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AN
ENQUIRY
INTO THE
DEPRECIATION
OF
IRISH BANK PAPER,
ITS
EFFECTS AND CAUSES,
AND
A REMEDY PROPOSED.

UT RATIO CAUSEQUE NOSCANTUR.

Dublin

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1804.

TO THE
RT. HON. PHILIP EARL OF HARDWICKE,
LORD LIEUTENANT OF IRELAND,

&c. &c. &c.



MY LORD,

I PRESUME to inscribe the following little work to your Excellency, because it is my wish that it should attract the favourable attention of that part of the administration of the United kingdom over which your Excellency presides.

Indeed it was once my design to have taken the liberty of laying it before your Excellency in a private form, but, on due consideration, I thought it better that it should go at once before the public, because I thought it well that their minds should be somewhat directed to the consideration of a subject, which, I entertain a confident hope,

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his Majesty's ministers will feel it their duty to submit, speedily, to the wisdom of Parliament.

Your Excellency is not answerable for the overfight of those, who in their proposal of so novel and bold an expedient, as the restriction on the bank of England from issuing specie, neglected to provide against the partial mischiefs, which that measure has produced in this part of the United kingdom.

Neither should it be matter of accusation, that amongst the cares and anxieties which must occupy and agitate the mind of a Lord Lieutenant at this awful period, an object, even so important as the subject of these pages, should not have yet engaged his attention.

But if your Excellency shall be induced to consider, that the effect of a measure, intended primarily for the necessities of one part of the United kingdom, though finally for the general interests

of

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of the whole, has in its consequences pressed *exclusively* and *severely* upon another part, over which your Excellency presides, my confidence in your Excellency's sense of duty leads me to conclude, that, if the evil should still remain unredressed, it will not be owing to want of due attention on the part of your Excellency.

It will be no small addition to the pleasure I shall feel, in having rendered any service to my country by my humble labours, if that service shall have been compleated during the administration of a Nobleman, whose personal character and public conduct have drawn from me this tribute of sincere respect.

INTRODUCTION.



AN interval of leisure could scarcely have been devoted to a more beneficial public purpose, than a dispassionate but free consideration of the very mischievous effects, so severely felt by all classes of people, of the present debased state of Irish currency : effects, not only grievous in themselves, but of an extremely alarming tendency, as weakening and exhausting those resources, which must be drained, if necessary, to their last drop, in defence of our existence as a free nation.

In my opinion none but the basest of mankind could attempt to mislead the public at such a crisis ; and therefore I feel it unnecessary to assert
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the firm conviction of my mind, of the reality and extent of the mischiefs and grievances contained in the following statement.

The picture, I think, is not too highly coloured, nor should it indeed have approached so near to a true likeness, but that, having been led (as I conceive) by a train of sound argument to a fair conclusion, and having discovered a remedy, according to the best of my judgment radical, practicable, and free from any solid objection, I considered it not only legitimate, but useful and necessary, to impress strongly upon the public, the true and undisguised nature of our condition, because a full knowledge of it would predispose them to weigh with impartiality, if not with favour, my projected remedy, and to lend no willing ear to the cavils and objections that may be started by prejudice or self-interest.

No apology need be made to those whose province I may have appeared to have invaded; they have left it undefended, and unoccupied, open to the incursions of every stranger.

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But I should not be surpris'd nor murmur, if the public should receive with some diffidence the statements and arguments of an anonymous writer, who freely acknowledges that he has no claim upon the public attention, from any peculiar command over those rich sources of knowledge, whence the statesman is supposed to derive his information, and who certainly has not made the science of political economy his peculiar study. But still the leading principles of that science are now so well established, so clearly understood, of such daily practical application, that to be unacquainted with them would proclaim, not only an ignorance of those writings which are in the hands of every scholar and every gentleman, but a total inattention to the topics of conversation, that occur in every liberal and enlightened society.

If my reasoning then be founded on these established principles, and conducted with fairness, it is entitled to an impartial attention, in the absence of enquiry or investigation by those, whose situation,

situation, as public men, would authorise them to address the public with more confidence.

The analysis, I trust, will prove satisfactory.

I have, in the first place, considered very fully, and I hope fairly, the present condition, and intrinsic or productive value of the medium of Irish currency, and shewn that it must be considered to be depreciated in the same ratio in which exchange exceeds par.

Its depreciation being established, the effects of that depreciation are next considered, according to the principles of sound science; those effects being established facts, palpable and undeniable, a full and true understanding of them naturally leads to a discovery of

The causes of the depreciation.

And

And the mischief being thoroughly understood, and traced from its effects to its true source, the mind is naturally led to the discovery of the remedy.

It is not for me to pronounce, whether the remedy has been discovered; but without arrogance I may say, that those who shall differ from me, are bound to shew upon what principles of public policy, justice, or expediency, the Government of the country are bound to pay their own debts, to make their own disbursements, or to form their own contracts, in a depreciated currency—upon what ground it can be asserted, that the introduction of an undebased currency, (and such Bank of England notes are,) to the extent of supplying the demands for remittances to England, would fail of restoring Bank of Ireland Notes to their just value. And, finally, how it is possible for this country to sustain the increased burdens, so generally rumoured, and so necessary to be imposed, under the continued

nued and unmitigated operation of a mischief, which tends directly and strongly to impoverish and poison the springs of our public resources.

AN

ENQUIRY, &c.

CHAP. I.

THE CONDITION AND VALUE OF THE MEDIUM OF CURRENCY IN IRELAND.

THE Currency of Ireland consists of Bank paper, Silver, and Copper. In the province of Ulster, the seat of the linen manufacture, gold indeed still exists in some quantity, from the circumstances of most of the landlords requiring gold in payment of their rents, and gold being employed, in a considerable degree, in the purchase of brown or unbleached linens, at the fairs and markets. But, as this gold is at a high premium, at present I believe eight per cent., and efforts (which will probably succeed, at least to a great degree) are making to substitute bank paper for gold throughout that province, I shall speak as if gold

gold were no longer in circulation in any part of Ireland—my observations will, at all events, apply to the rest of the country.

Bank paper is depreciated to the amount of seven or eight per cent. or thereabouts, that is, £.100 bank paper is in truth worth but £.92 or £.93 sterling.

Silver, or rather the fictitious coin called silver, is still further depreciated.

When I say bank paper is depreciated, I do not mean to embrace any of the principles, that have caused much argument in England, upon the reality of this depreciation. Much less do I mean to insinuate any suspicion of the solvency of the Bank of Ireland; on the contrary, I believe its solvency to be as real and secure as that of the Bank of England, or any other company or establishment, public or private, in the world; and that it is, at this moment, perfectly equal to the fulfilment of all its engagements.

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But when bank paper is exchanged for that, which is the general medium of currency throughout all the world, at a loss of 7 or 8 per cent.; when bank paper purchases all commodities, both at home and abroad, at a loss of 7 or 8 per cent.; I say, that paper is 7 or 8 per cent. less valuable than money; and in this sense only I mean to say, and I think I may say, without the danger of cavil, that bank paper is depreciated. To the holders of bank paper it is perfectly immaterial, whether the depreciation or sinking, in the value of bank paper, be owing to the inability in the Bank ultimately to exchange its paper for coin, when the law shall at last allow it; or whether it arise, as I believe, from local and partial, but I think necessary causes, which I shall hereafter discuss. To the present holder it is of precisely the value of the commodities, or the price of the commodities it will fetch; and when he asserts that it is depreciated in value, because he gets 7 or 8 per cent. less for it, than he can get for cash, it is no answer to him to say, the Bank is solvent, the Bank will, at an indefinite period of time, pay its notes without discount. His

reply

reply is just and obvious; the present value of any thing to me is exactly what it will produce in the market at present, not what it may be worth, or will be worth, at a certain, much less at an indefinite, period of time. To exemplify and prove this position, if proof be necessary, government debentures, or, to go a step farther, exchequer bills, payable at a certain period, are, I believe we all admit, as stable and secure, as any security, public or private, under any government can be, but they are liable to fluctuation of value; and no man hesitates to call the depression of price in those securities a depreciation of value; an exchequer bill, though it will as certainly be paid, as a bank-note, though its security is as permanent, inasmuch as they must both stand, so long as the country stands, is said to be worth exactly so much as it will bring in the market. And, though exchequer bills are not the medium of currency, it, in truth, makes no difference in the argument. Suppose that Government were to make them so, and that they were to take the place of bank-notes, and that they were to sell in exchange for guineas or English or foreign bills, just at the same price that they do now, or that bank-notes do now, would

would we change our language and say, that they are not depreciated in value, from that single circumstance, which should not alter their market price. Suppose bank-notes, instead of being eight per cent. below the value of guineas, were ninety per cent. below it, suppose them reduced to the condition of French assignats, would it be then denied they were depreciated in value, or asserted they were still as valuable as guineas, in the hands of the present proprietors, who should have no other medium of currency, because the grounds of the depreciation might be false, and because there might be a certainty that, at a future and indefinite period of time, they would be paid in guineas.

In truth the medium of currency of every country, that carries on any sort of traffic with other countries, is subject to variations of value: it is so even of coin itself. The value of coin depends, not upon the arbitrary name which different governments may choose to give certain pieces of metal, but upon the value which those denominations have in the rest of the world, as well as at home. If the weight of the English guinea be lessened, it may still be called by the name of guinea,

guinea, and it may still be asserted it is a guinea, because in many instances it must still be taken as such, as in payment of taxes, of rents, of existing debts; and in other instances; but its real and intrinsic value depends, not upon what it may be called, but on what it will bring; and no person at home will voluntarily part with any of his property, nor will any person abroad on any terms, unless the guinea be given, not at its nominal value, but at that price which the guinea will fetch wherever he may have occasion to part with it; and therefore all the world agrees, without doubt or scruple, to say that the currency of the country (consisting of coin) is depreciated in value, whenever it purchases in the general market less commodities than it would do, if undiminished in weight, or unadulterated.

It is precisely so with paper currency; we may call a piece of paper, a guinea, and for many purposes it may be so, but if it will not, in the general market, be received as such, it is sunk in its value precisely in the same degree in which it is exchanged for less goods at the market.

