and depressions may be expected in the fortunes of individuals! How will these circumstances multiply the number, and probably diminish the employments, of the poor; and how will they swell the amount, and aggravate the pressure, of the poor's-rates! How will the means of purchasing commodities abroad be curtailed; and to what a height will their prices be lifted up! This country does not produce, on the average, nearly corn enough for its own consumption; wheat is a vegetable of very precarious growth; and several unfavourable seasons not unfrequently succeed each other; and does not our own personal experience, limited as it is, loudly warn us of reality and the magnitude of these dangers? How materially also will the permanent interests of agriculture be injured, and the sources of subsistence impaired, by the discouragements thrown in the way of the renewals and original grants of leases! How many temptations will there be to the wildest speculations and to the commission of crimes! And how lamentable will be the effects on these honest feelings and

those sacred principles, on which are founded a respect for the rights of property. Let the measures, recommended, be carried into execution, without any unnecessary delays; and such a copious and increasing influx of gold and silver would happily pour into the innumerable channels of circulation, that there would be no danger of cash hereafter disappearing; as long as this Island shall enjoy the inestimable blessings of freedom and independence; blessings of which this country will never be deprived, if it does its duty, and avails itself of the inexhaustible resources, and the invaluable advantages, which it commands. At least, there will be no recurrence of a scarcity of coin, unless the legislature and executive government shall act with an extreme degree, not merely of prodigality, but of imprudence; and shall willfully shut their eyes on those rules of caution, and on that concentration of light, which experience clearly affords.

In acting upon the proposed measures, we shall consult at once our welfare and our reputation; we shall promote the cause of tranquillity,

an obedience to the laws, and the public prosperity. The size, the peril, the urgency of our difficulties are the greater, in consequence of the proximity, the unexampled power, the unremitting activity, and the inveterate hostility of the sovereign of France. They, therefore, imperiously call upon us to discover and to apply the most potent remedies. Besides, when an object of supreme importance and serious difficulty is to be attained, is it not far better to employ in its accomplishment means unnecessarily powerful, than to become the victims of disappointment and the dupes of false calculations, in consequence of our relying on such remedies, as are known to be feeble, and as are likely to be inadequate? If remedies, of more than sufficient force, are offered; is not an error on that side, the safest? * How many have seen the eyes of those who have seen the

And I may ask, whether most of those readers, who shall have perused the title, or first opened the pages, of the present pamphlet, did not, when perusing the one, and opening the other, do so with the expectation, that the proposed remedies would be found of too slight a nature, and inadequate to the correction of the evil?

It may be said, that to promulgate alarms is to encrease danger. But the fact is, alarm and inquietude are already widely diffused; the house of commons has, itself, announced the necessity and the importance of the enquiry; the condition and consequences of our currency are subjects every where discussed; the dangers of delay are still greater than those of discussion; and this is the time for coolness of enquiry, for acts of self-denial; for firmness in decision, and vigour in the choice and enforcement of our remedies. Error is often the parent of misfortune and of self-reproach; and, if parliament and a majority of the public shall remain unconvinced of the serious errors, into which they have fallen, palliatives and projects of a delusive and temporary character will be perpetually debated and resorted to; but it will, in a short time, be useless to talk of the expediency, or even to attempt the application, of remedies. That, when an important object is to be gained, many measures ought to tend towards one point, is a maxim, by no means exclusively applicable to war, and it becomes the interest of a power

I am far from being an enemy to the employment of paper, as a material for money. It may be extensively useful to a country, in its commercial character, in the advancement of its agriculture, and the extension of its manufactures; but the paper-mill, as well as the steam-engine, may be converted into an engine of destruction, as well as into an instrument of benefits. Kept within due bounds, paper-money produces vast and vivifying effects; freed from all restraint, it introduces ruin into families, and anarchy into nations. There have, as Dr. Adam Smith has observed, been banking companies (and, among them, is the bank of England), which, though giving specie for their notes, have nevertheless overstocked the district, which they supplied, with their paper, and to such an extent, as to produce a sensible diminution in the circulating specie. This they did from a misconception of their interests. If, then, the check of the immediate convertibility of notes of promise, into cash on demand, is, professedly removed to an indefinite period; and it becomes the interest of a power

ful banking company, as far as its own emoluments are concerned, to issue a redundancy of paper; and that company is identified with the concerns, and rendered subservient to the wants, of government; how can any enlightened and impartial person doubt, that such will be the result; and that, independently of the operation of public opinion, an over-issue of paper, whilst it raises the prices of all other commodities, will, of course, heighten the price of bullion, and essentially aggravate and confirm the very evil which imperiously requires to be remedied?

