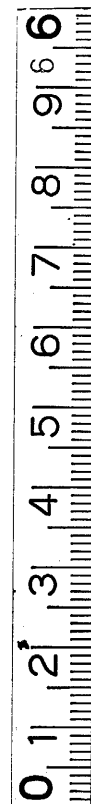


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OBSERVATIONS  
ON THE  
FALLACY OF THE SUPPOSED DEPRECIATION  
OF THE  
*PAPER CURRENCY*  
OF THE KINGDOM;  
WITH REASONS FOR DISSENTING FROM  
*The Report*  
OF  
THE BULLION COMMITTEE.

BY FRANCIS PERCEVAL ELIOT, ESQ.  
Esq. &c.

"Many writers, of acknowledged abilities, have treated of the principles of coinage,  
"and have certainly thrown great light upon the subject; but they have founded  
"their systems too much on principles merely speculative, and have not suffi-  
"ciently adverted to many facts, with which the history of this, and many other  
"countries, would have furnished them. By these, they would have learned to  
"correct the errors they have sometimes committed, and they would have applied  
"their principles with more certainty, and better success."  
LORD LIVERPOOL'S LETTER TO THE KING.

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## OBSERVATIONS,

&amp;c. &amp;c.

ACCUSTOMED to devote to financial enquiry a considerable portion of the few leisure hours to be spared from a daily attendance on official duties, and the necessary occupations of a numerous family, I have turned my thoughts in those moments, with no slight degree of anxious attention, to the interesting question which has of late so generally occupied the public mind, on the state of the circulating medium; and especially the *supposed* depreciation of that part of it supplied by the paper issues of the Governor and Company of the Bank of England.

On a subject of such general interest, it was natural to expect that general concern should be excited, and that a discussion almost as general, should be the necessary consequence.

But it is greatly to be lamented, that, on points relating to the practical business of the world, it is too much the custom for those

who offer the assistance of their opinions to the public, instead of bringing forward plain facts, capable of proof by mathematical demonstration, rather to show their ingenuity by involving simple effects in complicate and abstract theories; for the support of which, they are obliged to trust either to mis-stated premises, or strained deductions. And we are constantly referred to *principles* often doubtful, and frequently useless in practice, whilst we should be occupied in considering actual consequences; and applying, where necessary, wholesome remedies.

On the present occasion, a variety of opinions have been put in circulation; of which the first rank, amongst those in favour of the supposed depreciation, must certainly be assigned to the Report of a Committee of the House of Commons, and to a pamphlet subsequently published in support of that opinion, by an Honourable Member of the Committee, who, however modestly he may \* estimate his own talents, is acknowledged to have filled the confidential and laborious office of Secretary to the Treasury, with an ability seldom equalled, and, I most sincerely believe, never yet surpassed.

\* Preface to "The Question, &c. Stated and Examined," p. 18.

Feeling, as I do, for my Honourable Friend all the admiration of public respect, supported and increased by the warmth of personal regard and private friendship, I cannot be so insensible of the great weight of his opinions, as not to dread the extent of their influence, when I think them deduced from misconceived conclusions, and likely to lead to dangerous consequences.

It is certainly the undoubted duty of every true Englishman to support and vindicate the credit of his native country at all times; it is rendered more especially so at the present moment, when, in all probability, the deliverance of an enslaved continent rests its last hope of success on the ability of Britain to support her invincible seamen, and her gallant and undaunted soldiers, in the cause of freedom, against the hordes of plunderers who have wasted the fairest regions of Europe, and manured the soil with the lavished blood of its peaceful inhabitants. But it is equally his duty not to deceive his countrymen, nor, by glossing over any real misfortune, to lead them, by the sanction of a name, from the true course of due and wholesome enquiry. I shall, therefore, endeavour to keep the middle path; nor will it be my aim, on the one hand, to make them forget that we are pressed by heavy

burthens, and that our resources require strict and oeconomic management, any more than to omit telling them, on the other, that those burthens, though weighty, are not intolerable; and that our resources, if wisely husbanded, are equal to every thing that can be required from them; and that, at any rate, in the alternative between the weight under which we already labour, and the heavy hand of an enraged and merciless adversary—he who never entertained a thought of pity for any human misery, and whose breast harbours not a sentiment but such as dæmons take delight in—that in such an alternative there cannot be a moment's hesitation in the choice to be decided on.

I agree with my Honourable Friend most completely in the propriety of deprecating every thing like party-spirit, or political hostility, on a question, in the calm and deliberate discussion of which all are equally interested; and which may be so incontrovertibly demonstrated by the clear and correct view of a few plain and unsophisticated facts; but from which it has, nevertheless, been already evinced, that the ablest and most upright men may draw very different conclusions\*.

\* “Conscious of my own inability, at all times, to fathom a science, on which men of the most eminent talents have

The restriction of Bank payments is correctly stated, by the Honourable Secretary, to have been intended merely as an expedient, originating in necessity, and determinable whenever that necessity should cease: for his late illustrious, and ever-to-be-lamented friend, expressly asserted, in the House of Commons, on the 28th of February 1797, in answer to an observation of Sir William Pulteney's,—“*That nothing could be further from his intention, than the proposition of a permanent measure; and that, on the contrary, he had no objection to a limited time being fixed for its operations.*”

And, indeed, the first regulating principle of a wise government is, at all times, to interfere as little as possible with mercantile transactions. Commerce, generally speaking, should be left as free and as unfettered as the streamers of the bark on which she wafts her rich productions from one climate to another.

“*That abundance of circulation is the great source of opulence and strength,*” I allow, also, to be one of those propositions characterized by the professors of rhetoric as being neither true nor false; for though I am inclined to

disagreed, I offer, with the greatest deference, what I have thus written, to Your Majesty's consideration.”

Lord LIVERPOOL'S Letter to the KING.



concur with the general opinions of the Honourable Baronet\*, in regard to the state of our currency, yet, in the present instance, I undoubtedly think he has mistaken the effect for the cause; an abundant circulation is rather the certain *consequence* of strength and opulence, than the *cause* of them; unless so far, indeed, as the operations of that consequence may be effective of an additional reproduction of the original cause.

Neither can I allow, any more than Mr. Huskisson, the correctness of "*a well-regulated paper currency, with a certain proportion of coin,*" as a general definition of money. We have certainly before our eyes a convincing proof that a well-regulated paper currency with a certain proportion of coin, will answer all the purposes of money; but if I were asked for a general and correct definition of that which constitutes money†, I should call it,

\* Prefatory Advertisement to Sir John Sinclair's Observations on the Report of the Bullion Committee, p. 7.

† I am not aware that any author has, as yet, given a strictly correct, and universally applicable, definition of money. I cannot at this moment recollect any passage in Adam Smith, wherein he attempts it, though in many he talks of the *ambiguity of the common acceptance of the word*, of its being *constantly confounded with wealth, from which it differs essentially*—that *we sometimes mean nothing but the metal pieces of which it is composed; and sometimes we include in our meaning*

*that circulating medium, of whatever sort or kind, whether paper or metallic, or partly both, which,*

*some obscure reference to the goods which can be had in exchange for it, or to the power of purchasing, which the possession of it conveys.*—Sir William Petty observes, that money is understood to be the uniform measure of the value of all commodities; and then he proceeds to speak of the proportion of value between pure gold and silver.—Mr. Locke says, that *two metals, as gold and silver, cannot be the measure of commerce, both together, in any country; because the measure of commerce must be perpetually the same, invariable, and keeping the same proportion of value in all its parts.* AN OUNCE OF SILVER IS ALWAYS EQUAL TO AN OUNCE OF SILVER; AND AN OUNCE OF GOLD, TO AN OUNCE OF GOLD; but gold and silver change their value one to another; one metal, therefore, alone can be the money of account and contract, and the measure of commerce in any country. This by no means affords any thing like a general definition of money; exclusive of the grand practical error in not discovering the fluctuation of value to which each metal is constantly liable, with respect to itself, in the different states of coin and bullion.—Mr. Harris avoids this stumbling-block, but agrees with him on the other points, yet still is deficient as to any general definition of the term *money*. Neither can I assent to Mr. Huskisson's analysis of the word—because, amongst several other reasons, I find him asserting that, "*It is of the essence of money to possess intrinsic value;*" and that he will not allow any thing but the precious metals to be included under that title, contrary to the known *practice* of many, and, indeed, almost all nations on the globe.

Sir James Steuart comes nearer to my ideas of a correct view of the subject, in the following passages: "*The metals have so long performed the use of money, that money and coin have*

*by the common consent and common confidence of any society, is generally and lawfully received as the*

become almost synonymous, although in their principles they be quite different. The first thing, therefore, to be done in treating of money, is, to separate two ideas, which, by being blended together, have very greatly contributed to throw a cloud over the whole subject. Money, which I call of account, is no more than an arbitrary scale of equal parts, invented for measuring the respective value of things vendible.

"Money of account, therefore, is quite a different thing from money-coin, and might exist, although there was no such thing in the world as any substance which could become an adequate and proportional equivalent for every commodity.

"Could gold and silver coin perform exactly 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.

"Money, strictly and philosophically speaking, is, as has been said, an ideal scale of equal parts.

"That money, therefore, which constantly preserves an equal value, which poises itself, as it were, in a just equilibrium between the fluctuating proportion of the value of things, is the only permanent and equal scale by which value can be measured.

"Of this kind of money, and of the possibility of establishing it, we have two examples; the first among one of the most knowing—the second among the most ignorant, nations of the world. The Bank of Amsterdam presents us with the one, the Coast of Angola with the other.

"A florin banco has a more determinate value than a pound of fine gold, or silver; it is an unit which the invention of men, instructed in the arts of commerce, has found out.

"This Bank money stands invariable, like a rock in the sea. According to this ideal standard are the prices of all things re-

*common measure and equivalent of all interchangeable articles.*

gulated; and very few people can tell exactly what it depends upon. THE PRECIOUS METALS, WITH THEIR INTRINSIC VALUE, VARY WITH REGARD TO THIS COMMON MEASURE, LIKE EVERY OTHER THING. A pound of gold, a pound of silver, a thousand guineas, a thousand crowns, a thousand piastres, or a thousand ducats, are sometimes worth more, sometimes worth less, of this invariable standard; according as the proportion of the metals of which they are made vary between themselves.

"All is merchandise with respect to this standard; consequently, it stands unrivalled in the exercise of its function of a common measure.

"The second example is found among the savages upon the Coast of Angola, where there is no real money known. The inhabitants there reckon by macoutes; and, in some places, this is subdivided into decimals, called pieces. One macoute is equal to ten pieces. This is just a scale of equal parts for estimating the trucks they make. If a sheep, for example, be worth ten macoutes, an ox may be worth forty, and a handful of gold-dust, a thousand.

"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 commercial world, can alone adjust the fluctuating value of all kinds of merchandise, 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 to a barrel of herrings!"

That this medium † should in itself possess such a portion of intrinsic value as may justly entitle it to claim the required confidence of

I have been induced to quote almost the whole of the passages constituting this chapter (Chap. i. Book 2.) from Sir James Stewart's Principles of Political Economy, because, although there is not, in any one of them, that comprehensive yet concise general definition of the term *money*, to which I alluded in my text, yet the whole of them, taken together, contain so much information, on the real nature and properties of the circulating medium, and so much useful correction of the popular misconceptions on the subject, that I could not but think the time well employed that was occupied in transcribing them; and the more so, as they corroborate so strongly the opinions I have expressed, and the distinctions I have taken between money of account and money-coin, throughout this little publication; the whole of which opinions had, however, been established on the clearest conviction in my own mind, and the greater part of the pamphlet written (as I can, with the most scrupulous veracity, affirm), before I had either seen or heard a word of Sir James Stewart's sentiments on the same subject. And it was only just as these sheets were going to the press, that, in consequence of being referred to and reading the chapter just quoted, this note was added. But if the last paragraph taken from Sir James Stewart be correct, what becomes of my Honourable Friend's criticism (in page 22) on Mr. Chambers's assertion, "*that gold is not a fairer standard for Bank of England notes, than broad cloth, or indigo?*"—And what will he think of the Baronet's barrel of herrings?

† It is to be recollected, that I am here speaking of the circulating medium, as distinct from the money of account.

the society in which it circulates, is certainly most desirable, but by no means indispensable; and that the metallic, or what Mr. Huskisson would call the actual, part of any currency, possesses this advantage over the paper, or what he regards as the representative portion, is equally certain.

It is greatly to be desired, because the precious metals, possessing an ascertainable value in fineness and weight, instantaneously recognised under the stamp of legal coinage, leave no room for doubt or hesitation, even in the most common and uninformed comprehensions, of the actual measure of the remuneration they are receiving for the transfer of the commodities they give in exchange for them: and, moreover, because, in addition to these purposes of internal traffic, they also possess an equal, or nearly equal value (at the present moment *superior*), as articles of external and foreign exchange; or by conversion to the uses of luxurious manufacture.

But, for all the ends of domestic circulation, this intrinsic claim to public confidence is not absolutely and indispensably requisite; but may be supplied by a cheaper and more convenient substitute, in the shape of paper, issued by solvent persons; that is to say, persons in possession, either *de jure* or *de facto*,

of lawful assets for the discharge of all the obligations they have so contracted. I say *de jure*, because some uninformed persons have supposed it necessary—I refer more especially to the case of the Bank of England—that the parties issuing should, at all times, keep in their coffers an actual deposit of coin, equal to the whole of their paper issues. The absurdity of this must be sufficiently evident to any one possessing the slightest acquaintance with the principles of banking; which require only, that the persons who bank should be lawful owners of such solid securities, whether in land, mortgages, public funds, advances on the public income, for which the national faith is pledged, exchequer, navy, or ordnance bills, discounted drafts of substantial merchants, or other undoubted securities, as being convertible, in a reasonable time, into the currency of the country, shall be at least equal, in clear and ascertained amount, to the whole of their paper deliveries. It is this which constitutes *solvency*. The *profit* arises from the discretion exercised of actually keeping in the banking-house only such a portion of this aggregate in the currency of the country, as may, in all reasonable judgment, be fairly computed to exceed the quantum of paper returnable on them within the day; and so on,

*de die in diem*; the remainder of their capital (whether originally their own, or arising from the deposits of other persons; the first case probably applying more immediately to the Bank of England, the latter rather referring to private banking-houses), being put out to profitable uses; for, on any other principle, it is at once apparent that the banker, instead of obtaining any return for his risk and labour, his expensive establishment and outgoings of all sorts, would be gaining less than the idle individual, who sits at his ease, and lives on the legal interest of his private fortune.

Whether the portion to be so retained for immediate payment, should be in the metallic or paper part of the national currency, and in what cases the general rule will admit of especial and temporary suspensions, is another question, and will probably come under consideration in a subsequent part of this publication. On that, also, I have a very decided opinion, as will appear in its proper place.

It must be sufficiently evident, indeed, to the simplest capacity, how completely impossible it must be for a great commercial country to find a sufficient quantity of the precious metals to fill all the channels of mercantile circulation; and, even if possible, how extremely inconvenient, burthensome, and even

dangerous, such a mode of balancing accounts must prove to the persons engaged in it, when every merchant would be obliged to keep armed men, to guard his treasure from place to place; and every tradesman must either pay an insurance to those who transport his cash for him, or arm himself for the purpose of carrying it in person.

And here I must pause for a moment, to answer, by anticipation, a charge of inconsistency, which I am well aware may be made against me, by those who will say, that I am committing the very fault I found with others, of involving simple facts in complicated theories: but to this I reply, that, in answering others, I must necessarily state how far I concur in, and how far I dissent from, the principles and theories advanced by them. Had I merely my own opinion to state, I could at once confine myself to the simple and unqualified assertion that no such thing exists as a depreciation of the paper part of our currency, as relatively compared with the metallic portion; because the fact is ascertained, that a pound note and a shilling will purchase exactly the same in the market, as a guinea containing 5 dwts.  $9\frac{1}{2}$  grains\*, or not less than 5 dwts.

\* Of which eleven parts are of pure gold, and the twelfth of alloy. This alloy is formed of pure copper alone at pre-

8 grs.; and it is evident, that notes issued by the Bank of England for one hundred and five pounds, must represent, and be represented by, exactly one hundred guineas; which are, equally with themselves, the representatives of one hundred and five pounds sterling in money of account, neither more nor less; for these notes must represent precisely that sum, or they represent nothing: it is impossible to fix any intermediate value for them; they are valuable to that extent, or they are not valuable at all. It is admitted, that they have no *intrinsic* value beyond that of waste-paper; and their representative value must be exactly that of the thing which they represent. And it would be the height of absurdity to advance, that, because one hundred new-coined guineas contain a quantity of bullion, which at the market-price of 4*l.* 10*s.* per ounce, would cost 121*l.* 6*s.* 11 $\frac{3}{4}$ *d.* that, *therefore*, one hundred and five pounds in Bank-notes must be depreciated to the value of only 90*l.* 17*s.* 1*d.*; because, at the market-price of bullion, they

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sent; but the late Mr. Henry Cavendish, and Mr. Hatchett, have reported, as the result of many experiments, that an alloy of silver and copper mixed would be rather more preventive of abrasion and friction. For which, see the Philosophical Transactions of 1803.

would only purchase a quantity of that commodity sufficient to coin into guineas\* of that value; that is to say, into 86 guineas and a half; for the same argument would apply, with equal force, to prove a depreciation in the guineas themselves, or that GOLD IS NOT EQUAL TO GOLD†; which the theorists, with my Honourable Friend at their head, have asserted it must always be; and to this dilemma have they reduced themselves, by not distinguishing between coin and bullion—a want of dis-

\* As 121*l.* 6*s.* 11*½d.* : 105*l.* :: 105*l.* : 90*l.* 17*s.* 1*d.*

Again, as 4*l.* 10*s.* : 1 oz. :: 105*l.* : 23 oz. 6 dwts. 16 grs.

And as 5 dwts. 9*¾* grs. : 1 guin. :: 23 oz. 6 dwts. 14 grs. : 86*½* guineas and 3.6 grs. over; worth, at the same rate, 7*½d.*; making, together, 90*l.* 17*s.* 1*d.*

† It was my intention to have pointed out the same error in Mr. Locke (with respect to *silver*), as proceeding from too great a predilection for abstract reasoning, and too little attention to plain matter of fact, and practical consequence, when Mr. Bosanquet's very able OBSERVATIONS, &c. were put into my hand; in which he has treated that point in a manner so masterly, as to leave me no excuse for repetition: I shall, therefore, only generally observe, in Lord Liverpool's words, that "*The errors in this respect, of all the late writers on coins, have proceeded from a perusal of the works of Mr. Locke, without observing, that the state of the coins of the kingdom is wholly changed from what it was when he considered this subject. It is probable, that if this great man had lived to the present times, he would have been sensible of the change: he would have applied his principles to the facts as they now exist, and would have drawn his conclusions in conformity to them.*"

crimination which must completely disqualify them as judges in the present cause. Indeed, reasoning according to Mr. Huskisson's own arguments, if any part of our currency were depreciated, it would be the metallic portion, as compared with itself, and not the paper part as regulated by the coin; for 21 Bank-notes of one pound each, are still equal to the 20 guineas, which every one allows them to have been originally exchangeable against; but the 20 guineas will not, at the present price, purchase 5 oz. 7 dwts. 21 grs. or their own weight in gold, but only 4 oz. 11 dwts. 7.3 grs. And this would be the curious result of admitting his own premises; which are, however, inadmissible *in toto*; the plain and simple fact being, that at 4*l.* 12*s.* per oz. the exact weight of bullion to be purchased by twenty-one pounds sterling, either in Bank-notes, or cash equally, is neither more nor less than the last stated quantity.

It is impossible for any man to entertain a higher respect than myself for every thing which emanates from such a source as a Committee of the House of Commons; and in all matters relating to action, my conduct would be regulated by the most scrupulous and rigid adherence to the decrees of the Legislature. It is only by supporting their lawful

authority to the very utmost, that we can expect to preserve, in this happy island, the fortunate exception we present to the universal slavery and wretched despotism of the rest of Europe. But whatever may be the rule of *action*, so long as the powers of thought remain unimpaired, I cannot suffer my judgment to be influenced in matters of *opinion*, in direct contradiction to the evidence before me; nor can I hesitate, for a moment, to declare, that, had the framing of the Report of the Bullion Committee rested with me, I must, from the clear, undeviating tenor of that evidence, have delivered an opinion (entirely corroborated by my own previous conviction), completely the reverse of that which is now before the public.

I confess, that, when the motion for the appointment of a Committee was first brought forward, I deprecated the measure most earnestly, because I was not sensible of any good that could follow; and was well aware of the evil that might ensue, and which, I am clear, has actually arisen from the mistaken mode in which, I think, the subject has been treated. Much of the alarm that has spread itself so widely through the mercantile world, and a great portion of the destruction which has so generally preyed on the sources of commer-

cial confidence throughout the nation, must, in my opinion, be attributed to the deference which has been erroneously paid to a doctrine promulgated, under the sanction of such grave and potent authority.

The public opinion has been too often misled, of late years, by useless inquiries after imaginary grievances; and the due course of wholesome investigation has been as much diverted from its proper channel, by the more upright, but equally ill-judging, enquirers into the state of the national currency, as by the libellous and swindling conspirators against the calumniated Son of their Sovereign.

Mr. Huskisson's assertion, that "*whoever buys, gives—whoever sells, receives—such a quantity of pure gold or silver as is equivalent to the article bought or sold; or if he gives or receives paper instead of money, he gives or receives that which is valuable only as it stipulates the payment of a given quantity of gold or silver*"—is, like those propositions which he has criticised, in fact, neither true nor false; it is not false, because there cannot, according to the present state of the law, be any legal tender of a debt made otherwise than in the gold or silver coin of the country; but it is also not true, in so far as it is not so much for a certain quantity of gold or silver for which the seller stipu-

lates, or has in contemplation of stipulating, as for the means, whatever they may be, whether in gold, silver, or well-accredited paper, by which he may be enabled to acquire an equivalent portion of other articles, at the time, and in the manner, which may be most convenient to him, in exchange for the commodities he wishes to part with at the time of making the contract. Nor is it *pure* gold or silver for which he would stipulate, at any rate, but the standard metal of the country, according to the legal rate of alloy; and this criticism on the word *pure*, trifling as it may at first seem, is of no inconsiderable consequence, because it constitutes a material part of the difference between coin and bullion, which have been so strangely mistaken for each other, both in the Report and pamphlet.