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The sole cause of any doubt or obscurity on the subject, seems to me to be this, that, because when the currency of the country (consisting of coin) is said to be depreciated, there, in fact, is a real diminution of intrinsic value, arising from the debased or curtailed state of the coin: so it was apprehended, that if paper bank-note currency were admitted to be depreciated, it might be inferred, that its permanent solvent value (if I may say so) was lessened. But this is an inference which I think the illustration of Exchequer bills shews does not necessarily follow.

I can no otherwise account for any person denying the depreciation of Irish bank paper, notwithstanding a proof, which appears to me as certain and intelligible as that of any mathematical proposition, the state of exchange between London and Dublin. In ordinary times, when specie is the medium of currency, exchange can never vary, to any great degree, between those places. None of the circumstances, which occasion great variations, either real or nominal, between the exchanges of foreign countries, can exist between London and

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Dublin;

Dublin; the same coin, of the same intrinsic as well as nominal value in each place, is then the medium of all payments; if the balance of remittances, the sole cause of the *real* difference of exchange, be against Dublin, for instance, if Dublin has more money to remit to London than to receive from thence, Dublin must pay a premium for a London bill; and this premium constitutes the difference of exchange, but this premium, or, in other words, this difference of exchange, can never be much more than the expence and trouble of remitting specie to London. Suppose, for instance, I, residing in Dublin, owe a thousand guineas in London, the most convenient way of remitting it will be by a bill; but if a premium of seven or eight per cent. be demanded, as at present, for an English bill, I will not pay seventy or eighty guineas for it, but I will look out for some other mode of transmitting my guineas; and I will pay only the ordinary expences of the carriage of such sort of commodity; an expence compounded of the carrier's profit and risk; even this expence will be rendered as light as competition, and the ingenuity to which it gives exercise, can render it.

it. The dealers in bills, who derive a profit from it, will regulate their profits, so as to exclude the competition of carriers or dealers in English bank-notes, which would be also resorted to as an easy mode of transfer, in case the dealers in bills raised their price too high. Thus it is obvious, that the medium of currency being the same between London and Dublin, the rate of exchange can never vary much: if there be a perfect equality of remittances, it will be at par, or there will be no premium; if there be an inequality there will be some fluctuation, but the rate can never rise much beyond the expence and risk of conveying specie from one country to the other. This rate or premium constitutes the difference between the value of specie and the value of bills, in any one place, and the difference between the value of the current medium in any two: thus, if the rate of exchange be one per cent. against Dublin, specie is one per cent. cheaper than English bills, or than specie is in London. And so far money is rendered of less value in that place which has the exchange against it. But this, which certainly is a disadvantage to that country, never can rise to any

any extraordinary height, in the common state of things between Great-Britain and Ireland. On these plain grounds I think I am justified in concluding, that the present rate of exchange between London and Dublin is an infallible proof, that the medium of currency in Ireland is of diminished value in the general market and commerce of the world, in the exact proportion of the difference of exchange; and, that the *present real intrinsic* (or rather productive) value of Irish bank-notes, the medium of Irish currency, is sunk or depreciated nearly in the proportion of the present rate of exchange; I say nearly, because some allowance is to be made for the difference of exchange, that would exist in ordinary times, occasioned by the ordinary expence of remitting the Irish balances of payment to England.

From the difference between English and Irish pounds, exchange is at par, when at $8\frac{1}{3}$, or £.100 British are equal to £.108 : 6 : 8 Irish. For a considerable time past, exchange has been at a medium of sixteen per cent., that is $7\frac{2}{3}$ above par. Allowing $\frac{2}{3}$ or sixteen shillings and eight-pence per cent. as a sufficient price

price for the expence of remittance, the Irish currency is sunk in value at least seven per cent. At the present moment, the money brokers in Dublin offer ten pounds premium upon a hundred guineas. It is therefore plainly demonstrated, that the medium of currency in Ireland, consisting of Irish bank paper, is depreciated in value at least seven per cent.

The necessary consequence of this depreciation is, either the total disappearance of silver specie, or an adulteration below its nominal value in England, at least equal to, but probably greater than, the depreciation of the paper currency. If silver remained in Ireland exactly in the state it is in in England, no person who could procure silver would pay a discount of seven per cent. upon bank-notes, at least in any of the payments made in Ireland for English goods. Thus, if the captain of a Whitehaven collier be obliged, as he is, to charge seven per cent. higher for his coals, when paid in bank-notes, than if he were paid in specie, because he must convert them into specie, or, which is the same, into English notes, at a loss of seven per cent., if for a ton of coals, which he would sell for guineas at thirty-six shillings a ton, he

he is obliged to charge forty shillings, and if thirty-six shillings in silver in England would be as valuable as so much in gold or in English bank-notes, or as forty shillings in Irish notes, no person, who could procure silver, would pay forty shillings a ton for coals, but he would pay thirty-six in silver, and thus get his coals four shillings a ton cheaper. The advantage of this is so plain, that every person would endeavour to do the same, no one would part with his shillings for Irish bank-notes at their nominal value; being of equal value (as I suppose) in England with guineas, he would deal with them exactly as guineas are now dealt with; he would either employ them himself in his transactions with England in order to save seven per cent., or he would sell them to those who would do so at a premium of seven per cent. Thus it is plain that silver coin of equal value with English silver must either entirely disappear, wherever Irish Bank paper is the only currency, or else that a premium equal to the depreciation of paper must be paid for it. But the latter would be so extremely troublesome and difficult to adjust, that it cannot well take place to any great degree. In paying for an article of five shillings price for instance, it would not be easy to ascertain precisely the real value, distinct from the nominal

nominal value, fluctuating as it must do daily, according to the course of exchange. A very ingenious and numerous body of men, who have brought their art to a high degree of perfection, the fabricators and dealers in base coin, lend their assistance to remedy this inconvenience, and supply the public with a counter, bearing pretty nearly the same relative value to Irish bank-notes, that the English adulterated silver coin does to English notes. If those artists made their coin of a greater relative value, it is plain they would bear some premium in exchange for bank-notes; if they made them of too low a value, the fair dealer, who would put more silver into his coin, would carry away his customers from the other, or else the other would be obliged to sell his coin at a cheaper rate. The purchasers of the coin, who afterwards deal it out to the retail shopkeepers, from whom it is finally issued to the public*, are perfectly acquainted with the value of the commodity, and regulate their prices in a very exact proportion to that value, and thus this

* See Mr. Colquhoun's book on the Police of London. The traffic of base coin is carried on with equal skill and more audacity in Dublin, where the Police is in every respect more lax.

this trade, like all others, regulates itself, upon the principle of being carried on with as small a degree of profit to the manufacturer as the nature of the trade will allow. One principle must be the making the deception as compleat as is consistent with the profit which the artist and the several dealers must have; on this will depend the currency and of course the value of the coin, and therefore the artist who supplies the best coin at the cheapest price will undersell the others, and thus the fictitious coin of Ireland is brought as near to its relative value with the paper currency as the nature of the trade will allow; it cannot be so good as English coin, if it were, it would bear a premium; it cannot be greatly below the relative value, if it were, competition would raise it.

The state of silver currency in Ireland agrees entirely with this theory. In Dublin and those places where there are no guineas in circulation, and no paper notes, the silver coin is of a much worse kind than in England or in the North of Ireland, where there is still some gold. As you approach the North, the difference in the coin is palpable, and is very accurately understood there. If you offer

Silver

offer Dublin shillings in change in Drogheda, there is some degree of scruple, but still they are taken; in Dundalk there is still more difficulty; in Newry, and so on to Derry, they will not be taken on any terms, they have no currency. In Dublin, those very counters pass in the shops with scarcely any examination; in the public offices, as the post-office, &c. there is some difficulty; in the bank their value is well known, but still as they are paid there, they cannot well be refused. But through the means of the various denominations of notes, pounds, guineas, and guinea-and-half notes, the necessity of taking them in fractional sums is obviated considerably, and is still further evaded by endeavouring to give change instead of taking it. The shopkeepers, either following the example of the bankers, or to get off their base coin, in which many of them traffic, use every endeavour to substitute silver change for notes, and it is now become very common for them to solicit persons to whom they make payments, to accept of silver instead of notes; which indeed is a proof that the trade of the retailer in base coin has considerably increased, and that the coin has sunk very much below its relative value to bank notes. This may

appear at first to militate somewhat with part of the above theory, but it only proves the extension of the traffic, and that the retailers in base coin, like the retailers in all articles, endeavour to buy as cheap goods (that is here, as bad goods) as they can, and to sell them as dear as they can.

This depreciation of paper currency, and adulteration of silver, has upon the same principles given rise to silver notes in a great part of Ireland.

Where genuine silver has entirely disappeared, it is easily in the power of bankers, discounters, or other great money dealers, merchants, millers, and extensive manufacturers, either entirely to banish the very adulterated coin of Dublin, or else to clog its circulation with excessive inconvenience, and to substitute their own promissory notes in its place. Accordingly, we find this to happen in most parts of Ireland, except the North and Dublin; it does not happen in the North, because Dublin coin, for which these are the substitutes, have no circulation there; it does not happen in Dublin, because the Bank
of

of Ireland, the public offices, and, of course, the private banks, would not accept them in payment.

In many places these notes are issued by persons of very insufficient property, and great inconvenience and loss have happened, in many instances, from their failure; but where they are solvent, which in general is the case, there seems to be very little difference to the public, between the circulation of such notes, and of the base silver of Dublin; perhaps the advantage is in their favour, the loss upon forgeries, and torn or defaced notes, being, perhaps, more than balanced by the loss that must necessarily happen on base silver, by its wearing so much that the imposition becomes palpable, or by the frequent imposition of a very bad coin, without any alloy, and of no intrinsic value.

