DEFENCE

OF

ABSTRACT CURRENCIES,

IN REPLY TO

THE BULLION REPORT

AND

MR. HUSKISSON.

BY

GLOCESTER WILSON, ESQ. F.R.S.

"Does the great quantity of paper money in England tend to "diminish the value of the pound sterling? I answer in the nega-"tive. Paper money is just as good as gold or silver, and no "better."—POLIT. ECON. b. 3. p. 1. c. 8.

"All and every one of these inconveniences to which coin is "exposed, disappear in countries where the use of a pure ideal "money of account is properly established."—POLIT. ECON. b. 3. p. 1. c. 8.

LONDON:

PRINTED FOR JOHN MURRAY, 32, FLEET-STREET,
W. BLACKWOOD, EDINBURGH; AND M. N. MAHON, DUBLIN.

1811.

Charles Squire, Printer,
Furnival's-Inn-Court, London.

INTRODUCTION.

"If the difference between us be as to *principles*, let "them fairly lay before the publick those on which their "theory is built and shew the practical consequences to "which their own principles would in their own opinion "lead."—HUSKISSON'S PREFACE, p. 11.

IT has appeared to me a general defect in the answers which I have seen to the Report of the Bullion Committee, that they confine themselves too much to its practical evidence; and, as it were, overlook the challenge, thus publickly held out to them, to attend rather to its theory.

While the antagonists to that Report charge it with resting, as indeed Mr. Huskisson rather boasts, on principles chiefly;—with being, as they alledge, a theory at variance with even its own practical evidence; instead of continuing to combat it with still additional evidence, they should surely rather have addressed themselves at once to its principles.

Some indeed go further, and, whether they seek to affect a candour, or what, on such a subject, I should rather call a misplaced delicacy, they seem to compromise the having dared to attack the *evidence* of the Report, by almost surrendering at discretion to its theory.

Right principles seldom lead to wrong conclusions: surely then those who, though only from practical experience, have satisfied themselves that the conclusion of the Committee is wrong, need not be forward to compliment the principles which have at least led to that error.

Important as the subject undoubtedly is, I am not sure that even its importance fully justifies its having been started at present: still I perfectly agree with Mr. Huskisson, that, since the question has been raised, it becomes the duty of every one to use his best exertions to lay it, effectually, at rest.

When, therefore, I have said, that I think the answers of others are in some degree defective, I have left myself no alternative, but to endeavour, as far as I am able, to assist in supplying that defect.

Difficult, as it must always be, to reconcile a variety of evidence perfectly together, it has been observed, in the present instance, that it is even *more* difficult to reconcile the general sum of the Bullion evidence, with the Report, which the Committee have founded upon it.

My object will be rather to contend, that however defective in these respects the Report may be, it has still more sanction from the practical evidence which accompanies it, than either the Report, or Mr. Huskisson's commentary on the Report, can derive from the *principles* which he so confidently relies upon.

The Committee themselves, indeed, make less profession of principles than their commentator has been seen to do. I am not aware of more than one decidedly theoretical principle, which they assume, to build their whole system upon: and this is not exactly the place to canvass it.

It would, however, be so very material to an individual like myself, not to have to contend one moment unnecessarily with the full weight of so high an authority, that I feel induced to risk an experiment, whether by simply stating the principle, and subjecting it to a question or two, I may not be able to awaken in my readers, if not an absolute doubt of its justness, at least a determination not to receive it altogether as an axiom, without some sort of previous enquiry.

Axioms should depend on themselves alone. But, unfortunately, the axiom often passes unconsidered when it comes to us blended with high authority.

The Committee assume, and are sanctioned in that assumption by Mr. Blake, (whose able analysis of *Exchanges* must not be suffered to command a too implicit reliance upon all his notions of *currency)* that the original issue of Bank notes may be unexceptionable in itself; but that their circulation afterwards may have a distinctly bad effect, by merely adding to the superabundance of *currency*.

However this principle may have been received as an axiom into political economy, it is one of those axioms, which appear to me to assume, rather than command assent.

I wish simply to be informed how the *note, when arrived at this stage in circulation, is practically conceived to operate there?*

The note is a credit advanced at interest,

by the Bank: and is admitted by the hypothesis to be so far *good*. Otherwise, was it *bad*, in this stage, there can be doubt it would be superabundant every where.

As a credit, indeed, I am not myself sure, that its *goodness* ought wholly tó exempt its propriety from all further question. An anticipation has, perhaps properly, but a relatively present place. Bank notes might be liable to question, as giving future credits too real a place among present existing funds.

This stage, however, is conceded by the Committee, nor as it should seem for the argument merely: as they expressly say, in this stage, the note is *useful*.

Their words are:

"In the first instance, when the advance "is made by notes paid in discount of a bill, "it is undoubtedly so much capital: so much "power of making purchases, placed in the "hands of the merchant who receives the "note; and if those hands are safe, the "operation is so far, and in this, its first "stage, useful, and productive to the pub-"lick. But as soon as the portion of cir-"culating medium, in which the advance "was made, performs, in the hands of him "to whom it was advanced, this, its first "operation, as capital; as soon as the notes "are exchanged by him, for some other "article which is capital, they fall into the "channel of circulation, as so much circu- "lating medium, and form an addition to the "mass of currency."

They add:

"The necessary effect of every such addi- "tion to the mass is, to diminish the rela- "tive value of any given portion of that "mass in exchange for other commodi- "ties."—REPORT, p. 23.

This reasoning might be just, if all currencies passed in circulation simply as *equivalents*.

In that case, whatever affected their *real values*, would necessarily affect their *exchangeable values* equally: But it is admitted, that the different species of currency differ in this very respect; and it may be doubted if those which pretend to *no equivalence*; but which simply express and acknowledge an outstanding debt, can in strictness be said to pass in exchange for the commodities they purchase, or have any *exchangable value* dependent on their *real value* at all.

The necessary effect of such additions to

masses, will naturally confine itself, in the first instance, to those masses themselves.

If they are afterwards to pass as equivalents, then indeed, any relative diminution of their own value must diminish their value in exchange for other things: But if they are to pass as *mere tokens*, or *measures*, or in any other character than as *equivalents*, it is by no means obvious, that their *exchangable value* need vary with every change they themselves undergo.

The term *exchange*, here leads to the error; for exchange, in strictness, implies an immediate and *ultimate discharge* by barter of equivalents. Money, indeed, as far as it is thought an equivalent, is so exchanged; but the commodity for which a Bank note is exchanged, however the debt may be transferred; some one still owes for.

Bank notes but mark a debt, and transfer that debt from the individual to the Bank: nor can it be obvious, that the degrees, as it were the inches, they thus mark, need be altered, though their scale was increased at once, from a single foot, to a whole diameter of the globe.

The Committee, however, reason differently, if a mere assumption can be considered as reasoning: for they had early assumed it, as of course, that local currencies would, in this respect, have precisely the same effect with specie.

They say:

"An increase in the quantity of the local "currency of a particular country will raise "prices in that country; exactly in the same "manner, that an increase in the general "supply of the precious metals raises prices "all over the world."—REPORT, p. 7.

Surely this expression is every way too general and unqualified. An increase in the supply of the precious metals would not itself raise prices in the least, if we suppose the debts they are called in to balance, were to rise in the same proportion with that supply; and this is an additional reason for distinguishing the different nature of different species of currency: since the precious metals, on account of their supposed equivalence, require no immediate debt, as a necessary introduction; whereas some specific debt is an essential preliminary to every atom of paper.

The Committee indeed might be suspected of reversing the argument altogether; for they immediately follow their former paragraph with one, which would seem to imply, that specie was liable to no such excess.

They say:

"If the addition were made by notes "convertible into specie, this diminution "of the relative value of any given portion "of the mass, would speedily bring back "on the Bank, which issued the notes, as "much as was excessive."

Though the fact would probably justify the speculation, the cause is far from being accurately assigned, as it overlooks the most material feature in the subject at present under discussion; viz. that the effect depends upon no mere relative diminution of value in the portion itself; but absolutely requires that, that diminution should be first sensibly perceived by us.

This appears to me to be the mistake of the Committee throughout. They are obliged to admit, that the depreciation of the currency has, in this instance, become *first sensible through high prices*; whereas the *sensible perception* of that depreciation is so much the *truer cause* of such an effect, that it is evident a false perception alone would supersede all occasion for the reality.

If specie could itself be suddenly multiplied to the same excess, the mere exchanging paper for specie could not operate as a limit to either.

It is not then the exchange into specie, which would really operate in this case; but simply the bringing back the notes for any purpose whatever to the Bank.

In this place, indeed, the Committee somewhat avoid the error, which, I think, they afterwards run into, of supposing, that, the *exchange of Bank notes for specie* is the only natural remedy for their excess.

At least, they admit of another and a truer vent for that excess, in the re-payment of those discounts, for which the notes themselves were issued.

They say:

"But if by law they are not so converti-
"ble, (into specie) their excess will not be
"brought back, but will remain in the
"channel of circulation, until paid in again
"to the Bank itself, in discharge of the bills,
"which were originally discounted."—REPORT, p. 23.

I wonder this admission did not lead the Committee further; and teach them to see at once, that for a simple excess of *currency*,

re-payment is the natural remedy; far more so than exchange.

The fallacy of their whole system consists in this, that they confound the natural remedy for the *discredit* of Bank notes, with the remedy for *their excess*. The exchange for specie may indeed sometimes collaterally operate as a remedy for *excess*, but it is naturally altogether confined to their *discredit*.

Exchanging one species of currency for another, has, evidently, no direct tendency to diminish the general mass of the whole. Why should not Bank notes, if no how intrinsically discredited, always rather await this period of repayment, when they must be taken back by the Bank at par, than submit to even the slightest depreciation; much less a depreciation, which is supposed to exceed, by fifty-fold, the full interest for any period they can have to run?

It is true, that if Bank notes now lose their currency in *purchases*; they are in some degree compelled to wait that period; but this deprives them of no direct and natural security from excess; though it might certainly expose them to fatal risk, was any really to be apprehended, from their ultimate *discredit*.

It is only by accident, that a general excess of currency is ever relieved by simply exchanging one particular species for another.

Exchange may distantly imply, somewhat of superfluity, in the article exchanged, but its more immediate implication is clearly a preference of the article we obtain by it.

The Committee themselves so far sanction this reasoning, that they are obliged to induce a preference for gold, in addition to the mere supposed excess of paper, before they are able to set the process at work: but, as by their system, an excess in any part of currencies, circulating together, depreciates equally the whole, unless they pre-suppose some relative discredit of paper, it is impossible for them to explain what should, at this period, ground any such preference for gold.

Bank notes, it is true, are precluded by the Restriction Bill from having any other direct vent than *purchases*, till their re-payment; but it would be rather extraordinary, if this circumstance alone should depreciate them, in comparison with gold, when gold has no other vent at any time.

The Committee indeed, reason, that Bank notes, passing in circulation, get out of the direct channel of being returned for their own discounts; but this is merely exchanging places with each other: if they lost 15 per cent, as the Committee suppose, would not this effectually prevent their ever leaving that channel? At any rate, it is idle to suppose them necessarily awaiting the absorption of high prices; since the re-payments, at every period, to the Bank, must exceed their issues by their profits.

If Bank notes had been sensibly felt to be the least burthensome or excessive, there was never wanting the opportunity to pay them into the Bank without loss.

The proposition is by no means universal, that things, as they increase in number, must necessarily decrease in value.

To commodities even, to which it does apply, it applies only, in as far, as they have real values of their own, and but a limited market. It applies indeed to *specie partially*, because specie mixes the character of a *commodity*, with that of a currency. But it does *not* apply *to paper or Bank notes*, because, as Mr. Huskisson himself observes, (and which should have been an answer to his whole system, "*a Bank note is no commodity*." The real values, which commodities have, do not readily suffer them to stand idle. It is *these* that force them forward, into a competition for employment, which may become injurious to *themselves*, from which, articles of no intrinsic value, are therefore exempt.

Thus a competition may arise between guineas, because these have pretensions of their own, independent of their values, as *mere currency*: and if, in that competition, they injure the relative consequence of each other, this will of course affect their *exchangeable value, as equivalents*, though as *equivalents only*; when it will so far seem to affect the prices of other things.

But no part of this reasoning can apply to paper; which from having no independent value of its own, could never force its way in circulation, had it any occasion to do so; and which, besides, can never have that occasion, as the debt, of which it is a mere expression, is already a *specific* place provided for it.

The Bank, indeed, in issuing their notes, acknowledge a debt, when, as yet, one is rather owing to *them*; but the credit they give is entirely their own concern; unless, as

it may ultimately affect their stability; the credit their note acknowledges, against themselves, is an independent debt, and must, at any rate, be paid. And this, as long as their security is good, is a security which (whatever we may have prejudiced ourselves to think) *guineas*, with all their boasted advantages, *have not*.

At present, I know, the very idea of such a danger will be ridiculed; but whatever may be the result of the subject under discussion, it will at least afford a full exemplification of the justness of this reasoning.

The moment we even suspect Bank notes to have fallen in value, we find numbers ready to suggest, that Bank notes have sponsors, who may immediately be called upon. Yet the very same parties can tell us with indifference, that a sudden discovery of new mines would produce on the metals precisely the same effect, which, they apprehend, an over issue has already produced upon paper; and can add to this, that it is probable the relative values of gold and silver have, in some degree, actually varied, since these were regulated at the mint; without seeming to reflect, that there is no Bank upon which, in this case, they can invoke the Legislature to call, to remedy any such defects.

The Continent is actually suffering the very evil of a highly fluctuating currency; and because that currency is *metallic*, they are suffering it without redress: while our ability to sustain abstract credit both secures us, in the first instance, from the danger, and would even afford us, as the Committee and Mr. Huskisson evince, an immediate remedy for the evil, if it could occur.

Bank notes, and guineas, exist in circulation, as currencies together; but the Committee should have entered fully into their characteristic distinctions, before they ventured to assume, upon this single affinity, that both are equally liable to the same excess there.

If both indeed are liable to excess, their excesses at least are different, and depend on wholly different causes.

The universal *credit*, which gold undoubtedly has, (though it is difficult to say from whence that credit is derived) effectually exempts gold, at present, from any excess through mere *discredit*. But the very circumstance would the rather expose gold to the being admitted into circulation, in

excessive *quantity*, was not its quantity otherwise controuled by natural limits.

Paper, on the contrary, is peculiarly liable to *discredit*; and through *discredit*, may appear excessive in *quantity*; but the very want of independent value, which thus exposes it to discredit, renders paper less liable to any other species of excess.

If Bank notes do, as it is said, discharge other debts, in their course, than those to which they were originally appropriated, the Committee should still have reflected, that, upon their own system, this rather tends to diminish the mass of currency, than to add to it.

Every debt, they so discharge, would, upon the system of the Committee, have fully justified a fresh discount, and thus have produced additional notes of its own.

We have certainly known instances when notes have been rapidly returned on the Banks which issued them; and we have been accustomed to hear this imputed to their *excess of quantity:* but have we sufficiently distinguished mere *excess of quantity* from that discredit which would naturally accompany such excess?

The very number of a Bank's acknowledged debts, however counterbalanced (as their notes must always be supposed to be) by credits to themselves, may still occasion a just alarm for their competency; as the security of those credits cannot be equally open to general scrutiny. But if no alarm was thus excited with respect to the particular currency, however its quantity might be productive of a general excess, that excess would never suggest, as any mode of relief, the mere exchanging one species for another.

We should never have returned paper for other currency, solely from having too much of both together: the very preference of gold necessarily bespeaks a previous discredit of paper. Could we indeed know what it is to be sensible of an excess of paper currency, unaccompanied with any idea of distrust, we should find it simply a sense of superabundant riches. This might certainly stimulate us to expense, or speculation; but it could never directly suggest to us, the exchanging different species of currency for each other.

With respect to the conversion of notes into specie, which the Committee recommend as the natural remedy for this excess; as I have before observed, if specie itself was

not otherwise limited, this would afford no limit to general currency at all.

Mr. Huskisson himself admits, that, could specie be multiplied to the same extent with paper, its effects would be as bad: but he forgets to add, that if in practice it is less liable to this excess, in theory at least, it is greatly more: since the metals have no absolute restriction to their quantity, as far as respects circulation; whereas the quantity of paper cannot possibly exceed the amount of those debts which previously exist there.

If guineas, indeed, have to dispute their place in circulation with each other, I do not know what power is to mediate between them, or what they can ultimately do but divide that place equally among themselves, since neither has any definite pretensions beyond the other: but it is different with paper, of which every atom has its specific place; which, unless it is expressly wanted elsewhere, it can have no occasion to leave.

Bank notes, for instance, have no occasion to circulate at all, unless their circulation is wanted. They have each a place of their own, in repaying the discounts for which they were advanced. It is only where the Committee say they are decidedly *useful*, viz. in the hands of the original borrower, that they are in the least forced forward; but here they somewhat are, since here they pay an interest, which if they were not employed would be lost.

The note which was originally borrowed at five per cent, was hardly borrowed to lend again; though if it was, this would merely originate a second question of credit, or transfer that question from the one loan to the other; and all questions of credit are, by the hypothesis, excluded at present. Excluding then the idea of a second loan, what now remains but that the note, if it circulates at all, must pass in the payment of debts or purchases?

Here then I pause, to put it seriously to the reflection of every one, how the process of merely paying debts, (for both cases resolve themselves simply into this) can be too much facilitated?

Must debts be kept open but to encourage and give employment to currency? Are not currencies, properly, but subservient to the discharge and balance of debts? Gold, indeed, as a commodity, might be better employed in manufactures, than stand idle as a currency: but the mere abstract ex-

pression of an existing debt, cannot be otherwise employed than as a currency; nor can it be without employment there, while the debt itself remains, whose duty it is to express.

The total inactivity of Bank notes (which the Committee seem to desire) would indeed be unproductive; but, except in their first stage, *as a credit*, it would cost us nothing.

The Legislature might as well order debts to be contracted solely to give employment to both gold and paper, as complain of paper that it is possibly obtrusive, merely because it prevents our having recourse to more costly currencies.

If *good paper* could even precede credit, instead of being necessarily but subsequent upon it; still its superabundance could only stimulate to enterprize.

The holder of a note might be induced to try to make interest of it, instead of letting it rest unemployed; but surely unless its credit was in some degree shaken, nothing could induce him to part with it prematurely at a loss.

If he wants to make purchases with his note, it is not *in his hands* excessive; and if he does not want immediately to employ it, why should he part with it unless from some distrust ?

It is true, that during the Bank Restriction, the holder of a note, who is really apprehensive of its ultimate credit, would, for a short period, have no alternative but to pass it in circulation, even at a loss: but if originally before the Bank had established their credit, this rendered the exchange of notes for gold one of the most important checks upon them; the moment we grant that credit to be firmly established, it ceases to be of any importance as a check upon them at all.

Merchants borrow for a short period, and if the note only keeps its credit so as to pass in currency at its nominal value for that time; even before that period arrives they can have no occasion to change it at the Bank. If it does not pass at its full value in currency, the utmost they can lose by retaining it, is its interest for the period.

The practice, however, is still more favourable than this speculation, for we know that no note has ever really had occasion to wait a moment; since the receipts of the Bank are daily greater than its advances, and in every receipt of theirs their notes must be taken at par.

It is then falsely argued, that the withdrawing of notes is seriously embarrassed by the Bank Restriction: It is only the prematurely withdrawing them which is the least affected by it. And since the utmost period for which the Bank discounts is three months; what place can there be for the ingenious theory of Bank notes submitting to lose 15 per cent, without it should seem, being even expedited by the loss; for they have still to wait the absorption by high prices.

Discounts themselves more than absorb the notes they lead to, by the full interest of the money. And the Bank are besides daily receiving immense payments for Government. Whatever inducement then the merchant might originally have for submitting to borrow in a *depreciated* currency, he may with any patience be sure of releasing it from that state.

If during the period notes have naturally to run, they can have been the least felt to be compulsorily retained, merchants will hardly overlook that period when it arrives, or fail to repay each discount in the very same coin.

I do not deny that notes may remain in circulation, as the Committee suppose, for much longer periods ; but I do assert, that if the fact is admitted, it affords the fullest evidence that they have never, in the mean time, been sensibly felt to be at all depreciated there.

My position then is, that it is only originally, " in their first stage," that Bank notes can possibly be liable to any just criticism whatever ; that the very fact of their being of no independent value in themselves effectually prevents them from being possibly forced into circulation, as mere currency, any more than an increase of the number of graduated rulers could necessarily set us all measuring, or alter the degrees on each other's scale---that when once passed into circulation as currency, they can no more be prejudicial on the score of rapidity, (for *this*, rather than *excess*, is truly the idea of the Committee), than the clearing house in Lombard-street can be supposed to be, which, as Mr. Huskisson justly observes, is, in this stage, again a substitute for *them*.

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The Committee, indeed, seem to suppose, that a single note, circulating through twenty different hands, becomes, as it were, twenty

different notes ; but what, upon their own system, would be the objection if this was actually so ?

All the purchases which, in its passage, the note *clears*, would, on their own system, had they remained as debts, have justified the Bank in as many distinct discounts and issues. Do the Committee really mean to object to a *single* note as excessive, where they could not, with any consistency, have objected to the *whole nineteen?*

If gold, indeed, would relinquish, at once, its boasted claims to *intrinsic value*, and perfect independence of character, it might then, with more plausibility, complain of being interfered with by paper as a *medium of currency*.

But it is not paper at present which has the *appearance* of interfering with gold, as may be proved at once by a simple experiment, if we would only leave the market to determine the just price of a guinea.

Guineas are only driven out of circulation by our Mint regulations, which do not allow them to fetch the same value in currency here which they actually fetch abroad.

Let that Mint regulation only be removed, and we shall soon find that, notwithstanding all our present supposed excess of paper, we can still admit of a further circulation of guineas.

But the case might have existed of gold being driven out of circulation, independently of Mint regulations, by paper simply; still I do not see that this need have been a general subject of complaint; gold might, indeed, have regretted, that after being procured at an heavy expence, with a view to serve the purpose of currency, and facilitate the balancing our debts, it had only arrived to find its object defeated, itself anticipated by cheaper substitutes, and those differences it kindly calculated to heal, already made up. But why need the publick participate in the regret? Why need any other article than gold be affected by it?

Even the commodity gold, as *a commodity simply*, would rather be benefitted by the circumstance, as every thing, in the form of currency, gives additional facility to manufactures and trade.

