A

PLAIN ENQUIRY

INTO THE

NATURE, VALUE, AND OPERATION

OF

COIN AND PAPER MONEY.

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INTO THE

NATURE, VALUE, AND OPERATION

OF

COIN AND PAPER MONEY;

AND THE

METHODS WHEREBY NATIONS ACQUIRE & LOSE

THE

PRECIOUS METALS:

POINTING OUT

The Causes of the present Scarcity of legitimate Coin, and the only Method of restoring it to permanent Circulation.

BY PETER PENNYLESS, GENT. A.S.C.

Pro pudore, pro abstinentiâ, pro virtute, audacia, largitio, avaritia vigebant.—SALL. in Bell. Catal.
Borrow, yet lose.—Au. Nom.

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DEDICATION

TO

SAMUEL WHITBREAD, ESQ. M.P.

SIR,

ALTHOUGH I have not the honour of being known to you, or, of knowing you personally, yet, I am not ignorant that, your knowledge and talents, guided by integrity and supported by courage, have, invariably, been employed in behalf of the liberty, prosperity, and happiness of your country---in the protection of the innocent, and the relief of the oppressed---and, for the overthrow of tyranny and corruption. The latter is now assailed, not in the person of an individual, but in a collective mass, and in the most ample and strongest of all her holds. It is true that, if left to herself, she will, at length, perish; but, not till after she has devoured the country. She must, therefore,

be destroyed. The arduous task devolves, in a great measure, upon you. May the event be propitious; for, upon it, not only the well-being, but the very being of the country depends.

Having said thus much, I hope and trust no apology is necessary for my having taken the liberty to dedicate the following work to you. With respect,

I am, Sir,

Your Faithful,

Obedient Servant,

THE AUTHOR.

March, 1811.

PREFACE.

THE subject of the ensuing work is of such magnitude, and so closely interwoven with the best interests, if not with the fate of the country, that I am led, no less by inclination than duty, to offer my observations upon it to the public. I must, however, be candid enough to avow, that they are not the result of any particular knowledge derived from either study or practice; on the contrary, they arose, principally, from the best consideration I was able to bestow upon it. Had I possessed leisure and opportunity, I should, probably, have perused the various treatises written thereupon, but, even in that case, I might, after all, have done no

more than amuse the reader with the opinions of others dressed in a different verbiage, or with unavailing controversy. Now, as my object was to offer something of my own, rather than to retail, or confute opinions already before the public, I may, perhaps, by having considered the subject in that light, and that alone, in which it originally presented itself to my mind, have taken a shorter and surer way of accomplishing my purpose: and, should I, thereby, have furnished a single hint, from which men of more knowledge and greater talents, may render a service to the country, I shall be happy to reflect I have not contributed my mite in vain.

As I have, in treating this subject, assigned the derangement of the finances as the proximate cause of the downfal of the

country, unless some speedy and effectual remedy be applied, I will just beg leave to premise in what sense I understand the expression. The finances of a country I consider to be the currency of that country with its materials. When such currency flows, unpolluted and undisturbed, to the remotest extremities of the community, the finances are in a sound, healthy state; whereas, when it is polluted, or diverted from its customary channels, be it in ever so small a degree, the finances are deranged, though such derangement may be partial only, and but in its first stage. Ambition, avarice, or prodigality, united with power, may, afterwards drive it through all the intermediate stages to the last; and here, even power itself must stop. The derangement becomes total and incurable. The government, unable to meet its exigencies, totters;

and, at length, buries the country beneath its ruins.

The financier, therefore, properly so called, is not he who, invested with power, can, from year to year, draw immense sums from the resources of an opulent country, and produce at every year's end a correct statement of the receipts and disbursements; if, in doing this, he confounds all distinction between value and denomination, overflowing the land with the latter, whilst he squanders the former to fill the coffers of the enemy. He may, indeed, by such means, beggar nine-tenths of the country, and enrich the remaining tenth: but he is no financier. The meanest accountant, invested with power, can do as much. It is mere power, not finance. The true financier is he who performs all this, leaving the currency unpol-

luted, and in its proper channels; and, although diminished in quantity, capable of resuming its pristine state without any aid. *Opus artificem probat.* Themistocles was asked whether he knew how to play upon the lute. He answered No---but that he knew how to make a great state of a small one. Hereupon Lord Bacon observes, there are few who possess the latter art; but many that of playing upon the fiddle: or, in other words, of making a small state of a great one.

The derangement of the finances, approaching, as is at present the case, its last stage, can be cured at the fountain head only. It has, therefore, been my object to take a general, rather than a partial view of the subject, thereby to discover the efficient cause of this derangement, that an adequate remedy may be the more readily

and effectually applied. Details and nice calculations, with their technical terms, are well understood by, for they are useful to those whose cupidity renders them skilful and active agents in the practice and extension of the evil. But they are of no use here. They may, indeed, inform us in what ratio bullion has left, and is still leaving the country. They can do no more. The cause of its disappearance must be sought by other means.

In taking this general view, I thought myself obliged to enter fully into the nature, value, and operation, of coin and paper money; the former, or at least the materials of which it is made, being the very object and substance of finance, (which is the science or art of managing it) the latter being rather an engine used in such management, than

any part of the substance itself. In doing this, I am afraid that, although I have been somewhat prolix, as considering this part of the subject to be the ground of the whole; yet, that I have not been sufficiently explicit in that part which relates to the diminution, as it is sometimes called, of the weight of the coin, or more usually, the raising of its value. But the subject is intricate and perplexed, and even appears paradoxical, on account of the confusion arising from the same terms being applied, sometimes to the weight, at other times to the value, at other times to part of it only, and at other times to nothing. The only invariable subject is the quantity of bullion. The weight, although the quantity be the same, varies with the latitude, the specific gravity with the temperature of the climate, and the value with the demand and supply. Coin carries

the value, as well as its denominations with it—Paper carries the denominations only, and refers sometimes to the value, sometimes to part of it, and sometimes to nothing, according to its chance of payment. I must, therefore, beg the reader not to consider my terms as signifying detached ideas only, but rather to let them serve as an occasion of his own thinking; for, this part of the subject, probably, first suggested the adoption of paper currency.

I have to request and hope that no individuals will be offended at my having treated the paper system (under which I include the funded) in a free manner. I have meant them no offence. I reprobate the system only. Thousands, still interested in its continuance, have been sufficiently injured by it already, and the greatest harm I wish

them is that, in any alteration which may take place, either voluntarily or from necessity, they may suffer no further loss than they have done.

Upon the remote causes of the scarcity of bullion and coin, I have made no observations. They seem to lie deep in the general corruption, which pervades every rank in society. These generate war, war the disappearance of bullion and coin, and the necessary extension of the paper system; all mutually acting upon, aiding and strengthening one another, and all uniting to produce a total, incurable derangement of the finances: which, if not speedily prevented by an extinction of, or, at least, a severe and effectual cheque upon, their causes, must, ere long, prove fatal to the country.

PLAIN ENQUIRY, &c.