This exclusive circulation of a very base coin, without the intermixture of a single mint shilling, is one of the most signal instances, that any country ever exhibited, of a weak and inefficient police; unless it shall be said, it is winked at, from the impossibility of genuine silver, or rather

rather of English silver, continuing any time in circulation; and thus the eyes of the people being opened, by so plain demonstration as the total want of silver currency, to the real state of the paper currency;

It follows, as matter of necessary inference, that at the present value of the paper currency, the calling in the old silver, and issuing a new coinage from the mint, cannot have the effect of giving Ireland a silver currency; unless it be issued at a rate above its real value, proportionate to the depression of bank-notes below their nominal value. If the silver coin be issued at its mint value, it will instantly bear a premium equivalent to the depreciation of bank-notes; and it will either, like gold, entirely disappear from circulation, or else it will be mutilated or defaced, so as to reduce its intrinsic value in a much greater degree than the relative proportion to bank-notes; in a much greater degree, because the artists, employed in the reduction of the coin, must have a profit equivalent to their risk, expense and trouble. If it be, therefore, the intention of Government to call in the old coin,

coin, and issue a new one, they should consider well before they fix the value at which it shall circulate in Ireland. If it be not above its relative proportion to bank paper, it will, certainly, be reduced below it by mutilation; and unless a very strict attention be paid to the fabricators and retailers of base coin, (who carry on their traffic as if they had a licence for their nefarious practices,) they will soon melt it down altogether, and substitute their own imitations in its place; so great are the temptations and encouragement held out to them. It was the case when dollars were issued by Government in Ireland; though issued at a higher price than in England, they were still too cheap, and they very soon disappeared.

As to the copper coin, it remains in nearly the same state as formerly. It never could be the medium of payments out of Ireland, because it is not a legal tender for any sum above a shilling; it is of different value from the English copper coin, thirteen pence going to the shilling, and it would be too bulky and incommodious for the purposes of general payments; it remains,

mains, therefore, a mere domestic coin, greatly below its nominal value, as it generally has been, from causes not connected with the matter of the present enquiry, and therefore unnecessary to discuss.

... of such a nature as to be entirely different from the depreciation of the value of the currency of Ireland, upon the different classes of people. ...

CHAP.

CHAP. II. THE EFFECT OF THE DEPRECIATION OF THE VALUE OF THE CURRENCY OF IRELAND, UPON THE DIFFERENT CLASSES OF PEOPLE.

THE depreciation of the value of currency must, in every country where it takes place, be extremely injurious to the community at large.

Its first effect necessarily is the raising the price of all articles of consumption, and of most of them in a degree at least equal to the degree of the depreciation. This effect is sufficiently obvious in the prices of all foreign commodities. Foreign commodities must be paid for in that which is the general medium of currency in the general markets of the world; and if the medium of currency in any particular country (let that medium consist of what it may, gold or paper) be depreciated below the value of the general medium of currency, a greater portion

portion of the currency of the country must be given for foreign commodities.

If port be sold for fifty pounds sterling a pipe in Oporto, such a sum must be given for it by the British merchant, as will produce fifty pounds, not in England only, but in the general market of the world. And if British currency be so depreciated in intrinsic value, either by diminution or adulteration of the coin, or by depreciation of bank-notes, that fifty pounds British currency is worth but forty-five pounds in the general currency of the world, the British merchant must pay not fifty pounds, but above fifty-five pounds in British money; and, of course, port wine must be raised in price at least five pounds the pipe to the consumer.

If the only effect in Ireland were the enhancing the price of all articles of importation, even this would be very severely felt. Imported goods form a chief part of the expense of persons of all descriptions. Besides sugar, tea, wines, cotton, and other articles of foreign produce, which Ireland imports in common with England, most articles of manufacture, from the superiority

rity of British skill, still undersell the Irish in the Irish market. Woollen cloth, leather, hosiery, pottery, and many others, unnecessary to enumerate, are imported in great quantities. All these must be paid for, not at the nominal value, but at the real productive value of Irish paper; that is, the importer must, in the first instance, pay an advanced price of at least seven per cent. on all imported articles; and, as the importer must have a profit upon his advances, and, of course, upon this seven per cent., and as in all the intermediate stages between the importer and the consumer, a similar profit must be had upon the respective advances, the consumer must in the end pay considerably more than seven per cent. upon every imported article.

The effect of this, in some gross articles of consumption, is too weighty not to be sensibly felt, and attributed to its proper cause. Every person feels, for instance, that coals are enhanced in price at least four shillings a ton, and English broadcloth two or three shillings a yard; and every person knows, that if he could pay for those articles in guineas, he would get them proportionably cheaper. But as the same cause must

must operate in the same way, and produce the same effect upon all imported articles, they could all be purchased, for guineas, at least seven per cent. cheaper than they can for Irish notes; and, therefore, they are all enhanced at least seven per cent. to the consumer.

Supposing this to be the only effect, it would be sufficiently grievous. But it is no less certain, that all other articles of consumption must become dearer, in a proportionate degree. If the manufacturer and mechanic pay more for the articles of their consumption, and the raw materials of their trades, they must raise the price of their labour and their work. If the cotton manufacturer, for instance, pays more for his coals, his tea, his sugar, his hardware, and raw cotton, the material of his manufacture, he must either raise the price of his manufacture, or live so much the poorer, and be so much impoverished in his circumstances. Perhaps both these effects follow, in different degrees, according as the manufacture is more or less of prime necessity. Articles of luxury will be less in demand, and, therefore, their price will less bear to be raised, than articles of necessity: but even these
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will be better husbanded, and more sparingly purchased than formerly; and thus all manufacturers, at the same time that they must necessarily raise the prices of their goods, must also sell at somewhat less profit to themselves, or else find less employment, and must live more poorly than formerly.

But when the farmer pays an advanced price for all articles of domestic manufacture, as well as of foreign produce, he must likewise raise his prices, and, like the manufacturer, though not in an equal degree, he must also live poorer. His produce, though of prime necessity, will, from the decreased ability in all ranks of people to purchase, and from the greater frugality necessarily introduced, meet a less ready sale; he must, of course, be content with a less price, or less profit, than he would otherwise charge; but still his price must be somewhat raised; and thus corn, and of course all species of food, must be enhanced in price, as well as domestic manufactures, and articles of foreign produce.

It is impossible to fix the exact ratio in which all these several articles must rise in price. It
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is plain, that all foreign articles must rise to the consumer at least seven per cent., (according to the present exchange,) and higher in proportion, according to the several stages they pass through from the importer to the consumer, still leaving a profit in each stage upon the advance. The other articles of consumption must be somewhat raised, but the degree will depend upon the demand, and the demand will be diminished, in all somewhat, but in different degrees, according as they are more or less the necessaries or the luxuries of life.

The fact being once established, that all articles of consumption are made dearer, it is not so necessary to dwell upon the consequences; they have been ably and clearly pointed out, by writers on political economy, of established authority.

But still it may be proper to mention a few of those consequences, the most certain and undeniable.

All persons pay a tax, at least equal to the depreciation of money, upon all imported articles,
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and a tax upon articles of home produce, varying according to the degree of its necessity or luxury.

All foreign commerce yields less profit to the Irish merchant, and must sustain a relative injury. To derive equal profit from his trade, the merchant must charge the same profit upon the advance of seven per cent., the present exchange, that he does upon his other advances, and raise the price of his commodities in an equal degree, or else he must somewhat diminish his profits. He will, necessarily, be obliged to do the latter. From the necessary increase of price, and the necessary decrease of ability to purchase, there will be less goods sold, less emulation among the buyers, and more among the sellers; the latter, of course, must somewhat diminish the prices they would otherwise ask; they must also diminish their imports, as there will be less consumption, and thus, from both these causes, the profits of trade must suffer.

This, indeed, will in some measure prevent the merchant from enhancing the price beyond the necessary increase of seven per cent., it may, in some instances, prevent his raising it so high;
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and it will also, in some respects, have a similar effect on the retail trader, but by the time the article comes into the hands of the consumer, it will, probably, be raised much above seven per cent., or the existing rate of exchange.

Manufactures will suffer a similar injury. Either the manufacturer must raise the price of goods in proportion to the dearness of articles of consumption, or he must be content with less profits, and live so much the poorer. He cannot raise his prices altogether so high, but he must raise them somewhat, the demand will be somewhat diminished, and the manufacturer will of consequence be less employed, and worse paid than formerly.

The farmer and grazier, by a similar process, though in a less degree, will experience a similar diminution of profit.

This theory is clearly illustrated and exemplified by the condition of a class of persons, whose loss is so direct, as to be universally admitted, and indeed undeniable, although it is in truth not more real than that of all the inhabitants of Ireland; I mean the absentees, or persons resident
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in England or abroad, and deriving their incomes from Ireland. If those incomes be remitted in bills at an exchange of 16, or $7\frac{2}{3}$ above par, it is unquestionable that they sustain a loss of $7\frac{2}{3}$ per cent. The loss here being direct and obvious, and arising solely from their incomes being paid in Irish notes, which must be converted into English notes or bills at a loss of near eight per cent. whereas, if they were paid in guineas, the only loss they could sustain, would be the expence of remitting guineas, no one can hesitate to admit that the restriction upon the bank of Ireland operates as a tax of near eight per cent. upon their properties, whenever their rents are paid in notes. But if ninety two or ninety three pounds Irish, paid in English bank-notes, be as valuable and would purchase as much commodities as one hundred pounds in Irish notes, if the resident in Ireland be obliged to pay more than the difference of exchange upon most articles of consumption, then it is plain that his situation is no better than that of the Irish absentee, that his 100*l.* though more in name and form, is not more in substance than the 92*l.* or 93*l.* of the absentee, received in the shape of guineas, or, what are equally valuable, English bank-notes. It is not, therefore,
without

without reason, that the linen-draper's have called on such landlords, chiefly absentees, as insist on their rents being paid in guineas, to accept of Irish notes; they are more called on than any other landlords to place themselves on the footing of their tenantry, and to share with them the burden, which this measure has unquestionably imposed on all other classes of people; because they themselves conduce in no small degree to encrease the weight of this burden. The balance of remittances being considerably against Ireland will appear hereafter to be the primary cause of the high rate of exchange, and the remittances to absentees compose no small part of that balance. In other most important respects they withhold that contribution to the general services of Ireland which the country of their property has a right to expect from them; and therefore, though any compulsory means of enforcing that contribution would be highly impolitic, as I shall hereafter endeavour to shew, yet it is perfectly reasonable in their tenantry to endeavour to prevail on them to accept of bank-notes, the currency of the country, for their rents.

