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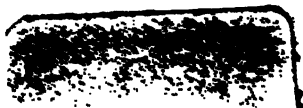
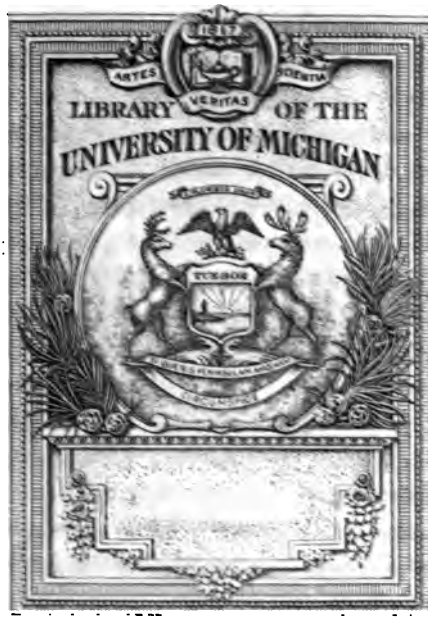
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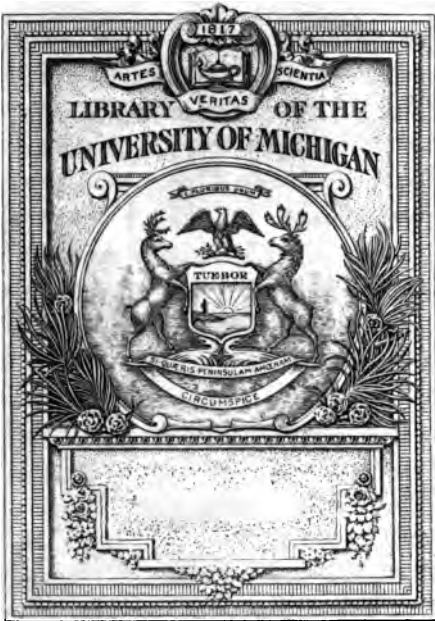
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THE HONOUR OF *The Right Honourable*
William P. Peel's

Acceptance and Examination of this Volume, on the
Nature and Use of Money, is most respectfully solicited by

THE AUTHOR.

EDINBURGH, 11, INVERLEITH-ROW, AUGUST 1, 1848.

100

MONEY.

EDINBURGH: T CONSTABLE, PRINTER TO HER MAJESTY.

Ad. 1848

LECTURES

ON THE

NATURE AND USE OF MONEY.

164933

DELIVERED BEFORE THE MEMBERS OF THE "EDINBURGH
PHILOSOPHICAL INSTITUTION" DURING THE MONTHS
OF FEBRUARY AND MARCH, 1848.

BY JOHN GRAY.

AUTHOR OF "THE SOCIAL SYSTEM, A TREATISE ON THE PRINCIPLE OF EXCHANGE."

MOTTO, PRINCIPLE, OBJECT, AND RESOLUTION :—

" PRODUCTION NATURALLY THE CAUSE OF DEMAND—SHALL BE SO PRACTICALLY."

EDINBURGH :

ADAM AND CHARLES BLACK,

BOOKSELLERS TO THE QUEEN.

LONDON: LONGMAN, BROWN, GREEN, AND LONGMANS.

MDCCLXVIII.



TO THE PUBLIC PRESS.

THE simultaneous appearance of this work in every part of Great Britain and Ireland, and in the French metropolis, effected by the unusual, if not altogether unprecedented, means of gratuitous distribution, to the extent of twelve hundred copies, may very possibly be so far calculated to enlist the favour of the public press as to create a disposition to treat the work itself with more than common leniency. Or, as a Premium of one hundred guineas is offered to whomsoever may be able to refute its contents, the Editors of Reviews, Newspapers, and other Periodicals, who have no intention of competing for the prize themselves, may possibly consider it unfair, by means of severe criticism, to put arguments against the work into the hands of other people, by whom they may be employed, to the disadvantage of its author.


Now, the answer to both these suppositions is the same:—*Truth, not Party*—nor the advocacy of any particular set of opinions, whether they be right or wrong—is the object of the present writer; and believing—(as who does not?) his own opinions to be correct—and if correct, *their importance* will certainly not be disputed—he has adopted the most effectual means in his power of testing their accuracy, by placing them at once in the hands of the entire public press of the three kingdoms. His object, therefore, it is obvious, would be altogether frustrated by the extension of undue leniency to his writings. The subject of his pen is one which he has long and deeply studied, and if he be right, the Government of this country ought immediately to make themselves acquainted with his principles, and to act upon them; whilst if he be wrong, it will be nothing short of a mere act of charity to himself, on the part of any public writer to exhibit the fallacy of his reasonings.

Let not, therefore, any disposition to annihilate his arguments be for one instant affected either by the foregoing considerations, or by any other.

But there is a different view of this subject:—If, as is herein most positively affirmed, the people of this country are at present actually taxed to the amount of One Hundred Millions a-year for the support of nobody, and for no earthly purpose whatsoever, unless it be to afford them the mere pleasure of paying—Can that Reviewer, Journalist, or other public writer be truly said to perform his duty to his readers, who shall fail to bring this subject before them, and that not once or twice merely, but again and again, until its importance shall be universally recognised and acted on? Surely not!

And again, if the Reviewer should see that the author is right—should see that a long undiscovered truth has at length been dragged from its hiding-place, deposited in the noon-day sun, and exhibited to the eyes of all who may be willing to look upon it,—Let him, in that case remember, that in the hands of *every* Member of the House of Commons, this Work will have been already placed, ere he himself can have perused it. Under which circumstances, the author would suggest, that the Editor of every paper, who may either subscribe to his opinions, or merely go the length of admitting the importance of inquiring into their validity, should endeavour to impress the same on the Representative or Representatives of his own locality; as well as on the minds of his readers generally.

Ireland unfortunately, is the one absorbing theme just now. Remedial measures, however, or what will be considered such, will ere long be applied to the ills of Ireland; but unless a right Banking System be amongst their number, *Prosperity* to that unhappy country will most assuredly form no part of their result.

 *It is very earnestly requested, that a copy of every Public Notice of this Work may be transmitted to the Author.*

EDINBURGH, 11, INVERLEITH-ROW, AUGUST 1, 1848.

P R E F A C E.

BUT why any Preface at all?—Custom! Yes truly, that is the reply: a book without a Preface would not be according to rule, and, therefore, no proper book. Oh Custom! tyrant thou art, and thy slaves! how many? Tell me the number of full-grown men and women on this little earth, and I will tell thee the number of thy slaves. All, all! exception there is not a solitary one.

But the title-sheet of sixteen pages must be occupied in some way! Well, then, in the first place, there is the blank leaf at the beginning, counting pages *two*; then the half-title, consisting of the one word “Money,” with the imprint at the back of it, *four*; next the full title-page, with nothing behind it—a very common occurrence in this book-making world, *six*; to be followed by a two page advertisement, apology, or petition of some kind, *eight*; then the “Contents,” immediately preceding Lecture the first, will take two pages more, *ten*; so that the Preface must positively extend to no less than six pages! But how will it be possible to fill them! Write thou the Preface for the author, oh Custom! for he hath already said all that he desireth to say within the book itself, and careth not just now to add another sentence.

But the title-sheet must be filled ; the law of book-making must be obeyed. Well, then, what have we here ? Thomas Carlyle, "Past and Present." What, no Preface ! A precedent, verily a precedent ! But we must not copy Thomas Carlyle, who writes like no man else. Peculiar in thought and style, in the construction of sentences, and in the manufacture and use of words and even points ! An original truly, but not for imitation.

Besides, he understandeth not his own thoughts, and herein we differ—I do. He says :—" Oh if the accursed invisible nightmare that is crushing out the life of us and ours would take a shape ; approach us like the Hyrcanian tiger, the Behemoth of Chaos, the Archfiend himself, in any shape that we could see and fasten on !—A man can have himself shot with cheerfulness ; but it needs first that he see clearly for what."*—Thoughts akin to these—although in very different phraseology—were wont to invade my mind ere I was fifteen years of age ; a few more months, if I shall see them, will call me fifty, and as compared with many a luxurious sluggard of equal years, I have lived a hundred, and now affirm that mystery or "invisible nightmare," there is none. *The fact that*—" England * * full of wealth, of multifarious produce, supply for human want in every kind ; yet * * dying of inanition : with unabated bounty the land of England, * * waving with yellow harvests ; thick-studded with workshops, industrial implements, with

* Past and Present, second edition, p. 20.

fifteen millions of workers, understood to be the strongest, the cunningest, and the willingest our Earth ever had,"* with hunger, nakedness, and misery for their reward—is just as great a mystery, and a mystery no greater *than the fact* that one and one make two : seeing that we have provided for this state of things ; framed laws, enacted, and most religiously obeyed them—if not with the express *intention* of insuring these results, still in such mode as to defy all chance of failing to insure them, have we framed our laws.

Again,—“ Behold us here, so many thousands, millions, and increasing at the rate of fifty every hour. We are right willing and able to work ; and on the planet Earth, is plenty of work and wages for a million times as many. We ask, If you mean to lead us towards work, to try to lead us by ways new, never yet heard of till this new unheard of time ? Or if you declare that you cannot lead us, and expect that we are to remain quietly unled, and in a composed manner perish of starvation ? What is it you expect of us ? What is it you mean to do with us ? † This question, I say, has been put in the hearing of all Britain, and will be again put, and ever again, till some answer be given it.

* *Past and Present*, second edition, p. 1.

† The sentiments I have expressed in one of my Lectures, (see Lecture I., pages 26 and 27,) so nearly resemble these, that I might very fairly be suspected of plagiarism. I think it right, therefore, to state, that I never read one line of “ *Past and Present*,” until after these Lectures were written, and in part delivered, when my attention was called to Mr. Carlyle’s work, now quoted, by one of the audience.

“ Unhappy workers, unhappy idlers, unhappy men and women of this actual England! We are yet very far from an answer, and there will be no existence for us without finding one.”*

A mistake! This is the answer, this the explanation, than which not all the men and women on this “ Planet Earth,” can find another true, or prove this answer false :—

The dependence of Production on Demand—an artificially created evil, and one, therefore, which is remediable,—removeable in short altogether, whenever to remove it this nation shall think proper.

Again, says Mr. Carlyle—“ Over-production : runs it not so ? Ye miscellaneous, ignoble, manufacturing individuals, ye have produced too much ! We accuse you of making above two hundred thousand shirts for the bare-backs of mankind. Your trousers too, which you have made, of fustian, of cassimere, of Scotch plaid, of jane, nankeen, and woollen broad cloth, are they not manifold ? Of hats for the human head, of shoes for the human foot, of stools to sit on, spoons to eat with—nay, what say we, hats or shoes ? You produce gold watches, jewelleries, silver-forks and epergnes, commodes, chiffoniers, stuffed sofas—Heavens, the Commercial Bazaar and multitudinous Howel-and-Jameses cannot contain you. You have produced, produced ;—he that seeks your indictment, let him look around. Millions of shirts, and empty pairs of breeches hang there in judgment against you. We accuse you of over-producing : you are criminally guilty of producing

* Past and Present, second edition, p. 23.

shirts, breeches, hats, shoes, and commodities, in a frightful over-abundance. And now there is a glut, and your operatives cannot be fed!"*

Admitted all this, but still—Where is the mystery, where the “invisible nightmare?” There is no mystery, no invisible nightmare! There is nothing, in short, but mere consequence, as natural as any other ascertained and universally admitted consequence in this world. *Over-production* is it of which you speak? But why call you it not by the other name which, equally with that you give it, is its own—*Over-demand*. Wherein consists the difference, Mr. Carlyle, between supply and demand? There is no difference! All supply is at once and equally demand, whilst all demand is at once and equally supply. The terms are exchangeable, and difference between their meaning there is none at all:—qualify, however, this assertion with the one word *naturally*, and then no truth was ever questionable less than this truth which I have told you.

“But is it thus *practically*?”—possibly retorts Mr. Carlyle.—Of course it is not! How should it be so, when the law of the land we live in hath enacted and declared, that it shall not be so!—hath enacted that supply and demand shall be two totally dissimilar things, instead of remaining one and the same for ever! “But, explain yourself more fully,” continues Mr. Carlyle. To which my answer is—*I have done so*. In the pages following, this subject is rendered plain as A B C, so plain indeed, that he

* Past and Present, second edition, p. 230.

who runs may not only read, but understand ; for difficulty connected with this matter there is none whatever, nor even the shadow or resemblance of any mystery at all.

Well, thanks to " Past and Present," my Preface is written—the sixteen pages are satisfied, and my book is finished. I trust that Mr. Carlyle will read it, and that, as a sequel to his " Past and Present," he will one day favour us, in somewhat brighter colours, with—" *The Future.*"

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LECTURES

ON THE

NATURE AND USE OF MONEY.

LECTURE I.

INTRODUCTORY.—Difficulties of the subject detailed.—Popular Lectures in general teach that which is admitted, whilst in the present instance the task of the Lecturer is that of contending for opinions which, for the most part, are new to the public.—General character of these opinions.

It is under the influence of feelings of much anxiety that I venture to come before you upon this occasion ; and very earnestly do I solicit your kind indulgence under the rather peculiar circumstances in which I am at present placed.

In the first place, then, as most of you indeed are already aware, the task before me—that of addressing a numerous assembly—is one to which I am wholly unaccustomed. I am not in the habit of speaking in public, nor do I indeed very frequently attend public meetings of any kind ; and hence in the attempt I am now about to make, I feel the

utmost diffidence ; although confessedly none whatever so far as regards the opinions which I propose to lay before you, should I only be able to express them clearly and audibly.

Again, the *subject* to which I am about to call your attention—*money*, its nature and proper qualities, what money is, what it should be, what it must be, before this or any nation upon the earth can prosper—is one which seems, by very general consent, to be regarded as all but incomprehensible. And hence, perhaps, it is the last that could be selected with very much chance either of amusing or interesting a popular audience.*

And again, in pursuance of the inquiry before us, where is our text-book ? In the arts and sciences, generally, on which lecturers are in the habit of addressing assemblies of this description, we have a large collection of standard works, containing at least their elementary principles, ascertained, demonstrated, proved : to dispute any one of which elements would be merely to exhibit our own ignorance. Hence every lecturer on a popular subject finds himself, to some extent at least, in a situation similar to that of an ordinary teacher of arithmetic. He imparts *knowledge*, previously ascertained and demonstrated, to those who desire to acquire it ; and who, therefore, come to him to learn that which he is understood and supposed to be capable of teaching. And it is only upon occasions wherein he may extend his inquiries beyond the rudiments—beyond the first principles of

* A considerable number of Ladies as well as Gentlemen usually attend the Lectures of the Edinburgh Philosophical Institution.

his art, that he treads upon questionable ground, or incurs the risk of stating that to be true, which others, who are fairly supposed to be equally competent with himself, will be at all likely to question or deny. About the main facts, about the first principles, there will be no difference of doctrine amongst the professors—none whatever.

I fear, however, that, upon the subject of Political Economy, there exists even at this day *no text-book* to which any student of the science can be referred for even the undisputed *elements*; to say nothing of those minute differences on minor points which must be for ever common amongst fallible human reasoners, on subjects of an abstruse and difficult character. True it is, that the *Encyclopædia Britannica*, for example, is a great work; and the last edition thereof is one of recent date. But even in this compendium of both ancient and modern wisdom we shall seek in vain for any definition of the *first principles* of Political Economy in an *undisputed* form.

The article "Political Economy," in the *Encyclopædia Britannica*, was written by Mr. J. R. M'Culloch, Professor of Political Economy in the University of London. The very *first* principles of Political Economy, however, as expounded by Mr. M'Culloch, are disputed by other writers of *equal* status and celebrity with himself—by the late Rev. Mr. Malthus, for example, Professor of Political Economy in the East India College, Hertfordshire, author of the well-known theory of Population—that very theory being itself one of the numerous popular fallacies of the last twenty years. Mr. M'Culloch, it is true, goes along with the late Mr. Malthus upon his pet subject of

population ; but upon some other points of first-class importance their opinions are wide as the poles asunder.

