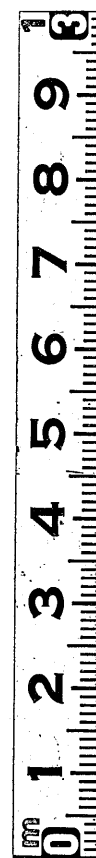


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NATIONAL  
POLITY AND FINANCE.

NATIONAL  
POLITY AND FINANCE;

PLAN

FOR ESTABLISHING A STERLING CURRENCY,

AND

RELIEVING THE BURDENS OF THE PEOPLE.

LONDON:  
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1827.

### ADVERTISEMENT.

IN order that the following Plan may be conveniently viewed as a WHOLE, and not in detached Papers as it has appeared through ten successive Nos. of the Literary Gazette; and in order that observations may be made upon its various parts with perfect facility of reference, a form of printing has been adopted (in which the lines, instead of the pages, are numbered), which will at the same time enable those who find cause of objection to state it definitely, and others to answer and explain with equal distinctness, and without the necessity of much quotation or repetition.

## EXTRACTS

FROM

## LORD LIVERPOOL'S SPEECH.

“ As the circulation at present stands, the effect upon the lower orders and the poorer classes of society is, in the event of a crash, disastrous in the extreme. (Hear.) The poor man, who earns his bread by his labour, cannot refuse to accept the country bank note, and he cannot retain it; he must expend it in the supply of his daily or weekly wants. 5

“ Let your Lordships for a moment reflect upon the consequences of such a crisis as the late one to the labouring classes of the community. I ask noble Lords to think of the situation of a large town in a manufacturing part of the country, when a great banking establish- 10 15

## PREFACE.

ment becomes insolvent—(at the same time I would ask your Lordships to recollect, that within a very short period, 20 70 or 80 banks have been placed in that situation.) I say, in such a case, just conceive the situation of the poor inhabitants of that town or district. They have put their savings into the bank, in 25 return for which they hold its notes: this is the situation of the upper class of labourers; for the lower, they are in the weekly habit of taking the small notes in payment of their wages. My Lords, I 30 know something (which of your Lordships do not?) of the distress that must then be occasioned. Instances have come within my own observation, where these poor and unfortunate individuals have 35 had to hawk about those small notes, offering them to purchasers at the price of five shillings (perhaps less) each.”

“ I admit that I can conceive of a state of society in which, supposing your

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system of banking to be sound and solid 40  
in its nature, you may make a paper  
circulation answer the ends and effect  
the objects of commercial dealings."

"I conceive, my Lords, one of two 45  
systems must be adopted; first, either  
one of wise and salutary restriction;—as,  
for instance, by saying we will have a  
limited number of banks,—one, ten, or  
fifty. Or let us exact securities for their  
solveny from the banks we admit of." 50

"I am desirous of alluding to a doc-  
trine which has gone abroad on the  
subject of the currency. I think it the  
more necessary to advert to it, because  
it was stated in rather broad terms by 55  
a noble Lord, on the first day of the  
session. It is contained in this propo-  
sition,—that nothing is better than a  
paper circulation convertible into gold.  
My Lords, for my part, I believe the 60  
proposition to be fallacious, and only

## PREFACE.

true to this extent,—that such a cir-  
 culation carries its own cure along with  
 it. (Hear.) I repeat, the thing is evil,  
 65 but carries its own remedy. And what  
 remedy is that, my Lords? We have all  
 witnessed its effects lately; we can trace  
 it in the past ruin, and the now sub-  
 siding panic; it is visible in the ruin of  
 70 trade,—the confusion of the money-mar-  
 ket,—and the total destruction of public  
 and private confidence. It is a cure, my  
 Lords, which is operated by the misery  
 of the poor,—the destruction of the rich,  
 75 —the loss of thousands,—and the ruin of  
 hundreds of thousands. (Loud cheering.)  
 This is the objection, *the vital objection,*  
*to a paper circulation convertible into*  
*coin.* It is a doctrine carrying with it  
 80 destruction to property, and utter ruin  
 to credit, public as well as private.”

“ The present system of law as to  
 Banks must now be altered in one way  
 or other. It was the most absurd—the

## PREFACE.

most inefficient—it had not one recom- 85  
mendation to stand upon.

\* \* \* \* \*

“ The present system was one of the  
fullest liberty, as to what was rotten and  
bad ; but of the most complete restric-  
tion, as to all that was good. By it, a 90  
cobbler or a cheesemonger, without any  
proof of his ability to meet them, might  
issue his notes, *unrestricted by any check  
whatever* ; while, on the other hand,  
more than six persons, however respect- 95  
able, were not permitted to become part-  
ners in a Bank, with whose notes the  
whole business of a country might be  
transacted. Altogether, this system was  
one so absurd, both in theory and prac- 100  
tice, that it would not appear to deserve  
the slightest support, if it was attentively  
considered, even for a single moment.”

“ The object of every description of  
currency should be to make the value of 105



## PREFACE.

property as steady and as little variable  
as possible.

\* \* \* \* \*

“ The truth lay there, and he who  
solved that problem would certainly  
110 come to the wisest conclusion.”

---

*Endeavouring to arrive at this conclusion, the  
following Plan has been submitted to the British  
Public.*

## NATIONAL POLITY AND FINANCE.

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N° I.

*7th October, 1826.*

AMONG our notices in last Gazette we inti- 1000  
mated the intention of laying before the public  
the outline of a great Plan for improving the  
currency and resources of Great Britain, to  
which we attributed very extraordinary powers  
and qualities, and from the adoption of which, 1005  
we expressed our opinion the most unlimited  
prosperity would result. Such is our convic-  
tion; but at the same time we bring this  
affair forward with diffidence, because it is  
not altogether within the scope of those studies 1010  
to which we have paid most attention: and  
though it has not failed to attract a consider-  
able share of our inquiry, we do not feel com-  
petent to speak in any other manner concern-  
ing it, than as wishing to explain the subject 1015  
in the clearest way we can, and courting the  
judgment of others competent to decide on so  
weighty a matter.

B

## NATIONAL POLITY AND FINANCE.

In setting out, we are fortunately relieved  
1020 from the necessity of entering into any of the  
various topics which demand so much discus-  
sion from writers on what is called Political  
Economy. The *principle* of the system un-  
folded to us, may have been hinted at in  
1025 former times; but the system itself, its appli-  
cation and its details, appear to be absolutely  
new and original. Therefore, there is no  
author upon finance, the science of money,  
the internal wants of countries, international  
1030 intercourse and commerce; there is no poli-  
tician of any school or determinate mode of  
thinking on those difficult points; there is not  
one of these who may not, though differing  
from every other author or politician, agree in  
1035 opinion that the present proposition is at once  
well-founded, practicable, and highly expe-  
dient. The measure, in short, stands by  
itself: it neither assimilates nor clashes with  
any theory, or the part of any theory, which  
1040 has yet been promulgated. It can therefore  
provoke no opposition, while—earnestly in-  
dulging in the hope that it may produce the  
utmost benefit to the nation—it courts the  
mature and deliberate consideration of all  
1045 who are conversant with such subjects, and  
solicits the favour of their counsel, and objec-  
tions, if such arise in their minds.

We have also previously to say, that as we  
are confining ourselves to that brief general

## NATIONAL POLITY AND FINANCE.

view which the nature of our publication 1050  
requires, we feel that we can but very in-  
adequately develop the author's comprehen-  
sive system; and that we must do still less  
justice to his most complete and admirable  
details, which form, as it were, the strength 1055  
and essence of his design, and render it fitting,  
pliable, and excellent in all its operations.

It may be assumed as a truism, that not  
only the recent panic and distress which have  
convulsed society throughout this kingdom, 1060  
but that all the financial and commercial  
calamities recorded in history, leading to the  
decline and fall of states, have been caused  
by a debased and fluctuating currency. No  
rank, no individual, can stand in a safe, 1065  
assured, and permanent position in the social  
frame, while the representative of fortune,  
means, and value, is liable to great mutations  
and changes. Double the amount of the cir-  
culating medium, and the effect must follow, 1070  
that several classes of the community rise  
unduly, while other classes fall into embarrass-  
ment and ruin. Diminish or debase it, and a  
similar result is equally certain: some gain  
comparatively by the alteration, and many 1075  
more are precipitated from their sphere of  
usefulness, and destroyed.

It is impossible, therefore, to conceive any  
proposition better deserving of the mature  
deliberation of the statesman, patriot, and 1080

## NATIONAL POLITY AND FINANCE.

philosopher, than one which has for its object to fix the currency of the country upon a sure foundation,—to produce that emblem of property for all men to carry on their dealings  
 1085 with each other, which shall never be doubted or fluctuating in value,—to give to the meanest holder of the smallest sum the same security which is enjoyed by the richest in his large possessions,—and, in fine, to furnish  
 1090 for every transaction in life requiring pecuniary adjustment, the means of completion with undeviating exactness on all sides, the measure or medium being unsusceptible of rise, depreciation, or alteration of any kind.

