OBSERVATIONS, &c.

SOME

OBSERVATIONS

UPON THE ARGUMENT DRAWN BY

MR. HUSKISSON

AND

THE BULLION COMMITTEE,

FROM THE HIGH PRICE OF

GOLD BULLION.

FIRST PUBLISHED IN LETTERS TO THE EDITOR OF THE TIMES.

BY CIVIS.

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PREFACE.

THE following Letters were addressed to the Editor of the Times, soon after the appearance of Mr. Huskisson's Work, and before the publication of the principal Pamphlets which have since been written in opposition to his opinions, and those of the Bullion Committee. It was originally the intention of the Writer, as it is intimated in his first Letter, to have attempted an investigation of the whole question concerning the state of our Currency: but he had scarcely finished what is contained in the following pages, when so many works were announced, having the same object, and undertaken by persons so much better qualified than he could pretend to be for the execution of it, that he determined to desist

from his feebler efforts; which, as they only sprung from a desire of resisting the propagation of what he conceived to be a most erroneous doctrine, upon a subject of the highest political importance, seemed to be rendered unnecessary, when that resistance was much more efficaciously opposed to it from other quarters.

It has, however, appeared to him, in perusing the many sensible works which have been published on this question, (to the Authors of which the Public is more deeply indebted, on account of the vital importance of the subject, than is perhaps generally believed), that less attention has been devoted to the refutation of the *leading argument* in the Theory of Mr. Huskisson and the Committee than that argument really deserves. He is therefore induced to republish his observations upon that part of their Theory, in the shape in which they now appear, in the hope that they may still afford some slight assistance to

the more substantial labours of those who, with the advantage of practical knowledge, have, he trusts successfully, maintained the cause of truth and sense, against the plausible but unfounded Theories of unexperienced philosophy.

SOME REMARKS

ON

MR. HUSKISSON'S PAMPHLET, &c.

LETTER I.

SIR,

OF the several works which have hitherto appeared upon the important question concerning the state of our Paper Currency, which has lately been so much agitated in and out of Parliament, there are three which appear to me to be particularly deserving of attention: the Report of the Bullion Committee, the pamphlet of Mr. Huskisson, and that of Mr. Charles Bosanquet.

The two former of these contain, in elaborate detail, the theory of those persons who maintain that our whole currency is depreciated by the excess of Bank paper in circulation; and who insist upon the removal of the restriction on the Bank to pay in cash, as the only, but certain, means of restoring

it to its natural value. Mr. Bosanquet's work is a volume of practical objections, very ably stated and reasoned upon, sometimes against the principles of this theory, but more generally against their application to the present circumstances.

The perusal of the last mentioned work will hardly leave a doubt on the mind of any unbiassed person, that the Committee have, on some material points of the question, formed their opinion much too hastily; that they have set up some principles with too little consideration of the exceptions to which they were liable; that they have passed too superficially over some important facts and documents, which stand in the way of their conclusions; and that they have treated with too little attention, or rather with too much contempt, the opinion of those "merchants of extensive dealings and intelligence," whom, for the sake, they say, of their opinions, they thought it right to call before them. In addition, however, to this mode of refutation, which consists in comparing real facts and the evidence of practical experience, with the *assumed necessary consequences* which constitute the theory of the Committee (and which mode of refutation, on such

a subject at least, is unquestionably the truest and the best), there is another way in which it may be useful, if not necessary, to examine the conclusions of the Committee; I mean an investigation of the theory itself by which it is attempted to *demonstrate*, not merely that those facts upon the existence of which we are all agreed, *may* depend upon the causes to which they assign them, but that they *can proceed from no others*. Mr. Bosanquet has shewn, by applying the test of practice to their principles, that the Committee are much mistaken *in point of fact*, in some assumptions, from which they dogmatically exclude the possibility of error; my more humble and less troublesome task, is an endeavour to show that the internal structure of their system is in some respects materially deficient; and that, even in theory, if their premises be carefully examined, their conclusions are not always upholden by the foundation on which they are made to stand.

The object, therefore, of this Letter, and of some others on the same subject, which, if you will allow me, I mean to address to you, is principally to lay before the public the grounds on which I differ in opinion, from Mr. Huskisson, and dispute the validity of

the proofs, by which he pretends to demonstrate his theory. I deny many of his assumptions; I object to most of his practical conclusions; and I most earnestly deprecate the measure which is recommended by him and the Bullion Committee, as the remedy for an evil, of which they presume that they have at once proved the existence and the cause.

But before I proceed in this examination, I cannot help adverting to the tone of perfect confidence, with which it is impossible not to be struck on opening Mr. Huskisson's publication. It exceeds even that of the Report of the Bullion Committee. They (the Committee) are indeed most "clear" and "decided" in their opinions; but he goes quite beyond all matter of opinion; and conceiving that the subject, though, as he says (p. x.), "of a complicated nature," is one which admits of "*strict proof;*" he actually arrives at demonstration.

Speaking of the mode in which he has investigated and formed his conclusion on this subject, he says, in the last paragraph of his preface, "I can, however, conscientiously declare, that whatever humble means I may possess of discriminating between truth and error, between degrees of probability and

strict proof, between conjecture and certainty, have been recently and anxiously employed in the re-examination of the opinion which I supported in the Committee." And before, (in the xiith page,)

"If I know my own mind, those opinions have been formed as coolly and dispassionately as they could have been upon any point of abstract science; and I should have felt it as impossible to avoid coming to the conclusion to which I have been led, upon this subject, as to refuse my assent to the demonstration of any problem in mathematics."

From these two passages, which so distinctly describe the nature of that confidence which is apparent in every part of his work, it is evident that the mind of Mr. Huskisson is in a state of perfect certainty as to the truth of all his principles, and that he entertains the most unqualified conviction of the correctness of all his conclusions. He is conscious of no bias on his judgment, he feels his understanding free to receive and to discuss any objections to his theory, with perfect temper and impartiality; he has in the investigation of the subject used all the powers of his mind, "all his means," as he ex-

presses it himself, "of discriminating between truth and error, between degrees of probability and strict proof, between conjecture and certainty;" and when the extent of those means, the very great and acknowledged experience which he possesses on subjects of this nature, his talents and his assiduity, are taken into consideration, it is not astonishing that, after such an investigation, he should feel a considerable degree of confidence in any opinion which he may thus have formed. But it is a little extraordinary that he should so have mistaken the nature of the subject of which he was treating, and the quality of the proof of which it is susceptible, as to have embraced his conclusions as so many absolute and unqualified certainties; and that he should have considered his arguments as strict, unerring, and infallible; in short, as mathematical demonstrations from which it is impossible to withhold assent.

Now, Sir, I contend, that it is a great and an unfortunate error in the mind of Mr. Huskisson, to have supposed the subject to be capable of such proof; it is not susceptible of it; it is not an abstract subject to which any understanding, however enlightened, can

apply mathematical demonstration; and it is, for more than one reason, to be lamented, that Mr. Huskisson has been led so to misconceive it. I am confident that it is this error alone which has induced him to use a tone, and to assume a language, with regard to all those who differ from him, such as are well known to be far from usual with him. Had he taken any other view of the subject than this, (which, if correct, would certainly warrant him in imputing to all those who do not agree with him, an incapacity to understand a positive demonstration), it would have been inconsistent with his feelings, to have treated those who dissent from his opinion upon it with such severity of contempt as he has expresssed towards them. But for the fancied elevation which this error (as I conceive it to be) has given to him, he would, I think, have replied to Mr. *Randle Jackson*, without flatly impeaching his motives; and to Sir *John Sinclair*, in any other mode, rather than by a sarcastic depreciation of his understanding; his preface would not have been sullied by the paragraph relating to those gentlemen which appears in its xiith page.

That the Directors of the Bank of Eng-

land, that all the practical merchants of the city of London, who were examined before the Committee, and have given their opinions against the opinion of the Committee, may have been mistaken, is certain; and it could not be expected that Mr. Huskisson, or any man qualified like him to examine such a subject, should surrender his judgment to their authority; but it might surely have been expected that this mass of authority against his opinion should have been treated with a little of that respect, which would have suggested the language of a more moderated and unassuming confidence than that which he has displayed.