Mixed currencies, like the tube of the barometer, should indeed be proportioned to circumstances; but abstract currencies rather resemble its basin, which should, in theory, be infinite.

As, between more than two parties, a Bank

note is no longer, properly, a *credit*. Through all the other stages it passes, it operates simply as what I have called a mere *clearance*. And I firmly contend, that the Legislature might, with as much propriety, be asked to interfere with the clearing house in Lombard-street, or forbid all direct barter between individuals, (things equally subversive of the Mint and monied interests), as that they should be thus called upon to take umbrage at Bank notes, whatever agility these may have displayed in their circulating progress.

There is a case, indeed, cited by Mr. Blake, from Thornton, which I think it right to notice, lest it should be supposed to bear upon the question; it is, however, a case of credit only, and as such wholly excluded.

It assumes, that various notes may all exist together in the market, bottomed on but a single fair transaction.

If these notes could really all be issued by the Bank, still it would not be so much their number which would be objectionable, as the want of just discrimination in their issue. All, except the first, would be indeed defective, but less in any want of limitation than in a want of proper security.

If A, for instance, selling a commodity to

B, takes a bill at six months credit, and discounts that bill with the Bank, B, it is true, may immediately endeavour to repeat the whole operation; and if he succeeds, both notes may be said to rest on but the single commodity. But would the Bank discount the second bill for B, without adverting to the credit they already have against him? If B sells again, without appropriating the money he receives to take up his original bill with A, then B is no such party as the Bank ought to discount for.

If, indeed, B has other ostensible funds, or gives other securities, to which the Bank professedly rather trust, then it is by no means fair to say that both the bills are bottomed on the same transaction.

The Bank discretion is daily tried, and by a test which cannot deceive themselves; I mean their average loss by failures. But it is useless to pursue this subject farther, as the Committee expressly disclaim the least impeachment of the Bank's discretion.

Their objection is professedly confined to notes, avowedly good, but circulating, as they suppose, too rapidly, discharging debts too expeditiously, and disappointing Bullion!

My opinion is, that currencies, while valueless themselves, can never be thus forced in circulation; that simply passive in their nature, they can never actively force prices. The allusion may seem too familiar, but I should as soon have expected to hear that simple mediums of conveyance could force passengers, or that if multiplied indefinitely between London and York, they must compel the whole population to emigrate from the one place to the other, as to be told that abstract mediums of currency, adapted but to *measure* prices, can ever really *force* them.

Mediums may indeed be multiplied, till, if there is not employment for all, they may certainly injure each other; but then those only will suffer which have their employment to seek. The publick will rather be accommodated by *their* error.

The metals certainly may expend their proper values as commodities, while endeavouring to force themselves into employment as currency; nor is it impossible, that if their value is exaggerated, they may in this endeavour somewhat force prices; but only like those conveyances I before alluded to, of which we have heard of some that *did* force emigration, since not content with driving for nothing, they actually gave a dinner to their passengers.

I conclude then universally, that *simply abstract* or *artificial mediums* are necessarily but subservient to their markets, however *mixed mediums* may sometimes, from adventitious circumstances, acquire a slight power of controul.

That if any mediums can be excessive in quantity, they cannot be mediums *simply*, but must blend independent qualities, as the metals for instance do, with their abstract or artificial character.

That Bank notes *especially*, which expire at short intervals, cannot possibly, unless they are really discredited, suffer any depreciation beyond the mere interest of that interval.

And finally, that the Restriction Bill can hardly affect Bank notes, in this way, even during that interval, but certainly for not one moment longer.

Nor can I resist availing myself here of the words of Sir James Steuart, which, though applied to the Bank of Amsterdam, he, in another place, justly observes, will apply to any Bank which does not lose its abstract correctness of scale, by a too forced connection with the *material money* of the mint :—

" In Banks which pay in coin, the case is " different, because the denominations in " their paper are liable to all the fluctuations " incident to the coin in which they pay. The " paper of all Banks, which pay, rises and " falls in value according to the currencies in " which their notes are acquitted.—POLIT. ECON. b. 3. c. 6. p. 77.

Of course Bank notes are rendered more accurately fixed in their value by the restriction.

" To conclude; no material money, let it " be contrived as it will, is exempted from " vicissitudes, in its value as a metal. This " is proved by universal risings and sinkings " in the price of commodities, in consequence " of circumstances peculiar to the coin.

" These risings and sinkings of prices, I " say, are properly the risings and sinkings of " the value of the coin, and this fluctuation " again of the value of the coin, is a lengthen-" ing and contracting of the equal parts of " the scale of value which is attached to it.

" Now THERE IS NO SUCH THING AS " ANY VICISSITUDES in the prices of *all* " *commodities*, with respect to BANK MONEY, " although nothing is more common than "fluctuations in agio with respect to CUR-"RENT MONEY; consequently BANK MONEY "has a property and a STABILITY which no "MATERIAL MONEY IS CAPABLE OF AC-"QUIRING, and for this reason IT IS PRE-"FERABLE to it, and is properly considered "as THE THING FIXED."—POLIT. ECON. b. 3. c. 6. p. 78.

"A pound of gold, of lead, of different "grains, of different butters, or of what you "will, valued by the pound, may, at any "precise time, be reduced to a scale of pro-"portional values, which the wants, demands, "competition, and faculties of buyers and "sellers, keep in a perpetual fluctuation. As "far therefore, as an increase of the metals "and coin shall produce an increase of de-"mand, and a greater competition than "before, *so far will this circumstance influence* "*the rise of prices*, AND NO FURTHER.

"The value of commodities, therefore, de-"pending upon circumstances relative to "themselves, and to the fancies of men, their "value ought to be considered as changing "with respect to one another only: conse-"quently, any thing which troubles or per-"plexes the ascertaining these changes of

"proportion, by means of a general, deter-"minate, and invariable scale, must be hurt-"ful to trade, and a clog upon alienation. "This trouble and perplexity is the infallible "consequence of every vice in the policy of "money or of coin.

"It may be here demanded what necessity "there is to have recourse to such a meta-"physical deduction upon so familiar a sub-"ject. Do we not see every where that "things are valued by silver and gold coin, "and that there is no occasion to reject them "at this time, in order to introduce an ima-"ginary scale.

"I answer, that nothing but necessity "obliges me to introduce this imaginary "scale, and that not with any intention to "reject the service of the metals in perform-"ing the office of a measure, but as an as-"sistance to our understanding for compre-"hending the doctrine of money, and for "rightly distinguishing the ideas which are "daily proposed to us by those who write "and speak concerning its theory.

"Could gold and silver coin exactly per-"form the office of money, it would be "absurd to introduce any other measure of "value; BUT THERE ARE MORAL AND "PHYSICAL INCAPACITIES *in the* METALS, "which prevent *their performing the functions* "*of a scale*, and the common opinion being "that there are no such incapacities, makes "it necessary to expose them in the clearest "light, by shewing the exact difference be-"tween price, (that is coin) considered as a "measure, and price considered as an equi-"valent for value.

"The *inconsistencies which follow*, when we "DEPEND BLINDLY UPON THE INFALLIBI-"LITY OF THE METALS *discharging this* "*double office*, tend to confound the whole "system of our ideas concerning those mat-"ters."—POL. ECON. b. 3. c. 1. p. 274.

But I have been led to a length I did not here intend. My hope was at present rather to awaken reflection than satisfy enquiry.

The subject was not, properly one to be treated in an introduction, but how was I to allot it a more appropriate place, when my antagonists have not deigned it a single word, but have passed it over as a preliminary axiom, without a comment?

If I am right, that the proposition is no axiom, I am surely entitled to claim, that so assumed, it should not be allowed the weight of being supposed to be duly sanctioned by even the Committee's authority.

Mr. Huskisson's principles are more detailed, though his system is, I presume, the same with that of the Committee. I shall, in canvassing the subject, rather adopt something of his order.

DEFENCE,

&c.

MR. HUSKISSON assumes as axioms, "That "it is of the essence of *money* to possess intrinsic "value:

"That *paper currency* has obviously no *in-"trinsic value.*

"That *promissory notes*, under any form, "represent *value* only in as much as they un-"dertake to pay in *money* the sums for which "they are issued."

Finally, "That there must be some *absolute "standard* for currency, and that in England "that standard is exclusively *gold*."

Upon these premises, his subsequent reasonings appear not merely unanswerable, but altogether unnecessary. The premises themselves, however, are far from being unobjectionable, they are neither sufficiently definite in their terms, nor, I think, in any sense of those terms, true.

The term *intrinsic value*, for instance, as applied to *metallic*, distinguished from *paper currency*, has, I know, been sanctioned by many authorities, till it may indeed be supposed familiarly understood. But those authorities by no means use it uniformly in the same sense. Of course it is far from being so simple and obvious as to call for no definition.

Mr. Huskisson, speaking of money, as both a *measure of values* and an *universal equivalent* for them, would seem to consider those qualities as perfectly congenial with each other—when his intrinsic value would therefore assimilate equally with either. Lord Liverpool, on the contrary, observing that these two qualities of money can never be brought perfectly to unite and agree, had already justly distinguished, that what may be considered as *intrinsic value* to it in the one character, must be at least *extrinsic*, if not at direct variance with it, in the other.

His words are—" As a *measure*, *money*, like " all other *measures*, should be made of *little* " *or no value*, but then it would not answer the " purpose of an *equivalent*. If, on the contrary, " it is made in order to answer the purpose of " an *equivalent* of a *material of value*, it is sub- " ject to frequent variations, according to the " price at which that material sells in the " market: and fails on that account in the " quality of a *standard or measure*."

So justly sensible indeed was his Lordship that real *equivalence of value* was *no essential*

characteristic of money, that a very principal object of his work was to recommend that the coinage of silver he was then proposing, might be purposely kept, so as to allow for fluctuations, something under the conceived value of that metal at the time.

And Sir James Steuart says, " The advan- " tage, therefore, found in putting an intrinsic " value into that substance which performs the " function of money of account, is compensated " by the instability of that intrinsic value."— POLIT. ECON. b. 3 c. 3. p. 288.

I must own I myself doubt this chimerical union of discordant qualities having any just place in our essential notion of *money*.

Real *equivalence*, to my mind, conveys no idea I can distinguish from that of direct and simple *barter*. To me, it seems evident that *imaginary equivalents*, or *measured credits of value*, can alone give a distinct and consistent idea to mediums of currency.

Equivalence implies a total discharge of the debt.

Credit alone seems to require the accurate *admeasurement* of debts: and, therefore, as simply *tokens of credit*, I consider all *measures of value*, all *mediums of currency*, or *species of money*.

Even with regard to *credits*, however, it is necessary to have something to shew for them; but the less that is, the less it interferes with the credit. As far as the token is an *equivalent*, it is idle to talk of its *measuring* a debt; it has actually discharged so much by barter.

It is true no material we can employ to represent values can fail to have some cost or value itself. But whatever advantages may accidentally result from this, it seems foreign to their principal character. We know, that in practice, those values are very various and difficult to be estimated, unless by the arbitrary assumption that they must have found their balance in equivalency.

For my own part, I cannot carry my prejudices so far as to swell even the most costly into any thing like an equivalent, for the values it procures to me. And if I could, I must feel, that its character as a *medium* would be totally lost by so doing. But this will be more considered hereafter.

Admitting, as Mr. Huskisson does, both qualities to exist in money together, it was surely incumbent upon him to have distinctly noticed Lord Liverpool's remark; and either have shewn us that *his intrinsic value* differs from his Lordship's *mere* value of material, or else to have reconciled, this variance of intrinsic value

with one of the principal qualities of money, and its being essential to money, together. I should say, that equivalency, however it may accidentally enter into the nature of some mediums of currency, and whatever advantages it may give them when there, can never form an essential part of their character.

At present, however, the distinction is no otherwise concerned, than as I would adduce it to shew that Mr. Huskisson's *intrinsic value* cannot be the same with Lord Liverpool's *value of material*, which I should myself have naturally conceived it to be from the term; because *that*, as Lord Liverpool has shewn us, confines itself exclusively to the quality of *equivalence*. It is at *variance* with, instead of being *essential to money*, in its character of a *standard* or *measure*.

I would then ask, what is Mr. Huskisson's intrinsic value? And it is a part of the indefiniteness which I object to, that to this he has afforded nothing even in the shape of an answer.

He will perhaps appeal to these words:—

"Need I recall to any man's recollection the "obvious, and, as I till lately imagined, undis-"puted grounds, on which the precious metals "have, not in this country only, and by our "system of laws, but in all civilized countries, "and in all ages of the world, been received, "by the common consent of mankind, as the "fittest standard for measuring the value of all "other commodities; and employed as the "universal equivalent for affecting their ex- "change? That the precious metals are less "bulky in proportion to their value:—That "they are accurately, easily, and almost infi- "nitely divisible:—That they are less subject "to decay, less likely to fluctuate in their "supply—less liable to be counterfeited, or "adulterated, more homogeneous and uniform "in their quality, than either indigo or broad "cloth, or any other known commodity."— Huskisson, p. 23.

But he has carefully abstained from saying which of these values he considers as *intrinsic:* and it is evident, that, after distinguishing that *paper currency* has no *intrinsic value*, many of these enumerated values of the *precious metals*, must be altogether excluded from that idea, as they are evidently common to *paper*.

Paper, for instance, is even less bulky, in proportion to the value it passes for, than gold: so that in that respect we know it is preferred. It is as perfectly and infinitely discriminative in its divisions. It is not indeed so little subject to decay; but the difference of value, in this respect, is easily put to the test, by letting any

one ask himself the question, if he would prefer that the Bank should issue notes to him on copper. With respect to the question of counterfeiting or adulterating, it cannot be necessary to enter into it here. It is simply a question of relative facility between forgery and coining. If then the *intrinsic value* which Mr. Huskisson supposes to constitute the essence of money, enters at all into this enumeration of its values, it must resolve itself wholly into the circumstance of the *metals*, being less likely than *paper* to fluctuate in their supply.

I think Mr. Ricardo has somewhere openly avowed, that it is the natural limitation to their quantity which constitutes almost all the *intrinsic value* of the metals. But surely this is at least no obviously natural definition of the term.

To me it has always appeared one of the grossest inconsequences we meet with upon this most prejudiced of subjects, that the accidental limitation of gold, for instance, which is no how directly connected with the exigencies of the market, should be set up as giving to gold a decided preference above paper, when the issue of paper is always in some way practically called for, and would in theory be liable to the most perfect adaptation to the market, and indeed to any restrictions we might chuse to impose.

I think it more fair then, to suppose, that Mr. Huskisson did not mean to include *his essential intrinsic value* in any of those values just recited: still I must recur to my wish, that he had some where specifically defined what he considers the *intrinsic value* of gold in reality to be. *Value of material*; *money*, according to Mr. Huskisson's distinction of it, has in a superior degree to paper: though I should have doubts with respect to Bank notes, as it would be a question, whether the labour and ingenuity of the die, should not be set against part of the cost of the gold. I rest, however, upon Lord Liverpool's authority for saying, that value of material is foreign to, and even at *variance* with, the character of *money*, as *a standard or measure.*

To me, I own, it has always appeared, as it were, an accidental light; of which, as skilful artists, when it occurs, we avail ourselves to give a gayer colouring, to the otherwise mere *abstract picture of credit*; but which has no real business there.

I have no doubt that a *mere abstract credit* is the real object wl. ch every medium of currency;

and money of course, among the rest, is always in truth required to measure.

The indefiniteness, however, of which I most complain in Mr. Huskisson's fundamental positions, respects his assumption of *gold* as our absolute standard or measure; that while he seems to imply that it is so both by *Nature* and by *Act of Parliament*, he affords us two great authorities it is true; but he leaves us altogether in the dark as to which he himself decisively means to rest upon.

Such different authorities would require wholly distinct modes of treatment; and I own, that to me he seems to avail himself of this, in confounding them unfairly together. His proofs of the *fact* seem rather confined to acts of the Legislature; but when he would reason from the fact, I should always imagine he had deduced it absolutely from nature.

With all due respect to *acts of parliament*, they may surely be said to shew to little advantage by the side of the laws of nature. If nature had really decreed gold to be a permanent standard of value, it would surely be nugatory to canvass how far one act of Parliament, confirming this decree, has, or has not, been intended to be abrogated by another. If nature has done no such thing, the question becomes less, what are the different acts themselves, than what was the original ground, and is now the rational defence of either?

We owe obedience to acts of Parliament while they exist; but we owe no deference to their errors while we have an existing Parliament to appeal to for their correction. The very acts to which Mr. Huskisson alludes, one of which professedly substituted gold as the money of account, (or Mr. Huskisson's invariable standard) for silver, may not of themselves go the full length of proving that there is really no such *fixed standard* in nature. But they certainly much rather evidence its being arbitrary in ourselves, than in any way absolutely fixed there.

As between gold and paper, Mr. Huskisson is satisfied with simply appealing to the act, without even suffering the defendant, *paper*, to plead: but if, when the question was formerly between gold and silver, he would, as I apprehend, have listened to the pretensions of *silver*, it is evidently, in that case, less really the act than his prejudices against *paper*, which now intervene, to prevent him from going fully into the subject.

If the authority of gold, as an unerring criterion, rests at all on the Act, there is then not only the question how far the *Bank Restriction*

Act intended to revoke, or without intending it has revoked, the former Act, which made gold our standard; but there is also the question, was that Act originally well imagined in itself? and are not the circumstances which now strike Mr. Huskisson as evidencing only the depreciation of paper, rather a direct appeal from nature to the Legislature, to revise and modify that former decree?

Lord Liverpool expressly says—

"I am sensible that the metal of which this "standard coin, or principal measure of pro- "perty is made, will vary in value, in *successive* "*periods*, even with respect to itself."

And indeed Mr. Huskisson would seem to admit the case to be possible, as he argues from the evidence before the Committee, that it has not at present happened; at least to any *considerable degree*. But the question is not a question of *degree* merely;—and for the degree in which it may already have happened, he does not even think of offering to provide a remedy.

Was, however, the evidence of the Committee really conclusive to this point, the argument would, I grant, be strong;—indeed, in my opinion, it is the only one they urge that could at all be thought so. But even then it would not derive its force from any peculiarity in the nature of *gold*; but from a principle common to *gold*, with indigo, or any other commodity, viz. that while, from any *foreign evidence*, that commodity can be shewn to have remained itself stationary in value, it will, in consequence, for the time, have been a perfect criterion by which to measure the fluctuations of other things.

Though *gold* should really be the least fluctuating of articles, yet if it is not, absolutely, in strictness, stationary, no act of Parliament can make its fixture rank otherwise than as a relative and temporary assumption of our own.

With respect indeed to what is said of the little variation which has really taken place in gold, I shall reply to that hereafter; and I must be allowed to say, that I shall reply to it with a confidence, which, towards a man of Mr. Huskisson's acknowledged talents and experience, I never could have felt, had he only affected to meet the question as one fairly at issue; had he not evidently argued it only after having fully assumed it first.

The canvass of this experimentally important fact, occupies scarcely three pages of a work, of which, in my opinion, it should have constituted the whole. Nor can I help observing, that it was fortunate the conclusion turned

out so consonant to his wishes; as it is impossible to detect the slightest provision (which from a skilful general one surely expects) in case of a reverse.

I am really anxious for information; supposing that *gold* had appeared to have risen, what Mr. Huskisson would then have proposed we should do?

He does distantly insinuate, "that a relative "alteration in the value of the precious metals "may render it necessary hereafter, perhaps, to "change the proportion they now bear to each "other, in our mint regulations."—QUESTION.

But it is by no means clear, that even this cautious concession, that the mint regulations are not immutable, would allow, even then, of gold itself being altered. There seems, on the contrary, in many parts of his work, a precautionary leaning to anticipate, that any such necessary change should be referred, exclusively, to a growing superabundance of silver.

The fact is, that this test of comparing *gold* by *silver*, and *silver* by *gold*, which is the only one Mr. Huskisson's prejudices will ever allow him to submit to, can hardly be more than a very superficial one. Since the analogy between the uses of *gold* and *silver*, as well for the purposes of manufacture as of *currency*, is so great, that we can scarcely conceive a case where they must not both rise and fall together. Certainly the supposed cases, at present, are all of this kind.

Either serve for hoarding—either would balance the course of exchange—and either, becoming almost useless here as coin, where *credit* (and I will say *paper credit)* is *not* depreciated, will serve to fill up the void, which want of confidence must have made, in so essential a branch of currency, on the continent.

That void would, indeed, probably have been at present more immense, owing to the natural tendency of tyranny to destroy all confidence; but that credit is a plant, which, in fact, was never thoroughly naturalized there.

Mr. Huskisson's reasoning is, indeed, the very reverse of this. Contenting himself with the bare assumption—" It will hardly be contended " by any one, that the commerce, the manu" factures, or the internal prosperity of the " continent, have so rapidly increased of late " years, as to require any great or rapid increase " of the circulating medium."

He seems to imagine he has nearly exhausted the whole chapter of possibilities, and may return at once to his own favourite field, where

no other competitors are allowed to enter, except only *gold* and *silver*.

He proceeds then to infer, " the case can only " have reference to some disposition in men to " prefer *gold* to silver." But why are we driven to this supposition, unless for the reason I have given, that gold and silver, on this subject, are suffered to engross the whole scope of his horizon ?

Though *commerce* may not have increased on the continent, *expenditure* we know has been both rapid and profuse there. Even great part of the commercial gains of England have been expended there.

Plunder, we know, has been a principal source of revenue; and plunder never fails to make *money particularly* its object; and even to give an agio for it. Immense requisitions, in *commodities*, are generally compounded by armies for comparatively small sums of money. We know that if the wants of the French armies have craved the precious metals to procure them necessaries; the wants of the French generals have craved them, *even in preference to articles of necessity*, for these among other reasons; that they are more portable, and besides being better calculated to be hoarded and concealed, are less liable to be identified and reclaimed.

And, as I have said before, the depreciation of paper on the continent, where, under the existing circumstances, confidence cannot possibly subsist, must make a craving of the *metals*, to supply the place of *paper* in *currency*; without any necessity for having recourse to Mr. Huskisson's idea, of their wanting the *total* amount of currency to be the least increased there.

The Committee appear to me to fall even more glaringly into this error. Having distinctly themselves observed, that gold in England had risen fifteen and a half per cent above the mint price, and silver more than fifteen per cent, they say in the next page:

"Here your Committee must observe, that "both at Hamburgh and Amsterdam, where the "measure of value is not *gold*, as in this country, "but *silver*, an unusual demand for *gold* would "affect its *money price*; that is, its price in "*silver*. And that as it does not appear that "there has been any considerable rise in the "price of gold, as *valued in silver*, at those "places, in the last year; the inference is, that "there was not any considerable increase in the "demand for *gold*.