1095 From the earliest times we have seen a number of devices employed for this purpose with disadvantages, inconveniences, and dangers, lesser or greater as the medium employed was better or worse; till at length gold  
 1100 has, by very general consent, been accepted nearly throughout the civilised world, as the most eligible standard of value by which to regulate the interchange of all commodities between man and man, and between nation  
 1105 and nation. And assuredly there is no substance in nature every way so fit for this important office as the precious metal whose combination of rare qualities has led to its being so preferred. But gold, with all its  
 1110 rare qualities, is far from being a perfect standard. It has always been liable to be

## NATIONAL POLITY AND FINANCE.

affected by extraneous circumstances,— the discovery of a productive mine, the interception of supplies by war or otherwise, the gradual absorption by use and manufactures, 1115 and a multitude of other causes; and it is incontestable that what is unstable in itself can never form a true scale whereby to adjust on stable bases the relative value of all other articles. Gold may approximate this scale 1120 more nearly than any other substance; but gold varies often to a great extent, and therefore gold (even were it not objectionable for other very strong reasons) can never supply a safe, fixed, and permanent rule by which to 1125 estimate all other prices. When we allude to other strong objections, though we shall have more to say upon the point hereafter, it may be well in this place to notice, that we refer to the facilities with which gold is made 1130 a source of speculation to swollen capitalists and traders in bullion and foreign exchanges.

Having thus very briefly shewn that we do not possess *the* standard so much to be desired, we shall proceed with as much plainness 1135 as the matter permits, to state the plan by which we are firmly persuaded that object may be attained.

In order to ensure to the country a sound, settled, unchangeable, and imperishable *cur-* 1140 *rency*; a currency of real value representing absolute tangible property, and, from the

## NATIONAL POLITY AND FINANCE.

- ampleness of its security, not being subject to question or depreciation from any cause whatever, it is proposed to fabricate *a sterling national paper*, founded on and representing the property hereafter defined, and issued and controlled under responsibility as doubtless and lasting as the British constitution itself. We
- 1145  
1150 presume to affirm that such a paper currency may be produced that no man in Great Britain will ever question its real value for one instant; and, farther, that it shall be preferable in every respect, and preferred by all, to gold.
- 1155 *Firstly*; It is proposed, that government shall stamp all the paper (as well as bullion) intended to be issued as the current money of the country: that the notes so framed and executed shall be deemed the lawful currency
- 1160 of the realm; and in order to prevent the evils attendant on the abuse of issuing notes without limit, it shall be unlawful for any banker, or others, to issue any other notes than those so framed and executed.
- 1165 *Secondly*; That there be established one national bank, from which alone the said notes shall be issued for circulation.
- 1170 *Thirdly*; That all bankers, or others, requiring notes for circulation, shall apply for the same to the National Bank; to which, previously to their receiving the said notes, they shall pledge, as a security for the payment of the same, either freehold land or

## NATIONAL POLITY, AND FINANCE.

funded property, unencumbered, of the value of two hundred pounds sterling money for 1175 one hundred pounds sterling paper currency, and at the same rate for any sum whatever.

*Fourthly*; That there be kept, subject to public inspection, a national register, in which shall be registered a full description of the 1180 security pledged, its *bond fide* value, and the proprietor's name and address.

This is the principle of the plan. The land of England shall be coined to a certain limit, and a part of the funded wealth of the country 1185 shall be convertible into a circulating medium — double, or a greater proportion of both, being pledged in security to the note-holder, from one pound to millions of pounds.

Hence we think we may have abundance 1190 without superfluity; we may have abundance combined with perfect security; we may have abundance subject to prudent regulation. To what height of prosperity such a currency is capable of raising a country, we shall not pre- 1195 tend to determine; but we are free to express our firm persuasion, that if the principle were considered to be inapplicable to an old people, and were yet acted upon by a new government (firmly established so as to impart to it 1200 the needful confidence and stability), it would speedily render that nation the greatest upon the face of the earth.



## NATIONAL POLITY AND FINANCE.

## N° II.

14th October, 1826.

IN the last Literary Gazette we opened to  
1205 the public the *leading principles* on which it  
was proposed to form an entirely new national  
and sterling paper currency ; and we pledged  
ourselves to enter so far into the details of this  
plan as to enable every man of common under-  
1210 standing to perceive that its practicability was  
equal to its expediency, and that its effects in  
execution were calculated to be not less im-  
portant and beneficial to the country, in points  
the attainment of which are earnestly desired,  
1215 than its general scope and powers. In per-  
forming this portion of our task, however, we  
have again to notice that we labour under cer-  
tain disadvantages : we cannot (though per-  
fectly convinced ourselves) go so minutely  
1220 into all the ingenious and striking inventions  
and ramifications devised by the author, as  
either to do him justice or completely prove  
the case : but this, we are bold to say, is our  
misfortune, and not the fault of the scheme ;  
1225 and we throw ourselves upon the candour of  
our readers to believe, that where we fail in  
explicitly shewing its eligibility and great fa-

## NATIONAL POLITY AND FINANCE.

cility, or in removing objections to it, the deficiencies are owing to our circumscribed limits, and may readily be remedied when and where- 1230  
soever this stupendous measure comes to be fully investigated and discussed.

On resuming our exposition, we are glad to avail ourselves of the admission of a very influential Journal, and one of high authority upon 1235  
questions of this nature. The *Times* of Monday observes upon the proposition—"This would unquestionably furnish us with a more economical circulation than that consisting of the precious metals, *and one to which no reasonable* 1240  
*objection could be made on the score of security;* but, on the other hand, it would be one which in times of embarrassment, when the temptation to abuse was strongest, the government of the day might depreciate by increasing to 1245  
an infinite amount. The idea, however, may bear discussion," &c.\*

Upon this we may be permitted to remark, that it was utterly impossible for any writer, possessed of a knowledge of the subject, to 1250  
concede more than is here conceded to the statement contained in our Gazette, which was simply initiatory, and entered upon none of the provisions by which not only the appre-

\* The *British Press* Newspaper has also, we observe, fully 1255  
concurred in the opinions of its contemporary, and gone still more explicitly into the approval of our Plan.

## NATIONAL POLITY AND FINANCE.

hension of the possible evil consequence expressed by the *Times* must be completely  
 1260 dissipated, but by which every contingency of creating political influence,—of admitting of partiality or injustice in administering the plan,—of raising a superabundant circulating medium,—of being available for wild or monstrous speculations,—and of not fulfilling all  
 1265 its own pretensions in relieving every class of the community, and especially land-owners,—will be removed. And we will further declare, that it must lead to the almost total, if not  
 1270 total extinction of the crime of forgery;—that it must render usury not merely harmless, but, where legally sanctioned, advantageous to all parties;—that it must simplify all pecuniary transactions throughout the kingdom, and in a  
 1275 way that will render loss by carelessness or robbery impossible;—and that, finally, it might raise a revenue equivalent to the amount of all the assessed taxes, without being felt by one subject of the realm. These may seem strong  
 1280 and even paradoxical declarations, but we are prepared to demonstrate them all—allowing us, as has, so far as we can learn, been allowed to us, the soundness of the grand principle which we have laid down as the fulcrum on  
 1285 which the whole must move and act. That fulcrum is neither more nor less than converting a certain proportion of the real wealth and capital of Great Britain into gold—represented

## NATIONAL POLITY AND FINANCE.

by a national paper, and doubly, quadruply, or tenfold secured; and thus adjusting every 1290 transaction by a measure of immutable and sterling value, instead of the unsettled, fluctuating, unauthorised, privately and individually issued, and, in many instances, fictitious currency; according to which the internal business 1295 and mighty commerce of the Empire has been and is at this day arranged.

Having established the basis of our system, we now proceed to consider the means for its formation and operation, its checks, guards, 1300 and limits. There must be a fountain-head, controlling the whole machine; itself controlled by fixed and unchangeable laws. The responsibility would be of the utmost character, from the immense extent of the interests at stake, 1305 and the purity demanded for the administration of a nation's resources. But method and the division of labour would accomplish the first; and the immutability of the governing rules, and everlasting publicity in every branch, 1310 would guarantee the last. The whole should be a system of checks, the result produced by which must be integrity in the conduct of the establishment, and accuracy in all its parts. 1315

An *Argus* (for names are of no consequence in explaining our purpose) should have placed under its management, be it individual, or board, or other organised body, by appoint-

## NATIONAL POLITY AND FINANCE.

1320 ment or election, (under the watchful and  
 constitutional eye of the Legislature,) the  
 whole of the great but simple machinery re-  
 requisite for the Plan. There should be, as we  
 have stated, ONE BANK, the present Bank  
 1325 of England being preferable to any other esta-  
 blishment which could be framed *de novo*;  
 and, throughout the country, hundreds, or,  
 if necessary, thousands of other banks, in  
 direct dependance upon, and correspondence  
 1330 with, the principal. The more numerous  
 these were, the better would it be for the  
 country; the facilities of interchange would  
 be greater, the personal knowledge of respon-  
 sible agents more generally diffused over the  
 1335 community, the circulation carried more mi-  
 nutely into every corner, and the guards  
 against forgery or imitation made almost, if  
 not altogether, insuperable.

There should also be ONE MINT (say the  
 1340 existing Government institutions), where all  
 the gold, silver, and paper currency should be  
 coined and stamped. We do not disguise our  
 opinion, that the metals would very soon yield  
 to the superior utility and value of the paper.

1345 The third grand feature of the Plan should  
 be ONE LEDGER; affording cash credits to  
 subscribing customers, who, being freeholders,  
 or possessors of funded property, perfectly un-  
 encumbered, and otherwise available, should  
 1350 by their signature therein pledge their estate

## NATIONAL POLITY AND FINANCE.

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## NATIONAL POLITY AND FINANCE.

or stock as a security equivalent to double the amount\* of their cash account, each for himself respectively, and for so long only as his account should remain open and unsettled.