Another writer who agrees with Professor Malthus in contradicting Mr. M'Culloch upon one of the first principles of Political Economy is Mr. Samuel Laing, jun. And although this gentleman is much less known as a writer on Political Economy than either of the authors before mentioned, we are yet fairly entitled to call him "*celebrated*," when we consider that, against one hundred and fifty-seven competitors, to him was some time since awarded the Atlas Prize of £100, for the best Essay "*On the Causes of, and Remedies for, the [then] Existing Distress of the Country ;*" the Adjudicators being personages of no less importance than Sir David Brewster, Vice-President of the Royal Society of Edinburgh ; Mr. Herman Merivale, Professor of Political Economy in the University of Oxford ; Mr. George Pryme, Professor of Political Economy in the University of Cambridge ; Mr. Thomas Tooke, Vice-President of the Statistical Society of London ; and Mr. John Wilson, the learned President of this Institution, and Professor of Political Economy in the University of Edinburgh.

For example, "Effectual Demand depends upon Production," says Mr. M'Culloch. No! said Mr. Malthus, and no, also, says Mr. Laing. So that here we have the Sir Astley Coopers, Listons, and Symes of the science of Political Economy, at issue on the simple and *elementary* question whether Production depends upon Demand, or Demand upon Production ! A question, which I shall in due time show you, is one of such vast and overwhelming import, that the

man would be as rationally employed who should sit down to write an elementary treatise upon Astronomy, without knowing whether the sun goes round the earth or the earth around the sun, as he who, in the *present* day—after what has already been done to his hand by Dr. Adam Smith—should betake himself to the task of writing a system of Political Economy, without a *thorough* knowledge of the subject of *supply and demand*; in which predicament do I nevertheless affirm, stand the whole fraternity of Political Economists, Mr. Samuel Laing, junior, himself included, in common with Lord John Russell, Sir Robert Peel, the Editors of the Edinburgh and Westminster* Reviews, of the Leading Journal of Europe, and of nearly the whole newspaper and periodical press of the country, so far at least as I have ever been able to discover or observe.

But, it may be asked—setting aside for a moment all other authorities upon this subject, omitting altogether the disputations of the Political Economists of the present day, and those of the thousand and one occasional writers upon the same subject—has not Dr. Adam Smith himself left us, in a clear and distinct form, and in the most beautiful and pleasant language, the elements of Political Economy, in his immortal “Wealth of Nations?”

The answer is obvious—Not *all* of them! For if Dr. Adam Smith *had* bequeathed to us a clear and unimpeachable demonstration of *all* the elements of Political Economy, it is certain that in his numer-

* I believe that this work is now out of the hands of the parties to whom I more particularly refer.

ous commentators and expositors we should not, to this day, have had an almost equally numerous fraternity of objectors and disputants. If, for example, Dr. Adam Smith had *demonstrated* seventy-two years ago, the precise nature of supply and demand, as clearly as he demonstrated that *labour* is the one and only original source of wealth, we should not so lately as comparatively but yesterday, have had Professors Malthus and M'Culloch at war upon the same subject ; and neither, in my humble opinion, would it ever have been necessary for the proprietor of the *Atlas* newspaper, to have sought, by means of public advertisement and reward, for *any* exposition of the causes of and remedies for the distresses of this country.

The real state of the case appears, therefore, to be, that whilst in the *Wealth of Nations*, we have *most* of the rudiments of social science, but not *the whole* of them, the learned writer's successors and commentators, in the course of their endeavours to follow out his principles and discoveries, have sorely puzzled mankind in general and themselves in particular—sorely bungled the matter in hand—and that there yet remains to be demonstrated *one* principle in social science, *one* element of Political Economy, of such enormous magnitude and importance, that, whenever we shall come rightly to understand it, a mist will be dispelled from the social atmosphere, by which the entire subject of our collective interests has hitherto been so greatly obscured, that “An Enigma, which no one understands,” seems to this day to be the character awarded by the public at large to the science of Political Economy.

To supply the deficiency, then, to which I have referred—to demonstrate the existence of a *principle* in social science hitherto unobserved by some writers, misunderstood by others, and rightly appreciated by none—is the object of the present Series of Lectures. And, should I be so fortunate as to render this subject as clear to the minds of a fair proportion of my hearers as it has been for some years past to my own, I shall thenceforward encourage the hope that, in however slight a degree, I may have been instrumental in laying the foundation of *the greatest and most beneficial* commercial revolution that shall ever have taken place either in this country or in any other. And it is the inward consciousness of having acquired, by upwards of five-and-twenty years' study of this subject, some knowledge of it, which now encourages me to sink all private and personal considerations; and, however ill qualified, in some respects, for the performance of the task, to *attempt* to communicate to you the result of my investigations.

And hence my list of preliminary difficulties is not even yet ended. For, as you will now perceive, the task I have undertaken is not that of expounding or detailing ascertained truths, *admitted to be such* by all parties; but rather, in certain particulars at least, that of demonstrating *the fallacy* of some of the favourite doctrines of your most celebrated writers. Therefore are you, in an especial manner, entitled to receive whatever *peculiar* opinions I may endeavour to convey to you with suspicion and distrust; to take nothing for granted that I may advance in opposition to the doctrines of others; but rather, it is for you to pre-suppose that I am wrong, and therefore,

in an *especial* manner, bound to prove that I am right. And I cheerfully accept the terms.

The last, but not the least ground, on which I shall solicit your indulgence is this :—I am no practised orator. I cannot trust myself to speak extemporaneously on this subject. And this I feel to be so great a drawback, that it is literally with fear and trembling that I attempt the performance of the task that is before me. But the *subject* of these Lectures is one of vast and overwhelming importance ; and I have looked east, west, north, and south, in the hope of discovering some competent advocate of the cause I have espoused. The result has not been satisfactory. I know not *any party* or even *any one person* with whom I hold opinions in common upon the subject of money ; and as those which I am about to communicate to you are the result, as I have already stated, of many years' consideration ; as they *may* be valuable ; and as they cannot, so far as I know, be elsewhere found—I am willing to risk your disapprobation, or even ridicule, rather than to forego the opportunity with which I am now favoured, for endeavouring, to the best of my ability, to perform a duty which every man owes to the society in which he lives—namely, that of *communicating to others such knowledge as he may either in reality possess, or believe that he possesses.*

But, to approach more nearly to our subject—*money*—pounds, shillings, and pence. Well ! it would be superfluous to tell you that monetary philosophers are now becoming very rife. It would be superfluous to inform you that there is at present a great deal of discussion going on between the golden

philosophers and those of paper, between the alchemists, who would turn everything into gold, who tell you that a loaf is not bread, a coat no article of dress, a house no place to lodge in, nor a dining-table a piece of household furniture, until each and all of these respectively shall have been weighed or measured in gold—and between the men of paper, who tell you that gold is merely a commodity, which, like bread, and cheese, and butter, must find its own *value* in the market ;—but who, unfortunately, whenever you press them for a clear and explicit definition of the word *value*, do not, I regret to say, appear to be particularly well able to give one.

You are aware, too, that a sort of contest is generally going on between the advocates respectively of the Scottish and English systems of banking ; and that during the ferment of the late election of the now-existing Commons House of Parliament, not a few of our would-be members expressed their readiness to entertain the subject of *Monetary Reform*, should the same chance to be brought before them in their parliamentary capacity. Our honourable and worthy member for the city of Edinburgh, Mr. Charles Cowan, for example, was amongst their number. A tacit admission, this, to say the least of it, that there *may* be something not quite right in the *existing* monetary or banking systems of the day—the banking system of Scotland not even excepted.

Of the majority of these gentlemen I have, however, the advantage, so far at least as regards priority of date. For, whilst it was, as it were, *but yesterday*, that Messrs. Cowan and others told you, for the *first* time in their lives, that they are willing *now* to re-

wise our monetary laws, *I am able to quote as follows from writings of my own, printed and published upwards of sixteen years ago :—*

“ As it is by labour that all things valuable to mankind are produced, so is it by exchange that individuals are enabled to partake of a great variety of commodities which their own labour could never, by any possibility, have commanded without it. In an advanced state of society, the food, clothing, and habitation, in ordinary use, amongst all classes of men, are composed of an immense number of ingredients, the result of the industry of individuals scattered over the face of half the globe ; whilst it is evident, that if each person could obtain nothing but what should be immediately and directly produced by the labour of his own hands, mankind never could have emerged from a state of the rudest ignorance and barbarism.

“ Exchange, therefore, may be denominated the bond and principle of society. But it is nevertheless a matter of legitimate inquiry, whether our existing plan of exchange be a good one ? whether it be founded in right principles ? and whether it be calculated to confer upon us all the benefits which the present advanced state of human knowledge and resource entitles us to look for and expect ?

“ And these questions I answer with an unequivocal and emphatic—*No*. It is our system of exchange which forms the hiding-place of that giant of mischief which bestrides the civilized world, rewarding industry with starvation, exertion with disappointment, and the best efforts of our rulers to do good, with perplexity, dismay, and failure ; and it is our system

of exchange which has produced the worse than Babylonian confusion in the ideas of men upon the subject of their collective interests.

“ Give us—and we have it now within our grasp—parliamentary reform—give us universal suffrage, annual parliaments, vote by ballot, free trade, an acquittal of the public debt, freedom from all taxes, a repeal of the Union, and every other thing upon which the public has ever yet rested its disappointed hopes—and *still* shall this demon of commercial error hold our prosperity in his iron grasp, and smile upon our ignorance and folly, as he shall see our burdens, as we call them, one by one removed, whilst we continue to sink deeper and deeper still into the Slough of Despond, under the invisible but enormous weight that is oppressing us.” *

Again, in 1842, I repeated the same language,† and now, I tell you for the *third* time, on the twenty-second day of February, 1848, that any infant child existing within these realms, is just exactly *as capable* of improving the general condition of mankind, as the man—be he a minister of state or the most humble individual in the land—to whose mind the fact is not obvious as the sun at noon-day, that to our *System of Exchange*—sown, rooted, grown, and expanded in error—*is attributable at least nine-tenths of all the misery, properly called commercial, by which we are now surrounded*, and to the recurrence of which, so long as we shall persist in adhering to our present monetary system, we shall be for ever liable.

* The Social System, page 56.

† In my little work entitled “ An Efficient Remedy for the Distress of Nations.”

Prosperity to this nation may be legislated for by our governors, sighed for by our philanthropists, written for by our public press, prognosticated by our political economists, and hoped for by every subject in the Queen's dominions ; but *never*—never, at least, until the terms cause and effect shall cease to have any meaning—shall we be able to attain those advantages which are *naturally* within our reach, until we shall *begin* the task of reformation, not by merely puerile and partial reformations in our modes of banking, but by a change as great in the *fundamental principle* of our monetary system as that which all of us here present have lived to see in the principle of locomotion. And I tell you farther, that the rail itself—the confessed miracle of the age—is a far less wonderful thing than *one other* which is co-existent with it, by which I mean *the darkness* which to this day continues to pervade the national mind upon the all-important subject of *Exchange*.

Say that this is strong language ! Be it so. My *present* purpose—the purpose of this evening—will be accomplished if, by exciting your curiosity, I may in future be enabled to *command your attention* ; that obtained, we shall go seriously enough to work by-and-by.

And suppose that we now devote a few minutes to the inquiry—Is there in reality anything anomalous in the present state of society at all ? Anything very bad, and yet of a nature not to be accounted for either by the existence of irreligion, immorality, idleness, improvidence, or any other of the *causes* to which mankind in general are so very apt to attribute misfortune, want of employment, poverty, dis-

tress, starvation, crime, and premature disease and death?—I think there is. Nay, I can hardly conceive it possible for any man to take a general survey of the existing state of society without arriving at the conclusion that there is something so anomalous in our collective condition, that the most searching inquiry into the nature and causes of that anomaly is imperatively called for. But let us take an example :—

Suppose, then, the case of an individual isolated for a period of years from the rest of the world—a second Robinson Crusoe. Suppose this man to be possessed, in the first instance, of but a few tools and implements, and those of the most simple kind. He is thrown upon an island, but not a barren one. He possesses good mental energy and bodily vigour, and, having justly estimated the nature of his situation, magnanimously resolves to make the best of it—to die hard at least, and not to die at all from any want of industry or of a persevering attempt to live, and, so far as circumstances will permit, to enjoy himself.

It is certain, then, that a person thus situated would best accomplish his purpose—that purpose being to supply his rational wants—by subdividing his time in a proper manner, and by devoting his energies to the effectual working out of the plans on which he should resolve. Say, for example, that he devote ten hours out of the twenty-four to work, eight hours to rest, and the remaining six to meals, and recreation, and to mental, moral, and religious culture.

What may be called the *wealth* of this man, then, would obviously consist of such a house or cabin as

he might be able to erect, and of such a supply of food, clothing, furniture, and implements, as he might have originally secured at landing, and have subsequently created by the labour of his hands.

Now, if, in the first instance, say for the first twelve months, it should take *the whole* of this man's working-time—that is to say, the whole of the ten hours he is supposed to have set apart for working—to supply himself with mere food, it is clear that he could not devote *any portion of the said ten hours* to the obtaining of additional clothing, furniture, or anything else: he must work so long at least for food, and for it only. But if, from some cause—and it matters not to our argument what that cause may be—he should, during the second year of his exile, be able to obtain his food by the exercise of eight hours' labour a-day, in place of ten, then it is certain that he would be in a position to add to his little stock of clothes or furniture; and that *to the precise extent or quantity* that he might be able to *make*, during the two spare hours a-day which he is now supposed to have acquired. Again, if during the third year of his exile, he should so greatly have improved in skill or advantages as to find it necessary to labour but six hours a-day in order to supply himself with food, clothes, and furniture, then it follows that *four* working hours would now remain to him, during which, without at all encroaching on the time originally set apart for rest and recreation, he might engage in the pursuit of such luxuries as should be within his reach; or he might employ these newly acquired hours in erecting a better house, and in improving the quality of his ordinary food, clothing, or

furniture ; or, if he incline not thus, he might add them to his hours of leisure. And, still farther, we may suppose the time to arrive when *so great* would be the facility with which he could *create* an abundance of whatsoever should be requisite for the ample supply of all his *physical* wants, that even *one hour a-day* might suffice for their production ; in which case, it is evident that twenty-three hours out of every twenty-four would now be his own for rest, meals, recreation, and the exercise of his faculties, bodily and mental, in whatsoever way he should think proper.

In a word—and this is the *principle* I wish you to understand—according to the *difficulty or facility of production* would this man be ill or well supplied with the necessaries, comforts, and luxuries of life, or more shortly, would he be *poor* or *rich*.

There is, I presume, no question as to this fact ! For if it take but *one* hour's labour to-day to accomplish an object which could only be accomplished by the expenditure of *ten* hours' labour a few years since, it is certain that a man who should be situated in the manner we have supposed, *must* have the alternative of being either ten times as rich now as he was formerly, or he may forthwith devote his nine remaining hours of leisure to amusement and recreation.

Have, then, *the masses of mankind* realized this principle ? I speak not of particular classes of men, but of *the population* of these realms. *As facility of production* has progressively increased in Manchester, Leeds, Nottingham, Coventry, Birmingham, Sheffield, Paisley, and other manufacturing towns, *have the inhabitants* of Manchester, Leeds, Nottingham, Coven-

try, Birmingham, Sheffield, Paisley, and other manufacturing towns, *risen in the scale of comfortable existence, in the like proportion?* Are the *working men* of the present day—be they weavers or smiths, mechanics in any department of trade, or even field-labourers—*better off*, better supplied with the necessaries, conveniences, and comforts of life, than were the like description of operatives, ten, twenty, thirty, forty, or fifty years ago, *by just exactly so much, and no more, as aggregate facility of production has advanced during the same period?* And has the condition of all the other classes of society, risen also in the like proportion?

If so, then is there an end to the argument. If the condition of men, and of mankind in general, *have improved in this precise ratio*—if, as a nation, we really create, possess, and enjoy *all* the wealth that, as a nation, we have either *the power of creating, or the inclination to create*—then have we *now* all those things that are good for us, which, with our present extent of knowledge and resource, we can possibly obtain. But if, on the other hand, we have *not* all this—if there be *any* limit to our physical means of enjoyment other than the exhaustion either of our ability, or of our willingness to *create* them, then do I affirm that there *is something wrong* in the nature of our public institutions—something which stands between mankind and that amount of wealth which is *naturally* within his reach—which something is not traceable to *any* of the “causes” to which the misfortunes of want of employment, poverty, distress, and consequent crime, and premature disease and death, are *commonly* attributed; and that, therefore,

there is yet a mystery connected with this matter remaining to be solved.