And here, Sir, I must remark, that this perfect and unsuspecting reliance on his own conclusions; this confident assurance in the mind of Mr. Huskisson, that he has removed all doubt and difficulty from a question hitherto considered as one too complicated in its bearings, to admit of abstract demonstration; the assumption that he had discovered an exact science, in a path where all those who have preceded him, have been satisfied with collecting and weighing probabilities; so far from inducing a corresponding reliance and confidence on my part,

when I perused his work, did, on the contrary, excite an unusual degree of jealousy in my mind, and a determination to examine much more scrupulously his *strict proof* than I should perhaps have been disposed to have canvassed his opinion, if less positively stated. For, the opinion of Mr. Huskisson upon a very intricate question, and one which involves the consideration of a great variety of causes and effects possible, probable, and certain, would, on account of his acknowledged talents and information, and his practical acquaintance with the details of business, have commanded a very great degree of respect; and his authority would, to the mind of a more humble individual like myself, have been an additional weight of no little consequence in the scale of probabilities. But when he tells me that he has adopted his present opinion, not because he *believes*, but because he *knows and can prove* it to be true; when he treats all those who think otherwise, as persons blind to the conclusions of strict demonstration; then, indeed, the weight of his opinion, as a matter of authority, is at an end; his proofs are to be examined: if his demonstration is clear and perfect, his proposition must be admitted,

but if there is any defect in it, he will, instead of having added to the weight of his opinion by an attempt to *demonstrate* his subject, have very much diminished it, by shewing that his mind was prepossessed by a strong prejudice, which could alone have deluded him into such excessive confidence in the grounds of his belief.

That he should have fallen into this mistake, appears the more extraordinary, when we read his description of his opinions at different periods on this subject, and of the mode in which he was at last so suddenly and decidedly converted, to that which he now maintains. In defence of himself against the charge, which, he says, some of his friends have insinuated against him, in the shape of these questions: "why did he not give to the public an earlier warning on the subject; why not, while he was himself in office, and before the evil had grown to its present height?"—(page xiv.) he says, that "when the great fall in the foreign exchanges first took place, he ascribed it without hesitation, and perhaps without much reflexion, *altogether to the effect of the violent measures, political and commercial, adopted on the Continent, and to the suspen-*

sion of our intercourse with the United States. But when that fall had continued for near a twelvemonth, doubts arose in his mind," &c. (page xvii.) But they went no farther than doubts, till Mr. Huskisson was furnished with the evidence of the Governor, and Deputy Governor of the Bank, that they did not regulate the amount of their issues of paper, by the price of gold and the state of the exchanges; and being of opinion that this conduct on the part of the Bank Directors was extremely wrong, and betrayed an ignorance of what he conceived to be the true criteria, by which they should govern their conduct and limit their issues,—what does he do? he comes to the conclusion that he has discovered the cause, the *only, the all-sufficient* cause; the cause which is not only so satisfactory, but so *exclusively admissible* in accounting for the effect which he deplores, that he turns his back at once and for ever upon that other cause, namely, "the violent measures, political and commercial, adopted on the Continent," to which, but a month before, he had altogether ascribed the very same effects. Now, Sir, is it not most extraordinary that a mind like Mr. Huskisson's, so well versed in subjects

of this nature, so well instructed in all the branches of political œconomy (which he conceives himself to have reduced to a science of abstract truth, capable of mathematical demonstration) is it not, I ask, most extraordinary, that he should now be prepared to demonstrate his former opinion to have been so entirely erroneous, that the state of things which he lately thought alone sufficient to account for the effects in question, is in fact so far from being the cause of them, or of having any influence in producing them, that if the newly discovered origin of the evil were removed, every thing would, in spite of the continued existence of that state of things, be well?

If, now, Mr. Huskisson had been contented to consider this, not as an abstract, but as a practical subject,—as one over which natural and moral causes have their operation and their influence, what would have been the course of his mind, even supposing the principles of the Governor and Deputy Governor of the Bank, newly revealed to him, to be as erroneous and improper as he thinks them? In my humble judgment, the natural course of such a mind as his would have been, to have felt indeed, that he had been

mistaken, in looking only to the state of the Continent for the cause of the evil, since it appeared that the conduct of the Bank, *might have* led to such an excessive issue of paper, as would constitute another operative cause, productive of the mischief deplored; and that, therefore, the political and commercial measures abroad (which certainly were not changed by this new discovery, and which were at least as *capable* after as before it of influencing the price of bullion and the exchanges) must be aided in producing that effect by this other circumstance now brought to light. The next step, I apprehend, would have been to have endeavoured to ascertain in what proportions and degrees these causes were, or might be operative (supposing the Bank to have *actually exceeded* the limits which it was found they *might have* exceeded); and above all, whether any, and what other yet undiscovered and unsuspected causes might be conducing to the same end: for one would naturally think that this discovery of his previous mistake in one important particular, should have filled his mind rather with mistrust than confidence; and that when he found he had been so much misled by relying too

entirely on one conception, he would be more careful of not relying too implicitly on another. This would, I think, have been the most natural course for him to pursue; this would have led him to survey the wide field of this practical subject, with more diffidence of his own opinion, and more respect for that of others; and we should probably not have seen such a report as that of the Bullion Committee, and certainly not such a pamphlet as that of Mr. Huskisson. But, unfortunately, this has not been the case; his new discovery, instead of creating in his mind some doubt and diffidence, has hurried him into a fancied certainty, which has closed it against all further argument or information. He raises his new opinion in the scale of propositions to the rank of a mathematical truth, and gives it to the world with the confidence of a philosopher in that abstract science.

Now, Sir, the view which I take of this subject is entirely different. So far from its being an abstract subject, and capable of strict demonstration, I consider it as a practical subject, affected by more circumstances, and by a greater variety and combination of causes, influencing and affecting the results,

in various and undefinable relations, than almost any other upon which a question could arise. And therefore, in attempting to offer some observations, to shew the insufficiency of Mr. Huskisson's arguments and conclusions, I must protest against the terms and conditions of his challenge, if I rightly understand them. In the xith page of his preface he says, "I am anxious to meet upon a fair and equal footing those persons who have publicly attacked," (and I presume all those who may publicly attack) "the Report of the Committee. I wish to draw from them an admission of the *principles* which I state; or a clear and explicit exposition of their own. If they admit the principles stated by me, it is for them to reconcile their own deductions to these principles so admitted; and to disprove mine. If the difference between us be as to principles, let them lay fairly before the public those on which *their theory* is built; and shew the practical consequences to which their own principles would in their own opinion lead." Now, Sir, I by no means admit that before any man can be heard against Mr. Huskisson's *principles and his theory*, he must produce his own. I,

for my own part, have no theory; and if by principles, is meant those accurate definitions and axioms, by means of which all abstract theories are demonstrated, I must freely confess that I have no *such* principles which I can apply to this practical subject; a subject which I contemplate as one composed of many mixed causes and consequences, the various bearings and limits of which I do not presume to be able to ascertain; and which of course I cannot reduce within the bounds of precise definition. I shall content myself therefore with endeavouring to shew that Mr. Huskisson has not succeeded in his attempt to do so; that his definitions are disputable propositions; that his axioms require to be proved; and that his conclusions are very far from being demonstrated. I shall afterwards take a more general view of the subject, and state the various considerations which induce me to differ in opinion from the Bullion Committee. But these must be the subjects of future Letters.

I am, Sir, &c.

CIVIS.

LETTER II.

SIR,

MY former Letter described the general impression which the preface to Mr. Huskisson's pamphlet had left upon my mind. I shall now proceed to examine the course of his argument, and to point out some objections which appear to me to render it as inconclusive as he seems to think it clear and irresistible.

But it may here be proper very briefly to state the leading points of this discussion, with the grounds of proof upon which Mr. Huskisson relies, and which I dispute.

The facts, admitted on all sides, are, 1st, the high price of gold bullion; and, 2dly, the unfavourable state of the exchange between this country and the Continent: both of which have prevailed for some time.

These two facts constitute the evils which are complained of: and they are traced by the Bullion Committee to one only cause—an excess in the paper circulation of this country; of which the high price of gold bullion is, they say, the *most unequivocal symptom;* and, next to that, the low state

of the Continental exchanges: and they recommend, as the unquestionable cure of these evils, the obligation upon the Bank to resume its payments in specie.

Mr. Huskisson goes something farther than the Committee; for he treats the high price of bullion as *a proof* of the depreciation of the Bank paper, admitting of demonstration in the strictest form. He likewise pushes the argument drawn from the state of the exchange, in point of form, though perhaps not in point of fact, beyond the assumptions of the Committee.