It is obvious, on this point, that where mortgages or other liens already exist upon freehold property which the proprietors desire to convert into currency, particular measures, consistent with the law of the land, must be taken to free it, *à priori*, from all encumbrances; 1355  
for the public creditor, the note-holder, must be the first as well as the best secured. 1360

The paper currency, founded on the pledges laid down, should be made by and originate with the *Mint*, and pass thence to the *Bank* 1365  
only, where it should be signed and otherwise protected; and from the Bank be finally issued to the authorised customers who had drawn, at their option and convenience, for so much, or for the total amounts of their credits. These 1370  
notes, as a farther safeguard, should be transferable to the order of the customer,

\* We have assumed double or twice the amount of security as a datum amply sufficient to satisfy the public creditor or holder of the paper; but should it be thought, 1375  
on calculation, that these premises might afford a superabundant medium, not sufficiently prevented, as we hold it would be, by the Plan in another of its provisions to be hereafter treated of, the security might be made three, four, or more times greater in proportion. 1380

## NATIONAL POLITY AND FINANCE.

(whose indorsement, without making him responsible, would give confidence to the next holder,) and with any such notes, or other mint-currency or bullion, *the account of any*  
 1385 *customer might be cancelled at will, and all his responsibility removed.*

Having thus far furnished the currency, and placed it at the principal reservoir, ready to be distributed over the country, the next  
 1390 considerations presented for us, are to devise fit and easy means by which it may be made to flow into its proper channels, may be confined within right bounds, and may be safely returned when it has fulfilled the purposes for  
 1395 which it was issued. The machinery appears to be of a simple character. At the fountain is the supreme head of Finance, with his subordinate establishment, which, for distinction sake, we have called the ARGUS of  
 1400 the system. In this official power we should repose mighty trusts, requiring vigilance, fidelity, wisdom, and firmness; whence the necessity for publicity, to prevent any possible abuse, or to check it. To this power we  
 1405 should commit the charge to act as sound policy dictated under all important circumstances—such as the occurrence of foreign loans, the arrival of good or bad national news, the falling out of war, or the return of  
 1410 peace; in short, whenever any public cause of



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panic, or of the reverse, arose, so that the speculations of intended monopolists might be defeated.

It should vigilantly inquire into the necessities of the country, generally, partially, 1415 or individually, and regulate the issues accordingly, by increasing or contracting them.

It should scrutinise all the pledges of freehold property, of funded property, by rules laid down, and admit or reject accordingly. 1420

It should prefer the smaller pledges, especially those that originated in industry and economy, to leviathan pledges; and thus multiply the supporters of government, the holders of national property, prevent combination, and promote a more equable, more general, and more governable diffusion of currency and property. 1425

Next to these, the chief financial and political requisites of the system, we should look 1430 to the perfection of the Plan, as founded on the *ledger credit*, so called from its originating in sterling, tangible property, pledged in the public national ledger, as a special security for half its *bond fide* value, by a solemn act of 1435 the proprietor, publicly recorded, for the special purpose of obtaining a disposable capital, in proportion to the amount of security available, in such sums and at such times as his occasions might require, in order to enable him 1440 to exert his energies and employ his talents,

## NATIONAL POLITY AND FINANCE.

as a benefactor to society; but, more especially, in his immediate neighbourhood, where local habits and local knowledge offered the  
 1445 most obvious and extensive means of rendering his capital useful and safe.

To this individual, or to any association, company, trustees, &c. &c. having pledged property to the nation, it now becomes necessary to forward the circulating medium  
 1450 resulting from the credit so obtained. This should consist of *tokens*, or *pounds sterling*, as being what their name imports, *STERLING*, an epithet by which this genuine English money  
 1455 is distinguished from all other monies, being a legal pledge to the owner of tangible freehold or funded property, free and in all respects unencumbered, mortgaged by its proprietor by his signature and seal in the  
 1460 national ledger, as a special security of at least 2*l.* for 1*l.*, held by the crown in trust, and redeemable at will, but only by his discharging the full amount or balance of the cash credit for which the pledge was given.

1465 Let us farther impress upon our readers, that its creation, duration, and suppression, being matters of complete publicity, afford ample security to other creditors.

Surely a token of such sterling character, a  
 1470 representative of real property, so sound and wholesome, and so void of fluctuation, might fairly be considered a fixed standard of value,

## NATIONAL POLITY AND FINANCE.

even of gold and silver; and as the bullion of our soil, the bullion of our constitution (since with either it must exist or fall), it might 1475 safely be recognised by foreigners as the genuine English pound sterling; and thereby even become current over Europe as a universal medium of exchange.

With this gratifying supposition, our space 1480 obliges us again to take our leave of the subject for another week, when we shall return to its further consideration and explanation.

## NATIONAL POLITY AND FINANCE.

## N° III.

21st October, 1826.

HAVING explained the foundation whereon  
1485 it is proposed to erect the system to which it  
is the object of these papers to invite public  
attention and discussion; and having shewn  
by what means and under what superin-  
tendence a *sterling national paper* might be  
1490 framed and issued, we need hardly take  
much pains to repeat and enforce the positions  
on which we take our stand. The Note or  
Token, representing the land, or funds, or  
bullion, of Great Britain, which it is the spirit  
1495 of our design to circulate, should besides  
being sterling, speak nothing but the truth.  
It should not, as the Bank note of this date,  
say, " I promise to pay on demand" that  
which it is well known cannot be paid on  
1500 demand, there being perhaps not 20 millions  
of gold in the country with which to dis-  
charge 60 millions of paper; nor could that  
small modicum be long retained in it by any  
means with certainty, whilst improvidently  
1505 dispersed throughout the nation, subject to  
the dealers' grasp. Our symbol should, on  
the contrary, expressly declare its nominal

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value, and that it either was or was not convertible, as the case might be; and that it was secured to double its amount, or more, 1510 upon land or funded property originating in a cash credit. Candour is not likely to provoke panic.

Let us suppose, for example, that A. B., of the parish of C. and county of D., obtained a 1515 credit of one thousand pounds in the National Ledger by pledging his estate of E., worth two thousand pounds—he draws out as many notes of 10*l.*, or higher denomination, as suits his perfect conveniency; and for the re- 1520 mainder of the sum, notes under that value which form a class peculiar to the district or division in which he resides. These are payable to him; and indorsed by him before paying them away. Here is, in the first 1525 instance, a check to forgery almost amounting to a prevention;—for it ought always to be borne in mind, that it is the vast quantity of the medium imitated, and its vast extent of range over the whole kingdom, which offer 1530 temptation and the chance of impunity to the forger. Limit that medium to a circle of a few miles, and guard it by signatures and other checks well known in that circle, and then the smallness of the sum that could be 1535 forged, the difficulty attending the forgery, and the imminent risk of immediate detection,

## NATIONAL POLITY AND FINANCE.

must operate so strongly as to eradicate the crime.

- 1540 It is in our contemplation that the National Paper would become the circulating medium in every part of the country; for were it possible to believe the owners of property in any particular quarter so insensible to the
- 1545 benefits that must arise to them from the command of capital, as to decline availing themselves of it—still, transfers of securities from one person or one body to another would speedily spread this currency over the whole
- 1550 land. But, for the reasons we have stated, we would not have it of a common and universal sameness. Every circle, district, or division, on the contrary, should have its own peculiar note, (especially the small notes,
- 1555 if any exception were made with regard to the large ones,) which note should be limited and confined to the district for the use of which it was issued. The small note of Manchester should not travel to Liverpool
- 1560 for circulation, nor the small note of such a part of Surrey be current in such a part of Kent. Every portion should be distinctly localised, and by the daily and usual practice of exchanges, not the slightest inconvenience
- 1565 could ensue; while, on the other hand, the sterling paper, as well as the security on which it rested, would be familiar to the

## NATIONAL POLITY AND FINANCE.

holder of every pound. The workman who took his wages on Saturday evening should be able, from always seeing the same thing, to distinguish it perfectly from any imitation, and at the same time to feel that such a piece of paper was the note of an opulent neighbour whose estate was pledged to the nation and to him for its security. Upon what ground, let us ask, could any panic or run arise out of a coinage or circulating medium of this wholesome stamp? What could be feared by the holder? what more or better could be wanted by any party from whom he wished to purchase a commodity?\*

Let us figure to ourselves Great Britain divided into ten thousand parishes or circles,

\* It would be quite satisfactory to any labourer, mechanic, or shopkeeper, holding a one pound note in his hand, to say, "That field which I can see daily within a hundred yards of my abode is answerable for this piece of paper—for its being worth what it is denominated, 'a pound sterling';—it is no matter whether the land is itself worth ten pounds, or five, or only two, it is sufficient security for the circulating medium in my possession, for which it is openly pledged, and liable before all other claims or demands whatever." Unless all value is an abstract quality or fiction,—unless a bar of gold or silver is intrinsically superior to fifty acres of cultivated land, then assuredly the currency, amply secured upon the latter, must be preferable to that which it is the utmost aim of those who insist upon what they call real values in currency to have convertible at will into precious metals.