As it is impossible to save the body natural from death and dissolution, so, in all probability, there exist no means, within the range of human wisdom, whereby the body politic may be preserved from ultimate decay and ruin. But, although the fatal hour cannot, perhaps, be finally averted, yet may it be deferred. An adequate knowledge of the causes, which, in silence and concealment, are gradually performing the work of destruction, with a firm and honest resolve to combat and extirpate them, would go a great way towards the restoration of a state to its pristine purity and vigour. Whether there be in this country a sufficient portion of public virtue, seriously to attempt such a renovation, is beside the purpose of the following pages to enquire into. We presume no more than to discover a principal cause of the disease which is daily consuming us; to strip it of its disguise, and to expose it in all its naked and pernicious deformity. This is the first requisite. Without it, even integrity and resolution are of little avail.

The immediate cause of decay and revolution, as well as of subjugation, in most commercial states, has been the derangement of their finances, originating in wars, prodigality, luxury, and corruption; and the same cause seems destined to perform a principal part in the destruction of this country, unless prevented by timely remedies. In its origin it is trifling, and escapes notice. As it advances, interested and designing men endeavour to conceal it altogether, or to disguise or palliate its nature and malignity, till, in the end, proceeding with extended and accelerated vigour, it becomes a torrent too mighty to be resisted, and sweeps away all before it.

The principal objects of finance, as well as of commerce, are the precious metals. In the possession and command of them consist the riches of nations, and, in a great measure, the power; particularly of such nations as are chiefly commercial. They have, in all probability, acquired this distinction, from their peculiar aptitude, in containing and preserving the greatest quantity of labour, for the greatest length of time, within the smallest compass; and particularly, from their indestructible nature, and the facility with which they are reunited, or restored to their pristine state, after separation, disfigurement, or other injury. Hence, their operation, in many cases, exceeds that of mere power, or force; the latter being generally confined in extent to some certain region; whereas, the effi-

cacy of the former, by their production of voluntary labour of every description, at the pleasure of the possessor, is constant and universal.

Labour, that is such labour as the necessities, or fancies of men create a demand for, is so essential an ingredient in every article of commerce, suited to their relief and supply, that were a grant of the whole earth, even in its present state, to be made to a single individual, and that individual totally destitute of the labour of others, he must in a short time betake himself to labour. It is the original curse laid upon man; " In the sweat of thy brow shalt thou eat thy bread." Even the spontaneous productions of the soil, nay, the soil itself is not exempt from the truth of this observation. The former must be at least gathered, and the latter cleared and cultivated. Air and light are, perhaps, the only material substances of necessity and use that spontaneously approach man; and these are not objects of commerce. All other things must be sought, and labour is thus blended with every transferable substance. In its transition from hand to hand, it procures, in return, a portion of labour equivalent, in quantity, or value; either embodied as itself is, or generated anew, till the labour and the substance are destroyed, or dissipated together.

It is the wants of mankind, therefore, originating in necessity or fancy, which render any substance an article of commerce, or valuable. And as no articles of commerce can be supplied to

those wants without labour, the value of such articles may be truly estimated by the quantity of labour they respectively contain; while the value of the labour contained in them is estimated by the quantity of the demand for it, compounded with the quantity of the supply. Now, as the increase of the demand increases, or rather raises such value, while the increase of the supply, by expanding the same quantity of value through a greater number of articles, diminishes any particular numerical portion of it; and as, on the contrary, a reduction in the demand lowers the value, while a reduction in the supply, by condensing the same quantity of value within a less number of articles, increases any particular numerical portion of such value, it follows, that the value of any portion of labour is constantly and accurately in the inverse ratio of the quantity of the demand to the quantity of the supply, or as the former divided by the latter.

Let us now suppose the quantity of the demand to be 60; and the whole quantity of supply 60, divided between two articles of commerce, containing, the one 40, and the other 20. Here the demand and the supply are equal; and the value is, as 60 to 60, or 60 divided by 60; which produces unity. Unity, therefore, denotes the value, and may be represented by any denomination whatsoever. But the value of each article of commerce is estimated by the quantity of labour it contains; therefore, as the value of the whole

is equal to 1, that of 40 will be equal to two thirds; and that of 20 to one third.

Now, let us further suppose that, while the demand for labour is the same, the supply is increased to 120, and divided amongst four articles of commerce, two of 40 each, and two of 20. Here the supply is double to the demand; and the value is therefore lowered, or is less dense by one half, being inversely as 60 to 120. The two former articles will, therefore, possess one third each; and the two latter one sixth, being half only of their respective former value. The like result would have been produced, had the demand been diminished one half, the supply continuing the same, while contrary results would have taken place upon an increased demand, or a diminished supply.

Gold and silver contain a comparatively large portion of labour and value, equally distributed throughout all their parts. The value, therefore, of any two or more portions of each respectively, is in the direct ratio of their quantity, determined by their weight. This is too evident to need proof; for who does not, at once, perceive that the value of two ounces of either gold or silver, must be double to that of one ounce of the same metal; three ounces, treble, &c.; which, however, must be understood in those cases only, wherein there is a coincidence of time and place; for the same weight of bullion may at another time, though in the same place; or in another place,

though at the same time, be of different value, according to the variation of the demand and supply.

The original malediction being thus, necessarily, interwoven with all articles of supply and demand, mankind, from the earliest ages, have had recourse to various devices for shifting it from their own shoulders, and appropriating to themselves the labour of others. To effect this, violence, or fraud, or both have been resorted to. Hence the origin of wars; and perhaps of finance. Recourse has also been had to equivalents, by the exchange of one species of labour for another; whence arose barter. From the difficulty, however, of preserving labour in, and transferring it by means of, bulky and perishable commodities, the ingenuity of man suggested to him a substitute, viz. money or coin.

Money or coin may be defined, or rather described to be, a certain portion of any material, generally of the scarcest, most portable and durable; bearing a constant denomination of value, and some visible mark of distinction, bestowed upon it by the supreme power of the state wherein it is intended to circulate. This denomination and mark is a guarantee that it contains a certain quantity of such material, and also a certain value: hence money or coin, obviously becomes the measure of value contained, not only in any portion of that material of which it is made, but also in any other commodity whatsoever, and

thus serves as a common medium of comparison between them. It is therefore the *price*, or *pecuniary value*, of all other things.

In this, as in most civilized countries, money or coin is made of the precious metals, with a small alloy of the baser. They are peculiarly qualified for this office on many accounts; particularly on account of their properties herein-before enumerated. Formerly, sterling silver was the only metal of which coin was made; and, in the reign of Edward I. the denomination of the pound in weight, in a state of bullion, containing a certain value, i. e. the value of a pound in weight, was the same with the denomination applied to an equal value in a state of coinage. Now as bullion acquires an additional value by the labour of coinage, where such coinage is in demand, a less quantity of sterling silver, in such a state, is equal in value to a greater in a state of bullion. A pound, therefore, of bullion in weight and value, was, after a small deduction, equivalent in value to that of the labour of coinage, coined into a pound in value, or twenty shillings. The value, though not the weight, being equal to that of the undiminished pound of bullion.

By this incorporation of labour with the coinage, the same term was, with propriety and truth, applied to different weights of silver; seeing they were of the same value. Hence, perhaps, with equal propriety, arose the distinction between the

divisions and subdivisions of the two pounds; the pound in weight being divided and subdivided into 12, 20, and 24; and the pound in value, into 20, 12, and 4; the former being ounces, pennyweights, and grains, and the latter shillings, pence, and farthings.

