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SERIOUS REFLECTIONS
ON
PAPER MONEY IN GENERAL,
PARTICULARLY ON THE
ALARMING INUNDATION
OF
FORGED BANK NOTES.

WITH HINTS FOR REMEDYING AN EVIL
THREATENING DESTRUCTION
TO THE
INTERNAL TRADE OF THE KINGDOM.

In which are included Observations on
Mr. Thornton's Enquiry concerning the Paper Credit
OF
GREAT BRITAIN.

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TO THE
GOVERNOR AND DIRECTORS
OF THE
BANK OF ENGLAND.

GENTLEMEN,

SHOULD the following pages fall into your hands, as no doubt they will, you cannot be surprised that the subject of them is brought before the public; nor ought you to be offended that it is treated without reserve. The prosperity of the country is concerned in the impressions my observations may make on your minds. While your honour therefore is aroused to protect the trader in whose confidence your gain reposes; your humanity is, with equal earnest-

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earnestness, appealed to, in commiseration of the number of victims who almost every session and every assize are put to a violent death; and that too for an offence which is neither accompanied by that atrocity, nor followed with that horror, which alone can overcome the regret we feel for the voluntary destruction of a fellow-creature.

None are so well acquainted as yourselves, with the rapidly increasing evil the trading world suffers, from the floods of forged bank paper pouring into it from all quarters. I say from all quarters, because there is reason to believe that much of it is brought from over the water. This is, indeed, a baneful inlet to the mischief, and which, at first sight, appears more difficult
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to be stopped than any other. No one can forget, no one can cease to blame that rash sentiment, uttered a few years ago, from the bench, in justification of the same conduct on our part, with the view to distress an enemy!!! Good heavens! what immorality in that species of warfare! what impolicy to countenance it. All that can be said of it is, that no wise man would have incurred the censure that must necessarily be attached to such declaration, for all the profit that even could accrue to the forgers of French assignats—No, not to have been made the first judge in the kingdom. But, Gentlemen, however difficult it may be to prevent the importation of spurious bank notes, the means to hinder them from obtaining circulation, will be in all respects the same as recommended to
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be pursued against those forged at home; and which will doubtless be found equally effectual as a remedy in the one case, as in the other.

Numbers of persons, and I confess myself to be one among them, express their astonishment that nothing has been done by the Bank to secure the shop-keeper against the injury to which he is daily liable from the circulation of these forged notes. Some unimportant or unpromising experiments for that purpose have probably been made, but their inefficacy was soon discovered: nay indeed, it may be said that one of them, at least, has turned out to be worse than useless: you will easily conceive, Gentlemen, that I allude to the wavy lines which by conveying
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the mistaken idea, (as the water-mark did for a long time,) that they are out of the reach of imitation, draw the unsuspecting into the very snare they were intended to guard him against.

But whatever may have been the causes why no effectual remedy has hitherto been applied to the growing ill; it behoves you in defence of your character to prevent the public from ascribing the delay to the circumstance that the loss from forged Bank paper does not fall on you but on the persons who take it. At all events something must be done, and that quickly too, otherwise as a shrewd calculator and reasoner has proved, that with respect to our late ministers, "*a nation* may flourish in the highest degree of prosperity while
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the people perish." So it might be invidiously said, that while the Governor and Directors of the greatest commercial company in the world thrive upon Bank paper, the trading part of the community at the same time are poisoned with it.

I am, Gentlemen,
with all due respect,

THE AUTHOR.

ON

ON BANKS,

AND

PAPER MONEY IN GENERAL.

BANKS and paper-currency have necessarily grown out of progressive civilization, and the increase of trade which it has accompanied or given rise to. These, like all other human inventions and institutions, are liable to abuse. It has, indeed, been held a doubtful point among many able philosophers whether the condition of man has been ameliorated by the high polish society has acquired through the encouraged cultivation of the arts. The philosopher of Geneva was thought worthy of the prize by the academy at Dijon, for maintaining the negative side of the question; and if that profound reasoner had lived to the present day, or had paid as much attention to this subject as he did to all the others he undertook to write upon, he might have cited the use and abuse of Banks, and the Funding System, as additional reasons for the opinion he held.

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He could not have denied that they, in common with the other arts of civil polity, had smoothed the rough edge of those arms which barbarism wielded; he might, however, at the same time have insisted that they had also supplied ambition and avarice with the means of more expeditiously depopulating provinces at a sweep, though with more polished weapons.

Almost all the Banks of Europe have originated in mercantile views; but they have for the chief part in process of time fallen in completely with those of the state. Some have, in consequence, voluntarily assumed the title of *Royal*, others have had it forced upon them.

Though the most ample and accurate history of all the Banks that ever existed could not apparently be turned to any public advantage, yet it may not be amiss to precede the design of these few pages with a cursory mention of those Banks which have attracted the greatest notice among the trading part of Europe.

The Bank of Venice (*banco del girata*) was established so early as the middle of the twelfth century, and is in its nature a board of public credit and interest, or a general and perpetual purse for all merchants and traders. This Bank was established at first by a solemn edict

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edict of the commonwealth, which enacted that all payments of wholesale merchandize, and letters of exchange, should be in *banco*, that is, in *bank notes*. The republic of Venice, by means of this Bank, without encroaching on the freedom of commerce, or without paying any interest, could command five millions of ducats in a case of emergency, the sum to which the capital was limited; the republic also made itself a security for the capital.

The Banks of several of the smaller states, such as those of Geneva and Hamburgh, differ very essentially in their constitutions from that already described, and more especially from that of our own country. The currency of any of the small states can seldom consist altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states, with which its inhabitants have a continual intercourse. These are more properly *Banks of deposit*, whose uses are acknowledged to be exceedingly great as well to foreigners as natives. States so situated will not always be able to reform their currency by reforming their coin. If foreign bills of exchange are paid in their currency, the uncertain value of any sum, of what in its own nature is so uncertain, must always render the exchange very much against such a state, its currency being, in all foreign states, necessarily valued below what it is worth,

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worth. In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small states, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value, should be paid, not in common currency, but by an order upon, or by a transfer in the books of their bank, established upon the credit, and under the protection, of the state; such bank being always bound to pay, in good money, exactly according to the standard of the state. The Banks of Geneva, Hamburgh and Nuremberg, appear all to have been established with such a view, however they might afterwards have been made subservient to other purposes. The money of such Banks being better than the common currency of the country, necessarily bore an *agio*, which was greater or smaller according as the currency was supposed to be more or less degraded below the standard of the state.

The Bank of Amsterdam was very little different from any of those already spoken of in its constitution. The great quantity of clipped and worn foreign coin, which its vast trade brought into that city from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from the mint. Such money, however, no sooner appeared, than it was melted down or carried away, as it always is in such circumstances,

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circumstances. The merchants with plenty of currency could not always find a sufficient quantity of good money to pay their bills of exchange; and the value of those bills, in spite of several regulations which were made to prevent it, became in a great measure uncertain.