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1600 and supplied, agreeably to this method, with  
a currency of 1000*l.* each, as follows:—

	1	Note of £100	.....	100
	4	.....	50	..... 200
	10	.....	20	..... 200
1605	20	.....	10	..... 200
	20	.....	5	..... 100
	50	.....	2	..... 100
	100	.....	1	..... 100

In all 205 notes, indorsed, as before pre-  
1610 scribed, by the customer only, but without  
his incurring any responsibility. Here we  
have readily and simultaneously issued the  
sum of *Ten millions* sterling,\* which amount  
can be augmented as readily if required by  
1615 circumstances, or gradually and easily dimi-  
nished by the receipt of taxes or other means,  
should a partial absorption be found necessary.  
But do not let it be forgotten, that whether  
increased or lessened, the matter is to be  
1620 publicly and openly done. Every occurrence,  
and the state of the bank at any moment,  
must be on the face of its transactions, and  
comprehensible at one glance. From hour  
to hour, by regular and clear books, kept  
1625 constantly up to the latest period, it should

\* Suppose the amount quadrupled, or sextupled, and  
you have, with the same ease, a perfect and secure sterling  
currency for the whole business of the country; authorised  
by the legislature, and limited to a maximum, so that no  
1630 undue influence in any quarter could ever arise.



## NATIONAL POLITY AND FINANCE.

be obvious what number of notes were issued, of what kinds they were, and where the radius of circulation had demanded their augmentation, and where their diminution. In a local point of view, it appears to us that this system 1635 would be perfect in its operation, and that there would always be money enough for the demand, money to stimulate industry, and money with which to carry on business of every kind, without the bane of debts and 1640 credits; in other words, of frauds and extortions, that grind the faces of the poor.

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N<sup>o</sup> IV.

28th October, 1826.

THERE is one part of the Plan upon which  
 we have not yet animadverted, and which  
 1645 seems to offer essential benefits to the com-  
 munity. The Notes heretofore treated of are  
 of two kinds, those of the larger denomina-  
 tions issued generally for the more extended  
 use of every portion of the empire, and the  
 1650 smaller ones, localised for the use of their  
 respective districts. But when there existed  
 a National Credit *for every individual* who had  
 property to invest, and when its paper was  
*diffused throughout the country*, does it not  
 1655 follow that there might also be devised *a*  
*symbol of that credit*, by which a person might  
 at appointed times and places authenticate  
 the share which he possessed of it, and turn  
 that share into a species of currency, without  
 1660 deranging, augmenting, or diminishing the  
 currency itself? We shall not minutely de-  
 scribe the process by which this desirable  
 end might be attained; but we will state  
 that the result would be this:—A. B. has  
 1665 a credit in the national bank at London for  
 5000*l.*, which he wishes to employ in the

## NATIONAL POLITY AND FINANCE.

purchase of goods at Sheffield, and of cattle in the North of Scotland. Travelling to Sheffield and Scotland, instead of the risk incurred by carrying money, he could be provided with such a voucher from the bank as would serve his purpose at the places whither he travelled, and where he meant to transact business. Thus a man might carry his fortune about with him on his person, and never encounter the danger of losing a shilling of it. He might call into operation the whole or any part of it, as his occasions required, and he should not have the power to exceed his real means, were he ever so much inclined to commit that offence.

But it may be needful to explain this idea a little further, since it might, in a modified way, be extremely advantageous even under existing circumstances. The Document which we refer should partake of the character of a *Passport* and of a *Letter of Credit*, without being of the nature of either. Its qualities as a *Passport* should be contrived to identify the owner, so that if he lost his voucher it should be mere waste paper to any other bearer: and as a *Letter of Credit* it should be still further guarded, in order to prevent forgery.

We may here recapitulate, for the sake of being more clearly understood, that the *Ster-*

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*ling Paper Currency*, which it is proposed to establish, would consist,

1700 *First*, of Notes of the smallest denominations, and limited to prescribed circles in proportion to their amounts: by this precaution; the paper being small in quantity, localised and familiar, it does appear to us that to attempt to forge it must be not only un-  
1705 profitable, but an act of desperation.

*Secondly*, of Notes of the larger denominations, from five pounds to the highest sum; also, in a certain degree, limited to prescribed circles, in proportion to their amounts: these  
1710 circles, it is evident, might be allowed a wider radius in consequence of the facility with which large notes can be traced; so that the crime of forgery would still, with regard to them, be attended by increased difficulties  
1715 and danger.

But, *Thirdly*, to preclude the possibility of inconveniency from any limitations, the *Road* or Travelling Note we have above attempted to describe, has been devised; and we may  
1720 perhaps be allowed to say that, by similar expedients, some of the evils which beset the currency of the country, as it exists at this moment, might be very materially lessened, if not entirely corrected.

1725 In this Gazette (reserving for hereafter the further explanation and application of the

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principles we have laid down), we are desirous of offering a few remarks on the important point which occurs in all questions of the kind we are discussing, namely, the convertibility of all paper currency into gold. This is strenuously contended for by a number of able writers, and it may be granted that a considerable prejudice or partiality exists in its favour; which disposes us to meet the argument candidly and plainly. With such a currency as we propose, doubly or quadruply secured on what is more valuable than gold, we do not feel that there is the least occasion for the additional security of the precious metal. But if we are told that this would satisfy all minds, we are prepared to shew that even the responsibility of bullion might be retained in the country to answer for its national paper. This, however, would require restrictions, management, laws. We hold that there could be no panic or run upon our Notes; but if there were, if it could be alleged that they were unsound, that the land or funded property guaranteeing them was insufficient, then we say, let them be presented at the place of their issue, and redeemed by the gold and silver deposited for ever in the nation's coffers and treasuries. That these metals can be as readily procured and stored as any other commodities, requires no demonstration; and a capital in them ade-

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quate to secure the paper currency from depreciation, even in opinion, would be a feather  
 1760 in the scale of Great Britain's wealth and resources. The acquisition and preservation of such a capital, and its applicability to foreign exigencies, wars, &c. &c., independently of its being held in trust for the cur-  
 1765 rency, can be demonstrated with perfect conclusiveness: and till we may enter more into detail, we dismiss the subject.

There is only one thing more which remains for us (within our bounds) to mention  
 1770 at present,—the raising of a revenue upon the issues of the National Notes. We should propose, that upon the whole credit taken, a per centage should be paid by the customer, somewhat less (as the legislature might de-  
 1775 termine) than is now paid throughout the country wherever money is raised. There could, therefore, be no objection to it in the general system; and the revenue yielded, after abundantly supporting the expenses of  
 1780 the establishment, would enable government to repeal the most onerous of the assessed taxes.

It thus appears, that Individual or Private Customers of the National Bank would be in  
 1785 a better situation than they are at present, and able to raise money at a less cost: and with regard to Bankers themselves, either in England or Scotland, who obtained credits,

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it may also be shewn, that they would enjoy other advantages pointed out in the *details* of 1790 the New Plan, into which, however, it has not yet been the object of these short Papers (devoted entirely to an outline of its leading principles) to enter. Hereafter we shall take these up, and prove, as we trust, the state- 1795 ment with which we set out, that they are the very essence of the System.

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N<sup>o</sup> V.

4th November, 1826.\*

WE feel strongly, with a valuable correspondent, that the important and difficult subject we have undertaken to discuss is one upon which the mass of the people cannot reason, though they feel the misery entailed upon them with regard to it by deeply-rooted prejudices; and that it is most essential to urge it upon the consideration of parliament,—through parliament upon the attention of government,—and thus ultimately to hope for the adoption of measures which shall give a permanent and unquestionable security, as a measure of value, to the currency of the country. It is to this purpose that our humble efforts have been and are directed; and it is honourable to the general Press of Great Britain, to observe with what alacrity, candour, and fairness, it has taken up the question, and thrown it out for public discussion. With this efficient assistance, we may truly assume that the Plan, the outline

\* This paper was addressed to Correspondents, who had objected to parts of the Plan.—*Ed.*



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of which we have very briefly explained, now occupies the minds most competent to form a judgment upon it throughout the kingdom, and very widely engages popular observation.

In this state of the case, we feel it to be our 1825 duty to proceed with such explanations as may tend to neutralise conflicting interests, and remove the existing prejudices to which we have alluded; desiring it, however, always to be remembered, that, in this place and in 1830 our personal character, we must only be viewed as pioneers endeavouring to clear the way;—and not as fully competent expositors, with space, information, and power, enough to develop the entire system, and level every 1835 obstacle which might impede its adoption.

The certain periodical return of national panics, national distresses, and national convulsions; the knowledge that they have occurred, and must in the nature of things occur 1840 and occur again, render it unnecessary for us to insist upon the expediency of establishing a new and better system, if such can be devised and carried practically into execution. We say that, not merely in our opinion, but 1845 in the opinion of very able and intelligent men, the Plan which has been opened in these pages is susceptible of being constitutionally effected, and made to operate with the utmost simplicity. An idea has been started, that the 1850 machinery must be very complex, and liable

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to great friction and abuse: but it is not so.  
*Our* Bank is *not* a bank of deposit—it is a  
 plain, uncomplicated Ledger Credit: and let  
 1855 any person, acquainted with business, con-  
 sider the difference between the duties im-  
 posed by the former and the mere keeping of  
 an account, and it will be perceived at once,  
 that the national source of all the currency of  
 1860 the country, agreeably to our proposition,  
 would not require an establishment so nume-  
 rous as that of the present Bank of England.  
 We should want no treasurers, no cashiers,  
 no counters of money; in short, none, or very  
 1865 few, of the officers and officials who make the  
 bulk of such concerns: an immensity of our  
 business could be transacted by a score of  
 competent book-keepers.