This state of the coinage did not, however, long continue. Succeeding monarchs, either from necessity, or for the gratification of their avarice, or prodigality, diminished, as it is called, the weight of the coin, still preserving the old denominations of value. In other words, they imposed upon new coined pieces of a certain weight the same denominations of value, which had before been applied to pieces of greater weight; till, at length, a pound weight of silver was coined into about three pounds in denominations of value: and so stands the case at this day.

During all this time, till lately, gold, even in a state of coinage, was not considered as coin, but regarded like every other commodity, according to its relative value to silver; which value being in a continual state of variation, the nominal value of the guinea, following its real value, was so likewise, until fixed by act of parliament at twenty-one shillings.

But although a nominal value may be fixed, by law, to certain portions of gold and silver, which may, at a particular time and place, denote their true relative value, whether in a state of coinage or not; yet, no human power can render

such value invariable. Whence it follows, that there cannot be, in the same country, a steady, constant circulation of two common measures, or of gold and silver coin. One must always be a commodity; and, upon every perceptible variation of their relative value, will be so considered, and will pass by quantity or weight. Should this not be permitted, that which possesses a greater relative value than its nominal denotes will be scarce or totally disappear. A steady denomination of value may, and ought to be affixed to coin, that it may serve as a ready common measure of the value of commodities; but it should be, and can be, to coin of one metal only. This would preserve all the steadiness which human power is capable of imparting to value: but, even in this case, the value is not truly invariable; for, although it has no coin of other metal to contend with, its relative value to commodities may vacillate, not only by variations in their value, but by variations in its own.

The nefarious practice of diminishing, as it is termed, the weight of the coin, or, in other words, of passing, by authority, four ounces of bullion for twelve, did, in some measure, answer the temporary purposes for which it was intended, but did not at all raise or lower the value of the coin, which no power is, by such means, capable of accomplishing. The quantity, or supply of bullion, as well as of other commodities, is susceptible of increase and diminution, as is the demand for

them; and, as has been before observed, by a variation in all, or any of these particulars, it may become of greater, or less relative value: but the division and subdivision of the bullion in a country into a greater or less number of pieces cannot, whatsoever denominations may be affixed to them, have any such effect. The poor man may, indeed, be thereby defrauded of his labour, and the creditor, and the annuitant, and all those of fixed incomes in denomination, would also be defrauded by the iniquity of the device; their credits and incomes would be reduced in value, notwithstanding the sameness of their nominal value; but the value of the coin, of bullion, and of all other commodities, would remain the same, although their nominal value and price would be increased. Violence, or cunning, may, indeed, for a short time, give a partial currency to fraudulent, or counterfeit coin; and the defenceless, unwary, and credulous, may be thereby plundered, as they may by other methods, as well as by this. But, in the exchange of bullion for such coin, even the most stupid could not be duped: for who would give a pound of silver in weight, for a pound in value? or, to speak more intelligibly, twelve ounces for four; that is, four ounces for four ounces, and the remaining eight for nothing.

I am aware that it is, even now, the opinion of many, that by diminishing, as it is called, the weight of the coin, preserving the denomination,

the new pieces possess the same value, which the heavier did before. The error seems to be founded upon a persuasion that the value lies in the denomination* which, being in constant use, both in writing and conversation, to signify the value, appears to be a fixed quantity; while the weight of the piece appears susceptible of change by increase or diminution. Now the contrary of all this is the truth of the case. The weight of the coin cannot, strictly speaking, be diminished. New pieces may be coined of less weight than guineas, and the name of guineas given to them; but this is neither a guinea, nor a guinea diminished in weight. It is altogether a new coin, and ought to be signified by a denomination ascertaining its value. Nor is the value of the bullion in it altered in the least; it remains the same as when the piece formed, if ever it did, the component part of a guinea.

Still it may be objected that the new piece, although of less weight, will, having the same denomination, pass for as much as the heavier piece did, notwithstanding its real value. Now, although the question is not about the mistaken, or presumed value, but the real; we will put the

* Mr. Justice Blackstone, speaking of the Coin in the first Volume of his Commentaries, seems to confound the denomination with the value; for he says, "The *denomination* or the *value, for which coin is to pass current*, is likewise in the breast of the king."

following extreme case, which may serve to place this objection in a strong light.

Suppose an act of parliament were passed for the issue of a new coinage of guineas; diminished, as it is called, by half of their present weight. Suppose also that, to save the expence of recoining the same pieces, and as government is in possession of very little gold bullion either for this, or any other purpose, a clause were introduced, enacting, that half-guineas, if any could be found, should henceforth be called, and pass for guineas. Can it be supposed that the new nominal guineas, or rather the half-guineas should, by the mere imposition of a new name, (that is new to them) all on a sudden, by so miserable a juggle, be considered by any man, as of twice their former value; or, in other words, double the value of themselves? Would it be any other than a mere change in the language of pecuniary intercourse, which would also immediately take place with regard to all other articles, as well as coin? Would the baker take the old half-guineas at the new nominal value? Would the butcher? They probably might, had the act decreed the quartern loaf to be called a half-peck-loaf; and the leg of mutton a haunch. Neither would this alteration, great as it may be called, be any diminution in the weight of the coin. In truth, there would be no alteration at all, except only in the application of names. The same coin, the same weight, the

same value, and even the same denominations would remain.

But it may be said, the difference is too great and glaring, and therefore defeats its purpose. Were it no more than a few grains, it would escape notice; and the lighter piece, having the same denomination with the heavier, would, without difficulty, pass for the same value the latter had done. Gold coin, however, cannot remain, even in such a state, for any length of time; seeing those who deal much in it, and in bullion, are a suspicious, watchful, and sharpsighted race of men, quick in thought, and prompt in action. Their caution soon occasions a languor in, as their eagerness communicates a rapidity to, the currency of coin; and the country, which is not quite so dull, perhaps, as some would have it to be, soon takes the alarm, and discovers on which side the mistake lies. The wars of this reign, and the peace which succeeded each of them, (the last excepted, which was of too short a duration), furnish convincing proofs of the truth of this observation. After the conclusion of the peace in 1763, gold, having been diminished in quantity by the war which preceded it, became of greater value, and light guineas, and even foreign coin freely passed. After a few years of peace, commerce having increased the quantity, gold became of less value; foreign coin ceased to circulate, and guineas became a commodity, and passed by weight; that is, no light guineas were taken with-

out due allowance. The American war, conducted with greater prodigality, succeeded, and light guineas once more became current. Peace followed, and none but those of full weight would pass; the deficiency, even of the hundredth part of a grain, being sufficient for their rejection. Last, and not least, we plunged into the revolution war, or the war of despotism, and truly may it be so called, for it was begotten by despotism, and despotism has it generated. A war not so unnatural as the American, but more impolitic, and conducted with a prodigality unprecedented in the annals of history. A short peace ensued, followed by the present war, conducted with equal, if not greater prodigality; and foreign gold, and light guineas, and heavy guineas, and silver into the bargain, are all gone off together, leaving no legitimate coin in the country. Nothing remains to us now but light crown-pieces, pewter shillings, tin sixpences, brass buttons, and old rags.* So true is it, that no coin can possi-

* The inconvenience arising from the scarcity of Coin, particularly of the minor Coin, is increased from too regular an adherence to the binary division, which, though the most obvious, is unscientific, and not so useful as the ternary. And, although the integer cannot be thus divided, on account of the present divisions of 20, 12, 4, yet, by an alteration in the integer, it may be done, and would afford great facilities to the payment of fractional sums. For instance, let 27*s*. notes be issued instead of 20*s*. notes. Let also gold pieces be coined of nine shillings value, i. e. in note shillings, in order to keep them in circulation, and also three shil-

bly be fabricated of greater value, than the value of the bullion contained in it, with the exception only of an adequate allowance for the quantity of labour embodied in the coinage, where such labour is in demand, for where it is not, or where the diminished supply of bullion, or the increased demand for it has enhanced the value of it, the value of the coin will also be enhanced in proportion, and it will, therefore, be regarded as a commodity, and merge in the common mass.