And differing, as no doubt many of you will do with each other, upon minor points connected with religion, politics, commercial principles, free trade, or trade in fetters, criminal jurisprudence, and fifty things besides, certain I am that you will all agree with me in this one particular, namely :—

That, so far as regards our social condition, independently that is to say of all political and religious considerations, the great desideratum of society is in a single word, *employment*—employment for all who are able and willing to accept of it—to which add, “*a fair day's wages for a fair day's work.*”

It will be my duty, then, in the course of these lectures, to prove that both these desiderata are within our reach, and that all we require is, to turn the natural advantages of which we are in full possession to their right account.

You are well aware, that the opinion here so confidently expressed, that there exists some tremendous error in the commercial constitution of society, is by no means new. Many and various have been the schemes and contrivances which of late years have been laid before you for bettering the condition of the *masses* of our fellow-countrymen. We have had Mr. Owen, and his system of co-operation—Mr. J. M. Morgan, and his system of bee-hives, and many others. The co-operative communities do not seem to have prospered ; and as I never was inside a bee-hive, my acquaintance with the bee system of Political Economy is altogether external. So far, however, if we except a more general disposition to the encouragement of free

trade, a tendency to a less complicated system of taxation, and a few *minor* reforms in the details of our commercial proceedings, little or no change has been effected. The *general* principles of our social system continue the same ; and *the great error*, if there really be one, yet remains, if not to be discovered, at least to be recognised and acknowledged, as well by society in general, as by the government under which we live.

To one circumstance only in connexion with this subject shall I call your attention farther.

It will be very generally remembered, that, so lately as 1842 or 1843, the *then* proprietor of the Atlas newspaper offered a premium of a hundred pounds for the best Essay "On the causes of, and remedies for, the existing Distress of the Country," and that two additional premiums of respectively fifty and twenty-five pounds were subsequently offered, by the same party, for the second and third best essays upon the same subject.

Now, whoever will take the trouble to turn to the pages of the Atlas about the time to which I refer, will find that the editor of that paper appeared by his writings to be very decidedly of opinion that there must be *some particular cause* for the great evils that afflicted us. He did *not* seem to regard those evils as arising naturally out of the extensive, intricate, and incomprehensible commercial system, or rather no system, under which we live. He did *not* seem to consider that the lowest depths of wretchedness, to which myriads of our fellow-creatures and fellow-subjects are at all times consigned, were to be regarded as unfathomable or irremedi-

able. On the contrary, "What is the *cause* of all this distress, and *how* can we remove it?" were alike the tone of his own writings and the spirit of his proposition to the competing essayists.

Well! the result, as already mentioned, was, that one hundred and fifty-eight competitors came forward on the occasion, and that the Judges awarded to Mr. Samuel Laing, junior, the principal prize of one hundred pounds.

Before recapitulating, however, the chief causes of national distress and the remedy to be applied, as propounded by Mr. Laing, I cannot help remarking upon, and indeed I may add, very sincerely regretting, that the proprietor of the Atlas did not avail himself of the opportunity, which he in so peculiar a manner possessed, of compiling and publishing one of the most curious books that can be conceived.

What I mean is this:—He might have required each of the competing essayists to have given at the end of his essay, a brief summary, compendium, or abstract of his opinions—the chances being, that at least nine-tenths of the whole number of them did this at all events—and that he, the proprietor of the Atlas aforesaid, should have had the right of retaining and publishing *this particular part* of every essay.

Only fancy, then, a collection of no less than one hundred and fifty-eight answers, by as many different writers, to the question—"What are the causes of, and what the remedies for the distresses of this Nation?" Verily, if out of a multitude of counsellors wisdom be obtainable, the late proprietor of the Atlas, and the adjudicators of the Atlas prizes, ought at this hour to be the wisest people in existence, so far as re-

gards this particular subject. Something very like the perfection of human wisdom they surely must have culled from this prodigious mass of argumentation. But be this as it may, the compilation I have suggested, and which, under the circumstances to which I have referred, might so very easily have been made, would certainly have been one of surpassing interest.

I may here mention, that, at the time when the Atlas Prize Essay was one of the popular subjects of the day, I was myself writing on the very point at issue. But I had no ambition to become one of the rejected ; and therefore, when I learned that certain *Political Economists* were to form the majority of the adjudicators, I at once discarded all thought of competing for the prize. Gentlemen of status equal with those who were appointed, *but wholly uncommitted by any public declaration or writing to any system of Political Economy*, would have been the proper judges in the Atlas case ; in place of gentlemen, however high their respectability or exalted their station, who in all probability had been educated, trained, and rooted in the errors of what are called the best writers on the subject.

But what, says Mr. Laing, is the cause of national distress, and what the remedy ? It *should* be superfluous to answer this question here. An essay upon a most important subject, the chosen of one hundred and fifty-eight, certainly *should* have been read by all such members of this Institution as may, for any considerable time past, have been students of the great problem of society. But there are doubtless many persons here present who have not seen Mr.

Laing's Essay, to whom I would say, that there is much therein worthy of their attentive consideration.

Many important facts, collected and well arranged, from a variety of authentic sources, and evincing much industry on the part of the author, as a collector of materials for thought, are alone sufficient to give value to the Essay. But the great questions of the Atlas—What are the causes of, what the remedies for, the distresses of this country? remain unanswered. *Nay, not even the faintest glimmering of new light has been thrown upon the subject by Mr. Laing.** So far from it indeed, he says, almost in so many words—That an enormous mass of misery exists—and here, alas! his proof was easy; but that there is *no special or particular Cause for it*, and consequently that there can be *no special or particular Remedy*.—But hear him for himself.

He tells us, then, “That *it is in the condition of the labouring classes that the danger lies*. Amidst the intoxication of wealth and progress, and the dreams of a millennium of material prosperity to be realized by the inventions of science, the discoveries of Political Economy, and the unrestricted application of man's energy and intelligence to outward objects, society has been startled by a discovery of the fearful fact, *that as wealth increases, poverty increases in a faster ratio*, and that in almost exact proportion to the *advance* of one portion of society in opulence,

* Proving to demonstration the deplorable ignorance of the majority of the judges themselves upon the same subject; seeing that I chance to know that *the real cause* of our commercial miseries, namely, our Mad Monetary System, *was* distinctly pointed out to them by one at least of the Competing Essayists.

intelligence, and civilisation, has been the *retrogression* of another and more numerous class towards misery, degradation, and barbarism.

“To speak more specifically, the leading facts to which the evils that, in one shape or other, are continually forcing themselves upon the attention of society, may be reduced, appear to be—

“*1st*, The existence of an intolerable mass of *misery*, including in the term both recognised and official pauperism, and the unrecognised destitution that preys, like a consuming ulcer, in the heart of our large cities and densely-peopled manufacturing districts.

“*2dly*, The condition of a large proportion of the independent labouring class, who are unable to secure a tolerably comfortable and stable existence in return for their labour, and are approximating, there is too much reason to fear, towards the gulf of pauperism, in which they will be, sooner or later, swallowed up, unless something effectual can be done to arrest their downward progress.”*

And again—“Such, then, is the condition of the English agricultural labourer ; one degree better off than the hand-loom weaver and unemployed population of large towns, he can, while in health and strength, and under ordinary circumstances, support a family in the bare necessaries of life, under a roof of their own, and in comparative decency and respectability ; but he can only *just* do this by unremitting labour and unceasing economy ; he has absolutely nothing to look forward to, nothing to fall back upon.

* Atlas Essay, page 8.

“To use the words of an assistant poor-law commissioner—‘The English agricultural labourer, even if he has transcendent abilities, has scarcely any prospect of rising in the world, and of becoming a small farmer. He commences his career as a weekly labourer, and the probability is, that whatever may be his talents and industry, as a weekly labourer he will end his days.’ This is the best side of the picture—what is the reverse? If he has no chance of rising in the world, how many chances has he of falling? If he is thrown out of employment—if he loses his health—if he has a large family of girls or young children—if he yields to temptation, and becomes irregular in his habits—what is to become of him? The answer is obvious: for a time he will be assisted by casual charity, and struggle on against extreme privations; but if the causes of distress continue, one or other of two things will be his final lot—he will be enrolled among the 1,072,978 paupers receiving parish relief under the harsh conditions of the new poor-law, *or*, he will be starved out of the country into some large town, and absorbed in the floating population who tenant the cellars and lodging-houses, and live by the worst-paid description of manufacturing industry, or by thieving, prostitution, and casual employment. Let it always be remembered, that when we read in Poor-law Reports, and Treatises on Political Economy, of labour being absorbed and distress disappearing by refusing relief, this is, in nine cases out of ten, what the thing practically means.”*

And again he says—“We feel satisfied that if we

* Atlas Essay, page 31.

were to estimate the class who are below the lowest independent labourer, including paupers receiving relief, criminals, vagrants, and poor living mainly on private charity, at 2,000,000, we should be far under the mark, and that 2,500,000, or between one-seventh and one-eighth of the total population, is much more likely to be a correct estimate. If we include all those who would habitually feel the pangs of hunger and cold, if they had no other resource than the earnings of lawful industry, and who subsist, wholly or in part, by the earnings of crime, or by public or private charity—in the latter case principally by the charity of those of their own rank of life, we feel convinced that 3,000,000, or one-sixth of the population, would not be over the mark. In Ireland the proportion would be nearer one-third, which would give for the whole empire an average of more than one-fifth of the population unable to live by lawful industry. Of these, a very small proportion are professional criminals, probably not above 100,000 regular thieves, and as many unfortunate women, but many more eke out the insufficient wages of labour by occasional pilfering, and a still larger proportion are only able to exist by occasional charity from those one step above them in the social scale. These, it must be remembered, are exclusive of the 1,300,000 paupers who receive legal relief. We are satisfied also that the number has been, and is frightfully on the increase.

“This is the first great evil in our present social condition.

“The next is, That a large proportion of the independent labouring class, including the bulk of the

manufacturing and agricultural population, are in such a position as to be unable to support themselves in tolerable decency and comfort by their labour, and to make any provision against illness, old age, suspension of employment, or any of the other numerous accidents which may at any time merge them in the class of paupers or destitute.

“The third evil is, That even among the class of operatives whose pecuniary earnings are sufficient for their support, various demoralizing causes exist—such as female and infant labour, want of education and religious instruction, intemperance, and the like, which tend to depress their condition, and in many cases to degrade them to a level with those who constantly suffer the pressure of physical want.

“The fourth and last great evil is, That all the preceding evils are apparently *on the increase* under the operation of *deep-seated causes which almost assume the appearance of necessary laws*, and that, in addition to this, certain temporary causes have produced a very great and decided aggravation of the first and second evils within the last few years, and especially during the last twelvemonth.”*

For this enormous amount of misery, then, what is the *remedy*, for the discovery of which the five learned adjudicators awarded Mr. Laing the Atlas prize of one hundred pounds? Hear it from Mr. Laing’s own book; and whilst you hear it, blush for the deplorable ignorance that *yet* pervades this land upon the subject of the collective interests of our race—or else hear it and tremble; and whenever

* Atlas Essay, pages 53 and 54.

you may learn that plague and pestilence are abroad, say—Let them go forth to the east and to the west, to the north and to the south, that in kindness they may sweep away the myriads of beings whose heritage is misery, whose life is worse than death, and for whom all hope of relief in this world is vain and of foundation destitute.

“When [then, says Mr. Laing,] we turn from a contemplation of the disease to a consideration of the remedies, it appears evident, *that as no specific cause can be assigned, so no specific remedy can be pointed out.* The only effectual reform is that in which each person begins by *reforming himself*—in other words, where a revival of those feelings of duty and moral obligation, whose decay has been the primary source of the evil, leads to innumerable individual efforts, and to an improved state of public opinion. Without this, it must be frankly admitted that legislation can do little. In the first place, legislative measures of improvement are, in the present political constitution of the country, impracticable, unless supported by the public opinion of the upper classes. In the next place, even if practicable, they would be inoperative against a continuance of the causes which tend to swell the existing evils, and to make distress, if driven back for a moment, continually recur on a wider scale.”*

Such, then, are the consolations which Mr. Laing has, according to his own estimate, to offer to *three millions* of his fellow-countrymen, whose daily questions to the well-conditioned are—in thought at least—“Are not we men like yourselves? Have we

* Atlas Essay, page 166.

not the same organs and senses? Require we not the same food, the same protection from the blast and the storm, and the same culture, mental, moral, and religious as do ye? Whence, then, this enormous amount of difference between us? Whence the invisible, but, as we find it, impassable gulf which separates our condition from your condition? And if, as Mr. Laing tells us, this gulf be passable only by each one of us commencing the task by *self-reformation*, will he be so kind as to tell us farther in what precise manner we are to begin the work? Cold are we and hungry, naked and houseless, able to labour and willing to labour too, but employment none can we obtain, and our name is—*Legion*.”

It is not, however, to the mere feelings or sympathies of this audience that I wish to appeal—farther, at least, than may be necessary to awaken you to a due sense of the vast importance of the subject before us. It is to your reasoning faculties, and to them only, that I would more especially address myself.

Well, then, here we arrive at something specific. The dux of a class consisting of one hundred and fifty-eight essayists “On the causes of, and remedies for, the distresses of the country,” comes to the conclusion that the prodigious evils, which he himself enumerates, are referable to *no particular cause*, and that, therefore, it is to the correction of a multitude of minor errors, remediable only by the *self-reformation of the units of society*, that we must look for the improvement so ardently desired by all.

Now, to this opinion I am totally unable to subscribe. I have confidence in the advocates of a national system of education. I have confidence

in the advocates of diminished hours of toil—to the end, that education begun in childhood may terminate only on the threshold of the grave. I have confidence in the promoters of institutions such as this, the department no matter what ; for those who may be engaged during a reasonable portion of their time in study of any approved kind, are not only expanding, improving, and delighting their minds, but they are also avoiding those evils, into which the mentally or physically indolent are ever the most liable to fall. For to be engaged in the pursuit of that which is innocent, is of necessity, for the time at least, to avoid that which is injurious. I have confidence, also, and the very highest confidence, in those great principles of free trade, which, inculcated by Dr. Adam Smith, and at length making some way amongst us, under the unremitting fire of an ignorant but persevering enemy, have now become synonymous, for the present hour at least, with the name of *Mr. Cobden*. I have confidence, too, in the spirit of the age, in the growing disposition for inquiry, and for reliance upon *evidence* rather than upon mere *opinions*, however illustrious the names attached to them may be, in matters concerning our social condition and prospects. But I tell you, that all these considerations notwithstanding, there is *another, and to begin with*, a far more important subject than any one of these, which imperatively demands our attention :—that subject is—*Our false monetary system, the cost of which to this nation is certainly not less than one hundred millions per annum, in money of its present value.*

My reasons for entertaining this opinion, I hope to be able to make clear and obvious to all, who will

consent to hear me with patience and attention, throughout the course of lectures which is to follow. And, indeed, all I shall contend for is—That man collectively *should* know no limit to his physical means of enjoyment, save those of the exhaustion either of his *industry or of his productive powers*: whilst we, by the adoption of a monetary system, false in principle and destructive in practice, have consented to restrict the amount of our physical means of enjoyment *to that precise quantity, which can be profitably exchanged for a commodity, one of the least capable of multiplication by the exercise of human industry, of any upon the face of the earth.*

LECTURE II.

IN a perfectly free commercial society, uninfluenced by the existence of any monetary system whatsoever, Production would be the uniform and never-failing cause of Demand. In the aggregate, it would be as easy to sell goods as it is to buy them, and that *ad infinitum*; and the words Supply and Demand would be just two names for the self-same thing.

IN my Introductory lecture, I endeavoured to awaken your minds to a sense of the vast importance of the subject before us.—We must now, if you please, enter upon the consideration of the subject itself—my views of which I intend to lay before you in the form of certain distinct propositions, and to treat of such other elements of Political Economy as it may be necessary to notice, incidentally as we go along. And, when the various parts of our subject shall have been thus examined, we shall endeavour to collect the whole of them into one focus.