His mode of proving the depreciation of our currency by the price of bullion will be the subject of the present Letter. He commences with an observation, that "the various definitions of the word money, and the different acceptations of it, have contributed to produce much of the doubt and uncertainty which prevail at this moment respecting the state of our currency." And after a short examination of the defects in former definitions, he gives us his own; which, at the close of such a preamble, we had a fair right to expect should be clear, precise, and comprehensive. I cannot, however, think that these qualities will, on a

careful consideration, be found to belong to it; for it appears to me to be not only extremely defective, as a description of the properties of money, but to be attended with a circumstance particularly calculated to defeat the precision which should belong to a definition; I mean the introduction of a term, as synonymous for the word money, which cannot in this stage of the argument be allowed to stand as such: and this circumstance, if I do not much deceive myself, will be found to occasion a great fallacy, affecting the whole course of Mr. Huskisson's argument; a fallacy which is observable whenever he uses the expression assumed as synonymous for the word *money*. This he does most frequently; and in many cases where the whole press of the argument may be said to depend upon the question whether such expression is so synonymous or not.

The definition I allude to is to be found at the end of the first paragraph in the 2d page, in these words: "*Money*, or A GIVEN QUANTITY OF GOLD OR SILVER, is not only the *common measure* and *common representative* of all other commodities, but also *the common and universal equivalent*."

He defines money, therefore, to be the common measure, common representative, and universal equivalent of all other commodities; and he gives his readers notice that he intends to use the word *money*, and the words *a given quantity of gold and silver*, as equivalent and convertible terms.

There is no part of Mr. Huskisson's work which shews more strikingly than this definition, that it is necessary to follow him with the utmost caution through the different stages of his argument, and to watch his assumptions with the greatest care; for if the reader slurs over this definition, and gives him credit for the accuracy of his explanation of money, and the correctness of the synonym, one most important point in the argument, one most contested question, is in a great measure decided, and what ought to have been the matter of proof is assumed.

Struck with the impropriety of this definition, and feeling that there were some important distinctions between money and bullion, and those distinctions specially affecting the present question, it occurred to me, as soon as I had seen it, to turn to such books of reference as I happened to have by me, for some of those former definitions of

money, of the inaccuracy of which Mr. Huskisson complains, and which he wishes to supersede by his own. Among several which I found, nearly to the same effect, the two following appear to me to be the best;

"MONEY, a piece of matter, commonly metal, to which public authority has affixed *a certain value* and weight, to serve as a medium in Commere."—*Encyclopedia Britannica.*

"MONNOYE, en général: C'est une portion de quelque matière que ce soit, à laquelle l'autorité publique, la coutume, ou l'usage ont donné un poids et *une valeur certaine*, pour servir dans le Commerce".—*Diction. Universel de Commerce.*

We shall see in the course of the present examination, with what right Mr. Huskisson discards such definitions as these, for that which he proposes to us. In both of the foregoing, which apply to money in general, the chief of those distinctions to which I have alluded is clearly pointed out; I mean the *fixed value given to it by public authority*; but British money in particular, which is the subject of our present consideration, has other peculiarities which distinguish it from the bullion of which it is made, viz. that it

is *a crime* to melt it, to export it, or to exchange the coin of different metals with each other at a higher or lower rate than the Mint has assigned to them.

Any person who will look at Locke's "Further Considerations concerning raising the value of money," will, I think, readily perceive, that Mr. Huskisson's definition is compiled from the premises which are there laid down concerning silver; and I apprehend that any person who will read that treatise with attention, will admit that it does nothing less than afford any authority for such a definition of *money*. He will there perceive the meaning of the words "universal equivalent," which, when applied to silver as a general instrument of commerce over all the world, are very intelligible; but which, when stated as one of the properties of money, are at least very ambiguous. The reader will likewise find in that work the distinction between money and bullion, and the effects of it in various practical points of view very clearly pointed out; a distinction most important to the present question, but which is entirely confounded in Mr. Huskisson's definition, and quite sunk in the course of his argument.

That Mr. Huskisson should have overlooked these differences between *money* and a *given quantity of gold and silver*, is of course not to be suspected; they are too obvious to every person to escape so acute a man as he is; and I am therefore bound to suppose that he has either overlooked their importance to the present question, or, having considered them, has satisfied himself that they were not important to it. It is worthy of remark, however, that in the whole course of that part of his work which comprehends his attempt to prove the depreciation of our paper by the mere fact of the difference of price between coin and bullion, he never once adverts to these most material distinctions, although he notices them elsewhere, (as in pages 16, 89, and 90), when it suits his argument in another point of view; and he closes his preliminary observations with the following paragraph:—"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 accurately ascertained and publicly proclaimed to all the world by the stamp it bears."—That is to say, that 5 dwts. 9 grs.

of gold issued from the Mint in the shape of a guinea, for twenty-one shillings in silver, (or in Bank paper for 21 twentieths of a pound) and which is current and exchangeable *at that rate and at no other*, within the limits of British law, and which, moreover, is not legally exportable, and therefore not applicable to the purposes of foreign commerce,—is the same to all intents and purposes as 5 dwts. 9 grs. of uncoined gold, a merely merchantable article, having none of these properties and restrictions; and that there neither is nor can be any difference whatever between them! If I should say that a piece of paper bearing on the face of it an obligation on the part of the Bank to give the holder 20 shillings, was to all intents and purposes the same thing as a piece of paper of the same size and quality having no such writing upon it, I should advance an absurdity precisely analogous to this of Mr. Huskisson.

With such assumptions and definitions as these, and such statements of law and fact as we shall soon see arising out of them, Mr. Huskisson may certainly prove any thing he pleases to his own satisfaction, but the really must abate somewhat of the

confidence with which he expects his readers to agree with him.

I proceed now to his application of his preliminary observations on coin and bullion to the currency of this kingdom.

"I assume," he says, "as admitted, that, in Great Britain, gold is the scale to which all prices are referred, and since the 39th of the King, the only legal tender, except for payments under 25*l.*" I have the misfortune, Sir, to be perpetually at variance with Mr. Huskisson on his assumptions. I am aware that it has been recommended by several writers, and that it has been strongly insisted upon in a treatise deservedly celebrated, and to which Mr. Huskisson frequently refers (Lord LIVERPOOL's Letter to the King), that gold should be made the only measure of value in this country. LOCKE recommended silver for the same purpose; but Locke was more consistent than Lord Liverpool, because, in order to make one metal the measure of value, he recommended that the other should not be bound by law in any fixed relation to it; but should exchange for more or less against it, like any other commodity in the market. It is quite obvious that this is the only way in

which one metal alone can be the common measure of value, while the other is in circulation with it. And I find some observations in an article of the Edinburgh Review so applicable to the present question, that I cannot refrain from transcribing them.

"In opposition to Mr. Locke, who contended that silver was the money of account all the world over; our author (Lord Liverpool) maintains that in this country gold has become the standard of value; and having, by the natural course of events, usurped, in fact, the place of silver, ought, he thinks, to be confirmed in its new capacity by the public authority. We suspect there is no small inaccuracy of language in this dispute, and that the combatants, as often happens, would be much nearer one opinion than they are aware, were their terms defined. If regard is had to the origin and etymology of the language in which all modern contracts are conceived, and if this is allowed to be a fair test of the sense in which the words are taken; then, no doubt, silver is the commodity meant to be conveyed away in every bargain of sale, and referred to as an equivalent or common measure in all comparative estimates of value. In this case, he who

promises to pay so many pounds sterling, or livres, promises a certain quantity of precious metal in the words which once signified that precise weight of silver, but which custom or law has since transferred to mean indiscriminately a much smaller weight of silver, or a certain weight of gold." And again, "Since Mr. Locke wrote, certain events have almost banished silver from the circulation of this country, and substituted gold in its place; only we bind ourselves to pay optionally either so much silver, or its value in gold, at *a rate fixed and known at the time of making the bargain.* So long as there is a double circulation in any country, when we talk of one metal, we in truth mean either of the two at a *known relative valuation*, which may be fixed by law, or left to be settled in the market, (with us it is *fixed by law*); and when we call one of them the common measure of property, we can only mean to assert that the other having nearly disappeared from the circulation, the price of the one which remains is alone attended to in all contracts. It is absurd to call one a measure or standard more than the other, if both continue in circulation. They are both

measures and standards." (Edinb. Review, vol 7, p. 289, 90.)