Again, with respect to an objection which  
 1870 is naturally felt by a people wisely and con-  
 stitutionally jealous, namely that the control  
 over the currency might lead to a dangerous  
 authority, and, at some critical time, be  
 abused by ambitious rulers; we are prepared  
 1875 to shew, that if our Plan were adopted in all  
 its details, so far from any new and perilous  
*influence* being created for the *governing*, it  
 would be widely and universally diffused  
 among the *governed*. The legislature, it is  
 1880 true, must possess in this, as in every thing  
 else, the power of ultimate appeal (that which  
 it possesses with our currency, national debt,

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and national resources of every kind *now*); but fixed laws and unalterable rules at the fountain-head;—never-closed and minute pub- 1885  
licity;—the division and subdivision of the influence, so that the remotest parish in the empire should have its own due share;—these, and other checks which we cannot now enumerate, should so firmly, and manifestly, 1890  
and continually operate, as to prevent the possibility of any abuse of power.

Having bestowed a few remarks upon these great, and it may be said, fundamental doubts which we have seen alleged against our Plan, 1895  
we will venture to allude to other of its inherent qualities; not, however, with the design of entering into the details concerning them, but rather with the view to prove that the points connected with them have not 1900  
escaped anxious and minute deliberation. We would not startle those who are accompanying us through these papers, by claiming too much; on the contrary, they may believe that we have always kept within the bounds 1905  
of calm speculation and anticipatory benefits. But we are bold to state our perfect conviction, that the Corn and Usury questions (which distract the country, and puzzle the wisest) would be so peculiarly and materially 1910  
affected by the proposed alteration in our currency, as to leave them open to incredible improvement. It seems demonstrable that corn might be preserved for ever in the

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1915 country, sound and fit for use, so abundant  
that no fear of famine could arise; and yet  
the landlord, farmer, and labourer, be per-  
fectly protected and remunerated. With  
regard to usury—a usury to a high rate, most  
1920 advantageous to the person who paid it, most  
thankfully paid, and eminently productive to  
the bank, its customers, and the revenue,  
must be the inevitable result of our Plan;  
but upon this we will not enter till we have  
1925 more decidedly ascertained other points.\* In  
regard to the Road Notes and distant Credits,  
another source of advantage may be anti-  
cipated. To exemplify this in a slight measure,  
let us ask who would not cheerfully pay half  
1930 a crown or five shillings to be enabled to  
carry a hundred pounds with him from Lon-  
don to Edinburgh or Dublin, or to the Orkneys  
or Connaught, in a shape safe from loss,  
guarded against forgery, and offering no tempt-  
1935 ation to robbery? Then look to this capital  
of a hundred pounds passing from hand to  
hand within a short period, and each paying  
the trifling per centage for the great accom-  
modation; and conceive what a beneficial  
1940 practice you would have established for the  
bank, the traveller, the customer or distant  
agent, and the kingdom at large, without  
risk or panic.

\* Indeed, we may observe that it is not necessarily  
1945 connected with the system, and that either may be con-  
sidered without reference to the other.

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## N° VI.

11th November, 1826.

WE are desired to explain the means by which *our* outstanding *Sterling* Notes should retain that character after the customer on whose pledge they were issued had closed his 1950 credit account, and how that closing was itself to be effected. How, in fact, he might withdraw his name from the books,—his pledges and his responsibility for all the notes issued to him by the Bank, and by him to the public. 1955 We rejoice in the opportunity this affords us, because, while we give the answer required, we at the same time develop our Plan still further, and shew what we have stated, not only that we are prepared with the details 1960 upon every particular point, but that in these details consist the essential features and merits of the proposed design.

With regard to the inscribed Ledger Credit, on the security and publicity of which the 1965 Paper of the Nation is issued, suppose A. B. C. D. (all the alphabet) had become customers, and that A. desired to close his account. This could be accomplished in two

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1970 ways; by discharging the *balance\** of his  
 Ledger account in bullion at the rate of 123  
 grains per pound, being the mint standard of  
 our pound sterling, or by discharging the  
 same balance in Sterling Notes; upon doing  
 1975 either of which his pledge should be released,  
 and his name removed from the list, his  
 account cancelled, his pledges withdrawn,  
 and all his responsibility terminated; for it  
 must always be borne in mind, that no cus-  
 1980 tomer, by indorsing the Notes which he  
 receives from the Bank, ever incurs any  
 responsibility.

If he paid his balance in bullion, that  
 bullion would remain in store, and augment  
 1985 the national deposit, to meet any of the  
 contingencies contemplated as possible in our  
 paper No. IV., independently of its being  
 held in trust for the currency outstanding, if  
 gold can be deemed equal in security to land.

\* In illustration of an account of this nature, we extract  
 1990 the following from a letter in the *John Bull*, page 132,  
 column 2: "As a matter of curiosity, and an indubitable  
 proof of the advantages derived from cash accounts, I shall  
 give you the state of my observations upon a 500*l.* credit  
 for the last ten years. The aggregate amount of advances  
 1995 to me, 15,178*l.* 11*s.* 9*d.*, ditto of interest paid on the whole  
 balances against me for that period, 11*s.* 7*d.* Now shew  
 me by what other plan such accommodations could be  
 afforded at so cheap a rate, and that too without vesting  
 a single pound in the Bank that could have paid in a  
 2000 farthing of interest any where else."

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If, on the other hand, A. discharged his Ledger Credit by the Notes of B. C. D. &c., it is evident, that though his own remained out, an equal proportion of theirs, of like 2005 amount, character, and perfect security, will have been withdrawn from the currency, without, in the slightest degree, deranging the general circulating medium. Nothing, therefore, can be more simple than the business of 2010 closing a credit; it is merely the retiring of an individual, while all the guarantees and securities remain *in statu quo*, as firm and ample as before.

On the important question of converti- 2015 bility—the convertibility of a paper currency into gold and silver coin, it has obtained much of its ascendancy, as a desirable thing, in public opinion, from reasons which do not affect *our* system. When paper has been 2020 circulated, as it is now, without any guarantee whatever but the name and reputation for solidity of the issuer,—when millions of this unreal fiction pass from hand to hand throughout the country for real value; it was no 2025 unwise conclusion to demand as a check and security that it should be demandable in coin. But *our* paper is founded upon securities better than gold itself, and only represented to a certain extent by the Notes of 2030 the Bank: we need, therefore, no additional security, such as the power of conversion

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into a metallic shape. On the contrary, we would not exchange our unalterable Note, a  
2035 sterling pound, for a sovereign which might to-day be worth twenty shillings, and to-morrow worth only nineteen. The convertibility, heretofore so strenuously insisted upon, rested on two grounds—that (already men-  
2040 tioned) of being a sort of security for private paper, and secondly, of checking, in some degree, inordinate speculative issues. No one ever contended that metal was of itself a superior internal currency as a measure of  
2045 value; but that, not being so abundant or so readily manufactured as paper, it formed a fair species of control over the latter. Now we have shewn that *our* paper does not need this as a security; and with regard to re-  
2050 quiring it as a guard against too copious issues, we shall immediately dispose of that subject.

The issue of our National and Sterling paper should in its aggregate be under the  
2055 guidance of the legislature—the Argus or supreme establishment should perform every act openly, and the most definite rules should bind it in all its bearings. But how should it be able to ascertain the exact or proximate  
2060 amount of the country's wants? it could not say, at once, fifty millions are enough, or sixty, or seventy millions are enough, and therefore fifty, sixty, or seventy millions shall



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go forth. There must be a demand for the supply: and we beg to refer to the following paragraph in the Gazette of last week:— 2065

“ With respect to an objection which is naturally felt by a people wisely and constitutionally jealous, namely, that the control over the currency might lead to a dangerous authority, and, at some critical time, be abused by ambitious rulers; we are prepared to shew, that if our Plan were adopted in all its details, so far from any new and perilous *influence* being created for the *governing*, it would be widely and universally diffused among the *governed*.” 2070 2075

When we wrote this, we had a very striking part of our Plan in view: we allude to the subdivision of Britain into districts, circles, or parishes, each, as it were, legislating for itself in this vital matter. For example, let us take the existing division of parishes. Every parish could tell what it wanted in currency for the works and labour performed within its own boundaries. The agricultural parish of A. could ascertain that it needed a thousand pounds to pay labourers' wages, shopkeepers, government taxes, parochial and county rates, and other temporary expenses; and that during harvest, perhaps, it required fifteen hundred pounds. The manufacturing parish of B. could calculate that four thousand pounds were sufficient for its use; and if a new and beneficial source of prosperity were created, that hundreds or thousands more 2080 2085 2090

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2095 would be necessary. Upon these grounds,  
the representations are made to the Argus—  
they are supported by facts; and the direct-  
ing authority, having but one rule of conduct,  
*must* decide, not according to any theory of  
2100 its own, but according to the demonstrated  
wants of every portion of and all the coun-  
try.

Upon this, however, we have more to say  
than can be added to this paper: and shall  
2105 continue the subject in our next.

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## N° VII.

18th November, 1826.

IN proceeding to explain the Plan of a new national currency, which it has been the object of these papers to render familiar to every capacity, we take this occasion to state that our labour has been purely devoted to what 2110 we consider would be a great public good, and is free from the influence of private motive or selfish interest; and we say so *now*, because we have arrived at a point when it becomes necessary for us to shew how largely 2115 *the people* would be benefited were our system to be adopted. In our last No. we indicated that every parish in the kingdom might provide for its own wants in the article of currency—that it might readily and clearly 2120 ascertain what these were, in form and in amount, and obtain the requisite supply from the National Bank, so that all the intercourse of life might be regularly and unalterably carried on without fear of loss or fluctuation. 2125 Let us go more explicitly into this matter.