The condition of the North of Ireland is indeed subject to very extraordinary hardships, and the

the lower orders of people in particular grievously oppressed by there being there two modes of payment, in bank-notes, and in specie; and a system of jobbing (a term well understood in Ireland) is produced by it, very vexatious and cruel. All persons, as is natural, wherever they can, endeavour to pay in bank-notes, but to be paid in gold; in this struggle the weaker, as usual, go to the wall. The land agents, some landlords, tithe proctors, and others insist upon guineas, wherever they can, but in their payments to their employers, or in purchasing commodities, they pay in notes as much as they can; wherever they succeed they make a profit proportioned to the rate of the exchange, and in the same degree they cheat their employers, and cheat and grind the poor. Frequently the very same person, who in his capacity of land agent screws out guineas from the tenantry, will the very next day, in capacity of overseer of roads, pay that very tenantry in bank-notes for their work on the roads, although he has received the money himself from the county treasurer in guineas: and thus the poor may be said to pay the discount or tax doubly, in their receipts and in their payments.

In a political view, the mischiefs of the depreciated state of the currency are of very serious magnitude, and should long since have awakened the attention of government. It certainly ought to have been very well understood by this time, that the encouragement of industry in Ireland is an object of vital importance to the general interests of the empire; it must have already appeared how excessive a discouragement to all sorts of industry so heavy a tax as eight, ten, or twelve per cent. must be, bearing not merely upon articles of luxury, but upon articles of prime and indispensable necessity, (and that such must be the smallest amount of the tax upon the lower classes, no one acquainted with the advanced price paid by them to retail dealers can doubt). But any calculation of the mischiefs of this discouragement, formed upon an estimate of what it would produce in England, will fall very far short of its effects in Ireland. A nation so rooted as England is in habits of industry, possessed of such enormous capital, so fertile in expedients, can not only sustain an almost incalculable increase of burdens, but still continue to advance under them in wealth and prosperity; whereas Ireland, deficient in capital, far behind in all the arts, though inured to

poverty,

poverty, extremely deficient in industry and frugality, is easily depressed by circumstances that would not be felt in England. Such a grievance as this however would be severely felt even in England, and would not long be tolerated, or at least it would be investigated with the most severe scrutiny, and be met by every remedy that human prudence could suggest. With what alarm would the bare mention be received, that bank of England notes were depreciated seven or eight per cent. ! If the fact were once established, how speedily would its consequences be well understood and attributed to the right cause; with what anxiety would administration take the lead in calling the public attention to the important subject! How intensely would the best talents of the nation be employed in tracing the mischief through its proper channels, and how speedily would the proper remedies be applied!

The apathy with which the grievance appears to be tolerated in Ireland, might almost induce the most credulous to doubt its existence, notwithstanding the proofs adduced, to my understanding incontrovertible. But this apathy, I believe, is more apparent than real; all ranks of

people

people in Ireland feel and complain of the extraordinary rise in the prices of all articles of consumption. The prices of labour are universally known to be exceedingly advanced, and yet, from the diminished demand for labour, and the dearth of provisions, the labouring people are worse in their circumstances; the merchant knows that trade has declined; the linen-trader complains of the heavy disadvantages he labours under; the absentee, when paid in notes, knows he suffers a diminution of at least seven per cent. in his income, and the resident gentleman knows that he pays above seven per cent. advance for all articles of consumption. But still, though in some instances the evil is attributed to its proper cause, its general and necessary operation has not yet been fully understood, or, if it has, no attempt has hitherto been made to trace its proximate causes, much less to apply a remedy. And yet it would be difficult to discover a subject more worthy of the closest attention of the statesman, or to confer a more signal benefit on the people of Ireland than to remove so oppressive a weight.

Although the time may appear in some measure ill suited to such discussions, when every faculty seems absorbed in the contemplation of a single,
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and certainly paramount object; yet it appears to the author that, at the very eve of a most weighty, and, he supposes, necessary addition to the burdens of Ireland, (a tax on Property) it is not unseasonable to suggest to the minister of Irish finance, that Ireland in fact already pays a tax much more weighty than the tax on income in England, with this novel and vexatious quality, that while it impoverishes the people, it does not enrich the state.

If the author shall be as successful in tracing the causes and suggesting the cure of this heavy grievance, as he trusts he has been in establishing the reality of its existence and pernicious effects, he will have rendered no small service to his countrymen, and have made no small addition to the resources of the empire.

CHAP.

CHAP. III.

THE CAUSES OF THE DEPRECIATION OF IRISH CURRENCY.

THE primary cause of the depreciation of Irish currency appears to me to be the great balance of remittances against Ireland. This balance is entirely distinct from, and should not be confounded with the balance of trade.

The balance of trade between England and Ireland might be greatly in favour of the latter, and yet the balance of remittances be greatly against her. If the profits upon that balance of trade, instead of remaining in Ireland, are in a great measure remitted to England, it may easily be understood how the balance of remittances may be against Ireland. Now in fact a great portion of the profits of trade do not center in Ireland, but are remitted to England. The two great heads of remittances, over and above those that

that take place between any two countries, standing in the ordinary relations of trading with each other, are the remittances to absentees, and the remittances for payment of the interest of the Irish debt due in England.

The revenue afforded by Ireland to persons living out of it unquestionably bears a very large proportion to the general revenue of the country. The amount of that revenue, or of that proportion, it is not, however, so easy to estimate, nor is it indeed altogether necessary. But the remittance to absentees has, probably, been underrated, by the loose statements that have been heretofore made on the subject, and which have generally rated it at above one million sterling a year. The calculation has been formed chiefly from a catalogue of those persons of considerable estates, who are known to reside in England; and though their incomes may, in general, have been rated too high, yet various other considerations have been omitted, which would probably shew the estimate to be much too low. A great number of incomes have been necessarily omitted altogether. The estates in Ireland are, most of them, heavily encumbered by mortgages; and a great proportion

proportion of those mortgages belong to English creditors—so that no small portion of the incomes of those, who reside in Ireland, goes to England to pay the interest of debts. The occasional visits to England, for a longer or shorter period, so frequently made by all persons of easy fortune, the education of so large a portion of young Irishmen of fortune, in England, contribute to swell the remittances to it. And no small portion of the public debt of Ireland, payable in Ireland, also goes to England.

The entire interest of the Irish loans made in England, with none, or at least very trifling exceptions, belongs to England.

These two heads of remittances alone would probably turn the balance against Ireland.

Upon this point, Lord King's reasoning, to shew that the great rise of exchange against Ireland, the balance of trade being in favour of the latter, must proceed from the depreciation of Bank of Ireland notes, and that depreciation from an undue increase of Bank of Ireland notes, appears to me, though at first view very plausible, to be founded

founded upon mistaken principles.* His Lordship has not considered, that, from the peculiar circumstances of Ireland, the balance of her remittances to England may be, and, as I think, must be, against her, though the balance of trade may be in her favour. If the balance of remittances, as well as of trade, were in favour of Ireland, the *real* price of bills of exchange must also be in her favour: there would always be a surplus of gold or of bank-notes due from England to Ireland, exactly equivalent to that balance, continually pouring into Ireland, augmenting the capital employed in commerce, and removing the necessity, or indeed the possibility, of the Irish merchant calling for Irish paper for any other purpose than mere domestic currency, and the ordinary accommodations that merchants want in ordinary times. I here assume, that the trade of Ireland with the rest of the world is in such a state as not to affect the argument. It appeared, by the documents furnished to Parliament at the Union, that, on an average of three years, preceding March, 1798, the balance of trade, between Ireland and

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* Thoughts on the restriction on payments in specie, at the banks of England and Ireland, by Lord King.

all the rest of the world was but £.83,000 against her, a trifling sum, and which, in fact, should be considered as already liquidated in settling the balance with England, because the way in which Ireland must finally pay her balance due to the rest of the world (having no mines of her own) must be, by transferring part of the balance due to her from England. It appears, therefore, difficult to explain in what manner an undue quantity of Bank of Ireland paper could be employed, so long as the balance of remittances should be in her favour; it could not be employed in the purchase of specie to remit abroad, because the only purpose, for which specie could be remitted, would be to pay any balance that might be due abroad, and, according to Lord King's theory, there is no such balance due; the only other purpose for which it could be employed is, that of increasing purchases at home, because no one would hoard up bank-notes; if the discounts were increased, (the only way in which the bank can increase its issue of paper,) then the only way in which the new paper could be employed would be, in extending trade; and the only effect such increase could have, as to Bank of Ireland paper, would be, to diminish

diminish its value in exchange for goods, to raise the price of all goods, not merely their nominal price, but their real price, in money of any kind. To this extent, and this only, that of extending trade to its utmost possible limit, can the issue of bank paper arise,—the real balance of exchange being in favour of Ireland (as Lord King supposes,) no bank paper, therefore, being wanted for the purposes of foreign payments, because foreign transactions have already left a balance in favour of Ireland, any superfluity, over and above the greatest possible increase of trade, must be returned upon the bank, as it could not be employed, and would not be hoarded.

Mr. Thornton has considered this part of the subject very much at large,* and his reasoning appears to me very satisfactory and conclusive, so far as to shew, that, *if the exchange be in favour of a country*, a bank, such as that of England, (and I think such as that of Ireland,) cannot, by an increased issue of notes, produce any other effect, than that of increasing, not merely the paper

* An Enquiry into the Nature and Effects of the Paper Credit of Great-Britain. — By Henry Thornton, Esq. chap. 11.

paper price, but the money price of all commodities; bank paper, however, is not thus diminished in its relative value to gold, but goods of all sorts are raised, in their money, as well as their paper price.

Indeed I cannot see how, in such a state, paper could be depreciated, in its relative value to specie, without soon remedying the evils of a redundant issue. Such a depreciation must be from a mistrust of the solvency of the bank; so long as there should be no such mistrust, and no demand for specie for foreign transactions, but, on the contrary, a continual flow of specie into the country, in consequence of the favourable balance of trade, bank-notes would be as valuable as specie. But if there should be any doubt of the solvency of the bank, its paper could not, of course, be readily exchanged either for specie or goods, the possessors of the former would hoard it up, and of the latter would refuse to sell, except for specie. Indeed it is hard to say, if the depreciation arose from apprehension of insolvency, how it could stop at a discount of seven per cent. on notes; or how any person would part with gold, or English paper, or goods, in exchange

exchange for the paper of an insolvent bank—its circulation must be impeded, and at length be stopped, or restrained within such limits as should restore its currency.