My purpose, then, this evening, is to endeavour to show you that, in any perfectly free state of society, wherein *money* there should be none, the existence of *aggregate over-production*, or of an over-stock of marketable produce, would be, in one word, *impossible*.

And really I feel the utmost diffidence in entering

upon this argument, not certainly from the nature of the task itself, which is by no means a difficult one, but because it has already been so admirably treated by the late Mr. James Mill, author of the History of British India, in the second edition of his Elements of Political Economy, that it will be quite impossible for me, in any language that I am master of, to do equal justice to the subject;—with this important difference, however, between us, that whilst Mr. Mill throughout the whole of his reasoning, takes the existing monetary system along with him, and thereby, as I shall show you in another lecture, *fulsifies every syllable of his own argument*; we, by confining ourselves simply to the consideration of *interchange* of goods for goods—no one of them being the accepted measure of the value of any other—shall very certainly arrive at the conclusion that production *is* the *Natural* cause of demand, *ad infinitum*.

Mr. J. R. M'Culloch, also, I may here remark, in his Elements of Political Economy, second edition, has fallen into precisely the same error as Mr. James Mill. Both these authors maintain that production *is now* the cause of demand, *ad infinitum*: the truth being, *that it should be so*.

Abjuring, then, all monetary considerations whatsoever, let us suppose that every gentleman in this room, acting solely and singly for his own benefit, were to become a producer of *some* marketable commodity, and that each and all of us should meet together in a public place, bringing the varied fruits of our respective labours along with us—it is quite clear that we should go there *equally* to buy and to sell. One person would have bread, another meat,

another beer ; one would have cloth, another shoes, another hats, and so on. It is certain, however, that no one of us would ever think of taking any of these things *to market* without a predetermination to take quite as large a quantity of things *from market*. The business of each person there, would be to *exchange* the surplus produce of his own labour for the surplus produce of the labour of other men ; but it would certainly not be any part of his intention to *give* more than to *receive*. The baker would require meat and drink and clothes ; the butcher would require bread, and food of various kinds, besides that in which it is his business exclusively to deal ; the clothier, again, would require a portion of the commodities of the butcher and baker ; and hence innumerable interchanges must of necessity take place betwixt man and man, before each and all could be satisfied with the result of their respective transactions.

In these circumstances, however, no man would propose to give a *greater portion* of his own goods than should be required from him in exchange for those which he himself should desire to obtain. On the contrary, his *demand* would ever be equal to his *supply*. He would give, or rather sell, not for the mere pleasure of giving or selling, but in order that he himself might obtain a portion of the merchandise of other men, and the greater that portion, the better, no doubt, would he be satisfied.

Then, as the person or party with whom he should deal would be sure to act upon precisely the same principle, their demand and supply would be respectively just two names for the same thing. The terms

would be exchangeable. The demand of the one would be the supply of the other, and the demand of that other would be the supply of the one. And as in this argument we have no such thing as money amongst us, it is plain that the respective *quantities* of the different commodities that would be given and received in exchange for each other, must be of *equal value*; because, in each and every case, these quantities would be the result of *express bargain*; which bargain, necessarily implying the *consent* of two opposing interests, could never have taken place, unless the contracting parties should have *proved* the equality of value to be given and received, by the very act of mutually consenting to give and to receive. For in all free and uncontrolled circumstances of interchange, a thing is *truly* said to be worth whatever it will fetch.

Again, the general principle which regulates the quantity of one thing which is commonly given in exchange for another thing, is the relative quantity of capital, skill, and labour employed in its production.

If two men of equal general ability be employed in dissimilar productive occupations, the one for one day and the other for two days, half the quantity of the products of the latter should, in fairness, command the whole products of the former. But this general principle is subject to considerable exceptions. Dr. Adam Smith, for example, tells us, that—"The five following are the principal circumstances which, as far as I have been able to observe, make up a small pecuniary gain in some employments, and counterbalance a great one in others. First, the agreeableness or disagreeableness of the employments

themselves; second, the easiness and cheapness, or the difficulty and expense of learning them; third, the constancy or inconstancy of employment in them; fourth, the small or great trust which may be reposed in those who exercise them; and, fifth, the probability or improbability of success in them."

But, apart from all these considerations, the quantity of one thing which may be given in exchange for another, will at all times depend upon the greater or less *demand* that there may be for it in the market.

If, for example, there be at any time a surplus of corn, as compared with the supply of cloth, and the *usual* state of the market being, that one yard of cloth exchanges for two bushels of corn, it is clear that, so long as the supply of corn shall be disproportionately great, two and a half or three bushels of corn may have to be given in exchange for the yard of cloth, in place of two bushels only. Thus the cloth commands an increased quantity of corn in exchange for it, and that without the slightest reference to the original cost, or labour of producing, either the one or the other. A pound of bread might possibly, in certain circumstances, exchange for an ounce of silver; whilst there is hardly a sportsman but will tell you that many a time in his life he would most willingly have given a silver coin, worth a dozen ounces of copper, in exchange for a single glass of cold water, which, in ordinary circumstances, would not exchange for one forty-eighth part of the same weight of the same metal. Thus, in all cases, wherein a *dearth* of any article in demand exists, an increased quantity of other things are sure to be required in exchange for it; whilst, whenever the same

thing happens to be itself in *surplus*, a greater quantity of *it* must forthwith be given in exchange for other commodities.

It will of course be kept in mind that, in this stage of our argument, we make no inquiry whatever as to the *ability* of our supposed merchants to bring anything to market at all. The existence of such ability must for the present be assumed, seeing that all we are now seeking to establish is, that, no matter by what means obtained, *goods brought to market in due proportion to each other*—and no such thing as money being as yet supposed to exist at all—*are at once and equally supply and demand, demand and supply*; and further, *that no conceivable quantity of them*, be it ever so great, could by any possibility disturb this state of things, even for a moment, so long as the single condition, *in due proportion to each other*, shall be strictly observed.

The term *due proportion* may, however, require a word or two of explanation. It means, then, simply, that as men require food and clothes, habitation, furniture, and so on, *equal proportions* of these must be brought to market, or else there will be a *glut* of some things, which, however, will in every instance be precisely balanced by a *corresponding deficiency* of other things. Just as a man who, being compelled to perform every office of labour for himself, should so mismanage his working time, as to spend the whole of it, for example, in making bread, whereby, in consequence of such mismanagement, he would be oversupplied with bread, but destitute alike of clothing, habitation, and everything else, commonly considered essential to comfortable existence.

In like manner, a market-place full of such people—all intending dealers in but one, and that one the self-same commodity—would be in the like happy predicament. No person would be able to sell anything, no person would be able to buy anything, because each and all would already be in possession of a superabundant stock of *the only merchandise* which any one else could offer. These merchants would be all and equally intending sellers ; but as there would not be any one willing to buy, so neither could there be any one able to sell. Now, it is the precisely opposite *extreme* of this supposed case which would constitute *perfectly* due proportion : the existence of which perfect proportion would be practically illustrated in a market wherein *every* article brought thither should be disposed of in exchange for other things, whilst *every* dealer should go home at night with something in his possession preferable, in his own estimation, to that which he took to market in the morning.

And here it may be as well to introduce to your notice the undisputed—we may in this case, I believe, say *undisputed*—doctrine of Political Economy, originally seen and demonstrated by Dr. Adam Smith, that *labour* is the one and only source of wealth.

It is labour which tends our flocks and our herds ; it is labour which directs the plough, and otherwise prepares the ground for the reception of the seed which labour scatters upon its surface ; it is labour that converts our corn into bread ; labour that supplies us with clothing ; labour that builds houses, and labour that furnishes them. It is labour that protects us during the hours of rest, and labour that

prepares the morning meal which awaits our enjoyment ; it is to labour that we are indebted for the flowers of spring, the summer's ripening fruits, and the autumnal crops—it is, in short, to labour that we are indebted for everything we possess or enjoy, coming, that is to say, within the definition of the term *wealth*. And although we were to be fed and clothed by miracle—by the spontaneous fall of all things we require upon the earth—still the soundness of the learned Doctor's position would not be invalidated, for even the wild fruits of the earth, fowls of the air, and fishes of the sea, are not *wealth*, until human labour shall have made them so, by the acts of collection, or attainment, and appropriation. Land truly is wealth, and so is water, and even the game upon the one, and the fish within the other—in consideration solely, however, of labour having been previously employed in obtaining possession of them. When land, for example, has been *appropriated*, it becomes at once, in all well-governed countries, capable of being cultivated either by the hands of its proprietor or by those of his servants ; or of being conveyed to others, either on loan, for a consideration, or in perpetuity for an agreed price. But still it is, in every case, by the exercise of human labour that such property is originally called into existence as *property*.

This doctrine being now well understood by all parties, is, so far as I am aware, mere part and parcel of the common-places of Political Economy, like the a, b, c, of literature.

And again, to the like class of admitted principles in Political Economy belongs the following :—Property and wealth of every kind must be *secured* to

their rightful proprietors or possessors ; for who else would take the trouble to acquire them, excepting only for immediate use or consumption ? This principle is so obvious, that it would be needless to enlarge upon it. If, by the exercise of his labour and skill, a man should be able to obtain more wealth within a given time than he may either require or desire immediately to make use of or expend, what conceivable motive for the exercise of such industry could he have, if the surplus produce which he would naturally propose to lay aside for the day of illness, misfortune, or old age, be not *his own* ? Render his accumulation the property of others equally with himself, and it is quite clear that there would be an end at once to all his industry and enterprise, beyond, that is to say, such portion thereof as it would be necessary for him to exert for the supply of his daily exigencies. No man would ever dream of accumulating anything, if the accumulation itself should not continue to be *his own*, until he should think proper either to use it, consume it, or convey it to another.

Apply this principle to the present state of *Ireland*. What an utter farce are our periodical subscriptions for the relief of that unhappy country ! We might as rationally exhaust our wealth and resources in the purchase of water to fill a sieve, or bottomless reservoir erected on the top of Arthur's Seat. Relieve Ireland, forsooth !—Afford the same degree of *protection to human life and property* in Ireland that you afford to property and life in England and in Scotland, and Ireland will very speedily relieve herself. Her lands will forthwith be tenanted by men both able and willing to cultivate them. Her towns and villages will

abound with factories, and her cities will teem with wealth—at least to an equal extent with those of Scotland and England :—for a large portion of the capital and skill of the entire kingdom would run a race with itself, like streams of water to a lower level, to renovate Ireland, were but this *first condition* to all accumulative exertion amply and permanently secured throughout the land. And if the Government really *cannot* do this for Ireland, why then, it can do nothing. And hence the views which I shall have occasion to exhibit to you in the course of these lectures, with reference to the monetary affairs of England and Scotland, can never be entertained, with the same hope of success, so far as regards Ireland, until Ireland shall have condescended to learn that *first* and most indispensable lesson in the art of civilisation to which I have referred.

On all hands it seems to be agreed that the immigration of a few hundred Scottish farmers into Ireland, aided by the amount of English and Scottish capital which they could most easily command, would very shortly double, and much more than double, the entire agricultural produce of that unhappy country, and make the rapid fortunes of the immigrants into the bargain. Why don't the farmers go, and benefit the Irish people in general, and themselves in particular? Simply because *self-preservation* seems, somehow or other, in the estimation of most men, to occupy the first line in the catalogue of human *desiderata*, and the *security of their property* line the second.

May God help the Irish nation! But if ever *man* is to be the agent of Providence in so doing, he must

begin the work by devising effectual measures, *cost whatever they may*, for the preservation of the lives and property of Ireland's inhabitants—be those inhabitants Irishmen, Englishmen, or Scotchmen, or men from the four quarters of the globe. And, moreover, the nature of the measures to be adopted for the protection of life and property in Ireland, must be such as to inspire the most perfect confidence that such protection shall be of a *permanent*, and not of a merely *temporary* description. Do this for Ireland—and done it must and will be sooner or later—the compulsory education of every one of her future children must follow ; time will do the rest ; and, in a generation or two, Ireland may yet assume her proper place in the scale of civilisation.—But this is a digression.

The Division of Labour, another established principle in Political Economy, may also be here incidentally mentioned—the more especially as it will lead us, by a direct step, to the consideration of another principle of great importance to the well-being of society, and in an especial manner worthy of our attention with reference to the monetary system, to which all that we are now considering is merely introductory. I mean the principle of *Individual Competition*, a principle discarded by nearly all the advocates for co-operation, communities of property, and other bee-hive systems of Political Economy.

The principle of the division of labour and that of individual competition, are so nearly allied to each other, that they may be called the Siamese Twins of Political Economy—they are, in fact, almost inseparable. By the division of labour men are led to apply

themselves to one pursuit, and not unfrequently to a single operation, by which to gain their livelihood, in place of to many pursuits or to many operations ; the result being that a hundred men—each one being thus employed—will do ten, twenty, and in some instances, a hundred times the quantity of the work that they could do, were they to act upon the opposite plan of commencing, proceeding with, and concluding a multitudinous series of operations with one pair of hands. But the nature of this principle also is so well understood that it would be needless to dwell upon it.

Whilst, however, by the division of labour, mankind are led to concentrate their attention in the manner already mentioned, and thus to acquire a wonderful degree of skill—by the twin principle of individual competition, they are stimulated *to exert* that skill to the utmost of their ability, which the division of labour first enabled them to acquire. Take away the *division of labour*, and the words dexterity and skill would cease to have any meaning, because there could be no such thing as either the one or the other. And again, take away the principle of *individual competition*, and all *motive* either for the acquirement or exercise of the foresaid dexterity and skill would speedily cease to exist.

Indeed, to these two principles it is that we owe the astonishing fact that—although each man is born so far like every other, that even the equality of organization itself has been gravely though erroneously contended for—there are few persons but are able to point to some others who are *to them* a kind of miracle. Take, for example, a profession of a very ordinary

kind, that of a rope-dancer, or, what is less wonderful, that of an opera-dancer. Then pass on to the mimic stage itself, and see the first-class tragedian or comedian ; or hear a Pasta or a Jenny Lind : or even walk into the street, and see the half-naked Indian sustaining, with astonishing precision and uniformity of figure, a perfect fountain of balls flying about him in all directions, and yet ever intercepted, and returned in due rotation to the air, by the exercise of a dexterity scarcely less wonderful in kind, however inferior in end and object, than that of the most accomplished artist, musician, or mechanic.

Or enter the saloons of art, and see the wonderful power of *imitation*, wherever it may have been exercised, on marble or canvass ; or go into one of our public hospitals, and observe with what consummate dexterity and skill the experienced hand of the operator relieves his fellow-creatures from the burden of encumbrances, which a little longer tolerated would have borne them to the grave : thus at once restoring health and strength, and hope of life continued to the unhappy sufferers, at the cost of a little temporary pain ; and even that little, in many instances of recent occurrence, reduced to none whatever, by the application of the discoveries of yesterday.

And to *what principle* in social science is it that we owe these advances in human acquirement and in human art ? It is jointly to *the division of labour* and to that mainspring of everything which is excellent—*individual competition* between man and man.

And I the more especially desire to call your attention to these important principles, because I must admit that although, for many years, I both fully under-

stood and estimated them at their true value, it is only within a comparatively recent period that I have been able to see clearly, in what manner *a perfectly free and unrestricted system of production and exchange*—or, in other words, a commercial system in which production would be the uniform and never-failing cause of demand—may be brought into practical existence, and easily maintained, without interfering, to some extent at least, with the exercise of the invaluable principle of individual competition which we have already noticed.

All truth, however, is invariably consistent with itself; and although for a time I had some difficulty in effecting a perfect reconciliation between the most unbounded individual competition on the one hand, and the most unbounded freedom of exchange upon the other, I not only see no such difficulty whatever now, but I am, moreover, fully prepared to demonstrate *that there is none*.

But you will be inclined to remind me, that the especial object of this evening's lecture is to enforce the doctrine that, naturally speaking, and without reference to any monetary system whatever, production is the uniform and never-failing cause of demand. And although I have already endeavoured briefly to explain this principle, I should be guilty of doing both it and you the greatest injustice, if I were to trust exclusively to my own feeble language and reasoning, whilst we have only to turn to an argument upon the same subject elsewhere, at once clear, distinct, and incontrovertible. I make no apology, therefore, for substituting the language of a highly esteemed writer for my own.