"That permanent rise in the market price of "gold above its mint price, which appears in "Mr. Greffuthe's papers to have taken place

"for many years, both at Hamburgh and Am-"sterdam, may, in some degree be ascribed, as "your Committee conceives, to an alteration "which has taken place in the relative value of "the two metals, all over the world; concern-"ing which, much curious evidence will be "found in the appendix, particularly in the "documents laid before your Committee by "Mr. Allen.

"From the same cause, a fall in the relative "price of silver appears to have taken place in "this country, for some time before the in-"crease of our paper currency began to ope-"rate. Silver having fallen in its relative value "to gold, throughout the world; gold has ap-"peared to rise in price in those markets where "*silver* is the fixed measure; and *silver* has ap-"peared to fall in those where *gold* is the fixed "measure."—REPORT, p. 3.

I have transcribed the whole passage, as I think it peculiarly calculated to expose the full fallacy of their system. Do the Committee really mean to assume that they are fairly comparing the prices of gold at the different places? From what they have themselves said the page before, that *silver* had risen 15 per cent here, as well as *gold*; they must have been aware that by the same test of *silver*, *gold* would no more have appeared to have risen in London than in Hamburgh.

I am well aware that so their system would require; but is it ingenuous, involving, unnecessarily, a seeming change of *place*, if the question lies wholly between the different *currencies*, without regard to place at all?

Their object, I conceive to be, the merely dubbing *silver* with the higher character of a standard which it possesses at Hamburgh, and which it does not possess here. But what is really gained by this? And can it fail to involve the subject in various new difficulties? How do we know the value of *gold* was precisely the same at Hamburgh and here? How do we know *silver* might not be affected both by the difference of place, and indeed by that very difference of character which was professedly assumed to give it more certain stability?

The concluding part of the sentence, indeed, contradicts the beginning; for it shews us, that owing to the assumption of silver for their standard at Hamburgh, *silver* had even been *less* a fair criterion there, than it otherwise would have been.

"Silver (say the Committee) had fallen in "relative value to *gold* throughout the world." Yet in Hamburgh we find the fact was concealed

by its assumption as the standard, and gold had on the contrary appeared to rise.

Instead then of justly marking the real changes of nature, silver, availing itself of its assumed prerogative, had deceived the Hamburghers, by falsely imputing the change which had really taken place in itself, to have taken place in gold. Yet, at this very period, the Committee would carry us to Hamburgh, to estimate value in silver; because of its being an unerring criterion *only* there.

Whether Mr. Huskisson would in any case accommodate gold to silver, I cannot fully collect from him. It rather seems to me that, having once assumed gold, as his fixed standard, when he even alludes to the possibility of our having occasion to alter the mint regulations; he still only meditates upon our altering silver to gold, whatever may have really happened to give occasion to the change. At any rate I feel assured that he does not contemplate a possible case, in which, without first altering gold to silver, he would ever permit gold to yield in any respect to mere paper.

With regard to these questions, it is true, he may say, that the finding experimentally, that gold has not varied, in any considerable degree, has so far absolved him from the necessity of entering into them. But when he admits that gold and silver have in some degree *relatively* varied, he does not distinctly deny that that variation may have partly arisen from gold: and it was certainly incumbent on him to have suggested, how even that degree was to be remedied.

Such enquiries, though not indispensibly necessary to his view of the subject, could not fail to be very important in elucidating that view to others.

While he blends together such arguments, as that gold cannot, by nature, vary, and is besides precluded from doing so by act of Parliament; that, previously convinced it was impossible for gold to vary, he was glad to find, by careful experiment, that it actually had not varied: and concludes with hinting, that even had the experiment turned out otherwise, it ought to have made no sensible difference in our system; that we should still have shut our eyes to the fact, or recognised it, as the Hamburghers did the fall of silver, by assigning it a relative place in some other scale, instead of a real one on its own; he inlists together a variety of prejudices which it is difficult either to disentangle or to follow.

It is true, that as an expedient to conceal from ourselves the fact, to which Lord Liverpool

alludes, that even our own standard will sometimes vary from itself, the project of never allowing ourselves to look aside and compare it with others, but only others with it, cannot fail of succeeding. Even the most fluctuating object may be assumed as fixed; when it will necessarily throw every variation that occurs, apparently from itself to others.

The readings off, it is true, will sometimes be real, and sometimes only relative or imaginary; but, like the boy pursuing the rainbow, we might follow on the course for ages, without the delusion ever betraying itself.

It is from us, if the Hamburghers have yet learned that there has been a real fall in silver. Nor can Mr. Huskisson have the least idea of what that real fall may have been, if gold can have fallen too; as he only estimates the relative excess in the fall of one by the other.

To say, as Mr. Huskisson does, that a pound of gold will always buy a pound of gold, may be thought a quotation from Locke; but it appears to me a misquotation from that great authority. Locke, using a similar expression, clearly does not allude so much to a supposed difference of periods *generally*, as to the *particular* difference of periods, immediately before and after the gold may happen to have been stamped by the mint.

It is obvious from the context, that his expression meant simply to imply, that the coinage adds really nothing to the value of the metal.

As Mr. Huskisson, however, uses the expression, it evidently refers to no particularity in gold; it applies equally to every other article which could be named. The word "*always*," is indeed ambiguous, since it might be supposed to refer to Lord Liverpool's *successive periods*, when gold even might have varied from itself; but, in fact, it is rather purposely calculated to elude recognizing those periods.

If the hypothesis imagines the pounds to pass between the parties at any given moment, together, it certainly does not matter when that moment may be; whether in one century or another; because, as the pounds are described, whatever change of value has taken place during the interval in the one, must equally have taken place in the other. But, if by the term *always*, a difference of periods is meant to be allowed the different pounds, or that the same individual pound may pass at one time, and repass at another; then, though the *identity* of the article would seem to put the argument in

its strongest light, it will not secure the proposition being even true.

The pounds of gold we might exchange to-day, we may certainly keep by us, and exchange to-morrow: because any variation which can be supposed to take place in the one, must be equally supposed to take place in the other: but if I part with my pound of gold at once to you, and gold should happen to vary decidedly in value during the day, it will be no fair repayment on your part, should you return me, even the identical pound itself to-morrow; any more than it would be to return a horse you had purchased and injured. *Identity* will, in this case, fall short of that perfect *equivalence* which essentially constitutes a fair mercantile transaction.

With respect to a single article, indeed, this raises but one solitary question—what is the amount of change which has occurred? But between different species of articles, a second and much more intricate question arises; viz. supposing the change itself ascertained, how is it to be distributed? to either simply? or in what proportions?

This is an enquiry to which all nature, as far as it ever fluctuates, is necessarily subject. Whatever may be the mystic character with which its devotees would strive to invest gold; if, as Lord Liverpool observes, gold too may vary from itself, neither then can gold plead any exemption from this scrutiny.

When the time comes that gold undergoes itself a change, (and the more seldom this happens, the more minutely we are bound to watch its arrival) we must not, like the Hamburghers, refer that change to any thing else; we must, in spite of any act of Parliament, for the moment attend rather to any other article;—fix Bank notes—fix indigo—fix all the rest of nature, and proceed with nothing till we have either rejected gold entirely as our standard, or have distinctly corrected it.

Even while I am writing this, I have met with an able mathematician, who, when professedly advocating the Report, took occasion to declaim against Government's ever offering to assist nature by interfering with her markets; and he instanced the attempt to set a maximum on provisions, at Botany Bay. I fully agree with him in his view of the measure, and its natural consequences. Still I could wish all arguments to be used consistently; and I do insist, that however that gentleman may attempt to disguise the fact, the very point for which he was so contending, resolves itself simply into

the propriety of Government's enforcing the maximum of twenty-one shillings, which it formerly set on the guinea.

That gentleman indeed said, (as does Mr. Huskisson) that it was no part of his object to fix the value of guineas: that he would merely divide the pound of gold into uniformly the same number of parts; leaving those parts to find what value they might, with respect to other things.

This would be perfectly fair; but do they, in fact, so leave it? Are they not making a distinction with respect to paper? and expressly objecting to the value which gold at present finds in the market with relation, at least, to Bank notes.

According to their account, their ultimate object is simply to reduce the quantity of paper. But in the mean time the immediate effect of their system is to insist upon having more of that paper for their gold.

They may not indeed have much gold to offer, but for this defect they have not failed to provide. In default of the sensible reality, they have already, in imagination, transmuted every object around them to supply its place. Incomes, rents, debts, in short every thing with them, has only to be touched to become gold.

We have seen, that whatever can have been once construed a promise, according to Mr. Huskisson's system, can never mean any thing else. Nor should I much object to these gentlemen thus playing at Midas, would they but confine the game in all its parts to themselves. But it is surely unfair to engross only his eye, and insist upon leaving his touch exclusively to the Bank.

It was urged by the gentleman I have already alluded to, as an irrefragable proof of the depreciation of Bank notes, that he happened personally to know, that a chronometer for instance, which had formerly fetched one hundred guineas at Paris, was still to be procured there for the identical sum, if paid in the same coin; but would require 120*l.* in Bank of England notes.

This he considered as absolute proof of the depreciation of the latter; but without enquiring whether Bank notes would be at all received at Paris, when, by the same reasoning, they might be said to have fallen to nothing; the argument is evidently defective in that it previously assumes the whole subject of dispute; concluding that guineas themselves have not risen. If guineas themselves have risen, the artist has clearly raised the price of his article, whether he may be himself conscious of it or not.

Even the little force which might at first seem to attach to the reasoning, from the supposed improbability that both the articles should have so exactly risen together, loses all its weight from two considerations: First, that the price an artist of eminence sets on his labours, is always in a great measure arbitrary and capricious; being frequently guided by the sounding roundness of the sum (as the instance in point gives us particular reason to suspect); when, of course, it would not be liable to frequent change. And secondly, that the alteration required in this instance, would have been a nominal reduction of the price of his article, which would be to expect that the artist should ostensibly disparage his own work.

We have indeed heard of many who could not be *made* to bring the premium of their bills to account; but I never before heard it offered to be argued that a premium cannot in fact exist, because an individual has not volunteered of himself, to account for it.

I am myself far from thinking that it is even less likely at present that gold should have varied than paper; but such a probability, however strongly enforced, would never have discharged us from the enquiry. In my opinion, it would rather have added to its delicacy.

In that view, Mr. Huskisson's reasoning should have been guardedly directed to shew, that however general the rule, he was not suffering its generality to blind him to its possible exceptions.

The stronger any presumption may be, the more we ought to deprecate the seeming to confound that presumption with proof. By touching lightly on the possible fluctuations of gold, Mr. Huskisson has indeed eluded the questions which that consideration must have obtruded on his notice: but I claim of his candour to admit, that if the case is possible, they enter essentially into the subject. And I am sure, on such a subject, he would not feel himself entitled to elude them merely because they are embarrassing.

Objecting then to Mr. Huskisson's terms, that much as he rests on the *intrinsic value of money*, he has no where accurately defined, even when professedly enumerating its values, which he considers as truly *intrinsic*.

Objecting that when he assumes gold as an absolute standard of currency, he no where explicitly informs us whether he means to rest his

system on its being naturally or only being legally so; I shall waive these difficulties, and endeavour to shew, that even in *any* sense of the terms, his propositions, so far from being axioms, are not even true.

He asks, with a seeming triumph, (which I must think misplaced towards its object, Mr. Chambers,) "If gold is not a fairer standard for "Bank of England notes than indigo or broad "cloth, I should like to know what is the "really fair standard."—QUESTION, p. 22.

Such questions are at best but bad arguments. We might, with more real fairness, ask an astronomer, if the sun is not absolutely stationary in our system, I should like to know what really is stationary? The answer would be given at once, that even the sun is but relatively stationary, that nothing in the universe is strictly so. That to be accurate, even the sun's motions must be allowed for.

Mr. Huskisson's question has already received the same answer from an authority which he himself will admit to be considerable. Lord Liverpool observes, "we seek in vain for any "such absolute standard in nature;" indeed the reason is obvious, in that all values themselves are but relative; and so of course must every just representative of them be.

We have seen his Lordship express himself—

"I am sensible that the metal of which this "standard coin, or principal measure of pro- "perty is made, will vary in its value in suc- "cessive periods, with respect to itself."

What then, I would ask, at these periods, are other things, whether Bank notes, or indigo, to do?

If Mr. Huskisson would fairly meet the question, and does not altogether deny that such periods may possibly arrive, it is to these he should in the first instance have addressed himself.

At a moment when gold is thus itself varying, Mr. Huskisson, I know, will not insist that the indigo merchant should give him exactly the same quantity of indigo for his guinea. But will he be justified in saying the indigo has varied in its price, when, by the hypothesis, the gold alone has then been really changing? Still, with respect to the indigo itself, this confusion of a relative expression with a real one, would not be very material, since its interests are sufficiently preserved, and, as a commodity, it is but individually concerned; but the same change must have taken place with respect to gold and paper: and *paper* has not only to obtain its own price, it has to regulate that of

other things. Its *denomination* is therefore, as well as its *price*, material. Yet Mr. Huskisson proposes sacrificing the former entirely to the latter.

Even between the indigo and the guinea, which in the period we have been describing, would have been the truer standard for Bank notes? clearly the indigo which is not supposed to have varied. Wedded, however, as Mr. Huskisson considers Bank notes to be to gold, he can of course allow them no alternative, but to forsake, at once, the truth of nature, and cleave to the errors of the guinea.

Bank notes were not, originally, at all mere deputies of guineas, in measuring the values of commodities, such as indigo; but if they had been; guineas, when fluctuating, could not have performed the office accurately in person; and when the principal is thus, as it were, sick, is it the duty of the deputy to become sick too?

Bank notes had never any other connection with gold than as a new scale will always require to be tried for a time with some established old one, but as Sir James Steuart justly observes,

"It does not follow from this adjusting of "the metals to the scale of value, that they "themselves should therefore become the scale "as any one must readily perceive."—POLIT. ECON. b. 3, p. 1, c. 1.

Such connected scales are indeed but too likely to participate in each other's errors, as well as accuracy, but this it is our duty to endeavour, at least, to prevent. Gold can be no proper guide for paper when it goes itself astray.

Yet to the question: Was gold itself to vary, what are other things to do? Though Mr. Huskisson might elude the case of commodities, such as indigo; I think he has left himself no alternative with respect to Bank notes, but insists that they should vary too.

Such an expedient would certainly save us much trouble, in arranging the differences of our standards, as it would effectually slur them over, and hide them from our view; but could it be creditable to ourselves, or just to nature?

In the present instance, I cannot deny that the expedient would be peculiarly popular; because, though it would necessarily realize the whole mass of injury, which Mr. Huskisson so feelingly, though mistakenly deplores; it would, on his plan, be an entire bonus to the publick, at the expense of the Bank—an *individual body*.

He supposes indeed that the effect would not go far, without readily correcting itself; but with what confidence can any one trust to that theory, when the evil is described by himself, as not only immense, but as having been long and gradually coming on?

Besides doubting the fact, I should deny the inference if it happened. If Bank notes were to rise suddenly, the moment they began to be called in, I should say they had not before been excessive, and that this was giving a forced, not their natural value, to the rest.

For my own part, if I benefitted by the thing, and felt no repugnance to the mode, it would still *weaken* instead of *adding* to my confidence in the Bank; as I should feel that their notes were thus artificially raised to a value they could not permanently sustain.

I should be sorry to avail myself of the injustice, otherwise I should myself begin the traffic of exchanging *my* notes for guineas, just at the very moment Mr. Huskisson is supposing the drain to stop; from mere apprehension on my part of retaining them in so unsound a state.

But it is far from clear that the case would ever arrive. And I could never advise the Bank, with sincerity, to continue their discounts, trusting to the experiment.

The whole national debt, upon this system, as well as all rents and private contracts, have been already deranged, and will need the same corrective of being actually exhibited in gold: and as long as the Bank continues issuing notes, so long, it is clear, they will continue to pledge themselves to find that article, whatever may be *their* loss.

Nor shall we readily be satisfied, after the alarm thus given, of paper having been undermining us, for years, of our property, that every thing is at once safe, and the evil at an end, because the Bank are just beginning to pay again in gold. Some of us will, no doubt, still hanker after full ocular demonstration of the system, by seeing the whole of *their* property turned into gold.

Should any idea of this kind take place, what is possibly to stop the current; at least as long as any paper remains in circulation? And if its place is to be all supplied with gold, can gold fail to rise continually in price while the process is going on? Where then are the Bank to look for any period of relief?

Glut the market indeed with gold, and gold will fall; but for this we must not take it from one channel to employ it in another. We must have recourse to fresh production from the mines. And except by increased price, what command have the Bank over this source?

Even could this be effected, it is never a desirable thing to glut the market with any commodity: but we should not be advancing

a single step towards this object, while gold was sought only for currency, and as much currency in paper was at the same time being withdrawn.

By the Bank instantly stopping their issues, they might indeed somewhat limit, if not perfectly ascertain their loss. Though I could hardly estimate it at less than eight millions upon their present twenty-one.

But if they did not stop issuing their notes; as long as they remained responsible for finding gold for paper, at any loss, there would be too manifest a trade to be driven against them, in which it would be the interest of others to promote that loss.

Whatever gain would ensue to the publick from this, the Bank would decidedly owe it to themselves to stop: nor can I believe that Mr. Huskisson would find, as he supposes, others ready, with such an example before them, to take up the charter.

Unless upon Mr. Huskisson's hypothesis, that gold cannot vary; or upon the more reasonable one, that, except in times of convulsion, it has rather a tendency to fall; no company, in their senses, can undertake to advance one species of currency subject to the possible vicissitudes of another.

Such is mercantile honour, that in case of an extraordinary pestilence, Life Insurance Offices would hardly be expected to pay in full. And the publick themselves would have an interest that the Bank should not be strictly held to their gold engagement, had it been a real engagement, instead of being, as it was, but a collateral check on their part; because this would impose a constant, and, in general, an unnecessary premium of insurance upon all Bank advances.

To return, however, from what has been rather a digression, if when gold happens to change its course, Bank notes are necessarily to change theirs too, Bank notes become properly the index to gold; not, as Mr. Huskisson would insist, gold the true index to Bank notes.

According to Mr. Chambers's more accurate system, all *currencies* are equally but *relative measures* of *abstract value*; and all assumable values, as far as they can be rendered specific, are reciprocally *standards* or *measures* of currency.

The fact is, that there is an ambiguity in the *metals*, as *currencies*, from their being commodities of value, which require measuring themselves; independently of their affording materials for scales to measure the values of other things upon.

But for this ambiguity which Mr. Huskisson's original idea of their intrinsic value and equivalence, should have led him more carefully to distinguish, he could not have failed to see, that *gold*, in its character of a *medium* of *currency*, and *Bank notes*, which have only that character, are indeed, *both* concurrently, measures, or standards for the values of commodities, such as indigo or broad cloth; while the commodities, indigo and broad cloth, are, reciprocally, standards for gold and Bank notes: but that, as *both measures of values, neither gold nor Bank notes* should, in that character, possess any real value of their own, *or be a possible criterion* for the other: at least supposing a question of difference once started between them.

Supposing gold and Bank notes, indeed, previously compared together, and their relation fully established and universally known, there can then be no doubt we might use them convertibly; though rather as different expressions for the same thing, than as measures for each other.

Their relation is assumed, not estimated, when we thus use them; and the moment *that* relation is once questioned, all their convertibility ceases: nor will either, of course, then submit to an absolute reference to the other.

As between Bank notes and indigo, if gold is in any degree permitted to mediate, so between gold and indigo, Bank notes must have precisely the same pretensions. But as between those currencies themselves, if the question has not other previous decision, it is not either simply, which can decide it. Even when we have seen Acts of Parliament appear to interfere, and offer their mediation, the point had been already decided, independently of the Legislature, by publick opinion; or the decision must *then* have been sought much deeper.

Confounding the *commodity*, gold, with the *currency*, appears to me one constant error, which pervades the works of many able writers on this subject, who even flatter themselves they attend to the distinction.

I cannot think Mr. Blake wholly free from it. In the following passage, for instance, he would seem to be making the distinction, in opposing bullion to coin; but he is surely too accurate a man to mistake this for its just limit, or imagine that coin, when it is melted, loses at once its reference to currency. Bullion at all

times is much rather a *currency* than a *commodity*. The *commodity*, gold, is strictly only that portion of it which, whether in coin or bullion, is about to be converted into manufactures: and even then it requires to be divested entirely of all that reference, which it now undoubtedly has, when in the state of bullion, to possible conversion into money again.

The passage I allude to is:

"As soon, therefore, as an over issue of currency has raised the prices of all commodities, *and of bullion among the rest*, the weight of gold, in any specific quantity of coin, will sell for a higher nominal value than it will pass for in the *form* of coin. Or, as it is usually expressed, the market will exceed the mint price of gold."---OBSERVATIONS, p. 56.

If bullion was merely the commodity, I should fully admit this: but if it always owes its principal value to its use in currency, I cannot see why it is not, upon the whole, rather depressed in this character, by an over issue of what is also currency, than enhanced by that cause, in its character of a commodity.

If gold could not possibly have varied, it will of course follow, that any variation which appears to have sensibly taken place, can only be referred to the paper. But if it is a question of *greater probability* only, the fact itself was to be fully ascertained, before we could at all properly reason upon it.

The very circumstance of that probability being so great as to have occasioned an Act of Parliament to assume it as certain, should have rather put us the more on our guard, when once the fact was called in question, lest it should have induced prejudices, and have lulled us into a false security.

The Legislature is known to have been near a century behind publick opinion, in detecting that silver had ceased to afford us the best standard for currency, in favour of gold. And it could not escape the accuracy of Lord Liverpool to observe, that, even in his time, gold already seemed yielding, in some respects, to paper. Still I admit that his Lordship considered the want of intrinsic value, as precluding the case of paper from possibly assimilating further.

His words are,

"In very rich countries, and especially in "those where an extensive commerce is carried "on, gold is the most proper metal, of which "this principal measure of property, and this "instrument of commerce, should be made; in

"such countries gold will in practice become "the principal measure of property, and the "instrument of commerce with the general "consent of the people, not only without the "support of the law, but in spite of almost "any law that may be enacted to the contrary, "*for the principal purchases and exchanges can-" "not there be made with any convenience in coins* "*of a less valuable metal.* In this your Majes-"ty's kingdom, so great is its wealth, and so "various and extensive is its commerce, that "it is become inconvenient to carry on many "of the principal branches of trade, or to make "great payments, *even in coins of gold, the most* "*precious of metals.* On this account a very "extensive paper currency has been called to "its aid: but this paper can never be considered "as coin, for it *has no value in itself:* it only "obtains its value with reference to the metals "which it represents."—LETTER TO THE KING, p. 148.