There is a kind of side-blow, which I can hardly think my Honourable Friend meant to aim at the measure carried into effect when he was himself in office, where (after defining that to be *paper money* which rests upon authority, whilst that which rests upon general confidence is termed *circulating credit*) he says, "*Paper, such as alone used to be current in Great Britain before the restriction on the Bank, was, strictly, circulating credit.*" Why say *used* to be current? Is not the very same

sort of paper current in the very same manner\* and degree since, as it was before, the restriction? Any one unacquainted with the Statute-books of the kingdom would suppose, from the natural inference of the expression, that Bank-notes had been made a legal tender for a lawful debt, and that the paper of the Bank of England had been forced upon us by the authority of the Legislature, like what the author calls, the *paper money* of the continental governments.

After premising several truisms, in his 4th and 5th pages, on the shape, size, standard-weight and fineness, denomination, and value of national coins, Mr. Huskisson attempts to establish, what appears to me to be a complete *non sequitur*, by asserting that, "*There is not, therefore, nor can there be, any difference whatever, between any given coin and an uncoined piece of the same metal, of equal weight and fineness, except that the quantity of the former is*

\* The very necessary measure for securing against vexatious and frivolous arrest the person of the solvent debtor, in order to give him time to exchange his paper for coin—a necessity naturally arising from the very extensive increase of money transactions—and the impossibility of every man's being at all times provided with sufficient coin to pay all demands on him at once, by no means breaks in upon the principle I am asserting.



*accurately ascertained, and publicly proclaimed, to all the world, by the stamp which it bears."* Had this been correct, the Honourable Gentleman's pamphlet would not have been written; for the excess of market-price of bullion above the Mint-price of the same commodity, and the legal value of the coin, could never have existed; and the cause, in support of which the argument is adduced, refutes the argument itself, *ex absurdo*.

A mistake, nearly similar, and equally obvious, follows close on the heels of the former; for, after stating two well-known facts—First, "*That a pound of gold, of our standard, is coined into 44 guineas and a half; and that any person may, at the King's mint, procure any quantity of gold to be so coined, free of any expense whatever:—*

Secondly, "*That, by law, those guineas which, when fresh from the Mint, weigh 5 dwts. 9 $\frac{1}{8}$  grs. each, cease to be a legal tender, if by wear, or otherwise, they are reduced below 5 dwts. 8 grs. which is a diminution in their value of a small fraction more than one per cent."*—

He broadly asserts, that, "*consequently, the law of England, before the year 1797, distinctly secured to every man, that he should not be compelled to take in satisfaction of a legal debt, for every guinea of that debt, less than 5 dwts. 8 grs.*

*of gold of standard fineness; and, as distinctly, that he should not be obliged to receive as the representative of a guinea, or a guinea's worth, any article or thing which would not purchase or procure that quantity of gold."*

To the first branch of this deduction, I agree completely, and only remark, in addition, that neither has the statute of 1797, nor any of the subsequent acts for continuing the restriction, altered the law in regard to the power of claiming a piece of *coined* gold, of the standard weight and fineness, for every guinea of a lawful debt, with the provision already stated, against personal arrest; but with respect to the second part, I deny, as completely, that the Legislature ever could have it in contemplation, to hold out to the subject an immunity against an event entirely out of its power of control; namely, that the market-price of gold should never rise above 46*l.* 14*s.* 6*d.* per lb. troy; for, at this moment, the guinea itself will not purchase 5 dwts. 8 grs. of uncoined gold, but only 4 dwts. 16 grs. at 4*l.* 12*s.* per oz.: nor could this have been guarded against by any legislative provision\*, unless the inter-

\* "*In exchanges with foreign countries, and in payments made to them, the intrinsic value of the metal of which the coin is made, is the only measure of property and commerce; because the*

nal laws of this country could assume the power of controlling the external contingencies of foreign markets.

The same fallacious reasoning, founded on the most mistaken abstractions of theory, and framed in direct contradiction to the practical information afforded by the evidence before the Committee, is pursued, in a subsequent part (page 11) of the same pamphlet, when it says, "If in the year 1797, it had been foreseen that this temporary expedient would be attempted to be converted into a system for an indefinite number of years; and that, under this system, in the year 1810, every creditor, public or private, subject or alien, to whom the law, as it then stood\*, and as it now stands, had secured the

*authority of sovereigns cannot extend to regulate payments made in foreign countries, where they have no power or jurisdiction."*

Lord LIVERPOOL's Letter to the KING.

\* There was a time when my Honourable Friend used to associate with such men as Mr. Pitt and Lord Melville; in whose society, and in whose principles, the natural clearness of his excellent understanding had fair play: he would not then, I think, have advanced any thing which might be converted into such a syllogism as the following:—

The law did secure to A the payment of a certain weight of gold:—

The law still remains the same.

Therefore, by the same law, A is now obliged to receive a smaller quantity.

payment of a pound weight of standard gold for every 46l. 14s. 6d. of his just demand, would be obliged to accept, in full satisfaction, about 10½ oz. or not more than seventeen shillings in the pound, with a prospect of a still further reduction in every subsequent year. It is impossible to conceive that the attention and feelings of Parliament would not have been alive to all the individual injustice, and ultimate public calamities, incident to such a state of things; and that they would not have provided for the termination of the restriction, before it should have wrought so much mischief, and laid the foundation of so much confusion, in all the dealings and transactions of the community."

Much as I must regret the necessity of expressing a difference of opinion from my Honourable Friend on any subject; and cordial as has hitherto been my concurrence with him upon almost every topic; and fully also as I acquit him of any thing like an evil intention in the act, I yet feel it incompatible with any

No one who knows my Honourable Friend, can doubt his abilities—*sed aliquando bonus dormitat Homerus*. But who can enter the *Serbonian bog* of abstraction, without stumbling, sometimes, in the mire of metaphysics?

sense of duty to my country, to avoid the censuring of such a passage, as well because the assumption is not borne out by the actual state of the law; as also because it would, at any rate, be an unwise\* and dangerous promulgation to those who are not sufficient judges of the necessity, even if any thing like the statement made were in existence; but I have no hesitation in declaring that the real state of the case is completely different. I positively affirm, and challenge the proof of possible contradiction,

First, That the law of this land never did promise, by any statute whatever, either before or after the year 1797, to any creditor, either public or private, subject or alien, more than that he should be secured in his claim of 44 guineas and a half, of the lawful current coin of the kingdom, for every 46*l.* 14*s.* 6*d.* of legally-established debt; without any reference whatever to a pound of gold. Indeed, prior to that period (1797), that number of guineas

\* How could my Honourable Friend shut his eyes to the mischievous use that would be made of his authority by the daily chronicles of misrepresentation, and in the Saturday columns of the State Prison lucubrator:—

*"Who aim at it,*

*"And botch the words up fit for their own thoughts."*

could not be refused, if they did not weigh more than 11 oz. 17 dwts. 8 grs.

And, secondly, That instead of being obliged now to accept, in full satisfaction, about 10½ oz. or not more than seventeen shillings in the pound, with the prospect of a still further reduction in every subsequent year, the law, standing exactly as it did, binds the creditor to nothing of the sort: he is still entitled to demand his 44½ guineas, at a standard weight varying from 1 lb. to 11 oz. 17 dwts. 8 grs.; and so also was he precisely before the restriction acts were passed. And that those guineas of such a weight should now happen to command only 11 oz. 3 dwts. 3.6 grs. of *uncoined* bullion, because that commodity has chanced to rise in the market from 3*l.* 17*s.* 10½*d.* to 4*l.* 12*s.* per oz. is a contingency not within the purview of the Legislature in fixing the standard weight of the guinea; nor within its power to control, if held in contemplation; and as to any loss arising therefrom, it is the individual's own risk, if he chooses to speculate in bullion, instead of broad-cloth, or linen, or any other commodity. But do not let Government be so unfoundedly accused of fraud or injustice, by such a fallacious mode of reasoning as my Honourable Friend has, I fear, been led into, by worse-intentioned minds

than his own, and so contrary to the general tenour of his manly understanding: and I will ask the Honourable Gentleman, if any tenant of his, who has never heard of this mischievous doctrine, of the imputed injustice, the ideal iniquity of Government; and who, not participating in his worthy landlord's dread of public calamity, but having, from practical experience, a tolerably accurate judgment in the weight and value of live cattle, wishes to part with a couple of Sussex bullocks, or a score of South Down wethers, which he estimates, by the seldom-failing test of his finger, to weigh about ninety-three score and a half, at 6*d.* per lb. live-weight, and which he will, therefore, value at about 46*l.* 14*s.* 6*d.*, I beg leave to ask my Honourable Friend, whether he thinks the honest grazier will ever trouble himself about the value of a pound of gold; or even if his landlord himself, in order to prevent his being involved in the national calamity, were to offer it to him, whether he would not tell him that was not what he wanted; and that he should not know what to do with it, if he had it; that he intended to sell his cattle for forty-six pounds fourteen shillings and sixpence, or forty-four guineas and a half; for which purpose, he will produce his canvas bag. And

with this answer would my Honourable Friend rest contented, unless he means to improve his estate by converting his tenants into dealers in bullion.

But there is a fundamental mistake which runs through the whole of Mr. Huskisson's argument—he considers the guinea as the measure and standard of value, and the Bank-note as the proportional representative of that guinea, or something worse. Now, I affirm, that the only original national measure of value is the pound sterling, in money of account, and was so long before a guinea\* was coined; for all monied value must be in account only, or it never could be ascertainably fixed to any valuation whatever; coin of whatever sort or kind; whether gold, silver, or copper; whether the guinea of England, the Louis d'or of France, the ducat of Holland, the sequin of Venice, or even the iron money † of Lycurgus—

\* Guineas were first coined after the Restoration, in the 15th of Charles II. Before which, the gold was coined into laurels—and before them, into nobles—all, successively, representing certain proportions of the pound sterling; which I take to be derived (according to Somner) rather from the Saxon word *Steore*, a rule or standard; than, according to the vulgar acceptance, from *Easterling*, or eastern, in contradistinction to the *libra occidua*, or western pound of the Romans.

† The regulation of the Spartan lawgiver to destroy the

whatever in itself possesses an embodied form, and an intrinsic value, must, as a material commodity, be subject to variation under the universal principle of the relative proportions of product and demand. And paradoxical as it may seem in theory, it is, nevertheless, most incontrovertibly true in practice, that it is this very attribute of intrinsic value which necessarily imposes the quality of variation. It is the ideal money of account only which admits of invariable value; because it is not formed of *substantial*, and, therefore, *variable*, materials.

That the money of account is invariable, and the metallic part of the currency subject to fluctuation, may be illustrated in the following manner; forming, in my opinion, an incontrovertible demonstration of their difference with respect to the quality of invariability, so absolutely necessary to the constitution of a fixed and regular standard and measure of value. The intrinsic value of the precious metals, from which coins are formed, may rise or

value of his iron bars, for purposes of commerce or manufacture, by quenching them in vinegar: though it may appear to take them out of the catalogue of examples, tends more strongly to corroborate the correctness of my general principle.

fall, whilst the interchangeable commodities remain stationary; for twenty yards of broad-cloth may continue to be worth twenty-one pounds, neither more nor less, whilst 5 oz. 7 dwts. 20.76 grs. of gold may vary, in the marketable or intrinsic value, at the same time, from 21*l.* to 24*l.* 16*s.* 3*d.* or more; and this may take place equally, whether broad-cloth remain stationary, and Irish linens are fluctuating—or whether the whole of the interchangeable articles continue at the same nominal price; but with respect to the money of account, so long as the Irish linen is at 5*s.* per yard, or broad-cloth at 21*s.* for the same quantity, it is clear, that twenty-one pounds sterling, whether represented by paper or stamped bullion, must continue to be equivalent to neither more nor less than 84 yards of the former commodity, and 20 of the latter. And thus the money of account remains in itself fixed and undepreciated, whilst the precious metals may either be suffering an intrinsic depreciation, or receiving an addition of intrinsic value; and cannot, therefore, be in themselves those fixed, invariable standards of value, and universal unvarying equivalents, which Mr. Huskisson seems to think them; but can only, at best, be regarded as good and useful representatives of that measure at home; and more

generally received by way of approximating equivalent between different nations, whose monies of account have different denominations and divisions; the value of which not being, what I may call, substantially intrinsic, does not extend beyond the limits of its own territory: the metals being, however, in this latter capacity, at all times subject, like every other article of commerce, to the constant fluctuations of market-price, arising from the different proportions of product and demand, and especially from the amount of balances of payments to be made between those countries.

My Honourable Friend has stated six propositions; some of which, he says, those who differ from him in opinion, must be prepared to deny, or the conclusion he has drawn must necessarily follow. Of these propositions, the first is certainly correct—the second I think inaccurate—the third, completely erroneous and unfounded—the fourth, thrown out of question by the error in the preceding assertion—the fifth, either true or false \*, according to the construction of the terms—and the sixth, though correct as far it goes, yet embracing

\* I beg to be clearly understood, that the application of these terms, wherever they occur in this publication, is intended to be strictly confined to their *logical* appropriation; without the slightest reference to the *moral* construction of the words.

only a part of what ought to have been included in a fair statement of the premises, by such omission, is rendered completely nugatory as to any conclusive bearing on the question of partial depreciation with regard to the paper portion of the currency, as compared with the metallic part.

The first, that "*a pound, or twelve ounces of gold, by the law of this country, is divided into 44 guineas and a half, or 46l. 14s. 6d.*" is perfectly accurate.

The second, that "*by this division, which is made at the public expense, and without charge for coinage, nothing is added to the value of the gold, and nothing taken from it*"—is neither fully, nor fairly, stated; for though no man can say whether the stamp of coinage shall increase or diminish the original value of the uncoined bullion, or rough material (which must entirely depend on the fluctuation of that commodity in the market, and, therefore, cannot be permanently and ascertainably either augmented or diminished, in intrinsic value, by such operation), yet I do affirm, in positive denial of Mr. Huskisson's proposition, that the process of the Mint has added to the gold, when transformed from bullion into coin, the quality of representing a certain fixed admeasurement of general value, which it did not

possess in its original shape. Before it was coined, it might be worth 3*l.* 17*s.* 10½*d.* per oz. or it might be worth 4*l.* 12*s.*; a pound weight of it might be exchangeable against as much of the flesh of Sussex beeves, or South Down wethers, as should be valued at 46*l.* 14*s.* 6*d.* or it might be equal to as much of the same articles as were worth 56*l.*; and no man could tell at what rate he was bartering his commodities; but when once the stamp of coinage has arrested its fluctuating value, it becomes the universally-acknowledged mark and symbol of a certain unvarying quantum of remuneration, and possesses a valuable quality, which was not attributable to it in its original state; nor is it even then merely as gold or as silver, that this quality is assigned to either of the precious metals, but solely as one of the substantial, or, as Sir James Steuart has very correctly called them, the *artificial* representatives of the original measure of value, the money of account.

I object to the third assertion, in both its branches. In the first place, I deny that a pound of gold, and 46*l.* 14*s.* 6*d.* are equivalent\*; because, if this were so, a pound of

\* The general application of the term *equivalent*, which is here assumed, is not correct; a pound troy of uncoined bullion, and the quantity of gold coin which represents the sum

gold could never sell for either more or less than that sum in money of account; and of this, the fact of the present high price of bullion completely disposes. And, in the second, I affirm, most decidedly, that there is not a word to be found in any of the Statute-books of this kingdom, which states, even on the most strained construction, that any thing which represents 46*l.* 14*s.* 6*d.* ought to be exchangeable, at will, for a pound of gold.

In regard to the fourth, that "*no alteration has been made in this state of law, except by the Act of 1797*;"—this is disposed of by the denial of the last.

"*Fifthly, the professed and intended operation of the Act of 1797, was not to diminish the quantity of gold, for which any specified amount of circulating credit ought to be exchangeable, but merely to suspend, for a time, the option of the exchange.*" This is either right or wrong, as the exchangeable quantity of gold is meant to apply to *coin* or *bullion*; correct in the first in-

of 46*l.* 14*s.* 6*d.* in money of account, are certainly equivalent, or nearly so (with a trifling variation of 2 dwts. 16 grs. allowed for defalcation, by wear and tear), in *weight*; and *only* in *weight*; but are, by no means, confined to one unvarying equivalence of *general* value.

stance, and inapplicable in the second: to which, indeed, it was not intended to be applied in any way; and, therefore, as far as bullion is concerned, *cadit questio*.

In his sixth proposition, Mr. Huskisson states, that "*the sum of 46l. 14s. 6d. in our present paper, will procure in exchange for gold, only 10½ oz. of that metal. A pound of gold is now exchangeable for 56l. in paper currency; any commodity, therefore, which is exchangeable for a pound of gold, is also equivalent to 56l. in paper.*"—Granted, most willingly. But I must, also, insist on an equal concession of fact to me, when I assert, that if Mr. Huskisson wishes to purchase the same pound of gold bullion, or the same commodity of any other kind, equal in value to a pound of gold, by paying for it in the metallic currency of the country, he cannot make such purchase with 44 guineas and a half, at the present market-prices of those commodities, but must give not less than 53 guineas and a seven-shilling piece for them; unless, indeed, he chooses to exhibit the novel spectacle of a Secretary of the Treasury dealing with a Jew, for the express purpose of having the gold coin of the country thrown, illegally, into the melting-pot, and evading the law by swearing it off,

and exporting it as foreign bullion. And this I state as an incontrovertible fact.

And now, having thus disproved several of my Honourable Friend's statements of facts; and having, as I think, shown, notwithstanding, what he will pardon me if I call, something like a tone of proud defiance in his challenge—that he *has* mis-stated the tenor of the permanent laws of the realm which regulate our coinage, and determine our legal tender; that gold is *not* exclusively the basis of our money; that its value is *not* invariably measured by its quantity; and that the value of that quantity *is* altered by being fixed, after its conversion into coin, so long as it remains unmelted;—and having looked at the subject with quite as much attention and deliberate consideration, though, perhaps, not with the same degree of ability, as my Honourable Friend; but being at all times perfectly ready to maintain my propositions by sound and practical evidence, I find myself completely at liberty to dissent from his conclusion, and to deny, *in toto*, "*that the difference between 56l. and 46l. 14s. 6d. or between 12 and 10½ oz. of gold, arises from the depreciation of the paper, and is the measure of that depreciation, as well with respect to gold, the universal equivalent, as to every other commodity.*"



On the contrary, that difference arises from a multiplicity of causes, in which, however, the only one asserted by the theorists is not to be included; it arises from almost any thing, rather than a relative depreciation of the paper currency, as compared with the coin. I could rather be disposed to admit the incorrect idea of a general depreciation of the whole circulating medium of the country, as compared with the prices of the interchangeable commodities, than a partial one, of the paper portion of it; but the fact is, that no part of the symbolic representatives of value, whether metallic or paper, are in themselves intrinsically depreciated; it is only the interchangeable articles of necessity—bread, beer, meat, cloth, and bullion\*, which, because the demand for them has increased with a rapidity beyond that which the increase of supply has been able to keep pace with, have risen in money-price; whilst the money itself has remained intrinsically stationary.

\* It may be objected to the insertion of this article in the list, that it is not one of the *first* necessities, like the others; but if not one of the *first* rank, it comes close upon their heels, so long as foreign balances are to be settled, or foreign payments, of any sort, to be liquidated, and may, therefore, fairly be allowed to keep its place, at least at present.

The greater number\* of mouths to be fed, and bodies to be clothed, aided by the more luxurious modes of modern life in all ranks of the state (especially in those most numerous classes, the middling and lower degrees, who have certainly of late years increased their expenditure more in proportion than the higher ranks), have, with a progression nearly regular, increased the relative disproportion between the circulating medium, of whatever denomination or kind, and the interchangeable articles to be purchased by means of it; and it was this progressive disproportion which Sir George Shuckburgh intended to exemplify, in the *Philosophical Transactions*, under the inaccurate term of *depreciation* of money, corrected in a subsequent column of results into the more appropriate title of *mean appreciation*, when he so ingeniously stated by deductions from the different prices of day labour, corn, meat, and twelve other miscellaneous articles selected from the necessities of life, that the power of money in command of those articles was in the year 1700 in the proportion of 562 to that of 238 in the

\* The inhabitants of England and Wales were reckoned at the time of the Union in 1706, at 7 millions; at present they are about 10 millions; and the whole population of the United Islands, about 16 millions.

year 1800; that is to say, that 238 *pounds sterling* (for the worthy Baronet never dreamt of departing from the national standard of value, in money of account, to talk of *guineas* or *pounds of gold*) were, in the former year, equal in ability of purchase to 362 in the latter.

So also has bullion risen in price, as a marketable commodity, though not with the same gentle and regularly progressive advance; neither from the same causes; nor yet from the reasons so unfoundedly assigned, of an excess, and consequently relative depreciation in the paper currency; neither of which can possibly exist, so long as the Bank of England continues to regulate its issues, by the demand for discounts on substantial bills drawn on the basis of bona fide mercantile transactions; and that those bills are convertible into currency by payment in a reasonable time; which time seems, by common consent of the commercial world, to have been fixed, with some few occasional deviations, not to exceed, in general, two months after date for home bills, and sixty days sight for those drawn abroad.