The late Mr. James Mill, then, in the article to which I refer, *now addresses you* on this subject. But you will specially bear in mind that I here suppress a few words of this learned author in which he makes mention of the term *money*. And I do this because, taken *with* reference to the existing monetary system of society, *there is not one word of truth* in the argument I am now about to read ; whilst, taken *without* reference to any monetary system whatever, I believe the wit of man powerless to discover any fallacy in Mr. Mill's reasoning, or any loophole by means of which even the merest quibbler may be able to escape the conclusion at which Mr. Mill arrives.

In the Preface, then, to the second edition of his *Elements of Political Economy*, he says—"I have endeavoured, by new illustrations, to render more palpable what appears to me to be demonstration of that most important doctrine, *that the aggregate demand and supply of a nation are always equal*, that production can never be too rapid for the market—in other words, that there never can be a general glut of commodities."

And then, turning to the argument itself, we find it stated as follows—one short passage, consisting of five lines, in which he makes mention of the word *money*, being alone omitted.

"A man [then, says Mr. Mill,] produces, only because he wishes to possess. If the commodity which he produces is the commodity which he desires to possess, he stops when he has produced as much as he desires ; and his supply is exactly proportioned to his demand. The savage who makes his own bow

and arrows, does not make bows and arrows beyond what he wishes to possess.

“When a man produces a greater quantity of any commodity than he desires for himself, it can only be on one account—namely, that he desires some other commodity, which he can obtain in exchange for the surplus of what he himself has produced. It seems hardly necessary to offer anything in support of so necessary a proposition; it would be inconsistent with the known laws of human nature to suppose, that a man would take the trouble to produce anything, without desiring to have anything. If he desires one thing, and produces another, it is only because the thing which he desires can be obtained by means of the thing which he produces, and better obtained than if he had endeavoured to produce it himself.

“After labour has been divided and distributed to any considerable extent, and each producer confines himself to some one commodity or part of a commodity, a small portion only of what he produces is used for his own consumption. The remainder he destines for the purpose of supplying him with all the other commodities which he desires; and when each man confines himself to one commodity, and exchanges what he produces for what is produced by other people, it is found that each obtains more of the several things which he desires than he would have obtained had he endeavoured to produce them all for himself.

“So far as a man consumes that which he produces, there is, properly speaking, neither supply nor demand. Demand and supply, it is evident, are terms which have reference to exchange—to a buyer and a

seller. But in the case of the man who produces for himself, there is no exchange. He neither offers to buy anything, nor to sell anything. He has the property—he has produced it—and does not mean to part with it. If we apply, by a sort of metaphor, the terms demand and supply to this case, it is implied, in the very terms of the supposition, that the demand and supply are exactly proportioned to one another. As far, then, as regards the demand and supply of the market, we may leave that portion of the annual produce, which each of the owners consumes in the shape in which he produces or receives it, altogether out of the question.

“In speaking here of demand and supply, it is evident that we speak of aggregates. When we say of any particular nation, at any particular time, that its supply is equal to its demand, we do not mean in any one commodity, or any two commodities. We mean, that the amount of its demand in all commodities taken together, is equal to the amount of its supply in all commodities taken together. It may very well happen, notwithstanding this equality in the general sum of demands and supplies, that some one commodity or commodities may have been produced in a quantity either above or below the demand for those particular commodities.

“Two things are necessary to constitute a demand. These are—*1st*, a wish for the commodity ; *2dly*, an equivalent to give for it. A demand means, the will to purchase, and the means of purchasing. If either is wanting, the purchase does not take place. An equivalent is the necessary foundation of all demand. It is in vain that a man wishes for commodities, if he

has nothing to give for them. The equivalent which a man brings is the instrument of demand. The extent of his demand is measured by the extent of his equivalent. The demand and the equivalent are convertible terms, and the one may be substituted for the other. The equivalent may be called the demand, and the demand the equivalent.

“ We have already seen that every man who produces has a wish for other commodities than those which he has produced, to the extent of all that he brings to market. And it is evident, that whatever a man has produced and does not wish to keep for his own consumption, is a stock which he may give in exchange for other commodities. His will, therefore, to purchase and his means of purchasing—in other words, his demand, is exactly equal to the amount of what he has produced and does not mean to consume.

“ But it is evident that each man contributes to the general supply the whole of what he has produced, and does not mean to consume. In whatever shape any part of the annual produce has come into his hands, if he proposes to consume no part of it himself, he wishes to dispose of the whole ; and the whole, therefore, becomes matter of supply : if he consumes a part, he wishes to dispose of all the rest, and all the rest becomes matter of supply.

“ As every man’s demand, therefore, is equal to that part of the annual produce, or of the property generally, which he has to dispose of, and each man’s supply is exactly the same thing, the supply and demand of every individual are of necessity equal.

“ Demand and supply are terms related in a peculiar

manner. A commodity which is supplied, is always, at the same time, a commodity which is the instrument of demand. A commodity which is the instrument of demand, is always, at the same time, a commodity added to the stock of supply. Every commodity is always at one and the same time matter of demand and matter of supply. Of two men who perform an exchange, the one does not come with only a supply, the other with only a demand ; each of them comes with both a demand and a supply. The supply which he brings is the instrument of his demand ; and his demand and supply are of course exactly equal to one another.

“ But if the demand and supply of every individual are always equal to one another, the demand and supply of all the individuals in the nation taken aggregately, must be equal. Whatever, therefore, be the amount of the annual produce, it never can exceed the amount of the annual demand. The whole of the annual produce is divided into a number of shares equal to that of the people to whom it is distributed. The whole of the demand is equal to as much of the whole of the shares as the owners do not keep for their own consumption. But the whole of the shares is equal to the whole of the produce. The demonstration, therefore, is complete.

“ How complete soever the demonstration may appear to be, that the demand of a nation must always be equal to its supply, and that it never can be without a market, sufficiently enlarged for the whole of its produce, this proposition is seldom well understood, and is sometimes expressly contradicted.

“ The objection is raised upon this foundation, that

commodities are often found to be too abundant for demand.

“The matter of fact is not disputed. It will easily, however, be seen that it affects not the certainty of the proposition which it is brought to impugn.

“Though it be undeniable that the demand which every man brings is equal to the supply which he brings, he may not find in the market the sort of purchaser which he wants. No man may have come desiring that sort of commodity of which he has to dispose. It is not the less necessarily true, that he came with a demand equal to his supply ; for he wanted something in return for the goods which he brought.*

“Every man having a demand and a supply both equal, if any commodity be in greater quantity than the demand, some other commodity must be in less.

“If every man has a demand and supply both equal, the demand and supply in the aggregate are always equal. Suppose, that of these two equal quantities, demand and supply, the one is divided into a certain number of parts, and the other into as many parts, all equal ; and that these parts correspond exactly with one another ; that as many parts of the demand as are for corn, just so many parts of the supply are of corn ; as many of the one as are for cloth, so many of the other are of cloth, and so on : it is evident,

* The omitted passage, already mentioned, occurs here, and is as follows :—“It makes no difference to say, that perhaps he only wanted money ; for money is itself goods ; and, besides, no man wants money but in order to lay it out, either in articles of productive, or articles of unproductive consumption.”—This, as will be duly shown, is the *Monster error* of the political economists.

in this case, that there will be no glut of anything, whether the amount of the annual produce is great or small. Let us next suppose that this exact adaptation to one another of the parts of demand and supply is disturbed ; let us suppose, the demand for all things remaining the same, that the supply of cloth is considerably increased : there will of course be a glut of cloth, because there has been no increase of demand. But to the very same amount there must of necessity be a deficiency of other things ; for the additional quantity of cloth, which has been made, could be made by one means only, by withdrawing capital from the production of other commodities, and thereby lessening the quantity produced. But if the quantity of any commodity is diminished—a demand equal to the greater quantity remaining—the quantity of that commodity is defective. It is therefore impossible, that there should ever be in any country a commodity or commodities in quantity greater than the demand, without there being, to an equal amount, some other commodity or commodities in quantity less than the demand.

“The effects which are produced in practice, by the want of adaptation in the parts of demand and supply, are familiar. The commodity which happens to be in superabundance declines in price ; the commodity which is defective in quantity rises. This is the fluctuation of the market, which everybody sufficiently understands. The lowness of the price in the article which is superabundant soon removes, by the diminution of profits, a portion of capital from that line of production ; the highness of price in the article which is scarce, invites a quantity of capital

to that branch of production : till profits are equalized—that is, till the demand and supply are adapted to one another.

“The strongest case which could be put in favour of the supposition—that produce may increase faster than consumption, would undoubtedly be that in which every man consuming nothing but necessaries, all the rest of the annual produce should be saved. This is, indeed, an impossible case, because it is inconsistent with the laws of human nature. The consequences of it, however, are capable of being traced ; and they serve to throw light upon the argument by which the constant equality has been demonstrated, of produce and demand.

“In such a case, what came to every man’s share of the annual produce, bating his own consumption of necessaries, would be devoted to production. All production would of course be directed to raw produce and a few of the coarser manufactures ; because these are the articles for which alone there would be any demand. As every man’s share of the annual produce, bating his own consumption, would be laid out for the sake of production, it would be laid out in the articles subservient to the production of raw produce and the coarser manufactures. But these articles are precisely raw produce, and a few of the coarser manufactures themselves. Every man’s demand, therefore, would consist wholly in these articles ; but the whole of the supply would consist also in the same articles. And it has been proved, that the aggregate demand and aggregate supply are equal of necessity ; because the whole of the annual produce, bating the portion consumed by

the shareholders, is brought as the instrument of demand ; and the whole of the annual produce, with the same abatement, is brought as supply.

“ It appears, therefore, by accumulated proof, that production can never be too rapid for demand. Production is the cause, and the sole cause, of demand. It never furnishes supply without furnishing demand, both at the same time, and both to an equal extent.”

Such is the argument of the late Mr. Mill ; which, leaving the thing called *money* out of the question, it is, I submit, quite impossible to refute ; and yet, perhaps, every person in this room will at once be prepared to say—

“ But if this be true, there must surely be some counteracting principle at work among us ; for, practically speaking, I deny that production is at present the cause of demand. I deny that supply and demand are convertible terms. I deny that it is now impossible to increase the one without increasing the other, both at the same time, and both to an equal extent.”

And with ample reason would this objection be raised, for *there is* a counteracting principle at work among us ; and hence production is at this time no more the uniform cause of demand—as the meaning of the term demand is universally and properly understood—than it is the cause of the annual prevalence of the east wind in this city during the spring months of every year of our lives. The nature of this counteracting principle I shall duly and fully explain to you.

I pray you, however, not to include me amongst the non-disciples of the political economists. In the course of these lectures I shall have no occasion to

oppose any doctrine of the late Dr. Adam Smith, although I shall certainly assume one of his principles by and by, and contend for its importance to a much greater extent than he himself has done.

From Mr. M'Culloch, then, a living author, we shall now take a few sentences, *which should be correct*, but which unhappily are, on the contrary, a mere tissue of error.

For example, speaking of this same subject of gluts, he says :—“ Every man's object, in exerting his productive powers, must be, either to consume the entire produce of his labour himself, or to exchange it, or portions of it, for such commodities as he wishes to obtain from others. Suppose, now, that he directly consumes everything he produces : it is obvious that in such a case there can be no glut or excess ; for, to suppose that commodities, produced in order to be directly consumed by the individuals producing them, may be in excess, is equivalent to supposing that production may be carried on without any motive, or that there may be an effect without a cause ! When individuals, instead of directly consuming the produce of their industry, offer it in exchange to others, their miscalculation may occasion a glut. Should A, for example, produce commodities, and offer them in exchange to B or C, who is unable to furnish him with those he is desirous to obtain, he will have miscalculated, and there will be a glut : he should, it is obvious, have either offered his commodities to others, or have applied himself to the production of those which he wanted. This, however, is an error that will speedily be rectified ; for, if he find that he cannot attain his object by

prosecuting his present employment, he will forthwith set about changing it, producing, in time to come, such commodities only as he can find a merchant for, or as he means to consume. It is clear, therefore, that a *universally* increased facility of production can never be the cause of a permanent overloading of the market.”*

Now, really there is something very tantalizing in all this. Mr. Mill, a first-class authority, tells us for certain that production is the uniform and never-failing cause of demand ; that the aggregate market *cannot* be overstocked ; that supply and demand *are* exchangeable terms, and that *it is impossible* to increase the one without increasing the other, both at the same time, and both to an equal extent.

Astonished at this statement, so contrary to our general experience, we turn to our politico-economical Encyclopædist, M’Culloch, and he tells us *the self-same thing*.

Unfortunately, however, when these wise men have puzzled us every-day folks pretty nearly as much as they have puzzled each other, we go to some commonplace, matter-of-fact man of business, and say to him—Now, Mr. A. B., I have recently become a very learned personage. I have been reading certain celebrated works on an interesting subject called Political Economy, and the writers tell me that “Production is the cause, and the sole cause of demand—that you cannot increase supply without increasing

* A most unmistakeable reiteration this, of the late Mr. Mill’s argument, already quoted in full, but wanting in the item *honesty*, being unacknowledged.

demand, both at the same time, and both to an equal extent." Pray, Sir, in your experience *do you find it so?*

Imagine the reply—for I will not weary you with any lengthened attempt to put it into words. "A theory, Sir—a mere theory, and one, depend upon it, in which there is no truth"—would be the substance of his remarks. And such would undoubtedly be the correct answer.

Then comes the great question now before us—"If our existing monetary system were to be discarded, and *if* what I call a sound one were to be established in its stead—Would production *really* and *practically* become the cause of demand?—or, in other words, would it, speaking always of aggregates, be precisely as easy to sell goods at a reasonable *profit* as it now is to buy them at a reasonable *price*, and that *ad infinitum?*"

Most assuredly it would; and I challenge the critical acumen of the three kingdoms to gainsay the assertion, or to adduce any, save the most puerile and absurd arguments, in refutation of this most important doctrine. In a word, the opinions of Messrs. Mill and M'Culloch upon this subject *are not true*, but they *should be true*, and true *they may become* whenever the public shall think proper to make them so, and that to the very letter. Both these gentlemen, however, have failed to take cognizance of *another* principle at work amongst us, by the operation of which their reasonings have been falsified, their expectations frustrated, and their conclusions very properly set aside by every practical man, as the mere theoretical dogmas of a school of error: the facts

of the case being, that production *is* the *natural* cause of demand, *ad infinitum*, without reference to any monetary system or systems whatsoever ; but that, unhappily, *the* monetary systems adopted by this and other nations have converted this inestimable principle into a dead letter.

LECTURE III.

PRODUCTION, naturally the cause of Demand, is now the effect of it—the operations of our existing monetary system having reversed their position. The co-equality, therefore, of Production and Demand which has thus been insanely suspended, must be restored, ere it can be *possible* for mankind to prosper.

IN my last lecture I endeavoured to show that, apart from all monetary considerations whatsoever, production is the cause, and the sole cause of demand; that supply and demand are exchangeable terms; and that, in the aggregate, the one should ever be precisely equal to the other. The existence of *over-production*, therefore, in these circumstances, would evidently be impossible. *Disproportion* may exist, no doubt, but this is an evil which, in the scape-goat phrase of the political economists, will very speedily *cure itself*.

It is however obvious, that if a great number of persons should meet together in a public market, for the purpose described in my last lecture, namely, that of exchanging amongst each other the varied products of their respective industry—each one having at once something to dispose of, and at the same time a multitude of requirements—they would speedily find themselves in a most unmanageable position.

A has food, B clothes, and C a house, to sell. D has furniture, and E fuel, to dispose of. But, unhappily, it is all but certain that no two persons out of any number that might be thus collected, would chance to be in the fortunate situation of mutually requiring the precise kind and quantity of commodities which they should wish to buy and sell. A, for example, has bread to dispose of, and D a mahogany table. But even suppose A to be in want of the table, this article must surely be worth a great deal more bread than D can require at any one time; and, besides, the proprietor of the table is in quest of many things in addition to bread. He wants, perhaps, a coat, a hat, or possibly a gallon of whisky, all of which articles are the respective merchandise of other dealers; and the table, it is clear, cannot, without injury, be cut up into as many parts as its owner may require articles of food or dress in exchange for it.