In addition to these general observations against the exclusive right of gold (even gold coin, much less, as Mr. Huskisson pretends, gold bullion) to be a measure of value, we must remark, that Mr. Huskisson seems to have very much under-rated the importance of the exception mentioned in his own statement, viz. that gold is not the *only* legal tender for payments *under* 25*l.* that is, in at least 99 payments in every 100 in the daily barter throughout the kingdom; for I think no man will be disposed to deny, that the number of the payments under 25*l.* must bear an incalculably high proportion to that of those above it; in all these, silver is, even according to Mr. Huskisson's mode of stating it, a legal tender.

But I have a still more important objection to Mr. Huskisson's assumption, founded on the Act 39 Geo. III. and one which will find its place in the argument hereafter: I mean, that he has not correctly stated the purport of that Act. He says, that, according to that Act, gold is the only legal tender excepting for payments under 25*l.* But the fact

is otherwise: silver coin, by *tale*, is indeed by the act precluded from being a legal tender in payments above 25*l.*; but it is provided that it shall continue a legal tender *by weight*, to any amount, at the rate of 5*s.* 2*d.* per ounce. Now it is curious enough, that Mr. Huskisson, who has himself declared *money* and a *given quantity of gold and silver*, to be synonymous, should declare that gold was the only scale of prices, because in payments above 25*l.* gold only is allowed to be tendered at its Mint valuation, and silver according to *quantity*. Why, surely, in Mr. Huskisson's opinion, a given quantity of silver should be money!

But it appears throughout to have been an object of great consequence to the Committee, and Mr. Huskisson, to establish that gold is the only scale of prices in this country; and a matter of still greater consequence, for the purpose of the argument now before us (drawn from the price of gold bullion), to sink entirely all consideration of the fixed legal relation between gold and silver money. Mr. Huskisson, accordingly, in the premises which follow the assumption I have just noticed, and which he

likewise "assumes as unquestionable both in law and in fact" (page 6), tells us,

1st, That a pound of gold, of our standard, is coined into $44\frac{1}{2}$ guineas at the Mint, without any charge for the conversion of it into coin.

2dly, That by law, these guineas, which, when fresh from the Mint, weigh five dwts. nine 39-89ths grs. cease to be a legal tender when they are reduced below 5 dwts. 8 grs. Thus far is very well; but is there nothing more said about these guineas? Is no mention made of some very material points both of "law and of fact," connected with their conversion into coin? Is it not stated that the Mint has not merely divided the pound of gold into $44\frac{1}{2}$ pieces, but that each of these pieces are, by that operation, become *worth 21 shillings in silver, neither more nor less*, whatever may be the relative prices in the market of the metals they contain; and that it is forbidden by the law to melt or export them?

Not one word of all this! it is as completely omitted as it is unquestionably true. And the effects and importance of the omission are immediately perceived in the *consequence* which is made to follow from the

whole of the foregoing assumptions, taken together.

"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." (Page 7.)

This does appear to me to be such an extraordinary *consequence*, that I am led to doubt whether I rightly understand the author; although his language is so plain, that it seems almost impossible to mistake him. The premises are:

1st. That gold is the scale to which all prices are referred, and the only legal tender for payments above 25*l.* since the 39th of the King.

2dly, That a pound of gold is coined into $44\frac{1}{2}$ pieces, &c.

3dly, That a guinea weighs five dwts. nine 3.89ths grs. and is not a legal tender if it is reduced in weight to less than 5 dwts. 8 grs.

And *therefore*, that no man was obliged, before the year 1797, that is, before the 37th of the King, to take in satisfaction of a legal debt of a guinea, less than 5 dwts. 8 grs. of gold, or any thing that would not procure *that quantity of gold.*

Does Mr. Huskisson mean, that in *consequence* of the act of 1799, no man was compelled, in 1797, to receive any thing but gold for the debt of a guinea? The act, even if it could be antedated, would not justify that; for he would actually, even under that act, be compelled to receive 21 shillings for every guinea of his debt under 25*l.* or silver at 5*s.* 2*d.* an ounce for every guinea, if above 25*l.* whatever might be the relative prices of the two metals in the market.

Does he mean that the act of 1799 superseded some act existing in 1797, which made gold the only legal tender for every sum whatever? I know of no such act; I can find none in the Statute book which existed in 1797, making gold the only legal tender, even as it is now, for payments above 25*l.* If there did exist any such law, Mr. Huskisson has done great injustice to his "*consequence*," by not producing it.

Does he mean that the Bank was obliged,

before 1797, to pay its notes in gold? It certainly was not: it might have paid them in silver to any amount, and that silver very much above its market value.

But whatever Mr. Huskisson may mean, his consequence, as he has stated it, certainly does not follow from his premises; and it is as certainly not true, independently of those premises. It is not true, that before the year 1797, it was secured to every man that he should receive five dwts. nine 39-89ths grs. of gold for every debt of the current value of a guinea. Commodities never were, either before or since the year 1797, bought and sold for *given quantities of gold or silver*, but for given sums of *money*, that is, of gold or silver, issued from the Mint, at a fixed relative proportion between the two coins, or something representing an equivalent value in the currency of the kingdom.

There remains now to examine the more formal enunciation of the proposition which Mr. Huskisson builds upon all these premises and consequences, and which brings him, as he conceives, legitimately to the *quod erat demonstrandum* of this part of his subject. But this letter has already

been extended to so great a length, that I must defer my observations upon this point, as well as some general and practical remarks upon the high price of bullion, which are connected with this part of the subject, to another opportunity.

I am, Sir, &c.
CIVIS.

LETTER III.

We are now arrived at the last stage of Mr. Huskisson's demonstration—at the full and formal statement of his logical conclusion—that our currency is depreciated.

He says, (p. 12,) "Whether the state of things be such as I have described, is the question upon which the public attention is now fixed; and to which I conceive there can be but one answer. If the reader shall go along with me in the following statement, that answer will appear to him as obvious as it does to me."

"A pound or twelve ounces of gold is, by the law of this country, divided into $44\frac{1}{2}$ guineas, or 46*l.* 14*s.* 6*d.*

2. "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 away from it."

3. "A pound of gold, therefore, and 46*l.* 14*s.* 6*d.* being equivalent—being, in fact, the same thing under different names—any circulating credit, which purports to represent 46*l.* 14*s.* 6*d.* ought by the law of this country, to be exchangeable at will for a pound of gold."

4. "No alteration has been made in this state of the law, except by the act of 1797."

5. "The professed and intended operation of the act of 1797 was not to diminish the quantity of gold, for which any specific amount of circulating credit ought to be exchangeable, but merely to suspend for a time the option of the exchange."

6. "But the sum of 46*l.* 14*s.* 6*d.* in our present paper, will procure in exchange for gold only $10\frac{1}{4}$ ounces of that metal: a pound of gold is now exchangeable for 56*l.* in paper currency. Any commodity, therefore, which is equivalent to a pound of gold, is also equivalent to 56*l.* in paper."

"It follows, that the difference between 56*l.* and 46*l.* 14*s.* 6*d.* or between 12 and $10\frac{1}{4}$ ounces of gold, arises from the depreciation of the paper, and is the measure of the deprecia-

tion as well with respect to gold, the *universal equivalent*, as to every other commodity."

"Those who differ from me in opinion must be prepared to deny some one of these facts, from which, if not disproved, the conclusion necessarily follows. They must either shew, that I have misstated the permanent laws of the realm, which regulate our coinage and determine our legal tender, or they must shew that gold is not the basis of our money, that its value is not measured by its quantity, that the value of that quantity is varied by its conversion into coin. But these are propositions which no man, who has ever looked at the subject, will attempt to maintain."

The sum and substance, then, of these logical deductions are:

That the practice of our coinage, and the laws which regulate it, are such that the price of gold bullion in the market cannot be higher than the price of gold coin from the Mint, *except by the depreciation of our paper currency;* that the mere existence of such an excess of price is a *strict proof* of the existence of such a depreciation.

Now, Sir, if any person less known for his talents, and less respected for his character in this country, than Mr. Huskisson, had

given to the public such a proposition, so supported as this; I should certainly never have troubled you or your readers with any observation upon it, nor have devoted to it any thing more than that slight attention which seems to me to be sufficient to discover the fallacy which runs through it.