Neither can it, according to my judgment, be attributed to the idle alarm of excessive advances to Government; because, whilst the price of bullion has kept rising, the amount of these

advances has rather decreased than otherwise\*; being at the highest in the years 1801 and 2, at the winding up of the war expenses after the treaty of Amiens, when they amounted to between 10 and 11 millions, but at present do not exceed eight millions.

The real cause of the price of bullion may, in my opinion, be traced to the convulsed situation of the continent, the languishing or almost expiring state of paper confidence all over the continent, which necessarily confines its commercial transactions, narrowed as they are, in a great measure to cash payments; the vast demand for specie to pay and feed the immense armies kept on foot by the different powers, during a long and bloody war; and the natural proneness in the terrified inhabitants of Europe, to lock up the little they can hide from the rapacious eye of the all-grasping usurper, and his hordes of plunderers. And when all these combined and operative causes are taken into due consideration, there cannot be any necessity for arguing ourselves into an imaginary depreciation of our own unshaken paper credit, or to strain a forced and unnatural connexion between the value of a Bank of England

\* Vide Appendix of Accounts, No. 45, to Report of Bullion Committee. Page 52, octavo edition.

note, and a rate of exchange produced solely by the excess of foreign payments over the annual value of our receipts from abroad.

I should have detailed the statement of receipts and payments whence this excess arises, had it not been already so accurately done by Mr. Bosanquet in his very masterly and unanswerable publication of "PRACTICAL OBSERVATIONS ON THE REPORT OF THE BULLION COMMITTEE." But as I have heard of a criticism on one part of Mr. Bosanquet's excellent pamphlet, in which he has corrected a very erroneous statement in the Report, with respect to the real balance of our European trade for the year 1809, as affecting the rate of exchange and price of bullion; I shall so far trespass on the patience of my readers, as to point out to those who have not had time to examine and compare the different documents from whence the evidence must be taken, how clearly and judiciously Mr. Bosanquet has exercised his power of discrimination in correcting the oversight of the framers of the Report.—That Report, in pages 12 and 13 of the folio edition, and pages 23 and 30 of the octavo, gives in the first of these pages in each edition, a statement of the balance of trade in favour of this country *with the whole world*, which for the year 1809 is stated to be, from the *actual* values,

14,834,000*l.* And this statement it is there said was made up by Mr. Irving, the Inspector General of Customs, who "*has also endeavoured to forward the object of the Committee, by calculating how much should be deducted from the value of goods imported, on account of articles in return for which nothing is exported. These deductions consist of the produce of fisheries, and of imports from the East and West Indies, which are of the nature of rents, profits, and capital remitted to proprietors in this country.*" And "*The balance of trade in favour of this country, upon the face of the account thus made up, was,*" as before stated, "*14,834,000*l.**" And this statement is prefaced by saying that the "*Committee, observing how entirely the present depression of our exchange with EUROPE is referred by many persons to a great excess of our imports above our exports, have called for an account of the actual value of THOSE for the last five years.*" Now, to my simple apprehension, the relative THOSE would have pointed, as an antecedent, to the actual value of imports and exports between this country and *Europe*; instead of which we have a statement of the *actual* values of exports to *all the world*, amounting to 66,017,792*l.*; and of imports 59,851,352*l.* reduced, by deducting the produce of fisheries and remittances from the West and East Indies (8,718,289*l.*), to 51,133,063*l.* leav-

ing a favourable balance of 14,884,649*l.* This certainly shows a considerable *prima facie* balance in favour of our general trade with the *whole world*; but what has this to do with the balance affecting the European exchange, and arising from the trade with that continent only, and not with all the world; as corrected by Mr. Bosanquet from the erroneous statement in the Report\*, in which the *real* values, by some *mistake* of the framers of that Report, are kept out of sight, and the *official* amounts are stated to be, exports 23,722,615*l.*; imports 9,551,857*l.*; leaving a favourable balance of 14,170,758*l.*—Whereas Mr. Bosanquet† very accurately takes the *real* values from the same documents ‡ as exports 27,190,337*l.* and imports 19,821,601*l.* making the *real* balance only 7,368,736*l.*; and then very properly, in his next pages, sets against this last-mentioned sum the amount of bills drawn on Government from the continent of Europe, and of specie and bullion exported by the Paymaster-general to the same part of the world, to which he adds the estimate of sums

\* Page 30, octavo edition, and 13 of the folio.

† Practical Observations, &c. p. 39.

‡ Nos. 75 and 76, Appendix of Accounts, p. 111, octavo edition.

paid for neutral freight to the Baltic\* only, which articles, amounting together to 10,699,732*l.* create a balance ultimately against us, of upwards of three millions on the whole of our European receipts and payments; and this, as the same gentleman very judiciously observes, even if the whole of our exports to the continent were actually sold, and paid for: but this, any one who ever reads the Morning Chronicle (as *some* of the gentlemen who support the theory of depreciation probably do), and sees the melancholy accounts so minutely detailed in that *impartial* vehicle of information, of warehouses at Heligoland crammed with spoiling goods, and ships returning home with unbroken bulk, must know cannot be the case; even after making all *proper* deduction for the editor's wish not to *flatter* his *countrymen* into a belief of their being either *richer*, *happier*, or *better governed* than they *really* are.

Now, whatever the actual proportion of the 27 millions of exports may be, which either remains unsold, or, being sold, is yet unpaid for; the real value of such proportion, whatever it

\* After premising that he takes the amount paid by foreigners to British ships for other freight to be equal to what is paid by us to neutrals for corn, wine, and brandy, from France, and for the intercourse between Heligoland and the continent, and therefore omits both.

may arise to, must evidently be added to the unfavourable balance of three millions and upwards, already ascertained, by Mr. Bosanquet, to be established against us on the whole of the actual payments on our European transactions; and I think I should not overshoot my mark, even without placing implicit faith either in the Newgate Register, or the Morning Chronicle, if I were to say, that at least as much more, or upwards of three millions, might be placed under the head of unpaid merchandise, so as to create an unfavourable European balance of about seven millions, instead of a favourable one, of between fourteen and fifteen, as stated in the Report of the Committee.

Without the smallest intention to impute any improper motive to the Committee, in framing their Report, I am yet at a loss to conceive how they could suffer it to be presented with such a prominent error as that of estimating the bearing of the balance of our European trade, on the course of exchange with Europe, by the *official* values of goods imported and exported, instead of the *real* values, and that at a moment when they had both documents before their eyes. The former might ascertain the benefits accruing to the revenue from the duties actually paid at the Cus-

tom-house, but could afford no evidence whatever of the actual balance of payments between this country and the continent, by which the course of exchange, or the price of bullion, should be affected.

If the favourable balance upon our *general* trade had any bearing upon the question of *European* exchange, it would yet be, only what I have before stated, a *prima facie* balance, and liable to all the deductions just now included in my statement, of the balance with Europe. Neither am I yet prepared to admit, to its full extent, the propriety of the Inspector General's deductions for East and West Indian remittances—at least without more specific and circumstantial evidence than what either his Return, or the text of the Report, affords to me. And as to the amount of unpaid exports for the year 1808, it is impossible that such amount can go any great way in diminution of the same head of deduction for the ensuing year, as well because the total *real* value of goods exported to the continent was so much less, being only 8,905,099*l.* or not quite nine millions, in the former period, instead of upwards of 29 millions in the latter; as, also, because the execution of the prohibitory decrees has been so much more rigorously enforced during the last year, than in any preceding

one; and, therefore, must have occasioned a much larger proportion of the exports to remain on hand. And this will, in a considerable degree, account for the greater number of recent bankruptcies; for where there is most enterprise, there must, of course, be the largest proportion of failure. But these, however productive of individual distress for the moment, will, in the end, only lead to public benefit; resembling, in this, the healthful eruptions of the human frame, by which, stronger constitutions throw off the seeds of those mortal disorders, under which the weaker stamina would pine and languish into "*wasting atrophy*."

I have not the smallest intention of attempting to "*show that the temporary law of 1797, was intended either to lower our standard, to alter our legal tender, or to leave us without any standard at all*;" and therefore am not reduced, as Mr. Huskisson points out, to establish the fact of depreciation by my own arguments, or to make it appear that such depreciation was either "*the unforeseen consequence*," or "*the premeditated result of an Act of the Legislature*." Though, probably, I shall electrify my Honourable Friend's feelings a little, when I assure him, that, although I think our late illustrious Minister was perfectly correct in consult-

ing the prejudices of the public, by not venturing so far as to make a Bank of England note a legal tender, when he restricted the Directors from issuing coin in liquidation of their payments; and which was *then* the less necessary, as the operations of the suspending Act were at first intended to last only for a few months, I should for myself, in complete confidence of the Bank solvency, have been perfectly contented so to receive them, without accusing the Legislature of either deception or fraud; because I am convinced that, for all the purposes of *domestic* circulation, every transaction might be as well and as safely carried on if there were not a guinea in the kingdom; for the *real* wealth of a country does not consist in gold or silver, which will neither clothe, feed\*, nor warm—but in flocks, herds, and fisheries, in corn, wine, and oil, in woods, mines, and pastures; and in the list of articles of primary necessity, it is probable, that the precious metals, if included at all, should be ranked at the extreme verge of the scale; being in themselves no further valuable (for, as materials of luxurious manufacture, they cannot be classed as necessities at all), than

\* "*Copia nulla famem relevat; sitis arida guttur  
Urit, et invisio meritis torquetur ab auro.*"

as they may serve to liquidate the final surpluses of traffic between distant countries, whose interchangeable commodities are not exactly balanced in actual barter; or, in time of war, to remit for the subsistence of fleets or armies abroad; where such payments cannot be effected by bills drawn on the spot, and liquidated by means of exported articles of commerce.

In making this assertion, however, on the nature and properties of national wealth, I must not be mistaken for one of the tribe of visionaries, who reject foreign commerce, and rest all their hopes of public prosperity on agriculture and home manufactures solely: on the contrary, the one is absolutely necessary to encourage and protect the other: the merchant supports the farmer, whilst the agriculturist feeds the man of trade. It is in their close and impartial union, alone, that a nation can find any thing like an extensive and permanent prosperity. I would only guard the theorist from attributing to the precious metals more than they really merit. Spain, as has been well observed, has possessed them in greater abundance than any other nation; and has been poorer since she acquired their possession, than she was before the acquisition; whilst other countries, using them with more moderation

and better judgment, and applying them only as the stimulus to industry, have become opulent at her expense.

Reverting more immediately to the subject of making Bank of England notes a legal tender, I have little hesitation in declaring my own opinion, that such an enactment would, as a temporary measure, *now* be extremely proper, in order to give to the law on this subject a consistency, which at this time is wanting to the perfect confidence and security of internal pecuniary transactions—although I think Mr. Pitt was right in so far respecting the prejudices of those who had not considered the subject so deeply, as not to make it so in the first instance; more especially as the very limited duration of the original Act\* did not present the probability of any such inconvenience as should call for such a remedy; but in the present day, the case is different; and since the extending Statute†, which continues the suspension of Bank payments in coin, it becomes absolutely necessary for the security of honest and solvent debtors, for so long only as the period of the Bank suspension shall be found proper to be continued. For although such is

\* 37 Geo. III. Cap. 45.—3d May 1797.

† 44 Geo. III. Cap. 1.

the confidence of the public in the stability and solvency of the Bank, and the validity of its notes, that there is no instance on record \* of a creditor pursuing his debtor for a payment in coin, where he can obtain the same in Bank of England notes, it must ever be recollected, that it is, nevertheless, always in his power so to do if he chooses; and that the wealthiest and most punctual subject in the kingdom might be puzzled to save himself from a gaol, by procuring forty or fifty thousand pounds in specie to pay for an estate, if taken in execution after judgment has been obtained against him in an action; the proceedings in which are not barred by the provision † which prevents him from being held to special bail in the first instance. And if the theoretic advo-

\* At least I am not aware of any such—for the case so industriously and *mischievously* published by Cobbett, of the Suffolk Bank, does not appear to me to be a case completely in point—and if there be, I shall gladly receive the information, as an additional argument in proof of the necessity. But, at any rate, the law should always contemplate the extreme case; that which is *in posse*, as well as *in esse*.

† Ninth Section of 37 Geo. III. Cap. 45;—continued by the several Acts of 37 Geo. III. Cap. 91; 38 Geo. III. Cap. 1; 42 Geo. III. Cap. 40; 43 Geo. III. Cap. 18; and since extended to six months after a definitive treaty of peace, by the 44 Geo. III. Cap. 1; which is the latest enactment on the subject.

cates of depreciation tell me, that, by such a measure, I should take away the only value these notes now possess—that of representation—possessing none intrinsically—I answer, No. They would still possess the same representative value of the money unit, the pound sterling, in money of account—the only accurate and invariable measure of the actual wealth of the country. In proof of which, let us see to what this argument would tend, and what this so grossly calumniated *scrap of paper*—for I allow it to be merely such in point of intrinsic value—let us try, by tracing it to various hands, what it would therein be found to represent. In the possession of the landowner of four thousand per annum, we should find a Bank of England note for one thousand pounds, representing a quarter's rent of his estate; or, according to the old-fashioned estimate of a farm producing three rents, one of which goes to the landlord, it is estimated at one-twelfth of the annual produce of the land, which he might lawfully seize, and verify the estimate by actual sale of the tenant's stock, before any other claimant, in case of non-payment of the said stipulated rent in these notes, the validity of which would be guaranteed to him by the known solvency of the Bank of England, vouched by the public Report of Par-



liamentary investigation; the accuracy of which is allowed by all parties; and has never been questioned, even in times of the greatest doubt and distrust on other subjects; and this investigation and report, I should think, ought to be continued, in as convenient and concise a form as possible, every session during the suspension; at least, if the tender of Bank paper\* should be converted, *pro tempore*, into a full acquittance of a lawful debt.— And thus we find it efficiently and securely representing a certain measured portion of the landed wealth of the country, and with infinitely greater convenience than its corresponding value in the cumbrous articles of oxen, sheep, or corn, and even to a considerable degree more so than 952 guineas and 8 shillings

\* Amongst the publications I have read on this subject, since the above was written, I have somewhere seen a proposal for engrafting the additional guaranty of Government on this measure, by pledging a certain proportionally superior quantity of redeemed 3 per Cents. as security for the notes issued by the Governor and Company of the Bank of England: I think, but am not certain, that it is in a very able little pamphlet written by Mr. Fonblanque. I have not very deliberately and thoroughly weighed all the possible bearings of this proposition; but as far as I can at present judge of their tendency, I am inclined to favour it, if thought necessary; at least, I do not see any immediate objection to its admission into an Act for the *temporary* legalizing of a tender in Bank-notes.

in the landlord's pocket. Let us now pursue it, in its next transition, to the trader, and find what it represents in his possession: with him it is the substitute of a correspondent proportion of his stock in trade: with the merchant, of a like part of his ships and merchandise; and in the hands of the annuitant, or stockholder, it is the representative of so much of his share of the public funds. To which, in every one of these cases, is to be added the security of the whole assets of the Bank of England; beyond which, if Mr. Fonblanque's proposition (which I think a very good one) should be adopted, the faith of the whole nation would be pledged in guaranty of the validity of the note so issued. And, indeed, without any such specific provision, it must be sufficiently evident, to every practical financier, that the solvency of the Bank of England, and the national credit and safety, are so much identified, the one with the other, that, although no positive statute provides for such emergency at present, it is absolutely incumbent on the Legislature to uphold that establishment, the dissolution of which would shake our boasted credit to its very foundation, and reduce us to the humiliating level of the bankrupt nations which surround us.

If, then, these efficient and useful purposes

are so completely and so cheaply answered by the representative value of our paper currency—and that they are so, I defy the whole host of depreciators to disprove—I ask my Honourable Friend, what it is, for which he seeks beyond them?—for all the ends of domestic circulation, they possess every necessary quality of representing the measure and actual value that the precious metals have to boast of, with infinitely more convenience, and at much less expense. And all the evidence before the Committee, of which he was so active a member, must have taught him, that, where bullion is wanted, for the purposes either of home-manufacture, or for the payment of foreign balances, that article, as a marketable commodity, would be just as easily acquirable, and at exactly the same price, with Bank-notes as with guineas; and no doubt the more so, as the smaller quantity is required for home circulation: for I cannot possibly agree either with the Committee, or with Mr. Huskisson, that the way to make gold of less value, is, to create a greater demand for it. This is contrary to every principle of political economy, or political arithmetic, to which I have been accustomed to assent.

Perfectly convinced, in my own mind, that whenever the present system of despotism on

the continent shall come to its termination, and the downfall of the Usurper, which, sooner or later, must happen at last, shall, by the restoration of the lawful governments, have brought also in its train a return of the blessings of peace, as a necessary consequence, that then, likewise, the reverting to the original freedom of commerce, will equalize the exchange, and bringing the present hoards of bullion into more general and equal circulation, will render the continuance of the Suspension Acts unnecessary,—I have no wish to make the proposition of legalizing the tender of Bank-notes any thing beyond a temporary convenience, to endure only as long as the evil it is to counteract may continue in existence. And this the more, because it would be more consonant with the general principle, that all restrictions are bad where they can be avoided; freedom being not only the main-spring, but even the very soul, the animating principle of commerce; which scarcely breathes in fetters.

Mr. Huskisson asks \*, “*What would have been the consistency, what the integrity, of a Legislature, which, leaving unrepealed and unmodified the regulations which take away the character of a legal tender from every guinea weighing less*

\* Page 15.

than 5 dwts. 8 grs. would give it to a Bank-note, purporting to be a security for the same denomination, but the real value of which is, at this moment, 4 dwts. 14 grs. or, in other words, about three shillings less than the lightest guinea which is allowed to pass in payment."

And again, in the following page\*, he proceeds to say, "By law, a guinea of that weight (5 dwts. 8 grs. and upwards) cannot be exchanged for more than the sum of 21s. which sum, in paper currency, is worth at present 4 dwts. 14 grs. of gold. To sell, or to buy, guineas at a higher rate than 21s. each in Bank paper, is an offence highly punishable.

"For this last offence, a man has recently been tried and convicted."

I have taken these sentences together, to prevent, as much as possible, any unnecessary repetition of arguments in the exposition of their fallacy; the whole forming one complete mis-statement of the law, in many places, of the very words, and in all, of the true intent and meaning of the legislative provisions:—a mis-statement the more to be lamented, as published, however unguardedly its publicity may have been given, under the sanction of such a name. My Honourable Friend was too

\* Page 16.

long in the habits of daily close inspection into the single-mindedness, the unspotted integrity, of that pure and upright Statesman, under whose auspices his talents were first fostered into public notice, must have profited too much by his virtuous and truly patriotic example, to be voluntarily guilty of misleading the public opinion, and sowing groundless fears and unfounded jealousies, in the bosoms of the uninformed multitude; and that at a moment when every real patriot should exercise his fullest energies, in persuading his countrymen to bear with patience and resignation the heavy burthens of an expensive and protracted, though unavoidable, state of warfare. He cannot have been aware of the mischief he was creating, by treating such a subject in a manner so little suited to the usual depth of his understanding. Of such *intention*, I acquit him fully; but the *effect* is, nevertheless, the same; and others, worse affected, will use it as the engine of their purpose\*.

How could Mr. Huskisson take so partial a view of the fact, as to say, that whilst the

\* The whole tenor of the following pages, 19 and 20, appears to be, at least, so extremely *injudicious*, independently of their great inaccuracy, that I feel myself compelled to pass them over in mournful silence:—

"*Quantum mutatus ab illo* ——" !"

character of a legal tender was taken away from a guinea weighing less than 5 dwts. 8 grs. it would have been given to a Bank-note purporting to be a security for that denomination, but the real value of which, at this moment, is 4 dwts. 14 grs. or, in other words, about three shillings less than the lightest guinea which is allowed to pass in payment? The whole of this passage is so inaccurate, and so confused, that it requires some pains to analyze and separate its points, and to distinguish those facts which are true, but misapplied, from those where the premises themselves are incorrectly stated. In the first place, there is no such thing as a Bank-note of the same denomination as a guinea, or purporting to be a security for 5 dwts. 8 grs. of gold *coin*; consequently, none whose real value, even according to Mr. Huskisson's own assumption, can be reduced to 4 dwts. 14 grs.: and as an equivalent for *uncoined* gold, either of that weight, or any other, Bank-notes never were established by any law whatever. But even if any of these controverted points were admitted, would not the Author of *THE QUESTION, &c. &c.* be guilty of a most serious *ex parte* statement of facts, by confining the reduction to Bank-paper, and omitting to say, that even a full-weight guinea, containing 5 dwts. 9 $\frac{1}{2}$  grs.

would, in its *coined* state, command the purchase of only 4 dwts. 14 grs. of *uncoined* gold also, at its present price in the market?

The same partial misrepresentation follows in the assertion that a heavy guinea is intrinsically worth 24s. 6d. in *Bank paper*. What does Mr. Huskisson intend to infer from this? Does he mean to say, by this application of the term *intrinsecal*, that 5 dwts.  $\frac{1}{2}$  grs. of bullion, at the present market-price, is worth 24s. 6d.? There was no necessity for him to repeat this assertion so often, and in so many shapes; for every one is ready to allow it. But if he means to say, that the same weight of *coined* gold stamped into, and remaining under, the denomination of a guinea, will legally purchase that quantity of bullion any more than 21s. in Bank-paper, I deny his assertion, and defy him to prove it.

I am sorry, exceedingly sorry, to be guilty of such evident repetition, in travelling the same ground over and over again; but whatever may be my regard for the writer, and whatever my conviction of the innocence of his intentions, it is impossible, whilst convinced of the evil consequences, not to use my best endeavours to sift and counteract the mischievous errors of the doctrine.