The man C, again, is, if possible, in a still worse predicament. He is in search of twenty different things, at least, but the only property he has to offer in exchange for them is *a house*, which one of the merchants with whom he desires to deal may chance to want, but who, unfortunately, is not in a position to give in exchange for it the very numerous commodities which the would-be vender of the house requires.

In what manner, then, are these bewildered merchants to exchange their commodities amongst each other? It being premised that the principle of *equity* is recognised by all as the basis of their dealings: each one expecting to obtain his due, but nothing more than his due: being, in short, equally prepared

to give justice and to receive it : but in what manner is he to act ?

Well, then—How would the principle of giving *equal weight for weight* answer the purpose of these merchants ? Assuredly not at all ; for a pound of watches, for example, would cost many times as much *labour* to produce them as a pound of potatoes. An elegantly-wrought silk dress or shawl, again, would hardly be given in exchange for an equal weight of common canvass or cotton cloth. Equal weight for weight, therefore, could not answer.

Try next the effect of *measure for measure*—longitudinal, to wit. But here we are no better off ; a yard of broadcloth for a yard of tape, for instance ! The inequality of *labour* required in their production respectively, at once settles the question ; and hence, therefore, with longitudinal measure for measure, we are in no better plight than we were with weight for weight.

What, then, remains for us but to resort to *solid contents* ? A cubic foot of coal, for example, in exchange for a cubic foot of iron, lead, copper, silver, gold, or of precious stones !—And why not ? Because, and *solely* because, it would cost a hundred, a thousand, or a million times as much *labour* to obtain a cubic foot of these latter commodities as it would to obtain a cubic foot of the one first mentioned. It might, for example, require the labour of one man for a century—even could he live, enjoy health, and follow the pursuit so long—to collect a cubic foot of diamonds, whilst the attainment of a cubic foot of coal, under ordinary circumstances, would be the work of but merely a few minutes.

In equality of *number*, again, we should seek in vain for any measure of value. An equal number of sheep, as an article of food, could seldom equitably exchange for an equal number of oxen ; because the *labour* and material—itself the result of labour—requisite to feed and tend the former must necessarily be much less than that which would be required to feed and tend the latter. And although the carcass of an ox will go much farther as an article of food than that of a sheep, *this* consideration, taken by itself, has nothing whatever to do with the cause of its commanding a higher price in the market. It is not equal quantities of equally nourishing or life-supporting food that exchange for each other, either equitably or practically ; it is the cost of production *or relative quantity of labour* expended upon them, that makes one thing dear and another cheap ; or, more properly speaking, which makes one thing command in exchange a totally different quantity of another thing, and that whether the respective quantities be estimated by weight, by measure, or by number.

Equal *utility*, again, may possibly at some time or other have occupied the minds of speculators whilst looking for a measure of value. But to lay no stress whatever on the fact that, in particular cases, commodities are useful or otherwise in proportion to the estimation in which they are held to be so by men individually, it is obvious that water, for example, as a general rule, is of infinitely more utility than wine ; and yet no one would ever think of comparing the *exchangeable* qualities of wine with those of water.

From what has been stated it will be seen that, as

neither on equal weight for weight, measure for measure, number for number, nor on equal estimated utility, *can any equitable principle of exchange be founded*, we must continue our search for one elsewhere. In a word, what we require is *a measure of value*, without which, of some kind or other, good, bad, or indifferent, commerce would cease to be commerce, society would cease to be society, and the entire race of civilized man would degenerate into a state of barbarism. For if all our exchanges of labour for labour, of produce for produce, and of mutual service for mutual service, were to be restricted in number and extent to those which could take place in the absence of any recognised measure of value, every man, it is clear, must necessarily consume the best half of his time in exchanging, by the clumsy process of barter, the surplus produce of his own industry for portions of the surplus produce of the industry of fifty other people. In short, as already stated, *in addition to scales and weights, to measures of length and measures of solidity, we must have a measure of value*, by means of which all transactions between man and man, other than those of gratuitous service or mere barter, may be carried on; and we must have also *instruments of exchange*.

And thus we are now conducted by gradual and easy steps to the consideration of the great problem which we have proposed for our solution—*money*; and not, I trust, for our solution only, for throughout the length and breadth of this land there are at the present time a great number of persons who—strongly doubting the soundness of the existing monetary system—seem magnanimously to have resolved

no longer to inherit the pecuniary wisdom of their forefathers, without testing its quality, and judging of it for themselves. And great and glorious will be the day for the sons and daughters of mankind, when this resolve shall have been fully, fairly, and generally carried into effect.

Premising, then, that the *use* of money is to enable us to effect exchanges, which can neither be equitably made upon the principle of equal weight, equal measure, equal number, or of equal utility, the desirable qualities of money may be thus enumerated :—

I. *Durability*.—This quality is essential only so far as regards the *intrinsic* value of money itself. If a pound in money should, as in the case of gold coin, carry within itself the value which it represents, the quality of durability is of much importance, because in the absence of it, the mere annual cost of the material whereof to make money would constitute a serious annual tax upon the country. But if, on the other hand, the money chiefly in use be merely *representative*, as in the case of bank-notes, then as a pennyworth of paper and printing may represent from two hundred and forty times to two hundred and forty thousand times its own value, the quality of *durability* sinks into insignificance, and may indeed be altogether set aside as one of no importance whatsoever. So far, then, we have every reason to be content with money as it is.

II. *Portability*.—Portability, or the facility of transmitting money from place to place, at very little expense, in sums the smallest or the largest, and that with perfect security against loss, is already so admirably afforded in this country, that there would seem to

be hardly any room for improvement upon our existing monetary system in this particular. Whilst, again, the portability of money which any person may wish to expend with his or her own hand is such, that a duchess might easily carry about with her enough money to purchase the commodities of half a street, without being at all inconvenienced by the act of becoming her own purse-bearer. So that here again all is well with money as it is.

III. *Divisibility* and consequent *Convenience*.—None of the inconveniences which we have enumerated as unavoidable under any system of mere barter are at all chargeable against our present usage. A farthing is a very small sum of money, a million of pounds sterling a very large one ; and yet whosoever may be indebted either in the one amount or the other, or in any amount whatever between the two, can have no difficulty in settling with his creditor, if he have but enough of money wherewith to pay him—the existing *divisibility* of money being sufficiently perfect for all practical purposes.

IV. *Uniformity of Quality and Weight*.*—The former is insured to us by the Mint Stamp impressed upon our coins ; whilst the impress of the genuine plates of the respective banks of issue, guarantees the goodness of paper money—to the extent, that is to say, of the banker's ability to redeem it. The onus is, indeed, thrown upon us to detect the fictitious coin or note, as the case may be, whenever either the one or the other may be offered to us. But experience has proved that there is not any great practical

* Of *weight* in certain cases only, as will be fully demonstrated in a future lecture.

difficulty in detecting either. So that here again we must hold our monetary system sufficient *as it is*. We have no mode, certainly, of ascertaining the *weight* of any coin, except that of taking the trouble to weigh it. But to do this seems to be necessary only in the case of gold, for persons, now-a-days, are but seldom seen to weigh silver money, and copper money never. The word still therefore is—content.

V. So many good and useful qualities being thus conceded to our monetary system as it is, wherein, it may be asked, *consists its great defect?* What is the *bad* quality which has so far overbalanced all the good ones in my estimation, as to have induced me to volunteer a course of lectures against it, and to offer to discuss the subject with the Editor of the *Leading Journal of Europe*, for the sum of five hundred guineas?*

My objection to the existing monetary system is, in a single word, *its dearness*. I admit the sufficiency of its durability, portability, divisibility, convenience—when we have it—and uniformity of quality and weight; but I altogether deny it to possess the merit of *cheapness*.

Premising, then, that the whole amount of the taxes is, in round numbers, about the sum of fifty millions of pounds sterling per annum; premising that the whole income of the country has been variously estimated at from four hundred millions to five or six hundred millions per annum; and premising that the national debt stands in our books at somewhere about eight hundred millions—*What is the annual cost of maintaining our monetary system?*

* See explanation in the Appendix.

Is it as much as *one* million of pounds sterling, or *two* millions?—*five* millions, or *ten* millions?—*twenty* millions, or *fifty* millions? In a word, are all our other taxes put together as serious a burden upon the country as the single tax on our money?—or does the cost of our money maintenance amount to any less sum than *one hundred millions of pounds per annum?* in other words, to any less sum than one-eighth part of that greatest of all bugbears—the national debt itself?

I reply to these inquiries by affirming that, upon the most moderate computation, the cost of our monetary system is certainly not *less* than one hundred millions per annum. A larger sum than this I believe it to be, and probably a much larger one; *but one hundred millions per annum is the very lowest fraction that we pay for it.* And if I should be able to make out this statement to your satisfaction, as well as to my own, I expect you will agree with me in thinking, that our said monetary system *is wanting* in the essential quality of *cheapness*—that we have paid too much for our whistle—and that if it really costs us the sum of one hundred millions per annum to keep it in tune, the sooner we get rid of the gilded toy the better.

On the altar of this golden calf, then, which in ignorance we have set up and worshipped, have we sacrificed that great principle in Political Economy which I explained to you in my last lecture, *Production the Cause of Demand.* In vain did the late Mr. Mill labour to prove that production *is* the cause of demand—that supply and demand *are* exchangeable terms—that we *never* can increase the one without

increasing the other, both at the same time, and both to an equal extent; for to the *Idol gold* have we sacrificed *every vestige of the principle* on which the late Mr. Mill reasoned to this conclusion. And equally in vain is it that the existing Mr. J. R. M'Culloch has insisted, in the argument to which I called your attention the other evening, on the self-same doctrine. He and Mr. Mill have alike failed to perceive, that whilst every word of their arguments upon this subject *should be true*, every syllable of them *is in reality false*. Production is not the uniform and never-failing cause of demand *now*; would to God that it were so! in which case we should hear very little more either of English Chartism or of Irish Repeal. The principle, in short, for which both these gentlemen—one of them so ably—have contended has no *practical* existence. It has been expelled in the meantime from the face of the so-called civilized world; which world would, however, best exhibit the *reality* of its civilization by *recalling* this important principle, and bringing it into full operation with the least possible delay.

But where, it will be demanded, do I get my hundred millions per annum cost of monetary maintenance in the present day? Is it in the wear and tear of the gold itself? Is it in the cost of the precious metal, with so large a quantity of which it is necessary for us to be provided to carry on our trade? Or is it by reference to the indirect, tedious, and unsatisfactory manner in which money is supplied to us, by parties over whom we have no control, that I seek to justify the bold assertion which I have made? Assuredly in none of these; for I am quite able to give

you the entire sum of one hundred millions, which I have set down as being the *minimum* cost per annum of our present monetary system, *in a single item*.

Take, then, *first*, the present annual income of the country at *five hundred millions*, at which sum I think it has been very moderately estimated ; seeing that—without going into any other evidence—the taxes we pay annually are about fifty millions, and the *total income* of the country certainly cannot be *less* than ten times their amount.

Then take, *secondly*, the annual income of the country, *as it would be under the influence of a monetary system, connected with which proportionate production would really become the uniform and never-failing cause of demand*—when to sell goods at a fair price for money would be just as easy as it now is to buy them at a fair price with money, and that *ad infinitum*. Say, in a word, that we are placed in circumstances, *by means of which the whole productive powers of the nation would be brought into full and vigorous operation ; and then say whether the entire and united products of the labour of this country would or would not be increased in the ratio of five to six ?*

And if you admit that, under the circumstances I have described, the products of labour certainly *would be increased* to this extent, then you do also confess that the actual cost to this nation of its existing monetary system amounts to the sum of at least one hundred millions per annum, *taking goods, money, labour, and everything else at their present money value*. *For to the nature of our monetary system it is wholly and solely attributable, that proportionate production is not at this present hour the cause of demand, ad infinitum,*

not only in this country but in every other civilized portion of the globe which we inhabit.

But to explain *the precise manner* in which the existing monetary system operates so fearfully to our disadvantage :—

It is, then, not merely a well-understood principle in Political Economy, but it is also *a fact*—I make this distinction because many of the so-called well-understood principles in Political Economy *are not facts*—that whenever the demand for any commodity increases, the *money* price of that commodity *rises*, as compared with other things ; *unless*—and observe particularly the nature of the exception—*the commodity itself be of such a kind that it can be brought to market without any increased rate of cost, in sufficient quantities to supply the extra demand*, in which case it will not necessarily advance in price. Now, take any commodity you please, *not actually multipliable ad libitum by the exercise of human labour*, and let it be your measure of value. In ounces or pounds, in yards or acres of this commodity, let all your money-contracts be made, all your goods be priced, all your taxes levied—let, in a word, your pound, shilling, and penny consist respectively of a pound-weight, a twentieth of a pound-weight, and a two hundred and fortieth of a pound-weight or measure of this commodity. Then be it gold or silver, brass or copper, pearls or diamonds, or be it some especial thing, brought from another world for the express purpose of being to us money, and I defy the wit of man to show that the two things—*this measure of value*, as it is supposed to have become—*and the great principle of production the cause of demand*, can by any possi-

bility co-exist for one solitary week, in any nation upon the face of the earth! And why? Simply because to the existence of *any* mercantile system in which production shall be the uniform cause of demand, money—the modes of using it remaining the same—must increase *just exactly and precisely* as fast as all other marketable commodities put together; for if it do *not* do this, every commodity multipliable by the exercise of human industry *faster than money itself*—although costing no diminished labour to produce it, *will fall in money-price*; and from that instant, the greatest and most important principle in Political Economy that ever occupied the mind of man—*Production the cause of Demand*—is expelled from our commercial system, and, practically speaking, annihilated.

I repeat, that, the mode of using it remaining the same, it is absolutely necessary to the *natural* development of the wealth of nations, and to the wellbeing of society, that money should increase just exactly and precisely as fast as all other marketable commodities put together, but no faster.

Suppose the existence at the present time of a million pounds' worth of marketable property of various kinds in the city of Edinburgh seeking for customers, and that what would *now* be called a fair proportion of customers, with money in their hands, are both able and disposed to buy the whole of it. When, however, the customers are just about to make their intended purchases *the property for sale* comes, somehow or other, to be doubled; whilst there is no increase, on the other hand, of *money* wherewith to buy it. It is obvious that all the property for sale must inevitably *fall in price*. Practically speaking, however, the supposed

addition to the stock never would take place, seeing that, however *able* parties might be to bring all these goods to market, they certainly never *would* bring them to such a market, knowing, as they could easily do by a little timely inquiry, the state, present and prospective, of the market.

Thus production, *naturally* the cause of demand, is *practically* the effect of it, the operations of our monetary system having reversed their position.

Whilst, therefore, it is admitted that money, as it is now constituted, has afforded us the advantages of durability, portability, divisibility, and some others ; whilst it has superseded the cumbrous and impracticable system of barter, or the direct exchange of goods for goods of all kinds and denominations ; it has, at the same time, suspended the operation of *a principle* of which we were in possession *before money existed at all*, of such inestimable value, and at the same time *so peculiarly applicable to the present exigencies of society*, that we can no longer afford to do without it.

In short, we have sold our birthright! Esau sold his for a mess of pottage, and we have bartered ours for gold! Nay—I say it with reverence—we have gone the length of countermanding the very decrees of God himself, and that whether we take those decrees from the book of Genesis or from the book of Nature ; for it is equally and unmistakeably affirmed by both these authorities, that man shall live by the sweat of his brow—that he shall live by labour.

But *no*, says our golden standard of value ; man shall not live by the sweat of his brow, for he shall not labour—to any greater extent, at least, than it may be my will and pleasure to permit him. He

shall live henceforth by the sweat of his brain. He shall not obtain and enjoy that quantity of wealth which his industry would enable him to *create*, but he shall forthwith be restricted to such a measure of wealth as his ingenuity may enable him to *exchange* for certain quantities of one of the scarcest commodities upon the face of the earth.