The inhabitants of any given parish (as the inhabitants of every parish could do) must consider what circulating medium would be

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2130 best adapted to their own peculiar circumstances; and in framing this estimate they must calculate the amount of taxes, parish rates, the various demands for subsistence and callings, and other obvious data; so that  
2135 the sum total would be very nearly approached, even before experience taught them how to fix it accurately. With regard to the denomination of the currency, too, it would be desirable that the notes were for values  
2140 suited to the local rates of wages, and to periodical or accidental wants, such as harvesting, making new roads, building, or other public work, might call for. Guided by these considerations, the Notes of parish A. should  
2145 be for half-a-crown, a crown, ten shillings, twelve shillings, fifteen shillings, &c., up to any higher denomination, constantly and adequately furnished for the use of that parish alone, or, at most, confined to a very small  
2150 circle in relation to it and to its population. These notes being so localised would not affect the general currency of the country; and many advantages would flow from their adoption. Let us premise, however, before mentioning  
2155 these, that the lowest of them all ought to be admirably executed, so as to be very distinct, and bear upon its face the triumph of British ingenuity, art, and machinery. Besides the individual customers with Ledger  
2160 Credits in *our* bank, the inhabitants of a

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parish, including the humblest classes of society, might subscribe as to a savings' bank, and the amount being vested in the funds in the name of the whole body, they would possess that which might be pledged, and 2165 entitle them to claim a due proportion of the issues. Thus, while they received an interest for their capital in the funds, they would be enabled to use a share of that capital itself for their own benefit, as a circulating medium. 2170 The currency they dealt with would be their own currency, under their own immediate management and control, adjusted by their local knowledge and common interests, and whatever profit arose from it flowing into their 2175 own pockets. Surely it requires no argument to demonstrate the extraordinary advantages of such a system. In the first instance, no part of the empire would desire more currency than it absolutely needed, because no 2180 one could wish to pay, say four per cent, to the Bank for a parcel of paper to lay by in idleness. Then with respect to what was obtained, it would not be as now, for the emolument of any individual or company of 2185 persons who choose to embark in the speculation, but for the welfare of the whole, and accordingly respected and protected by the whole; thus ensuring confidence in its stability, and watchfulness over its integrity. The 2190 ploughman would have his stake in it as well

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as the farmer; the farmer as well as the squire. The per centage paid for it on the first issue would relieve the country from the  
 2195 most onerous taxes; and yet after the issue was in circulation, there would be ample profits to the holders, i. e. *the people*. They are, in fact, their own bankers, and all the good which results from that is their own.  
 2200 By comparison from year to year, this practice would afford the Argus perfect grounds in detail to determine on the just medium between redundancy and scarcity; and from the particulars to the national aggregate, the  
 2205 course of certain calculation, by figures which cannot err, would be as precise as could be wished.

We have alluded to the small denomination of these parochial Notes; and our reasons  
 2210 are, that if the Paper be in truth sterling, there is no evil to be apprehended from its multiplication. On the contrary, by having such Notes as we would grant, much of the mischief, extravagance, drunkenness, and  
 2215 profligacy, which spring from the seeking of change in public-houses, would be averted; and much trouble would generally be saved. If the common rate of weekly wages was fourteen shillings, why not have paper of that  
 2220 value? instead of pounds only: the former, with the metallic currency of silver and copper, would be infinitely more eligible and service-

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able; and there appears to be no reason for adhering to the latter except custom, and custom attended by daily and notorious in- 2225 conveniences.

Again: every one being interested in the Notes of his parish, would be on the alert to detect forgery; and forgery would besides be far more dangerous, in consequence of the 2230 limited amount of currency of one sort. No villain, however bold or desperate, would risk his life to accomplish an imitation by which he could only hope to pass a pound or two in a limited circle before he was discovered and 2235 given over to justice. The temptation would not be equal to the skill and time required to perform the task.

Here, then, by the mere adoption of local or parochial banking—establishing a Ledger 2240 Credit, and procuring a circulating medium of its own, and suited to itself—you have a common interest,—no panics, for every man trusts himself,—watchfulness, for it is the concern of all,—economy, because the ex- 2245 travagance of one would be general loss, and not the gain of another as in divided interests,—liberality, because you can on sound, good, and solid grounds raise whatever money is wanted for beneficial undertakings,—morality, 2250 because you diminish the temptation to one great crime, forgery, and remove the inducement to vices by rendering public-house traffic

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less necessary,—loyalty and attachment to  
2255 the Constitution, because every subject has  
property at stake:—in short, view it how you  
will, we venture to affirm that it is as replete  
with vital and essential blessings to the com-  
munity, as it is absolutely simple and easy of  
2260 execution.



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## N° VIII.

25th November, 1826.

IN all plans the object of which is public benefit, and especially in such as propose great changes of what exists, upon very novel modifications, if not upon entirely new principles, the fairest and most expedient course, 2265 in the first instance, is to press them upon the understanding of the country, by fully explaining their details and bearings. In pursuance of this axiom, we have continued to develop *our* system of National Polity and 2270 Finance, by devoting to it, weekly, a brief paper in this extensively circulated journal. It is true that by this method we have only brought forward detached parts in each of our Numbers; but we trust that we have made 2275 their connexion sufficiently clear, and that readers who feel an interest in the inquiry can perceive how accurately the whole can combine and blend together, so as to produce the inestimable good we aim at, — a sound 2280 currency—a currency susceptible of constant adjustment and arrangement—ample but not superabundant—equable and shared, to their comfort, by the lower classes of society—not

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2285 exposed to be affected by panics, and permeating, like the vital stream in the human frame, through every minute vessel, as well as the larger arteries and veins of the Body Politic, so as to vivify and invigorate its every  
 2290 fibre. This would certainly appear better demonstrated when our task has been closed, and the whole placed in one point of view; but in the meantime we proceed.

In our last Gazette we treated of Parochial  
 2295 Small Notes; in other words, of the *small change, sought* by parishes or subdivisions for their internal conveniency, the denominations fixed by themselves as suited to their wants, and this currency *tethered* (if we may use the  
 2300 expression) to their own bounds. Once supplied with this medium from the National Bank, the latter could have no further trouble with, or control over its management; so that this branch of the system could not compli-  
 2305 cate the machine. The case would stand simply thus: the parish A., upon the perfect security it has pledged, has obtained, in the form best adapted for its farmers, manufacturers, tradesmen, mechanics, labourers,—for  
 2310 its taxes, subsistence, wages, &c. &c. a quantum of sterling paper, which it keeps within itself, for its own purposes; which is familiar to it, and covered with familiar indorsations; and in which its whole population has a de-  
 2315 cided interest. This once issued requires no

## NATIONAL POLITY AND FINANCE.

further attention, and until worn out in the course of years, and a second supply is needed, the fountain-head knows nothing more of the matter than that the parish of A. has in circulation to the amount of — in notes of such 2320 and such denominations.\* For this amount, let it be remembered four *per cent* has been paid to relieve the country of its taxation: and paid with gladness too; by the subscribers, who will derive a higher per centage 2325 on their capital, while the parish at large will reap all the benefits of a fixed and sound currency and diminution of taxes, without abatement, or the necessity of a tax-gatherer. After the single act of issuing once, agree- 2330 ably to the ascertained wants of every parish, the Bank, we repeat, is perfectly at ease with respect to this very important accommodation, full as it is of local conveniences, and subversive as it is of forgery, of doubts as to the 2335 stability of the medium, and of the necessity for public-house resort, to procure change and barter commodities.

We ought next to shew, more at length, how readily the necessary parochial securities 2340 may be found. There is the land-owner; will he refuse to take a part in what must so essentially better the condition of all ranks,

\* By adding all these together, the aggregate amount of currency can be ascertained at any period by the Argus. 2345

## NATIONAL POLITY AND FINANCE.

and improve his own income as well as his property? There are often real parochial funds which might be thus beneficially employed. But there are also *the people* —

2350 there are those who, from the wealthy trader or farmer to the humblest mechanic or hind, have saved their disposable five hundred pounds or fifty shillings. Let these contribute their respective shares into one fund,

2355 and let it be invested for the common weal. Upon that investment they establish their Ledger credit; they shew what kind of currency would be most beneficial to them; they obtain it; it is their own, and every advantage which accrues from it is fairly participated. Thus, supposing ten thousand parishes had each a thousand pounds in parochial notes, there would be *ten millions of pounds sterling* in circulation — a national medium

2365 founded on the pledges of the people in the national Ledger, while these pledges themselves were bearing interest to the investors. We put the question — would this be a solid and useful circulating medium, or would it

2370 not? and, beyond being the former, immeasurably out of comparison with the expedients now so prevalent, (not only debased coin and bad local notes, but tokens of all sorts, and mere nominal acknowledgments from

2375 paymasters to servants, &c.) would it be the means of binding every rank to the interests

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of their country by the strong bond of their own interests?