If then there exist no power, which can, by coinage or denomination, communicate to a single ounce of gold or silver, any additional value, except that of the labour of coinage; it is equally impossible, by the like means, to communicate the smallest portion of additional value to any other substance whatsoever (be it leather, parchment, or paper) except by labour, and by such labour too as is in demand, for otherwise, not only the additional labour is lost, but, unlike that incorporated with bullion, the labour, which was before latent in the commodity, is deteriorated if not destroyed. This leads to the consideration of a spurious, or bastard species of money, the representative, or

lings silver pieces: half-crowns, with a new impression, would do for these, and the shillings might remain in their present state. Now, with one only of each of these pieces, any fractional sum might be adjusted from one shilling to forty; for 3—1=2. 3+1=4. 9—3—1=5. 9—3=6. 9+1—3=7, &c. &c.

rather the shadow of the genuine; though some of it may be called the shadow of nothing, or rather a mere shadow. I apply to it the name of money, not because it possesses in itself the value which the nominal value imports, but because some of it is current, and passes for money; and also, because it carries upon it a distinguishing mark of nominal value, or denomination without value; which, however, indicates that real value is, or should be, in existence somewhere, and will be forthcoming at the appointed time and place.

These representatives, or shadows, as they have just been described, are no other than bills of exchange, and promissory notes. It matters not of what description they be, or whether their payment be guaranteed by one, or by many individuals, nor matters it who is the guarantee; they are all of the same species, and (in a national point of view particularly) of the same value, that is of no value at all. Indeed their value is rather negative, seeing they are sometimes, and not unfrequently, no more than memorandums, or testimonies of losses, or debts existing where there exists no means of payment. It is, however, not to be denied that, in many individual cases, bills, both foreign and inland, are convenient and useful, seeing they may save the labour (which excludes the risk) of a double transportation of bullion. And so far they contain value; that is, the value of the labour just above mentioned; paper money also, like other memorandums and notes, is of use

as evidence of debts, and so far it is equal, and sometimes superior, to oral testimony. But justice to the subject I am upon, forbids me to confound any of it with coin, as some seem desirous of doing. I, therefore, draw the distinction between the two, which nature herself hath drawn, and again pronounce it of no value whatsoever, beyond the convenience and utility above-mentioned. This will appear evident, if it be considered, that when, in satisfaction of any demand, Coin is paid or bullion delivered, the object and end of all commercial and financial speculation, risk and enterprize is fully and definitely accomplished, and every difference put into a state of final balance and rest. Not so in the caseof paper money: It ascertains, it is true, the debt to be received, and we will even concede to it sufficient coin in existence, and forthcoming at the time, still the value abides with that, and not with the paper money; and, till the coin is brought forward, an unsettled account must remain somewhere. Now let us suppose the value never forthcoming at all, which may sometimes happen, for we have seen rude shocks given to those who had long been deemed the most unassailable, what would all the transfer of such wretched, pernicious devices be, but a transfer of bad debts, by paper counters, from A to B, and from B to C, whatever colouring design on the one hand, or credulity on the other, might give to them. C might perhaps clear himself of the loss bypassing them to D, and they

might thus make the tour of the alphabet, but the loss, should it not happen before, must ultimately fall upon Z. Nor do the intermediate conduits of this poisonous currency wholly escape pollution. It evaporates not till after it has deposited, far and wide, a great portion of its noxious sediment. All this while, the labour of the country, by this iniquitous contrivance, is flowing into the possession of the contrivers; and the fraudulent creditor is fattening upon the hard earned fruits of his debtor's labour.

Paper money, having thus no value in itself, cannot, even when it denotes value in existence, constitute any part of the riches of a nation; being no more than the current evidences of the debts and credits of individuals of that nation. Now debts and credits, being mutually relative in all their parts, are equal in amount; therefore coin, equal in value to the amount of the debts and credits (for value is supposed in existence) must remain with the debtors; and the paper money, denoting such amount and value, with the creditors. At the appointed time, the coin and the paper shift situations, and thereby the latter becomes, as is agreed on all hands, of no value whatsoever. But the value existing in the country after, and notwithstanding this transaction, is not greater than before; consequently, paper money constitutes no part of the riches of a nation. And if this be the case with paper, which denotes value in existence and forthcoming, what must we say

of that which denotes nothing? As well might the books of an insolvent man, containing an inventory of his own debts to others, be produced in testimony of his solvency—As well might the shadowy edifice of the public funds, or the books wherein are contained the wretched hieroglyphics and cyphers denoting the amount of our incumbrances, be denominated of value; when they are no other than registers of the prodigality, poverty, and folly of the nation.

Paper money, therefore, having no value, cannot be the price, or pecuniary value, of any thing; much less of coin, which is the price of all other things. Consequently coin, being compared with paper money, can never be at a premium, or at a discount, seeing it is the measure of the causes, which produce both the one and the other. But, paper money may be at a premium, or at a discount; for, exclusive of the utility and conveniences beforementioned, it carries with it every variation of chance existing between the two extremes, *viz.* the certainty of payment, and the certainty of nonpayment.

But, although paper money, having no value in itself, cannot, strictly speaking, be the price of any thing; yet, may it by the denominations of value which it bears, serve to determine the relative value of gold and silver, as well as of other things: whence, perhaps, notes are thought to be of value, and, with their denominations are popularly called the price of gold and silver; although,

in fact, they are employed in this office, no otherwise than the letters of the alphabet are in algebra, and which, indeed, would answer the purpose equally as well as notes, with their denominations of value. We will, therefore, beg leave to divest for a time, these gentry of their borrowed garb, and to clothe them in that which properlybe ongs to them; lest, by the continual display of their finery, ws should be so far fascinated, as to suppose we had all the riches in Europe before us. Having done this, we will, by a simple contrivance, shew that the relative value of gold and silver may be determined by genuine denominations, as well as by these borrowed denominations of value: I say borrowed, because they properly belong to legitimate Coin only.

Take some pieces of paper, cartridge will do as well as any, of the form and size of bank-notes, and let them be called (what their fronts, backs, and edges, really are) quadrilaterals. q. Divide the front of each quadilateral, by 3 horizontal and 4 perpendicular lines, into 20 parallelograms, p. each of these into 12 others, which for distinction sake we will call rectangles, r. and each of these, by diagonal lines, into 4 triangles, t. Hence, one quadrilateral will contain, or be equal to, 20 ps. 240 rs. or 960 ts. Thus, the note price of an ounce of sterling silver, which, in the beginning of February, was *5s.* 11½*d.* is denoted by 5p. 11r. 2t. or 286t. and that of an ounce of gold, which, at the same time, was 4*l.* 10*s.* by 4q. 10p. or 4320t.

whence the relative value of the two metals is, as 143 to 2160; that is accurately as 1 to $15\frac{15}{143}$, or as 1 to 15. 1 nearly, whereas the mint relative value taking silver at *5s.* 2*d.* and gold at 3*l.* 17*s.* 10½*d.* the ounce, is about 1 to 15.07, or accurately as 1 to $15\frac{9}{122}$ which, by the bye, is a proof that, if gold has left the country, silver has left it likewise in nearly the same proportion; seeing the present relative value of the two metals differs from the mint relative value by not so much as $\frac{1}{456}$ part of the whole proportion.