I would willingly pass over, if possible, the next pages\*; for I think my Honourable Friend can hardly be serious in his choice of the alternative between the present state of things, with all its air-built, its imaginary grievances, and the really disgraceful, and not more ruinous than unnecessary proposition, of lowering the standard of our coin:

But he proceeds to ask, "*What would be the real difference between a state of law, which either leaving the guinea at its present weight and fineness, should raise its denomination to 24s. 6d.; or leaving it at its present denomination, should lower its standard to 4 dwts. 14 grs. and a state of law which obliges every man (I suppose he meant to say, "would oblige," for it must certainly be intended to state the case hypothetically, and not to assume the fact), to receive the latter quantity of gold as 21s. or to give 24s. 6d. for the former?*"

But, in order to meet this most inaccurate (I must say, this most unfair) statement, in both ways; and taking it as intended either for matter of fact, or as the subject of hypothesis, I beg leave to ask my Honourable Friend two plain questions—to which, I request as plain and direct answers;—but as he

\* Pages 18, 19.

may not think it worth the trouble of affording those responses, I will answer them myself, in the only way which seems to me to be consistent with law, sense, and truth.

First, Does the law, in its present state, oblige any man to receive 4 dwts. 14 grs. of gold, either coined, or uncoined, as 21s.?

Secondly, Would the law lay any man under either of these specific obligations, by making a Bank-note a legal tender?

To the first of these questions I return a most decided and unqualified negation, in both its branches. I defy any man breathing to show me a single section, in any statute of the kingdom, by which any thing like 4 dwts. 14 grs. is either specifically and actually, or virtually and by construction, offered as an equivalent for 21s.: on the contrary, the Legislature, in the most plain and unequivocal language, says, that no one shall be obliged to receive as a guinea, that which weighs less than 5 dwts. 8 grs.; so neither is there any legal enactment which, by the most strained construction, can be tortured into an obligation of giving 24s. 6d. for a guinea of full or passable weight; but, in direct contradiction to the assertion, it clearly and positively interdicts, on pain of heavy punishment, the offering or receiving of more than 21s. in ex-

change for such a coin; and has been already contradicted, by the Honourable Gentleman himself, in his own pamphlet (page 16), where he instances the conviction of a man for this very infraction of the law.

Let us now see, in answer to the second question, which bears on the hypothetical construction of Mr. Huskisson's argument, what would be the effect as to the same obligations, on the supposition that the Legislature had converted Bank-notes into a legal tender. And to this question I also give the same unqualified negative as to the first; and it must be remembered, that I am now confining myself to the simple fact, whether such enactment would have the effect of forcing any man to receive 4 dwts. 14 grs. of gold as 2 rs. or of giving 24s. 6d. for 5 dwts. 8 grs.; reserving to myself, as completely distinct from the present question, any opinion I may hold of the propriety of making such enactment. But, surely, no man can go the length of asserting, that a Bank-note is in the smallest degree more the representative of 4 dwts. 14 grs. of gold, than the guinea, which, though it weighs 5 dwts. 8 grs. will, equally as the Bank note, go no further in the purchase of gold, that is to say, of uncoined bullion, than 4 dwts. 14 grs. at its present market-price. And as

for giving 24s. 6d. for 5 dwts. 8 grs. it would, in all cases, and under both states of law, be equally interdicted with respect to *coined gold*; and a mere matter of speculation with regard to *bullion*, at the perfect option of the individual, to whom it is, and would be, equally open to give, or to receive, either a guinea and 3s. 6d. or a Bank-note and 4s. 6d.; for the Bank-note and the guinea would still remain at the same proportional value, under either provision. THIS I AFFIRM TO BE SOUND LAW, PLAIN SENSE, AND INCONTROVERTIBLE TRUTH.

And here I could be well contented to close my case, as the strong ground from which I defy my Honourable Friend's ingenuity to force me. But there is an error imputed by Mr. Huskisson, to those who do not agree with him in this *imaginary* depreciation of the paper part of our currency, that they "*reason as if they had persuaded themselves, and endeavour to persuade others, that Bank-paper is the real and fixed measure of all commodities.*" Now I, as one of the dissentients, positively deny any such imputation; I never had the slightest intention of establishing Bank-paper as a real, fixed measure; but merely contend, that it is a very convenient, cheap, safe, and efficient *representative* of that measure. I have con-

versed, on the same subject, with many very sensible and well-informed men; most of whom were as unfortunate as myself in holding opinions different from those expressed in the Report of the Committee, and defended by my Honourable Friend with so much eloquence, but I must also say; with so much more *sophistry* than that with which he is so ready to charge his opponents. I have also read several very able publications on the same side of the question; but neither verbally, nor in print, have I heard or seen a word to justify this charge: though we certainly do hold gold, that is to say *uncoined* gold, to be "*one of the articles, of which in common with others the value is to be ascertained by a reference to this invariable standard and universal equivalent;*" which standard, however, is, in this country, not "*Bank-paper,*" nor yet metallic currency, but the only true national measure of value, the pound sterling, in money of account, whether represented by guineas in gold, shillings in silver, or Bank-notes in paper.

And this brings me to a part \* of Mr. Huskisson's argument, on which he seems to rest his principal reliance for the proof of his supposed depreciation of the paper currency, as

\* Pages 21, 22.

compared with the current metals; at least, where he appears to enjoy, with no small degree of exultation, an anticipated triumph on the complete surrender of his adversaries' case, in the inference he chooses to draw from the evidence of Mr. Chambers\*; but let me request the particular attention of my readers to that gentleman's evidence as detailed in the Appendix to the Report of the Committee; and we shall then see whether my Honourable Friend has taken much by his motion.

Mr. Chambers being asked, "*Do you consider a Bank of England note for one pound, under these present circumstances, as exchangeable in gold for what it represents of that metal?*" answers, "*I do not conceive gold to be a fairer standard for Bank of England notes than broad-cloth or indigo.*" But the question being repeated, his second answer is, "*If it represents twenty shillings of that metal at the coinage price, it is not.*"

And on this Mr. Huskisson exultingly observes, that "*in these answers the leading doctrine is manfully and ingenuously asserted and maintained, and that all who stand up for the undepreciated value of Bank-paper, however disguised their language, must ultimately come to the same issue.*" Be it so: on such premises

\* Minutes of Evidence, page 137, octavo edition.

I am content to join issue with the advocates of depreciation. And now what follows? Mr. Huskisson proceeds to say, "*Mr. Chambers plainly avows that he does not conceive gold to be a fairer standard for Bank of England notes, than indigo or broad cloth;*" and that "*a one-pound note DOES NOT represent twenty shillings of that metal at the coinage price.*" I have known my Honourable Friend too long to suspect him of any thing like wilful misrepresentation, and can, therefore, only impute his error to misapprehension of Mr. Chambers's answer; a mistake arising, in a great measure, from the ambiguous wording, and want of clearness of the question; which, as it was framed, appeared more like that of an *ex parte* counsel, who wished to puzzle a hostile witness, than that of a senator, endeavouring to elicit truth, to whatever side it might tend; for, as it was put to the evidence, he could only state, what is really the fact, "*that gold,*" meaning bullion, or *uncoined* gold, "*was not, in his conception, a fairer standard for notes than broad cloth or indigo.*" And if the Committee meant gold *coin*, it should have been so expressed; indeed, if I had been on the Committee, I should, after his second answer, have followed it up with another question, whether he considered a *guinea*, under the present circumstances, to be more exchange-

able for its weight in bullion, than the Bank, note for its proportioned nominal value?

But the grand misrepresentation arises from the second part of Mr. Chambers's answer; and that, not from a *misconstruction*, but from an absolute *alteration* of his very words; for Mr. Huskisson states that gentleman to have said that "*A one pound note DOES NOT represent twenty shillings of that metal at the coinage price.*" Now the fact is, that he, Mr. Chambers, being asked, "Do you consider a Bank of England note for one pound, under these present circumstances, AS EXCHANGEABLE IN GOLD, for what it represents of that metal?" answers most clearly and explicitly, "*If it represents twenty shillings of that metal, at the coinage price, IT IS NOT.*" It is not *what?* why, not *exchangeable* against its value in gold, that is to say, *uncoined* gold, to which his answer, taken by the context, and by his other answers, most obviously refers. And why not so exchangeable under these present circumstances? Because, under those circumstances, the Legislature has very wisely restrained cash payments; and also because the market-price of bullion being at present considerably higher than the mint-price and standard value of a guinea, neither \* the

\* Evidence of Aaron Asher Goldsmid, Esq. 22d February 1810.

"At the present price of bullion, how much must be paid, in



guinea nor the Bank-note is at present interchangeable against the weight in gold of its

*Bank of England notes, for a bar of gold in weight and fineness equal to 100 guineas?"*

*"No distinction is taken whether the payment is made in Bank-notes or coin; in sterling money the calculation is easily made in the proportion of 3l. 17s. 10½d. to 4l. 10s."*

It is rather curious to observe, that on the next day, viz. 23d February 1810, the following question is put to the same gentleman, with reference, or what is meant as reference, to the above answer:—"You have already stated the difference between gold, which is our standard, and paper, to be as between 3l. 17s. 10½d. and 4l. 10s.; or nearly 16 per cent.:—if a person, therefore, at Hamburgh, sends over a bill for one hundred guineas, how is it paid?"—"I stated that the difference between the market and the mint price was about 16 per cent.; but I did not make any difference between Bank paper and the coin; the bill can be paid either by the exportation of gold and silver or other commodities; or the purchase of a bill here." I confess, that if I had enjoyed the honour of being a member of that Committee, I could never have silently permitted such an evident misrepresentation of his former words to be put to him.

Evidence of William Merle, Esq. 24th February 1810.

*"When you buy gold, you pay for it in Bank-paper?"*

*"Yes."*

*"The payment being made in Bank-paper, the price is 4l. 10s. per ounce?"*

*"What I have sold for the home trade I had only 4l. 8s. for."*

*"If you were to pay in guineas, should you get the gold at a cheaper rate?"*

*"I could not pay in guineas, I cannot get them."*

nominal value. But is there a word in Mr. Chambers's answer, that can be *twisted* into an assertion that a Bank-note *does not* represent twenty shillings, as much as a guinea represents twenty-one pieces of that denomination?—and

*"Supposing you had guineas to give, could you not buy that gold at a cheaper rate than 4l. 10s. per oz.?"*

*"No; I should not offer a less price certainly; if I was to buy any quantity of gold, and pay for it in guineas, I should offer the same price as in Bank-paper."*

*"When you speak of the Mint price being 3l. 17s. 10½d. an ounce, do you calculate that in gold coin or in Bank-paper?"*

*"We make no difference; and I do not believe there has been any difference in paying in specie or in Bank-paper."*

This gentleman is afterwards asked several questions about the value of a gold cup, equal in weight and fineness to 100 guineas; and all his answers go, invariably, to prove that Bank-paper and gold coin are exactly equal in circulating value; but would only lengthen an extract already too long, and may be seen in the Minutes of Evidence, as printed in the Appendix to the Report of the Committee.

And Mr. A. A. Goldsmid, in a subsequent examination (26th Feb.), being asked, "*Whether, if about to purchase on his own account, a gold bar of the weight and standard of 100 good guineas, and he had money enough in Bank-notes in one drawer, and in specie in another, to complete the bargain, he would make any difference in paying the seller in one money or the other?"* he answers, "*I never would make a bargain in which there should be any difference.*" It is not necessary to say a word more on the very exact concurrence of the evidence given, the Report framed thereon, and Mr. Huskisson's representation of it in his pamphlet.

yet it *seems* very improbable that Mr. Huskisson should not know that, at this moment, supposing the market-price to be 4*l.* 13*s.* 4*d.* per oz. it is just as easy for him to purchase 4 dwts. 10.832 grs. of bullion in the market, of any fair and legal dealer with a pound note, as it is to procure from the same merchant 4 dwts. 16.1736 grs. at the same price for a guinea in gold coin.

I agree with my Honourable Friend in a great many of the grounds on which he attributes to the precious metals those qualities, which seem to him to give them a general and exclusive preference, but in my opinion only a partial one, adapted merely to particular occasions, over all other equivalents, in settling and measuring the barter of commodities. I concur with him, that, in the few cases where the transfer of commercial commodities between distant countries cannot be settled as matter of account; and where it is necessary that some substantial, and generally received article of intrinsic value, and therefore generally disposable, should take place of the more usual mode of paying balances by the negotiation of bills—that there the precious metals, not as *coin*, but as *bullion*, are preferable to any other article, as being “\* *less bulky*

\* Mr. Huskisson, page 23; and Sir James Steuart's Polit. Econ. book ii. chap. 3.

*in proportion to their value;*” as being “*accurately, easily, and almost infinitely divisible;*” as “*less subject to decay;*” and “*more homogeneous and uniform in quality:*” but I am not certain that they are “*less liable to fluctuate in their supply,*” or “*less liable to be counterfeited or adulterated.*”

But he proceeds to declare his opinion, that “*gold in this country, as silver at Hamburgh, is really and exclusively the fixed measure of the rising and falling of all other things in reference to each other.*” This I have already denied, and therefore need not repeat my arguments.

Mr. Huskisson next says, “*The article itself which forms this standing measure, never can rise or fall in value with reference to this measure—that is, with reference to itself.* A POUND WEIGHT OF GOLD NEVER CAN BE WORTH A POUND AND A QUARTER OF GOLD; and being divided, in this country, into 44 and  $\frac{1}{2}$  pieces called guineas, an ounce of this gold will always be worth  $\frac{1}{2}$  of this sum, or 3*l.* 17*s.* 10 $\frac{1}{2}$ *d.*” Now this is all very pretty in theory, but the fact is unfortunately just the reverse; as a pound weight of uncoined gold, at the very instant when Mr. Huskisson was committing these philosophical effusions to the press, could not be obtained for less gold coin than that quantity which by the law of the land is not passable unless it

weighs 1lb. 2oz. 7 dwts. 13.8 grs. or very nearly that weight which he was then telling us in theory, it was impossible it ever should be equal to.

For an answer to the whole of the next page (24) I have only to refer to the reasons already given, in the preceding part of this publication, why gold is not, nor ever could be, the fixed measure of other commodities; and why the money of account always was, I mean ever since the commencement of any thing like regular commerce, and must continue to be, the sole standard and measure of all value.

In his 25th page, Mr. Huskisson states two causes of depreciation in the currency of a country:

*"1st, By the standard coin containing a less quantity of the precious metals which forms that standard, than it is certified by law to contain."*

This is correct:—But next we come to the grand question on which the Committee, and all the advocates of theory and abstract reasoning, seem to be at issue with the practical men of business:

*"2d, By an excess in the amount of that currency."*

And by this latter, after having stated, with sufficient accuracy, the periods and duration of

the temporary evils arising from the first cause, with the remedies applied to them, Mr. Huskisson asserts that the depreciation, of which he is pleased to assume the existence, must be occasioned;—let us try with what justice.

I confess that my comprehension will not easily embrace what is the clear and specific application, I mean the *practical* application, of the term *excess* in this instance. Is it to be understood as signifying a surplus beyond what the real necessities of commercial intercourse can be made easily and wholesomely to absorb in the usual and regular channels of circulation? But how can this arise? Are we to imagine that the well-dressed gentleman who performs his diurnal parade in scarlet and blue before the portal in Threadneedle Street, keeps his pockets stuffed with Bank-bills like those of a quack-doctor or the keeper of a lucky lottery-office, to cram into the hands of reluctant receivers, as they pass in pursuit of their daily occupations; and this without any equivalent, or even without a valuable consideration? or are we to believe, what is told us in their evidence before the Committee, by the present and late Governors of the Bank of England, men chosen for their extensive knowledge and practical experience in the pecuniary transactions of the commercial world, to preside over the immense concerns of

that unrivalled establishment,—that they never issue a note except for advances to Government on the voted taxes, loans, or exchequer-bills; or otherwise on the discount of good bills drawn for a limited period, on *bond fide* mercantile transactions, accepted by bankers or merchants of known credit, and even to them only in certain limited proportions\*; in every one of which cases the notes themselves being returnable on them in payment in a short time, it is utterly impossible that any such excess can be issued and kept out in circulation; for even if

\* “What a bank can, with propriety, advance to a merchant or undertaker of any kind, is not either the whole capital with which he trades, or even any considerable part of that capital; but that part of it only, which he would otherwise be obliged to keep by him unemployed, and in ready money, for answering occasional demands. If the paper money which the bank advances never exceeds this value, it can never exceed the value of the gold and silver which would necessarily circulate in the country if there was no paper money; it can never exceed the quantity which the circulation of the country can easily absorb and employ.”

“When a bank discounts to a merchant a real bill of exchange, drawn by a real creditor upon a real debtor, and which, as soon as it becomes due, is really paid by that debtor, it only advances to him a part of the value which he would otherwise be obliged to keep by him unemployed, and in ready money, to answer occasional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the interest.”—ADAM SMITH, book ii. chap. 2.

any thing like an excess, above the common average of discounts, were delivered to the merchants in any one month, it is completely evident that within the two next months, or in the third at the latest, there would be such a decrease of demand for fresh issues, and such a return of the excessive issue already made, by the payment of those bills in an equal quantity\* of their own notes, as must necessarily cause a very great, sudden, and visible diminution in the total amount of notes in circulation; and even in this case the evil, if it be one, would almost immediately cure itself by such unforced and natural decrease in the fresh issue. But what say the Returns laid before the Committee by the Accountant-General of the Bank? Do they exhibit any thing of this sort? Do they afford an evidence of any such violent and sudden fluctuation? one solitary instance alone excepted; which I shall point out presently; but which having taken place two years before the suspension of cash payments, cannot, by any mode of reasoning, be argued into a

\* The quantity returned will, in fact, be superior by the whole addition of the discount, or interest deducted:—for instance, in discounting a bill for 1200*l.* for two months, at five per cent. the Bank will only issue 1190*l.* but receives back the full 1200*l.* or 10*l.* more than the original issue:—and so in proportion on the whole amount of their advances of every description.

consequence of that measure; or does it not, on the contrary, appear, that although from the beginning of the year 1795 to the 7th March following, the general average of Bank-notes in circulation increased gradually from a little more than ten millions to about thirteen and a half, and on the 14th of the same month, rose to something above fourteen millions, but on the 21st (the instance alluded to, and which might probably be affected by the loan of upwards of four millions then raised for the Emperor of Germany) dropt at once to between nine and ten millions; yet from that time to the 12th December following, they kept nearly stationary, with an almost imperceptible but equally gradual rise from ten to not quite eleven millions; in the middle fortnight of that month they rose for a short time to between twelve and thirteen, from whence to the middle of May 1796 they settled gradually down to about ten and a half; and from that time to the 25th \*

\* The day before the Minute of Privy Council, dated 26th February 1797, by which the first order for restricting the cash payments of the Bank of England was issued; which order was subsequently legalized, and the persons acting under it indemnified, by the Act of 37th of the King, cap. 45. passed on the 3d May following, to remain in force only till the 24th June in the same year. But its provisions, with some few alterations, have been since continued by several other statutes, and finally extended to six months after a definitive treaty of peace.

February 1797, kept narrowing by degrees to about eight millions. On the 1st March, being the first weekly return after the suspension, about one million of small notes, under five pounds each, then first issued, were added to the former amount. Since which period the increase has been nearly regular up to the date of the last return, on the 12th May 1810;—when the small notes amounted to six millions, and those above five pounds each to fourteen millions.

Now is there any thing in this recapitulation which can furnish the smallest ground either for assuming a depreciation of the paper part of our currency as compared with the metallic portion (an assumption to which no practical man that I have conversed with gives the smallest credit), or for attributing that scarcity of the coins, which every one acknowledges to exist, to the *consequences* of an excessive and erroneous issue of the notes of the Governor and Company of the Bank of England; who, on the contrary (in the only instance in which I could at all venture to accuse them of any thing like an error in judgment; and even for this they may fairly plead excuse in the fear of an increased call for coin, and the uncertainty of obtaining the remedy afterwards

supplied by the timely interference of the Legislature), seem rather to have too much narrowed their issues for some time previous to the suspension of cash payments.

It is a fact, however, well worthy of observation, and has a powerful bearing, in my mind, on the fallacy of the *imputed* excess of issue, that the amount of small notes under five pounds each, at present in circulation (according to the latest return before the Committee), and which can only have supplied the place of cash in small payments, and in the change of larger notes, is about six millions, at which it has remained very nearly stationary during the whole of the present year (1810), as far as the Returns extend: that twenty-one millions was, by the same Return, the aggregate circulation of notes and bills of the Bank of England, of every denomination at the same period: that about one million is to be deducted for the value of Bank post bills included in the last-mentioned amount: that the average of Bank of England notes of five pounds and upwards each, has not, from the 1st January 1810, to the 12th May following (being the latest ascertained period), exceeded fourteen millions in value: that the average of the corresponding period in 1795, was about eleven millions and a half.—So that, allowing the six millions of small notes

issued in 1797 to have replaced the *whole*\* of the money coins withdrawn from the national

\* Since the above was written, and ready for the press, I have seen a very able series of Letters on the high Price of Bullion, by Mr. Hill, a gentleman of great mercantile information; in the fourth of which he has given a computation of the probable decrease in the quantity of circulatory gold since the recoinage which took place between 1774 and 1777, which seems to be so fairly grounded in probable fact (and it is not necessary to be minutely precise), that I am very glad to avail myself of the Christmas slumbers of the printing-house, to introduce its substance in a short note.