Again, we ought to observe that this merely local arrangement would neither clash nor 2380 interfere with the general currency of the realm. Still then, as now, there would be a proportion of gold and silver, especially of the latter; there would be notes of one pound, of two pounds, of five, of ten, of 2385 twenty, and so on to thousands of pounds, which would circulate duly and safely through the roads and principal arteries of the kingdom, in cities and in the great manufacturing towns. The passer-by, the traveller, the mer- 2390 cantile man, might furnish themselves with these as their business required; and besides these, to complete *our* Plan, with also the Road-note (explained in Nos. IV. and V.), and even other essential improvements which 2395 it would be easy to graft on such a general system, founded on the broad basis of perfect security and perfect truth. For example, when there were in every quarter of the kingdom agents in *daily communication* with the 2400 supreme National Bank, how simple would it be for A. B., with any number of ten-pound or larger notes, to cut off a corner of each, and make them *specially* his own by his signature, address, and (if requisite) other brief 2405 circumstances of security. By so obvious and easy a process, he could at once render the

## NATIONAL POLITY AND FINANCE.

sum which he carried in his pocket, if he lost it, or was plundered of it, unavailable to any  
 2410 bearer but himself. A trifling commission\* would compensate the agent for giving him local change for this *Reserved Note*; which, being immediately re-transmitted to his *Ledger credit* at the common centre, the Bank, its  
 2415 whole operation would be finished. We need hardly explain at greater length, that the act of cutting off the corner of a note, thereby declaring it to be a *Reserved Note* for the sole use of the party so cutting and indorsing it,  
 2420 must proceed upon a general understanding to that effect.†

But we do not insist on these points: we only instance them to prove how universally applicable *our* Plan is, and of how many  
 2425 important modifications and advantages it is susceptible. Let us throw, in conclusion of this paper, only one slight glance at a general feature. By supplying the country with a *sterling paper currency*, the nation would reap  
 2430 at the outset a revenue equal to millions of taxes which might be repealed—the people, being their own bankers in detail, would enjoy all the emoluments of banking, emolu-

\* For it is part of our Plan that agents or bankers should  
 2435 act upon commission.

† This conventional practice would effectually prevent the endless robberies that now prevail, on the transit of notes by the mail and other modes of conveyance.

## NATIONAL POLITY AND FINANCE.

ments which are at present gathered out of the poor, for the sole benefit of the rich; 2440 and, above all, the expense, the wear and tear, the actual loss upon a metallic currency, five per cent upon as many millions as are in circulation would be saved. From the expression of these sentiments, do not 2445 let us be thought levellers—our levelling system goes to raise the low, indeed, but at the same time to elevate the high still higher in their places, and make their stations infinitely more stable and secure than they can be 2450 amidst periodical panic-convulsions and far too widely-felt distress.

\* \* \* Parliament having now assembled, and begun the consideration of affairs highly important to the country, we shall take the opportunity of closing the 2455 papers on National Polity and Finance. With a very brief conclusion in our next Gazette, we shall have laid the broad outline of the Plan proposed to ameliorate the condition of the people pretty fully before the public. Of its efficacy we do not entertain the 2460 slightest doubt, and we may, hereafter, think it right and patriotic to enforce its claims to attention somewhat more at large; in the mean time we will leave it to make its own impression on the members of the legislature, on ministers, and on the sense of the 2465 country.

## NATIONAL POLITY AND FINANCE.

## N° IX.

2d December, 1826.

HAVING, in our last Literary Gazette, fulfilled the promise made in that of the 30th of September, by elucidating, to the best of our  
 2470 ability, the general principle and outline of the PLAN first mentioned by us 29th April, for *establishing a sound and settled currency, liable to no fluctuations, but susceptible of easy and perpetual regulation, as circumstances re-*  
 2475 *quired; representing real property, and being doubly or more than doubly secured; preserving the precious metals, and precluding the possibility of panic; being liable to neither redundancy nor scarcity; affording essential relief to the people*  
 2480 *by sharing among the many what now feeds overgrown monopoly, and lightening taxation; and, in fine, combining all the great and all the humbler interests of the community in one bond of union beneficial to the whole;—* having, we re-  
 2485 peat, performed this duty, we have but few words to employ in coming to our conclusion.

What the country has been, and is, with regard to its currency, needs no illustration: with about as much of fiction as of truth in  
 2490 its monetary system, sudden expanses and



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sudden restrictions affecting baseless issues, have made a state of instability disgraceful to an enlightened age, and produced those violent fluctuations between unreal abundance and real distress, the recurrence of which 2495 every man with a spark of good feeling in his breast must wish to prevent. Such is the object of these papers.

We have proposed what we consider to be unobjectionable in theory, and readily prac- 2500 ticable in execution; and we are sincerely convinced, that if our Plan were adopted and acted upon (either entirely at once, or partially by way of experiment), that it must lead to unbounded prosperity and the highest 2505 human happiness in our native land. This we assume, also, not merely upon our own views and impressions; but because in all the discussion, public and private, to which the measure has given rise, not one radical 2510 objection has been alleged against its foundations, nor one tenable argument urged against its details, nor one dark foreboding thrown forward over the bright prospects which it holds out. 2515

Instead of a currency of every kind and colour, furnished by individual interests for the sake of individual profits, tending chiefly to realise those emoluments, and not directed to a common end, we have demonstrated the 2520

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means of having a circulation belonging to the people, and having no other destination but the common good. We have shewn that the concern of government with this *Design of a*  
 2525 *National and public Credit, and a National and public Bank*, could be no source of unconstitutional influence, though a matter of the most anxious care, — since every government would serve itself in promoting the general  
 2530 diffusion of wealth, ease, tranquillity, and contentment. It would be an *Argus* to regulate the machine, so that it should not go wrong, rather than a power to prescribe or control its operations. By the simple fact of  
 2535 making our *Sterling Note* a legal tender for taxes and government annuities, and not convertible at the will of the holder,\* it would stamp and recognise this Currency with sufficient character, and by returns and re-issues  
 2540 in these two ways alone, create an annual circulation (in a circle, if we may say so, pervading the entire kingdom) of *Thirty Millions*† in every year. Thus sanctioned by the legislature, and resting on the sure bases

2545 \* In one of our papers we consented to an exception to this if held to be requisite, by allowing the Notes to be convertible where issued, and there only.

† The tax of four per cent upon this sum alone, would enable ministers to repeal *one million two hundred thousand pounds of the assessed taxes*.  
 2550

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of landed and funded security for more than double its amount: we ask, fearlessly, who would not prefer this Sterling Paper to Gold Coin, which seems to be principally and purposely formed to encourage the injurious 2555 traffic in foreign exchanges and bullion?

We will not now retrace what we have stated with regard to the machinery necessary for carrying our Plan, in all its branches and details, into effect. Its facility and capability 2560 stand uncontradicted; its prevention of crime, forgery and robbery, and its encouragement of morality and patriotism, have been dwelt upon enough to impress these desirable qualities upon the consideration of the country. 2565 When, added to these advantages, any individual possessing a capital (say) of one hundred pounds might vest it securely, so as to produce to himself not only lawful interest, but for his own use, and for the use of his fellow- 2570 citizens, fifty per cent of sterling National Paper, to be circulated in notes of such convenient forms and denominations as every separate part and the whole population of the United Kingdom required; we need not insist 2575 on the vast superiority of the Plan we have had the sincere gratification of *thus* far developing, over the conflicting medley which we are most anxious to see it supersede.

It is now in its broad principles before the 2580

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world; and for the reasons we have already assigned, and looking to its working its honest way by other channels, we take our leave of it for a while—satisfied that, even if mistaken, 2585 we have disinterestedly and faithfully done our duty.

## NATIONAL POLITY AND FINANCE.

N<sup>o</sup> X.

9th December, 1826.\*

HAVING, as concisely as we could, laid before the public a general outline of a Plan of Polity and Finance, which is, in our opinion, calculated to produce very important national 2590 benefits; and having assigned the reasons which induce us to go no further into details, we find it still incumbent upon us (as in the outset we invited discussion), to meet arguments or objections which come from sources 2595 worthy of attention, and to remove misunderstandings, where such arise, either from a want of explicitness on our parts, or from a want of sufficient consideration being given to our statements on the parts of others.† 2600

\* Similar to No. V.; this paper was addressed to remove the doubts and objections of Correspondents, and further to explain some points which did not appear to have been sufficiently understood.—*Ed.*

† In case of similar misconceptions hereafter; to prevent the necessity of any long quotations; and in order that the Plan may be conveniently viewed as a *whole*, and not in detached papers through several Numbers of the *Literary Gazette*, (which has indeed been exhausted far above its usual large weekly provision by the increased de- 2605 2610

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Thus situated, we devote a short reply to the letter from C. H. D. X., a gentleman acknowledged to be one of the most practical and intelligent writers upon this vitally essential subject.

2615 "Let us suppose (says this correspondent, speaking of our Plan), that the first and second propositions have been carried into effect; (viz. that the paper of the Bank of England has been all stamped at the  
2620 proposed Government Office; all the present currency withdrawn from circulation, and the new currency substituted in its stead); and let us also suppose, that on the day in which this operation is completed, there is of this new currency fifty millions in circulation, and that this sum is that which is necessary  
2625 for the commerce of the country.

"This then being the state of the case, it is proposed, that any person having lands worth 200,000*l.* may take the title-deeds of these lands to the aforesaid  
2630 Government Office, and obtain for these deeds so left in pawn 100,000*l.* in notes. With these notes he may buy 100,000*l.* worth more land, and obtain by the same process as before 50,000*l.* more notes, and so on. Every man in England may do this; so that an  
2635 increase may be made to the necessary currency of the country amounting to not less than half the value of all the lands in the kingdom."

mand for this exposition), we shall shortly publish it in the form of a pamphlet, with the lines numbered, and blank  
2640 leaves for remarks, so that whatever objections are made, may be promptly and decisively answered by references to its declared principles and demonstrated practicabilities and advantages. - - - [This we have now done: see the advertisement prefixed to the present publication.]