The fallacy of Lord King's argument appears to me to arise from false premises. He assumes, that the balance of remittances, confounding it with the balance of trade, is in favour of Ireland. He finds the exchange to be against Ireland; and, it being an admitted principle, that where the real balance of trade (including remittances) is in favour of a country, and the exchange appears against her, it is only a nominal exchange, arising from the real depreciation of the currency of that country, he concludes, that the currency of Ireland must be really depreciated, intrinsically and permanently, (in the opinion of all who traffic with it,) just as specie must be lowered in its intrinsic value to produce a similar effect.

That he should have fallen into this error is not surprizing, because Ireland is perhaps the only instance of a country, having the balance of trade with all the world in her favour, and the balance of remittances against her; in all other countries the

the balance of trade and of remittances, I believe, are synonymous.

To establish then, his Lordship's conclusion, it would be necessary, first, to prove that the balance of remittances is in favour of Ireland; and secondly, the balance being so, that it is in the power of any bank to depreciate its paper in intrinsic value, without at the same time diminishing its currency, and at length destroying it.

The balance of remittances must, in my opinion, necessarily be against Ireland, from many incontrovertible facts. If it were in favour of Ireland, then all the payments to be made in England could be made without any loss to Ireland, as at present, by the purchase of English bills at an extravagant exchange. Because Irish goods sent to England, would not only pay for all English goods sent to Ireland, but would leave so large a surplus as, not only to pay all the absentee rents, absentee interest of money, interest of the Irish loans, and every other disbursement Ireland could possibly have to make in England, together with any balance Ireland might owe to
foreign

foreign countries, but to remit some balance to Ireland.

Now if this were the case, and on such assumptions his Lordship must proceed, it may be admitted that a government might so far depreciate its *coin*, as to turn the exchange, nominally, though not really, against the country; it might reduce a guinea, two shillings for instance, in intrinsic value, by which, when exchange would be nominally ten or eleven per cent. against the country, it would really be at par: but it would not destroy the value of the guinea, nor reduce it below a certain definite and well known value, a guinea would still be universally acknowledged to be worth nineteen shillings, because it would sell for so much every where, and the currency would be no way impeded.

But suppose under such circumstances, bank of Ireland notes really depreciated in ultimate solvent value, that there should arise a suspicion of their not being paid; they have in themselves no intrinsic value, their value arises merely from credit; that credit would be gone, no person would exchange a guinea for waste paper, they
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could have no circulation, the gold continually flowing into the country, from the supposed balance of remittances, would soon take the place of bank-notes in circulation; and bank-notes must inevitably experience the fate of French or American paper. The operation would be quite different from that produced by reduction of coin, there the imported sterling coin might be melted down, and converted into the depreciated coin, and form the currency of the country; but in the other case the continually increasing quantity of imported coin, arising from the balance of remittances, could only be employed in replacing, and at length entirely removing from circulation the discredited paper: and thus, an effect directly opposite from what his Lordship supposes, must happen; bank-notes, instead of increasing, must diminish, and at length disappear.

The length of this digression (if such it may be called) will be excused, when it is considered how very important it is to examine accurately the soundness of an opinion, coming from so respectable an authority, and which, if generally entertained, might affect most essentially the credit, not only of the Bank of Ireland, but of
England;

England also; because his Lordship's reasoning as to the latter, would seem to derive no small force from the solidity of this opinion. How far his Lordship's general reasoning may be affected by the overthrow of this opinion, it is not within the scope of these pages to discuss.

If it were necessary to adduce any additional proof that the balance of remittances has in fact been, and is now considerably, against Ireland, I think the following would be a satisfactory one. It appears from Lord King's tables, that from January 1789 to the end of the year 1797, the year in which the bank restriction took place, the course of exchange held a very even course between England and Ireland, and was in fact oftener against Ireland than in her favour;* therefore there must have been very nearly an equality of remittances between the two countries, though still generally a balance against Ireland, but since that period most powerful causes have combined to increase the remittances to England, and to make them at the present moment greater than they have been yet. The rebellion

* In nine years or 108 months, it appears to have been 34 months in favour of Ireland, and 74 against her.

bellion of 1798, the Union, and the fresh disturbances in Ireland in the last year, have all conspired to encrease the number of absentees; and since that time also the practice has begun of raising loans in England, therefore if the tide of remittances, formerly fluctuated, it is plain it must now have set in steadily and strongly against Ireland.

There is therefore, I think, sufficient ground to assume it as an indisputable fact, that the balance is now constantly, and without fluctuation, against Ireland.

There being then a continual balance of remittances against Ireland, the price of English bills in the Irish market naturally rises, like all other commodities, in proportion to the demand; and the only method of keeping down that price is by the remittance of gold to England instead of bills; and in ordinary times we see that this must keep down the price of bills, or the exchange, nearly to the cost of transmitting specie. But when the bank of Ireland is prohibited from issuing gold, gold can be procured only from abroad, or in other words, from England, the cheapest market for

for Ireland to deal with, and the market from whence she does in fact bring it. It becomes therefore an object with all persons who have money to pay in England, to procure as much of that balance as they can in gold, in order to avoid purchasing English bills at the high price to which they will be raised, or else to sell to others for the same purpose. But gold, like all other commodities, can be purchased only for value; and the only value the Irish trader can give for it, is Irish goods. This necessarily produces a glut of Irish goods in the English market, a consequent fall in their price, and a diminution of profit to the Irish exporter; and the purchase of gold, which can only be made by the sale of Irish goods, becomes a very losing, though in some measure a necessary trade, in order to avoid the payment of an arbitrary price for English bills, to which they would rise if not checked by the importation of gold. This losing trade will, of course, be confined in as narrow limits as possible. The merchant who buys gold by selling his merchandize at a reduced price, and who of course buys it dear, will endeavour in his turn, to sell it as dear as he can; it becomes necessarily a dear article in the Irish market; and as is the case with all articles,

articles, the supply is as scanty as the nature of the case, that is, as the price of English bills, will permit.

Upon this plain ground of the balance of remittances being against Ireland, and of there being no other mode of transmitting that balance but by gold, or its representative English bills, payable in gold, or in its equivalent English bank notes, all the phenomena of the depreciation of Irish paper are easily and satisfactorily explained.

As the balance of those remittances against Ireland encreases, so does the necessity of procuring either guineas or bills in order to pay it. But they can be procured only by an encreased export and sale of Irish goods, which necessarily reduces their price in the English market. And therefore Irish goods sink in price in the English market, in exact proportion to the rise of exchange.

Gold becomes proportionably dear, being importable into Ireland only by driving a losing trade, by forcing the English market: every one will part with it reluctantly, there will be

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an universal effort to make payments in bank notes, and to receive payments in gold. Whoever can compel payments in gold will do so. Whoever voluntarily parts with gold will insist on getting his purchases cheaper than if he paid in notes. Whoever sells his goods for notes will insist on a higher price than if he was paid in gold. At length a premium on gold, and a discount on notes is established, varying in just proportion according to the demand, that is according to the amount of that balance of remittances due to England, which can only be paid in guineas, or their representative English bills.

Thus without resorting to any enquiry into the conduct of the bank of Ireland, in unduly encreasing the issue of notes, it is plain that be their conduct what it may, their notes must be at a discount so long as the balance of remittances is against Ireland, and so long as the only medium through which that balance can finally be paid, gold, continues, as it is plain it must, an expensive article of import.

It may possibly be objected to this theory, that even if the bank of Ireland issued gold, still the balance

balance

balance of remittances being in favour of England, and that balance being finally payable in gold, there must consequently be a continual drain of gold from Ireland, and a consequent rise in its price, to defray the expence of the continual importation into Ireland.

But it should be observed, that the bank being obliged to exchange its notes for gold on demand, it is impossible there should be any discount on notes, so long as the bank continues solvent, at least in Dublin, where the holder need only be at the trouble of walking to the bank, in order to be paid in gold. In the country parts, indeed, they may be at a small discount, and there sometimes was a discount on them before the issue of specie was prohibited, but this discount never could rise higher than the expence of remitting the notes to Dublin, and of sending down gold for them.

Any expence, occasioned by the necessity of importing gold into Ireland, would be paid, not by the individual who had occasion to make remittances to England, but by the bank, which would be obliged to supply him with that gold in exchange

exchange for their notes at par. Whereas at present the individuals who require gold must be themselves at that expence.

It must, however, be acknowledged, that an excessive increase of the issue of paper must tend to increase the evil. It must have this effect in more ways than one.

In the first place, an undue increase of paper necessarily occasions over trading, and over trading, by glutting the English market, sinks the price of Irish goods there, and raises the value of gold, and, of course, depresses the value of Irish notes.

In the next place, the increase of the quantity of Irish notes produces an universal effort to dispose of them, beyond the natural demand for them; being got upon too easy terms, by too great a facility of discounting, the holder is anxious to part with them at a reduced price, and then, like all articles rendered too abundant, they become cheap, or in other words are at a greater discount than they otherwise would be.

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Whether the bank has, in fact, been guilty of this misconduct, certainly deserves very serious enquiry; and the suspicion is apparently justified, by the extraordinary increase of bank-notes, and the facilities and temptations held out to the Bank to increase their quantity.

The Bank could not be justified in increasing the quantity of notes in a greater degree, than the quantity of small notes necessary to supply the room of the quantity of specie usually current in Ireland, and also to meet the demands of the increasing trade of Ireland.

That the trade of Ireland has increased since the restriction on the Bank, it is to be feared, could not be very satisfactorily proved, at least to an amount any way commensurate to the increase of notes.

The quantity of specie usually current in the country could, it is supposed, be easily ascertained. It must be nearly commensurate to the amount of the small notes.

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The Directors of the Bank are under a double temptation of unduly increasing the issue of notes; the profit to be derived from it, and the necessities of themselves and their friends as merchants. It is obvious that their profits will be in proportion to their discounts, and certainly those profits have increased in such a ratio as to create some suspicions of misconduct in this respect. The substitution of small notes for gold, must, no doubt, have considerably increased their profits, but whether in a degree to account for the extraordinary rise in their dividends, from six and a half to seven and a half per cent., and a bonus of five per cent. in the present year, must appear rather problematical. The same cause has not produced the same effect in the Bank of England. And yet the increase of trade in England, notwithstanding the heavy pressure of a ten years war, (so it may be called,) has been a subject of just exultation; the current coin of England, to be supplied by small notes, it is needless to say, exceeded in an immense proportion the current coin of Ireland; the Bank of England supplies with its notes the whole circulation of London, while the Bank of Ireland has no inconsiderable rivals in the private banks of Dublin, and yet we have

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not heard of those enormous profits, evinced by so extraordinary an increase of dividends, though so many combined and powerful causes might, without much suspicion, have caused similar effects.