Mr. Hill quotes the authority of Lord Liverpool and Mr. Rose, for stating the recoinage at 20,447,000*l.* and adding 5,000,000*l.* more for that which remained in circulation without being called in; making together 25,000,000*l.* and upwards as the total amount of the gold coin of full or passable weight in the kingdom in 1797. In the six years intervening before the close of the American war in 1783, the additional coinage was not quite four millions, which Mr. Hill very justly thinks not equal to replace the amount exported during the same period to defray the expenditure in the western hemisphere. But he supposes that the gold coin remaining in circulation after that time did not much exceed 20 millions. To 1792, 18 millions more were coined; of which, however, it is ascertained that 11 millions were re-coined from light gold melted down, leaving only a clear addition of 7 millions, during that period, and fixing the amount of circulating gold at about 27 millions at the commencement of the continental war in 1793. From whence he deducts the same sum of about 7 millions in round numbers for the balance of payments against us at the end of the four next years, viz. about 33,000,000*l.* deducted for continental expenditures and loans, and 26,000,000*l.* added as a set-off

circulation, an allowance which, however, I am by no means disposed to concede—even in that case I find myself warranted in asserting, that the total addition made to the circulating medium during the last fifteen years, by means of the issues of the Governor and Company of the Bank of England, cannot have greatly exceeded two millions and a half, and is probably still less : because, whilst the six millions of small notes must necessarily be confined to pay-

on account of the favourable balance of trade, from whence the above mentioned sum of 7 millions, as an unfavourable balance on the totals of receipts and payments, leaves our stock of circulating gold again at 20 millions, at the æra of Bank restriction in 1797. Mr. Hill proceeds to compute the probable decrease of the circulating gold at one million per annum for the last twelve years (including 1809), and thence supposes the remaining stock in the kingdom to be reduced to about 8 millions :—and this he thinks may be divided nearly thus :

Coffers of the Bank, about	—	—	4 millions.
Gold in circulation	—	—	2
6 or 700 Country Bankers, at 12 or 1500 gs. each	—	—	1
Hoarded in private hands	—	—	1
Total about 8 millions.			—

The bullion he supposes may be one or two millions more. It is evident, that this is but a loose calculation, and founded throughout on very uncertain data ;—but if it is any thing near the truth, the additional issues of the Bank have not filled up the chasm, instead of overflowing it.

ments under five pounds, which could not have been effected by any thing but coin previous to their issue, it is well known, that many payments between that amount and twenty pounds (or, perhaps, as far as thirty), which used to be made by means of coin, are now only to be liquidated by notes of five and ten pounds each : so that, in all probability, there is a still further deduction to be made on that account ; and we shall, perhaps, be nearer the fact, in estimating that the actual addition to the circulating medium of the country, created by the paper issues of the Bank of England, since the beginning of 1795, up to the 12th May 1810, that is to say, during the last fifteen years, has not exceeded, in its utmost computable aggregate, the value of two millions sterling.

But let us take into our consideration the combined amount of both Bank-paper and coin, at each extremity of that period, and we shall probably find, that, as far at least as they are concerned, instead of any excessive augmentation, there has been a very considerable diminution in the circulating medium of the country, and that too during a period when the various payments and transfers of property to be effected thereby, have increased to nearly a two-fold amount.

I am led to believe, from all the different documents I have perused, and from the various information I have been able to obtain, that in the year ending on the 5th of January 1796, the whole of the circulating medium issued from the Mint and Bank of England, and then remaining in circulation, might be from 38 to 40 millions, or somewhere about 39 millions—estimated as follows:—

Gold coin, from	24 to 25	millions.
Silver and copper	2 to 2½	
Bank-paper, including post-bills	12 to 12½	
Total . .	38 to 40	—Average, 39 mil.

In the year ending 5th January 1810, the following is the most probable estimate of the same articles:—

Gold coin, from	8 to 9	millions.
Silver and copper	1½ to 2	
Bank-paper, including post-bills and small notes	19 to 20½	
Total . .	28½ to 31½	—Average, 30 mil.

Here, then, as far as the issues of the Mint and Bank of England are employed, we see a

fair probability of a *decrease*, amounting to no less a sum than nine millions, in the circulating medium during the last fifteen years; and those, all years of unparalleled trade, both foreign and domestic, and of military and naval expenditure unequalled in the financial annals of the nation: the increase of which may be pretty fairly estimated from the following brief sketch of the transfers to be effected for the payment of commercial exports and imports in each of the years before mentioned, and of the net payments into the receipt of the Exchequer, in each of them, which were as follows:—

	1795.	1809.
Official value of exports .	£. 27,123,339	£. 50,301,763
Ditto of imports . . . . .	22,736,889	36,255,410
Ditto of both . . . . .	£. 49,860,228	£. 86,557,173
Add ½ difference between official and real values }	16,620,076	28,852,391
Real value of both . . . . .	£. 66,480,304	£. 115,409,564
Net payments into Exchequer *, about . . . . .	38,000,000	76,000,000
Aggregate of commercial and financial payments, as above . . . . .	£. 104,480,304	£. 191,409,564

\* I have put down thirty-eight millions, in round numbers, for the Exchequer receipts of 1795; because, although the loan and taxes for that year did not produce quite thirty-five, yet, as there were several contingent payments, the



And now, having measured our lever, and viewed the unwieldy mass to be put in motion by it, let us see how the power will prove proportioned to the resistance.

In the year 1795, 104½ millions of payments were to be effected by 39 millions of money; whilst, in the year 1809, 191½ millions were to be made good by means of only thirty;—that is to say, whilst the former power was to the resistance as 1 to 2½, the latter is only in the proportion of 1 to 6¼; or, in the plain and practical language of real business, whilst in the course of the annual payments of the former, each Bank-note or guinea would have returned to the coffers of the Exchequer\*, or the repositories of the Bank, about once in five months; during the latter year, they must

exact amount of which I could not obtain, without losing more time than the precision was worth, I have added that which I am assured, from the best authority, is fully equivalent to their utmost sum. The year ending 5th January 1810, was also nearer seventy-seven millions than seventy-six.

\* This is not to be understood literally, as of the same identical piece of paper, but of an equal quantity: it being well known that the Bank never re-issues the same note, but invariably cancels the old notes, and delivers new ones, on all occasions—but the effect is the same precisely.

have performed the same revolution in something less than two months.

If, then, the whole circulating medium afloat in 1795, was not found to be too great for the operations it was to perform, and that none of those ill effects, which the Committee are pleased to attribute to the present *supposed* excess, were *then* even glanced at, is it possible for any reflecting mind, in contemplating the disproportionate increase of payments, both public and private, since that period, and the actual diminution of the aggregate issues of the Tower and Bank, which, notwithstanding the wide distinctions Mr. Huskisson endeavours to establish between them, must always be taken together, as forming the whole of that medium which, by law, is either *compelled* or *allowed*\* to be received as *money*—is it

\* Mr. Chalmers having published his very valuable "CONSIDERATIONS on Commerce, Bullion, and Coin, &c." since the above was written; and having therein (page 158) quoted an opinion of the great Lord Mansfield, to show that notes of the Bank of England are, in the eye of the law, considered as cash, I have taken some pains to make myself master of the case, in which that opinion was delivered; and although I am not prepared to take that opinion *quite* so broadly, either as the learned Lord has laid it down, or as Mr. Chalmers appears to me, on a first reading of his book, to have taken it up; I feel myself completely born out, by the *unanimous* decision of the Court of King's Bench, in my

possible, I repeat, for a reflecting intellect to view, in this, any thing resembling an excess

expression in the text, that Bank-paper is legally *allowed* to be received as cash: for, though I think Lord Mansfield's opinion *rather* too strong, when he says, that such notes had, "*by the general consent of mankind, the credit and currency of cash to ALL intents and purposes;*" because, if this were strictly and literally the case, they must have been a legal tender, and there could not then have been any necessity for the protecting statute of 1797, to guard the Bank of England from an exhaustion of gold, in the unprecedented demand then already experienced, and still more to be dreaded for the payment of their notes in coin; and here, undoubtedly, the *exceptio probat regulam* must operate in bar of too broad and general a construction of the Noble Judge's opinion—which I am rather inclined to construe as bearing on the transitory nature of the property to be acquired in them\*, than on their possession of *all* the qualities of *coin*—for *money* I assert them to be; yet, however qualified my construction of the case may be, on its general merits, I have always held the common law to be, that, if a tender of a lawful debt had been made, and not excepted against at the time of tendering, but received, in Bank-notes, although no receipt should have been given—that no subsequent exception could be pleaded against the proof of such payment in full and legal acquittance of the original debt. And this I look upon as fully supported by that part of Lord Mansfield's opinion,

\* Which was, in fact, the main point of the case, being an action of trover to recover a Bank-note robbed from a mail, from the holder thereof for a valuable consideration.—*Miller v. Race*—*Burrows*, i. p. 452.

in the increased amount of the Bank of England paper? or does it not go a great way beyond a simple negation of the imputed excess; does it not even afford proof, at least *prima facie* proof, of a very considerable want of Bank-paper, beyond the actual issues, to keep pace with the great extension of public and private payments, and at the same time to fill up the void in the circulation occasioned by the impossibility of finding a sufficient supply of the precious metals for that purpose—especially under the particular circumstances of the continent of Europe; which, whatever may be advanced to the contrary, must, beyond all doubt, have caused a much greater demand for them there, where paper credit and confidence are, for the present, almost annihilated. For if 39 millions of current coin and Bank-paper were necessary—and I have not heard it denied that they were—to fill the channels of circulation in the year 1795, when the aggregate of financial and commercial payments may be estimated at 104½ millions, by the same ratio of calculation, we might suppose that the same payments,

which says, that they "*are treated as money, as cash, in the ordinary course and transaction of business, by the general consent of mankind, which gives them the credit and currency of money.*"

amounting, in 1809, to no less than 191½ millions, would require a circulating medium of 76½ millions, to effect them with the same punctuality and dispatch. And we are not in possession of the evidence of any greater means of facilitation afforded to the progress of the circulating medium during that period, except the known principle of greater proportional activity in increased exertion. But we have the particular testimony\* of the Inspector of the Clearing-house in Lombard Street, that though the quantity of daily business transacted there, by all the bankers in the City, has increased *very considerably* of late years, and that the common business amounts to the average of 4,700,000*l.* † *per diem*; and on settling days at the Stock Exchange, to no less than FOURTEEN MILLIONS; yet, that there has not been any change in the system for the last thirty-five years, which could at all alter the proportional amount of Bank-notes passing.

In this stage of the enquiry, then, it should seem, as if the Bank, instead of discounting

\* Examination of Mr. William Thomas.—Minutes of Evidence, Append. Report, oct. ed. p. 236.

† The number of bankers being specified to be forty-six, makes the average of business, so transacted by each, to be about 100,000*l.* *per diem*; exclusive of those at the west end of the town, who make all their daily payments in Bank-notes.

too much, had, in fact, issued infinitely too little; and that by a sum so enormously large, and which would have increased the proprietors' profits, to an annual amount, so extensive, as must argue either an *uncommon* degree of self-denial in men, whose whole occupation is that of making as much gain as they can fairly and honestly acquire—or else, that we must infer something not *quite so accurate as it should be*, in that opinion of the Committee which tells us, that, since the restriction of cash payments at the Bank, the Directors are without control as to the limits of their issues. Let us see whether this be sound reasoning, born out by evident and admissible testimony, or whether it shall be found to be the mere assertion of the framers of the Report,

*“Unvouch'd by substance, unally'd to proof.”*

The Committee\* have charged the Directors of the Bank, with holding and maintaining a fallacious doctrine, with respect to their opinion, that no excess of their paper can be issued, and kept out in circulation, without returning upon them the moment such issue becomes unnecessary in the usual channels of circulation; and the reason assigned for such

\* Report, octavo edit. p. 55.

charge in the Report, is principally this\* :—that “ So long as the paper of the Bank was convertible into specie, at the will of the holder, it was enough, both for the safety of the Bank and the public interest, in what regarded its circulating medium, that the Directors attended only to the character and quality of the bills discounted, as real ones, and payable at fixed and short periods. They could not much exceed the proper bounds in respect of the quantity and amount of bills discounted, so as thereby to produce an excess of their paper in circulation, without quickly finding that the surplus returned upon themselves in demand for specie.” Yet, that since the Restriction Acts have removed this check, there is nothing but “ † that integrity and regard to the public interest,”—that “ forbearance in turning” this “ new and extraordinary discretion to the profit to the Bank ;” for which, the Committee have so justly given the Directors credit, which can at all limit their issues.

The Committee here seem to dwell upon the convertibility of Bank-notes into specie, as the true criterion for distinguishing the proper quantum of good bills to be discounted : but, in a subsequent passage ‡, they express them-

\* Report, octavo edit. p. 53.

† Ditto, p. 58.

‡ Ditto, p. 62.

selves, “ only anxious to remark, that the largest amount of mercantile discounts by the Bank (if it could be considered by itself), ought never, in their opinion, to be regarded otherwise than as a great public benefit ; and that it is only the excess of paper currency thereby issued, and kept out in circulation, which is to be considered as the evil.”

In the long-past hours of early scholarship—the “ annos felices, lætitiæque dies,” at the Charter-house, I recollect a sort of exercise distinguished by the undignified title of “ nonsense verses ;” in which, provided a set of harmonious words were collected together according to strict prosodial arrangement, all attempts at rational connexion were dispensed with ; and where, in short, sense was completely sacrificed to sound. To these I do not, by any means, wish to compare the passages in question—though, I must confess that the first reading of them did bring to my mind a sort of faint and involuntary recollection of the boyish task above-mentioned. But, seriously speaking, I am utterly unable to grasp their meaning—and especially so, if the two passages are taken together.

To the latter, though loosely and inaccurately expressed, I have no very particular objection, as far as I can understand it—being

firmly of opinion, that so long as the Bank Directors discount only *bonâ fide* bills, they cannot but do good in the largest amount they can issue; and that not so much from the necessity of any limits being put to their power of issuing, as because, on good bills, it is impossible for the merchants to ask, and have complied with, a greater demand than that which must benefit, generally speaking, both themselves and the public. But what is meant by the evil arising from the excess of paper thereby issued and *kept out in circulation*, I really do not comprehend. They have already allowed the issue to be good in itself, provided that the security is so upon which the issue is made; but let me request the framers of that Report, to inform me as to the specific nature of the great public benefit to ensue from thence, to which they meant to allude, if it is not the bringing into circulating activity the value of that bill which would otherwise have lain dead for two or three months, but which must inevitably return upon the Bank at the expiration of that period; and, as to the additional discount which may have taken place by that time, as mentioned by the Committee \*, this has no connexion with the

\* Report, oct. edit. p. 56.

former, but is a completely separate issue, arising from a new and distinct necessity; and must, upon the Committee's own admission, be equally good with the former, being made upon the same principle. And as to any effect upon the price of commodities; a very few words will show this assertion to be as unfounded as any thing I have yet attempted to correct. For if A, trading to Russia, should sell to B, a ship-chandler, a certain quantity of hemp, tallow, and tar, for which he receives a bill for 1200*l.* at two months after date, drawn on and accepted by the house of C and Co. merchants, and ship-owners, of undoubted stability,—which bill is discounted by the Bank, who issue to A their notes to the amount of 1190*l.*; by which the circulating medium undoubtedly acquires such an increase—yet it is sufficiently evident, not only that, at the end of two months, the Bank will have received again from C, and *cancelled*, more notes by 10*l.* than what they originally delivered to A, but that, also, in the mean time, the stock of ship-chandlery in the market, has been permanently increased by such an equal value of those articles, as shall prevent their rising on the consumers, at least so far as the relative and proportional issue of Bank-notes can be implicated.

But, says the Report, by this time, a fresh issue has taken place upon another discount (for it is not presumed to be a renewal of the same advance, which would then be converted into the nature of an accommodation bill, a transaction very properly discountenanced by the Directors), which has enabled the Bank to deliver another set of notes to D, equal to those returned in by C, in payment of the bill discounted for A; so that, by a succession of such discounts, the Directors can not only issue, but keep out in circulation, whatever they are pleased so to emit.—But what is D, and on what occasion does he apply for this second discount? Being a merchant trading to America, he has purchased at Manchester, and exported to Boston, a quantity of cottons and calicoes worth 1200*l.*; for which he has received from the American E, a bill on F, residing in London, for that sum, at sixty days' sight; having a claim on him to the same amount, for lumber delivered to his plantation in Jamaica. Is it not, then, almost too plainly evident, to need illustration, that here the same process precisely takes place again; and the consequence of the whole transaction is exactly this, that at the end of four months the Bank has issued fresh notes, to the amount of 2380*l.* and has received back

again and annulled 2400*l.* thereby decreasing the quantity in circulation by 20*l.* instead of augmenting it; and in the mean time the market has received an addition of useful commodities, to the value of 1200*l.* by foreign production and import, and of 1200*l.* more by home-manufacture and export, exclusive of the employment and livelihood afforded in their progress to many traders, manufacturers, and seamen. And this may be extended even as "*indefinitely as the range of speculation and adventure in a great commercial country;*" and yet the effect must always continue to be the same. If discount increase commerce and manufacture—and if it does not facilitate them, for what does the adventurer pay his interest?—manufacture and commerce must necessarily bring with them an increase also of the articles in which they deal; and I have yet to learn, that augmented product has a tendency to raise the price of any thing.

That prices of all kinds have risen very greatly of late years—that rents have nearly doubled, and wages increased considerably, are all facts; but certainly not owing to any improper increase of Bank-paper; or to the idle notion of an *imaginary* depreciation in its value; an illusion which could only impose on the public fears at the first moment of false alarm;

and over which I am convinced, from every thing I hear, the good sense of the people is enabling them to triumph, more and more, every hour.

The increase of prices has arisen from the increased wealth, not only of this country, but also, previously to the present disturbed state of Europe, from the increase of riches (I do not mean the precious metals, or currency of any kind; which are only the signs, and not the substance of wealth \*) in all parts of the civilized world—from the greater luxury introduced by the greater progress of refinement; and, though last, not least, from the increase of population itself. To say, therefore, that the facilitation afforded to production by the aid of pecuniary and temporary advance, has created obstacles to the acquisition of the articles produced, is about as true philosophy, as would be his, who, speaking of a piece of complicated mechanism, should attribute to the multiplication of wheels †, an increased de-

\* "Money, by means of which the whole revenue of the society is regularly distributed among all its different members, makes itself no part of that revenue."

† "The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the society consists altogether in these goods, and not in the wheel which circulates them."—ADAM SMITH, book ii. chap. 2.

gree of friction, and a consequent diminution of the active powers of the machine.

And now, having disposed of the last of the two passages quoted from the Report of the Committee, and shown to what extent I agree with it (as far as I am able to comprehend its tendency), and in what parts I must dissent from its assumptions, let us revert to the first-recited paragraph, and endeavour, if possible, to reconcile it with plain fact and common reason.

Taking, in this part of their Report \*, a narrower ground for their operations (a piece of bad generalship, of which the more liberal extent of the subsequent opinion † seems to prove their having been aware), the Committee here assign as the only correct criterion for distinguishing the proper limitation to the issue of notes on the discount of good bills, not the increase of trade, and the consequent augmentation of call for the circulating medium; or, on the other hand, the narrowing of commercial intercourse, and decrease of necessity for money; but the actual quantity of specie which may happen to be deposited, or which the Directors feel themselves able to collect, in the coffers of the Bank, at the time. So that,

\* Page 53, oct. ed. † Page 62, ditto.

on this principle, in 1795, with a commercial and national expenditure of only about 104½ millions, as the Bank Directors might at that time, probably, be able to command about 12 millions, or one half of the gold coin then computed to be in the kingdom, they might safely and freely discount in that proportion; whilst in 1809\*, although the same expenditures, public and private, have increased to the computation of upwards of 190 millions, yet, as it is supposed, that on a like proportional estimate, the Bank may not have, at present, much more than about 4 millions of gold in their coffers, the Directors now, notwithstanding the great increase of call for such advance, should narrow their discounts in that proportion, or to about one forty-eighth part of the whole expenditure, whilst, in the former year, they might have enlarged their assistance to one-eighth, that is to say, to an extent of six-fold proportion, without any possible risk, either to themselves, or the public, on the greater issue; or without any very serious degree of evil to be expected to the commercial

\* The official documents for 1810 not being yet (January 1811) delivered, there are no data sufficiently correct for any calculations involving a later period than the preceding year.

world, as the consequence of the delusive, the *pernicious* theory, recommended for present adoption, in narrowing it now.

This seems such an extraordinary proposition to be suggested as the regulating principle of limit for the pecuniary issues of a great commercial nation—so unlike the result of grave deliberative wisdom—that I rather feel inclined to distrust the fidelity of the transcript of the opinion before me, than to receive that as authentic, which would almost tempt me to exclaim, with Marcius,—

*“ The honour’d gods  
Keep Rome in safety, and the chairs of justice  
Supply’d with worthy men.”*

It will be observed, that, hitherto, I have kept the question of Country Banks completely out of sight; yet was it not for want of holding them in recollection, or for not perceiving their necessary connexion with a complete discussion of the state of the *whole* paper currency of the kingdom; but because the Committee having said\*, “ *that so long as the cash payments of the Bank are suspended, the whole paper of the Country Bankers is a superstructure raised upon the foundation of the paper*

\* Report, p. 67, oct. edit.



of the Bank of England"—I thought it more workman-like, to finish that foundation, before I began to build upon its basis.