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We confess that we are surprised at this 2645  
 assumption, because when a similar supposi-  
 tion was made by the *Times* newspaper, we  
 took some pains to explain the Plan distinctly  
 upon the point at issue; and as it is better to  
 confute objection by citing the grounds already 2650  
 laid down in the Plan itself, than by resorting  
 to new reasoning, we shall take that method  
 in the present instance. In our Paper II.  
 October 14th, we expressly disclaim the idea  
 of permitting the increase of the sterling paper 2655  
 to an *infinite amount*, and state that the system  
 contained,

“Provisions by which not only the apprehen-  
 sion of the possible evil consequence expressed by  
 the *Times* must be completely dissipated, but by 2660  
 which every contingency of creating political in-  
 fluence,—of admitting of partiality or injustice in  
 administering the Plan,—of raising a *superabundant*  
*circulating medium*,—of being available for wild or  
*monstrous speculations*,—and of not fulfilling all its 2665  
 own pretensions in relieving every class of the com-  
 munity, and especially land-owners, *will be removed*.”

We do not know words more direct than  
 these are to shew that we never contemplated  
 any thing *but a limited issue* of the national 2670  
 paper; but we have throughout dwelt upon  
 this restriction so much, that it seems ex-  
 traordinary we could be misunderstood. Thus  
 again, Literary Gazette, October 7th:

“Hence we think we may have abundance without 2675  
 superfluity; we may have abundance combined with

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perfect security; we may have abundance subject to prudent regulation." \* \* \*

2680 "We have assumed double or twice the amount of security as a datum amply sufficient to satisfy the public creditor or holder of the paper; but should it be thought, on calculation, *that these premises might afford a superabundant medium, not sufficiently prevented, as we hold it would be by the Plan in another*

2685 *of its provisions to be hereafter treated of*, the security might be made three, four, or more times greater in proportion."—*L. G. October 14th.*

2690 "Suppose the amount quadrupled, or sextupled, and you have, with the same ease, a perfect and secure sterling currency for the whole business of the country; authorised by the legislature, *and limited to a maximum*, so that no undue influence in any quarter could ever arise."—*L. G. October 21st.*

2695 "Upon these grounds, the representations are made to the Argus—they are supported by facts; and the directing authority, having but one rule of conduct, *must* decide, not according to any theory of its own, but according to the demonstrated wants of every portion of and all the country."—*L. G. November 11th.*

2700

But why should we multiply quotations? the entire spirit of our Plan and its machinery, is control and regulation of the issues, which are not to be arbitrary or speculative, but to answer *the demands* of the country, whether

2705 required for general uses, or for the uses of parishes or subdivisions; and it is declared,

"The Argus or supreme establishment should perform every act openly, and the most definite rules should

2710 bind it in all its bearings. But how should it be able



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to ascertain the exact or proximate amount of the country's wants? it could not say, at once, fifty millions are enough, or sixty, or seventy millions are enough, and therefore fifty, sixty, or seventy millions shall go forth. There must be a demand for the supply." 2715

And this demand is only satisfied at the charge of four per cent,\* and not to *all* customers, but to customers selected from the mass of competition, agreeably to determined rules, and beginning with the lowest classes. It would indeed have been a gross absurdity if we had proposed that every pledge offered must necessarily have established a credit, and entitled the pledger to draw upon his account. 2720 2725

Our correspondent proceeds—

" Nothing is said in the Plan now under consideration of any mode by which the amount of currency necessary for the trade of the country is to be ascertained, whether it be 50 or 100 millions, nor how it is to expand or contract itself according to the exigencies of commerce." 2730

So far from this, we had really imagined these very properties were among the most important features of our Plan. The duties of the *Argus* are thus defined: 2735

" It should vigilantly inquire into the necessities

\* We have assumed *four per cent*, as it would be a sufficient protection under existing circumstances; but other circumstances might require that this protection should be varied by the *Argus*, always sanctioned by the Legislature. 2740

## NATIONAL POLITY AND FINANCE.

of the country, generally, partially, or individually, and regulate the issues accordingly, by increasing or contracting them.

2745 "It should scrutinise all the pledges of freehold property, of funded property, by rules laid down, and admit or reject accordingly.

2750 "It should prefer the smaller pledges, especially those that originated in industry and economy, to leviathan pledges, and thus multiply the supporters of government, the holders of national property, prevent combination, and promote a more equable, more general, and more governable diffusion of currency and property."—*L. G. October 14th.*

2755 The amount of issues could "be augmented as readily if required by circumstances, or gradually and easily diminished by the receipt of taxes or other means, should a partial absorption be found necessary.

2760 But do not let it be forgotten, that whether increased or lessened, the matter is to be *publicly and openly done*. Every occurrence, and the state of the bank at any moment, must be on the face of its transactions, and comprehensible at one glance. From hour to

2765 hour, by regular and clear books, kept constantly up to the latest period, it should be obvious what number of notes were issued, of what kinds they were, and where the radius of circulation had demanded their augmentation, and where their diminution."—*L. G. October 21st.*

2770 "Surely it requires no argument to demonstrate the extraordinary advantages of such a system. In the first instance, no part of the empire would desire more currency than it absolutely needed, because no one could wish to pay, say four per cent, to the Bank for a parcel of paper to lay by in idleness. Then with respect to what was obtained, it would not be as

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now, for the emolument of any individual or company  
 of persons who choose to embark in the speculation,  
 but for the welfare of the whole, and accordingly 2780  
 respected and protected by the whole; thus ensuring  
 confidence in its stability, and watchfulness over its  
 integrity. The ploughman would have his stake in it  
 as well as the farmer; the farmer as well as the  
 squire. The per centage paid for it on the first issue 2785  
 would relieve the country from the most onerous  
 taxes; and yet after the issue was in circulation,  
 there would be ample profits to the holders, i. e. *the*  
*people*. They are, in fact, their own bankers, and all  
 the good which results from that is their own. By 2790  
 comparison from year to year, this practice would  
 afford the Argus perfect grounds in detail to de-  
 termine on the just medium between redundancy and  
 scarcity; and from the particulars to the national  
 aggregate, the course of certain calculation, by figures 2795  
 which cannot err, would be as precise as could be  
 wished."—*L. G. November 18th.*

Having thus proved that the objections here  
 urged are not applicable to *our Plan*, but to  
 an imaginary theory quite opposite to it—we 2800  
 need only repeat in the briefest terms, that  
 the country being once saturated with the  
 national sterling paper, nothing more would  
 remain to be done. Instead of fluctuations,  
 there would be a steady circulating medium, 2805  
 and the metal currency would meet all the  
 variations in minor transactions. The aggre-  
 gate would be limited by the Argus and  
 Legislature, and also made (within that limit)  
 to expand or contract, according to the exi- 2810

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gencies of commerce or other circumstances.  
 The issues would be in compliance with unsatisfied demands of customers, the foundations for which had been subjected to  
 2815 scrutiny; and the diminution of issues would be effected (as needed) from day to day, by the liquidation of *Ledger Credits*, the return of *Road and Reserved Notes*, and the receipt of taxes, at the rate of thirty millions per annum :  
 2820 and all this, let us finally add, in the room of the existing system, which is full of every abuse to which it is erroneously alleged our Plan may be liable.

To conclude, we beg to quote from the able  
 2825 pamphlet of Mr. Henry Drummond, what he considers to be the greatest desideratum of the present age, and feeling that our proposal accomplishes every part of it, leave it, as we have said, to work its honest way to the  
 2830 conviction of the country.

Rejecting the idea of an entirely metallic currency as impracticable, Mr. Drummond says (p. 66), that

“ The desired end may be attained by having a  
 2835 currency partly metallic and partly paper. This can only be done by fixing the amount of paper, and allowing this paper to be issued solely by the Government, or by the State Bank ; by which means the fluctuations will take place in the *quantity* of coin  
 2840 only, and the *value* of the whole currency will remain unimpaired.

“ By having an entire paper currency. The ablest

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advocates for this plan are Mr. Ricardo and Mr. Attwood; and the writings of the former are, or ought to be, so well known, that it is useless to relate the details here. This is the plan which I prefer, because it is the cheapest; and 'cheap money, if it means any thing, means cheap taxes, cheap debts, and cheap burdens.' \* \* \*

"Publicity (says Mr. D. elsewhere) is a *sine qua non* in any system which is to make currency steady." 2845

Backed by so high an authority, we trust that *our Plan, which must effect this desired end*, will meet with the powerful co-operation of Mr. Drummond and of all who coincide in his opinions. 2855

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To conclude:—

- A paper circulation  
 2860    inconvertible into gold—  
          a legal tender—  
          perfectly secured—  
          free from panic—  
          universally and equably diffused—  
          suited to local wants—  
 2865    susceptible of regulation—  
          limited to a maximum—  
          guarded against forgery—  
          and yielding a revenue—  
          is fit to compete with the precious metals.

- 2870 Therefore, the problem (proposed by the EARL of LIVERPOOL)  
       of a currency making the value of property steady and invariable  
          by the currency itself being steady and invariable,  
       has, we think, been solved in the foregoing pages.

THE END.

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