Some allowance must be made for his lordship's prejudices in favour of royal coin, from his habits and situation in life, as well as from regard to the person whom he was addressing. His lordship may surely be considered as an express advocate for the mint, otherwise there are contradictions in the passage which could not have escaped his accuracy.

He first attributes the use of gold, in the larger payments, to the absolute necessity of having a material of great value; "*For the "principal purchases and exchanges cannot there "be made with any convenience in coins of a "less valuable metal.*"

Yet when the cause for the use of gold increases, and it becomes inconvenient to make our payments "*even in coins of gold, the most "precious of metals,*" he can add, "on this account a very extensive *paper currency* has "been called to its aid; but this paper can "never be considered as coin, *for it has no value "in itself.*"

Whether it can be considered as coin or not, is of little import to the question; but something certainly ought to have been offered in explanation of the circumstance, that in a case where gold derived its claim to employment, solely from the *value of its material,* it should progressively be superseded *by a material of no value at all.*

I have myself no doubt the case is exactly similar to what it would be if, carrying our views into the greater fields of space, we found

it convenient to forego the narrow limit of feet and yards, and substitute abstract degrees of the meridian.

As an abstract measure this might not so well accommodate itself to this his Majesty's kingdom. It is defective likewise of having sensible material, like his Majesty's brass and ivory rulers. Still, I think, it can hardly be maintained, that it is less real, or has rather reference as a multiple to *them,* than they, as aliquot parts, have to *it.* The latter is known to be, of the two, the more accurate conception.

While, however, we place implicit reliance on the quality of intrinsic value, as essentially distinguishing metallic from other currencies, this may certainly be supposed to place an insuperable barrier between the case of gold and paper, ever perfectly assimilating itself to that of gold and silver in the last century.

As far as intrinsic value is strictly essential to our idea of *money,* there may certainly be competitions between different species of money, which may be wholly inapplicable to any species of money and paper. Silver might, in this view, be *again* called in to contend with gold, while paper might be eternally precluded from any such possibility.

This point, however, I certainly dispute, being convinced in my own mind, that any real *approach* to full *equivalence*, in the precious metals, is altogether a prejudiced idea: that the *metals* pass in *currency* only as *tokens of credit*, in the same manner as *paper* does, however their supposed value may first have introduced them there:---I consider them as mere Exchequer bills; only, as it were, endorsed by the opinion of the whole commercial republick, instead of being confined to any particular exchequer.

Of course, when throughout I am seen to speak of paper as the substantive article, I have trusted to my reader's candour not to suppose I attached importance to the thing itself, or that I overlooked the seeming distinction in this respect between paper and gold.

If I am at all right, the gold is no more essential to the guinea, than the brass or ivory of the ruler is to its inches. Gold is only a higher personification of an equally *but abstract credit*, and, if it does not represent such a credit, has no real meaning *in circulation*, no just place there.

Whether the abstract credit can ever be so expressed as to convey an uniform idea to all of us, without personification, I by no means undertake to say; but, with Lord Liverpool, I do

insist, that the more sensible that personification is,---the greater the value of material, the more liable to fluctuations will be our assumed standard.

My system distinctly is, that such an *abstract credit* is itself the only natural standard of value, the only *real object* to be expressed, and that all our mediums of currency do but equally endeavour to embody this, so as to fix it more sensibly in our several conceptions. That paper, as the more abstract expression is, to those who recognise it as sufficiently tangible, more accurately preservable to its true point or object, than gold is likely to be, or any other thing.

This I shall be ready to discuss more at large, at any future time, but I am somewhat thrown out from dwelling longer upon it here, from finding, that though Mr. Huskisson does indeed make it a preliminary axiom, that *money* differs from *paper currency* in having essentially *intrinsic value*, and even seems to found his system upon it; yet both the Committee and Mr. Blake rest the same system on wholly different, if not irreconcileable, ground: assuming that *paper*, only in common with *money*, is depreciated just as that would be by an excess of quantity.

Indeed, when Mr. Huskisson himself expressly declares, in a note towards the conclusion of his work, that if gold could be equally multiplied with paper, it would be productive of all the same effects; I cannot but distrust myself to be fighting a shadow, when I am assuming, that he could have built much on any essential difference of intrinsic value in the two materials.

Whatever intrinsic value any guinea has, I cannot conceive that value ought to be affected by the mere independent production of another guinea.

Still I would not be thought, from any thing I have said, to claim for Bank notes that they should altogether supplant gold as our standard.

Mr. Chalmers appears to me to have fallen into a delusion when availing himself of a dictum of Lord Mansfield, he would build on the peculiar character of Bank notes, and call them no longer *paper, but cash.*

All good paper is, in my view, exactly the same; I merely wish to contend, that equivalent returns are always better secured by abstract admeasurements of value or expressions of credit, than by what must necessarily be, more or less, a gambling policy; viz. the assumption that any real object in nature, which happens to be equivalent now, will permanently remain so.

As mankind are constituted, it may indeed be necessary to bind them rather to some specific, though inadequate, return, subject to the chance of that varying in value before the period of payment arrives, than to leave the possibility open for uncertainty and contention; and in this view, gold, as a commodity, may be the subject best adapted to be taken; still I contend, that, for this object, we are necessarily sacrificing the accuracy of our standard; which, expressed upon paper in the abstract, and left to arrange itself with reference to the whole mass of commodities, would have been preserved more uniformly the same than it is possible for that standard to be by reference to any real commodity of value, such as gold individually.

"A florin banco has a more determinate "value than a pound of fine gold or silver." POLIT. ECON. b. 3. p. 1. c. 1.

Nor can I avoid adding, that had gold any considerable portion of that independent value which we prejudicedly assign it, it would be still less fit for this object; and that, however contrary to our general notions, and even to the authority of Lord Liverpool, it *owes its whole fitness* to its being *scarcely more* truly *valuable than paper.*

By comparing bullion to Bank notes, gentlemen avail themselves, rather unfairly, of opposing a general to a more limited circulation. This distinction is not essential to the materials of which they are composed. Bills of Exchange shew us, that paper is not necessarily confined in its circulation to any district; and, in speaking of Bank notes, I would always be understood to speak generally of all decidedly good paper.

I do not consider it *an accident*, however I must admit it to have accidentally arisen,---I consider it as, on the contrary, a providential interference of nature for our instruction, that she has changed the unit of money in almost all countries, from its originally intended sensible expression, and has reduced it ostensibly to an imaginary or abstract one---such as the Livre Tournois, the Mil Rea, or our pound, and, on a different subject, the barley-corn.

At least, when I say, that I think paper, as the more abstract expression of value, is more likely to be uniform than gold, I may surely claim the full sanction of Lord Liverpool, who has been seen expressly to declare, that the greater is the value of the material, the more it must be liable to interfere with the stability of the standard or measure.

Paper, as having no value of material, may certainly be exposed to peculiar dangers and risks of its own, consequent upon that very circumstance; but it can hardly be putting any forced construction on his Lordship's words to say, in the terms so much objected to by Mr. Huskisson, that the circumstance must render Bank notes a fairer *standard,* or *measure,* than even gold; however defective they may be in other respects, where gold may have the advantage.

I would not, however, wish paper, in any form, to wholly supplant gold, even as a standard; though I venture to say that, as a standard, the abstract idea of a pound will be far more uniform in value than any fixed quantity of gold or silver.

But, with deference to Lord Liverpool, whatever inconveniences concurrent standards may be liable to produce (and they inevitably will produce some), still I consider the having them as salutary, if not necessary.

Who would not, on principle, prefer the having now and then a slight anomaly appear on our scale, to the having our system appear always uniform, from the mere want of any just corrective whatever. Like the Hamburgh scale, obliged to miscall a *fall* of silver, a *rise* of gold, because it had precluded itself from detecting the truth.

Popular prejudices will, no doubt, be here strongly against me, not simply from the vulgar partiality in favour of gold, but also from the effect which the present occurrence has been particularly calculated to produce.

A rise of gold, if overlooked in itself, in a country where things are supposed, by law, all exclusively referable to gold, would be an obvious, though unavowed, rise of all incomes; which those who have to receive them would clearly never object to.

Had the case, however, been reversed, had gold ostensibly fallen, I doubt not I should easily have satisfied the scruples of the most prejudiced, to forget all specific reference to the metals, and be satisfied with looking rather to the standard of paper.

But for these prejudices we could not, I think, have failed to see that the only correction called for at present, however ingeniously it may be endeavoured to be reflected back upon paper, should fall more obviously on gold.

The sensible anomaly which presents itself, is simply a variance between the mint and market prices of bullion; what is there in this of obvious reference to paper?

Is there no previous question more naturally attaches itself to the bullion alone; as, for instance, what is this mint price which thus presumes to dispute its price in the market?

Generally speaking, we know that the system has been justly exploded, which formerly led the legislature to interfere with almost all the natural markets; but is not this a lurking remains of that exploded practice?

If the mint price of a guinea may be possibly construed into a maximum imposed by the legislature on its market, we need surely look no further for the true object we are now alone called upon to correct.

We have seen it however said, that though gold may appear to have risen in the market above its mint price, yet we have an unerring criterion which proves that it has not really risen in the market at all; in the test, that the rise does not shew itself with respect to silver, to which alone Mr. Huskisson will ever allow it to be compared. But, as I have already hinted, reflection will soon convince us, that silver is the *very worst* test to which we ever refer the real rise of gold.

Had there happened indeed to have arisen a sudden, and great sensible difference, between them, it would so far have facilitated the discussion, that the prejudices of some people would, perhaps, in this case, have relaxed to listen to its evidence; but nothing can be more futile than the idea, that a real change in the value of gold would first, or indeed at all, necessarily shew itself in silver.

Bodies moving together are never sensible of each other's motions; and, with the single exception of the partial discovery of a gold mine, there is no conceivable circumstance which can be supposed to affect gold, which must not, in nearly the same degree, operate on silver.

Can it be doubted that, if gold was hoarded, silver would be hoarded too?

Can we imagine that, if gold is particularly sought for the payment of foreign armies, silver can be wholly out of request for the same purpose?

Without the *commerce* of those countries having increased, their *expenditure* may have increased; without *our* paper having become depreciated, theirs may have wholly disappeared; and without the total mass of their circulating medium having at all increased, the necessary void occasioned by the disappearance of their paper, may well have called for a large proportion of both the precious metals to fill it up.

Nor is it expenditure only which has supplied

the place of commerce and manufactures in calling for circulating medium.

Plunder and extortion, which we know to have been carried to their utmost extent, effect circulation no less rapidly than commerce, and with this marked distinction---that while commerce provides substitute mediums of its own, and so far does without the precious metals, military exactions give these a decided preference, from being more portable than commodities, and, not like paper, requiring to be brought back to the same place, where they might be identified and reclaimed.

Paper, on the contrary, in those countries where its credit is not affected, will scarcely have been influenced by any of these causes operating around it.

If its quantity could not be increased, it would indeed rise in value, as the precious metals would be withdrawn to the countries where they have been supposed to be more wanted; but since the quantity of paper, whenever credit is good, will readily accommodate itself to the exigency, it will remain stationary, though the metals will have risen even here, where they are less wanted, to nearly their price in the markets where they are most so.

The true depreciation of paper, from excess, could the case ever happen, wholly divested of all reference to discredit, which to me appears impossible; must at least operate sensibly on the paper itself, before it could begin to operate on prices.

Thus we know that a light guinea will always go as far as a heavy one, till there is a suspicion of its defect; though when detected itself, it may involve others innocently in the suspicion. But the system of the Committee supposes, that prices instinctively discover the depreciation of paper, before either the buyer or seller is conscious of it: as if any thing else but that previous consciousness could point out to the one to ask, or the other to consent to pay more of that paper for the article he exchanges with it.

We know too that when a depreciated currency has at any time sunk the exchange, it has always been known to be depreciated, before it could begin to produce the effect.

Yet it is under a peculiarly marked combination of all these circumstances, which should lead us to suspect a rise in the precious metals; that we are required to shut our eyes to its ostensible occurrence, and construe it to

have a concealed reference entirely an opposite way.

The arguments indeed used to shew that the depression of paper would occasion a similar depression of the guinea, would apply, was the depression of both sensible and obvious; but if currencies, circulating together, are necessarily affected alike, and the Bank Restriction Bill keeps up the paper; so ought it to keep up the guinea.

It is a perversion of reasoning to say they must move together; and therefore, because paper is prevented from obviously shewing its depression itself; it forces this depression to be first sensibly displayed on the guinea.

It is admitted, that if paper was not forcibly sustained, as it is supposed, by the Restriction Bill, the natural effect of its depreciation by excess, would be simply to recoil on itself, when it could hardly be said, even nominally, to affect prices. Was it then true, which it is far from being, that the exchange for gold was the only, or even the most natural means of this recoil; still it would surely be assuming a great deal to argue at once, that a mere medium could thus be converted into a powerful real agent:---that, because it is not allowed a mere nominal change in itself, it must acquire power to derange, what would now be no longer nominal prices, but the real prices of nature.

The experience of the light guinea would be decisive of this, but for the very gross prejudice which pervades their whole system, of supposing, that contracts can ever look to rest finally, on the equivalence of any mere medium employed in them; or that any one can be so grossly sordid, as, in parting with real comforts, to contemplate nothing beyond the permanent possession of guineas for them.

Otherwise, it could not fail to be instantly admitted, that, however the guinea, when known to be light, might affect nominal prices, by occasioning more to be asked for commodities; yet, except as an ultimate equivalent to rest upon, while it continued passing in circulation, if its lightness could be concealed from us, that would have no real operation whatever.

But I have suffered myself to be led aside from my immediate object, which was simply to urge, that, exclusively of depreciation from discredit, paper is less likely to be affected by times of convulsion than any other article.

That *gold* and *silver*, even more than *articles of necessity*, will have a tendency to become *dearer*; and that *abstract credits*, if *credit* can

be at all sustained, will be the only things likely to remain the least stationary.

It is for this reason I have no hesitation in saying, that paper, in England, is at present a much more fair criterion or standard for gold, than silver can possibly be, either here or at Hamburgh; and that, what Mr. Huskisson would insinuate to be a covered depreciation of Bank notes, is nothing but on their scale an accurate annotation of the real rises of gold and silver.

At any rate I claim, that, as far as the mint and market prices of bullion sensibly differ, the question should be first fairly canvassed, as it presents itself, with reference to bullion simply; that, because a difficulty ostensibly obtrudes itself, with respect to our different annotations of gold, it should not be held an absolute privilege of gold, as Mr. Huskisson seems to assume it, to throw the blame as a matter of course upon paper; because it happens to be the nearest bystander.

Paper, like Mr. Huskisson himself, like every possessor of splendid talents, will have jealous prejudices to contend with, as well as its own natural difficulties to encounter. This it must expect, but it could hardly have anticipated as a duty of its own, that it should be thus first called upon, to be responsible for a difference, which has arisen ostensibly only between nature and the legislature; and which would seem to regard only the exact value and price of gold.

For my own part, I am rather astonished that if gold is really so favoured a child of nature, as its advocates suppose it to be, nature has not earlier revolted at having her favourite thus swaddled, as it were, by Parliament, in a mint, as well as her own market dress.

Still I only claim that paper may not be idly involved in but constructive crimes; that, as a servant of tried and even still acknowledged credit, it may not be hastily sacrificed to every caprice of *only more antiquated* rivals; that, if it is ultimately to be condemned, at least it may not be cried down by mere assumption and prejudiced acclamation, without being first fully and distinctly heard.

History furnishes us with many instances when money itself has been subjected to fluctuations; though seldom, I grant, sufficiently sudden to produce very marked effects; unless where the causes were forced and arbitrary.

We have here, however, an instance which should, I think, afford a decisive answer to all Mr. Huskisson's reasonings about gold, being

intrinsically an *absolute equivalent* in itself; and promises, in consequence, looking ultimately no further than to gold.

For in those periods we find that the Legislature actually did interfere, to translate promises, not only from one species of money to another; but out of all mediums of currency, into definite articles of necessity.

I need hardly say I allude to the Act of (I believe) Elizabeth, obliging colleges to reserve part of their rents, instead of in money, in coin.

Gold may certainly be so far a fairer standard for Bank of England notes, than either indigo or broad cloth; that if its relative proportion to paper is admitted, it comes assayed to us, in both its quantity and quality; which those articles do not. But gold, in this case, does not *find* the value of paper; it assumes it as *already found*; while indigo and broad cloth have the sum to perform: otherwise, I do not know, that even so far, the argument would apply. But in any view, this is not the just question, whether gold is a fairer standard for Bank notes, than indigo or broad cloth. The true question should be, between gold and Bank notes, which is the fairer standard for the value of indigo? Which *currency* is the fairest *standard* or *measure* for commodities? Not whether a currency or a commodity is the fairest standard for *another currency*.

Bank notes and gold have, in common, the advantage which all *currencies* have over *commodities*, for the purpose of measuring the values of *other commodities*;---that we keep them expressly assayed, and endeavour to preserve them exclusively arranged, with a view to this object; but this can have nothing to do with their relative advantages over each other.

Gold may, for instance, be preserved so nearly stationary, that it may even have been conveniently assumed by the Legislature, (though always of course liable to its own revision) as temporarily fixed.

Under such circumstances it would be fraudulent, as Mr. Huskisson supposes, in that Legislature, towards its own creditors, was it capriciously to alter at any time the index. The fraud, however, would be in the caprice, and not in the alteration. If the original assignment was arbitrary, it was then equally unjust; and its *continuance now*, would be rather the fraud than its *alteration;* were it continued one moment after the circumstances, which led to that assignment, were known to have changed.

The Legislature, for a permanency, cannot in justice do more than assay and stamp the quantity and quality of the metals it issues.

It will, of course, in issuing them, at the time declare the relative proportion they bear to each other: but this *relative proportion* will not, *even then*, give us the *real value* of either. That must always be left to find itself in the market.

It is for this reason mints properly abstain from coining for themselves, and selling their coins; lest they should seem to force a value upon them. In general they confine themselves to the act of coining for others. But even the declaring the relative proportion of different metals at the time, if not carefully watched, becomes, in some degree, affixing a value to one of them, at least; it would be liable to abuse if it was not done under an implied engagement, to watch over and correct that declaration, the moment a natural variation should, either by being considerable in itself, or promising to be permanent, render a correction necessary.

Nor have prudent Legislatures wholly trusted to themselves in this. The limiting the amount in which one of the two currencies should be a legal tender, is a latitude left to the publick of correcting for themselves any relative fluctuation between the two; only that it has hitherto been done upon a partial system, which has deprived us of more than half its benefit, by fixing the one on which the correction is alone allowed to be made, when it is equally possible the error may have been in the other.

The relative fluctuation of two things may always be expressed, exclusively, with reference to either: but though we thus obtain a more elegant simplicity to our scale, the measure requires to be well understood and watched, or it must lead to abuse; as the terms are thus necessarily blended together, some being relative only, while others are real.

Lord Liverpool's proposal of making one metal singly, the standard measure for all the rest, was professedly meant to be but an assumption, under regulated limits; and he expresses a just solicitude to select the metal which should be least likely to fluctuate.

On such a basis, I do not deny that obvious advantages would result from the measure; though, as he justly observes, its very first effect would be to require a deviation from strict equivalence in all the other parts of our currency, except that one metal: still the project

is liable to considerable objection, in that it tends to confirm us in the delusion of attributing real equivalency, to the metal we thus select. And it would more effectually blind us, than we seem at present even blinded, to the correction of that one standard, when in time such a correction must become, if not necessary, at least proper.

According to that system of proceeding we should probably never have ventured to change our standard from silver to gold: and, according to that system, I should still less have dared to propose, as I am now doing, even a temporary correction of gold by paper: yet, if gold is really the article which has risen, the correction of its mint price, and of certain penal statutes which both Mr. Huskisson and the Committee allow to require alteration, will be all that is necessary to be done.

I fully agree with them, that the Legislature should allow the guinea to fetch its price in the market: but I flatter myself I am consistent in doing so. I cannot reconcile their consistency in that they would be allowed themselves to pass the guinea at perhaps 25 shillings, yet would oblige the Bank to pass it at 21.

Let guineas fetch their own price, but let them fetch it universally; and then there can be no objection to the Bank paying in gold, not only in two years, but immediately. Nor will there be great danger of other countries materially withdrawing our guineas from us, as their price would then rise, if necessary, so as effectually to stop the process; but nothing can ever stop it if we give into the project of compelling the Bank, or any one, to keep open shop for selling guineas at an under price.

The injustice which some suppose would arise from this, on the part of the Bank towards the holders of their notes, would be evidently limited to a specific extent, if it would not in fact be altogether imaginary. If it stopped merchants from applying for more discounts, it would then have the effect the Committee in some degree desire. If it did not, still there could be no injustice in the fresh issues, which would be made with a full knowledge of the circumstance.

But the injustice, besides having no fixed limit, on Mr. Huskisson's plan, would be fatally real, and would be highly aggravated by being an arbitrary act of *the many*, to ward off an idle apprehension from themselves, by infixing they know not what burthen upon *a few*.

Was the hypothesis however right, I should

still recur to my question; how is it reconcileable with any consistency of principle, to say, let guineas fetch whatever price they may elsewhere, but let the Bank be obliged to circulate them uniformly at twenty-one shillings.

Some I know contend, that this is not interfering with the price of a guinea, even with respect to Bank paper; but upon what principle of reasoning I am wholly at a loss to imagine; and they instantly couple this with a perfectly irreconcileable argument, that it is only a just amercement of the Bank of what they had already improperly obtained.

Both pleas cannot be true; it may be just where a profit has been made, to insist upon restitution; but if that restitution is effected, by compelling the Bank to a regulated price; whether they have themselves taken that price before or not, can make no difference as to its now being a forced one.

But this would suggest a variety of questions, which, if the Committee and Mr. Huskisson had not entirely overlooked, I should have been glad to have discussed at length with them.

Supposing the Bank encouraged by both Government and the publick, have been going on for years in an error, which it was our duty as much as theirs to have corrected, are they still exactly the same proprietors? Are not some dead or changed? And is it strict justice that we should, at any moment, come at once on their successors, for the whole sum we may chuse to say we have lost?