The first thing that strikes one on reading such a proposition, is the extraordinary circumstance, that a truth so simple, so certain, and above all, so important, should have remained so long undiscovered by the learned, or unexplained to the ignorant:—that a truth, of which the demonstration lies in so small a compass, and upon the very surface, as it were, of the subject; which requires no investigation of obscure facts, and no enquiry into doubtful causes to explain and support it; but which consists in a few points of law and of fact, all of which are perfectly notorious to almost every man of any reading or knowledge whatever; that such a truth, so decisive in a controversy which has so long been agitated by very able persons, should now, for the first time, be discovered, is, to say the least of it, very surprising: and it is worthy of remark, that this abstract reasoning, which is the basis of Mr. Huskisson's

present conclusions, has no reference whatever to the evidence of the Bank Directors, which, as he states in his preface, first induced him to abandon his former opinions concerning the price of bullion, and the state of the exchanges. All the elements of his present demonstration were as well known to him before that evidence as they are now: but he then was blind even to this simple and mathematical truth. Surely we might be permitted to suspect some fallacy in a discovery under such circumstances, even before the traces of such a fallacy could be distinctly perceived.

That the chief writers on political economy have not noticed the principle upon which this truth is founded—that their works contain abundant indications of their having believed, that the price of bullion and of money might be different, without that difference arising from a depreciation of the money; my acquaintance, however slight, with those writers, enables me most confidently to maintain. Of the many illustrious names, which the list of these writers comprehends, Locke and Lord Liverpool are those to whom Mr. Huskisson most frequently refers; I shall therefore

extract a passage from each of these writers, to show that they at least did not believe, that an excess of the market price above the Mint price of the precious metals was at once a proof and a measure of the depreciation of the currency.

Mr. Locke says in answer, by way of question to Mr. Lowndes,

"Whether silver in our coin, will not always, during the prohibition of its exportation, be a little less worth than silver in bullion, whilst the consumption of foreign commodities beyond what our's pay for, makes the exportation of silver necessary? And so, *during such a state*, raise your money as much and as you will, silver in the coin will never fetch as much as silver in the bullion." (p. 200, vol. 5. edit. 1810.)

Lord Liverpool says;

"Whenever the balance of commerce is against this country, and there is a want of bullion to be exported, bullion will always sell at a small advance above the price at which it is valued at the Mint, in consequence of the laws prohibiting the exportation of the coin. *And whenever the demand for bullion to be exported is very great, the price of it will rise still higher, and it is probable,*

that the value of the coin would, in such case, rise in a like proportion, IF THAT VALUE WAS NOT LIMITED BY PUBLIC AUTHORITY. (pp. 79 80, note.)

But, besides these favourite authorities of Mr. Huskisson, there is another, which ought to have a still greater weight with him, and which likewise appears on this most material point to be directly at variance with him; I mean the Bullion Committee.

They state and explain two circumstances, viz. the average diminution of the weight of the coin by wear, and the difficulty under which the holders of coin are placed, by the law, when they wish to convert it into bullion: and they proeed:

"The two circumstances which have now been mentioned have *unquestionably constituted,* in the judgment of your Committee, *the whole cause* of that depression of the value of the gold coin of this country in exchange for commodities below the value of bullion, in exchange for commodities, which has occasionally arisen, or could arise, at those times when the Bank paid in specie, and gold was consequently obtainable in the quantity that was desired, and the limit fixed by those two circumstances conjoined, to *this excess*

of the market price of gold above the Mint price, was therefore a limit of about $5\frac{1}{2}$ per cent.

(This limit, by the bye, I cannot forbear from remarking upon as extraordinary, when the Committee had themselves recorded, that the Bank had purchased gold previous to 1797 as high as 4*l.* 8*s.* which is more than 12 per cent. above the Mint price.) But Mr. Huskisson, either not having consented to this part of the Report, or having thought better of it, and being disposed to retract his consent, maintains throughout his book the theory we are now examining; for he says, (p. 91),

"It is, therefore, because the use of gold has been superseded by the present state of our currency, whilst the over issue of that currency has diminished its relative value; and because the Bank of England, not making a sufficient allowance for that diminished value, has ceased to offer the market price; that *exportable* gold is of more value than that which cannot legally be sent out of the country."

And, in order to shew that he admits no cause but an excess of circulation, even when the Bank paid in specie, for a difference

between the market and Mint prices of gold, he says (p. 94),

"This is precisely what happened before the Restriction law. Whenever, from a temporary over issue of paper, (to which the Bank, from the nature of its institution, must be ever prone), the market price of gold was raised for a short time above the Mint price."

Having ventured to state these differences between Mr. Huskisson, on the one hand, and Mr. Locke, Lord Liverpool, and the Bullion Committee, on the other, I shall now proceed to examine the series of propositions which I have stated above, and which exhibit the substance of Mr. Huskisson's main argument.

"1st, A pound, or 12 ounces of gold, by the law of this country, is divided into 44 guineas and a half, or 46*l.* 14*s.* 6*d.*"

Or 46*l.* 14*s.* 6*d.* Here we have a new term, not mentioned in the author's former statements respecting the conversion of Bullion into coin: in which we were told, that the whole effect of the operation was to divide the pound into 44 pieces and a half, But now, it seems, that it is not merely so divided, but that it is, by that very act, made

to be equivalent to a specific value in other coin or commodities, which value is invariably 46*l.* 14*s.* 6*d.*

This is certainly true, and certainly important to the present argument. One question occurs upon it; is this extrinsic value of 46*l.* 14*s.* 6*d.* which is fixed by the act of coinage in a pound of gold, derived from the intrinsic value of the gold before it was coined? Does it of necessity precisely correspond with that previous, or market value? The answer is obvious; it cannot be so. The Mint value has been, since the time of King William, and continues to be, fixed and invariable; the market value is what no act of Parliament could fix; it is variable and fluctuating.

"2ndly, 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 away from it."

Here the fallacy appears. What! Is not the pound of gold made exactly equivalent by this division to 46*l.* 14*s.* 6*d.*? Was it in the market exactly equivalent to that sum before? And if it was in any degree, either more or les than equivalent to 46*l.* 14*s.* 6*d.* when in the state of bullion, has it not by

the conversion into coin, whereby it has been made exactly equivalent to 46*l.* 14*s.* 6*d.* received an addition to its value, or suffered a diminution from it, precisely to that amount? What! When the Bank, in 1795 and 1796, paid 49*l.* 16*s.*, and 50*l.* 8*s.* for a pound of gold, (as it appears they did, by Mr. Newland's evidence, in 1797,) and converted it into coin equivalent to 46*l.* 14*s.* 6*d.*, did the operation take nothing from its value? Upon this point, obvious and simple as it may seem, the question turns. If it be true that a pound of *gold bullion*, and a pound of *gold money*, (that is, 44 guineas and a half,) are alike invariably equivalent to 46*l.* 14*s.* 6*d.*, which must be the case, if the value of the bullion is not altered by the act of coinage, then Mr. Huskisson is right; if not, he is wrong. The answer to the above questions will determine the point: but it is surely not necessary to state them.

We now come to the third proposition, prepared to analyse it, and to trace the confusion which it involves.

"3dly, A pound of gold, therefore, and 46*l.* 14*s.* 6*d.* being equivalent, *being, in fact, the same thing under different names,* any circulating credit which purports to represent

46*l.* 14*s.* 6*d.* ought by the law of this country to be exchangeable at will for a pound of gold."

And, certainly, if his second proposition had been true, his third must have been so likewise. If a pound of gold bullion were invariably worth 46*l.* 14*s.* 6*d.* it would be invariably equivalent to 44½ guineas, which are always worth that sum. (They would not, however, even then, be *the same thing under different names*, but different things having the same value); and the Bank Directors would, moreover, be proved to be the greatest fools that ever nature formed, when it could be shewn that they had before the year 1797 given 50*l.* 8*s.*, 51*l.* 12*s.* and, as Mr. Newland said, as high as 52*l.* 16*s.* for a pound of gold, which was in fact precisely the same thing as 46*l.* 14*s.* 6*d.*, in the same currency, under a different name!

On the other hand, the Legislature is made to appear no less absurd than the Bank, by this universal identity, of a given quantity of coined and uncoined metal, as it is asserted by Mr. Huskisson. The act of the 38th of the King (which revived the 14th of the King, for limiting silver by tale, as a legal tender, to 25*l.* which had expired in 1784), contains the following provision:

"And whereas, from the present *low price of silver bullion, owing to temporary circumstances*, a small quantity of silver bullion has been brought to the Mint to be coined, and there is reason to suppose that a still greater quantity may be brought, and it is therefore necessary to suspend the coining of silver for the present: be it therefore enacted, that from and after the passing of this act, no silver bullion shall be coined at the Mint, nor shall any silver coin that may have been coined there be delivered."