To remedy these inconveniences a Bank was established in 1609, under the guarantee of the city. This Bank received both foreign coin and the light and worn coin of the country, at its real intrinsic value in the good standard money of the country, deducting only so much as was necessary for defraying the expences of coinage and the other regular charges of management. It was enacted, that all bills drawn upon, or negotiated at Amsterdam, of the value of 600 guilders and upwards, should be paid in Bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in consequence of this regulation, was obliged to keep an account with the Bank, in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for Bank money. This Bank money, over and above both its intrinsic superiority to currency, and the additional value which this increased demand necessarily gave it, had likewise some other advantages. It was secure from various accidents, and the city of Amsterdam was bound for it. In consequence of all those advantages it appears from the first to have borne

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borne an agio; and it has been generally believed, that all the money originally deposited in the Bank of Amsterdam, remained there; no one caring to demand payment of a debt which he could sell for a premium in the market. In order to facilitate the trade in bullion, the Bank has for many years been in the practice of giving credit in its books upon deposit of gold and silver bullion. This credit is generally about five per cent. below the mint price of such bullion. To prevent the stock-jobbing tricks which the opposite interests of those who hold receipts for bullion, and who would necessarily wish to depress the agio; and others on the contrary, who by owing Bank money, and who consequently would raise the agio, the Bank has for many years come to a resolution to sell at all times Bank money for currency, at five per cent. agio; and to buy it again at four per cent. agio. In consequence of such resolution, the agio can never either rise above five, or sink below four per cent. and the proportion between the market price of the Bank and that of current money, is kept at all times very near to the proportion between their intrinsic values. Before this resolution was taken, the market price of money used sometimes to rise so high as nine per cent. agio, and sometimes to sink as low as par, according as opposite interests happened to influence the market. The Bank of Amsterdam professes to lend out no part of what is deposited with it, but for every gilder

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for which it gives credit in its books, to keep in its repositories, the value of a gilder, either in money or bullion. Can every Bank say as much? That it keeps in its repositories all the money or bullion, for which there are receipts in force, for which it is at all liable to be called upon, and which, in reality, is continually going from it and returning to it again, cannot well be doubted. But whether it does so likewise with regard to that part of its capital for which the receipts are long ago expired, may perhaps appear more uncertain. At Amsterdam, however, no part of faith is better established, than, that for every gilder circulated as bank money, there is a correspondent gilder in gold or silver, to be found in the treasure of the Bank. The Bank is (or at least was before the revolution, and it may be supposed no alteration has been made in a matter of such importance) under the direction of the four Burgomasters in office, who are changed every year. Each new set of Burgomasters visits the treasure, compares it with the books, receives it upon oath, and delivers it over with the same awful solemnity, to the set which succeeds it; and in that sober and religious country, oaths are regarded as they ought to be. A rotation of this kind, seems alone a sufficient security against practices which cannot be avowed.

Amidst all the revolutions which have occurred in
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the government of Amsterdam, the prevailing party has at no time accused their predecessors with infidelity in the administration of the Bank. No accusation could have affected more deeply the reputation and fortune of the disgraced party; and if such accusation could have been supported, we may be assured that it would have been brought.

The whole treasure in the Bank of Amsterdam, is supposed to be 33,000,000 of gilders, which at eleven to the pound sterling, is 3,000,000 of pounds; though this is vastly below the extravagant ideas which some people have formed of its contained wealth.

One of the Banks of Scotland (for there are two) is prior in date to the Bank of England. The first of them, which is called *The Bank of Scotland*, was established by Act of Parliament in 1695; the other, denominated *The Royal Bank*, was erected by Royal Charter in 1727. Within the last thirty-five years, there have also been private banking companies set up in almost every considerable town, and even in some villages. Hence the business of the country is almost entirely carried on by paper currency. Silver rarely appears, except in the change of twenty shilling Bank notes, and gold still more seldom. The conduct of all these different companies has not been unexceptionable; and
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has accordingly required an Act of Parliament to controul and regulate it. Their plea of a right to make the most of an article of trade they deal in, is not founded in reason, nor consistent with other laws which they cannot but approve of. The baker, for instance, is restrained from inordinate profit; so are various kinds of monopoly: nay, the very earnings of the labouring mechanic, of a journeyman taylor and shoemaker, are regulated by repressive laws.

It has been argued, by the advocates for these numerous banks and banking companies, in England and Scotland, that the trade of the united kingdom has encreased with their encrease. But nothing is more common, in reasoning upon subjects of this nature, than the confounding causes with effects. That they are concomitants of growing trade no one can doubt; but it will not be so easily admitted by persons of judgment, that these banks have created new trade. The trade of the city of Glasgow alone, has increased in so great a proportion within the last three or fourscore years, as compels us to look for some more efficient cause than the mere operation of these banks. A general industry has been excited in all ranks of people. The intellects of men have been incessantly at work for multiplying the powers of human labour. The diffusion of knowledge, and progress of civilization, but above all, the
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improvements in the science and art of navigation, which have explored new countries and new people, and made our way to fresh markets for the sale of our goods and manufactures, are causes sufficiently powerful to account for the increasing greatness of our trade. It would indeed, appear extraordinary, that the agreeing to call that money, which is not such in reality, and especially to take away the solid gold and silver, leaving only its shadow behind, should be the means of extending the trade of any country.

Dr. Adam Smith, in his *Wealth of Nations*, observes, that "The value of the silver money, which circulated in Scotland before the Union in 1707, and which immediately after it, was brought into the Bank of Scotland in order to be recoined, amounted to 411,117*l.* 10*s.* 9*d.* sterling." No account has been obtained of the gold coin; but it appears from the ancient register of the mint of Scotland, that the value of the gold annually coined, somewhat exceeded that of the silver. The whole value of the gold and silver therefore, which circulated before the Union, cannot be estimated at less than a million sterling. Now although the trade of Scotland may be said to have doubled, nay quadrupled itself since the period mentioned, yet the quantity of specie in Scotland at this time, is less by half than it was then. The whole circulation of Scotland at this day, may be very fairly estimated at two millions

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millions and a half; and the gold and silver which contribute to make up a part of that sum, perhaps does not exceed 400,000*l.* Almost every money transaction is conducted by paper: and it is unnecessary to add, that it is chiefly by discounting bills of exchange, that these banks and bankers subsist.

This trade has assumed a very different character from that which was carried on by the Lombards, out of which the bankers are said to have grown. The Bank or banker discounting a merchant's bill, does not advance him so much gold and silver, but his own promissory notes, after deducting, upon whatever sum is advanced, the legal interest till the bill shall become due. It is no wonder therefore, that neither the banks nor bankers of England and Scotland, entered no protest against the late minister's sending the specie out of the kingdom. It is from that transaction alone, that they are enabled to discount to a larger amount, by the whole value of their promissory notes, which they saw must necessarily remain a great while in circulation.