In the passage immediately succeeding that which I have just quoted, the Committee appear to have fallen into an error concerning the convertibility of Country Bank-notes—which they seem to confine to Bank of England paper alone, and not to extend to specie; and that I am right in so construing this passage, is sufficiently evident from the concluding paragraph of the Report \*, which says, "*It will be convenient also for the chartered Banks of Ireland and Scotland, and all the Country Banks, that they should not be compelled to pay in specie, until some time after the resumption of payments in cash by the Bank of England; but that they should continue, for a short period, upon their PRESENT footing, of being liable to pay their own notes on demand, in Bank of England paper.*"—Now, to this recommendation of the Committee, I cannot, by any means, assent, because, according to my view of the law, the liability to convert their notes, on demand, into Bank of England paper only, is not their *present* footing; as no particular statute has been passed for that purpose; and there is not

\* P. 78, oct. edit.

a word in any one of the six Acts for suspending the Bank of England payments in cash, that marks the slightest reference to the Country Banks, which in the eye of the law are mere non-entities; and here, for once, MIRUM QUOD EIDEM CREDIMUS!!!—I actually agree with Cobbett, that every holder of a Country Bank-note has a right to demand the payment of it in specie—a right so injurious, however, to general credit and confidence, under the *present* circumstances, that I am decidedly of opinion, it should be immediately suspended, by making the tender of Bank of England notes a lawful acquittance, not only in this, but every other case, for so long as the suspension of the cash payments of the Bank itself shall be deemed necessary to be continued in force. It is evident that Mr. Huskisson has adopted the same erroneous construction of the law as the Committee, because, in his pamphlet (p. 36), he says, "*a Country Bank, from its being liable, at all times, to pay its notes in those of the Bank of England, at the option of the holder, is placed precisely in the same situation, by this check upon the amount of its issues, as the Bank of England itself was, by the necessity of paying guineas, before the restriction.*"

But Mr. Huskisson goes on to ask,—  
*“Whilst near 800 Country Banks, rivals of the Bank of England, and of each other, are exerting every endeavour to put forth their notes, what is it but the check created by this power, in every holder of their paper, to demand Bank-notes or bills upon London, that prevents any local or partial excess, and keeps the circulation of every district in the kingdom upon a PAR with that of the metropolis?”*

A few moments' reflection, and a little more attentive consideration of his subject, would at once have pointed out to my Honourable Friend's general acuteness of intellect, a much more efficient and operative check against such excess, and at the same time more real in its existence—the limits of employing the issue by the person receiving it, in such way as shall fairly be expected to yield him a reasonable profit beyond the interest he is to pay for the discount, and also his faith in the solvent security of the issuer: to which, on the other hand, may also be added the confidence of the banker in the substance or integrity of the applicant—as well as in the propriety of the purpose to which it is to be applied.

But in no case whatever can the country issues be limited or increased by those of the

Bank of England, which are completely out of sight and contemplation of all the parties at the time of the transaction. Nor will the uncontrived effect be such—at least in the manner laid down by Mr. Huskisson; but if in any mode of consequence, it will be precisely the contrary, as the increase of either of the two species of paper will rather counteract than augment the other. And, indeed, the Honourable Gentleman himself (in page 39), after saying, *“The circulation of Country Bank-paper being, therefore, in exact proportion to that of the Bank of England, it follows, that, in whatever degree the issues of the latter shall be excessive, the former must partake of such excess; and, consequently, that no regulation, affecting or restraining Country Banks, could be of the smallest avail towards diminishing the total amount of the paper circulation of this country, so long as the Bank of England shall continue to act upon its present system”*—adds, *“If, in any one district, or in all the districts where Country-paper now circulates, one half of it were withdrawn, or put down, its place would be supplied with some other paper.”*—*“The result, therefore, of any intervention of the Legislature, for this purpose, besides being highly objectionable as an interference with the rights of individuals,*

*and of private property, would be only to add several millions more, and principally in small notes, to the amount of issues of the Bank of England."*

Of these two passages, the last points out what is really the fact, that Country-paper only supplies the deficiency of that of the Bank of England; and that if such paper were reduced to any considerable degree; or, indeed, to any amount whatever, the chasm must be filled up by an increase of the issues of the Governor and Company of that Bank; and that, so far from increasing or diminishing *pari passu*, the two species of paper currency operate on each other exactly in an inverse ratio, or nearly so. I leave it to my Honourable Friend to reconcile his two opinions together; to me they appear perfectly contradictory. In the mean time, however, I concur with him completely, as to the folly of legislative interference; they will each find their own level; and restriction, in any other sense than a *protecting* one, will always be productive of mischief.

It is possible that some, perhaps a good many of the Country Banks, may have been established, without possessing funds of sufficient solidity; but this I believe to be less

frequent now than in the time of the first rage for banking speculations, and probably in most cases the evil has cured itself, either by the integrity and prudence of the speculators, which have gradually improved their slight beginnings; and, in others, by the speedy insolvency of the parties, though, unfortunately, in the latter instance, at the expense of many careless, and even of some few more cautious, individuals: but these are accidents which must occasionally be submitted to, in all human adventure, and are much less to be dreaded than the more general mischief of imprudent restriction.

The popular outcry, that Country Banks have contributed to raise prices, and create monopoly, is, in my opinion, totally unfounded—indeed, on the contrary, I am strongly, very strongly, inclined to think, their advances, generally speaking, have had quite a contrary effect; and have rather tended to lower—that is to say, to prevent them from being so much higher as they would otherwise have been—than to increase, the prices of commodities; and rather to create competition, instead of monopoly, in the markets.

To judge of this with sufficient discretion, it is not enough to assume facts, and reason on them as if proved—which, I am concerned to

say, appears to me to have been too much the course of those who framed, as well as of those who support the opinions contained in, the Report—we must enquire, not only upon what sort of evidence the Committee founded those opinions; but also what weight ought, in any fair and *impartial* judgment, to be attributed to the evidence so given, and by what depth of reasoning the assertions of the persons examined were illustrated (in the absence of actual proof by demonstrable fact), so as to bring home that conviction to the minds of the members, which seems to have been so hastily, and at the same time so strenuously, adopted.

Upon the question of Country Bank-notes, the opinions of a respectable banker in the country might very fairly be expected to afford much sound and practical information; particularly if they are delivered with great clearness, are perfectly consistent with each other, and indicate a competent knowledge of the bearings and consequences of his own transactions. The Committee, therefore, very properly directed a principal part of their enquiries on the business of Country issues, and their effects on local prices, to Mr. Stuckey; a gentleman in whose acquaintance I have great pleasure, and of whose honour and integrity

I have the highest opinion; of which I should be most happy to give him a convincing proof, by entrusting the whole of my little disposable property in his hands, if residing in his neighbourhood; in perfect confidence of his complete responsibility and punctual dealing. But on a question of great national importance, the decision of which, when it shall come fully before the whole legislative wisdom of the country, will be found to involve, not only the rights and properties of thousands of individuals, nor even the present advantages alone, but hazarding the permanent solvency, and ultimate safety, of the greatest commercial nation that ever existed—when such a cast is at stake, before I touch the die, I must beg leave to throw aside, for a moment, every idea of personal respect or regard, and, previously to my taking any man's calculation of the chances, pause a little to enquire into his acquaintance with the laws of the game.

Mr. Stuckey\* being asked in what branch of trade he is concerned? answers, "*In three Country Banks at Bristol, Langport, and Bridgewater.*" And, in answer to another, "*that the business has increased considerably, at*

\* Minutes of Evidence, p. 210, &c. Report, oct. ed.

*all of them, of late years.*" And, after some other questions, not immediately necessary to be specified here, has the following question put to him; to which, and his answer, I must request particular attention:—

*"Do Country Banks find it necessary to keep a deposit of Bank of England notes in proportion to the issues of their own paper; and to the probable demands which may be made upon them for the payment of that paper?"*—"WE HAVE HITHERTO KEPT BUT A SMALL QUANTITY OF BANK OF ENGLAND NOTES, BUT A LARGE PROPORTION OF GUINEAS."

I must also request a similar attention to the following:—

*"Do you know whether Bank of England notes, circulated in the country, have increased or diminished since 1797?"*—"I have no means of ascertaining that fact; BUT THE CIRCULATION OF THE BANK OF ENGLAND NOTES IS VERY SMALL: the people in the country generally preferring the notes of Country Bankers, whom they conceive to be men of responsibility, in the country."

The next question, and its answer, are not less worthy of attention:—

*"Is it not your interest, as a banker, to check the circulation of Bank of England notes; and, with that view, do you not remit to London*

*such Bank of England notes as you may receive beyond the amount which you may think it prudent to keep as a deposit in your coffers?"*—"UNQUESTIONABLY."

If my readers have considered these three questions, and their answers, with that attentive deliberation I requested, there can be no doubt of their joining in my opinion, of Mr. Stuckey's intention to show that the notes of the Bank of England had very little share in the circulation of the neighbourhood of his *three* Banks; from whence, also, like a bashaw of *triple* dignity, my worthy Friend seems to be driving them out with great success, by means of his triumphal tails, inscribed, BRISTOL, LANGPORT, and BRIDGEWATER! But, to speak more seriously, what will those who have read, and considered with attention, the foregoing answers, think of the following, by the same person:—

*"Has it been a subject upon which you have formed any opinion, how the circulation of paper generally throughout the kingdom has affected the nominal price of commodities?"*—"I have always paid some attention to the subject, and, lately, particular attention; and it does appear to me, that the increase of paper circulation has tended to increase the price of commodities; BUT I THINK THAT INCREASE TO HAVE ARISEN

CHIEFLY FROM THE INCREASE OF THE CIRCULATION OF BANK OF ENGLAND PAPER!!!—

“What different effects, in your view of the case, arise from the paper of the Bank of England and Country Banks?”—“I think the Bank of England have been the means of giving facilities to circulation, which could not have been done by Country Banks, to the extent it has been done by the Bank of England.”

“Is it your opinion, that a Country Bank regulates its issues in proportion to its deposits of Bank of England notes, or specie?”—“We regulate ours by the assets we have in London (as I have before stated), to pay them, WITHOUT MUCH REFERENCE TO THE QUANTITY OF BANK OF ENGLAND NOTES OR SPECIE WHICH WE HAVE, although we always keep a quantity of both of the latter in our coffers to pay OCCASIONAL demands made in the Country.”

“Is it your opinion, that Country Banks generally keep any great proportion of their funds, whether consisting of Bank of England notes or specie, in the country?”—“I cannot speak positively as to the practice of others, I can only speak as to our own.”

And thus ends the examination of Mr. Stuckey. But is it not rather too much, after having informed the Committee, in the former part of his evidence, that he and his partners

kept but a small quantity of Bank of England paper in their drawers; and that the circulation of Bank of England notes is very small in their part of the kingdom; the people in the country generally preferring the notes of Country Bankers; and further, that it was unquestionably his practice to send up to London every Bank-note he could spare, from a prudential reserve in his coffers to pay occasional demands—was it not, I ask, going rather too far, after these recitals of facts, to venture as a matter of opinion, the assumption, “that the increase of paper circulation has tended to increase the price of commodities, but that he thought that increase to have arisen chiefly from the increase of the circulation of the BANK OF ENGLAND paper;” and that the Bank of England has been the means of giving facilities to circulation, which could not have been done by Country Banks to the extent it has been done by the Bank of England?”

I have no other intention in submitting to the public the inconsistency of the assumptions in the latter part of this gentleman's evidence with the facts recited in the commencement, than merely to show upon what slight and unstable grounds the opinions expressed in the Report seem to rest their foundations; and to express my regret, as well as my as to

nishment, that not a single comment was made upon this evidence, nor another question put to the person under examination, by way of eliciting the grounds upon which he could possibly impute the general rise of commodities in his neighbourhood to that proscribed currency; which, after driving so victoriously out of the country, and taking a military possession of it with his own troops; he so unjustly charges with a subsequent plunder of the inhabitants. I cannot, however, pass the opportunity of observing how completely that part of this evidence which states the proportions of London and Country paper, and which is the only part that goes to facts, flies directly in the face of Mr. Huskisson's statement\*, that *the circulation of Country Bank paper being in exact proportion to that of the Bank of England, it follows, that, in whatever degree the latter shall be excessive, the former must partake of such excess.*

Mr. Thompson, a member of the Committee, also says, "*Bank of England notes, I believe, have not a large circulation in the country fifty or sixty miles from London.*" This gentleman, notwithstanding his answers are generally very discreet and cautious, seems to have

\* Question, &c. p. 39.

fallen into the same error as the rest of the Committee; in regard to the provisions of the existing law, as to the liability of Country Bankers to pay their notes on demand in Bank of England paper only, and not in specie; for, being asked, "*Then are not Country Bankers less liable to be called upon to change their notes for those of the Bank of England, than they were to be called upon to pay them in cash, before the restriction on the Bank of England?*"—answers, "*Undoubtedly; especially as the notes of several Country Bankers, within my knowledge, are in as great credit in the country as Bank of England notes.*"

It does really seem to me most astonishing, that gentlemen, who were to decide on so momentous a question as a great and extensive alteration in the monetary system of their country, should not have taken the trouble of making themselves complete masters of the existing law with respect to the pecuniary transactions of that country, before they ventured, not only to promulgate an opinion, but even to recommend an acting upon that opinion, to the assembled Legislature.

But now, having pointed out the inconsistent nature of Mr. Stuckey's opinions, I will endeavour to do him greater justice with regard to the effect of his own banking operations, than he seems to have bestowed on

those of the Bank of England. He says, that he has paid considerable attention to the rise in the nominal price of commodities, and that he attributes it to the increase of the circulation of the Bank of England paper. Now this is proved by his *own* words to be utterly impossible, because his *own* notes have, according to his *own* information, almost entirely driven them out of the neighbourhood, and the evil, if it exists, must necessarily be laid at his *own* door. But from this dilemma, I shall prove myself so much the advocate of my worthy friend, as to relieve him without delay, by assuring him, that neither to himself and partners, nor to those other *very nefarious* paper-manufacturers in Threadneedle Street, is to be attributed the smallest portion of that rise which, from various other causes, has been stealing on us for some centuries, and will inevitably continue so to do as long as we ourselves continue to be a commercial, rich, and independent people; and this in defiance of all the theoretical reasoners that ever mooted an abstract question. That opulence and cheapness cannot exist together, is a truth whose illustration may be traced in every one of those national histories to which we are referred in the Report\*: and to endea-

\* P. 39, oct. edit.

vour to obtain the enforcing of low prices by the diminution of a circulating medium already rather below, than above, the necessary demand for it, would be only to purchase the ineffectual attempt, at the certain price of bankruptcy and ruin. And such will generally be the fate of reformers and speculators in political innovation.

In order to justify the assertion, that the rise of nominal price in the commodities against which the circulating medium is interchangeably balanced, is owing to the nature and to the excessive issue of that medium, it is necessary that the assertors should have brought before the public tribunal the actual proof of three distinct points: first, that the sort of medium in present circulation has been issued to excess: next, that the increase of price is the absolute consequence of such excess, and of that only: and, lastly, that a medium of any other species issued to the same excess, would not have produced precisely the same effect.

But of no one of these points, so essential to the verification of their opinions, has either the Report of the Committee, or my Honourable Friend, who appears as its advocate, brought forward a single fact, which can be admitted as an established and incontrovertible



proof. And I think it can require but little deliberation to pronounce their mere *assertions* to be erroneous, when we have briefly examined the very slight foundations on which they appear to be raised. The amount of the progressive increase of Bank of England notes recited in the Report \*, being taken from the same documents as that which I have already detailed †, need not be repeated here, and only goes to prove what I there advanced, that, since the first passing of the Bank Suspension Act in 1797 (being a period of thirteen years and upwards), the notes of the Governor and Company of the Bank of England of the value of five pounds, or more, each, have not received, during this whole space of unexampled trade, and increasing *real* wealth, an augmentation of more than two millions and a half beyond their former aggregate; whilst the known commercial and financial payments of this country have experienced an ascertained annual increase of nearly ONE HUNDRED MILLIONS; and, indeed, if the last year (ending 5th Jan. 1811) be included, it will be found that the word *nearly* may be exchanged for *full*, as the annual returns from the Exchequer

\* Pages 60 and 61, oct. edit.

† Pages 79 to 81.

prove, that even that period, pronounced by the *theorists* to be so pregnant with poverty and ruin, has, in *fact*, produced an increase of net payment into the national treasury of no less than 4,437,509*l.* or very nearly FOUR MILLIONS AND A HALF, beyond that of the year immediately preceding, which was supposed to be a year of unparalleled trade and productive prosperity. And that this augmentation was the effect of general increase in our pecuniary transactions, and not the consequence of any partial arrangements, may be fairly inferred, from seeing that the addition is nearly equally divided between the Consolidated Fund and the War-taxes; the former having increased from 37,838,034*l.* to 40,046,244*l.* making an augmentation, in the latter year, of 2,208,210*l.* whilst the last-mentioned branch of this revenue has risen from 20,798,144*l.* to 23,027,443*l.*; experiencing thereby an increase of 2,229,299*l.* during the same time.

Allowing, therefore, all due weight to the observation of the Committee \*—and which, I trust, I am not quite so bad a financier as to throw entirely out of consideration—“*That the effective currency of the country depends upon*

\* Page 63, oct. ed.

*the quickness of circulation, and the number of exchanges performed in a given time, as well as upon its numerical amount;*" it is yet sufficiently apparent, from my former computations\*, that if, as far as the Tower and Bank of England are concerned, it was not found superfluous to make use of thirty-nine millions of their issues, when the commercial and financial payments might be taken at 104½ millions, it cannot possibly be imputed to them as an error on the side of *excess*, if, when the same payments may be fairly estimated at double, the corresponding issues in circulation not only are not increased in their combined amount, but are even *actually* reduced, and that, *probably*, by no less than nine millions, or more than twenty-five per cent. of their aggregate. If, then, we had been obliged to trust to these alone for the whole movements of our unwieldy, complicated piece of mechanism, it is clearly evident, that the machine must have come to a final stop, long ere this, if the Bank of England had confined its issues to any thing like their present comparatively restricted amount; for the idea of being able to procure an adequate augmentation of the supply of gold and silver, is too

\* Page 88 to 93

evidently chimerical to waste time upon: the deficit of circulation must, however, have been supplied by some sort of medium; and we have only the paper of the Country Banks to fill up the *hiatus*, and to charge with the guilt of excess—if such excess shall ultimately be found to exist in any species of our currency. But even this examination, also, will, I trust, prove so harmless in its result, as not to disturb even the nicest feelings of my worthy Somersetshire friend, the *Tefterdar* of Bristol, Bridgewater, and Langport!

It cannot have escaped observation, that, as yet, I have only included in the pecuniary transactions of the kingdom, the public payments into the Exchequer, and the foreign commerce of the nation, as estimated by the value of imported and exported commodities: now, it has been shown, that these have increased during the period in question, from little more than 100 millions, to at least double that amount; and as it has been ingeniously calculated\*, by the author of the Estimate of Great Britain, that our domestic trade is fully equal to our foreign commerce and the coasting-trade to one half of the same—that very large additions are also to be made for

\* Chalmers on Commerce, &c. p. 4.

dealings in shipping and other property—by which he has raised the aggregate to upwards of 500 millions; which at least shows, that the foreign commerce and public imposts do not amount to one half of the pecuniary operations to be effected by the whole of our circulating medium; we may, therefore, fairly allow, that a double quantum of aggregate currency to that required for the first-stated payments will be necessary to transact the whole business of the country, in each of the periods referred to; and this, without any invasion of the principle of proportions laid down by the Committee.

By reference to the Minutes of Evidence, subjoined to the Report of the Committee, it will be seen that Mr. Tritton, of the banking-house of Barclay and Co. in Lombard Street, and Mr. Richardson, an eminent bill-broker, and agent for Country Banks in London, are the only two persons who have attempted, or indeed have been called upon, by the Committee, to form an estimate of the aggregate circulation of Country Bankers' paper throughout the kingdom; and very properly so invited to do, being both men of the highest respectability of character and situation, and, from their particular lines of business, especially qualified to give information on this

subject. Of these gentlemen, the former states his opinion to be, that such circulation may be taken at about twenty millions, whilst the latter thinks, it may arise to thirty millions—as it must be very difficult, if not impracticable, to ascertain any thing like an exact amount; and as the Committee themselves do not seem\* to have arrived at any thing of the sort, I think we may venture to take for the present the average of the two estimates above mentioned, and allow that twenty-five millions may be not very widely distant from the actual value in circulation. If this sum, therefore, is added to the thirty millions of Bank-paper and coin, before stated, there will be an aggregate currency of fifty-five millions in 1809. And, with respect to 1795, we are told, by Mr. Thompson, one of the members of the Committee, in his evidence†, that, in his opinion, the circulation of the Country Bank notes had not increased by more than one-fourth since the end of 1796; so that, according to that computation, they must, at that time, have been as much as eighteen or twenty millions: but, if we take the exact æra of suspension, when he says, they were

\* Report, p. 70, octavo edit.

† Minutes of Evidence, p. 163.

hardly one half of their present number, having, in consequence of alarm, experienced a considerable diminution just at that time, and thereby reduce them to about twelve, or even say, only eleven millions; and add that to the thirty-nine millions of gold and Bank of England paper, and we have an aggregate of at least fifty millions for the currency of the year 1795; whilst, by the same mode of computation, the combined amount of the same kinds of circulating medium in 1810, does not exceed fifty-five millions; or even if we were to take it at the outside, and call it sixty millions, still it would be far from exceeding, and, in my opinion, falling very short of, the proper proportion of increase—even after allowing all due weight to the observation of the Committee with respect to increased activity of circulation. And, I believe, there can be little doubt of the rent of lands, and the improvements of agriculture, as well as the general increase of all kinds of domestic payments, having kept full pace with the rapid augmentation of foreign trade and public expenditure. Upon the first head, therefore, of excessive issue, I cannot help thinking, not only that the Committee, and those who side with them, have entirely failed in point of af-

firmative proof; but that, on the contrary, I have established sufficient testimony, that there does not exist any thing like an excess of any species of the circulating medium.

And now we come to the second question—whether such excess (as it is called), if really issued, would have had any tendency to cause a rise in the nominal price of the interchangeable articles against which it would come in competition in the market. And on this head I differ so completely from Mr. Stuckey, as to have no hesitation in declaring myself perfectly convinced, not only that there is not in actual existence any such effect arising from an excess of the paper either of the Bank of England, or of the Country Bankers, but that such paper, to whatever amount it might be augmented, on the present principles of issue, would rather tend to lower, than to raise, the agricultural or manufactured products of the country, in point of price, or at least to prevent their rising so much as they would have done otherwise. I have already said enough on this subject, with respect to the cost of articles imported and exported\*; and may, therefore, confine my present observa-

\* From p. 97 to 100.

tions to the effect of increased issues, on the price of commodities in the hands of farmers or tradesmen, produced or retained for the purpose of home consumption.