Now this method of determining the relative value of gold and silver, which is the same, in other terms, as that by pounds, shillings, pence, and farthings, presumes no relative value between what the denominations signify, and either of the metals, as in fact there is none. And it is the same with regard to the denominations of value; therefore, the note price of silver, as has been before observed, is no price at all. The real price, or pecuniary value, is that which is measured by the legitimate coin of the realm; whence, it is evident, that the price of an ounce of silver can never be *5s.* 11½*d*; seeing the mint price is no more than *5s.* 2*d.*; for no one would give an ounce and a quarter of silver, in a state of coinage, for one ounce only in a state of bullion. Whence also it follows, that the quadilaterals, parallelograms, rectangles, and triangles, or the pound notes, with their shillings, pence, and farthings, do not even refer to the same value, as do

the pounds, shillings, pence, and farthings, in legitimate coin, but to a value considerably less; namely, in the inverse ratio of the note price to the legitimate price; or, as 143 is to 124; which is as 100 to 86 nearly; giving the discount of the note at about 14 per cent, and the price of the pound note as a chance at 17*s.* 4*d.* Hence also, it appears that, although the note price of a guinea is upwards of 24*s.*; that is to say, bank note shillings; the price, in legitimate silver coin is but 21*s.* and not quite three farthings.

Although all paper money agrees in the general description before given of it, yet, there are some notes so peculiarly circumstanced, that they deserve an especial notice to be taken of them in this place.

Such notes as have lost all chance of being turned into coin, or bullion, either, because there never was any value out of which they could possibly be paid; or, because, admitting such balance once to have existed, it has been dissipated, beyond the power of return, or, because, whether there be value, or the hopes of value or not; the person, or persons, liable to the payment of them, have sought and obtained the aid of power to shield them permanently from such payment: I say all such notes, whatsoever name they may bear, whosoever may be their fabricators or guarantees; or, by whomsoever they may be sanctioned, are no better than waste paper; and there-

fore, as notes, they are, in the strictest sense of the words, good for nothing at all.

It will be readily seen that Bank Notes do not come under any of these descriptions exactly. In the first place, there was once a value in existence, out of which they might have been paid; and, although that has been dissipated, there are hopes of its return. 2dly. Neither can it be strictly said that the fabricators of Bank Notes are shielded from, or protected against, the payment of them. They are only *restricted* from making such payment; though, it must be confessed, that restrictions from payment are not usual, nor do they seem necessary, where there is nothing to pay with. A spur might not, indeed answer the purpose, but it would, at least, be as good as a bridle. 3dly. The protection, or, to speak more conveniently, the restriction, is not permanent. It will expire six months after the war; and that may be over sooner than it is likely to be. And if, within those six months, the fabricators of Notes shall be able to procure twenty millions sterling in bullion, or coin, no further restriction will be necessary; unless, indeed, another war should break out before they shall have got the money together. 4thly. There is also this distinction. Some of their friends, or, at least, of their acquaintance, have gone so far as to propose that they should be permitted to pay at the expiration of two ears, It is true, they

have not yet themselves, solicited any such permission, for they seem very patient and easy under restraint. However, that is no good reason why such permission should not be granted them; for the forward and importunate often obtain that which is denied to silent and modest merit. Lastly, there yet remains one more distinction, if so it may be called. Some other of their friends have proposed to substitute compulsion for permission; that is to say, to render them in common with their fellow subjects liable to the coercion of the law; without reflecting that, if there be nothing to pay with, permission will answer the purpose as well as compulsion. By means of these distinctions, some of which, it must be owned, have but slight shades of difference, it has at length come to pass that, notwithstanding the chances of payment are so much against Notes, that they ought to be, and would be, were the restriction taken off, at 40 or 50 per cent. discount, they are, as yet, at no greater discount than 41 or 15.

But there remains yet to be spoken of, one other veryextraordinary description of paper money. It is not only worse than the last, but far worse than that which is absolutelygood for nothing. This is the paper issued by governments to their subjects; particularly when they do not issue it immediately from their on o ffi ces, but through the medium, or intervention, of a certain number of individuals selected, or fixed upon for that pur-

pose. There is more than one method of carrying this curious device into effect; and they require length of time, and are circuitous and complicated. The following, however, is the sum and substance of the whole. The government, having occasion for coin, or bullion, empowers a certain number of individuals to issue their notes to the amount, for instance, of eighteen millions sterling. The notes are accordingly issued, and the value in coin, or bullion, thereby borrowed from the public, upon a solemn promise of returning it when called upon for that purpose. As soon as this part of the object is accomplished, government applies to these individuals for this eighteen millions in coin, or bullion, as a loan; and it is forthwith advanced upon government securities at 5 per cent. or nine hundred thousand pounds per annum for the whole. This sum the government, being the second borrower, compels the same public, who are the lenders, to pay to the issuers of the notes or the original borrowers. Now, the latter, having lent this eighteen millions in value to the government, well knowing it must be for exportation, and can never be returned, at least till after a great lapse of time, are rendered incapable of fulfilling their engagements with their creditors; they therefore obtain from government a law to protect them, not only against the payment of this eighteen millions, but also against all other debts they may chuse afterwards to contract; that is, against the payment of all

notes they may chuse to issue, without any limit as to the amount. This is, in sum and substance, the transaction between government and the bank, which will thereby, in about 14 years from the time of its taking place, have received 18 millions from the public, not only without advancing a single shilling, but as a reward for having borrowed from the public an equal sum, and which they knowingly rendered themselves incapable of paying. Thus have the bank, or those concerned in it, acquired an absolute controul over the labour of the country to the above-mentioned enormous amount, exclusive of the permission they enjoy of commanding any quantity by an unlimited issue of its notes. Another feature in this transaction is, that before these notes can be paid, the whole, or a great part of the 18 millions must, once more be raised from the public; and then perhaps they will be able to get their money again.

And this, perhaps, is the only instance which the history of mankind furnishes of lenders of money paying to individuals (for I speak not here of the government) who borrowed it, interest for the sum borrowed, with an additional stipulation that the lenders should, not only not have the power to insist upon payment of their money, but that they should be obliged to furnish the borrowers again with it to enable them to repay the loan. Is it any wonder then that the

nation is poor, and the bank rich, in the usual acceptation of the terms?

In speaking of coin, we observed that, when the relative value of it to coin of another metal should become greater than the nominal, it would partially or totally disappear. The contrary effect is produced, when the nominal is greater than the relative; or, as in the case of paper, when it is greater in value than the nominal denotes. The nominal value of the assignats, was so much greater than this proportion, that they inundated all France; and would not, at last, pay the expence even of forging. And what peculiar properties does the bank paper enjoy that can screen it from the steady operation of natural causes. Bounds must be prescribed to it, or it will share the same fate with the assignats. In conjunction with other notes, it has already deluged the land, and produced the most mischievous effects in society.