The Directors of the Bank are all traders, or closely connected with traders; in point of opulence and real capital proportioned to their trade, they are greatly inferior to the merchants of London, their necessities of course are more pressing, and the fair conjecture is, that they are less scrupulous in relieving those necessities; they are also less under the influence of any apprehension of censure, for any undue indulgence to themselves or their friends; the mercantile body of Dublin are too dependent on them, to make any complaints of such sort of misconduct.

But the removal of that salutary check, which the issue of specie must always be, upon a bank's over trading, is the principal cause of their undue increase of their notes, if, in fact, there has been such an undue increase.

Upon

Upon the established and well known principles of banking, such an evil would necessarily and speedily cure itself; the redundant notes would be returned on the bank for payment, the market would refuse to receive more notes than it would naturally require; if the number issued exceeded the real necessities of circulation, the overplus would be instantly turned into gold. But this salutary check once removed, it is not wonderful that the Bank should, as other traders do, endeavour as far as possible to increase their own profits, (though I think, with Mr. Thornton, upon a mistaken principle,) and to advance their own individual interests, by an extraordinary issue of notes.

The patient acquiescence of the merchants of Dublin, under the present grievous state of the exchange, affords additional ground of suspicion, and indeed is scarcely explicable in any other way, than by supposing that they receive undue indulgences from the Bank. If Bank of England notes were at a discount of seven or eight per cent., the merchants of London would not submit in silence to so heavy a grievance; but if they should alter so much in their circumstances,

stances as to carry on their trade chiefly upon credit, if they should greatly overtrade their capital, if they should be indulged and encouraged in their overtrading by the Bank of England, we should perhaps hear as little complaint from them, as we do from the merchants of Dublin.

The traders of the North of Ireland, who trade more upon real capital, and are less connected with, or dependant upon the Bank of Ireland, have not submitted so patiently. They complain loudly, and are vigorously endeavouring to remedy, or at least to mitigate this evil, by their forcible call on the landlords to accept of their rents in bank-notes, though it is to be feared the proposed measure will fall very far short of its expected effects; perhaps like other palliatives, it might finally aggravate the disease.

CHAP.

CHAP. IV.

REMEDIES.

IF the primary causes of the high rate of exchange be the balance of remittances against Ireland, and the want of an universal medium of currency in which that balance may be paid; it necessarily follows that the only effectual way to reduce exchange to its natural level, is, either to reduce that balance, or to give that universal medium of currency.

The latter will, however, appear to be the only practicable expedient.

Previously, however, to entering upon this branch of the subject, it may be proper to correct some erroneous, but very prevalent opinions entertained upon the two principal causes of the balance of remittances against Ireland,
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and to shew, how far any system, founded thereon, must fail of effect. Those two causes have already been shewn to be, absentes, and raising loans in England. But for these two causes, if the balance of trade be really, as has always been asserted, in favour of Ireland, it is clear that the exchange would also be in her favour. And therefore it is not at all surprizing that much complaint should frequently have been made on those subjects, and many correctives been proposed.

Absentees in particular have been a constant subject of complaint, and not without very just reason. The residence of a Landlord on his estate, no doubt, contributes extremely to the benefit of the tenantry, and the absence of so large a portion of landed proprietors undoubtedly retards the improvement and civilization of the country. The absentees also encrease very much the quota of taxes which the inhabitants of this part of the United Kingdom are obliged to raise; since, if the sum of taxes were shared with so numerous and wealthy a body of men as the absentee proprietors, it is obvious that the proportion payable by the present
inhabitants

inhabitants would be sensibly diminished; the bare amount of the taxes they would pay upon articles of consumption would amount to such a sum, as greatly to lighten our present burdens. But this is an evil necessary and inevitable in the present condition of Ireland, it is at once the effect and the cause of the inferiority of Ireland in those comforts and conveniences which can alone attract residence. To endeavour to enforce that residence would be equally impolitic and impracticable. A tax on absentees, the popular remedy, would have the effect of sinking the value of property in Ireland in a prodigious degree; the principle once admitted, no body could say where the tax would stop; every man would be anxious to part with property, subject to so severe, and to British subjects, so unconstitutional a restriction as that of personal liberty; no man would purchase such property but at a price low in proportion to the amount and severity of the tax. No one would lend money on the security of such property, thus sunk in value, and the interest of the loan being also probably itself subject to the operation of the tax. The money of English creditors, at present

sent out on Irish mortgages, would probably be called in; the general depreciation of Irish property must be the inevitable consequence.

The mischievous impolicy of such a measure is now so well understood by all thinking men, that the subject should not have been introduced here, but for the purpose of suggesting that the fundamental principles, upon which the impolicy of an absentee tax rests, are perhaps applicable to a measure mentioned before, and at present a very favourite one in a great part of Ireland, the prevailing on the landlords to accept of Irish notes in payment of their rents. The proposal is made chiefly with a view to absentees, with whom the demand of gold is more general than with the resident landlords, and naturally, inasmuch as their loss is more obvious and sensible, though not more real, than the loss of resident landlords.

But although the call upon them may in itself be perfectly just and reasonable, although it may be clearly equitable to require those, who in a great measure create the grievance, to share its effects; yet it is a very different question, how far

far it may be wise or politic by a clamorous and threatening demand to endeavour to enforce a compliance.

The acceptance of notes instead of cash, would be considered, and justly, as a tax exactly commensurate to the excess of exchange. If the absentee proprietor received for his rent of £.100, a bill producing but £.92 or £.93, it would be vain to argue with him on the justness or fairness of his being at a loss, he would feel that he in truth paid a tax, of 7 or 8 per cent. No Englishman would buy an Irish estate, without taking this tax into consideration, arguments of justice and fairness would be lost upon him; Irish property would suffer a proportionate depression in the market. Again, if landlords received only bank notes, at a heavy discount, for their rents, it would be extremely hard that mortgagees and other incumbrancers should demand guineas for their interest money; the same principle of fairness would apply to them as to landlords, and it is equally to be feared, that English incumbrancers, with an equal disregard of those principles of justice and fairness, would call in their money, and that no more English money would be lent on

Irish security. The distress that this would occasion deserves serious consideration.

But however this may be, the great evil, the high rate of exchange, would not be in the smallest degree diminished by the most free and unanimous acquiescence on the part of the landlords; the balance of remittances to England, and the medium of Irish currency, bank paper, would remain precisely or very nearly as they were before.

The only possible effect that could be expected would be, the transferring the loss from the tenant to the landlord, and even this would not perhaps be so complete a relief to the former as is generally imagined.

In the linen trade, for instance, in the province of Ulster; where the grievance is said to be most severely felt, the weaver who carries his web to market, may at present demand gold in payment, inasmuch as he is obliged to pay his rent in gold, or if he be paid in notes to require a proportionate increase of price. But if his landlord should accept notes, the draper might reasonably
require

require the weaver to take notes in payment for his linen, and that without any discount or rise of price; so far as the notes should go in payment of rent, the requisition would be fair, so far as they were to be applied in purchases it would be unfair, because notes must still be at a discount, in proportion to the balance of remittances due to England, which would continue almost exactly as before. Some time, probably, would elapse before the weaver would discover this; the fairness of the requisition to accept of notes, when notes were accepted of him, could not well be denied, and the profit would probably at first sink into the pocket of the purchaser of linens; but at last, and from the sagacity of the northern Irish, the truth would soon be discovered; the price of linens, as of all other commodities, would find its own level, it would rise (when paid for in notes) exactly in proportion to the rate of exchange, or in other words, to the depreciation of notes, and exchange must continue nearly as before, because the balance of remittances must continue nearly as before; that balance would be diminished only by a sum equal to the difference of the absentee rents when paid in specie, and when paid in notes, that is—sup-
pose

pose the absentee rents amount to one million a year, and that they are all remitted now in specie, (or which is the same thing, that the tenants all pay the discount on English bills,) and suppose hereafter, they were to be paid in Irish notes, (or in other words, that the landlords were to pay the discount,) then there would be a sum to be remitted less than there is at present, exactly proportionate to the amount of the exchange, which, taking exchange above par, at 7 per cent. upon one million of money, would be 70,000*l.* per annum. But the absentees are far from being all paid in specie. The saving of remittances would fall very far short of that sum; the consequent effect upon exchange (the only beneficial effect that upon close examination, could be expected from the measure) would be, it is apprehended, very inconsiderable; and very insufficient to counterbalance the mischievous effects to be apprehended to Irish property and Irish securities.

An equally erroneous opinion is entertained by many persons upon the subject of raising loans in England; it is conceived by them, that because the interest of those loans goes out of Ireland, so much

much is lost to Ireland, and because the remittance of that interest swells the balance of remittances against Ireland, and contributes to raise the exchange, of which there can be no doubt, it would therefore be politic to raise the loans in Ireland.

It certainly would be advantageous for Ireland to be able to raise her loans at home, if she could do so on as cheap terms as in England, and her ability to do so, would be the strongest proof of her wealth; but it certainly never can be her interest to pay more for a loan in Ireland, than she can raise it for in England; the necessary consequence of her doing so would be, her raising more money, and of course, paying more taxes than would otherwise be the case; and, what would be still worse, the diverting those sums to another purpose, which are now employed in a way equally beneficial to the individual, and more so to the country. No man suffers his money to lie idle; he who would have purchased a share of the loan, but could not afford the high price given by the English capitalist, will employ his money some other way, and in whatever way he employs it, whether in the purchase or improvement of land, in commerce, or in manufacture,

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the country is benefited ; this is true of all countries, but particularly applicable to Ireland, whose great deficiency is in capital ; to raise the loans at home, when they could be had cheaper in England, would be to increase that deficiency still further ; and thus, in two respects, diminution of capital, and increase of taxes, to produce great and permanent injury, in order to redress a mischief which, though heavy, it is to be hoped is transitory, and, it will be endeavoured to be proved, is remediable.