The Scotch bankers have another method of increasing their profits, by granting what they call *cash accounts*, which it is unnecessary to describe, and which employs a great number of their promissory notes

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The Bank of England was incorporated by Act of Parliament, in the 5th and 6th of William and Mary, in consideration of the loan of 1,200,000*l.* advanced to the government, for which the subscribers were to receive almost eight per cent! By this charter, the Governor and Company were not to borrow under their common seal, but with consent of Parliament. They were not to carry on trade, in any goods or merchandise; but might deal in bills of exchange, buy or sell bullion, and foreign gold and silver coin, &c. By an Act passed the 8th and 9th of William, they were empowered to enlarge their capital stock to 2,201,171*l.* 10*s.* It was enacted at the same time, that Bank stock should be a personal, and not a real estate; and that it should be felony without benefit of clergy, to counterfeit the common seal of the Bank, or any sealed Bank bill, or any Bank note, or to alter or erase such bills or notes.

Another act passed in the 7th of Queen Anne, by which the company were empowered to augment their capital to 4,402,343*l.* for which they advanced to government 400,000*l.* more; and in 1714 they advanced an additional loan of 150,000*l.* In the third year of George I. the interest in their capital stock was reduced to five per cent. when the Bank agreed to deliver up exchequer bills to the amount of 2,000,000*l.* and to ac-

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cept of an annuity of 100,000*l.*: and it was declared lawful for the Bank to call upon their members, in proportion to their interests in their capital stock, for such sums of money as in a general court should be found necessary, on pain of having the dividend of such members stopped and applied towards payment of the money in question; as also of such defaulters having the transfers of their shares stopped in like manner, and be chargeable with an interest of five per cent. per ann. for the money so omitted to be paid. If the principal and interest remained three months unpaid, then the Bank had the power to sell so much of the defaulter's stock as would satisfy the same. After this the Bank reduced the interest of the 1,000,000*l.* lent to the government from five to four per cent. and purchased several other annuities, which were afterwards redeemed by the government, and the national debt due to the Bank reduced to 1,600,000*l.* But in 1742 the company engaged to supply the government with another sum of 1,600,000*l.* at three per cent. which is now called the *three per cent. annuities*; thus the government's debt to the Bank was now 3,200,000*l.* one half carrying four, the other only three per cent. In 1746 the company agreed that the sum of 986,800*l.* due to them on the exchequer bills unsatisfied, or the duties for licences to sell spiritous liquors by retail, should be cancelled; and in lieu thereof to accept of an annuity of 39,342*l.* the interest of that

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sum at four per cent. The company also agreed to advance the further sum of 1,000,000*l.* into the exchequer upon the credit of the duties arising by the malt and land-tax, at four per cent. for exchequer bills to be issued for that purpose; in consideration of which the company were enabled to augment their capital with 986,800*l.*; the interest of which, as well as that of the other annuities, was reduced to three and a half per cent. till the 25th of December 1757, and from that time to bear only three per cent. Now in order to enable them to circulate the said exchequer bills, they established what is called *Bank Circulation*.

The company were required to keep cash sufficient not only to answer the common, but also any extraordinary demand that might be made upon them; and whatever money they had by them, over and above the sum supposed necessary for those purposes, they resolved to employ in what has been called *the trade of the company*, viz. in discounting bills of exchange, in buying gold and silver, and in government securities. But when the Bank entered into the above-mentioned contract, as they did not keep unemployed a larger sum of money than they deemed necessary to answer their ordinary and extraordinary demands, they could not conveniently take out of their current cash so large a sum

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a sum as a million, with which they were obliged to furnish the government, without either lessening that sum, (which would have been very disadvantageous to them) or inventing such methods that should answer all the purposes of keeping the million in cash. For this purpose they opened a subscription, which they renew annually, for a million of money; wherein the subscribers advance ten per cent. and engage to pay the remainder when called upon, under the penalty of forfeiting the ten per cent. so advanced; in consideration of which, the Bank pays the subscribers four per cent. for the money paid in, and one fourth per cent. for the whole money agreed to be furnished; and in case a call should happen to be made for the whole, or any part thereof, the Bank agrees to pay them after the rate of five per cent. per ann. till such time as they shall repay it, which they are under an obligation to do at the end of the year.

By this means the Bank obtains all the purposes of keeping an extra million of money by them; and though the subscribers, if no call is made upon them, receive six and a half per cent. for the money they advance, yet the company gains the sum of 23,500*l.* per ann. by the contract, as the following statement shews:

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The Bank receives from the government, for the advance of a million	-	-	-	1,30,000
The Bank pays the subscribers who advance 100,000 <i>l.</i> and engage to pay (when called for) 900,000 <i>l.</i> more	-	-	-	1,6,500
The clear gain to the Bank therefore is	-	-	-	<u>1,23,500</u>

This was the state of the case while the company made no call on the subscribers; and which they would naturally at all times be disinclined to do, as it must lessen their profit, and affect their public credit in general. But the run upon them was so great in 1796 that they did make the demand, and the consequence was injurious to their credit, and ruinous to a few individuals, who, highly pleased with the ample interest for their money, and never expecting to be called upon for the other part of their subscription, made no provision for it, by which their affairs were thrown into the greatest confusion and ruin. This was the case with a government agent, who could not convert his property into money soon enough to answer the demand without laying open the state of his affairs. By this exposition he lost his previous reputation, and, it is supposed, his life into the bargain.

From this short History of the Bank of England, it must appear that its stability or ruin is involved with that

that of the British government. Its officers and proprietors have gained very amply by their dealings with the public; and the former are most of them gentlemen of considerable fortunes. It is notorious, however, that for motives which will never be fully known, the Directors of this institution have deviated from their engagements with, and *promises to*, the public. The Bank has always been favoured and encouraged by the Government. It enjoys exclusive privileges, and a monopoly; the Legislature having declared it illegal for any more than six persons to associate in any banking concern. Besides the profits arising from dealings with its *trading stock*, the Bank is allowed immense sums annually, for the management of the annuities paid at their offices. These profits increase in proportion to the necessities of the state, and the encrease of taxes; so that the Directors have no interest to induce them to press down the minister's hand, whenever he would wield the sword of war. While the people are impoverishing, therefore, it is easy to observe, the Directors of the Bank of England, may be every day improving their fortunes.

The Banks of France scarcely deserve that name, as they have been liable to be thrown down by every adverse tide of public affairs. They may, however, be said to have set the first example of the paper currency system, which has been so eagerly, and at the same time

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time so fatally followed by most of the governments in Europe. A great change was brought about, in the commercial concerns of France, by the Mississippi scheme, projected by a Scottish adventurer, named John Law. Louis the XIVth. had plunged the French finances into great confusion, by his ambitious designs on Germany and Holland. To remedy this evil, appeared a task worthy of Law's genius. He proposed to pay off that nation's debt, as it were, by a single stroke, and the greatness of the idea recommended it to the duke of Orleans, then Regent, whose sanguine temper inclined him to adopt the wildest expedients. This was the first, and grandest attempt to introduce a paper credit, and thereby relieve the state, and the public revenue, from the enormous interest which absorbed all the gold and silver of the country.