"And be it further enacted, that all persons who delivered silver at the Mint, for the purpose of the same being coined, previous to the 9th of May 1798, shall be entitled to receive from the officers of his Majesty's Mint, *such a sum for each pound weight thereby, as shall be equal to the full value of the coin into which the bullion would have been converted* if the same had been coined according to the regulations of the Mint."

Here, then, we perceive that the price of bullion in the market may be low as well as high, owing to *temporary circumstances*, whilst its Mint price remains the same; and that individuals, in that case, bring bullion

to the Mint, because the Mint adds some value to it; which Mr. Huskisson says it cannot do.

The 2d and 3d propositions, then, are inadmissible: because it is not true that the value of a pound of gold is not changed in passing through the Mint; it is not true that a pound of gold is invariably worth 46*l.* 14*s.* 6*d.* or that it is the same thing under a different name; and it is of course not true, that every thing which is equivalent to the one, must be equivalent to the other.

Upon the 4th and 5th propositions, it is unnecessary here to make any other remark, except that the words "*quantity* of gold" are, in the latter, employed as synonymous with *sums of money*, upon which I have said enough already.

The 6th proposition is the minor in this multiform syllogism, and the conclusion immediately follows.

"6thly, But the sum of 46*l.* 14*s.* 6*d.* in our present paper, will procure in exchange for gold, only 10¼ ounces of that metal."

The same must be affirmed of silver and of guineas; which, it is to be observed, are throughout admitted by Mr. Huskisson to be precisely equivalent to paper: "a pound

of gold is now exchangeable for *56l.* in paper currency," (and, of course in silver, or in guineas); "any commodity, therefore, which is equivalent to a pound of gold, is also equivalent to *56l.* in paper," (and to *56l.* in silver or in guineas).

And so it truly is, or rather *was*, when Mr. Huskisson was writing; the price of gold has since fallen considerably; or, as he would say, the value of the paper currency has risen. But nothing is less true than the *consequence*, which is stated thus:

"It follows that the difference between *56l.* and *46l. 14s. 6d.*, or between 12 and $10\frac{1}{4}$ ounces of gold, arises from the depreciation of the paper, and is the measure of that depreciation." (Thus positively disallowing the $5\frac{1}{2}$ per cent. which is as positively attributed by the Committee to two other causes).

I shall not stop, Sir, to criticise this syllogism, or to object to the change of the terms, by which *46l. 14s. 6d.* which was before declared to be the same thing as a pound of gold, is now made the same thing as a quantity of paper worth only $10\frac{1}{4}$ ounces of gold. Those are trifles. The important and irresistible objection is not

to the form, but to the substance of Mr. Huskisson's demonstration, which is completely destroyed by the fallacy in his second and third propositions. A pound of gold bullion, and *46l. 14s. 6d.*, are not the same thing: they are not invariable equivalents. *46l. 14s. 6d.* is money; bullion is not: bullion may rise in value as a merchantable article, owing to causes not immediately affecting the value of money, as it is restricted by British law; and money, as such, may be depreciated in value by circumstances not directly influencing the price of bullion.

Unless, then, my understanding has entirely deceived me, I shall have no great difficulty in answering the formidable alternatives with which Mr. Huskisson menaces those who shall venture to differ from him.

"They must shew," he says, "that I have misstated the *permanent* laws of the realm which regulate our coinage, and determine our legal tender;"—if the omission of one part, and that a very essential part, of a statement be a misstatement, I have shewn that he has misstated the act of the 39th of the King; as well as the practical effect of converting bullion into coin:—"or, they

must shew that gold is not the basis of our money—that its value is not measured by its quantity—that the value of that quantity is varied by its conversion into coin."

That "gold is not the basis of our money" is a vague expression: the metal which is predominant in circulation always is the *basis* of our money; that gold is not the only legal tender, nor the only measure of value, I have shewn. "That its value is not measured by its quantity," are terms involving, I apprehend, some confusion. The extrinsic Mint value of gold is, no doubt, determined according to quantity, as well as its intrinsic market value: they are respectively measured by quantities, but the measures and values cannot be indiscriminately applied. "That the value of that quantity is varied by its conversion into coin:" This last, and most important alternative, I hope I have satisfactorily disposed of; although Mr. Huskisson says, "but these are propositions which no man who has ever looked at the subject will attempt to maintain."

Far be it from me, Sir, to maintain, that no man who has attentively studied this subject will assert, that the high price of

bullion is owing to the depreciation of our currency. I certainly think it is not: but I should justly incur the charge of presumption, if I were to insist that all persons who do not think as I do, on such a subject, must be wrong. I hope, however, that I shall not incur any such charge for asserting, after having thus fully stated my objections to Mr. Huskisson's argument, that the foundation upon which he builds his conclusion is not sound; that his demonstration is not invincible.

In my next I intend to offer some further remarks on this part of his work.

I am, Sir, &c.

CIVIS.

LETTER IV.

SIR,

HAVING concluded what I may perhaps not improperly term the logical analysis of Mr. Huskisson's scientific demonstration; it may not be amiss, before I proceed further, to state my reasons for dwelling with such minute attention on this part of his work, and to offer some observations which natu-

rally occur upon the manner in which he has applied his supposed proof of a depreciated currency, to the state of things now existing in this country.

It seemed to me to be due to the public in general, on account of the vast importance of the question at issue; and more particularly to the Bullion Committee, and to Mr. Huskisson, on account of the pains they have devoted to it, that any person undertaking to discuss the subject, should give the fullest and fairest consideration to the particular grounds upon which they declare themselves to have formed their very decided opinion upon it.

The Committee have declared, in their Report, that the very high price of bullion was, in their opinion, the most unequivocal symptom of an excess in the paper circulation of this country; and Mr. Huskisson in his pamphlet, which can only be considered as a supplement to that Report, has explained in a very elaborate detail, the grounds of this opinion; exhibiting a chain of reasoning which he assumes to be sufficient to demonstrate it. We may therefore fairly presume (or rather we are bound to do so) that the course of reasoning stated by

Mr. Huskisson is that upon which the conviction of the Committee is built: and the public is infinitely indebted to him for having so clearly expounded it. His definition of money, his statements of "law and of fact" respecting our coinage, his proposition that a pound of of gold, whether in bullion or in guineas, is eternally the same thing as 46*l.* 14*s.* 6*d.*; his assertions that the conversion of a merchantable metal into British coin, cannot add any thing to its value, nor take any thing away from it; these are the fundamental principles, the alpha and the omega of the theory of the Committee, the basis upon which their advice to the legislature entirely rests.

Upon the sufficiency of this foundation therefore their opinion may fairly be said to depend. If these abstract principles are as universally true and applicable as they believe, then our Bank paper is depreciated; on the other hand, if they are either not clearly true in themselves, or not so strictly and universally applicable, as the Committee and Mr. Huskisson suppose, then, although the fact may still be such as they contend, yet the grounds of their conclusion being shewn not to be valid, the whole weight of

their opinion, at least, is removed from the free discussion of the question.

In this view, as I have already said, we are much indebted to Mr. Huskisson; there is such a mixture of principles, and of facts, (of the former perhaps too many, and of the latter certainly too few), in the Report of the Committee and its Appendix, that it would have been impossible, without assuming more than any stranger could have a right to assume, to ascertain the precise reasons upon which their opinion was founded, and therefore impossible to combat it, except upon the broad and general grounds which affect the whole question at issue. Mr. Huskisson has however relieved us from this difficulty, by putting the principles, and the theory of the Committee into the tangible shape of a mathematical demonstration. We can now trace their opinion to its source, and judge of it accordingly; and if the objections which I have stated against it, should appear as conclusive to others as they do to me, I shall have succeeded in shewing, that so far from having, as he supposes, completely decided the question, Mr. Huskisson has in fact left it precisely where he found it; and that, after fairly following him through all

the windings of a subtle and metaphysical argument, we find ourselves, in point of real knowledge, just where we set out; viz. at the admitted fact, that the market price of bullion is considerably higher than its Mint price; the cause of the difference remaining to be explained

I shall hereafter state the grounds upon which I believe this difference to arise, partly from those "violent measures, political and commercial," to which Mr. Huskisson, till very lately, solely attributed it; and partly from another most operative cause, to which, even before his conversion, he appears to have given too little consideration; I mean the extent of our political expenditure abroad. I shall offer these reasons, however, not in the shape of a demonstration, but as strong probabilities which have led me to a conclusion very different from his; assuming no right, upon such grounds, to impute to any man who may not agree with me, either a want of common sense, or any special ignorance of the "first principles of political economy."