From the hour, then, in which men, by human laws, declared that *gold* should become the measure of the value of all other commodities, of all debts, of all pecuniary obligations, and of all pecuniary credits ; *from that hour, I say, a Law of God was, by an Act of the British Parliament, broken, set aside, repealed, suspended, and obedience thereunto declared punishable* : punishable, too, not by capricious man, not by the judges presiding in our courts of law, in whom is oftentimes vested the power of mitigation, when the cases before them may seem to warrant the exercise of the prerogative of mercy ; but punishable by the never yet broken law of *natural consequence*. For certain it is, that the self-same Act of Parliament, which *exalted* gold into our standard of value, *debased* production, formerly her progenitor, friend, and equal, into the handmaid of demand.

And herein consists the great secret of all our commercial troubles. A secret undiscovered by Smith, blundered alike by Mill and M'Culloch, the key-stone of the whole Malthusian delusion, and the stumbling-block of those inveterate players at blind-man's-buff, Sir Robert Peel and his numerous disciples : amongst whom there is *not one man* who can put pen to paper upon the subject of supply and demand without forthwith committing some egregious absurdity or other.

Dr. Adam Smith, unfortunately, did not record his opinions upon this particular subject at any length ; and that for the best of all reasons, perhaps, namely, that he never formed any.

Mr. Mill asserts boldly enough, and labours, indeed, to prove, that production *is* the cause of demand, and that *ad infinitum*—forgetting, obviously, that if this were true, the task of *selling goods* at a fair price for money would be exactly and precisely as easy as that of *buying them* with money. Then into the head of Professor Malthus, again, it certainly never entered, whilst composing his two volumes of anti-population denunciations, that *demand* is now the cause of *production* ; and that these two words must change places—that is to say, production must become the cause of demand, before any one sentence of his theory can be examined with *all* the facts of the case before us.

And is it a matter of no consequence to the production of food, for example, that the actual quantity of food produced depends now upon *the prospective quantity of gold coin* that may be ready in the market to buy it ? in place of depending, as depend it should, *solely and singly*, upon our ability to produce a sufficient quantity of *food itself* for the use of the existing population ? It would, for instance, be a mere truism to say, that the quantity of fish at present brought to market might easily be increased a hundred-fold—a thousand-fold would be much nearer the truth. And if this commodity—as dried and salted it should be—were *itself* the cause of demand equal to the extent of the quantity produced, I wonder when we should hear of such another *Scottish* Destitution Fund as that which marked but yesterday, in characters never to

be effaced, at once the benevolence and the ignorance of this generation !

If, in the aggregate, it were as easy to *sell* the produce of men's labour at a fair profit as it is to set men to work, what would become of poverty ?—what of our periodical subscriptions for the support of men both able and willing to labour for their own support ?

Then if we pass from the writings of our political economists to those of the periodical critics and reviewers of the day, appeareth it ever to enter the heads of any of these gentlemen—I speak of them as a class—that production, *naturally* the cause of demand, is now the *effect* of it ? and that, therefore, as a necessary consequence of this state of things, it is utterly impossible for any living man to measure the extent of our productive resources, during the existence of any such condition ?—The answer unfortunately is, that these gentlemen, collectively speaking, understand the subject precisely as well as so many children of five years old.

The fact is, that we have bound our trade and commerce hand and foot ; and, having done this to our hearts' content, we gape and stare at each other like so many persons stupified !—observe, on meeting in the street, “Shocking times these ! business very dull !” To which novel and original remarks, echo replies “Very !”

What, then, it will be asked, are the proper qualities of money ? To which question I reply that they are just exactly those which we have already enumerated, to which add the first, the greatest, and the most indispensable quality of all, namely—

That money must be of such a nature and quality that production—due proportion being preserved in the commodities produced—*shall henceforth resume its natural right, the right, that is to say, of creating demand equal to itself*; and that, as I have elsewhere stated, whether production be increased a hundred, a thousand, a million, or a hundred-thousand-million-fold. Demand, in short, must ever be able to say to Production—“*Still am I your equal in the race.*”

It is no part, however, of the business of this evening's lecture to show in what manner this great desideratum may be effected: the proposition at present before us being merely that production *is not now* the necessary cause of demand. And having already elucidated this doctrine by a general appeal to facts well known to you all, it yet remains for me to exemplify still more fully than heretofore, the causes why, co-existently with the present monetary system of society, it is a mere impossibility for production to be the cause of demand at present.

In farther explanation, then, of the principle for which we are contending, I shall now read over to you one of my former arguments upon the same subject, published in 1842.

“The existing limit to production may be easily defined. Nature is at all times willing that we should enjoy whatever quantity of wealth our industry and ability may be competent to fashion out of the material that she has so profusely spread before us. Man can have nothing without exertion; but never ought he to attain anything short of those means of enjoyment which his labour can procure for him, as limited either by its positive exhaustion, or by his own in-

disposition to activity. He has not yet, however, exhausted his productive powers, neither has he satisfied his wants. The former are so great, that it would be a difficult task to estimate or measure them; whilst the latter, real and imaginary, are so numerous, that the act of supplying them is but as the sowing of seed destined to produce a crop.

“The British nation, then, has fixed upon a certain commodity, and rendered it by law a standard of value. It has declared that a certain fixed weight of gold shall be denominated a pound sterling; and that the value of all other things shall be determined by the number of pounds sterling, or portions thereof, which they will buy or sell for. The consequence of this regulation is, that gold being the legal standard of value, whatever may be the existing quantity thereof, and of its representative, bank-notes, in the hands of persons requiring marketable produce, *that quantity*, be it much or be it little, *is the utmost* that can be obtained in exchange for the simultaneously existing quantity of goods seeking to be exchanged for money—in other words, for sale in the public market. If the quantity of money in the hands of persons willing to part with it for goods be one hundred and no more, the goods in the market can fetch one hundred and no more; and, consequently, if there be more goods in the market than are considered by their proprietors to be worth that sum of money—say, for example, by one-half, then it is obvious that the surplus half must *either* remain on hand unsold, *or* the entire quantity must be reduced in price to the sum of one hundred—pounds, hundreds of pounds, thousands, or millions, it is all the same.

“ Start, then, with an example, in which both money and goods may be said to be at par, that is to say, when all the goods for sale in the market find ready purchasers at a remunerating price ; and when, also, the demand for goods is equalled by the supply of them. Such, then, being the state of the case, we have only to keep *adding* to the stock of goods, *without adding* to the stock of money, in order to obtain a very clear view of the present commercial state of this country, thus :—

Goods,	. . .	100,	money . . .	100,	a fair price.
Increase the goods to 110,	money still 100,	loss	10 per cent.		
Increase the goods to 120,	money still 100,	loss	20 per cent.		
Increase the goods to 150,	money still 100,	loss	50 per cent.		
Increase the goods to 200,	money still 100,	loss	100 per cent.		

Or *no sales* until the tables shall be turned.

“ The modes of employing it, then, remaining the same, the necessity for a circulating medium, which may constantly and habitually increase as fast as the aggregate of all marketable produce, is sufficiently obvious ; for, if money do not do this, one of two things must inevitably happen—either *prices must fall*, and that in exact proportion to the difference between the increase of goods and that of money, or else *production must stop*. There is no alternative, or evasion to which we can resort ; no scapegoat of any kind whatever, by means of which these consequences can be avoided.

“ As, then, the aggregate of goods cannot be increased faster than the aggregate of money, without the inevitable result of *loss* to their producers, an ordinary consequence is, that *loss is* the result of production. Tempted by a craving disposition to em-

ploy their capital, and "to make money," as they call it, by the exercise of their trades, manufacturers, one or other of them, are for ever over-stepping this line of demarcation. But, unfortunately, they do not in this case make money, but *goods*, or rather *bads*—for a good that can hardly be which sends its manufacturer into the gazette, and his wife into the poor-house.

"And this it is which constitutes what is miscalled over-production. Goods being increased faster than money, *their price falls*, and the fool exclaims—'Oh, the evils of over-production!' whilst it may be demonstrated in twenty different ways, *that there never was, never will, and never by any possibility can be, any such thing as an aggregate over-production of commodities*. It is the under-production of money, added to a total want of any *definite principle*, either in the increase or diminution thereof, which constitutes the real evil. Start again at par, as already defined, a fair profit being the result of production; regulate the increase of money by the increase of goods, instead of regulating, as at present, the increase of goods by the *pro tempore* supply of money, and you may multiply your productions a hundred, a thousand, a million or a hundred-thousand-million-fold, and be *still* as far from over-production as ever. There will be no such thing; there can be no such thing, nor the least imaginable prospect or possibility of it:—*Proportionate* increase being the *one and only* qualification required to the assertion.

"But the increase of goods does not generally go on when that of money stops; for, although imprudence frequently oversteps the boundary, prudence much

more frequently restrains us within it : the latter, indeed, is the rule, the former the exception. Production comes then to a stand-still, and when ? When the wants of the producers are supplied !—when they are all physically happy and comfortable !—when each and all of them have a house and home, and the means of supporting a wife and family, if they chance to have them !—furniture, musical instruments, books, and, in a word, whatever is necessary to make life *comfortable*, in the ordinary acceptation of the term ! No ! with the ability in their hands to supply *every* individual inhabitant of these realms with the necessaries, comforts, and many of the minor luxuries of life, their productive efforts *stop*—and stop they must, so long as the present monetary system shall exist—and that long ere they have supplied the *numbers* of society with even a sufficiency of the first necessaries of human life—that is to say, with food, raiment, and decent habitation.”*

But there is another view of the subject of money to which we must now give our attention.

We have, then, a *commodity* circulating in the world of business, called money, namely *gold*. And it would scarcely affect our argument to introduce the consideration of bank-notes, because bank-notes, although not made of gold themselves, are, or should be, the mere representatives, or evidences of the existence, of *gold in store*, ready at any moment to be given, if required, in exchange for the notes in circulation ;—just as the undoubted ownership of the title-deeds

* “Efficient Remedy for the Distress of Nations,” by the same Author, pages 100 to 104.

of heritable property are, to all *marketable* intents and purposes whatsoever, equivalent to the production of the property itself.

No fixed weight, then, of any valuable thing in this world *ever was, is now, or ever by any conceivable possibility can become—a measure of value.*

Gold is the *legal* measure of value now, no doubt. But it is so only as in arithmetic two and two might be legally declared no longer four, but six. Let such a law be made and then it will be admitted at once that, *legally speaking*, two and two are six, and six they will be quite as certainly at least as gold is now any real measure of value. But still two and two are not six ; neither *is* gold a measure of value ; neither *was* gold at any period of time a measure of value ; neither in this world can gold ever by any possibility *become* a measure of value, any more easily than St. Paul's Cathedral can be sent upon an experimental trip to new Zealand or the moon.

For if gold, instead of being merely *nick-named* a measure of value, were *in reality* one, an ounce of gold would, under all ordinary circumstances, be obtainable by the exercise of *equal quantities of capital, skill, and labour*, usefully employed. A mere impossibility this, however, for the very sufficient reason, that whilst capital, skill, and labour may be exercised in a thousand different ways, and ten thousand more besides, gold is in an especial manner one of the few commodities which are *not* capable of being increased in due proportion with everything else.

If sea-water, for example, were wanted for any purpose, in some particular place—the modes of raising and conveying it remaining the same during the whole

period of the requirement—the *last* gallon thereof that should be required would be obtainable with just as little labour as the first gallon. But if water of an *especial* kind obtainable from some particular well, *and from it only*, would answer the intended purpose, and if the said well should be found to yield but *a constantly diminishing quantity* in proportion to the demands that should be made upon it, then might the last gallon of water required be obtainable only by a greatly increased quantity of labour, waiting, and watchfulness, and hence it might be worth from two or three times to two or three hundred times as much money as the first barrel.

Apply this illustration to gold.—Can the metal gold, here in this country, be obtained at all times, and under all circumstances, *in constantly increased quantities* in exchange for *precisely corresponding increased quantities* of the products of capital, skill, and labour, usefully employed?

Taking the existing quantity and market-price of goods and gold as the starting-point—If we *double* the quantity of goods will they infallibly exchange for *double* the weight of gold? If we multiply their quantity by *a hundred* or by *a thousand*, will they still continue, and that for certain, to exchange for a hundred or a thousand times the weight of gold?

Assuredly *they will not!* and if *not*, then do I affirm that *gold* is no more truly a measure of value, than ice in hot weather; which, in exact proportion as it may become *scarce*—whilst the *demand* for it will increase from the self-same cause which melts it, namely heat—*will rise in money-price*.

Money, be it gold or be it ice, can be no measure

of value, *if any increase whatever* of such aggregate marketable produce, *as may continue to cost the same amount of labour to create it*, can be the cause of *any fall whatever* in the *money price* of that produce. I say emphatically *marketable* produce, by which I mean to designate all such goods as people in general are in the constant practice of buying, who possess the means wherewith to make such purchases as they desire to make.

If one day's labour of any given kind, duration, and quality, bring a certain weight of gold, will ten days' labour of the like description, twelve months hence, bring ten times, and a hundred days' labour one hundred times, that weight of gold ?

No person here present needs to be told that it is a mere matter of *chance* whether these respective quantities of labour will or will not command equal quantities of *money* per hour's work, in exchange for them in the present state of society.

What an utter absurdity, then, is our *Parliamentary* measure of value ! Ten times ten bushels of corn will measure one hundred bushels. Ten times ten pounds' weight of tea will weigh one hundred pounds. Ten times ten yards of cloth will measure one hundred yards. But let the *money earned* by the exercise of any given number of days' labour of a certain kind, quality, and duration, be just now ten shillings, and the money earned by the exercise of ten times the self-same kind, quality, and duration of labour a short time hence, may be eighty shillings, a hundred shillings, or a hundred and twenty shillings, according to the mere scarcity or plentifulness of the single commodity called *money*.

Hence is our so-called measure of value a farce, a fiction, a Will-o'-the-wisp. It is just a pint measure of to-day, which held a quart yesterday, a gallon the day before, and may hold a gill to-morrow. And would to God that it were nothing worse than this ! but it is something worse—*It is an instrument of destruction*, compared with which gunpowder is harmless, and the sword a toy.

For if our productive powers and resources were in reality so extensive that we could feed, clothe, lodge, furnish, educate, and otherwise amply provide for the inhabitants of another planet in addition to those of our own ; and if we should be inclined to exercise our said productive powers accordingly, why then instantly would step forth the law of gold, and imperatively exclaim, *Stop, I command you !* whilst every created man would forthwith obey the injunction, for the very sufficient reason that if he should fail to do so, *the price in money of his goods would fall, and hence loss instead of profit* would be his for evermore—that is to say, until he should retrace his steps, and bow in humble submission to the dictates of a law, originally framed in the grossest ignorance of its real nature ; tolerated until this day by the same deplorable folly ; and impatiently endured still by men blinder than the mole, and ten times more stupid than the owl, whose sagacity, superior to their own, they are for ever accustomed to libel. Upon the nature of this law, however, *the public* seems at length to have fixed its inquiring eye, as a preliminary to its eternal abolition from the face of human society. Members of the British Legislature—Peel, Russell, Cobden, *et hoc genus omne*,

have yet to become acquainted with the most important truth, that—

No increase of well-proportioned produce, however great—however inconceivably enormous—which produce should continue to cost the same amount of labour per yard, per pound, or per foot, to create it, could give occasion to the fall of one farthing in its money price, had we in practical existence any such thing *as an accurate measure of value*—any more than weight, measure, or number, can become *less, per equal quantity*, in consequence of its immensity; and neither, *by any possibility*, could well proportioned production in these circumstances ever overtake demand.