But supposing this was fair, would the reimbursement be so exactly proportioned to the Bank gains, as to justify the idea of our thus, as it were, laying hands on the specific article?

It is certain it would not.

Mr. Huskisson himself observes, that it would be necessary for the Bank to proceed at first with caution, or they will raise the price of gold still higher on themselves. Of course then there is no certainty of any such exact apportionment. But another question arises, viz. has gold been at its present price through all the time the present notes have been issuing? If not, how can the Bank have made the whole profit? And though very intelligible in itself, it is surely not easy to reconcile, with Mr. Huskisson's system, how the Bank's paying in guineas is to be an infallible recipe to prevent the market price of gold from rising above its mint price: as it is part of his system to say, that without proper caution the effect of that

measure will be to raise the price of gold still higher immediately.

The fact undoubtedly is, that the price of gold will always be liable to vary; but if we compel the Bank alone to pay its differences, we need never ourselves be sensible to them.

In the prices of commodities a variation of gold may always be concealed, by referring it relatively to a supposed change in them; but with respect to other currencies, if it is not carefully watched, its effects may be fatally real.

A more material question to the Bank is, will their utmost caution be of avail? Of course, if it will not, the penalty then becomes more excessive.

Mr. Huskisson indeed imagines, that the Bank would not be called upon to realise nearly all their present notes, which, as soon as their mere excess should be removed, would, he concludes, rise at once to par.

For this, however, the Bank have only his assurance, and that assurance couples ill with the admonition he had before given them of the caution, which on their part it would be necessary to employ to prevent the very opposite effect.

But should the event fully confirm his prediction, which I am far from absolutely denying that it would; still it would rather lead to diametrically opposite conclusions.

I should say, that if the excess of notes had before really produced one-fiftieth part of the effects he attributes to it, so as in depreciating them to have also depreciated all the publick and private debts, indeed all the property of the kingdom; to which their whole mass bears but a trivial proportion; it would require more than the mere removal of that excess to arrest, at once, the progress of the disease, and fully restore the constitution it had impaired.

To me the very supposition carries with it the refutation of its whole system, for I can never bring myself to believe, that artificial mediums, employed by ourselves, but to measure and arrange the superficial inequalities which we meet with on the surface of nature, can have really effective power over its inmost depths.

Had we indeed began with being sensible to the depreciation of Bank notes, we might afterwards have naturally consented to part with more of them for the purchase of any article we might want, and might thus have raised the *nominal* prices of things; but this would have appeared to ourselves no more than a mere

nominal rise of price; and it would have been expressly confined to that particular currency.

The present rise of prices is supposed to have preceded the least sense, on our part, of the depreciation of that currency which has occasioned it, and hence to have extended itself over all currencies, and even affected real prices.

I have already observed, that was the case to occur, our *sense of the depreciation* would have been more immediately the operative cause of the effect than even the *depreciation itself*; this is easily proved, by considering that a false perception would have all the effect, without any necessity for the reality. But Mr. Huskisson's system supposes the effect upon prices to have long preceded all consciousness of the depreciation of paper, on our part.

As to the idea, that the Bank Restriction necessarily blinded us to the cause till it became strikingly sensible in the effect, this has been already answered in the observation, that the sensible perception alone is *itself the operative cause*, so that even a *false perception* would equally produce the effect, without any *real existence* of the thing.

As might be expected, the fact is just the reverse; for, anxious as the Legislature was not to seem to interfere with Bank notes, this very anxiety has excited alarm, and instead of *averting* our suspicion from the subject of their depreciation, has been the principal, if not the only, ground of thus *directing* it towards them.

I have been suspected by a friend of imputing it to that Bill, to have been passed without sufficient consideration; but he did me injustice. I rather charge it with too much laboured refinement. Still, if any thing induces me to disapprove of the Bill, it is merely the construction which is said to have been since put upon it by the judges.

When the Legislature could not itself supply gold in sufficient abundance at the regulated price, it became a paramount duty on its part, to take off all denunciation of punishment against those whose only crime was the not being able to produce the specific article.

This was all the Legislature was peremptorily called upon to do, and this, with deference to the judges, I still read it to have absolutely done, however less decisively it may have spoken to the secondary question, of what was then to be considered as the proper substitute tender.

Even in this indecision, I have no doubt that the Legislature was solely actuated by a delicacy towards Bank notes themselves, and not the least by any view to the creditor; and though the construction of the Courts may have, in some degree, defeated the object, yet the event sufficiently justifies the foresight of the Legislature in that delicacy, since it has shewn that even the most cautious expression which could be devised, conveying little more than a personal opinion of what was, at the time, a fact of undisputed notoriety; I mean the adequate competency of Bank notes to the purpose, has been perverted into an endeavour to give them a forced sanction, and has been thence made a ground of serious attack on their credit.

If it is true (as I must however be permitted still to doubt), that the act meant only to take away the power of arrest, upon a tender of Bank notes, during mesne process; the fair construction should surely be, that taking upon itself to provide for the emergency, and prevent litigious pursuit till the parties were really before the Court, it then delegated to the Court that power: in full confidence the Court would carry the same principle through.

The Legislature allowed the Court, during mesne process, to take a deposit of Bank notes instead of the person, as security.

Can this then fail to imply that they would hold the Court exonerated, by the paying over those notes in execution, instead of the person, as an ultimate discharge?

To return, however, from this digression, I was observing, that if the withdrawing a few notes from circulation should be found to have the effect of immediately raising the rest to what Mr. Huskisson would call their par, it would rather argue, that the notes thus withdrawn from the circulation, were now wanted and missed, than that they had before been burthensomely excessive there.

Supposing the publick, rather than incur a risk of the fatal effects which might ensue from a sudden diminution of Bank issues, were to agree at once to raise the value of Bank notes, though only (according to Mr. Huskisson's phraseology) to their natural par with gold, what should we have but the theory to satisfy us, that Bank notes were not really bearing an agio? Surely, considering their infinite convenience to a mercantile country like this, the case is very far from being inconceivable.

Are we so retrograded in political economy as to be able to persuade ourselves that any such active interferences of our own do really

but assist nature? that it is even probable, that by thus palpably forcing a rise in notes, we only bring them to their natural par? or indeed to any secure and really healthy state?

At present, however, my objection is less to the state itself, than to the probability of its not so immediately arriving: when if the Bank were, as the Committee recommend, to go on accommodating merchants with discounts and issuing fresh notes, I can see no possible security for their *ever* finding a limit to the drain upon them for gold.

Is it unlikely, that startled at once from the slumber, in which we are said to have been so long and dangerously immersed, we might rise impatient to see all Mr. Huskisson's golden dreams sensibly realised? To have at least all the town and country notes converted immediately into gold? and could this fail to raise considerably the price of that article?

But there is besides every probability that the gold procured by the Bank would be melted as fast as they coined it, to be sold to them again; in which case, after having realised the whole of the present paper, they might not find themselves even one step advanced.

The trade of selling the Bank gold at the market price, and taking back guineas from them at the mint price, when by the hypothesis it would be professedly legalised, would be far too profitable to be suffered idly to drop, or even to languish.

Nor is it to be supposed, that a single person, except the Bank Directors, would be at the pains to import gold, or seek to obtain it from any other than their own guinea market. This market, which the Bank would be compelled by law to keep open, at the same regulated price, would be by much the cheapest, at which a stranger could buy; besides that by buying elsewhere, he would be evidently injuring the opportunity here.

While the Bank were indeed almost the only purchasers of gold in the London market; and while the mint regulations limited them to a specific price, these circumstances, together, could not fail to keep the price of gold nearly stationary. But this was an injury instead of a good, if it discouraged the production of gold, and interfered with the regular supply.

We are told the supply of gold has rather diminished in the last century; and probably this may have been the sole cause of its decrease. The price of gold, like the price of corn, or any thing else, may be kept down by

law, with apparent success, for a time; but the effect will shew itself at last by withdrawing the article altogether from the market, in which it is not allowed to keep its regular pace with the rest of things.

But there are other questions which the advocates for this system slur over. They recommend the Bank to continue discounting to merchants, as if the advice was perfectly compatible with their professed object of reducing the quantity of paper; and required no explanation, how, or upon what terms, they themselves propose those discounts should be at present made.

Are the Bank at once to advance their discounts in gold? This indeed would tend to the reduction of paper; but it would be, very unnecessarily, adding to the immediate drain of gold upon themselves.

If on the contrary, the Bank are still to make their advances in paper, with the certainty before them of having, in less than two years, to redeem that paper with gold; can it possibly be expected of them not to secure themselves, by asking at present for their notes, at least the full gold price?

They ought to add to this a premium of insurance against the further rise of gold: and are the Committee prepared for this immediate rise in the *Bank price* of paper?

If merchants would not pay this rise, then the advice of continuing to discount to them, is nugatory; and if they would, then the expedient of the Committee becomes simply that of raising *the denomination of Bank notes* as a *current coin*; however the Committee may disclaim the idea.

The true history of the whole circumstance has been already explained, in the different effect which times of serious convulsion produce in neighbouring countries, between the more real currencies, and the more simply abstract expressions of credit.

Wherever that convulsion predominates, mere abstract expressions of credit will certainly become depreciated, though not, in fact, through *excess*, however they may be endeavoured to be forced; but wholly through insecurity. And the less abstract species of currency will in consequence rise in value.

Both, however, will have lost the most essential attribute of *currencies*, in losing their stability; however the individual, who may have happened to possess the currency which has

risen, will have accidentally gained by the circumstance.

Those countries which can repel the storm, will in some degree profit by parting with their specie, for the use of their neighbours, as long as their own credit will enable them to supply its place by paper: and they will do this the rather, because, though specie will thus have become a profitable currency, it will, even with them, have ceased to be so accurate a currency as their paper.

Paper indeed would have risen too, from the greater call thus made upon it, but that, if credit is unshaken, paper will always increase in quantity to meet the demand.

The very circumstance, however, which thus prevents it from rising, should, of itself, have taught us to doubt whether paper was at all liable, from mere excess, to fall.

And even if paper had actually risen, as its rise would, in this case, have been only subordinate to the greater rise of *specie*; it would still, by Mr. Huskisson's test, have appeared to us to have fallen.

Paper, however, is the only article, which, in such times, would have a probable chance of remaining the least strictly stationary; and it is a great merit in paper, fairly considered in its *quality of a measure*, that it should not have risen, when other things may have done so.

Mr. Huskisson would seem to argue, that Bank notes, if they would claim to be of equal value with guineas, should of course rise equally with them; but can he forget that a *possible rise*, always implies a *possible fall*; and that however the possessor of either gold or paper may be benefitted by their accidental rise, his greatest security, as well as their greatest merit, consists in their remaining perfectly stationary.

It is not true, that had we not had Bank notes, we should now have had guineas to nearly the same extent, to have speculated with: and even if we had had, we still could not have equally spared them. But supposing it had been otherwise, and that the speculation had been legalized, it would entirely have perverted their true character, as a currency, to the abuse of rendering them a mere article of mercantile speculation.

The present complaint is nothing more, than, that when Bank notes have enabled us to convert the *metallic part* of our *currency* into an article of lucrative commerce, by sending it

abroad as a *commodity*, they do not immediately reverse the operation, by bringing it back, with advantage, for us to repeat the speculation again.

Still the profit which has been made, whether fairly or not, has been made entirely upon the credit of Bank notes, and their power to supply the place of guineas: had they really been at all incompetent, that of itself would have stopped, instead of (as Mr. Huskisson supposes) promoting the trade.

Again, I would ask, as the whole twenty-one millions of notes is by no means an increase since the Restriction Bill, whether the Bank can be fairly chargeable with having made a full profit to the whole extent of their amount?

Mr. Huskisson will, I know, say, neither by his hypothesis will they be called upon to nearly that extent, since the remedy will begin to operate the moment it is applied: but besides that, as I have said, for this, the Bank have only his assurance; the very caution he recommends, proves that, in his opinion, the cost to the Bank will not necessarily correspond with the exact profit they are supposed to have made.

And I would put it further seriously to himself----Does he believe the Bank have, in fact, profitted one farthing more, upon any individual note they have issued, now that gold is at its highest, than they ever did when it was at its mint price?—Undoubtedly they have not.

It is then idle to hold, that we are in time; and only stopping our own before it has yet gone further than into the Bank coffers. The Bank profits must naturally have been immense, in times so fatal to credit, when they have almost *singly* supported theirs, in an unabated state; and when that very circumstance has increased their business enormously, and transferred to them, we know, all the business of Government and the Publick Offices; but the publick have benefitted by these profits, both *directly* and indirectly; and are *obliged* to the Bank instead of having reason to envy them.

Unless Mr. Huskisson can charge the Bank with being secretly the illegal exporters of gold, it is not true that they can have been the parties to profit, in a single instance, by the difference between a note and a guinea.

According to Mr. Huskisson's system, to what extent has not the evil already gone? According to him all publick and private debts are, by this time, distinctly involved in its effect. However philosophical then it may

sound, to say, do away the cause and the effect will cease: I repeat my question, how is a mere alteration in the circulating medium, to operate thus actively on the real masses of nature? Had the injury been so real, the remedy would surely have been more tedious.

If, for instance, I have engaged with my servant to pay him ninety pounds a year, when according to that system we both of us mistook what the term really meant, confounding it with Bank pounds worth only seventeen shillings, can that error be remedied at once by the Bank paying in gold?

As long indeed as I can obtain Bank notes at their present price, and make the Bank pay my servant guineas, if they do not tire, nor need either of us; but this could not continue. And if the value of Bank notes rose, so that I should be obliged to give more for them, in justice to myself, I should then be obliged to revise and correct my bargain.

Mr. Huskisson indeed acknowledges that something of this kind may take place, but he argues that the effects would often compensate each other: and that at any rate it would be but justice in the major part of all its instances. Still, if it is to be sensibly felt, surely we ought to hesitate before we incur a sensible grievance in lieu of one, which, but for the Committee and himself, however real it may be, had certainly altogether escaped our observation.

At present, it is certain that if I have Bank notes by me, according to that system, the Bank have charged me for guineas, and therefore owe me guineas, so that I need be at no loss. But if I have not Bank notes by me, and have rents or debts to pay, am I not bound to give the price of bullion, and have my own guineas coined at the mint, as much as the Bank can possibly be?

It is a profitable morality which can teach me to argue, that though I have myself no transactions with the Bank, yet they have led us all into error; and therefore I need feel no scruple in voting that error theirs, and shifting the consequence off from myself to them: yet so we should in general, certainly, in that case reason.

Unless Bank notes instantly rose to what Mr. Huskisson calls their natural par; or, as I should say, were forced above their natural value, to bear an agio, I fear we shall all be buying up Bank notes, and playing at the game of cheating the Bank to pay our creditors honestly.

Finally, I would ask what kind of payment a Bank note would be during the two years, unless we regularly discounted it?

Perhaps this may be thought all to imply the perfect triumph of the Committee's system, in shewing that the very determination would excite an immediate competition for Bank notes, sufficient to enhance their value. But my answers have been already given, in the several questions---would it be so? If it would, would the loss then fall on the Bank, who are said to have made the profit, or on the publick? Would it not be raising Bank notes, which are said now to be nominally above their real value, still nominally higher? Finally, would it not be an evidently forced, instead of at all a natural state for them?

The Bank Restriction Act may indeed be said to be a sensible force exerted the other way, which it is necessary to counteract; yet it is admitted not to have operated at all for some time: and even since to have operated so silently, that it has gone on till it has produced a great effect, before we were the least sensible to its cause.

Still we are required to conclude that this more *seemingly forced*, will be the more *natural state*.

I can only hope, for our own credit's sake, that if the Bank are forced to pay their notes in guineas, *whatever may be* the market price of gold; Government will not fail at once to provide *its own guineas* for the dividends, that private individuals will procure *theirs* for the payment of their rents and debts; and that however it might tend to raise Bank notes, and so far be indirectly *desirable*, perhaps, for the Bank themselves; yet we should all be above the dishonourable intrigue of gambling upon Bank losses, and driving a huckster trade to *forestall* their *forced* largesses.

If we mean honourably, and the injunction takes effect, I should be for allowing no, two years, for jobbing manœuvres. I would have no gentleman possess himself of a note he does not possess at present, except at the full bullion price in which he expects to be paid it.

In policy then the Bank could not *issue*; in honour no gentleman could *take* a single note, till the whole had fully recovered, what is thus considered their natural value.

Either then, the effect must be perfectly instantaneous, or in spite of all exhortations, a sudden stoppage must ensue. In the former case, Mr. Huskisson would have to persuade himself that evils of the most immense magnitude, had yielded at once, before a mere *presto begone* of Parliament. In the latter case, he might soon have reason to feel how very different in sensible effect, and how much more tedious to remedy, is the slightest real derangement of nature, when produced by injudicious speculative interference of our own; than even the greatest practical anomalies; which are frequently rather apparent than real, and which if real, have always an instant tendency to correct themselves.

When Mr. Huskisson says, "that *promissory* "*notes* represent *value* only in as much as they "undertake to pay in *money* the sums for which "they are issued;"

I feel inclined to ask, if those readers, who will readily assent to the axiom in these terms, bear in mind, that he has the instant before essentially distinguished *Bank notes* from being *money*?

Who, that has been in the habit of receiving *promissory notes*, has not, in general, *rather* looked to an eventual payment in *paper* than in *gold*?

Still the distinction had been fully stated, and I am of course precluded from pressing it as an objection.

Mr. Huskisson, I know, contends, that Bank notes are only admissible as being ultimately convertible into *money;* but this is evidently assuming the whole subject in dispute; and, in fact, carries with it the principle of its own refutation, as the argument applies with equal force to *money*. *Money* is not the ultimate object, when money is named. Whether money or notes are referred to, we equally look further to *those undefined values* which either will afterwards procure us.

Mr. Huskisson would have a serious task to perform, would he undertake to shew us, that Bank notes may not be supposed, at once, to purchase those *ultimate values,* or clear the balances those values will give rise to, as well *without* as *with* the intervention of gold.

Bank notes and money both refer, ultimately, to articles of real value in themselves, but both leave those ultimate articles undefined, to the option of the creditor; and it is on this very account, of their *indefiniteness,* that promises are made in the first instance rather referable to either of them, than to specific articles; it is entirely defeating the principle, if we allow ourselves, *in money,* to overlook its abstract and

indefinite character, and recur to the definite article again.

Paper, as the most abstract, and least liable to this confusion, is obviously the preferable expression, for promises, of the two.

I appeal to Mr. Huskisson's own feelings, as a gentleman, whether, if he had purchased a horse, for instance, before the Restriction Bill, and had given a promissory note, specifically, for one hundred guineas, he would have felt himself one moment embarrassed by the act; in that it prevented him from procuring the specific article?

Would he, if the act had not taken place, have thought of being at the pains to procure it?

Would he even have consulted his creditor about absolving him from the necessity? I think I may answer for him, that had no such act ever existed, and indigo or broad cloth had happened in any way to be passing between himself and his creditor at the time, he would at once have felt, that any such equivalent value, or set off, was, rather than *money* itself, the ultimate object to which his note really referred.

Any promise which meant to refer to gold, specifically, contemplating a probable variation in the value of that article, would be rather in the nature of a stock than a money bargain.

It would, as I have before observed, be merely a gambling policy, however heavy the stock to gamble in.

If this reasoning wanted any other proof than what it derives from a moment's reflection, that proof might be found in the case I have before alluded to, of corn rents. It is true, that it was only on account of the fluctuations of money that promises were at the time translated from *money*, the *measure of commodities*, to *commodities themselves*; but still we see the same marked principle was necessarily preserved, of using the *definite* for a really *indefinite* article; since we know, by experience, that corn rents were never thought of being paid in kind.

Mediums of currency are all of them, including specie, no less than paper; more properly designated, as simply *tokens of credit*, than as *equivalents*, or even *measures of value*, because it is only on a scale of *credit* that degrees of value can be any thing like *permanently fixed*.

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The identical horse worth thousands to day, may be permanently credited, and thus, as it were insured, at that, while he himself may not be worth a farthing to-morrow.

Nor does this merely apply to animated nature; the principle only differs in degree. It

applies to every real object in the universe, and obliges us to have recourse, in all instances, where accuracy is required, to abstract measures.

If *money*, indeed, was strictly held to imply the definite article it names, our money bargains would not have advanced us any thing in social life beyond the savage state of *barter*.

Money is only so far an advance in civilization, as it *personifies* an *abstract idea*, rather than expresses any definitely *sensible one*, as it implies definitively nothing beyond *quantity of value*, abstracted from all specification *of quality or kind*. 16

It is true, we never perhaps grasp a purely abstract idea, without embodying it under some sort of personification; but it is the different grossness of the personifications we require, which, rather than any other criterion, distinguishes the different stages of progress in civilized society.

Mediums of currency are thus all properly, in as far as they have real import, but *personifications* of *abstract value*.

What is called the *equivalency* of some of them, whether imaginary, or ever truly real, is, as far as it interferes with their abstract character, as measures, a mere remaining leaven of savage barter.

Their greater or less grossness of personification only shews the skill to which we have arrived, in laying our vessel near the wind.

Intrinsic values, which Mr. Huskisson supposes so essential a characteristic of some of them, we have seen Lord Liverpool more justly consider as being, with respect to their character as measures or standards, rather degrees of aberration from their true point of sailing.

In money, for instance, taking Mr. Huskisson's definition of the term, intrinsic value certainly serves to keep our sails more full, but as long as paper can preserve its credit from shivering, it indisputably carries us our truer course.

It is justly considered, by some Courts, as inaccurate, though not directly contrary to law, to call in money lent upon equal terms, at mortgage, when the money market may happen to have undergone any considerable relative change.

It would be precisely the same thing, though it would exactly reverse Mr. Huskisson's idea of the injustice, had we taken advantage of the

law requiring gold payments, even when that law was in its fullest force, one moment after we could be assured that gold had ceased to bear the value which the Legislature and our own contract originally contemplated.

Indeed this seems partly admitted by the Committee, who professedly claim the return to gold payments, on the ground that it is *paper* and not *gold,* which has at present, in reality, varied. Nor am I aware that the Committee expose themselves to the charge of making it a postulatum, that the fact could not be otherwise, before they proceed to enquire whether it is, in fact, experimentally so.

To the question, whether gold is not a fairer standard for Bank of England notes, than either indigo or broad cloth? Mr. Chambers might have objected that its terms involve a confusion of ideas between commodities and currencies.