The value of every necessary and convenience of life is, without doubt, greater than it was fifty years ago, upon account of the increased demand arising from luxury, and from increased population, by the influx of foreigners and otherwise. The nominal price, however, makes the principal difference; arising from the immense quantity in circulation, of these denominations without value, which overspread the land. A reduction of it within due bonds, were it possible to be effected, would prove the truth of this observation. The rent of land, and the price of its produce have kept

pace, in denomination, with the increase of denominations without value; therefore, the means of the landlord and the farmer are prepared to meet the exigencies of the times. Nay, the farmer has the advantage, inasmuch as the hire of his labourer, which, I believe, is fixed by the magistrates, is little more, in nominal value, than it was twenty years ago. He and his family, therefore, borne down by the increased pressure of the times, are partly maintained, or rather kept from starving, by the parish.

The case is the same with all those, whose incomes were fixed before the rise of nominal values. About the beginning of the revolution war, the 3 per cent. consols were at 98. Ten thousand pounds stock, therefore, cost 9,800l. Let us suppose this invested for the benefit of infants, who are now of age, and wish to sell out. The produce will be 6,600l. in notes, bearing a discount of 14 per cent. Had the 9,800l. been laid out in land, the produce of a sale, in the same notes, would now have been 20, or 25 thousand pounds. This is not a solitary case. Thousands are in the same predicament.

The riches of commercial nations, (or indeed of any other) consist not in materials of this sort, but in the quantity which they possess of genuine coin and bullion. Its shadowy substance may bloat them up at home, by dividing them into two classes; creditors and oppressors on the one side, and debtors and slaves on the other; but gives

them neither health, firmness, nor strength. Their condition is that of a man in a dropsy. They are in a state of corruption and decay, which this shadowy substance hastens and facilitates. Abroad it is of no other avail than to expose their poverty and imbecillity; and to render them objects of conquest, pity, or contempt.

It is, however, of little use to be acquainted with the nature, value, and operation of coin and paper money, or to know that great quantities of the precious metals make nations rich, if we are ignorant of the means whereby they are acquired.

There are two principal methods whereby nations, not having the command of gold and silver mines, acquire and lose the precious metals, viz. violence and industry, that is, war and commerce. The acquisition of them by the former method is suited to the constitution or character of military nations, and, by the latter, to the constitution and genius of commercial states.

Great Britain is a commercial nation; and, possessing no mines of the precious metals, must have recourse to commerce in order to acquire them. Now, as commerce consists in the exportation and importation of merchandize, it is absolutely necessary to such acquisition, that the balance, or, as it is emphatically styled, *the balance of trade* should be in our favour: or, in other words, that the total value of all

all our exports should, in the course of the year, exceed the total value of all our imports. Now, in forming the estimation of this balance, the precious metals must not be considered as coming under the denomination of either exports or imports; and that for a very obvious reason, seeing they are the commodities which are the very object and end of commerce, and those wherewith the balance of trade must be finally satisfied*. This being the case, it follows that when the balance is upon the whole in our favour it must be settled by an importation of the precious metals into this country, equal in value to the balance of trade.

That this must necessarily be the case where the balance is, upon the whole, in our favour, notwithstanding its being against us as to particular nations and individuals, will be evident from a consideration of the subject in the following light.

Let us suppose the total value of all our ex-

* Gold and silver, with relation to each other, may be considered as exports and imports; and may thus be acquired, without the aid of any other exports or imports whatsoever. For instance, by the exportation of Silver, and importation of Gold, to and from those countries, where the relative value of the latter to the former is less than in England, she acquires the difference in gold: and by the exportation of Gold, and the importation of Silver, to and from those countries where the relative value is in favour of Gold, she acquires the difference in Silver. By these means the quantity of both in the country is increased.

ports to be 20 millions, and of all our imports 16. Let also all the nations, with whom we have commercial dealings, to be represented by A and B, viz. the nations, againt whom the balance is, by A; and those in whose favour it is, by B. Let also the individuals composing the commercial part of all these nations be represented by a and b; viz. the debtors by a, and the creditors by b, and, for the purpose of elucidation, two are as good as 200. Now, suppose that we export to A, in the course of the year, to the value of 14 millions; importing from A to the value of six. And also, that we export to B, within the same period, to the value of six millions; importing from B to the value of ten. The case will stand thus. There will be a balance due from A to us, of eight millions; and from us to B, of four. And we shall, consequently, be obliged to send to the value of 4 millions in bullion, to B; while A will be obliged to send, to the value of eight millions to us. The balance of trade, therefore, is upon the whole 4 millions in our favour, and bullion to that amount will remain in this country. But, part of this risk and trouble may be avoided, should there be a commercial intercourse, or a facility of communication, between A and B. For instance, suppose the latter indebted to the former in 4 millions; we have nothing more to do than to transmit a bill or bills to the amount of 4 millions to B, to whom we owe the 4 millions, drawn upon the former, wl o owes 8 to us; B will

then pass it to A in discharge of his debt; or, should he owe him nothing, A will pay the 4 millions to B, or his order, on receipt of the bill. In this manner, the whole of B's balance, and 4 millions of A's will be settled, without any transmission of bullion. But no device can settle the remaining 4 millions, being the amount of the balance of trade, due from A to us, without such transmission; so much of the precious metals is therefore acquired by this country. This reasoning is not only applicable to all the nations with whom we have commercial intercourse, but to all the individuals thereof signified by a and b; and to every combination that may arise out of their commercial dealings, to whatever amount, or on whatsoever side, the minor balances may be.

But, in order that bullion may find its way into the country, it is not only necessary that the balance of trade should be in our favour, but that such balance should be paid: for should A or B prove insolvent in whole, or in part; or, being solvent should refuse to pay, the influx of bullion into the country is prevented as far as such insolvency or knavery extends. This also is the case where the balance in whole, or in part, arises from exports, made on account of either government or individuals, which are consigned as gifts, or to be consumed abroad without any return made for their value. They may serve to make a shew, and induce a belief that the balance of trade is in our favour, and that bullion is, there-

fore, pouring into the country; whereas, the contrary may be the case. Merchandize, so sent, ought not to be considered as exports, having nothing to do with the balance of trade.

The same observation holds good with regard to merchandize exported for sale, but which remain in *depôts* abroad unsold. This forms no part of the exports from which the balance of trade results. It may, like the other, make a formidable shew, but it is a shew upon paper only, and cannot, with any propriety, be called commerce. Some, indeed, have, of late, been pleased to stile it commerce, particularly those who have been in the habit of remarking that it is to the vast extent of our commerce that the numerous bankruptcies, which have happened of late, are to be ascribed. And, indeed, it cannot be denied that commerce, of such a description, which is a commerce with one's self, or rather, with nobody, is as likely a road as any to bankruptcy. The case differs not from that of a London tradesman, whose warehouses are glutted with manufactured goods, for which he neither has paid, nor is able to pay, without first having disposed of them. He may open shops in fifty country towns, and fill them with his goods; but, should he find no demand for them, either because he has quarrelled with his customers, or for any other reason, he has nothing but expence for his labour; he may fill his books with an appearance of substance and credit, but in vain; all such con-

trivances will not put a shilling into his pocket, or save him from ultimate bankruptcy.