It is urged, by the advocates of popular misconception, that the advances of Country Banks have enabled the growers of corn, and the feeders of sheep, to regulate the prices of wheat and mutton at their own option, as if the sale of the article were not rather regulated by the demand and ability of an increased or diminished number of purchasers, than the caprice or avarice of the producers: and let it be remembered, as a leading feature in the decision of this most important subject, that it is not the consumer, but the grower or manufacturer of the commodity, to whom this advance, whether by way of discount, or even of loan, is made, and that for the express purpose of augmenting his stock of raw materials, and number of productive hands in his manufactory, or of bestowing on the lands he farms that improved system of cultivation which may enable him to furnish a greater quantity of food for the use of his fellow-subjects—in both cases rather counteracting, than hastening, that rise of nominal price, which the increase of population, and the influx of real wealth, would, I am convinced, beyond

the shadow of a doubt, have brought on, with twofold rapidity, but for the stimulus afforded to production by the timely assistance of the loans to the producers. For, let us suppose, that these advances had not been made; which circumstance, according to the vulgar opinion, would have remedied the evil supposed to be occasioned by their interference; what, then, would be the consequence?—clearly this:—that the consumers, to whom no part of these issues either has, or would have been, given or lent, remaining in a similar situation as to their numbers and pecuniary powers in themselves, would find a market much more scantily supplied, and at a much dearer and higher rate, than in the present instance; at least so far as the application of the Country Bankers' loans is concerned. And this is on the supposition that the consumers were all of the independent and inactive, or, as they are termed, in political arithmetic, the *unproductive* classes of the society; in which case, also, the effect of the loans, if made, would be an actual lowering of the market-prices, and a consequent cessation in the demand for advances by the borrowers, who would no longer be tempted to pay interest for that from which they derived no profit. But, in the case of a considerable

portion of the consumers being also producers of other articles of necessity (which must of course be considered as the fact in such a country as this) then must the two cases stand respectively thus: if the advances are not borrowed, and the additional issues (call them circulation, or capital, at the option of fanciful theorists, for the *practical* effect will be the same) are not delivered—then must the manufacturer pay the dearer, for his scanty supply of corn and meat, to the agriculturist, whilst the farmer will experience the same deficit, in his capacity of a purchaser, at the hands of the artisan; and each being narrowed, both in capital and income, will be less able to contribute to the exigencies of the State, from the latter, and to the real wealth of the kingdom, by the former. But on the assumption of the aid being afforded by the banker, both tradesman and farmer being enabled to produce more, and supply the market better, will also sell their respective articles at a more moderate rate, and yet, at the same time, making a more considerable profit on the augmented quantity, will also be enabled to pay a greater quota of taxation to the Exchequer, whilst they are also increasing the stock of real wealth in the country.

It has been said, however, that the farmers,

especially the greater ones, have been enabled by the aid of the Country Banks to pay their rents without selling their crops, till a rise of price shall give them such a sort of monopoly, as furnishes them with the power of regulating the markets. I have seen a great deal of country business, and am tolerably well acquainted with farming, from practical experience, on an extensive scale, and have been for many years convinced (long before the present question was agitated), that nothing can be more idle, nothing more ill-founded, than the vulgar error on this subject. In the first place, I am strongly inclined to believe, that the cases of loans, borrowed for the exclusive purpose of keeping back the sale of corn, occur much less frequently than the public in general imagine; and that where they actually do take place, they are oftener productive of beneficial consequences, in lowering the price, at a time when it would otherwise be too high, than of any evil effects in giving it a stimulus when it would, without them, be too low for the grower to obtain a fair remuneration for his risk, expense, and labour in producing it. But the fact is, that, generally speaking, with the exception of bad seasons (which no human judgment or exertion can counteract), it is the greater farmer

who, from growing a more considerable quantity of grain, has more the power (a privilege which, fortunately, he is as much impelled by interest as equity to exercise with discretion) of regulating, or, to make use of a less obnoxious, and more equitable, term, of *equalizing* the supply of the market; and this, in general, without the necessity of asking for the assistance of the monied man to enable him to keep back his corn from the market at a moment when an abundant harvest has already rendered it a drug—and when the necessary consequence of its being exposed to sale, would be either a wasteful and improvident expenditure, or its falling into the hands of jobbers, who would demand an additional interest and profit beyond that of the grower.

I am convinced, that, with such few exceptions as all general rules must be subject to, this, like most other popular alarms, is a complete delusion; and that, on the contrary, the greater part of the country advances is appropriated to the laudable objects of increasing the stock, and improving the cultivation of the borrower's farms, as well as of augmenting the supply of agricultural produce in the markets; and that, in both cases, as well of the manufacturer as of the cultivator, the consequences of the paper currency, whe-

ther issued to the *imaginary* extent of excess, or only to the more *real* limits of proper *augmentation*, have been more productive of benefit to society, in preventing the prices of their respective commodities from being raised, by different causes, so much higher, as they would otherwise have been, than of the *imputed* crime of being the great cause of their being so high as they actually are. It appears, in short, utterly irreconcilable to any sense I can entertain of sound reasoning, to attach the effects of scarcity to a productive cause. And if those effects should happen to be felt in another shape, at the same moment when such cause is in full operation, they must, in all fair and candid judgment, be attributed to some other, and more potently operative, counteracting principle. And this over-ruling power, I have already stated \* to have arisen from the rapid increase of population, commerce, wealth, and their never-failing attendant, consumption.

It is impossible for any abstract argument to show the folly, the puerile absurdity, of attributing any permanent rise of prices to an excess of paper currency, in half so strong a light, as the mention of one simple, incontro-

\* Page 128.

vertible, and striking fact; that, at one and the same time, and that equally whether the issue of Bank-notes has been in an increasing or diminishing ratio; whether the former, as in 1795, or the latter, as in 1796; one part of the interchangeable commodities were experiencing a rise in the market, against the whole quantity of money in circulation, whilst the remaining part were suffering an equal fall in their money-price in the same market. Now, if the theorists assert, that the rise of prices against money, is the infallible test of depreciation in the circulating medium, I have an indubitable right, *à converso*, to insist, that the fall of commodities operates in the nature of a premium upon the money—thus exhibiting the curious phenomenon, of the same article experiencing both a discount and a premium in the same market, and at the same time! Nor can the advocates of general depreciation get quit of this whimsical dilemma, without resorting to the admission of that universally counteracting principle, which operates equally in both cases, as well on the fall, as on the rise, of prices, and which originates in the never-slumbering combat between product and demand—so plainly evinced by the rise of meat, corn, and other commodities, the consumption of which has increased

faster than the commodities themselves; and by the fall of coffee, tea, and sugar, &c. with which we have been deluged from the East and West; but the contrary effects of which it is impossible to ascribe, at one and the same time, to the amount of Bank-paper in circulation: unless, indeed, we could suppose the Directors opening separate ledgers to issue different notes for the distinct purposes of bartering tea, coffee, beef, and mutton.

But however ludicrously this may make the proposition appear, every possible way in which the subject can be handled, only tends to strengthen the propriety of that principle of issue, by which the late and present Governors of the Bank have testified themselves \* to be *really* directed in the extent of their discounts. As it is sufficiently evident, that good bills will continue to be presented by *bond fide* dealers on account of those articles only which, from their increasing price, give the merchant the fairest prospect of a profitable return for the amount of interest sacrificed at the time of discounting. And let us dive as deeply as we please into the ocean of metaphysics, we shall never bring to light a regu-

\* Evidence of Mr. Whitmore and Mr. Pearse, Append. Report, page 111, oct. ed.



lating principle which can more usefully and safely limit the supply of circulating paper to the proper necessities of the public, than that which has been already adopted in practice by the good sense and commercial knowledge of the Directors—and which at the same time gives the most rational promise of a proper supply of the different articles in the public market.

It now remains to make a short enquiry whether the advocates of excessive issue, and depreciation, have produced any evidence to substantiate the third necessary proof—that the same excess of any other sort of currency, would not necessarily have been productive of the same consequence, in the same exact proportion, on the assumption of such excess being in existence, and that the imputed effect could fairly be attributed to either of them: which I deny in *fact*, though I am content to argue it *hypothetically*.

I have examined, with considerable care and attention, every word that has been advanced, either in the Report of the Committee, and the Evidence subjoined to it, or in Mr. Huskisson's pamphlet, which is intended to prove that any increase in the nominal prices of commodities fairly attributable to augmented circulation of the paper currency,

whether really excessive or not, ought not, with the same degree of fairness, to be equally expected from a similar excess or augmentation in the metallic portion of that currency also: or, further, to establish the proof that such consequence of excessive circulation of currency would be sooner or easier remedied when arising from the excess of circulating coin, than if the same evil had originated in the current paper. And I confess, that I do not see a single argument produced in either of those publications which can lead me to concur in the conclusions they have adopted. On the contrary, the very reasons by which they have endeavoured to fortify those opinions are, with me, some of the strongest arguments in favour of a different deduction.

My decisive opinion is, not only that the excess of gold must necessarily produce exactly the same degree of variation in the nominal prices of commodities, as a similar excess in the paper currency of this country—admitting, for the sake of hypothesis, that such consequence is attributable to either of these species of money—but also that, under the acknowledged principles of issue with respect to paper, and the existing laws against the exportation of coin, the evil must sooner, and more naturally, work out its own remedy,

when originating in the issues of the Bank, than if it had taken its origin from a superfluous coinage at the Tower.

It may not be irrelevant, perhaps, to show, in this stage of the discussion, the little probability (indeed I might venture to say, the utter impossibility) of an excess of either species of currency being thrown into circulation—by bringing to the recollection of my readers, the only occasions on which either Bank-notes or guineas are issued from the Bank.

I have already stated, that the Directors of the Bank \* never force a single note into circulation (which indeed they could not do, if so inclined), and that they never issue any paper whatever, but in advances to Government on the credit of the voted taxes, or by the purchase of Exchequer bills, the amount of which also is limited; or on the discount of good drafts, drawn by substantial merchants, on *bond fide* transfers of commercial property, and accepted by other merchants or bankers of equal responsibility; in every one of which cases, the full amount of the advance, together with the addition of the discount or interest, is returned upon them by payment

\* Evidence of Mr. Whitmore and Mr. Pearse, Append. to Report of Bullion Committee.

in their own notes; and for the issuing of the half-yearly dividends (every three months), the amount is previously transmitted from the Exchequer, in Bank of England notes, paid in there by the Receivers General of the several districts, in discharge of their respective collections on account of the parliamentary imposts—which evidently constitutes a previous deduction to such amount from the circulating aggregate.

And with respect to the issues of coin, it is equally clear, that Government is not at the expense of purchasing bullion in the markets, either at or above the Mint-price, in order to give it away without an equivalent consideration—the only way in which it can come into the hands of the Bank Directors, when new from the Mint, being by transmission from the Exchequer, in lieu of an equal value of old Bank-paper (with which the bullion has been purchased), in part of the dividends due to the public creditors. The issue of either species being so far limited by the sums actually due from the public to individuals, and the combined amount of both considerably \* within the bounds of the annual

\* The combined aggregate of Bank-notes and coin in circulation at present (1810) is supposed not to exceed thirty

imposts paid back again by the subjects to Government—who, by receiving the same in discharge of all financial payments, strictly conform to that very excellent principle laid down by Adam Smith (I cannot at this moment refer to the chapter, though the passage is completely in my recollection), in which he says, that a prince who issues paper only to the extent to which he agrees to receive it back again in payment of his imposts, can never expose it to the chance of depreciation from an excessive delivery—or words to this effect.

I should not, however, omit to mention, that there is one more channel through which, when gold is cheap in the market, another portion of guineas may come into circulation; that is, by merchants who have received bullion from abroad, at a low price, finding a profit in carrying it to the Tower to be exchanged for new coin—in which case, also, the evil consequence, if any should ensue, would soon be cured, as the officers of the Mint, knowing, from the quantity of guineas delivered out in exchange for such bullion, that the circulation is amply supplied, will

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millions, whilst the payments to Government, exclusive of loans, exceed sixty millions, or double the amount.

not coin any additional quantity from the bullion so received in exchange; or if, from want of coin ready stamped, to give for such bullion, they are obliged to melt the identical gold then received—they will also know whether there is or is not a necessity for purchasing more raw material beyond that so recently coined.

The excess of issue, therefore, appears to me to be equally improbable in either species of currency; and in every view of the subject, an alarm, on either account, equally idle and unfounded.

The Committee \* tell us, that "*if the gold coin of the country were at any time to become very much worn, and lessened in weight, or if it should suffer a debasement of its standard, it is evident that there would be a proportionable rise of the market-price of gold bullion above its Mint-price; for the Mint-price is the same in coin, which is equivalent, in intrinsic value, to a given quantity—an ounce, for example, of the metal in bullion; and if the intrinsic value of that sum of gold be lessened, it is equivalent to a less quantity of bullion than before.*"

This passage, though only an introduction to a succeeding paragraph more immediately

\* P. 16, oct. edit.

relative to the point in present question, appears to me so confused and inaccurate (I make use of the epithet *confused*, because there is not a clear distinction kept in view between the intrinsic and the circulating values), that I cannot avoid an enquiry into its precise meaning. By the market-price of bullion, is it intended to refer to the price at home, or to that of the markets abroad—or does it mean to include both? If the former, I am not aware how the state of the coin already in circulation (so long as it remains *legally* passable, in point of weight and standard, whatever they may be) can have any effect in raising the price at home; unless as, in contemplation of a new coinage, to replace that already in circulation, the expected demand may, like that of any other marketable commodity, have a tendency to enhance its value in the market; so, also, in case of reference to the importation of gold from abroad, to supply the deficit for a new coinage, the imported bullion will not be paid for by the gold already in circulation, either in its present form of coin, or reduced by melting into its pristine state of bullion; because, in the first case, it cannot be legally exported—and in the last, no one will be at the expense of transporting that article to be exchanged for more of the same commodity.

The Mint-price is, certainly, the sum in *coin*, or, to speak more correctly, in *money*, which, at the time of fixing it, was regarded as an equivalent to the intrinsic value of a corresponding given quantity of the metal in bullion; but, as the intrinsic value of every marketable commodity must necessarily be subject to variation, the correspondence in value cannot remain fixed to any permanence; and we accordingly find the Bank giving different prices at different times, and under different circumstances. Neither do I see how the intrinsic deterioration of that sum of gold (I suppose it means *coin*) can make its circulating value as money less equivalent to a given quantity of bullion in the market, than what the same sum of lawful coin, of a purer standard, and heavier weight, would be under a similar rise of market-price; because we know, that, at this moment, 44½ guineas, of full weight, will go no further in the purchase of a pound of bullion, than the same number of a weight barely passable. And, if it is intended to prove, that things intrinsically different, do not possess the same intrinsic equivalence of value, I bow to the discernment of the proposer, and receive his proposition as axiomatic.

I should not have wasted so much time on

this passage, had I not feared, that, if passed over without observation, it might have been regarded as admitted to bear upon that which succeeds, and which is more in point to the question of the inferred difference, as to any permanent effect between an over-issue of gold or paper, on the nominal prices of the marketable commodities. The passage I allude to is this:—"The same rise of the market-price of gold, above its Mint-price, will take place, if the local currency of this particular country, being no longer convertible into gold, should at any time be issued to excess. That excess cannot be exported to other countries, and not being convertible into specie, it is not necessarily returned upon those who issued it; it remains in the channel of circulation, and is gradually absorbed by increasing the prices of all commodities."

And Mr. Huskisson says \*—"Depreciation from excess, if the coin of a country be maintained at its standard, cannot take place to any amount, or continue for any length of time, unless the currency of such a country consists, partly of paper, and partly of the precious metals—except, indeed, in the extreme case of that currency consisting wholly of paper, without any reference to its value in coin."

\* Pages 26, 27.

"If the circulation of any country were performed exclusively by gold; for instance, and the supply of that metal in such a country were, from any imaginable cause, doubled, whilst the quantity of gold, and the demand for it, should continue the same in all other parts of the world; the price of gold, in such a country, would be diminished. This diminution of the price of gold would appear in the proportionate rise of all commodities; but gold, being so much cheaper in the country in which its quantity had been thus increased, it would be bought by other countries, and exported from that country, till its price was restored again to a level in the different parts of the world."

In these passages, both the Committee and Mr. Huskisson seem, first, to have laid down theories and principles, in many parts inaccurate, and, in others, inconsistent; and then to have applied them to the case of a country whose existing circumstances, and operating laws, would render them wholly inapplicable, though ever so correct and consistent in themselves.

I have already said so much in former pages, in exposition of the fallacy of these principles, that it would be a waste of time, and an unpardonable trespass on the attention of my readers, to travel over the same dry

road a second time—more especially, as the whole application of the premises, if ever so correctly stated, would hinge on the exportation of the superfluous proportion of gold, which, according to the laws of Britain, cannot legally be exported, either in the shape of coin, but by incurring the pains and penalties of felony; or when melted down into bullion, without being guilty of perjury. But it is impossible for me to entertain, for a single instant, an idea so indecorous, as to suppose a Committee of Legislators in the act of bottoming an argument on the violations of the statutes their own assembly had enacted. Nor will I pay their discrimination so bad a compliment; as to suppose they would recommend a repeal of the prohibitory Acts against exportation, by way of making gold more plentiful in the kingdom. For, though I am well aware, that the power of exporting corn, under certain limitations, may prove a powerful stimulus to the production of that (of which the growth may be said to be, in a great measure, in the option of the producer),—with respect to gold, which is the staple of other countries, the principle is wholly inapplicable.

But I am, further, decidedly of opinion, that even in the case of such a superflux of coin, as should be universally admitted a sufficient

proof of the propriety of diminishing the quantity in circulation, by suspending the restrictions on the export of gold—that diminution would not so easily, safely, or speedily, take place, as in the case of excess of paper, by the immediate decrease of application for discounts.

I therefore think myself fairly warranted in dismissing this part of the subject with declaring, not only that the advocates of depreciation appear to me to have failed completely in the proof of any one of the three points in question—but, also, my own decided belief,—

First, That the local or paper currency of this country has not been issued to any excess:—

Secondly, That the increase in the nominal price of commodities is, therefore, not attributable to any such excessive issue of paper:—

Thirdly, That if such increase of prices were to exist, at the same time with an equally augmented circulation of the precious metals as of paper—in such case, the said increased prices would be equally attributable to the one species of augmented circulation, as it would have been to the other, and would, in all human probability, be at least as durable, if it arose from a superfluity of gold, as if it had owed its origin to an excessive circulation of paper: AND THAT, THEREFORE, THE

PAPER CURRENCY OF THIS COUNTRY IS NOT, BY ANY EXCESS OF ITS CIRCULATING AMOUNT, IN THE SMALLEST DEGREE DEPRECIATED, IN COMPARATIVE VALUE WITH THE CURRENT COIN.

I have now, I believe, touched upon every point referred to either by the Committee or Mr. Huskisson, as the apparent foundation of their reasons for assuming the existence of a depreciated state of the paper currency, as compared with the current coin; excepting that which they seem to imagine they have discovered in the course of the exchanges between this country and the continent of Europe.

The amount and state of a local currency, confined, by its very nature, to the liquidation of domestic payments only, appear to me to have so little connexion with the exchanges arising from the settlement of foreign balances, and to be so unlikely to influence either the mode or rate according to which they are to be settled, that I could willingly spare both myself and readers the time and trouble of going into any sort of detail on this head, were it not that, on a subject where so few have hitherto found it necessary to acquire the requisite knowledge—assumptions which, however erroneous they may prove, on due examination, would, at first sight, appear plausible,

might, if unanswered and unexplained, create infinite misunderstanding, and produce incalculable mischief.

Almost in the very outset of the Report \*, the Committee, after slightly touching on the recent courses of exchange with Hamburgh, Amsterdam, and Paris, which however they acknowledge to have received a gradual improvement during the month of March last preceding, and from thence to have remained stationary, up to the date of the Report (8 June 1810), proceed to say—“*So extraordinary a rise in the market-price of gold in this country, coupled with so remarkable a depression of our exchanges with the continent, very early, in the judgment of your Committee, pointed to something in the state of our own domestic currency as the cause of both appearances.*” And as the Report states, that such conclusion was not adopted, however consonant “*to all former reasonings and experience*”—(of whom?)—before the explanations and evidence of persons of commercial practice and detail, had been heard—it will certainly be fair to make some enquiry into the *opinions* so offered, though, for my own part, I am much more inclined to draw my conclusion from the *facts* contained

\* Pages 3 and 4, oct. ed.

in the accounts subjoined in the Appendix to the Report; the comparative statements of which, as I shall presently show, are, in my judgment, conclusively against the admitting of any such connexion or consequence as the Committee seem to have assumed.

It may be thought that I am not consistent, in charging my opponents with slighting the opinions of practical men, and, at the same time, declaring my own preference of resting my case on the statement of facts: but I must be clearly understood to assert, that they have promulgated a report in the face of evidence, both as to opinion and fact—whilst I receive both, but build more confidently on the latter as the stronger foundation of the two. It is a rule of law, to receive any admissible evidence, but always to look to the best that can be found, for the decision of the cause.