But I feel that I have a right, a very clear right, and one which belongs to every individual who is connected by interest or

feeling with the welfare of this country, to object to the manner in which Mr. Huskisson has treated the application of his theory to the actual state of our currency.

In his preface Mr. Huskisson describes this as a question, which, "while it is, on the one hand, so abstract as not to allow to error the apology of passion, yet, on the other hand, affects in its practical consequences, the interests and the comforts of every class of society," (page xiii). This passage struck me forcibly: I could not, I confess, very easily comprehend how a subject so extensively practical as to involve the "interests and the comforts of every class of society," could, at the same time, admit of discussion (for a practical purpose) upon principles so purely abstract: but although I could not quite understand, and therefore did not assent to, this description of the subject, yet I was induced by it decidedly to expect, that Mr. Huskisson intended to examine it in such a manner, as to avoid all such practical application as might excite feeling, or afford to "error the apology of passion." In this I am sorry to say, I have been completely disappointed; and although I most sincerely and most earnestly disclaim all

suspicion of any other than pure and honourable motives in the mind of the author, yet I cannot but say, that I have seldom seen a work more pregnant with mischievous applications and dangerous illusions, or more likely to inculcate error through the medium of passion and of prejudice, than this of Mr. Huskisson.

Proceeding on the assumption that a pound of uncoined gold and a pound of guineas must always be the same thing, he has taken great pains to awaken the feelings of every individual creditor, whether public or private, to the *cruelty and injustice* of the present state of things, by representing the debt due to such creditor as a *quantity of gold bullion*, not a sum of *current money*. This cruelty and injustice he exhibits in a variety of shapes, with evident anxiety to impress it as deeply as possible in the minds of his readers; so as to excite that general alarm and indignation, which naturally arise out of any great and forcible invasion of "*the comforts and interests of every class of society.*" Let me ask Mr. Huskisson, is such a treatment of the question that abstract mode of discussing it "which does not allow to error the apology of passion?"

In his 11th page, he says "But 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 a pound weight of standard gold for every* 46*l.* 16*s.* 6*d.* *of his just demand,* would be obliged to accept in full satisfaction about 10¼ oz. or not more than 17*s.* in the pound, with a prospect of a still further reduction in every subsequent year; it is impossible to conceive," &c.—Now, Sir, ought not Mr. Huskisson, before he thus appealed to feeling, to so lively a feeling, too, as that which is connected with private property; before he thus roused the resentment of every individual, and pointed it against the Government and the Bank; before he thus offered to every man, dissatisfied with his means of living, a ready handle for converting that almost universal species of discontent into a political grievance, and a ground of complaint against the legislature: ought he not, before he thus directly appealed to passion in support of his argument, to have so

weighed and examined his subject, as to be very sure that the passion he excited might not become an "apology for error?" Is any man who pushes an argument to such dangerous lengths as this, excuseable if he is palpably wrong in his facts?—Yet in his facts Mr. Huskisson is palpably wrong. I have already shewn that in the year 1797, "the law, as it then stood," *did not* secure to any man the payment of a pound weight of gold for every 46*l.* 14*s.* 6*d.* of his debt. Silver and gold, by tale, were at that period, and as "the law then stood," alike legal tenders to any amount; and legal tenders only in their *fixed relative values to each other.* No man would *then* have had a right to insist upon the acceptance of a pound of uncoined standard gold in payment of every 46*l.* 16*s.* 6*d.*: nor would he now have a right to do so. The creditor might receive it or not, as the price of the market might make it expedient or not to take it. Bargains, in the ordinary dealings of society, are not, and never have been, made for *pounds weight of gold at its intrinsic value,* but for quantities of coined gold or silver, or something equivalent to them, at their *fixed extrinsic values.*

But there seems to me to be a want of re-

collection, a want of practical knowledge, in this part of Mr. Huskisson's work, as well as a want of caution in dealing with the passions of men, which would lead one to think that some other hand than his had assisted in the composition; that some member of the Committee, less acquainted by experience than Mr. Huskisson with men and things as they really are, had contributed this portion of it; in short, it has so little of the character of a writing from the pen of a Secretary of the Treasury, that if it had come forth without a name, I should unhesitatingly have ascribed it to one of the metaphysicians of the Edinburgh Review. And what passage in the Edinburgh Review—what extract from the worst writer of that school of metaphysics and revolution, could afford a poison more subtile than that which may be extracted by malice and disaffection from the following of Mr. Huskisson? "A saving, it is true, accrues to the state from paying the wages of valour, talent, industry, and labour, in a depreciated currency, and from the reduction which is thus made (really, though not nominally) in the value of the dividend paid to the public creditor." (Page 20); and as if this was not enough, he takes an oppor-

tunity further on, of making the oppressive injustice of this state of things more sensible to those whom he addresses (on this abstract question, "which, he says, does not afford to error the apology of passion"), by actually throwing into the scale the deduction from the dividends on account *of the property tax;* which he carefully explains to be a *forced deduction.* But this passage (in a note to page 114) I shall not transcribe; it will, no doubt, be given in large letters by Cobbet.

There are two leading sentiments, if I may so call them, which are predominant in Mr. Huskisson's work, and which conspire to give the bias which appears in every page of it. The one is admiration of the new theory of which he is enamoured, (and like a man enamoured, he is blind to all its deficiences); the other is hatred of the Bank. This last is fierce, unrelenting, and inexorable: he pursues the Bank with implacable hostility; sometimes by indirect allusion, sometimes by direct impeachment, but incessantly by the one or the other, he raises and points out indignation against the conduct of this establishment; presses our most irritable feelings, our feelings for the stability of our property, into the service of his theoretical

argument; stimulates every selfish sentiment, by an exaggerated picture of the losses we have suffered, are suffering, and are hereafter to suffer, from the indiscretion of this grasping corporation; and then gravely assures us, that this is a question which is "*so abstract as not to allow to error the apology of passion!*"

I am, Sir, &c.

CIVIS.

LETTER V.

SIR,

WHEN I say that I consider Mr. Huskisson's Pamphlet as a supplement to the Report of the Bullion Committee, I allude more particularly to one part of it: I mean that, in which the Committee express their decided opinion, that the price of Bullion is an *unequivocal symptom* of the excess of our paper currency. Of this assertion the foundation is not to be clearly traced in the Report itself; while, on the contrary, some parts of the Report very distinctly militate against it. Mr. Huskisson supplies the proof for this opinion; and, inasmuch as the assumption itself does not agree with many parts of

the Report, this attempted proof of his is in like manner materially at variance with these passages. The Report, certainly, is altogether a very able, and in some respects a very ingenious production: but as it appears to me, it is far indeed from deserving the character of a clear and conclusive piece of reasoning. It is a labyrinth of facts and hypotheses—of undisputed truths and disputable applications—of sound principles and exceptionable theories, in which even the mind most conversant with such subjects is bewildered and lost; and which, being announced with an air of high authority, and a tone of perfect confidence, is more calculated to escape confutation by its complexity, than to secure assent by its perspicuity and truth. But although I do not agree with the Committee in many parts of their Report, and least of all in the general result of it, I am far from thinking that this subject was one which could have been handled with brevity, or dispatched in a much shorter space than they have allotted to it. Mr. Huskisson must, however, now think (whatever he may have thought when a member of the Committee) very differently. His book stands as a reproof to them for the length and per-

perplexedness of their labour. A single page only of his work produces a complete proof of that which it was the object of the Committee to discover—the cause of the high price of gold: a cause, which, after wading through thirty-two closely printed folio pages, full of facts and reasonings, balancing and destroying each other, is at length *assumed* by them, without any proof whatever. It seems strange, indeed, that the House of Commons should have appointed a Committee to search for a truth which a few simple propositions, known to every member of it, were sufficient to demonstrate: and much more strange that a Committee so appointed should have failed of finding the right clue to such a truth. But if the Committee had been furnished with the light which has *now* been thrown upon the subject, and had taken that light for their guide, their Report, indeed, would have been considerably shortened; for they must, in that case, have left out all (and that is no small part) of it which is incompatible with the assertion that the difference between the market price and Mint price of gold arises invariably "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."