Law's Bank was established in 1718, and soon after declared Royal, and united with the Mississippi or West India Company, from whose commerce the greatest riches were expected to flow; and this establishment soon swallowed up all the other trading companies in the kingdom. It undertook the management of the African trade, and also acquired the privileges of the old East India Company, founded by the great Colbert, which had fallen into decay, and relinquished its trade to the merchants of St. Maloes. The solid foundation upon

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upon which this company appeared to be established; and the vast advantages it held forth, occasioned its stock to rise to above twenty times its original value. To those who are unacquainted with the power of public confidence, and the operation of state delusion, the cause of this extraordinary effect may not be unacceptable.

It had long been propagated and believed, that the country in the neighbourhood of the river Mississippi, contained inexhaustible treasures: Law and his associates availed themselves of this credulity, and cherished it by mysterious reports. It was whispered as a secret from the cabinet, that the celebrated, but fabulous mines of St. Barbe, had at length been discovered, and that they were even richer than fame had painted them. To give the greater colour to this deceitful rumour, a corps of miners was sent to Louisiana, to dig up, as was pretended, the abundant treasure. They were accompanied by a body of troops, sufficient to defend them against the Spaniards and Indians, as well as to guard the precious produce of their toils. The impression which this stratagem made on the nation is altogether astonishing. Every one strove to obtain a share in the stock of the new company. The Mississippi scheme became the object and the end of every pursuit. Law turned the public folly to so great an account, that he was enabled, in consequence of the chimerical value of the

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the funds, in the course of the next year, (1719) to fabricate so many notes, that their amount exceeded eighty times the real value of the current coin of the kingdom, which by this time had all made its way into the coffers of the government. The debts of the state were paid off by this paper, and that transaction first created a suspicion, which afterwards spread into a general alarm. Every one now wanted to convert his notes again into cash, but the disproportion of specie was so immense, that in a short time scarcely any thing could be obtained for them. Public credit sunk to the lowest ebb; and a tyrannical edict was published, forbidding private persons to keep by them above five hundred livres in specie, (little more than twenty pounds sterling) and this despotic proceeding served only to crush the undertaking more effectually, and to inflame the injured and insulted nation against the Regent, Law, who had been made comptroller-general of the finances, and caressed at court, was now execrated, and obliged to fly from a country he had so shamefully beggared, in order to discharge the debts of the crown. The sufferings of the adventurers, chiefly fathers of families, who had converted real and personal estates into waste paper, can better be conceived than described.

Thus ended, in France, the famous, or rather infamous Mississippi scheme, but its effects, however, were

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not confined to that kingdom. Numerous foreigners had adventured in those funds; and the stock-jobbing contagion had infected other nations. Holland felt the shock in a slight degree; but it fell with peculiar violence on England, where its mischiefs appeared in a variety of forms.

The South Sea Scheme.

Governments, as well as individuals, direct an envious and avaricious eye to their neighbours, and are ready to borrow every thing that promises to enlarge their own power, or strengthen their hands, without waiting to see the issue of a new experiment, or reflecting whether the project bids fair to increase the comforts or felicities of the people at large. The Mississippi scheme had at least wiped away the greatest part of the debts of the state, though at the expence and ruin of the unthinking people. It brought more gold into the French treasury than any honest measure of finance could do under the ablest minister that ever presided over the affairs of that country. It had the credit, at least, of having put the state in readiness to commence some new scheme of ambition or aggrandizement, whenever the rulers of it should think proper. From this period *finance* has been considered one of the chief engines of war. To those who have examined with more

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than a superficial eye, how the wars of the last fifty or sixty years have been carried on, it must obviously appear, that finance, or in other words, money, has obtained more victories than all the battering rams and cannons put together. To the power of those two great engines, it unites the art of persuasion; and unless some general motive like fighting for independence, such as animated the French in the late Revolution; or a common sentiment and resolve to die, rather than be made slaves, unites a people in their own defence, the combatant who employs most money will be most likely to succeed in the end. It was money that maintained the sway of the Carthaginians for so many centuries over envious neighbours; it was that which procured them alliances, and hired mercenary troops to fight their battles, by which they resisted the formidable attacks of the Romans for a long period. What but this could have enabled a small island like ours, to hold two vast empires, at distant parts of the globe, in entire subjection?

There is, perhaps, no part of history which sets the English nation in a less favourable point of view, than the adoption of the South Sea scheme. It was evidently the effect of avidity and rashness, since there is no doubt that it was copied from Law's Mississippi project.

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As the stocks are now disposed, being divided into an infinity of portions and shares, bearing a known interest, though different in the different funds, they are not subject to great fluctuation, except in times of national danger or calamity. And though the public creditors must long have given up all expectations of ever receiving their capital from government, (unless by *bank-paper*, after the manner of the Mississippi paper in France,) yet, as they entertain a probability that the interest of the debt will be regularly paid, without further reduction, they would not readily fall into such a trap as was laid for the covetous and the credulous at the time spoken of. In those days the loans were chiefly made by corporations or great companies of merchants; who besides the stipulated interest, were indulged with certain advantages. To one of those companies was granted in 1711, the monopoly of a projected trade to the South Sea: an entire permission to visit which, it was imagined England would obtain, in consequence of the prodigious successes of the war.

At the peace of Utrecht, however, no such freedom was obtained. But the *asiento*, or contract for supplying the Spanish colonies with negroes, obtained by the commercial treaty with Philip V. as well as the singular

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singular privilege of sending annually to the fair of Porto-Bello, a ship of five hundred tons burthen, laden with European commodities, was vested exclusively in the South-Sea company. By virtue of this contract, British factories were established at Carthagena, Panama, Vera-Cruz, Buenos Ayres, and other Spanish settlements.

Under cover of the importation which the British agents of the South Sea company were authorized to make by the ship sent annually to Porto-Bello, they poured in their commodities on the Spanish colonies, without limitation or reserve. Instead of a vessel of five hundred tons, as stipulated by the treaty, they employed one of a thousand. She was accompanied also by three or four smaller vessels which supplied her wants, and mooring in some neighbouring creek, furnished her clandestinely with fresh bales of goods, in order to replace such as had been previously sold. By these expedients the profits of the South Sea company became excessively great, and the public were led to believe them greater than they really were. Encouraged by these circumstances and the general spirit of avaricious enterprise, which had been raised up by Law's Mississippi scheme in France, Sir John Blount, one of the directors of this company (and who

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who had been bred a scrivener), in emulation of the Scotch projector, laid in 1719 the plan of the infamous *South Sea scheme*.