That the market-price of gold should have risen, whilst the exchanges, generally speaking, had fallen, is nothing extraordinary or unaccountable; because it is only natural to expect, that, where the general balance of aggregate payments, which is always to be kept distinct from, though including, the balance of trade with all other countries, is decidedly against any one nation, the liquidating of such balance must evidently occasion an augmented

demand for the precious metals, as the only means of liquidation, and a consequent rise of their value, in the home market, of a country so situated; and the longer such state of necessity exists, in so much the greater ratio of advance may we naturally expect such value to be augmented. And this, without the smallest occasion to refer to an imaginary principle of restricting the deviations in the course of such exchange, to the limits of expense incurred in the transmission of the metals from one country to another—a principle evidently fallacious as to any general application—for this very obvious reason, because, that, whilst the balance of payments is unfavourable with one country—particularly if in that country the nation in question should at the same time be obliged to maintain a numerous and expensive army, or engaged to pay a heavy subsidy; for either of which purposes, a quantity of specie must be remitted from home, or else be raised on the spot by bills drawn on the Government; which bills are to be liquidated either by exchange for other bills on countries, against whom a favourable balance can be claimed; or else by the exportation of equivalent commodities, thereby deducting so much from what would otherwise be a favourable balance of trade—such debt may, as just mentioned, be settled



by negotiating bills in exchange on one or more nations, from whom a payment to a similar amount is due; in which case, although the course of exchange will be against such nation with that to whom it has to pay, and in its favour with respect to the other from whom it has to receive; nothing can be clearer than that such courses of exchange cannot be either caused or regulated by the expense of transporting bullion; because, so far as these two payments are concerned, no metallic balance will be carried from one country to another, the whole being settled as matter of account in paper.

Neither can the amount, or the *imaginary* depreciation, of the local currency affect the present question, in any way; because that is not made use of, either in the statement of the account, or in the actual payment of the balance; and that it has not had any such consequence, is clearly apparent, by the following comparative statements of issues of Bank of England paper and the courses of exchange, at the corresponding periods therein mentioned. These statements are faithfully extracted from the Appendix of Accounts; subjoined to the octavo edition of the Report, No. xlix. p. 60; and the par of exchange is, in conformity therewith, taken at 33 schellins 8½ grotes Fle-

mish per pound sterling; which is therein stated to be the par in common acceptation,—and, therefore, certainly the *practical* rate by which negotiations of exchange are actually made; though I think it right to mention, that in the Appendix No. 59, p. 73, of the same edition, it is stated, from Dr. Kelly, that the intrinsic par of exchange with Hamburgh is 34 schellins 3.3 pence Flemish by Mint regulations, and 34 schellins 1.4 penny Flemish by assays in gold.

On the average of three months from April to June 1793, the total amount of Bank-notes in circulation at one time was 12,104,040 l.

And the highest rate of Hambro' exchange in the same period, was 37 sc. 6 gr.

5th September 1795, Bank-notes — — — — 11,154,826 l.

1st September 1795, lowest Hambro' exchange — — 32 sc. 6 gr.

By the same comparison, subsequent to the Restriction,

27th February 1797, Bank-notes — — — — 8½ millions.

Rate of Hambro' exchange — 35 sc. 6 gr.

In 1797 and 1798, Bank-notes gradually increased to — — 13 millions.

And at the same time the course of exchange on Hambro' rose to 38 sc. Flem.

In March 1799, Bank-notes had diminished to — — — — 12 millions.

To which, however, must be added for small notes under 5*l.* each, first issued after the restriction — — — — 1½ millions.

Making the total of Bank-paper then in circulation — — — — 13½ millions.

But after this period, great commercial distress, large importations of corn, and heavy subsidies, occasioned the exchange with Hambro' to continue falling till the 2d of January 1801, to 29 *sc.* 8 *gr.*

In December 1799, however, whilst the notes had increased to, 14 millions, and had been nearly stationary at, that amount for about nine months\*,

The exchange had nevertheless risen again to — — — — 33 *sc.* 3 *gr.*

Between the end of the year 1799 and that of 1802, the addition of a greater quantity of 1*l.* and 2*l.* notes swelled the amount in circulation to — — — — 16½ millions.

And the exchanges had fallen again to — — — — 29 *sc.* 8 *gr.*

\* Appendix Report, No. 35, p. 47, oct. ed.

From January 1803, whilst the amount of notes remained stationary at — — — — 16½ millions,

The exchange had risen once more to — — — — 32 *sc.* 10 *gr.*

And by the end of 1807, when the aggregate of notes had reached to no less a sum than — — — — 18 millions,

The course of exchange with Hambro' had risen to so high a point in our favour as — — — — 35 *sc.* 10 *gr.* Being about 6½ per cent. above par.

And from January 1808 to Christmas 1809, being nearly two years, whilst the amount of notes rose only from — — — — 17½ } millions, to 18 }

The course of exchange fell again from — — — — 34.9 } Flem. to 28.6 }

And on Sweden, during the last-mentioned year (1809), whilst the amount of Bank-notes in circulation had experienced this gentle increase from 17½ millions to about 18 millions, the course of exchange, instead of any fall, had also risen in the same gradual manner, and by a completely uninterrupted ascension\*, from

\* As may be seen in the Appendix, No. 65, p. 78, Rep. oct. edition.

4 rix dollars 20 schellins on the 4th January in that year, to 4 rix dollars 39 stivers on the 22d December following. But if any thing could more completely exhibit the fallaciousness of attributing the fluctuations, or, to speak with more strict correctness in regard of the doctrine in immediate question, the depressions of the course of exchange, to the excessive augmentation of the local currency of our own country, I have only to add, that in April and May 1810, when the aggregate notes in circulation had risen to near 21 millions, the course of exchange at Gottenburg had got up to 5 rix dollars 32 and 33 schellins per pound sterling, or about 24 per cent. in our favour, the par of exchange being supposed to be 4 rix dollars 28 schellins \*.

Can any man, whose eye is at all accustomed to embrace the power of figures, look at this comparative scale of issues and exchanges without being at once convinced of the error of the Committee † in attributing blindness to all who cannot see with them, and who venture to suppose that exchanges may fall and the price of bullion rise, whilst the issues of the Bank of England are contracting; and what is still

\* Appendix of Accounts, No. 65, p. 78, Rep. oct. edit.

† Report, p. 39, octavo edition.

more invasive of their favourite principle, that even the exchanges may rise and the price of bullion fall, at the same time that these most iniquitous Directors are daring to enlarge their discounts? The comparison proves the rule completely fallacious, and altogether inapplicable. The issues and exchanges are sometimes correspondent, and sometimes in direct contradiction.

Before I dismiss this part of my subject, however, I must take leave to observe, as intimately connected with it, that Mr. Huskisson has said \*, *"The currency of a country, then, is depreciated,*

*"1st, If its standard coin contains less of gold or silver than it is certified to contain. In that case the paper, as representing that coin, is also depreciated, and precisely in the same degree as the coin.*

*"2dly, If the paper is exchangeable for less of the coin than it represents; that coin containing the quantity of gold or silver certified by law. In that case, the coin, though undiminished in value, must, as part of the currency, partake of the depreciation of the whole.*

*"Consequently, if the coin be itself, as coin, depreciated, the paper which circulates with it*

\* Question Stated, &c. p. 28.

*cannot be otherwise than depreciated to the same degree. But if the coin be undepreciated as coin, and there be, notwithstanding, a depreciation of the general currency, the cause of that depreciation can be only in the paper; and that cause can be no other than the excess to which that paper is issued."*

There are many parts of these positions to which, if minutely criticised, I should object very strongly; but I take them here together only to corroborate the proof of the general fallacy of the opinion assumed by the Committee, as well as by my Honourable Friend, with respect to the influence of the amount of paper issues on the rates of foreign exchanges.—And if I understand them rightly, supplying what is not therein specifically expressed, from the context of the pamphlet, and the tenour of the Report, it is meant to be asserted, that whenever any part of the general currency of a country is depreciated in itself, the whole of that circulating medium suffers an equal depression; inferring from thence, that from the excess of paper at present in circulation, the general currency of this country is now so deteriorated.

Any thing which in itself is *intrinsically* depreciated, must, as I apprehend, according to every sound principle of reasoning, be equally

so deteriorated in all its *external* relations of value.

The currency of England at this moment suffers an intrinsic depreciation with respect to that of Hamburg, if we were to judge according to the current course of exchange with that place; but it also experiences an augmentation in intrinsic value at the same time, according to the same rule, with respect to the exchange on Gottenburg.

The principle is therefore at variance with, and false in itself, and consequently cannot be admitted as the rule and measure of depreciation in the currency of any country.

If the impeachment of this fallacious principle wanted further argument, the proof is strengthened almost twofold by the acknowledged fact, that, since the former data were taken, the exchange on Sweden has risen up even so much higher still as to near 7 dollars Banco per pound sterling, although the issues of the Bank of England have at the same time swelled to about 23 millions of paper currency.—So that, on the principle of the depreciators, the poor infatuated Swede is content to pay us an enormous and increasing premium, for experiencing at our hands the very identical injury, for which his more intelligent neighbour at the

mouth of the Elbe, the acute Hanseatic, exacts a compensation in the shape of discount.

Can we, then, wonder, if the Corsican, who plays at hazard with the crowns of Europe, should think a monarch unfit to reign, who, like Homer's Lycian, is content to purchase our friendship by exchanging his *panoply of gold* against our brazen armour?

To be serious: Sweden wishes it to be understood, that she does not issue a note for which the amount is not deposited in the vaults of the Government Bank in specie, whilst England fabricates millions which are at present not exchangeable against gold, and which Mr. Huskisson says are not worth more than seventeen shillings in the pound sterling; and yet is the former content to trade with the latter, and, instead of purchasing bills on her depreciated currency at 15 per cent. discount, gives from 23 to 50 or 60 per cent. premium to obtain them\*.

\* The actual course of exchange between this country and Sweden at the present moment (29th January 1811) is about  $6\frac{1}{2}$  rix dollars Banco per pound sterling, or  $49\frac{1}{4}$  per cent. above par in favour of England.—The par being taken at 4 *l.* 28 *s.* per pound, at which rate the rix dollar, which is commonly called 4 *s.* 8 *d.* sterling, is calculated at 4 *s.* 4  $\frac{1}{2}$  *d.* 45. But at the present course of  $6\frac{1}{2}$  per pound sterling, the rix dollar is not exchangeable against more than 3 *s.* 0  $\frac{3}{4}$  *d.* 692 British. And it is to be understood that the reich's-dahler

Without going, therefore, any further into the minutiae of different exchanges,—from which though numberless other instances of variation might be taken, I do not think it necessary to detail them\*, because the impeachment of the

Banco is the Swedish money of account only, like our pound sterling; and not a real coin; but bears an invariable agio of 50 per cent. above the Government paper currency or reich's zettel: so that 100 reich's dahlers Banco are equal to 150 R. currency:—according to which, the pound sterling is now equal to  $6\frac{1}{2}$  rix dollars Banco, or  $9\frac{1}{4}$  currency.—I have detailed this, in order to show that the premium of  $49\frac{1}{4}$ , or near 50 per cent. on London bills, is not owing to their being purchased with the paper currency of Sweden; because in that case the premium rises to near 113 per cent. in favour of this country; whilst it is a well-known fact, that a bill on Stockholm or Gottenburg will sell at the Royal Exchange for precisely the same rate, whether paid for in Bank-notes or guineas.—And yet gentlemen will talk of the depreciation of Bank of England notes!!!

\* Neither is it necessary to trespass longer on the patience of the public, by repeating the evidence of Mr. Lyne, Mr. Chambers, Mr. Greffulhe, Mr. Coningham, Mr. Whitmore, Mr. Pearse, &c. as the opinions of all these practical and intelligent merchants, whose names I have mentioned, may be gathered by reference to the Minutes of Evidence, subjoined to the Report of the Committee. And indeed the most valuable part of the evidence of the gentleman *without a name*, and who, as the Quarterly Review has so very wittily observed, "*may be a foreigner*;" even the clearest part of his evidence goes to establish the same points in contravention of the opinions delivered in the body of the Report.

rule, as a general principle, is as well proved by two or three failures as by a thousand,—I close my observations on the subject of foreign exchanges with declaring my decided opinion that, THE AMOUNT AND STATE OF OUR DOMESTIC PAPER CURRENCY, HAS NOTHING TO DO WITH THE COURSE AND RATE OF OUR FOREIGN EXCHANGES; NOR HAVE THEY ANY VISIBLE INFLUENCE ON EACH OTHER, IN EITHER WAY; EITHER THE CURRENCY ON THE EXCHANGE, OR THE EXCHANGE WITH RESPECT TO THE CURRENCY; THE LATTER BEING REGULATED IN ITS AMOUNT BY THE DEMANDS FOR DOMESTIC INTERCOURSE, AND THE OTHER BY THE AGGREGATE BALANCE OF PAYMENTS OF ALL KINDS WHICH IS TO BE LIQUIDATED BETWEEN US AND ANY OTHER COUNTRY.

I have now gone through all the different points, on which either the Committee or Mr. Huskisson has enlarged; and there only remains the task of endeavouring to place before the public eye in a summary view, the pith and substance of those tedious and dry details into which I found myself obliged to enter in justification of my having presumed to differ in opinion from authorities of such generally acknowledged weight and influence. And if, in the course of this investigation, I shall be found at times to have expressed my thoughts

in language which may be deemed too strong for the occasion, I beg leave to avail myself of this opportunity for disclaiming every idea of personal disrespect, or party hostility; and to assure my Honourable Friend, and all his colleagues, that nothing could be more distant from my intention than the adoption of a single word which might in any way be so taken or construed.

Had the same opinions been promulgated, and the same measures been recommended, from any other quarter, I should equally have deemed it an indispensable duty to point out their fallacy, and warn my countrymen of their ruinous consequences.

Upon a review of the whole case then, and with reference, not only to the arguments of the Committee, and of Mr. Huskisson\*,

\* It is with the most sincere and heartfelt satisfaction, that, in the observations on the true principles of commercial intercourse detailed in *THE QUESTION*, &c. pages 63 and 69, I recognise all that liberality of sentiment, and perspicuous policy, so natural to the excellent understanding and admirable talents of my Honourable Friend; they are such as do justice both to his head and heart; and if I feel myself obliged by other parts of the same publication to exclaim, however involuntarily, *O, si sic omnia!* I can only wonder how he has suffered himself to be led astray from a proper confidence in his own judgment, to place his dependence on the opinions of those of less ability.

but also to the evidence detailed in the Appendix to the Report, which I have carefully examined and weighed; as well as to the opinions of many abler advocates than myself, whose espousal of the cause I have taken up, would, probably, have saved me the trouble of so doing, had I been aware of its having so many potent allies ready to arm in its defence. I feel myself perfectly warranted in submitting to the Public the following conclusions, as clearly deducible from the whole of the facts and reasonings which have been stated on either side of this most important and truly interesting question:

THAT the money of account, of which the pound sterling is the fundamental unit, is the only real and invariable standard by which the value of all commodities is measured in this kingdom.

That gold, therefore, is not the measure itself, but one of the representative signs of that measure, and legally established as such in all cases; subject only to such temporary suspensions as have been found necessary to be enacted under existing circumstances.

That Bank of England notes constitute another of those signs, and are equally received as such by the common consent and common confidence of the whole society, but are not

equally compellable by law to be so received, except in certain cases, and under certain conditions.

That gold and Bank of England notes are equally received, in all payments, at the same proportional value according to their respective denominations, as different portions of the circulating medium of the country, with reference to the legal distinctions set forth in the preceding conclusion.

That there is not, therefore, any comparative depreciation between the current values of the metallic and paper currencies of the kingdom.

That, with reference to the great increase of public and private payments, there is not any unnecessary existing augmentation of the circulating medium.

That the annual supply of gold \* from the

\* It would be difficult to make any very accurate and precise statement of the supply and consumption of gold, without the assistance of much more detailed and specific documents than any which are as yet attainable in this country; but the highest estimate I have ever seen does not carry the average annual addition, from both the old and new world, to the commerce of Europe, beyond the value of  $10\frac{3}{4}$  millions of Spanish dollars, or about  $2\frac{1}{2}$  millions sterling; and others do not state it as exceeding 2 millions of our money. The chief supply of England appears to have been through Lisbon previously to the year 1792; and

mines is not equal to the increasing demands of the world for that metal.

was at its highest flow from 1740 to 1750; but since the first-mentioned period (1792), it has dwindled away, and is now entirely stopped; and for the last fifteen years the principal influx has been from Spanish America by the way of Jamaica, and is calculated at about 700,000*l.* per annum\*. But the Brazil mines being stopped at the same time, it is supposed that the whole supply of the world does not much exceed the value of one million sterling per annum at present. Let us, however, take the highest estimate, being that subjoined to the Report of the Committee in the Appendix (No. 33, p. 43, oct. edit.), and state it at 2½ millions sterling, which at only 4*l.* per oz. makes 625,000 oz. Troy of gold bullion per annum; and then let us endeavour to imagine, for it is impossible to calculate with any probable degree of precision, what the annual demand may be for the consumption, against this very moderate quantum of produce. There is a curious fact stated in the publication I have just quoted, that a watchmaker of the author's acquaintance assured him, that, when he was an apprentice, his master had never more than two or three gold watches in hand at one time; but that of late years he himself has seldom had less than one hundred and fifty in a progressive state towards finishing; and that his annual consumption of gold for the cases alone is one thousand one hundred ounces, or something more than  $\frac{1}{800}$  of the annual supply of the whole world; and he thinks that this is not more than the  $\frac{1}{1000}$ th part of what is used for the same purpose in this kingdom; that is to say, that, according to his estimation, one sixth part of all the gold produced by the mines

\* Vide a little pamphlet on the trade in gold bullion lately published in Liverpool.

That, as the increase of paper currency has barely supplied the place of the augmentation wanting in the metallic portion of the circulating medium, there is not any excessive issue of paper now in circulation.

That the suspension of cash payments at the Bank, has, according to the admission of the

of the world, is appropriated to the furnishing of watch-cases in England. Now I am well aware that some part of this consumption may be supplied by the melting down of old cases, and other articles of gold plate; but if we take into consideration the great increase of wealth, and corresponding luxury, referring especially to what the above-mentioned watchmaker has stated, as to the increase in his own dealings in gold; and if we look at the style of decoration and furniture in our own houses, where every part is adorned with a profusion of gilding, so very different from those of our ancestors, who were content with a brass curtain-rod, and a heavy mahogany chair, there can be little doubt but that the consumption of gold, in almost every branch of manufacture, has greatly increased, exclusive of the increasing population and wealth of all countries, and the consequent additional want of circulating medium to effect the necessary payments, while the supply from the mines of the whole world, instead of keeping pace with the augmenting demand, has fallen off, and that to an alarming degree of scarcity; and that, therefore, it is highly incumbent on us to be very sure of our ground, before we venture on any rash and hasty measures for altering the economical system which has been so wisely and providently adopted for husbanding our present stores of the precious metals.



Committee, in their own Report \*, spared a considerable quantity of gold for the supply of the Continent.

That, therefore, the repeal of the restraining statutes, by bringing gold more into demand in England, and by narrowing the proportion of supplies to the Continent, would, instead of tending to lower the price of bullion, raise it first abroad, and then eventually at home.

That this increasing profit on exportation would increase the temptation to melt and smuggle the gold from hence to the Continent.

That, as a regular supply of gold is indispensably requisite for the effectuating of cash payments, the gold, so exported, must necessarily be brought back again at an advanced price; at least, if the Bank suspension were to be removed whilst the balance of payments, between this country and the Continent, should remain in any thing like its present state.

That the amount or nature of the local currency of this country, has not any effect on the course of its foreign exchanges; because they are proved to be continually at variance as to any proportional gradation.

\* Page 7, oct. edit.

That, though the *par* of exchange is founded on the intrinsic values of the coins of any two countries, the *course* of that exchange is regulated by the balance of payments of every kind, to be settled between those countries; and by the greater or less facility of liquidating those payments by the negotiation of bills of exchange, either on each other, or on any other countries, with which they may mutually have pecuniary transactions.

That, though the balance of trade is in favour of this country with the whole world, the balance of payments, between England and the continent of Europe, is considerably against us.

That, consequently, although the balance of trade is favourable, the course of exchange is, generally speaking, and with few exceptions, against us.

That the removal of the Bank suspension, whilst the general balance of payments, and course of exchange, with the continent of Europe, are against us, would only tend to a speedier exhaustion of the precious metals in this country.

That it is impossible for any one to pronounce whether two years, or twenty months, or twenty years, is the precise time when such circumstances shall turn in our favour; or is

even the more likely period for bringing about such favourable alteration.

That, therefore, the enactment of any fixed period, to be at present specified, for the removal of the Bank restriction, would be a most unwise and dangerous measure.

That the return of peace, by removing a great but unavoidable foreign expenditure, and restoring the accustomed commercial facilities, would be most likely to bring with it, also, a power of resuming, under certain qualified modifications, the usual unrestricted option of payments in cash.

That, therefore, it is safest and most discreet, to avoid any rash and premature \* alteration in the existing laws, which, at present, point out a period within a moderate distance of time after the return of peace, when we may

\* Indeed, were such an alteration to take place, under a continuation of the present existing circumstances, even at the end of two years from hence; the utter impossibility of procuring, then, a sufficient quantity of coin to effect the necessary payments, would immediately point out to the good sense and intelligent foresight of the bankers and merchants, the propriety of meeting and agreeing to receive Bank paper in all transactions as usual, as well as the necessity for all persons to resolve on employing such tradesmen only as should concur in such agreement; and to specify in all written contracts, that the payment is to be made in notes of the Bank of England.

indulge a reasonable hope of being enabled to resume our accustomed freedom of pecuniary transfers with perfect discretion and undoubted safety.

Under these impressions, so deeply engraven by conviction, on my most mature and deliberate judgment, and strongly fortified, not only by the evidence produced before the Committee, but even by their own reasonings upon that evidence, as well as by every fact I have been able to procure the knowledge of elsewhere, in the course of this enquiry; I have no hesitation in acquitting the Bank Directors of this "*magnum crimen! ingens pecunia! furtum impudens! injuria non ferenda!*" of which they seem to be accused; and in trusting to the good sense of our fellow-subjects to receive, with confidence, my parting assurance, that, THE PAPER OF THE BANK OF ENGLAND HAS NOT EXPERIENCED THE SMALLEST DEPRECIATION, EITHER IN THE OPINIONS OR THE PRACTICE OF THE COMMERCIAL WORLD.

THE END.

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