However it might have surprised Mr. Huskisson, the true answer would have been, that gold is even a less fair standard for Bank notes. The reason has been already assigned---that all *mediums of currency* are *measures of the values of commodities,* whereas commodities of real value are the only true tests or standards of *currency.*

Indigo and broad cloth are thus fairer measures of both Bank notes and guineas, than either of these can be of the other.

If gold, indeed, was not itself a commodity of value, independently of being considered the least as a currency, the question would have been as glaringly incorrect as it would be to ask whether Fahrenheit's scale is not a fairer measure for Reaumur's than heat or cold can be of either.

Gold and Bank notes would try in vain to measure each other, did not the real commodities of nature previously furnish us an abstract scale of value by which we are enabled to measure and compare them both.

The relation between Bank notes and guineas, as fixed by law, is evidently assumed; it is not found by either; when fixed, it does not so much render them ready measures for each other, as it makes them sanctioned expressions for the same idea.

To know the value of indigo in Bank notes, is to have it already found in gold; and, *vice versâ*, to have it already in gold, is to have it in Bank notes: but to obtain that value first in either currency, is a problem which the indigo merchant is alone competent to solve; it is to have that value altogether to find.

The only difficulty of finding the value of

Bank notes by indigo, has no relation whatever to the notes; it simply relates to the individual value of the indigo, not being previously ascertained and fixed.

The variation which daily takes place in the relation of currencies in general to indigo, arises from variations in the market of that commodity. The relation which currencies bear to each other, is wholly of a different kind, and affected by different causes. It is legally assumed as fixed, and while that assumption is admitted, it affords no problem at all; though if that assumption is disputed, it becomes one of the most difficult and intricate of questions.

Guineas, not as opposed to Bank notes, but in common with all currencies, are so far readier measures of commodities, than any commodity can be of another commodity: that their own value is assumed to be given, and that we are all supposed conversant with it; being all more or less dealers in the article: to which is to be added, that guineas come to us carefully assayed and stamped; which commodities in general do not. Though I forget them, I know there are instances which shew, that almost any commodity, which for other purposes, is passed under an assayed guarantee, becomes a species of currency, and will find employment as such.

It is, however, only the *current value* of gold, with which we are at all so generally conversant: I venture to assert, we still know less of its *intrinsic value* upon which we are all so ready to declaim, than we do of that of any other article; at least of any commodity of real value. And for the very reason, that the relative importance gold derives, as a medium of currency, almost entirely supersedes what would otherwise be its real uses; and gives us even an interest in encouraging self-delusion, and very much exaggerating a value, which we are of course at no pains to scrutinize and understand.

Credit is always a delicate plant; even in climates the most congenial to its growth. It is no where insensible to the aid of artificial shelter; and such shelter the credit of gold finds, in the mystic reverence, with which we accustom ourselves to speak of its hidden values.

Of this I do not wish to complain. Nor should I like to seem objecting to any serious discussion; if practice could at all times be persuaded to await patiently the result. But I must think a very considerable responsibility at-

taches to those, who, to sustain their thesis of gold being by nature better secured, indulge for a moment the idle curiosity of uncovering the received credit of paper.

Gold is, as it were, the vernacular tongue of currency: we speak it perhaps more glibly than we do any other; but it by no means follows, nor is it indeed true, that we construe it so grammatically as we do the acquired language of paper.

The intrinsic value of the precious earths, whether in itself an object of mere idolatry, or one of rational worship, is certainly an object, which, whatever idea we may have worked ourselves up to entertain of it, has been hitherto wholly veiled from our actual view.

In saying this, I do not mean to deny, that the expression, as used by Mr. Huskisson, conveys to me an idea I comprehend: but I do assert, that, even to himself, it conveys no precise and absolutely defined idea, which will bear any accurate scrutiny.

We have seen that Lord Liverpool's use of the term, rather, properly restricts it to the value of the *material* only, employed as a measure; and considers it to be extrinsic to the measure itself. He justly distinguishes that with reference to the two qualities supposed to exist together in money. *Intrinsic value* contributes to the property of *equivalence only*; that it must even incommode the use of money as a *standard* or *measure*.

Mr. Huskisson, on the contrary, seems to rely on *his intrinsic value*, as essential to the constituting his *standard*.

I have already said, I cannot myself consider equivalency as essentially, or even justly, connected with our idea of mediums of currency, as such, at all. Half the commodities of the universe might be conceived so balanced against the other half, as perhaps strictly to equalize the value of the portions.

But there is surely great difficulty in satisfying ourselves that any single article can really be itself a full equivalent for all the rest. Not artificially assumed as an imaginary or relative scale to measure them upon; but intrinsically an obvious and full discharge for all their value.

I may be thought to be pressing the argument absurdly; but there is no absurdity to which it ought not, if admitted, in strictness, to carry us.

When the Margrave of Anspach, for instance, sold his territory to the King of Prussia; according to Mr. Huskisson's system, he was not to look upon the money he obtained as a credit

for so many future comforts, optional with himself, which it might afterwards enable him to select and procure, to set against those he was relinquishing; he was to look to the mass of gold itself, as his true, his equal, and his ultimate recompense.

If gold is but a credit for obtaining other commodities, why may not Bank notes be at once equally considered so, without the intervention of gold? surely no man can be so sordid as really to look upon gold in any other light, or to accept it, as itself his ultimate recompense for even the slightest comfort he may part with.

Mr. Huskisson has been seen himself to observe, that if gold could be suddenly multiplied by the alchemyst, or by the discovery of new mines, its excess would be attended with all the same prejudicial effects, which he now deprecates from the supposed over issue of paper.

Should not its intrinsic value interfere in some way to prevent this? This appears to me a proper test to try that quality by; surely whatever was properly termed intrinsic value, no other mediums of currency should have any power over either to affect or destroy.

Gold could scarcely be injured in its equivalence to other things, by being thus made to approximate nearer to their mass, in magnitude or quantity.

Gold has indeed at present a limit assigned to its quantity, which the efforts of man in vain endeavour to overstep: and here Mr. Blake appears to me neither perfectly consistent with himself nor judicious for his argument; when resting so much, as he necessarily does, upon the natural limit to gold, he urges that any quantity of it might be procured.

His words are:

"Of all the commodities which are the objects of request among trading nations, there "is none perhaps that is so little subject to "variation as bullion. The annual quantity "produced from the mines is very nearly constant; its distribution from the facility with "which it is transported is exceedingly uniform; and its value, and consequently its "real price, throughout Europe at least, must "be considered as nearly the same."---OBSERVATIONS, p. 21.

Yet he argues, that we might, by paying for it, get any quantity we might want.

The fallacy of this reasoning is, that to be sickened of the search, is very different from

obtaining the object we have been seeking for. It is idle to call it obtaining all the gold we want, to have its price so raised upon us that we cannot afford to want it.

Let the Bank pay its price for gold and pass it again at the price they pay, and I have no doubt that we shall procure it, though not unlimitedly, yet in sufficient quantity for any urgent want: since the demand will be stopped when its dearness becomes excessive. But had we not had recourse to cheaper substitutes, the actual want of gold would have been sufficient to have materially obstructed trade.

At present, however, the demand for gold will never be stopped, if we run into the palpable incongruity of obliging any body of men to purchase it at one price, and circulate it at a less.

All at present pay their price who purchase Bank notes. Yet Mr. Blake thinks this no sufficient check on their issue. All do not pay its price for gold; for we know that it is often accidentally found in rivers, &c. Yet by one of those caprices, so common on this subject, the issue of gold is seldom thought of being questioned.

The labourer in the mines may be said indeed to pay by his labour for the gold he issues. The

Governments of Spain and Portugal may perhaps, though improperly, charge the expense of the conquest and maintenance of their colonies, to the cost of the gold they furnish: but this has always seemed to me an abuse of Adam Smith's system, which properly regards labour rather as the best measure of value, than as intrinsically remaining to constitute it.

In fact, this is susceptible of easy proof; for if it would cost us less labour now to procure a similar article to the one we are bargaining for, who will ever pay for the actual excess of labour that had cost?

If the relative value at present to me is not worth the trouble it would cost me to procure the article; neither shall I reimburse another the same trouble it may have cost him. If it is worth that trouble to me, I still look to that present worth, and not to his passed trouble, when I reimburse that to him.

The labour then, expended upon gold, can never, in strictness, be said to constitute its intrinsic value, any more than those other values before enumerated.

In as much as gold continues to have other value of a more positive kind, we may certainly labour ourselves, or pay for the labour of

others, to procure it: but if it cannot sustain an independent consequence, then the labour it costs, instead of adding to its value, becomes altogether a deduction from it.

Mr. Huskisson's confession would, I think, go the full length of what I believe Mr. Ricardo has somewhere avowed, as the true principle of this system; that the intrinsic value of gold resolves itself almost simply into its defect of quantity—or its natural scarcity—into at best a negative quality.

Few realists are aware how constantly their system of reducing every thing to what they call sensible reality, thus ultimately bottoms itself in some, but abstract, or even negative quantity.

Defect of quantity may certainly give a relative increase of cost to articles which have otherwise independent claims to established value; but it is that other value;—their relative utility to us, which can alone be properly termed intrinsic; and even relative utility is evidently in itself, again an abstract idea.

No things are more easily confounded, and more anxiously to be endeavoured to be kept distinctly separate, than personifications of our own, and natural realities!

To return, however, to my more immediate subject, I could wish to ask Mr. Huskisson if a limitation, imposed by authority on Bank notes; or even that partial limitation which he himself admits, the discretion of the Directors does now, in some degree, impose upon them; should not, in his view, if limitation constitutes intrinsic value, communicate a portion of that quality to Bank notes, instead of confining it to money?

Lord Liverpool's *intrinsic value*, if I conceive it rightly, as being restricted to the mere value of the material, may certainly be of use in giving additional credit to mediums of currency, in that it will operate as a premium of insurance, to their otherwise mere credit adventure—as a salvage paid to rescue that adventure from total loss, but like all such payments, it is foreign to the natural course of the adventure itself: it is necessarily a dead load—an entire drawback; on all its regular profits.

The term intrinsic value, however, may certainly be used with different degrees of latitude. Though in the gradual discredit of currencies, it should, in strictness, await the conclusion of the process, and remain a perfect caput mortuum at last. Yet what may remain after each particular stage of depreciation may relatively, to what has disappeared, be called *intrinsic*. And it is in this sense, I must consider Mr. Huskisson as having used the term.

Mr. Huskisson's idea, will, I presume, be nearest approached by the popular question, was the Bank of England to break, what would become of their notes? Would not their guineas, however, still be good? Undoubtedly they might; but only because this is not the Bank from which guineas derive their true credit and issue.

If however I am further pressed to name then the Bank from which they do derive their issue, and assign any possible case of its failure so as to assimilate the instances, I am ready to admit that this is not in my power. Certainly not the Bank—certainly not the Mint—certainly not the Government which issues them, because their credit is not in the stamp, but in the gold. Still I have to observe, that the answer in no way peculiarly rests upon me.

I should with pleasure accept from Mr. Huskisson his *intrinsic value*, if he would only adduce it definitely, in any adequate quantity; but this he has not affected in any way to attempt.

It can hardly be necessary here to go over again his enumeration of the different values of gold, and speak to each of them; but with respect to the limited quantity of the precious metals, which in a work professedly levelled at the excessive issue of paper, must be supposed to hold a prominent place in the estimation of their values, I feel it right to repeat, that I consider its being intrinsic as given up by the author himself, in the confession, that the discovery of fresh mines might at any time sink this value to nothing.

And here again would arise one of those questions which Mr. Huskisson has so carefully avoided to touch upon, though they are immediately connected with his subject, viz. supposing such a case to occur, how Bank notes would be affected by such a total depreciation of the metals? Whether Mr. Huskisson would be prepared to say, as consistently he should, that the circumstance would honourably discharge the Bank, for a mere trifle, of all their previous obligations?

In the first instance, it is probable, that the Bank would avail themselves of Mr. Huskisson's law respecting gold payments, as he now supposes them to be doing of the Bank Restriction Bill: that is to say, that they would continue to discharge their obligations by a legalized payment, without being scrupulous to canvass how far it was an adequate one.

But this once done, or even before it was considerably proceeded in, restrained, as I

flatter myself the Bank would be, by their own sense of justice and policy; I have little doubt that they would themselves be among the first to point out the error, and suggest to their creditors some fair optional remedy.

Gold must shortly either correct itself or be driven altogether out of the channel of circulation as a currency. We know that brass and other metals were once currencies, which are so no longer. Whenever such storms are seen approaching, there is nothing in prudence to be done, but to stand aside, and let them pass entirely by. Nobody would be obliged to exchange their notes for gold, and of course we should all retain them till the storm had spent itself, and gold was discredited entirely. And this is an additional reason to show the injustice of a compulsory exchange of notes for gold, except in the single instance for which it was first intended as a check upon the individual credit of the Bank: for no rule can be fair as a general measure, which is not equally binding on all the parties, and which does not operate reciprocally.

For my own part, was the case to occur to-day, I should have that confidence in the policy if not in the honour of a great Commercial Company, that I would rather give a premium for their falling notes, than submit to part with a single one, through impatience, at a discount.

I should have full confidence that it would require no Legislative interference to teach such a body their duty---to make them perfectly understand the true character of their money obligations, which had always really implied permanently equivalent re-payments, and not any gambling speculation on the particular article they might happen to name; which, if they were purposely expressed in money rather than in articles of more value, were so expressed with a view to define the quantum of value only, and leave the ultimate article, as to species, as much as possible undefined.

The payment in gold is, indeed, the penalty of the Bank's bond, but like the penalties of all bonds, it was intended only to apply to a wilful breach of contract on their part, it was never meant as the regular mode of discharge, unless their credit was shaken.

If our prudence, indeed, is rapidly on the decline, the forced limitation of gold may certainly operate as a salutary friction on our wheels; but, however, this may be a question of prudence in practice, it admits of no question whatever in theory; but that every friction which is not discretionary, is bad. And

this will always be the great distinction in favour of paper, that whatever friction it has is thoroughly at our discretion; which the limitation of gold is not. Discretion, no doubt, is always attended with some degree of danger. It might be prudent to throw away Aladin's lamp, if we possessed it, for fear of yielding to its abuse; but there is clearly a wisdom beyond that, which would render the precaution worse than unnecessary.

The real value of its material, was gold to be thoroughly discredited as a currency, it is difficult to divest ourselves sufficiently of our prejudices to analize. Nor is it an enquiry I am at all anxious to press to the utmost.

The philosophy is more modern than it is sound, which teaches that no delusion can be harmless. However invaluable truth certainly is, in speculation, its pursuit may, in practice, be fatally mistaken, and even its attainment purchased too dearly.

We may rest assured, that both gold and paper have attained to heights sufficiently precipitous if we are ever actually to fall from either of them; it cannot be necessary to avoid the danger, that we should dizzy ourselves with peering over their brinks.

I must, however, observe, that was the credit of gold to be forced into canvass, I firmly believe it has only prejudice to support it, even in an equal degree with paper.

At present, indeed, while the market price of gold exceeds its mint price, that prejudice cannot fail to be strengthened, as this would naturally lead us to argue that its independent value as a metal, was greater than its value as a currency. But the very fact sufficiently indicates its true cause to be in the mint regulation; for if, as the Committee would suggest, it were rather in paper, it must still depend on the mint regulation too, otherwise there could be no reason why the gold should not sustain its value independent of the guinea. But it is not true that the market price of gold is, as the term would imply, the price of the commodity for manufacture, opposed to its price for coin.

The warmest advocates for that system must surely admit that the present market price of bullion, if not immediately in England, has still its principal reference, to gold, as a *currency.*

What is gold plate really more useful than pewter, except in as far as it displays readily convertible riches?

The true market value of gold, independent of all reference to its use as a currency, is little,

if any thing, more than that of its basest counterfeit, which, when detected, we fling in the fire; as metals, few of them are much less valuable, and if we suppose them iron, they will then be more so.

As far then as their intrinsic value has, hitherto, been adduced to me, I cannot admit that quality as an adequate source for all the received credit of gold; still I am anxious to listen to any other which may be offered me.

In the mean time I venture to suggest, as simply the best conjecture I can myself form, that gold has its highest pretensions in the very obscurity of that prescription under which it claims. That its patent of nobility, like many others, acquires imaginary force, from being withdrawn from vulgar scrutiny.

However open to criticism, yet we know the taste is almost universal, which would relinquish the just pride it ought to feel in connecting itself with the recent and unequalled glories of a Nelson, to go back through a lengthened uninteresting pedigree, which loses itself in antiquity, and is at last perhaps only blazoned out with a fabulous descent from Hercules.

Lawyers well know that a traceless prescription derives from the very circumstance a force superior to that of any ostensible grant.

All currencies are, in my opinion, equally but tokens of abstract credit. Those which are thought more sensibly real, are generally but the most grossly personified.

Promissory notes, it is true, do but in general refer to some individual person or body.

Bank notes have a broader basis in chartered or other companies. Exchequer bills still broader in the whole government; and here gold may, indeed, sustain a sort of climax, in boasting, as its advocates have certainly practical authority for saying, that it rests upon the whole civilized world. But does it rest upon the same authority? Is it not optional with every one who takes it?

The distinction, however, does not avail at present, as it is evident that this could at best affect only its credit. Indeed, the credit of a single person, if sound, as by the hypothesis we always here assume it to be, is clearly as good as if it was endorsed by thousands.

Still, though not immediately in point, the question is always an interesting one, from whence is derived the universal credit which gold is admitted to have? I, at least, could not answer from its *intrinsic value* or *equivalence*. I could even maliciously wish that those who

insist upon its real equivalency to other comforts, were obliged, for a single day, to confine themselves to the enjoyment of its largest mass, in lieu of all those comforts, it is properly but the medium to procure.

It would resemble the wish,

> Oh! that Great Pompey's Pillar were my own,
> Eighty-eight feet the shaft, and all one stone.

Would Mr. Huskisson, after one day's such experience, repeat his assertion, that promises have any ultimate reference to the article gold; that they do not look to gold and Bank notes, to all currencies equally; but as credits for obtaining them other optional, indefinite, comforts.

Intrinsic value, as a collateral security, may certainly have contributed greatly to establish the first currency of the metals; in the same manner that a promise to exchange Bank-notes, with gold or any other currency, was at first essential to stamp their credit and value; but if every new scale must, for a time, be attached to an old one, to graduate it; when once graduated it is meant to be detached again; and may be a corrective for the scale by which it was itself instructed, if that is liable to vary.

At any rate, I feel assured, with Lord Liverpool, that, so far from intrinsic value being essential to mediums of currency, in their character as standards or measures, it is distinctly at variance with that character.

I therefore can only return to my hypothesis, that gold has a presumed credit with all, because it has no obvious reference to any one: that it is sheltered from attack, by the very obscurity of all the approaches to it.

The law of nations, distinguished from the municipal laws of different countries, appears to me another instance of precisely the same kind: it may be said to trace its origin from the extensive power of Rome; or it may be said to owe its force to its intrinsic merit; but I apprehend the fact is, that its only authority consists in voluntary assent and prescriptive usage.

I can see nothing in its authority but usage; nothing in its practice but assumption, subject at every moment to abuse. I never hear it spoken of but in terms of mysterious veneration; and seldom see it referred to, but to be misapplied and perverted.

Value, was it never required to be measured, would be more simple; in that it would be confined to relative utility. Even then, however,

it would admit of no absolute fixture, as the party, to whom that utility would relate would be liable to capricious variations.

In this, however, as in all questions of measurement, the complicatedness is very much increased, by the necessity of, in some degree, giving a sensible reality to the artificial measures we employ. We cannot grasp them sufficiently, in the pure abstract; and if we succeed in personifying them highly, we lose sight of their relative character, and confound them with the reality.

It is scarcely credible, what a source of confusion this introduces throughout every part of science; where we seldom hear a person anxiously intent upon a reduction to sensible reality, that we may not rest assured, he is, in fact, but grossly personifying.

In one sense, the degrees on every scale, however abstract and imaginary in themselves, must be supposed co-extensive, with the real objects they are called in by association to measure: but we are confounding relatives with realities, if we give into the delusion of supposing this co-extensiveness of measures, ever an absolutely sensible equivalence.

The values, for instance, which metallic currencies acquire, by measuring the values of commodities, can be never other than relative: yet we are deceived by the sensible reality of the material, to suppose their equivalence real, and themselves other distinct and absolute values; which is never truly the case. It is merely personifying the different symbols we employ to mark the abstract degrees of value on our scale; till in the sensible personification, we almost lose sight of the real character of the degree: as it were worshipping the moulten image ourselves have set up.

How many of Mr. Huskisson's values of the precious metals, are evidently no relative utilities themselves; but merely relative conveniencies, for adapting them to measure the utility of other things: and what is the golden reality of his standard, but a grosser colouring he seeks to give to credit; whose idea is, in its nature, purely abstract, and so far more accurately pourtrayed by paper.

When shall we learn to relish objects simply in their pure and abstract character; and not expose ourselves to be charged with being visionary and fanciful, only because we refuse idolatrously to personify them.

Thus when Mr. Huskisson asks "if a pound "of gold does not represent twenty-one shil- "lings of that metal, at its coinage price, what

"does it represent?" The true answer would be to say, that it represents that, which endeavour, how he may, to realize it further, will never become again so definitely real, as it is in the pure abstract expression of credit, which he objects to.

As well might we ask, if an inch does not mean three barley-corns, what does it mean?

We know, that however the barley-corns at first assisted us to give a sensible colour to the idea of an inch; that very sensible reality, which would not accommodate itself constantly to abstract rigours, has been the occasion of ultimately discarding them. If the *inch* at first meant *them*, *they* have, long since, meant simply the *inch;* and so far have rendered their sensible allusion to the grain, impertinent.

Still I am told by the *realists* that an inch is a sensible object, because it can be shewn me on brass and ivory rulers; but the fact is clearly otherwise, as nature has kindly been at pains to teach us.

We may change the barley corns for abstract degrees, only realised by being marked on those brass and ivory rulers; but even this slight personification exposes our degrees to error; nature mocks all such endeavours to bind her sensible objects, in strict subjection to the mind's abstractions.

We may change brass and ivory for platina, still she contracts and dilates the best material we can select, at her caprice or pleasure, and sends us back for any fixed criterion, to what we are thus idly deserting, our own pure abstract idea of inches, or any other measure.

Measures are all in their nature purely abstract; whatever objects we may gain by sensibly realising their idea, we may lay it down as a sacred principle, that we never can do this without endangering, instead of promoting, the real accuracy of the standard or measure.