Under pretence of enabling government, to pay off the national debt, by lowering the interest, and reducing all the funds into one, he proposed that the South Sea company should become the sole public creditor. This lure was readily adopted by the ministry, who obtained the sanction of parliament for it. But as the directors could not be supposed possessed of money sufficient for so great an undertaking, they were empowered to raise it by opening a subscription, and granting annuities to such public creditors as should think proper to exchange the security of the crown, for that of the company, with the probable emoluments arising from their commerce. This affair was conducted so artfully that the stock of the company rose, in the first instance, from one hundred and thirty, to near four hundred pounds a share, and in order to lift it still higher, Blount circulated a report on the passing of the bill, that Gibraltar and Minorca would be exchanged for some places in Peru, which would open a still more enlarged field of commerce. This rumour spread like contagion, and excited hopes of prodigious dividends. Persons of all ranks crowded to the South Sea House, eager to have their names in

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the subscription books: the infatuation extended so far that the stock sold at last for ten times its original value. At length, however, to use the phrase of those times, the bubble began to burst. It was discovered that those in the secret had sold all their stock while the tide was at its height. Universal expectation now gave way to general alarm, every one wanted to sell, but nobody would buy. The stock fell more rapidly than it had risen, and nothing was to be seen but the direful effects of fraud on one side, and confidence on the other. Private fortunes were wrecked, and merchants and trading companies reduced to bankruptcy. Nothing was heard but the ravings of disappointed ambition, and the execration of beggared avarice.

The House of Commons examined the books, papers, and proceedings of the Company, and discovered that before any subscription could be made out by authority, a fictitious stock of 574,000*l.* had been corruptly disposed of by the Directors in bribes to facilitate the passing of the bill. Mr. Aislable, the then chancellor of the exchequer, and who possessed the confidence of the people in as great a degree as Mr. Pitt has ever done, was found to have shared largely in the turpitude of the affair. He was accordingly expelled the House of Commons, and committed to the Tower. Mr. Secretary Craggs

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Craggs and his father were proved as great delinquents, though they died before they underwent the censure of the House; the Commons, nevertheless, resolved that Mr. Craggs, sen. was a notorious accomplice with Robert Knight, Treasurer to the South Sea Company, and its Directors, in carrying on their scandalous and fraudulent practices, they applied his estate to the relief of the unhappy sufferers by the scheme. The estates of the Directors were also confiscated to the same purpose.

On the enquiries of the committee it appeared that the whole capital stock of the Company at the end of the year 1720, amounted to 37,800,000*l.*; that the stock allotted to all the proprietors did not exceed 24,000,000*l.* and that the remaining capital stock belonged to the Company in their corporate capacity, being the profit arising from this iniquitous stock-jobbing scheme.

On Bank of England Paper.

We have seen by the foregoing facts and observations, what dire effects and ruin have been brought upon those countries which have endeavoured to convert mere shadow into solid substance—to condense opinion into a mountain of gold. The attempt outdoes those reveries of the alchemist which lead him to torture nature's substance into every shape in pursuit of the *philosopher's stone.*

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stone. The transmuted matter disdaining to remain in a form nature never intended it, catches fire by its own internal commotion and heat, bursts its receivers, and whelms the projector and his whole apparatus in one common ruin.

Paper, as money, when the real money has been withdrawn of which, by common consent, that paper was intended to be the emblem, will ever be liable to fall into decay. No possessions in land, or other securities of fluctuating value, can assure its preservation. It is upon a firmer base that the Amsterdam Bank has reposed in safety through several Revolutions. A conqueror respects such an establishment as that. He may have the courage to face any thing, but he dares not be unjust in the eyes of all the world. He never forgets that universal opprobrium would attach to him, if he were to rob those who had dealt honestly by others, under all differences of political opinions. Their motto and shield seems to be

Tros Tyriusve mihi nullo discrimine habetur.

Paper, therefore, whether it bears the effigies of royalty or republicanism, unless it convey to the idea not the semblance merely, but the reality of so much money, is liable to fall into entire discredit, and of course at last into disuse. This was the case of the pa-

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per-dollars in America, though issued by a government whose struggles for independence ultimately proved successful: and this has been the more recent case in the assignats and mandates of the French Republic, which professed to rest on what might have appeared to a superficial reasoner, sufficiently solid ground, viz. on the credit and security of the *national domains*. No national domains whatsoever—no territorial property, however extensive, can give permanency to the credit of national paper. Whatever may be its form, or fabrication; however beautiful it may seem to the eye of him who holds a paper-dollar or assignat in his hand, he may confidently say, agreeably to the idea of Hamlet, when contemplating Yorick's skull, "To this must you come at last."

That the paper of the Bank of England has been of considerable service to the public, by affording great facilities to the commercial concerns of the country, nobody will attempt to deny. It enabled the merchant of London, to convey or carry to the most distant parts of the kingdom, money to any amount by a very light conveyance; and in a portable and convenient form. By the secondary aid of the banker he could do more still; for he could pay a thousand pounds at Bristol, and receive as much in Liverpool by one single transaction. But in this case, the Bank and the banker were in their proper

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proper stations. The former was the agent of the Government, and received a poundage for its trouble; and the latter was not without his reward for the benefit of his transfer. So far all was well. The transactions suited with the growing concerns of an opulent and trading community. The Bank of England's note was the representative of so much real money; and while the holder of it believed he could convert it at pleasure into gold and silver, he was as well satisfied with it as with specie. In some respects he gave a preference to it. This confidence was the result of obligations the Bank was under, of keeping, at all times, a sufficient quantity of coined money to answer for every demand made on it by its own paper. Its dealings in bullion, gave countenance to the belief that it never could encounter any difficulties on this head. But whatever might be the difficulty, and however great the disadvantage of a run upon the Bank; its Governor and Directors were held by their contract, as well as in equity, to provide against them. The stock of the trader, and the very tools of the manufacturer, are liable to the calls of his creditors; and why should not the same law operate upon the trading company we are speaking of? The Bank has failed in its contract with the public; and is not this breach of the agreement with a whole people a deed of great delinquency? It is in vain that the Directors attempt to justify themselves, by pleading their views of

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serving the Government through their connexions with the late minister. The foundation of their house, was supposed to have nothing political in it; materials of that nature, are too friable or combustibile for an edifice like theirs. It was to be purely *commercial*; and on that conception, and that alone, may it be fairly presumed, that three fourths of the creditors of the Bank, have been encouraged to trust it with their money. That such an institution might lawfully and fairly be made an useful engine of the state, for the good of the community, no one will deny; but allowing it to become a *tool* to work the political designs of a minister, is an impolitic obsequiousness in its guardians, whatever may be their individual profit: it is, above all, a dangerous debasement of it in the eyes of the nation. What reflecting man, on his death bed, would have devised his money to the Bank, in trust for the use of his children, or grandchildren, if he had suspected the depositary of his bequeathed wealth, liable to be applied to the political purposes of a designing or ambitious minister?

The Bank of England, through every change of party, nay, through every vicissitude of Government, ought to be the same Bank of England. Its faith stood pledged for punctuality, to those who were to become its creditors; and no minister or Government, would have dared to force the breach of it, if its Governors

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had testified a willingness to resist the unconstitutional mandate. The Governor and Directors of the Bank may say, perhaps, that the minister, without them, could not have carried the war on half so long. Perhaps not: and it remains to be proved whether that would have been an evil or a good to the country. He would have been sooner inclined to make peace, and with a debt on the nation, perhaps of one or two hundred millions less than when he was at last compelled to submit to it. This is but a confirmation of the evil resulting from the funding and taxing system — a system, the invention of which is ever to be deprecated by the philosophic and benevolent mind. But for this system, which may be considered a system of personal and national ambition, against one of individual and general happiness, a nation would not be so prone to commence a war, and still less disposed to continue it unnecessarily; as it would be conscious of its own physical strength or weakness, and from its manifesting its aversion to enter upon it, would infallibly meet with a greater support from its own subjects; thereby enabling the Government to terminate it with honour and safety. By feeling the extent of every wound it might receive, as soon as the blow were given, it would never be liable, as now, to wage hostility till its very foundation becomes endangered.