The great wheel of circulation, which distributes in a country the different productions of the earth and of human labour and skill, does at an early period, commonly consist entirely of gold, silver, and copper. In an advanced period of credit and capital, it may, very advantageously, be composed, not only partly, but even in a great degree, of paper; because the latter is a material in many respects more convenient; and because it is less costly, and the gold and silver, which it has replaced, are, without loss of time, put into activity, and sent to

other countries, in exchange for commodities of undoubted worth, and the most extensive usefulness. Thus is the country a great gainer, receiving in return, for a part of the materials of its mere machinery of circulation, and of its dead capital, important accessions to its existing stock of commodities. In the mean time, if there is good management, there will be no scarcity of gold and of silver; those metals freely passing into, and out of, the country, through some of the innumerable, though invisible, channels of commerce, many of which will be open, though others may, from the pressure of peculiar circumstances, long remain shut. But those, who vary the mechanism, superintend the repairs, and regulate the movements, of the great wheel of circulation, hold a very important and a very responsible situation, and ought to be men, at once judicious and enlightened, and of unquestionable probity; for they have the controul of a machine, which is as powerful in its operation, as it is complex in its construction; and paper, though a very useful, is a very delicate and hazardous material, and, in proportion

tion to the facility with which it can be fabricated and fitted for use, it ought to be employed with a cautious and with a sparing hand.

It is true, the great national wheel of circulation, though deprived of those parts of it, which formerly consisted of gold and silver, and merely repaired with paper, a material of too little weight and durability to be exclusively employed, may, even in its altered and degraded state, for a short time, produce great effects. Whilst it whirls round with a quicker and a quicker motion, it will dazzle the eyes, and call forth the applauses, of many who gaze on it; like the supposed exhibition of the mighty power of a renowned enchanter, who, by the motion of his paper-wand, inscribed with a few mysterious characters, which it is no easy matter to decipher, or at least to understand, can, on a sudden, though only for a very limited time, cut roads and canals; and erect bridges and palaces; expand the sails of commerce, soften the frowns of war, and lighten the load of taxation. But, losing all steadiness, and rendered incapable of resisting the slightest blows, it will, at length, shiver into

fragments, to the astonishment and dismay of its innumerable admirers, who had in vain been warned to restore, to the wheel of circulation, its deficient solidity and steadiness, and to enter, before it was yet too late, on the salutary work of reparation. It is the judicious intermixture of the precious metals, which imparts, to the great wheel of circulation, strength and stability. Deprive it of these necessary qualities, and it may be overthrown and broken, not only by the storms of war, or the hurricane of insurrection, but even by the breath of opinion. When it falls, its fragments will be of little value; and, when a new wheel of circulation shall be put in motion, it must be constructed on a far smaller scale, and consist, principally, of gold and silver. With these solid and precious materials paper will, at length, be combined for the purpose of enlarging its powers and of accelerating its movements. Whether those, who shall possess, and those who shall controul, the administration of affairs, will, under these circumstances, have the virtue to abstain from contracting a new debt, and entering upon a new career of prodigality, time alone can discover.

After what has been said, it is scarcely necessary to repeat, though it ought never to be forgotten, that the more valuable of the metals will, of themselves, answer the purposes of circulation; that paper, when alone, is incompetent to the task; but that paper and the precious metals, when moving in unison, are best adapted completely to perform the varied functions of money: that, in a commercial country, paper gives an impetus, and gold gives security, to exertion; and that the statesman, who shall rashly attempt to render paper omnipotent, will not probably end his experiments by depriving it of all power.

THE END.

LONDON:

Printed by Cox, Sen, and Baylis, 75, Great Queen Street,
Lincoln's-Inn-Fields.