If, in what has been said, I have succeeded to shake those fundamental principles upon which Mr. Huskisson professes to rely; it would be out of place for me to follow him through a chain of practical exemplifications, which are evidently but subordinate to his theory.

For practical views of the subject, I could do little more than simply refer my readers to the works of Messrs. Bosanquet, Chalmers, Hill, Cock, &c.; but, indeed, was I ever so competent to enlarge on those views, I could not so far

forego my claim to insist, that no case has been shewn to call upon paper for a practical defence, till it has been first theoretically established that paper is necessarily dependent on gold or the metals.

One fact, however, I may be allowed to speak personally to, viz. that it is idle to scout the idea, as I have heard it endeavoured to be scouted; that the principal demand for gold, at present, is almost exclusively, a demand for exportation.

It is a fact of the most flagrant official notoriety, that at no time were ever such pains taken, as at present, to smuggle gold clandestinely abroad. When, therefore, I have heard it asked, in seeming derision, what Buonaparte is supposed to send the Jews, in return for the guineas they are said to send him? I really wish to be informed, whether the fact of guineas being at present extensively exported, and by the Jews, is seriously meant to be disputed? Whether the argument, that for the purpose of merely reducing excessive currency, it might indeed answer better to melt them only, is meant to be relied upon to the extravagant extent of supposing it can refute the experienced fact, that for some cause or other, they are at present exported as well as melted.

Mr. Blake's argument, though perfectly just in itself, is indeed decidedly against the system it is thus adduced to espouse: for if the *mere reduction of excessive currency* would certainly be both better and cheaper effected by the melting of guineas only, without exporting them, how are we to account for the further exportation they are at present seen to undergo at every additional risk and expense; but by supposing that the process has other objects in view, or refers to wholly different causes.

I own I should be glad to see that system more openly espoused; as I then should feel confident, that the Legislature would not be misled by arguments, whose refutation it would be so easily in its own power to command, by only calling for official documents: but upon this subject much more is insinuated than is even offered to be asserted.

It is alledged on the part of the Bank, that gold is at present unusually enhanced in price, by a peculiar demand for it on the continent: and surely it would seem strong evidence in favour of such an assertion; that we know by experience, every address is used, and every risk is run, for the purpose of secretly conveying it there.

Even in 1802, when I was myself at Geneva,

I was actually shewn four thousand English guineas, which a banker there assured me, he had that very day received by a single conveyance from Paris; and did not consider as any unusual receipt: yet nothing was then felt of that drain of gold, we are now so sensibly suffering under.

Are such facts as these to be at once set aside, in favour of any mere speculative deduction, such as that if any actual demand existed abroad for gold, it would first, or indeed at all, necessarily shew itself, in a relative rise of gold with respect to silver?

Besides that the fact is foreign to all experience, it is fundamentally at variance with rational probability; since gold and silver are too nearly allied, to be ever likely to mark the changes of each other. Silver will rather be the very worst of possible tests by which to shew the sensible variations of gold.

The Committee, indeed, would seek to invest silver with something of a higher character, by purposely carrying the experiment to Hamburgh, where *silver* still remains *the standard currency*. But Sir James Steuart has decisively shewn, that the metals afford no accurate standard even for independent commodities. His third chapter is professedly entitled---

"On the incapacities of the metals to per-
"form the office of an invariable measure of
"value." B. 3. p. 1. c. 3.

And if, as he says in another place, "a scale "of value realised in metal, can never be exact; "because the metal itself varies in its value," B. 3. p. 2. c. 6.

An additional reason presents itself, which must still further incapacitate the metals from affording any accurate scale for each other, viz. that when they do vary, as common measures of other commodities, they must of course be supposed to rise and fall together.

This too we find accurately observed by Sir James Steuart.

"Were there but one species of such a sub-"stance as we have represented gold and silver "to be; were there but one metal possessing the "qualities of purity, divisibility, and durabi-"lity, the inconveniencies in the use of it would "be fewer, than they are found to be as matters "stand. Such a metal might then, by an unli-"mited division into parts exactly equal, be "made to serve as a tolerably steady, and uni-"versal measure. But *the rivalship between the "metals, and the perfect equality which is to be "found between all their physical qualities*, as far "as purity and divisibility, *renders them so "equally well adapted to serve as the common "measure of value*, that they are uniformly "admitted to pass current as money.

"What is the consequence of this? That "the one measures the value of the other, as "well as that of every other thing. *Now, the "moment any measure begins to be measured by "another, the proportion of which to it, is not "physically perpetually and invariably the same, "all usefulness of it as a measure is lost.*" Polit. Econ. b. 3. p. 1. c. 3.

Here we have the true theory of the whole subject. *Common measures*, if they vary at all, must at least vary together. That very rivalship, and close analogy, which subsisting between gold and silver, as to every purpose of currency, renders them so well calculated to pass as money in common; particularly disqualifies them from serving as any criterion of the changes in each other.

In fact, we know of nothing which has lately occurred, that can be suggested as likely to have operated partially on either gold or silver. The convulsed state of Europe may, indeed must, have generally affected the demand for both; but of this it is idle to suppose we can form the least judgment, by merely comparing the two together.

This satisfactorily explains to us, that if gold has not risen by the test of silver at Hamburgh, neither has it appeared to rise by the same test of silver here; though its rise is clearly to be detected wherever they have an accurate test, of paper, without having recourse to any supposed depreciation of that paper.

So far from this circumstance affording any triumph to the Committee and Mr. Huskisson, it does, in fact, exactly the reverse; since, coupled with the fact above alluded to, of the notorious exportation of our guineas, it surely calls upon them to justify silver, as their favourite test, in that it has remained nearly insensible to the difference. Unless Mr. Huskisson can altogether deny, that gold has even *seemed* to decrease in England, it remains for him to shew how it can have been creditable to silver, as a test, to have wholly overlooked the circumstance;---or how it can argue error in paper to have been the first to notice the fact? Part, at least, if not the whole of any supposed depreciation of paper, must, if the circumstance is true, resolve itself simply into paper but justly noticing what silver had long improperly overlooked.

Nor is it an unimportant fact, that till our

mint regulations interfered, silver had been actually shewing a gradual rise in gold.

Sir James Steuart observes,

"Gold, since 1756, the beginning of the last "war, has been rising in value all over Europe, "with respect to silver. And we now happily "see the old proportions of the metals in British "coin (which is 1 to 15.2) once more become "the proportion in the London market." B. 3. p. 1. c. 7. note.

Of course, according to our mint regulations, when the proportion of gold to silver was thus, as it is called, restored; in any further rise, gold, as the standard, would carry silver with it; unless, indeed, according to Mr. Huskisson's strange but consistent proposal, silver was to be forcibly depressed, to conceal, even at the expence, of really causing, an inaccuracy in our standard.

His words are,

"If at any future period it should be thought "necessary to raise that proportion (the pro- "portion of gold to silver), the alteration would "perhaps be best affected by *lowering*, in what- "ever degree it might be necessary, the standard "of silver; so as to leave that of gold, which "is our currency and *legal tender*, always fixed "and invariable." QUESTION, p. 44.

Such is the undeviating rectitude of all sensible standards. We may seem, indeed, to preserve them for a time: but even that appearance will only be obtained by sacrificing the real truth of nature. But the project is more extraordinary, as coming from a principal member of that Committee, which has been seen to have recommended our going expressly to Hamburgh, to judge the better of gold by silver, because silver is still an assumed standard there. Though by the same reasoning, any seeming rise or fall of gold might, of course, have been only an arbitrary accommodation of that article to preserve the greater uniformity of standard silver.

This subject is reasoned at length by Sir James Steuart.

"First, because when it is considered as a "standard, it never ought to be looked upon "as changing its value with regard to gold; "but that gold ought to be considered, as "changing its value with regard to silver."

To which he replies,

"I answer to the first argument, that "if, in fact, silver should become of more or less "value with respect to gold, and with respect "to merchandizes, and with respect to Bank "money, by there being a greater or less de-

"mand for it than was before; I cannot see "how the calling it a standard can remove the "inconvenience, which is inseparable from the "nature of the thing; nor how we can change "a matter of fact, by changing our language "and by saying, that merchandize, gold, "and Bank money, become of more or less "value with respect to silver, in proprotion "as the demand for them is greater or less. "This language we must use, although we know "for certain, that those things remain in the "exact relative proportion of quantity and de- "mand as before; and although it should evi- "dently appear, that a demand for silver has "raised the price of it, with respect to every "thing it measured the day before." Polit. Econ. b. 3. p. 1. c. 3.

Even when guineas are already successfully melted, we know that they are not retained for home manufacture; though had the object been the merely withdrawing them from the association with paper and releasing them from the trammels of currency; that object, as Mr. Blake has shewn, would be thus best and cheapest effected, without proceeding further. We know, on the contrary, that no expence or risk is spared to force them afterwards to a foreign market; and yet we are called upon to credit a theory, that when they have succeeded to arrive at that market, they find themselves in no peculiar request there.

Could Mr. Blake indeed have wholly denied the fact of their present exportation, he might with every plausibility have reasoned, that the object of melting them had been confined to simply withdrawing them from circulation; but even then, his argument would not have been conclusive that paper, or any excess of currency, had been the necessary cause of that effect, while the mint regulations, by limiting the price the mint will give for gold, may have been the sole cause of depressing its appearance there.

Sir James Steuart expressly says, "the mint "price has as great an effect in bringing down "the price of bullion, as exchange has in raising "it." POLIT. ECON. b. 3. p. 1. c. 7.

This is certainly the effect, as long as the mint price has power to operate upon the market: but that power evidently ceases when once there is an open rupture between the mint and market prices; and then the effect will be, as we at present find it,---for the mint price to become merely nominal---for the mint regulation to have driven gold wholly out of the mint market.

It is on this account, that the effect is less distinctly traceable to its immediate cause; since that cause must already have proceeded to a considerable length, before it can have become sensible; owing to the mint resistance. What renders it sensible at last is scarce of visible magnitude in itself; being only, as it were, the feather's weight, which turns the balanced scale.

But though I myself believe the mint regulations, to be infinitely the more efficient cause of the two, in banishing gold at present from our currency, yet I cannot blind myself to the fact, that a *mere quitting of our currency* is very far from being even the principal feature of the case, we are really called upon to explain.

When we see that gold, not content with being fully released from all association with paper, and the supposed excesses of currency; still presses forwards in spite of every risk and expence, to find a market abroad; it becomes idle to attribute any part of the necessary process of sending it there, to an object which, as far as it was itself concerned, would, on the contrary, have had a decided tendency to keep our gold, after being melted, by preference at home.

It is not enough that Mr. Blake admits, a slight eventual exportation might, upon his system, ultimately arise, after having exhausted those causes, whose primary tendency would be decidedly to repress it. Such admissions are always suspicious; and have rather the air of being only attempted palliatives for a sensibly hostile fact. An exportation which baffles all legislative severity and official *interest*, as well as all official vigilance, to repress it; is not to be thus sacrificed to a mere theory, by simply voting it, into but a slight and problematical occurrence.

The advocates for that system observe, that the examinations before the Committee have betrayed a curious fact, in establishing the market price of oaths, which they arrange at nearly four per cent.; because gold, which cannot be sworn off for exportation, fetches so much less in the market.

The reasoning is, I fear, too true; but if we are to consider this per centage as simply the price of perjury, we must suppose that even the gold which cannot be honestly sworn off, goes too.

The other consequences which follow from this, are wholly adverse to the Committee's system, as it shews the premium upon exportation to be decidedly higher than four per cent.; and would surely argue, that if a premium of above four per cent., together with the personal risks, if not the personal objections, attached to perjury, cannot keep even that portion of our guineas which is melted, here, for home consumption; we can have scarcely any home market for gold at all.

I have myself little doubt, that the London market for gold is at present almost exclusively a foreign market. Of course, the London price, properly, rather a continental one; unless as it may seem somewhat affected by the exchange.

Indeed, this has always appeared to me an original defect in the argument, that gold could not be withdrawn from hence by a demand abroad, without being sensibly dearer, there, than here: for such an argument implies a competition between two distinct markets, when probably the home purchasers at present, purchase almost exclusively for the foreign market and demand.

I feel however embarrassed in pursuing this further, from my real uncertainty, in the midst of so many speculations as have been hazarded by the advocates for the Bullion Report, which are meant to be relied upon.

In the present instance; is it meant to assert that gold is not materially exported, as that system should in strictness require? or do they chuse to confound the extraordinary exportation which now takes place, with that extraordinary state of circumstances, which would, upon their system, they say, reverse its principles, so far as to admit of exportation in a slight degree?

Either argument I shall be ready to meet; but I must beg of my opponents first distinctly to separate and decide between the two; as they evidently cannot be made to agree together.

Had the intrinsic value of gold been shewn to be, a strictly *measured equivalence*---an independent comfort, balanced against those *comforts* it is exchanged for; then as an object of *barter*, distinct from any consideration, as a *medium of currency;* it might perhaps have afforded us a just and permanent standard for all *such mediums.*

Without any pretensions to such independent character, could gold, *as a mere medium or measure of values,* have been only shewn to be by nature invariable as to value *in itself,* it would still have afforded us a perfect criterion by which to judge of the changes of value in other

commodities; and, *though only through those other commodities,* would so far have become a just corrective *standard for paper.*

These ideas seem to me to have been blended together by Mr. Huskisson, so as conjointly to have formed the basis of his system; and thus to have embarrassed his method of treating it. But one or other of them must be the basis of every system, on the subject, which attaches absolute certainty of authority, *as standards,* to the metals.

Both these ideas I have endeavoured to refute; and with, I flatter myself, the decided sanction of at least Sir James Steuart. Still I feel myself bound in candour to admit, that Mr. Huskisson's superstructure, though wholly built upon these premises, was yet not altogether *necessarily* dependent on them.

Though gold can never be, in itself, an *absolutely invariable criterion,* and therefore every system built upon that assumption must be groundless; yet gold may be in general tolerably stationary; and if it could be decisively shewn to have remained so during the period in dispute, it would have been, for that period, the *standard* of Archimedes, from which to command the motions of all other things.

It is however to be considered, that, whatever our general prejudices may justly be, with respect to the superior stability of gold, this is not one of those ordinary periods, in which we can rest upon that general assumption respecting it: as the question has originated in a seeming exception to the rule,---in a sudden rise of gold, or at least what appears ostensibly a *rise* of gold; of course, this can never be the period in which the invariability of gold, is to be arbitrarily assumed, as a preliminary axiom.

The question of relative probability between gold and paper, as to which of the two may at present really have fluctuated, if it had fairly presented itself, should at least have been fairly discussed, upon equal terms: it should not have been suffered, under the pretence of discussion, to have been palpably forestalled by lurking prejudices, self-dubbed *economical axioms.*

I have endeavoured to shew, that between mediums of currency, such as gold and paper, it is a flagrant mistake to suppose, that either can be, when they differ, the least an absolute criterion for the other.

I have urged that if both, though ever so unequally, are in themselves liable to fluctuate; it is not the simply shewing a mere relative difference between them, which can possibly decide, as to that fluctuation having belonged

more appropriately to the one than to the other.

Such questions must be referred to all the rest of nature; and may never perhaps be definitively settled at last; for we know by experience, that no task is more arduous to perform, than that of making a strict arrangement between any relative scales whatever;---witness the unsuccessful attempts of the Legislature to consolidate weights and measures.

The present, indeed, would be a question of the same kind, and therefore perhaps never strictly reducible; unless by approximations and probabilities, if it practically presented itself to us, as a question between gold and paper at all: But the probabilities, in favour of paper, are wonderfully increased, if our prejudices would but allow us to meet the subject fairly; by the question practically presenting itself to us, with reference to gold only. It is merely by a speculative and forced deduction, that the friends to gold can even contrive in any way to implicate paper.

On this subject I must be excused shortly recapitulating the questions I have asked before.

What is the phenomenon which at present calls upon us for solution, unless that the market price, exceeds the mint price, *of* GOLD?

However ingeniously this may be turned, so as to make it bear a reference to paper, its obvious tendency is clearly in quite a different direction.

Is it then no question with theorists, who are constant declaimers in favour of free markets, how gold should become thus hampered with two prices? What business it has with any parliamentary price at all?

The Legislature may certainly divide the pound of gold into uniformly the same number of parts; but it is palpably untrue, that in adopting the regu tion of the Committee, it would be doing no more.

If it affects to say, that with respect to any one article, even Bank notes, guineas shall bear a permanent value; it will in vain attempt to disguise the fact, that it is so far making that article take on itself the natural fluctuations of gold, and fixing, with respect to that article at least, the price of guineas. Nay, if that article is, as in this instance, a medium of currency, it is then fixing the price of guineas generally.

The Bank, if they actually received guineas for every individual note, received them, as Sir James Steuart so accurately distinguishes, not in the character of *gold,* but in that of *abstract money of account.*

“ But if I borrow the silver not *as bullion, but* “ *as coin (the common measure of value),* then I “ say, that I *overpay in giving back the same* “ *weight I received.*” POLIT. ECON. b. 3. p. 1. c. 3.

Sensible variations will in time occur, even in gold itself, as measured upon any other accurate scale, such as that of paper; and these will seem variations between paper and gold, however the Legislature may be unwilling to recognize the circumstance, and may have endeavoured to bind the two indissolubly together. When such variations have occurred, it is idle on its part to rail at paper, which has only accurately exposed them. The Legislature may rest assured, that on such subjects, its own edicts are alone to blame, if they are ever permanently disobeyed.

I do not hesitate to assert, that but for the prepossessions we have imbibed of *infallible equivalence in gold,* we could not, for a moment, have doubted the fact, that the anomaly which now ostensibly presents itself to us, has relation to our scale of gold exclusively, without any obvious allusion to paper. But it is said to be reducible to paper from observing, that it is traceable in gold itself with reference to paper only.

When analyzed, this argument resolves itself simply into that, which I flatter myself I have already sufficiently refuted, of the rise of gold not being equally sensible with respect to silver---a thing never reasonably to have been expected. Returning then to my assertion, that the anomaly which at present strikes us, has necessarily to be translated into another form before it can be made appear to bear the least allusion to paper, I have again to observe, that even when so translated, the effect produced, upon paper, requires a further explanation before it can be reconciled to the ordinary course of proceeding in such cases.

The ordinary result of an over issue of paper is well known to be, the sensible recoil of that paper on itself, and its producing a *visible*, not a *constructive depreciation*. Still I do not deny, that this is somewhat plausibly evaded, by saying, that such an effect is prevented from shewing itself, in that form, by the Bank Restriction Bill; but is there no interval between admitting that an object might be prevented from presenting itself in its natural shape, had it been expected to do so, and the being arbitrarily called upon to recognize that object, distinctly under another character.

In the present instance, the object could have no occasion to present itself at all: the river

merely swells *on purpose* to break its banks; for the Restriction Bill does not prevent notes from being regularly discharged; it only prevents them from being prematurely returned to the Bank for specie.

The speculation only acquires that little plausibility it has, from overlooking the far more regular discharge of notes, than any other; indeed their *only regular discharge*---their being *repaid*, and not *exchanged* for any thing.

When this however is fully answered by the fact, that merchants, instead of shewing any anxiety to return the notes they have, and which they might perhaps be obliged by the Bill to keep for a short period, are during that period anxiously seen soliciting for more. The speculation is suddenly changed for another; and we are told, that though the loss decidedly falls, in the first instance, and to its full extent, upon the individual merchant, yet he may have private interests, which, upon the whole, preponderate, the other way, and preponderate over the publick good. But this is only heaping speculation upon speculation.

The payments *into* the Bank, are daily greater than their issues; nor is there any option here, on the part of the Bank: they *must* take back their notes at par, in every one of their receipts: while it is clearly optional in the merchant, if he applies for any fresh issue of notes in return.

What is it then to say, that the merchant may be seduced by private interests of his own to sustain the redundant issue of Bank notes, against the interests of the publick? Would not the merchant have had all the same, indeed greater inducements to extend his borrowings, if no Restriction Bill had existed? and if he had not to lose 15 per cent. himself, in the first instance, by the loan? It is confounding all language, to charge the excess of notes to any repressed anxiety in merchants to get rid of the notes they have, and at the same time couple this with a preponderating influence, which makes merchants, upon the whole, anxiously seek for more.

The argument, I know, means, that the Restriction Bill takes off that due restraint which would operate on the Bank, to make them check the merchant: but what then becomes of the anxiously awaiting high prices?

High prices must be very expeditious; and must exceed at once the interests of the interval; or they would always be anticipated by those payments in at par. Will any practical person offer to reconcile such facts, as

that the payments into the Bank, are daily going on at par, while notes are circulating by the side of these payments, at a discount of 15 per cent., and without occasioning the least sensible disturbance, or clashing with each other? Highly as the proposition is sanctioned by authority, I must say, that I look upon it, as unequalled in extravagance. Has so material a profit been hitherto wholly overlooked? Or has it been secretly cultivated by the buyers of notes, and altogether escaped the neighbouring sellers; who have, according to Mr. Huskisson's system, submitted to the full loss?

Merchants, we are told, are so eager for fresh discounts, that they do not mind the depreciation of the paper, in which they are to receive their advances: and because this depreciation is represented as being very serious, a further explanation is had recourse to, by saying, that this is nothing to the merchant, who has only to lay an additional charge, to countervail this, upon the articles he deals in!!

Are all merchants then to be supposed thus equally improvident borrowers? Is there an end at once to all competition in markets, to keep down extravagant prices? But the system is above attending to such difficulties; and high prices are a privileged, and favourite feature of the system.

Nor can I help observing, that I have heard the same arguments exactly reversed, from the very same quarters.

In the same way that I heard the maximum of the guinea sustained, by a professed declamation, against all legislative interference with prices; I heard the laws against usury ably reprobated, for not leaving individuals to judge of their own interests; and by the very same parties, who were then denying to merchants to be themselves the judges of the terms on which they borrow. It may be safely concluded, that it is for the interest of the publick, that the merchant should borrow, if, where he has full credit, he chuses to begin with giving a premium of 15 per cent. for the loan---but the idea is absurd.

A better answer, however, is; that though the merchant might certainly consent to accept a depreciated currency, rather than refuse the proffered loan, and though he might not himself be able to await the full period, when that depreciation would of necessity expire; yet it is certain he might always find thousands who would be glad to do so, for any

thing the least beyond the simple interest for the time.