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It must appear obvious therefore to the shallowest politician, that the demon of discord could not have invented a more certain engine for working revolutions in governments, than by promulgating the *funding system*. By means of this mighty discovery a minister with *long arms* can reach beyond the grave. With *long legs* he may over-leap the confines of mortality; in binding generations yet unborn to aid him in his projects. Thus he can effect in the course of a few years, that mischief which on the old maxim of "let every man bear his own burden," would have been ages in bringing about.

The interest of too many innocent persons, and the subsistence of too many helpless orphans, are involved in the fate of the establishment in question, for its prosperity to be regarded with an eye of indifference. But it is an undeniable fact and it ought to be known, that as its business has been and is still conducted, nothing but an increased foreign commerce, so as to yield a balance of trade in favour of England, can ever bring back the gold into this country, which by the constitution ought never to have been sent out of it. At present the course of exchange is adverse to those wishes, and from the state of the manufactures of Great Britain; but more particularly from the condi-

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tion of the continent and almost of all Europe; it is not easy to guess when it will be otherwise.

The price of the necessaries of life being raised far beyond that paid by rival countries with whom we trade, of course the manufacturer is obliged to lay an additional charge on the goods he exports, and this unavoidable consequence has a tendency to fix the difficulty beyond removal, until some mighty crash assimilates artificial contrarities and distinctions, and opens a natural way to a new order of things. This prospective view of the case it is presumed did not escape the perspicuous eye of our late minister, and made his resignation no difficult struggle with himself. It leaves the situation of his successor but little enviable.

This difficulty has been occasioned perhaps by an agency invisible and uncontrollable, but most certainly it has been accelerated and aggravated by the folly, the ambition, and the vices of a handful of men, who contrary to the dictates of every wise government have neglected to prefer the interest of the many over the few, but have been studying the art of keeping the former in subjection to the will of the latter. Every age has held out great examples! And we find them
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thrown away on those who should most profit by them.

The public may be said to have a two-fold accusation against the bank; not only for putting their specie at the late ministers disposal, but also for obtaining from him through that means the licence to issue as much paper as they think proper. Upon an investigation of their affairs by a Committee of the House of Commons, it appeared not only that they had lent to government more than one half of their capital which ought to have been in their coffers, but that since they have been exempt from the obligation of making their payments in cash, the issue of their notes has increased to a most alarming degree.

The average circulation of Bank notes for three years, ending in 1796, (says Mr. Boyd), was 11,844,216*l.* being an average increase of 344,173 *l.* or somewhat more than one-thirty-third part of the former amount, beyond the three preceding years. But the amount of the Bank notes in circulation in January 1801, appears by the official paper presented to the House of Commons to be no less than 16,365,200 *l.* an increase from the year 1796 of the enormous sum of 4,520,984 *l.* or more than three-eighths of the former amount: and a sum exceeding their whole capital more than twice over.

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How far the prices of the necessaries of life have been enhanced by the great extension of bank paper, is no important consideration with a suffering people, and deserves a more minute investigation by the legislature than it has hitherto received. An estimate of this enhancement of prices, (or which is the same thing in effect and perhaps better understood, the depreciation of money by this flood of paper), has been attempted by nice calculations of its operations on the price of wheat; but though it has been allowed on all hands to have produced that effect in a considerable degree, it has been found impossible precisely, to ascertain how far it has so operated by reason of the more or less productiveness of the seasons, and the various incalculable incidents and circumstances attendant upon war.

Now every one must know that whatever is found to be the true criterion of the lessened value of money of any kind when set against the price of wheat, must equally hold good when brought to the test against any other of the necessaries or conveniences of life; allowing for the difference which may be occasioned by substitutes or self-denial. Wheat is generally made the standard to judge by on such occasions, because it is an article which can less easily be dispensed with than almost any other. Cloth for instance, would
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equally be observed to rise by the fall of money, if the same quantity were always manufactured and continued to be consumed. But a man may wear a coat twice as long as he has been accustomed to; nay, he may put it on patched or ragged without any danger to his life, or even to his health; but he cannot long endure the privation of his ordinary quantity of bread without serious injury to his constitution and hazard of his life. The merchant or woollen draper, therefore by having a larger stock of goods on hand than he has a demand for, may be compelled to invite customers by offering such commodities at a lower rate than he could reasonably afford, and this he must continue to do till the quantity manufactured descends to a level with the demand. In this way it is, that we see or hear of the ruin of this and that manufacture; the supernumerary artizans being threatened with misery and starvation unless they can turn their hands to some other trade more in demand.

From this cause it is that we behold the heretofore brisk looms of Norwich stand still; that we no longer hear the loud sound of the anvils in Birmingham and Sheffield. The weavers and the smiths have been driven to enlist, first into the militia, and thence into the standing army, after first adopting a temporary expedient for subsistence. In hopes, therefore, of better prospects and
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better times, they have at length exchanged their habits of industry for those of idleness; and forgetting the sweet savour of the bread which was earned by the sweat of their brow, they become familiarised to live on the plunder of those whom they are taught to regard as their enemies. In short, they have consented to sell that life to the state, which they could no longer sustain by their labour.

Such is the dire consequence of the depreciation of our money by the substitute of paper. If we had only to do with the precious metals, which all civilised countries agree to call money, none of the mischiefs enumerated could be felt in any sensible degree. Were their value actually to fall, when compared with the value of any of the necessaries of life, it would only be by little and little. Could a new Peru or Mexico be discovered, whose mines were easy of working, gold and silver might fall in price from the abundance of them put in circulation. They indeed have fallen in value from circumstances of that kind during the three or four last centuries; but if left to their own natural course, they would probably rise again in Europe from the increasing difficulty of further working the old mines, the quantity perpetually destroyed, and going to the bottom of the sea; but, above all, from the immense accumulation of it in Asia, and especially in China.

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After what has been said on the conduct of the Bank, it may be asked whether, allowing the evils to be produced from bank paper which have been ascribed to it, we would recommend the immediate abolition of it? To this question it may be answered, No. Paper currency, with all its train of mischief, has been forced upon us, and may now be considered in the light of many other necessary evils. Whatever may be its tendency from the connexion it has formed with the government to endanger the state, or abridge us of the whole length of our political life, it seems absolutely necessary to our very existence from day to day: after the manner some extraneous substances have been introduced into the natural body to its gradual destruction, so has bank paper been forced into the body politic, to which it adheres and consumes its vitality, and from which, were it suddenly taken away, no man is able to say what would be the stupendous consequence. In all probability, though far from co-eval with that on which it feeds, it will be co-existent with it. But in this age of amazement and wonder, where, as the celebrated Barrere said in the French Convention, "the events of a century are crowded together in the small space of a few months," it is impossible to predict how soon such an union may come to an end.