This is Mr. Huskisson's proposition, absolute, invariable, and, as he says, strictly demonstrable. But the Committee are of opinion, that the same effect may be produced by other causes, and that it is rather the *duration* than the mere existence or extent of the high price of gold, which evinces an excess and depreciation of our paper circulation. This they express chiefly on the authority of the anonymous merchant, in various places. In page 9 they quote his evidence, which is distinctly to that effect. In page 16 they adopt it as their opinion, "that the first remarkable depression in the beginning of 1809 is to be ascribed, as has been stated in the evidence already quoted, to *commercial events arising out of the occupation of the north of Germany by the troops of the French Emperor;*" and in page 21 they again state, "upon a review of all the facts and reasonings which have already been stated, your Committee are further of opinion, that although the commercial state of this country, and the political state of the continent, *may have had some influence on the high price of gold bullion, and the unfavourable course of the exchange with*

foreign countries; this price and this depression are *also* to be ascribed to the want of a permanent check and a sufficient limitation of the paper currency in this country."

Now, Sir, is this possible? Can the Committee be right? Can the high price of bullion be produced by *any other cause* than the depreciation of our currency? and if it can, what becomes of Mr. Huskisson's proof that such high price is the very measure of that depreciation? If political and commercial causes can raise the price, in whatever degree, how can the price, while those causes are operative, be the measure of the depreciation? The continental merchant thinks, and the Committee likewise think, that the effect was first produced by these politico-commercial circumstances: I ask, then—was the high price of bullion while those circumstances were thus creating it, *a proof and a measure of the depreciation of our currency?* If it was not, can Mr. Huskisson's theory be true? Can his deductions from his few simple statements of "Law and of Fact" be sound?

No! Sir, every sentence of the Report which admits the efficacy of *any other* cause, to raise the price of bullion, (in other words,

which allows that gold may be *really* as well as *nominally* enhanced in value), is directly at variance with Mr. Huskisson. The two opinions are perfectly incompatible; and it is of no small importance to disprove (if we fairly can disprove) the opinion of such a person as Mr. Huskisson on this material point; especially when we reflect on the manner in which he has applied his conclusions. The whole sting of his argument, the whole weight of his appeal to the feelings of every discontented individual, lies in this, that the high price of gold bullion is the *measure of his loss.* The soldier, the sailor, the annuitant, the creditor, private or public, subject or alien, as he says, are furnished, according to his theory, with a standard, whereby exactly to ascertain to what extent they are defrauded. Wettenhall's List can tell them at once how much they are losers by the gains of the Bank! On the other hand, if the Committee be right, it is by no means so certain, what these individuals lose, or, indeed, whether they lose any thing at all, when the price of bullion is high; for a part of the difference between the market and Mint prices *may*, according to them, be owing to other causes than depreciation; how

much that part is, whether it be one twentieth, or nineteen-twentieths, can only be discovered by a strict enquiry into existing facts and circumstances: and as it is my humble opinion that such an enquiry would finally convince all considerate persons that they suffer no loss whateve from any excess of our currency, and have no reason, on that score, to complain; it is certainly important to set aside an argument which appears to preclude even the necessity of a search, and which has the dangerous effect of transferring to our government, and to one of the most valuable and admirable of our national establishments, an odium, of which, even according to the Committee, a great share properly belongs to the *French Emperor.*

But before I go on to this enquiry, I must state yet another obvious objection to this theory of Mr. Huskisson. The difference between the market and the Mint price of gold, is the measure, he says, "of the depreciation of our currency, as well with respect to gold, as to every other commodity."

Let us apply this proposition to the facts which are in evidence before the Committee.

The Committee begin by stating, that

the price of gold "was, during the years 1806, 7, and 8, as high as 4l. in the market: towards the end of 1808, it began to advance very rapidly, and continued very high during the whole of the year 1809. The market price of standard gold, in bars, fluctuating from 4l. 9s. to 4l. 12s. per oz.

But Mr. Goldsmid, unquestionably the best evidence on this subject, says—

"The prices fluctuated considerably during the last year, but have been unusually high for about a year and a half. Q. How much have they fluctuated? A. I think about *six* or *seven shillings* (page 1 and 2, Evidence)." To this must be added, that the price of gold is now* considerably lower than when the Committee was sitting.

It appears, then, that the price of gold rose *suddenly* in 1808; that in 1809 it was as much as 15 per cent. above its steady price for the three preceding years: that it fell again and fluctuated considerably during the year 1809; and that it has fallen since the Report was published.

Now, the latter end of 1808, and the years 1809 and 1810, are periods within the remembrance of all of us; and if Mr. Huskisson's

* It was at 4*l.* 6*s.* 0*d.* when this letter was written.

theory is true, we must remember to have observed a very extraordinary *sudden* rise in the prices of *all commodities* in 1808; a fluctuation of rise and fall in those prices in 1809; and a considerable fall in them in the present year. Is one word of all this true? Are these facts consonant to experience? Have the necessaries of life in general experienced these variations within this short time? Have they become cheaper since the beginning of this year? If they have not, then the price of gold *cannot* be "the measure of the depreciation of our currency, as well with respect to gold as to *every other commodity*;" though Mr. Huskisson says it must be so.

I have already pointed out, that to the extent of $5\frac{1}{2}$ per cent. the Committee conceive that the price of gold bullion might differ from gold coin, even if our currency were composed entirely of gold. To this extent, therefore, Mr. Huskisson is at variance with them; or he would have deducted thus much from the supposed loss of the public creditors and public servants, by the difference of the market and Mint prices of gold, owing to *excess of paper*. But this opinion of the Committee leads me to ask,

how can it be consistent with this assumed limitation, to suppose that the gold coin could follow any depression of the other parts of our currency beyond $5\frac{1}{2}$ per cent.? Would it not naturally, at that limit, begin to differ in value for commodities as compared with paper? If the expense and risk of converting coin into bullion be always and exactly $5\frac{1}{2}$ per cent., and that be the only possible cause of a difference of price between them, how could coin ever differ in value from bullion 10 or 15 per cent.? And if it did not differ more than $5\frac{1}{2}$, while the paper differed 10 or 15, it seems to be evident that the paper must be at a discount in exchange for gold. Upon this subject, however, Mr. Huskisson has a very extraordinary proposition, and one with which he dispatches Mr. Randle Jackson, and all others who may venture to draw any inference from the circumstance of commodities being at the same price for gold and paper, as persons "entirely at variance with the first principles of political economy. The experience of our own," he says, "as well as of all other countries, has placed beyond the reach of controversy the proposition, that if *one part* of the *currency* of a country

(provided such currency be made either directly or virtually a *legal tender*, according to its *denomination*) be depreciated, *the whole* of that *currency*, whether paper or coin, must be *equally* depreciated." It is not for me, Sir, in opposition to such high authority to maintain, that this is not one of the *first principles* in the science of political economy; but I have no hesitation whatever in asserting, that it is in direct opposition to some very notorious *facts* in the *history* of political economy, and that it is not consistent with the experience of "our own as well as of all other countries." These facts are numberless; but I shall select only those which must be familiar to every reader.

In the reign of King William, previous to the silver coinage, the silver money was depreciated in a very extraordinary degree, as Mr. Huskisson himself tells us. Gold and silver were at that time both *legal tenders*: well, what followed? Was gold, according to Mr. Huskisson's "first principle," *equally* depreciated? Certainly not; it maintained its value; and a guinea passed current for thirty shillings! Another instance occurs in the case of Portugal, where there is a paper currency, which in all payments is a legal tender in the same proportion as gold. That paper is greatly depreciated. Is the gold, then, in that country *equally* depreciated in exchange for commodities? Certainly not: the paper is at this moment at 27 per cent. discount in exchange for the *gold!* But the most striking example, in confutation of this "first principle," is that of Ireland; where, according to the Report of the Committee of 1804, it appears that the paper currency was then depreciated. Gold and Bank paper were at that time in Ireland, upon the same footing as they are at present in England. Well, it should appear, then, according to this "first principle," that the gold and the paper were *equally* depreciated. But no! the whole evidence goes to prove the contrary; and one of the strongest arguments used to establish the depreciation of the paper, is the fact adduced that it passed in exchange at a *discount as compared with gold!*

Surely Mr. Randle Jackson may fairly stand up and assert that upon this point, at least, the triumph over him was rather prematurely claimed; and that, if all the "*first* "*principles*" of those who treat mercantile opinion with so much contempt, are not better founded than this, their theory is not

likely to prevail over the great mass of experience and practical knowledge which stands opposed to it.

I am, Sir, &c.

CIVIS.

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