It is besides idle to canvass his not having any longer the identical notes he borrowed, to repay. The Committee admit that there is no scarcity whatever of the article; what then is possibly to prevent the merchant, when the time of repayment comes, from reimbursing himself by procuring other notes at the same discount, and repaying in the very same coin?

I do not say that all repayments, of Bank advances, are made in their own notes; but I do confidently insist, that any single instance to the contrary, is a full proof that Bank notes are not felt to be at a discount.

If indeed the Committee, had meant a hidden attack exclusively on the advances of the Bank to Government, these might, without doubt, have been very differently circumstanced. But such an idea, they profess altogether to deprecate; and they themselves shew us that, very much to the credit of Government, Government has had less in this way from the Bank, since the Restriction, than it had before.

"From which it will appear that the yearly "advances of the Bank to Government, have, "upon an average, since the suspension, been

"considerably lower in amount, than the ave-
"rage amount of advances prior to that event."
REPORT, p. 26.

The notes issued on private discount naturally expire, at the very latest, in three months: it is then palpably absurd to suppose that those merchants, who are represented as anxiously awaiting the absorption of high prices, to disembarrass themselves of a present excess they feel, would in the mean time renew the occasion for further patience, by embarrassing themselves with more notes.

Nor is this answered by supposing a change of parties; and saying, that notes never really rest with the original borrower, who is sufficiently induced, by the object of his loan, to part with them at their full loss.

The notes are absolutely his when he thus parts with them; and if he submits to a loss of above 15 per cent. originating in their excess, to give them readier currency; he must be more immediately sensible to the burthen of that excess than any body else can be. Others, indeed, need have no anxiety about high prices, as they will all have received their notes, at the full discount which is necessary to give them ready circulation.

By the hypothesis, the whole loss falls, in

the first instance, entirely on the borrower, who is to seek his compensation afterwards: yet the system would suppose the borrower the last person to be sensible to it.

And even with respect to a sense of publick duty, we must not forget that the Bank discounters are no unlimited class of mere adventurers; they are restricted to merchants of previously established respectability; and in the quarter best calculated to judge of mercantile credit.

But the favourers of that system are not easily repulsed by difficulties. Even acts of Parliament are treated with no respect, but in as far as they can be made subservient to its views.

Thus, we are told, it is farcical in the Legislature to attempt to stop the exit of guineas, when interest would oppose itself to this retention; and now it is argued, that laws, in as far as they are unreasonable, defeat their own object, and become a mere dead letter. But because the Bank Restriction Bill is less accommodating, it is considered as ineffective only for good purposes, while it would seem all powerful for every thing which is mischievous.

It prevents all just sense of the depreciation of paper, when, by the hypothesis, we have been long and fatally suffering under its influence: of course, it might have been expected on the other side, to have prevented that unfavourable rise of prices which should solely depend on *our sense* of that depreciation. But no; here the law becomes worse than impotent; by some magic it promotes the *bad effect*, though it had wholly deprived us of the *salutary cause*.

In sheltering us from a nominal rise of prices, the Bank Restriction Bill compels nature herself to submit to a real one. It drives merchants to part with the notes they have, at a great loss, far exceeding the full interest of the time those notes would have to run; and yet it has no effect whatever in restraining the eagerness of those same merchants, even to pay interest, for burthening themselves with more.

To me it has always appeared obvious, that if Bank notes would have been themselves sensibly depreciated, but for the being forcibly restrained by the Bank Restriction Bill; and if it necessarily followed, that some re-action must shew itself elsewhere; still that re-action could only affect the weaker parts of our currency, such as other paper, it could not attack any, which have founded pretensions to be more strong.

But as experience does not confirm this reasoning, the reasoning is to be made accommodate itself to the fact; and we are told, that as guineas gave solidity to Bank notes, while Bank notes were legally convertible into guineas; so the legal convertibility into London notes must still be supposed capable of giving an enlarged basis to country paper.

This, however, is wandering altogether from the true subject. Guineas, when they afforded any solid sanction to Bank notes, were never supposed to be under depreciation themselves; at least, they had themselves the full credit they were allowed to communicate to others.

The question here is,—How Bank notes can continue to extend support more widely to other notes, if they are really losing all proper basis of their own? How, when superabundant themselves, so as to be only forced down by law, they can yet continue to excite a still more superabundant issue of other paper, which has not the aid of any such compulsory sanction?

I fully agree with Sir James Steuart, that "the "least discredit of this kind would not tend to "diminish the value of the paper—it would "annihilate it at once."

But though it should not go the full length of wholly annihilating, at once, Bank notes themselves, we may at least conclude, that it would effectually prevent Bank notes from continuing to extend a wider basis of credit to other inferior paper.

If it was at all by legal compulsion that we are made to keep the notes we have, it could be no recommendation of country paper, that it may ultimately compel us to become farther burthened with London notes.

I do not hesitate to say that this is among those reasonings which have little else to support them than the daring confidence with which they have been first propounded.

If the question, indeed, had been a question purely of *credit*, I should not have wondered that gold, however itself alone, obviously implicated in the circumstances, should have endeavoured to shift the blame entirely from itself upon paper. Since, on the score of *credit*, paper is certainly peculiarly exposed to suspicion at least, if not to actual danger. But it is very different on the score of *excess*. Here, after distinguishing good paper from bad, if there exists any possible competition between good paper and gold, the weight must clearly lean the opposite way.

I can see no objection to the argument, that where a credit really itself exists, without *defect*, there can be no *excess*, in any simple abstract expression of its existence.

To me it has always appeared among the most extraordinary caprices of this capricious subject, that under the idea of an intrinsic value in the metals, amounting to a positive equivalence, which no one is able accurately to define; of which Lord Liverpool has been seen to observe, that it is scarcely possible to reconcile the idea with their other characteristics, as money; and which Sir James Steuart expressly proposes, should be taken away from them.

"In order to render *material* money more "perfect, this quality of metal, that is of a "*commodity, should be taken from it.*"—Polit. Econ. b. 3, p. 1, c. I.

We seem to apprehend nothing from the daily issue of the metals, though issued upon no other authority, except, indeed, the accidentally finding them; and we transfer all our jealousy to the issue of paper, which never fails to carry a full authority ostensibly with it.

In principle it is strictly true, that every issue of gold is excessive; for in the only instance which might fairly be doubted, when it serves to supply the place of other gold, worn, or destroyed; a second guinea is not, as a second note would be, issued gratuitously, and to the same party.

As connected with the credits they have to transfer, it is certain, that while paper necessarily refers to an original credit transaction, gold has never any original reference to more than a supposed or imaginary credit.

In fact, we know that its introduction is admitted to rest upon its independent equivalence, exclusively.

The reason of this caprice is deeply infixed in human nature, which must always be advancing a step beyond its sphere. Always like the dog in the fable, quitting the real substance it has, while it thinks to grasp that substance closer in its shade.

It is a true moral, though one which we can hardly hope to bring mankind in general to learn, that what we have accustomed ourselves to regard with confidence, as *sensible objects*, are universally but the *reflected images of real things*.

Thus, when we allude to effects, we always express ourselves as if grasping the qualities which produce them. When we really refer to those qualities we place ourselves, as it

were, in the very essences of things; and hence it is, that though as Sir James Steuart has ably shewn *an abstract scale of value* is the truer money scale of nature, which all our expresssions for money should alone aim to reach; we are never satisfied with any just approach to its abstract purity of expression, but, as it were, start back frightened, nor stop till we have sheltered ourselves again with idolatrous confidence in the very extreme of gross personification.

In this idea Sir James Steuart has evidently anticipated me. I do not know that it ought to be considered as even a difference in our expressions; since he distinctly states the true unit of money to be rather found on the symbolical scale than on that realised in the metals; that I prefer calling symbolical money real, and terming what he calls realised, *personified*.

If an abstract credit is, as under such an authority, I do not hesitate to assert, the true object which all currencies, in strictness, aim to express; we then evidently do but deviate further from accurate reality, when we seek to exchange the simple abstract memorandum on *mere paper*, for its *personification on gold*, or *any sensible commodity*.

" *Money of account* therefore cannot *be fixed* " *to any material substance*, the value of which "may vary with respect to other things. The "operations of trade, and the effects of an "universal circulation of value over the com-"mercial world, can alone adjust the fluctuat-"ing value of all kinds of merchandize to this "invariable standard.

"This is a representation of the *Bank money* "*of Amsterdam*, which may at all times be "most accurately specified in a determinate "weight of silver and gold, *but which can never* "*be tied down to that precise weight for twenty-* "*four hours* any more than a barrel of her-"rings."—POLIT. ECON. b. 3, p. 1 c. 1.

Again,

"A florin banco has a more determinate va-"lue than a pound of gold or silver. It is an "unit which the invention of men instructed "in the arts of commerce has found out."—b. 1. p. 1, c. 1.

Credit, as I have already had occasion to observe, is altogether a delicate plant to be even breathed upon; and paper, I am ready to admit, is credit's most delicate species. But though gold, like the thistle, may be entitled to rank as the hardiest of grasses, this of itself is a very secondary merit. It would scarcely decide jack asses to give it an exclusive, if indeed any cultivation.

I was observing this delicacy of credit to one of the ablest advocates for the Bullion Report; and I was led to caution him as to the responsibility which I thought they were incurring, by even stirring the question. His answer would have been just, could they have addressed themselves to Government only. Will not that responsibility rather rest with Government, if they suffer themselves to be misled by our errors?

But I never allowed myself to suppose that Government would act upon the suggestions even of a Committee, before those suggestions were fully investigated and matured. My question regarded the bringing the subject before another tribunal, that of publick opinion, which is not, I fear, under any such regulated controul.

If publick opinion would profitably concern itself with the Bank Restriction Bill, its very first act should be to take a lesson from that Bill, and learn to suspend, as it were, arrest and personal violence, at least during mesne process. But this, I fear, it will take publick opinion some time to learn.

If, indeed, credit is, as I flatter myself, already tolerably inured to this climate, it will probably sustain the present shock without material injury; but if it is only true, that a late considerable fluctuation of Bank stock was occasioned by the discussion, as I have heard the very promoters of that discussion boast: I do not know what, unless absolute rectitude, is to absolve them from a great and present responsibility.

I firmly believe, that the attack on good pader, as enhancing prices, is both unfounded and dangerous; but I am still more sure, that the moral which I have heard endeavoured to be inculcated, of prosecuting to execution for specific gold payments, now that gold happens to bear an unusual advance of price, is most reprehensible and mischievous, even where it may not be consciously fraudulent.

Though it was too truly my own case to have formed my opinions, and have written, and even printed to nearly this place, before I had consulted, in Sir James Steuart, the best authority on the subject; I have no right to suspect the same remissness in others; still, if there is any one who may have been unintentionally seduced by the profitable morality of gold payments, I must seriously exhort that person to read over again Sir John Steuart's works, before he commits himself, by acting under so very false an impression.

Question,

"Is the preserving of the pound sterling at "the mean value of a determinate weight of "fine gold and fine silver, a sure method of "realizing the unit of money of accompt, so "as to preserve it at all times invariable?"

Answer,

"I apprehend it is not, although it seems to "be the best that can be devised, upon the "supposition that the metals are to be made use "of as the most proper substance for realizing "the scale."—B. 3. p. 2. c. 6.

Having shewn that the metals acquire an increase and diminution of value from circumstances entirely peculiar to themselves—

"Such circumstances (he adds) must render "the scale they compose inaccurate, with re-"spect to the price of commodities. That "scale, therefore, is the only just one which "measuring the value of the metals like that "of every thing else; renders every individual "of a state equally rich, who is proprietor of "the same number of denominations of it; "*whether his wealth be in gold, silver, or any* "*property or commodity.*

"Now, I agree, that at any given time, this is "the case, when the scale is properly attached "to the metals; *but it is not permanently so.*

"A determinate property in land, bears some-
"times a greater, sometimes a less proportion
"to a determinate property in money. When
"the scale is attached to the metals; he who is
"proprietor, for instance, of a thousand deno-
"minations in coin, becomes richer or poorer,
"according to the fluctuation of the value of
"this commodity, the metals. *Whereas, when*
"*the scale is not attached to any species of com-*
"*modity*, nothing can change his proportion of
"wealth, except the augmentation or diminu-
"tion of the value of the whole state."

After exemplifying this, at too great a length to follow here; he concludes with the passage already quoted—

"No *material* money, let it be contrived as
"it will, is exempted from vicissitudes, in its
"value as a metal. Consequently, Bank money
"has a property and a stability in it, which no
"material money is capable of acquiring; and
"for this reason, it is preferable to it, and is
"properly considered as the thing fixed."—
B. 3. p. 2. c. 6.

In another place he observes—

"To the third argument (viz. that a person
"who has borrowed a certain weight of silver
"from another, is obliged to repay the same
"weight of silver he had borrowed, although

"at that time silver should be of greater value
"than when he borrowed it. I answer, that I
"subscribe very willingly to the truth of that
"proposition; *provided that by silver is under-*
"*stood the bare metal, without attending to its*
"*additional quality of the universal standard*
"*measure of value; but if I borrow the silver not*
"*as bullion, but as coin, the common measure*
"*of value, then I say that I over-pay, in giving*
"*back the same weight I had received.*

"Is there any thing more familiar than such
"examples? I borrow £100 from my neigh-
"bour; he proposes to pay so much of the
"value in grain; I accept. The price of grain
"rises about the term of payment; can I be
"obliged to repay an equal quantity of grain
"in payment of a proportional part of what I
"owe? By no means; because *I did not*
"*receive the grain as any thing but a species of*
"*money.* But if I borrow some quarters of
"grain, to be repaid in harvest, then I am
"obliged to restore grain for grain, because in
"this case, *I did not receive the grain as money,*
"*but as a commodity.*

"Were pounds sterling, livres, florins, piastres,
"&c. which are all money of account, inva-
"riable in their values, what a facility would it
"produce in all conversions, what an assistance
"to trade! But as they are all limited, *or*

"*fixed to coins, and consequently vary from* "*time to time*, this example shews the utility of "the invariable measure which we have de- "scribed."—Polit. Econ. b. 3. p. 1. c. 3.

Surely, such decided opinions, published, as these are known to have been, without a possible allusion to the present occasion; and by a person who has been justly stiled the Father of Political Economy, claim some little notice beyond a bare contradictory assumption, from the economical axiomatists of the present day.

If Sir James Steuart accurately distinguishes that loans, even nominally expressed in bullion itself, are rather to be construed generally, in the character of money of account, than of the specific article, bullion. Can it be permitted Mr. Huskisson arbitrarily to assume, *that loans already expressed in pounds, our money of account, or common measure of value*, and even Bank notes issued since the law has expressly placed a barrier in the way of their reduction to gold; are forcibly to be carried back to this construction only.

A doctrine too, urged at a time when Mr. Huskisson must himself allow, that if it is an error, a great and fraudulent abuse is instantly liable to be made of it.

"In justice and in common sense, the raising "of the standard of coin, ought never to be

"allowed to benefit any person but those who "have been unjustly suffering by the debase- "ment of it; nor ought it ever to be prejudicial "to any person, but to such as by the debase- "ment have been unjustly gainers."—Polit. Econ. b. 3. c. 11.

Does Mr. Huskisson flatter himself it at all sufficiently answers these conditions, that assuming to be judges in our own cause; wherever we find a sensible difference, we have only to vote ourselves the losers, and look to the most responsible party we can find for the gain. Exaggerated as this representation may seem, it is too nearly the present case.

Will the Committee or Mr. Huskisson contend, that if gold were to vanish from the universe to-night, it need really discharge any pending obligations between honourable men. No more than the taking down our brazen weathercocks from our steeples would necessarily lull the winds or calm the seas.

"Money of account, therefore, (says Sir "James Steuart) is quite a different thing from "money coin; and might exist though there "was no such thing in the world as any sub- "stance which would become an adequate and "proportional equivalent for every commo- "dity."—Polit. Econ. b. 3. p. 1. c. 1.

The publick debt may, and indeed, in my opinion, does depreciate the value of money. At least I shall not attempt the canvass, how far it is secured from that effect, by either its quality or its moderation. At present, my own personal wish is in favour of foreign expenditure; and so far rather in favour of that debt's necessary increase; still the quality of depreciating the value of money, and raising the prices of other things, I certainly believe it to possess.

With respect, however, to the question, whether the increased price of bullion, in paper, necessarily bespeaks a fall in the value of that paper; I have no hesitation whatever in expressing my own decided opinion—that it does not.

Nor need this rest on modern opinions only; in this, as in every thing else, Sir James Steuart has fully anticipated me.

He observes, that though opposite in their effects, the mint regulations, and the course of exchange, have a considerable tendency to counterbalance each other.

"The mint price has as great an effect in "bringing down the price of bullion, as the "exchange has in raising it."

The mint price is, however, a fixed quantity,

while the exchange is very variable; of course, the level cannot be permanently preserved between them; and then the price of bullion in the market must sensibly rise. He then remarks—

"This wrong balance of trade, or a demand "for bullion abroad becoming very great, may "occasion a scarcity of the metals in the "market; as well as a scarcity of the coin; "consequently an advanced price must be given "for it, in proportion to the greatness and "height of the demand. In *this case, both the "specie and the bullion must be bought with "paper. But I must observe, that the rise in "the price of bullion proceeds from the demand "for the metals, and the competition between "merchants to procure them; and not because "the paper given, as the price, is at all of "inferior value* to the specie. The least dis-"credit of this kind would not tend to diminish "the value of paper; it would annihilate it at "once."—Polit. Econ. b. 3. p. 1. c. 7.

In ordinary times; perhaps a century would have been nearly as long, as with all the counter-balancing effect of mint regulations, we could have expected mint prices to be preserved in the market; though these are, besides, purposely set something above their par at first.

But when to this full lapse of time, we add the very peculiar manner in which the other operative causes have been excited of late; such as the vicissitudes of exchange, hoarding, military expenditure and waste, &c. &c. We surely can have no reason to wonder, that the present, should afford one of those crises, when the mint regulations have occasion to give way. Perhaps we should not have hesitated so long, but that those very circumstances led us to resist the change, under the idea of its being more temporary than fixed.

That our mint regulation should have occasion to give way, is, as I have more than once observed, the whole burthen of our present complaint; the course of exchange, we are in some degree habituated to, the rise of prices, as far as respects commodities, we should have submitted to, as consequent upon the obvious situation of the world: every thing would have been borne, if guineas, whose mystic character it is sacrilege to doubt, had not forgot themselves. And what have guineas done?—varied from themselves? No that Mr. Huskisson decides by an axiom to be impossible; but they have varied from the faith, their godfathers and godmothers, some Parliament above a century

back, had promised for them, ever to maintain;—they have varied from twenty-one shillings.

That the market price of gold should have risen beyond what the mint regulations could repress, in an age when every other commodity has risen; and in times of convulsion; when the exchange has been exposed to unheard-of vicissitudes; when credit has been altogether extinguished from whole districts; and when money transactions have been increased, by publick robbery, and private hoarding; seems to me among the most natural of events; and can argue nothing but the absurdity of attempting permanently to bind nature, by legislative interference, under any mint price at all.

But there is no end to the difficulties, which any other system must induce. On the system of Mr. Huskisson, it is, in my opinion, still to be explained, why we give superior credit to guineas, whose bondsmen we never knew, to what we give Bank notes? especially since we now see, that the Bank, in case of emergency, are always at hand to be called upon.

It is still to be explained, how Bank notes at the same time undergo a loss of fifteen per cent, rather than be kept for a month or two, and yet continue to be no less eagerly sought after by the very same merchants who had just shewn themselves so sensible to their depreciation.

It is yet to be explained why, if the credit of Bank notes is really fallen, so that they are themselves retained in currency, only by legal compulsion, they should still be able to give a more extended scope to country paper, which has no such legal constraint in its favour ?

It is yet to be explained why, if guineas were necessary to sustain Bank notes, as Bank notes are now said to sustain an excess of country Bank paper ; the withdrawing of guineas did not of itself correct the excess of notes ; since the law which forces their retention for a period, has never been said to add to the credit of their issue ?

Finally, it is yet to be explained, how a mere medium of currency, which has no independent value of its own to force it into circulation, can ever be liable to be at the same time good and excessive there ? Or how the mere acquittance of debts can be too much facilitated ? Nor should the opportunity be lost to shew; why since the clearing house in Lombard-street, is admitted to have contributed to the evil of rendering the present issue of notes too excessive ; it is

not called upon, together with the Bank, to account for this injury to gold, and refund part of its profits.

For my own part, I can too truly say, that I am no Bank proprietor, nor do I know that I am in any way connected with one; but I feel the same sense of justice, which so honourably weighs with Mr. Huskisson, to make him deprecate a covert injury to the publick in general, apply with infinitely greater force to the opposite case, of the publick in general availing themselves of the power their numbers only give them, to ward off an imaginary danger from themselves, by arbitrarily and forcibly infixing a real one on the few. A case much nearer in point:

The Bank may have profited enormously from the times ; they have been times in which enormous profits have been to be fairly made by those who had credit and capital to stem them, but those profits, however large, are just objects of jealousy, only to our enemies ; they are subjects for exultation to ourselves.

Among the happy pre-eminencies which this country has to boast, and to which, under Providence, it is so peculiarly indebted for its safety, I must always consider the high credit of its commercial companies, and of its Bank especially, to have held, at least, a conspicuous place. That credit our enemies have been for years in vain endeavouring, by every means, to assail. Our evil genius will, however, at length have predominated, if when our enemies had wholly failed; we, in an unlucky moment, open the attack to them, by insinuating speculative, and, I will say, idle doubts and distrusts of it among ourselves.

That the Bank would be injured, and grossly injured, by the measure proposed, I have personally no doubt. Nor would it, in my mind, the least extenuate the injustice, if the publick who inflicted the blow, would be wholly screened from the weight of it; but the fact would be far otherwise. In self-defence the Bank must instantly stop their issues.

With Bank notes the liability of the Bank to find guineas would of course cease, but landlords and creditors would only be confirmed in their claims to clamour for the specific article; and now the publick would find they had only increased the agio on the guinea, for themselves to be obliged, instead of the Bank, to find it.

Even the guineas, which the Bank had been wrongfully compelled to send into circulation

at an extravagant loss to themselves, if they remained there, would have no effect in reducing the price to us; since, by the hypothesis, their demand was altogether an additional demand, having to supply as much paper which they had displaced; but to this it is to be added, that they would not have remained in circulation, as that demand would only have increased the profit of melting them.

And what must be our feelings to learn this by experience on ourselves, only after having sacrificed the Bank and Publick Credit to the vanity of speculating for others!!

FINIS.

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