Let us now turn our thoughts to one of the main objects

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jects of this publication, and not supinely permit injuries to be caused by, or accompany it, which are not inseparably connected with it. This will be one of the means the Governor and Directors ought to pursue with the view of securing a portion of public confidence in the work of their hands. How they will replace the original in their iron chests, of which their paper is professed to be the copy, is another affair; and though a tradesman has little to do with Latin, he remembers, and cannot but repeat, what Horace would say of this quomodo, "Hic labor, hoc opus." The article published in the newspapers a short time ago, of the French merchants petitioning Bonaparte to avoid a treaty of commerce with England, and requesting him to enforce a similar policy on Spain, Holland, and every other country under his influence: but more especially the recent accounts of the vastly increased proportion of foreign shipping, in the trade between America and England, are far from flattering us as samples of the early gathered fruit from the so much desired peaceful olive.

We cannot better conclude this subject, than by citing the words of a French writer, in a little tract addressed to Cambon, the paper financier of the National Convention. "Paper money," says he, "that cannot be changed at pleasure into its correspondent value in specie, is but *pap*; it may be a proper food for an infantile

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fantile government, or for one wearing out with decrepitude; but a state that would force it into circulation, must be contented to be regarded as possessing no internal vigour; and will, in short, be liable, like the two already described, to an every day death."

If the Bank Governor and Directors are sincerely desirous to be restored to the full confidence of the public, they must forego all unwarrantable private advantages. They must at the same time, renounce all underhand dealings with ministers; and consequently keep out of the reach of unconstitutional measures; they must make the public a party in all their concerns. This has not been their conduct during the last few years of Mr. Pitt's administration. They have tacitly agreed in all his political measures, because they have aided him in carrying them on. It is not pretended in this place, to decide upon the propriety, or impropriety of subsidizing foreign powers on certain occasions, but it is insisted on, that but for this conduct, deemed so reprehensible, the question of such subsidies would have come fully and fairly before the public. A minister would not have been able to continue a war, after that war ceased to be national.

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A few Observations on Mr. Henry Thornton's
 " ENQUIRY INTO THE NATURE AND
 EFFECTS OF THE PAPER CREDIT OF
 GREAT BRITAIN."

JUST as this opusculè was committing to the press, the above publication made its appearance. Whether the author will be able to regain all, or any part of the public confidence to the Bank, and especially of that confidence which foreigners had in it, by his reasoning, it is difficult to say. At all events his statement shews the establishment to have fallen, by whatever means, into a maze of difficulties, from which his great sagacity cannot point the way out. As the late minister said, when pressed on the subject of our embarrassments by the protraction of hostilities, "Go on with the war; Go on with the war;" so says Mr. T. of those of the Bank, "Continue your confidence; Continue your confidence." He shews in his way of reasoning, that "however ample the Bank's general fund may have been, it may nevertheless be reduced to its last guinea, and brought under the necessity of making a suspension of its payments." (See page 126.) In a note at the foot of page 64, after a few remarks in the way of comparison between the Bank of Amsterdam, with that of England, he wishes it to be believed that the less money a Bank contains, the safer it is, and the more deserving of support. "If,"

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says he, "the property of a public Bank is kept in money, a rapacious enemy may seize that money. If lent to the merchants, the enemy, by their requisitions, may draw it from the merchants; and by thus incapacitating the merchants to pay their debts to the Bank, may cause the failure of the Bank." This is supposing the country to be every day in danger of invasion; nay more, to be actually in the possession of an enemy. But let us see how the great Mr. Burke, in his "Reflections," treats the idea of attaching credit to Bank paper, which has not its correspondent value in gold and silver to support it. "At present the state of their treasury, (France) sinks every day more and more in cash, and swells more and more in fictitious representation. When so little within or without is now found but paper, *the representative, not of opulence, but want, the creature, not of credit, but of power,* they imagine that our flourishing state in England is owing to the Bank paper, and not the Bank paper to the flourishing condition of our commerce, to the solidity of our credit, and to the total exclusion of all idea of power from any part of the transaction. They forget that in England, not one shilling of paper money of any description is received but of choice; that the whole has had its origin in cash *actually deposited*; and that it is convertible, at pleasure, in an instant, and without the smallest loss, into cash again. Our paper is of value in commerce, because

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because in law it is of none. It is powerful on 'change, because in Westminster Hall it is not."

But let us see how neatly Mr. T. varnishes over the unfortunate stain attached to the discontinuance of cash payments at the Bank, for their notes. "If every bill and engagement is a contract to pay money, the two parties to the contract may be understood as agreeing, for the sake of a common and almost universal interest, to relax as to the literal interpretation of it, and as consenting that *money should mean money's worth*, and not the pieces of metal: and the parliament may be considered as interposing, in order to execute this common wish of the public." But what does Mr. T. call money's worth? Is it land to produce the necessaries of life? No: Is it cloth to cover us from the cold? No: It is one note for another; a *new* one for an *old* one; and which, if of ten pounds amount, may be changed the next day, in the way of business, for two forged ones of five, or five forged ones of two, (for every body cannot run to the Bank on such occasions) then where is Mr. T's. money worth? But the subject of forged Bank paper will occupy our next consideration.

Mr. Thornton is an artful advocate (the Directors, no doubt, will compliment him as a special pleader) for the Bank, he labours to prove that while the Directors have been taking every means to enrich themselves, and make
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large dividends to the proprietors, they have had the general good at heart; that in breaking their promise with the public, they have consulted the safety of the state.

But the author will take an early opportunity of more fully commenting on this gentleman's extraordinary work, which exhibits numerous striking paradoxes to the reader, and but too well confirms the facts and suspicions contained in this pamphlet,

On the frequent Forgeries on the Bank, and the means of preventing them.

WE say forgeries on the Bank, though in reality they are forgeries on the public through the credit of the Bank. Of the frequency and amount of these forgeries, it is as vain as it would be useless to make any nice calculation. Those who desire to obtain further intelligence on the subject, have only to go to the inspector's office at the Bank, on any open day. But to persons who are in the habit of taking money every hour in the retail way of trade, no such information can be necessary. People of this latter description are compelled to run the hazard of taking from strangers, bad along with good notes: were they to be over-scrupulous

pulous upon such occasions, they would be liable to lose a great part of their custom. They can derive but little security or satisfaction from any questions they can put to those who offer them in payment, since, if an imposition be designed, especial care is taken to give such answers with respect to name and abode, as can in no degree lead to a detection,

To those who reflect on the ease with which these forgeries are accomplished; it will not appear surprising that the alarm has become general among all classes of the community. We hold the opinion of those persons in no high estimation, who would recommend a silence or reserve on such occasions, lest the artful and dishonest should avail themselves of the knowledge of certain particulars, which they might otherwise remain ignorant of. This is to imitate the timidity of those politicians who would neither speak of the enemy's strength, nor of their own weakness. If the process of forging Bank notes be a subject so tender in detail and discussion, and so easily learnt by a page or two in print, there is no further argument required, to prove that the mischief is at its height, and that it will be criminal longer to delay the attempt to remove it,