The balance of trade which thus draws the precious metals into the country consists of our superfluous labour, or the portion of labour which we do not ourselves consume; an equivalent for which, embodied in the precious metals imported, constitutes our riches; that is, labour in reserve against exigencies. This surplusage is greater, when the greater portion of our exports is formed of our own labour; and attains its maximum when the whole of them consists therein. Manufactures, therefore, when they are subservient to, and united with, commerce, are the means of increasing the balance of trade, and, therefore, of bringing bullion into the country. Agriculture has the same effect; or at least, in common with other useful labour, or labour demandable at home or abroad, if it does not bring bullion into the country, it precludes the necessity of increased importation, and thereby prevents its being sent out, by preventing a diminution of the balance of trade.

This balance, however, when it arises from mere commerce, that is, when no part of the exports consists in native labour, is not, though equal in amount, so beneficial to a nation (unless the state be small) as that arising from commerce and manufactures united. For, in the latter case, the combined energy of the two is propelled to the remotest extremities of the community, and preserves the whole body politic in a state of con-

stant activity, health, and vigour; whereas, the operation of mere commerce is felt only partially, and superficially. Certain portions become bloated, as it were, while the main body, for want of due nourishment, sinks into poverty and imbecillity.

Another method, whereby commercial nations may acquire the precious metals, is war; though it is of a minor description, and far inferior to that of commerce. Indeed, it is rather a method of losing, than of acquiring them, as upon the whole a commercial nation must lose them by war. A military nation may thus gain them, for war is its food; whereas, it is the physic of a commercial nation, and must be so used. Yet, as they are partially acquired by military and naval captures, it was thought fit to make mention of it in this place. This method of acquiring bullion is subject to the same inconvenience as that of mere commerce. It benefits individuals but is injurious to the nation. The capture of manufactured merchandize labours also under the same inconvenience; in truth, it is doubly injurious to the country, seeing it is not only of no benefit to the nation, in general, but withdraws from society some of those benefits it before enjoyed namely, the demand for part of its oown labour Whence it happens as in mere commerce, that certain portions are gradually detached from, and afterwards become a useless burden to society.

There are several other methods whereby the

nation may acquire bullion, such as by the influx of foreigners into the country, bringing with them the precious metals—By their residence here, and drawing them from abroad—By the return of natives from foreign countries, bringing with them in bullion or coin fortunes acquired there—By the investment of the money of foreigners in our funds—By the payment of dividends from abroad, for principal there invested by us, and by some other minor methods. But the most stable, efficacious, and chief of all, is commerce.

Nations lose the precious metals generally by the reverse of those methods whereby they are acquired. Thus, when the total value of all our imports exceed that of all the exports, the balance of trade is, upon the whole, against us, and must be satisfied by an equivalent exportation of bullion. This excess in favour of importation arises from various causes. First, the exports may be inconsiderable or diminished, on account of the total, or partial stagnation of labour in the country; or by a diversion of it into non-commercial, or unproductive channels; or, on account of there being no market for exported merchandize; 2ndly. The imports may be great and increased by want of industry at home, whereby we are necessitated to import those necessaries with which our own labour ought to supply us. 3dly. By the heavy calls of government, particularly in times of war, fo

such articles as cannot be supplied at home. 4thly. By luxury, in the consumption of foreign merchandize; which, though profitable to government, impoverishes the nation. If, therefore, from all, or any of these, or other causes the balance of trade should be adverse, no power can prevent bullion or coin from leaving the country. It may be contended that bills transmitted will answer the purpose as well as bullion.—But it has been proved that bills are of no value: and, in this case, they can be significative of none; this country, after availing herself of all the minor balances in her favour, being still the debtor, seeing the whole balance of trade is, by supposition against her; and, therefore, she can have no one to draw upon. Yet, the legislature seems to have been of opinion, that bills, might in this case, be as efficient as bullion or coin, having partially prohibited the exportation of the former, and totally of the latter; but, notwithstanding all this, we must export one or the other. We may represent to our creditors that all our bullion is gone, and that we have only coin left, which it is not lawful either to export, or to melt down; and what would, and ought to be, their answer? Go to, with your coin and your laws—What are they to us? You have had our property, and now refuse to pay for it: and why? because, forsooth, you have a particular liking to your money, and, therefore, have come to an agreement amongst yourselves not to part

with it. A pretty story truly! You were not so nice when you received the bullion from us for your own merchandize—We, therefore, expect you will not be more scrupulous in paying, than you were in receiving. What are your laws to us? They have a right to prohibit you from purchasing; but, after having allowed you to purchase, they have no right to prohibit you from paying for what you have purchased.

One of the precious metals, but not both, may also be lost by commerce, even when the balance of trade is in our favour; which happens when our commercial intercourse is with those nations only, where the relative value of the two metals is greater, or less than with us: but in all such cases, in return for the metal which is lost, more than an equivalent is acquired in the other. As, for instance, if our intercourse be with those nations, where the relative value of gold to silver is greater than at home, the nation will export gold, and import silver. On the contrary, if it be with those nations, where the relative value of gold to silver is less than with us, the nation will export silver and import gold. It must, therefore, have happened from this practice, that the relative value of gold to silver is, in England, greater, though but by a small quantity, than the mint relative value, which is 15.07; whereas the former is 15.1. Whence it should also follow, that our chief intercourse is confined to those nations where the relative value of gold to silver is greater

than it is with us. This difference cannot, however, subsist for any great length of time; seeing that, by repeated exportation of the one metal, and importation of the other, an equilibrium would ensue, and the relative value of the two become the same. The standard of this relative value, taken from an average of that in all nations, is to be found in that nation which is universally commercial. Great Britain is, or, at least, was so; whence this standard may, justly enough, be fixed at 15.07. Hence, also, it appears, that nations in possession of this standard or medium relative value, will, as long as they maintain a free intercourse with other nations, be constantly acquiring both gold and silver by the commerce of bullion alone; provided no impolitic laws be established to prevent its exportation or importation.

The nation also lose the precious metals by the temporary or permanent emigration of its own people carrying bullion, or coin with them, or drawing it from home—By the return of foreigners to their own country, carrying over with them in bullion or coin fortunes acquired here; and, in short, by the reverse of all the minor methods of acquiring bullion before mentioned.

But the most dreadful and active bane of commercial nations, and that which forms the most capacious outlet for its bullion and coin, is war. Even admitting that all the methods before enumerated of acquiring the precious metals were

ample and productive; yet, war alone is capable of counteracting their united efforts, and of reducing, in time, the most opulent commercial state to beggary and ruin. Commercial states cannot follow war to advantage without a change of character. It may, indeed, in time, become military, but, to arrive at this destination it must previously pass through the fiery medium of a revolution. They ought, therefore, by all means to avoid war. The first steps towards it plant the seeds of decay. And if ever they become fond of war, or that war is become a necessary form of their existence, they are making rapid strides towards dissolution.