The only effectual mode of equalizing the exchange between England and Ireland, so long as there is a continual balance of remittances from one country to the other, is by establishing a common medium of currency between the two countries. So long as there is a medium of currency in the one country equal in nominal, but deficient in productive, value to the medium of currency in the other, the exchange must be disadvantageous to the former in the proportion of the productive value.

But if there be a common medium of currency, exchange never can rise much above par.

If

If gold were the medium, exchange must be regulated by the expence, trouble, and risk of bringing gold from one to the other. If the notes of the same bank were the medium, exchange would be regulated in the same way, the notes of a common bank never could be much dearer in the one place than the other.

There appear to me then to be but three modes of restoring exchange to its natural level, and of relieving Ireland from the very weighty, grievous, and (to the state unproductive) tax to which Ireland is at present unquestionably subject—

The issue of specie.

The establishment of English bank notes, as the medium of currency.

Or, the introduction of such a number of English bank notes, as shall prevent the depreciation of Irish notes.

The first mode, I conceive, is impracticable, without running the risk of producing all the mischiefs intended to be avoided by prohibiting the

the issue from the bank of England. It is not my intention to discuss the soundness of the principles upon which that prohibition was founded. Admitting their soundness, it is enough to say, that consistently with them, specie cannot be issued in Ireland. A gold trade would necessarily be opened by such a measure. If there be indeed such a profit to be made by the export of gold from England, whether from the high price of bullion, or from whatever cause, as would drain England of its specie, the same export would take place with very little more expence, through the medium of Ireland.

The second mode I apprehend to be equally impracticable, at least without exciting great and just discontent.

Though I think that a truly National Bank, common to both islands, and whose notes should be issuable and payable in both, would be a great national advantage; and though I conceive there cannot be a doubt that those notes never could be at a discount in Dublin, unless they were so in London, and of course, that the mischief of high exchange could never be experienced between
London

London and Dublin, any more than it can be between London and Liverpool; yet no national advantage should ever be purchased by the sacrifice of the fundamental principles of justice.

A great capital has been invested by individuals in the bank of Ireland, upon the faith of parliament; the public word has been pledged to them that no public company (or persons above six in number) shall ever interfere with those operations which a bank ordinarily carries on. Nothing, therefore, should ever be done, which should in any way violate that sacred engagement, without the full and free assent of the proprietors. Therefore it is far from my purpose to propose any of those plans of consolidating the two banks, or of compelling the bank of Ireland to pay in bank of England notes, which have been sometimes talked of or proposed.

But I think a measure may be adopted by government, perfectly practicable, fully correcting the mischief, and affording no fair ground of complaint to the bank of Ireland.

The measure I suggest is, that the interest of the public debt, and all other public payments or disbursements, should be paid, if required, in Bank of England notes, at the treasury.

The first objection that may be made to this measure is, that Government cannot purchase English bank notes cheaper than individuals, and that this would be putting the Government, and finally the country, to an enormous expense.

Even if the objection were founded, which I conceive it is not, and even if there were a difficulty or expense attendant on the procuring a sufficiency of English bank-notes, that difficulty should be removed, and that expense should, at least, be shared by England. The measure of prohibiting the issue of specie originated, not in Ireland, but in England; and was certainly intended, not for the exclusive benefit of Ireland, but for the safety and security of the general credit of the whole empire; it was the duty of the authors of that important measure to have foreseen, and if possible, to have obviated all the inconveniencies and mischiefs which its operation might occasion; and if it had been stated at the
time,

time, that in consequence of that measure, and for want of a general medium of currency, there probably would be an exchange of seven or eight per cent. against Ireland, a consequent depreciation of Bank of Ireland notes, and all the heavy grievances necessarily resulting from such a depreciation, and that the weight of those grievances would fall solely on Ireland, it surely would have been the duty of an honest statesman to have provided against them, and if such provision should be likely to produce expense, that expense should not have been thrown solely on Ireland.

The mischief has followed, England derives all the expected advantage, while Ireland alone pays a heavy tax, falling, most unfortunately, with accumulated weight where it can be worst borne; and, therefore, if there should really be either difficulty or expense in procuring a sufficiency of English paper, it appears to be the duty of Parliament to remove the difficulty, at the general expense of the whole kingdom.

But the objection I conceive to be destitute of foundation; if Government pays in a medium of
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less productive value, Irish notes, it must pay a proportionably greater sum; this is obviously the case in all their purchases, and in all their disbursements, such as individuals would make; Government, however they may purchase dearer, or pay higher than individuals, certainly do not deal on more advantageous terms; but, though not so obviously, it is equally true, as to all other payments, such as interest of loans, &c. If, in consequence of the general depreciation of the current medium, it be of less value, Government, which cannot, like individuals, regulate its expenses by its income, but must increase its income according to its expenses, must, of course, increase that income by new loans and new taxes, exactly proportioned to the depreciation of the currency. But the true answer to this objection is, that if the measure shall have the effect of reducing the exchange, then the expense of procuring English bank-notes is entirely done away. And that it must have this effect, a very little consideration must shew. This, however, being a most important part of the subject, the expedient being a novel one, the interests of some people being, perhaps, liable to be injured by it, (interests in my opinion deserving of no consideration,)

ration,) and it being not improbable, that an interested outcry may be raised against it, I shall dwell more upon it than might perhaps otherwise be necessary. If the treasury should issue English bank-notes, any person receiving them in payment, well knowing their superior productive value to Irish, would either employ them in his purchases, in order to save the discount, which it has already been shewn he now pays on notes, or he would sell them at the market price of English notes; but whichever he should do, the market price must necessarily be reduced; the quantity of notes thus brought into the market must, on the plainest principles, lower the market price. If, for instance, there be at present a weekly demand for £.10,000 of English notes, in order to make remittances, and, in consequence of the difficulty of procuring them, the holders are obliged to sell them at sixteen per cent. advance, and if, in consequence of the Government payments, the quantity in the market should be doubled, the price must necessarily fall in proportion. If the quantity issued should ever exceed the demand, the price would even fall below par; or there would cease to be a demand for English notes at the treasury; if the quantity issued

issued should equal the demand, then exchange would be at par; there would be no sale for any greater quantity of notes than that issued by Government, and there would be no higher price given for English bills of exchange, than what would be sufficient to countervail the trifling expense and risk of transmitting English bank-notes to England. If the quantity issued by the treasury should fall short of the demand, it would still, however, so far increase the quantity, as to keep down the market, in a degree exactly equal to the quantity issued.

To make the matter more familiar; the only purpose for which English notes can be employed at present is, to remit to England, to pay the balances due there; if the individual, who receives English notes at the treasury, owes a sum of money in England, either for rent, interest of debts, merchandise, or on any other account, he will remit those notes in payment, instead of purchasing a bill at sixteen per cent., (at a loss of $7\frac{2}{3}$ per cent.) which he must otherwise purchase in the market. Of course, the purchasers in the market will be diminished, in the exact proportion of the numbers of those who shall so transmit

mit their own money, and the diminution of buyers must always proportionably lower the market. But the quantity of notes in the market must also be increased, those who do not want to transmit their notes, received at the treasury, will of course sell them, so long as there is a profit on them, or in other words become sellers, and thus the buyers being diminished, and the sellers increased, the demand must be diminished, and the supply increased, at least in the exact ratio of the quantity issued by Government, and the price of exchange must fall at least proportionably; but in truth it will, and must inevitably, fall still lower.

The dealing in bills of exchange is a trade, regulated upon the same principles as that of all other trades. The importer or feller of English bills carries on the trade, not for the public advantage but his own. The public advantage would require, that English bills should be sold no higher than the cost of procuring specie, or, what is equivalent, English bank-notes. The bill dealer's interest will make him sell, at as great a profit as possible, and therefore it is clear, that his profit must vary with the demand. He has

has now a competitor that will sell without profit, the Government will give bank-notes, not at a high premium, but at par, or at a moderate premium, equivalent to exchange in ordinary times, (which it would be fair to charge,) and therefore his profit must be diminished, in a still greater ratio than it would be, by the ordinary decrease of the market price, from the introduction of an ordinary dealer seeking like himself for profit.

Another objection may also be started, resembling the objection of public expense, and indeed finally resolvable into that objection.

The loan at present is raised in England, and paid by the London merchant in English currency, it is then remitted to Ireland in bills, and Government consider themselves gainers to the amount of the excess of that exchange above par. Suppose, for instance, a million British be raised in England, and paid, as it is, in English bank-notes; the Irish government sells these notes for Irish bills, and makes £.70,000 or £.80,000, or in other words it has, in consequence of the high rate of exchange, about one million one hundred

hundred and sixty thousand pounds, instead of about one million and eighty thousand pounds, which it would have, if exchange were at par; and if it were to issue English notes at par, it might alledge the public would be the loser, to the amount of £.70,000 or £.80,000.

But is not this argument founded either in sophistry or injustice?

It has already I think been shewn, with sufficient clearness, that, in all purchases and all contracts, the Government must, like an individual, pay the discount on notes. And, therefore, if the entire million were remitted in Bank of England notes, instead of bills of exchange, and all employed in purchases and payments of contracts, it would be of greater value than Irish notes, precisely according to the excess of exchange over par; and, therefore, Government would so far have as much money, in fact, though not in name.

But then it may be said, that part employed in payment of public interest or dividends, army pay, &c. being fixed sums, and Government

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making no allowance of discount for such payments, they are, upon them, gainers, by paying in Irish notes, to the exact amount of the exchange above par.

The argument I think sophistical, because I think it clear, that, in proportion as money sinks in value, more of it must be raised; and that the loss, falling at first upon the individual, who is paid in depreciated paper, must finally be shared by the whole community.

But supposing the argument to have some foundation in truth, let us examine for a moment how far it is consistent with public faith and common justice.