Almost every person who can engrave is qualified to fabricate a spurious Bank note, certainly not in the workman-

workmanlike manner of the true notes; but such as are nevertheless capable of deceiving little shopkeepers. The great decay of trade, and the poverty of numbers of artizans in Birmingham, render them liable, at the hazard of their lives to be tempted, like the murderers in Macbeth, to mend them or get rid of them. By the examination of numbers of these wretched persons, it appears that one man of but moderate skill can begin and finish the work of a counterfeit note himself; for of the supposed inimitable water mark it turns out that it may be given to paper already manufactured, by means of friction over appropriate letters; and as to the wavy lines, a piece of cloth or thin board cut in scollops, with the aid of an old nail rounded at the point, constitute all the apparatus necessary for imitating this new adoption. If a needy adventurous wretch would set up this trade, he has only to purchase a patent copying-machine in order to work that plate which is but too easily procured in almost any manufacturing town: there being always a starving engraver willing at any hazard to accept the temptation of a few guineas for half a dozen hours work. The above machine it seems is so portable that a traveller may take it in his saddle bags, and as he proceeds in his journey, coin money to pay his expences on the road. For this offence the legislature has thought proper to assign the punishment of death. Dreadful however as this

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this penalty is in the eyes of humanity and philosophy, its effect is lost as far as it relates to example, and the view of deterring others from incurring it. It is therefore doubly shocking to see the number of our fellow-creatures put to death almost every sessions and every assizes, when we consider their lives as actually thrown away. A popular writer on the police of the metropolis, laudably says, "Towards accomplishing the desirable object of perfection in a criminal code, every wise legislature will have it in contemplation rather to prevent than to punish crimes; that in the chastisement given, the delinquent may be restored to society as an useful member." The great Beccaria is averse to the taking away the life of a man as a punishment, not only because many of those who suffer, consider it as a momentary paroxysm, which is to put an end to their misery as well as their lives; but as he observes, because in those countries where the trial has been most frequently made, the experiment has been found most to fail.

Since punishment, therefore, in a manner thought to be the most severe, does not produce the salutary and look'd-for effect, let us, in the name of Heaven, without a moment's loss of time, turn our attention to some other means of removing an evil of such vast and growing magnitude. Let us take away the temptation
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that now exists to imitate Bank paper, or in other words, let us increase the difficulty of effecting it. It is a notorious fact that any person who has learnt a little of drawing may accomplish the fraud by copying off a Bank note; and the other implements required would not put him to more than a few shillings expence. These undeniable facts account for the intelligence in the newspapers, that between forty and fifty persons are to be tried in the ensuing assizes for this offence. Is it not then better to strike at the root of the evil, than to expend great sums of money in bounties for the detecting those offenders, whose numbers seem to multiply in proportion to the number destroyed. We are informed, and we have no reason to doubt the truth of the information, that at this time any person so disposed, may purchase in one of the great manufacturing towns in England a thousand pounds worth of these notes at the rate of two shillings in the pound.

As a confirmation of the facility with which this traffic may be carried on, the following authenticated letter from a neighbouring kingdom is laid before the reader:

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From

*From the Morning Herald of Monday,
Jan. 25, 1802.*

A LETTER from Dublin, dated Jan. 19, says, "Mr. Justice Bell having received information that plates were engraved, and forgeries executed in Newgate, he went there yesterday, and applied to Mr. Gregg, who accompanied him to the apartment of the persons against whom he had information, where he found in the pocket of *James O'Donnell*, two plates, one of a guinea and a half on the Bank of Ireland, the other was intended for one pound, but was not finished. He also found every thing necessary for engraving and printing. He found on another of the prisoners a number of guinea notes unfinished. Those ingenious mechanics have discovered, that a bottle answers the purpose of a press, in printing forgeries, where they are prevented the use of that machine, for they have actually printed them in that manner in jail."

Does not all this expose the more than folly of trusting to the present formula and fabrication of the Bank notes. That some suggestions for their improvement may have been entertained there is no doubt; an improved engraving was proposed to the Directors about
three

three years ago. It had probably its objections; but at all events, it could not be deemed a perfect security, since if one artist could perform the work in a highly finished style, another might be found nearly equal to him in execution, and whose talents might be hired for nefarious purposes. After all, an unlettered trader would be unable to discriminate between the good and the bad note, from the mere excellence of workmanship. The security for the authenticity of this paper must be obtained from the variety of superior execution both in the paper and in the engraving. It must include and concentrate the genius and the workmanship of several skilful men, so as that no one, or two, or three men, should be able to imitate it. And in a transaction of this nature, it would seem impossible that any four men of superior talents would ever consent to engage in it, from any consideration whatever. To deny that this is to be done—that so crying an evil is to be remedied, is to confess, in fact, the necessity of abolishing the bank paper altogether, and adopting some other means as a circulating medium.

Mr. Thornton says, in his recent publication, p. 74, that "only a very small proportion of bank notes circulate far from London." We may, therefore, venture to predict, if some such means as these are not adopted,

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ed, the sphere of their circulation will be still more contracted.

As a further hinderance to the needy artizan taking up the trade of forging, it should be the especial care of those concerned, to clog the attempt at the imitation of the reformed note with considerable expence, since it is penury that generally provokes the crime; and yet such sum to be expended could only be a trifle in the estimation of the Bank Directors.

We further recommend the Directors to collect and unite the various suggestions of the most intelligent and best informed on this topic, and that as well as out-running all the attempts of the forger, and adopting some private and almost undiscernible marks in the paper, varied from time to time; that one person be deputed at a small salary in some of the principal trading towns in England, to whom proper instructions might be given, for inspecting and promptly pronouncing upon such notes as carried the least dubiousness in their appearance. This last step might inspire confidence in those traders at a distance from London, where the Bank of England note is superseded by the bills of neighbouring bankers.

By

(61)

By these and other means which we are persuaded are not out of the reach of the Directors, might the desideratum in question be obtained, and the Bank note be freed from a great deal of that obloquy and distrust, which are in no manner connected with the suspension or renewal of the cash payments of the Bank, nor with its ultimate prosperity or destruction.

POSTSCRIPT.

(62)

POSTSCRIPT.

IF it be true, as the Author of the foregoing sheets has heard it reported, that an ingenious artist, now in custody on a charge of counterfeiting Bank notes, has evinced to the Bank Directors the ease with which the present form of their notes is imitated, and offered to furnish them with such plans for their adoption as would render their future falsification extremely difficult, if not altogether impossible; a task for which he is said to be fully qualified; those gentlemen will surely not be inattentive to a proposal of such inestimable value at the present moment. They will unquestionably pause before they consign to death a man, whose abilities, if called into action, would not only compensate for the injury he has himself done to society, by preventing a recurrence of the evil; but what is of still more importance to humanity, the employment of his talents would be the means of preserving to the state, the lives of a great many human beings, now daily falling victims to this crime, by removing the temptation to the commission of it beyond their reach.

FINIS.

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