The wars of this reign have been unnatural, impolitic, and ruinous, in the extreme. Unnatural and impolitic, inasmuch as they have originated in a spirit, hostile to the genius and character of the British nation; having for their constant object the depression of liberty, and the elevation of despotism. Hence, they have been civil wars, or wars undertaken to create and promote civil discord. Whence also, they have been attended with carnage, cruelties, and individual oppression, not inferior to the most atrocious upon record. From the same unnatural perverse character, and from the shallow wits, self-conceit, and obstinacy of those who have provoked and conducted them, they have been ruinous in the extreme. Yet, we still continue to furnish fuel to the fire, which, (if we do not

shortly desist) must ultimately consume us; not reflecting, that the means of our enemy's aggrandizement, are those of our own destruction. But, I had almost forgot that it is of war only as a means of losing the precious metals, that I am here to speak.

The balance of trade is reduced, and of course the importation of bullion, as we have before observed, by the diversion of commercial labour into other channels; particularly, by the want of markets for such labour, which the present war has almost entirely shut against us. It is also reduced by the great consumption of foreign merchandize by government in time of war. The enormous sums expended abroad upon the army and navy, together with foreign subsidies, not only consume the reduced balance, and thereby prevent the influx of bullion into the country, but also render an exportation of bullion or coin requisite. Thus, by degrees, has the country been drained of both, and paper necessarily substituted in its stead.

Paper currency, therefore, whatever other evils it is the cause of, and it is the cause of many, seems to be rather the effect of the scarcity of bullion and coin, than the cause of it. It certainly is of no effect in driving bullion, or coin from the country, further than, as an engine, it affords facilities to the government of collecting it from the public, and of continuing in a state of perpetual war; for, as long as the balance of trade is in our

favour, not counteracted by the out-goings of war, the quantity of bullion in the country must be constantly in a state of increase, to whatever extent the circulation of paper may be carried.

The efficient cause, therefore, of the present scarcity, both of gold and silver bullion, as well as of the vast shoals of paper money which devastate the country, is war. But, notwithstanding this scarcity, there yet, may be (and it is barely a may be) coin in the country; for there is a method of withdrawing it from circulation, besides that of melting it down for exportation, and that is hoarding. Not from avarice, which is, probably, equal, in peace and in war, but from that principle which induces a man to preserve his property for himself and his family, instead of giving it, without equivalent, or reason, to another.

From the principles hereinbefore laid down, it is evident that there cannot, in the nature of things, be more than one steady common measure of value circulating in the same country: government, impelled by necessity, are anxious to make their own paper currency, or, which is the same thing, the bank note, the common measure; being also resolved, in spite of nature, that gold and silver coin shall, at the same time, serve the like purpose. By doing this, they virtually fix a maximum upon the value of the guinea and the crown, or, as the case really is, a minimum is fixed upon that value which the note represents, and a pound note is not, therefore, permitted to be bought for less than

twenty shillings in legitimate coin, although the value it represents, or is supposed to represent, is not so much as 17*s.* 4*d.* Whence it has come to pass that, bearing a greater nominal value, and being manufactured at the pleasure of those who gain by them, at little more than the expence of the paper, they abound more and more; while, on the contrary, legitimate coin carrying a less nominal value than its relative, to notes, is no longer to be seen. Were government to act by oxen and sheep, intended for the London market, as they have done by the coin, that is, were they to fix the maximum of their price, at what it was twenty years ago, Smithfield would soon be deserted. A few stragglers might be driven thither from necessity, but another market would be sought for the mass, or, it would be kept back, in hopes of better times.

But, it may be objected that this would afford facilities of buying up the coin, and of sending it out of the country. This, however, as the balance of trade is in our favour, could not be done, unless by government, or its agents, to answer the purposes of war; and, in such case, it is true, the hoarders would come in for a share of the profit (if it may be so called) with the exporters; or, to speak more correctly, the hoarders would not give the whole difference to the exporters for nothing; which difference in 1,000 guineas, amounts to about 150l.

The abolition, therefore, of the maximum, or ra-

ther of the minimum, is the true touchstone to ascertain whether there be any legitimate coin in the country. If there be, it is also the magic wand that will bring it forth. But its virtues are too potent to be applied, with safety, in the present deranged state of the finances. Paper would not be able to endure the test; and, therefore, this method must be, at least, deferred. Neither is the immediate repeal of the restriction bill expedient. It would be unavailable and dangerous. Unavailable, inasmuch as the bank is in possession of comparatively little value wherewith to pay its notes; and dangerous, because it would so far depreciate them, that the country would be left without a circulating medium: the government would be paralyzed, and a revolution ensue. It would be the stoppage of an issue where the whole blood is a mass of putridity. Moreover, were it in any degree available and safe, its effects would be but momentary while the pernicious cause existed in a state of full activity and vigour; and the paper currency, although it is the cause of many mischiefs in society, is the effect, not the cause, of the disappearance of coin. Neither would a distant repeal be of any avail. For what is a distant repeal, but a present promise by act of parliament, that the government, or the bank, shall pay the public eighteen millions in bullion, or coin, at the expiration of two years The public stand in need of no more promises; they are in possession of enow already. This expedient is not, indeed, so

fraught with immediate danger as the former, but it is futile; and would be, at the best, but throwing a tub to the whale: Like all half measures, it would be ineffectual and pregnant with mischief. It is not here meant to insinuate, much less to assert, that the bank would be unable to pay its notes, could its credits be realized; on the contrary, it is, on all hands, acknowledged, that the balance of credits and debts is immensely in its favour. But the question must not be blinked. The prosperity, and even the existence of the country, is at stake; and a disguise, therefore, of the truth, from delicacy towards the bank, would be ill-timed and criminal. It has acted like an imprudent banker who has expended the money of his customers in merchandize, for which there is no demand; or, has lent it to insolvent people; or at least, to such people as stand in need of a long letter of licence. Wherefore, seeing none of the foregoing methods would be available, or expedient, we must have recourse to the plain honest methods resorted to, or which ought to be resorted to, in the like case, in private life. We must leave off drinking, gambling, and fighting, and betake ourselves to work; taking care, at the same time, not to keep more mouths than hands. The government must pay the bank the eighteen millions in bullion, or coin, with the expences of keeping the accounts relating to it; deducting, however, the interest she shall have received on its account. The bank may thus, perhaps be enabled to pay the

public; the restriction may be removed; coin will then make its appearance; and paper will be fairly driven out of the field. But, to effect this desirable purpose, bullion must be imported, which cannot be done, till the obstacles which prevent its influx into the country shall be removed. These obstacles all tenaciously inhere in one great *substratum*; and that is war. We must look this formidable enemy, as well as corruption, fairly in the face. No fabrication of light silver crown pieces, or penny, or halfpenny copper pieces. No divisions, or subdivisions of the miserable pittance of bullion we have still left—no ringing changes upon denominations, particularly upon paper denominations—no multiplication of them will answer the purpose. We must abandon war, and extinguish, or effectually curb the system, and the causes which engender war. Industry will then seek its natural channels—commerce may, perhaps, again flourish; and gold and silver once more revisit the land.

FINIS.

POSTSCRIPT.

From a faultiness in the expression, p. 31, it seems to be asserted, that coin rises in value when there ceases to be a demand for the coinage; whereas, from the principles previously laid down, it is evident that, where the demand for coin, arising either from necessity, as in the case of currency, or from fancy, as in the case of ancient coins, &c. ceases, the coinage becomes of no value; and that, consequently, the coin itself becomes a mere commodity, and naturally falls into the common mass of bullion, of which it was formed. The conclusion, which is also drawn from other undeniable premises, sufficiently evinces this to have been the author's meaning.

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