It must be admitted, that the gain, if it be a gain to Government, is at the expense of the individual. The public creditor, who lent his money to the public, has the same right to demand the payment of the interest in sterling money, as the landlord has to demand his rents in it. If the exigencies of the state prevent or forbid the payment being made in specie, he has at least a right to say, as a landlord might say, though

though you have not gold, you have Bank of England notes, why should you make a profit of them at my expense? Pay me in those notes, fulfil your contract, do not tell me that you have been at an expense to procure them, I did not occasion that expense, or if I contributed to it, I am ready to bear my share. Why should I alone be the sufferer? Upon what principles of honesty should you, when you have got bank-notes in your possession, which I am willing to take in payment of a just debt, that ought to be paid in gold, sell those notes at a great profit, turn that profit, as you suppose, to your own account, and pay me in a paper which I must sell at a loss?

The justice, fairness, and moderation of this demand, appear to me undeniable.

Having, perhaps with a prolixity which the importance of the subject must excuse, considered, and I hope removed, the only objections that occur to me likely to be made on public and general grounds; I shall proceed to consider the nature and justice of the opposition, that may be raised by the Bank of Ireland.

That

That opposition, if it should arise, will be founded upon their loss, which I conceive would be partly ideal merely, and partly real; but, of so much as may be real I think they have no right to complain.

It may, in the first place, be apprehended by them, that English notes may form a considerable portion of the currency of Ireland, and depreciate still further the value of their notes. But I conceive that English notes never can, under the proposed measure, form even so great a portion of the currency of the country, as gold would in ordinary times, and that Irish notes must necessarily rise to their just proportionate value, as if exchange were at, or nearly at, par. Upon the first issue of notes from the treasury, there might perhaps be some depreciation of Irish notes, especially if there were any doubt of the issue of English notes being sufficient to answer the demand, or being permanent. There might be an anxiety to get possession of them, and to exchange Irish notes for them, which might possibly at first depreciate the latter. But if there were an issue of English notes fully sufficient to answer the demand, and a security of its con-

tinuance,

tinuance, then as Irish notes could be always changed for English, as they would be received at the treasury, and in all public offices, as freely as English, no one would consent to pay any discount for exchanging them for English, (at least any higher than Government might charge,) and, of course, they would no longer be at a discount, or depreciated as they are now.

The measure would have an effect on Bank of Ireland notes of precisely the same nature that the issue of gold would have, but not to the same extent.

If gold were issued, and exchange should be against Ireland, there would be a quantity of gold in circulation, sufficient to counteract the constant endeavour of bill traders to raise the price of their bills, and also sufficient to answer the ordinary operations of domestic traffic in its lesser branches; there would be a constant competition, as it were, between gold and English bills, (in one or other of which the balance due to England must be remitted,) sufficient to prevent exchange from rising beyond that level, at which it ordinarily was between England and

Ireland.

Ireland. Any greater quantity of gold, than what would be necessary for this purpose, would be useless at home, and would necessarily find its way abroad.

It would be precisely so with English bank-notes, the only necessity for them could be to supply the place of English bills to make remittances to England; after they had performed this office, and reduced English bills to their natural level, any superfluity of them would be totally useless, they would not be wanted for domestic purposes, for all these purposes Irish bank-notes must be as convenient, and must be in as high repute; it is impossible that they should fall in estimation, or be of less value than English notes, when they could be immediately exchanged for English notes, and would be received in all public payments as cash. The Dublin merchant who could change his Irish note for an English note at par, or at a trifling exchange, would never hesitate to receive it as freely as an English one in payment; therefore in Dublin it must circulate with perfect freedom. In the country, for instance at Belfast, where the merchant might perhaps be obliged to send up his Irish notes

to

to Dublin, to have them exchanged for English, in order to remit to England, a small discount might perhaps be charged for this trouble, and so there was sometimes when gold circulated, but it could not impede the circulation of Irish notes any more than it did them. Thus it is plain, and I think incontrovertible, that English notes only performing that part of the office of gold in ordinary times, which is necessary for the purposes of exchange, would never exceed in quantity the gold that would be necessary for that purpose. But as the other part of the office of gold, namely, the inferior branches of traffic, would still be performed by small notes, and as Irish notes would be as valuable as English, and of course there would be no necessity of small English notes for the purpose of domestic circulation, the quantity of Irish notes would, in truth, be greater than if gold were issued.

Thus the only diminution of Irish bank-notes being merely such as (or indeed less than) would take place on the issue of specie, the profits of the Bank would suffer a diminution only in that proportion, and of this I cannot see that they have any right to complain.

There

There is nothing in their charter, or in the act of Parliament on which it is founded, which obliges Government to pay its debts in their notes. If Government choose to indulge the requisition of a creditor (to whom it might be convenient) by a payment in England instead of Ireland, or by a bill on England instead of a bill on the Bank of Ireland, can the Bank point out any clause in the act of Parliament, which should disable Government from so doing? The Bank indeed loses the profit it would make on the note, but this, in the language of the lawyers, is "damnum absque injuriâ;" as well might the Bank complain, that any loans are made in England, and say they are injured by the loss of the circulation of those notes, which would go in payment of the interest of such loan if raised in Ireland; or as well might they complain, if Government paid in specie.

The Bank, in truth, by this measure is left precisely in the condition for which it was originally intended. It still continues a great bank of discount, of domestic circulation, and of deposit. No rival is introduced in any of those great branches of its operations; the Bank of England is

is in no manner enabled either to discount, or to receive deposits, or to traffic in Ireland, any more than it may do now, but the treasury merely pays its engagements in a medium as nearly approaching to specie as circumstances will allow. This point is dwelt upon so much, because there certainly may be a loss (that is, less enormous profit than at present) to the bank proprietors; and every loss may naturally be expected to create a clamour: it is, therefore, incumbent on me to probe to the bottom, the nature and principle of that part of their traffic which may be affected.

If the Bank has unduly increased the issue of notes, and been itself the occasion of any part of this depreciation, the proposed measure would tend to correct this misconduct; if they have too much indulged their customers, (a fact I do not assert,) they have themselves raised the exchange, and depreciated the productive value of their notes in the exact proportion of the undue excess of their notes; this excess, by the operation of the proposed measure, would be cut off, and their profit so much curtailed; but of the loss of these

these unhallowed gains surely they have no right to complain.

They would also lose some of the profit which they would otherwise make upon that portion of government payments which should be made in English notes. But even this latter loss would not be so great as might at first be supposed. The circulation of Irish notes is considerably impeded, particularly in the North of Ireland, in consequence of their depreciation, and gold (tho' at a heavy expense to the purchasers of gold) is there in considerable quantity. All impediments to the circulation of their notes would be removed, Irish bank paper must necessarily become as valuable (or within a mere trifle as valuable) as English, and consequently as gold, which is not more valuable, or but a mere trifle more valuable than English, and of course, Irish paper would form a great part of that circulation which is now composed of gold. If an English bank note will purchase as much in England as a guinea, it never can be at a discount (or at least above a trifling discount) in Ireland, if it should, then a profit would accrue from bringing over guineas, and purchasing English bank notes with them,
and

and then there would necessarily be such an influx of guineas, as would reduce their price to nothing, or to the mere expense of carriage; but Irish bank notes, being exchangeable for English at par, would purchase them as cheaply; and therefore, Irish notes being of the same productive value as English would circulate just as freely as if specie were issued, and consequently would displace from circulation that portion of guineas which is produced by the depreciation of Irish notes.

The objection made to the proposal of obliging the bank of Ireland to exchange its notes for those of the bank of England, does not apply to this measure. The objection was, that the bank would find as much difficulty, and be put to as great expense in procuring English notes, as in procuring guineas, and of course that it would be obliged to restrain its discounts within very narrow bounds, to the great injury of trade, and that it would have all the ill effects of a sudden issue of guineas being permitted from the bank before it should be properly prepared with a sufficiency of gold.

But

But according to the proposed plan, the bank is not required to provide itself with English notes. No inconvenience whatsoever is sustained at the bank, nor any impediment laid in the way of its discounting as freely as it ought to do.

The only possible ill consequence, that, upon the best consideration I have given the subject, could follow, is this, that bank of Ireland notes might (if there was really a suspicion of the solvency of the bank) suffer a real depreciation in public estimation. But the measure could not have the effect, I think, of *creating* the suspicion, but on the contrary, would destroy it, if such a foolish apprehension were really entertained. When the government of the country, and all mercantile men, would as freely receive bank of Ireland paper as bank of England, when the latter could be had for all purposes of exchange at par, or at a moderate exchange; nobody would be so foolish as to refuse bank of Ireland paper when he could convert it into English by walking the length of a street, or demand a premium on English notes, when they could be had at the treasury without one. Any idle notions of the insecurity of the bank (and none such I am satisfied

fed are entertained) would thus, instead of being encouraged or created, be entirely destroyed; and bank-paper must, inevitably, without inconvenience either to the bank or to the commercial recover its nominal value, which it has lost world, merely in consequence of the want of a universal medium of currency to perform the necessary office of keeping down the exchange. And bank paper, must perform its legitimate functions of forming, the domestic circulation and giving the necessary discounts of the country.

The only remaining classes of persons who could complain, are those who are unduly indulged by the Bank of Ireland, (if such there be) *and* the dealers in exchange.

As to the former, it is surely unnecessary to prove, that the restraining discounts within the ordinary bounds which must be observed in ordinary times, when specie is in circulation, though it might deprive an individual of false credit, would in truth be a public advantage.

As to the latter, it is needless to say a word.

Having

Having thus considered all the objections that occur to me as likely to be made to my proposition; it is scarcely necessary to point out, much less to dwell upon, the numerous and important advantages that must result from its adoption. If the present high rate of exchange, and the consequent depreciation of bank notes, have indeed produced all the evils already stated, and which it was not my design to overcharge, and if the cause of those would be thus effectually removed; the necessary result must be, the increase of the real and productive, though not of the nominal, income of all classes of people: additional encouragement will be given to industry, elasticity will be restored to commerce and manufactures, public credit will be re-established, and the resources of the country will be invigorated and multiplied in an extraordinary degree. If the income of the man of fortune be increased, if the prices of all articles of consumption be diminished, if the poor be more employed, if manufactures and commerce be revived, then the ability to purchase all taxable commodities is increased, and the existing taxes necessarily become more productive, while the relief from what clearly operates as a heavy, though unprofitable tax on the country,

try, will enable it to sustain, without murmuring, the new burdens which the awful necessity of the times must impose upon it.

If I shall have contributed in any degree to these important advantages, I shall indulge in the honourable pride of having served my country, without regretting the hours stolen from my usual studies and avocations.

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