And yet, inconceivable as it will appear to the future historian of the age in which we live, *the fact that prices fall whenever goods increase at a more rapid rate than money*, is perfectly well known to the very men who uphold the existing monetary system, as proved by their respective writings! These gentlemen, however, in reasoning upon the subject, come *not* to the conclusion that the said monetary system is the greatest absurdity upon the face of the earth, but at a time when the whole quantity of our productions do certainly not exceed five-sixths of their *natural* amount, they forthwith begin to rave about over-production and over-speculation; and strenuously insist that, so far as money is concerned, all is right—or, in other words, that it is not food, clothes, houses, furniture, instruction, and recreation, for the attainment of which mankind in general should be taught to exert themselves, but for gold, gold, and nothing but gold. And not even for gold, either

as an instrument of domestic exchange, or as a medium through which nations may be enabled to come into more constant and beneficial reciprocity ; but gold itself—the metal gold, is the *summum bonum* of their existence, for the attainment of which, by a few hundreds or thousands of society, starvation to the working classes, and perplexity, distress, and failure, as the rule rather than the exception to the classes mercantile, *is not considered to be too high a price.*

Think ye that this is an exaggerated or overdrawn picture of our condition ?—It is no such thing ! Truth would carry the same line of argument to a much greater length than I am disposed to carry it, at least on the present occasion. What, indeed, I chiefly aim at is, to put you on the right scent—to the end that whenever the *miseries* of society may chance to be the subject of conversation, you may be able to point with unfailing certainty to those laws which have condemned our race to an *artificial* state of privation and distress. For certain it is, that our commercial troubles are not natural to our situation in the world, neither are they irremediable. On the contrary, they have been *created*, and to this day *perpetuated*, by Act of Parliament, and by Act of Parliament may they at any time be terminated.

To proceed, however, with our argument. Well then, *in truth, measure of value* have we none, and neither has the *public*, strictly speaking, *an instrument of exchange of any kind*, good, bad, or indifferent.

To weigh, to measure, or to number any sort of goods, costs us little or nothing ; whilst, strange to say, it requires the possession of *a no less sum of money*

than they are worth, to act as the mere instrument of exchanging one kind of them for another. In short, goods must be sold for money to some person who requires them, *before* their owner can be placed in a condition to buy any other goods with the money his own are worth.

In place of which I shall prove to you, that all men may, without a shadow of difficulty, be placed in circumstances to buy the property of others, the very instant that they are in a position to sell their own: in which case, production, now the invariable consequence of demand, actual or anticipated, would become *the unfailing cause of it.*

And this proposition, as I shall duly explain, is not in the least degree affected by the fact, that the *ultimate* value of all marketable produce can only be ascertained by the answer to the question—*For how much money will it really sell?*—which, indeed, is the self-evident test of all marketable value.

But, what I am here contending for is, not merely that our present instrument of exchange is imperfect, but that, in fact, we have no *public* instrument of exchange at all.

A number of merchants, for example, meet in a public market, each of them having *goods* in plenty for sale, but nothing else, in consequence of all their property having been converted into stock. In what manner, then, are they to exchange amongst each other the various commodities that individually and collectively belong to them?

Their condition is obviously that of a fix; for although all of them are anxious to sell, that they may afterwards be able to buy, none of them can sell,

because none are in a condition to be *the first* to buy : their trade, therefore, is at a stand-still.

But where is the banker ? where the man of gold ? will not he place them in a situation to do all that they require ?

Verily, he will not ! In his private character, indeed, he will *buy* from them just so many commodities as he himself may require for his own use or consumption ; but *in his capacity of banker, nothing*. In exchange for his gold, he will take neither tea nor sugar, cloth nor canvass, tables nor chairs. And if you have any doubt upon the subject, just go to-morrow to the Bank of Scotland, the Royal Bank, or to the British Linen Company, with a drove of oxen, a score of sheep, or fifty dozen of wine, and ask the teller to place the same to the credit of your account.

To which request he will assuredly reply—“Sirs, for oxen we have no byre, for sheep we have no pasture, and for the reception of wine we have no cellars. Upon the security of these things, or some of them, under certain arrangements, *we may possibly lend you money at the current rate of interest*, but we buy them not. You deal respectively in the goods you have enumerated ; we deal in money, which it is our business to sell, to lend, and to exchange *only for money* ; and you have no more business to come here with your oxen, sheep, or wine, and to ask for money in exchange for them, than you have to take a leg of mutton to the box-office of the Theatre-Royal to pay for two or three seats.”

Such, however, being the state of the case, it is clear that *there is no public instrument of exchange in*

existence; no mere instrument ever ready to perform for all and sundry that duty which neither scales nor weights, measures nor numbers, can perform for them.* And hence demonstration in another shape—

That production is not now the cause, and the sole cause of demand:

That to sell goods at a reasonable profit for money is, in the aggregate, a far more difficult thing at present than to buy goods at a reasonable price, with money in our hand:

That supply and demand are not just now exchangeable terms: and finally—

That it is possible to increase supply without increasing demand, and that to a fearful extent.

And, under this head, these conclusions are *all* that I contend for. But in yielding your ready assent thereto—which I have very little doubt you will—remember, and carry home that remembrance to the circle of your own firesides, that in assenting to these statements, you are flying in the face of learned professors of Political Economy, and practically telling them, that one of their most important and best established doctrines is a mere delusion.

On this subject I have only farther to state, that in the course of these lectures I shall endeavour to describe to you a species of money, in which may be concentrated *all* the essential qualities which money *should* possess; and, consequently, by the adoption

* The desideratum in money is, that it may enable any man, at any time, to exchange any article, of any value, for an equal value of whatever marketable commodity he may please to have in its stead, and that with the least possible expense of time, of labour, and of anxiety.—*Social System*, page 62.

of which, not only would well-regulated production *become* the unfailing cause of demand *ad infinitum*, but by the use of which also, the entire system of commercial affairs would be erected on a permanently prosperous foundation. Pecuniary difficulty, in short, amongst the manufacturing and mercantile classes of society, and the want of employment amongst the classes that are productive, may at any time be rendered the *fault* of mankind rather than their misfortune.

So far, then, I have endeavoured to show you, in the *first* place, that, without reference to *any* monetary system whatever, effectual demand—or, to speak more fully, the desire to possess any commodity for sale, combined with the ability to give an equivalent for it—depends upon production ; and in the *second* place, that this most important principle, owing entirely to our monetary blunderings, has become inoperative, a dead letter, a thing of no existence, excepting only in the delusive dreams of certain political economists.

The obvious course, then, which we have to pursue, is for every manufacturer, merchant, tradesman, and productive labourer, to unite, as it were, in one mind and in one body, for the purpose of adopting such measures as, without any uncalled for or unreasonable delay, may be calculated to *restore* the invaluable birthright of which we have been deprived—the right *to labour* in our respective callings that we may live ; and the right *to live*, as men should live, who, having labour to perform, are both able and willing to perform it.

Be not, however, startled by the word *unite*, for

I have no bee-hive or other combinative system of any kind in store for your approbation or condemnation. I want no greater degree of mutual co-operation, confidence, or good faith between man and man, than that which is at present common throughout the whole of England, Scotland, and the better parts of Ireland. What I desire to see is a firm and unalterable determination *on the part of the Public*, to require at the hands of *Government a thorough and complete revision and reformation* of the laws of this country relating to money:—an imperative and long neglected duty this, which must be performed sooner or later, and therefore the more speedily it may be taken in hand the better; for, commercially speaking, our false monetary position is the one and only cause of our misfortunes.

And depend upon it, that mere *excuses* for the delay of monetary reform, will not much longer be accepted in lieu of monetary reform itself. The public will not for ever submit to be silenced by the reiteration of such quibbling and evasive nonsense as that with which we have recently been satiated by the *Times* newspaper. To some extent, at least, we are at length aroused to the importance of the thing called money; the discussion of which seems, indeed, likely to become general throughout the country. And, if once awakened to a thorough conviction that there really *is* some deeply-rooted evil in our monetary system, let past experience answer the question—Whether it is likely that the subject will ever again be allowed to rest until the necessary alteration in the laws relating thereto shall have been attained?

The newspaper press is unhappily a hundred years behind itself in this matter: it comprehends neither the nature, cause, nor extent of the evil by which we are afflicted. Still, there are unmistakeable signs of growing attention to the subject of money; and therefore, as truth is at all times best elicited by controversy, I shall endeavour, in the course of a short time, to stimulate the inquiry by the offer of a premium to whomsoever may be able to produce the best answer to the opinions I am now submitting to you, provided a competent and impartial tribunal shall declare such answer to be *a refutation* of my opinions.

I repeat, however, that I have no combinative scheme to propose for your adoption. We require no reconstruction of society, in order to increase our annual income a hundred millions or so. A few salutary money-laws are all that are wanted, along with the repeal of some that are absurd. *Permission* to exchange the various products of our labour with each other, *which permission is now withheld from us by Act of Parliament*, must be conceded to us. In short, a channel of communication must be opened between man and man, by means of which mutual service may henceforth be given and received, and that upon a principle really deserving of the appellation—*free*.

Observe, then, that *over-production*—a thing of which we so frequently hear in the course of our ordinary intercourse with society—is merely another name for *superfluity*.

Now, in the absence of the power of *exchanging*, what is the value of a superfluity? or of fifty super-

fluities ? or of an aggregate superfluity of everything upon the face of the earth ? The obvious answer is, *of no value at all !* A man, for example, may be possessed of a coal-mine ; but beyond the quantity of coals which he himself may require to consume, all that remain upon his estate, are *to him* utterly destitute of value, if he be not able to *exchange* them for other things. And so it is with commodities of every kind. To use, consume, or to exchange, is the object of all production ; and, consequently, if we be placed in circumstances wherein we can use only or consume, it is quite possible for us *to be* a nation of *artificial paupers*, whilst we might at any time *be converted into* a nation of comparatively wealthy men, merely by the opening a *home market* amongst ourselves.

It is obvious, however, that *the aggregate market must ever be over-supplied*, so long as our ability *to produce* shall continue to be greater than our ability *to exchange* ; or, in other words, so long as it shall continue to be a more difficult thing to sell goods at a fair profit than it is to buy them at a fair price : whilst it is equally clear, that if, on the contrary, goods of all kinds could *be sold* as readily as they can *be made*, then all the capital and labour that are now seeking for profitable employment, would at once obtain it ; because in this case, production would be *truly* the cause of demand.

So long, again, as the aggregate labour-market shall continue to be over-supplied, it is certain that undue *competition*—more or less, according to circumstances—will arise between the employed and the unemployed, the latter being ever liable to displace the former by consenting to execute any given

quantity and quality of work for a less amount of remuneration, than that which, for the time being, the employed may be in receipt.

So universally recognised, indeed, is the tendency of unemployed labour to take, on lower terms, the place of that which is employed, that there is scarcely a manufacturing business in the kingdom in which the operatives have not their combinative system of trade rules, restrictions, and scales of prices, in obedience to which alone will they permit any member of their associated body to accept of employment.

Hence the occasion of *strikes* amongst the working classes, either for the purpose of obtaining higher wages than those which, for a time, they may have been receiving, or else for the purpose of resisting attempts on the part of the masters to reduce their wages: and hence, also, the never-ending bickerings which take place between the employers and the employed in our great manufacturing towns.

Now, what would become of all the misunderstandings and ill-feeling which so frequently arise between master and man upon the subject of wages, if it should happen that, speaking always of aggregates, *the act of labouring* at useful occupations *must of necessity create a demand for the whole of its own products?*—It is obvious that the *motive*, by which alone the operative classes are stimulated to combine—that motive being to protect the more fortunate of their own numbers against the competition of the less fortunate—would cease to exist; and, in consequence, that the combinations themselves, along with their endless train of evils, would cease to exist

also, or at least they would become practically a dead letter.

And here I cannot help remarking upon the apathy and indifference with which we are in the habit of tolerating, with little or no inquiry, the existence of enormous evil, to which we are accustomed, as compared with the attention which we pay to the merest trifles of a kind not altogether pleasant, to which we are unaccustomed. Let but a little finger smart, and "What's the matter?" along with instant inspection, follow with the rapidity of thought. Let the features of a beloved parent, child, or friend, exhibit a shade less colour than florid health claims to be its own, and "What's the matter?"—echoes "What's the matter?" through all the household. Or let a flower droop a day too soon, and "Why so quickly has our favourite fled?" in thought at least, accompanies the lamentation; and frost, or snow, or heat, or drought, or rain, is libelled as the *cause* of the unlooked for loss. But let a *nation* smart—the colour fade, or vanish, from the cheek of half her sons—and let her daughters, not singly but in thousands, fade and pine, and die, houseless and fireless, foodless and in rags; and so entirely, as a thing of course, is all this held, by general consent, to be, that if any man—stepping from amongst the throng of indifferent spectators—shall venture to inquire—"What is the cause of all this evil?"—the answer assuredly will be—"Why nothing!"

This is no fiction—no ideal case, for it was but yesterday, that the Atlas newspaper *proposed this very question* to the British nation, and for this very answer—*nothing*, paid one hundred pounds.

Gentlemen—for it is upon *you* in a more especial manner than upon the other sex* that the duty of investigation rests—there is *nothing* in this world that comes of *nothing*. There is not an atom in the universe but fills the place it occupies in obedience to some immutable law of God. No artery is there, or vein, muscle or nerve, within the human structure, which has not its specific use, tending each and all of them to our comfort and wellbeing, when, *unopposed* in their functions and operations by our negligence, ignorance, or folly ; and, depend upon it, none are there *wanting* in addition to those which we possess. To enjoy our physical life, however, it is incumbent on us to obey the physical laws of our existence ; and in like manner, if we would make the most of our social condition, we must make ourselves acquainted with *the natural laws* of that condition—obedience to which will *as certainly* lead us to a state of social health, as properly to eat and drink, to sleep and to take exercise, are best calculated to promote our bodily health.

If, as hath been inculcated, the proper study of mankind be man, our schools will tell how fully we have accepted, and how industriously we have followed out the maxim, so far as our efforts have been directed to the examination of the body as well as of the mind of man. But, as a common, as an every-day branch of study and investigation, *the science of society* has yet to be commenced. There are few persons comparatively, even amongst the best edu-

* These lectures, it has been already mentioned, were attended by several Ladies as well as Gentlemen.

cated classes, who ever take the trouble to examine the books we have upon the subject of Political Economy ; whilst, unfortunately, even if all classes were ever so oppositely inclined, books of instruction there are none whatever, such only excepted as, like Smith's *Wealth of Nations*, are incomplete, or, like M'Culloch's *Principles of Political Economy*, are a tolerably equal mixture of right reasoning and wrong, of truth and error.

On which account I would particularly solicit the attention of such young men as are now in the course of completing their education at the numerous schools and colleges of Edinburgh, to the hiatus which exists in this important branch of literature. If, as is undeniably the case, the science of Political Economy be at present in the background, as compared with almost every other, then must there be therein a comparative vacuum, which whomsoever shall fill up, fully and completely, will certainly do so with both profit and honour to himself, whilst conferring, at the same time, a permanent and incalculable boon upon his fellow-creatures. And as the study of this science necessarily demands the constant exercise of the observing and reasoning powers of the mind upon human affairs in general, these powers thus exercised cannot fail to be improved and strengthened, for whatsoever purpose or purposes they may eventually be applied. He, however, who would make himself master of the science of Political Economy must study the world before him rather than the books which it contains ; taking up the latter, as he would mushrooms, with suspicion and distrust, lest, whilst seeking for the genuine fungus, he should but collect, swallow, and vainly

endeavour to digest, a poisonous similitude. In short, we are very greatly in want of a Johnson's Dictionary of Political Economy, and possibly it may be in reserve for some young man, now of twenty years of age, to supply the deficiency by the time he shall be five-and-thirty. *At present, at all events, there is not, in the English language, a System of Political Economy worthy to bear the name.*

But to resume our subject—which is to impress upon you the necessity of annihilating the present unnatural limit to production. Well, then, if aggregate production be now dependent, as we have already ascertained it to be, upon demand, it is evident that not merely the idle and worthless, but the industriously disposed operative of good character may at times be unable to obtain employment; and then how fearfully society is punished for its folly in permitting such a state of things to exist, need hardly be narrated. For a man, idle from necessity in the first instance, is easily converted into an idle man from choice. We see, for example, a would-be industrious person out of employment, and his obvious respectability combined with his manifest want, excite our sympathies, and naturally dispose us to assist him. Nay, even our selfish feelings are rewarded by the pleasure we experience in having been called upon to relieve a worthy object in distress. Others, impressed by the like conviction, assist him too; when lo! the discovery is unavoidably made by this hitherto deserving object of our charity, that—so long as he may be able *to maintain the appearance* of what, alas! was, in the first instance, too fearful a reality—to work were folly, since idleness may have proved, perhaps,

five times over, to be the better trade. And hence we have an active, industrious, and worthy member of society, converted, first into a timid and hesitating solicitor of a little aid, next into a sturdy beggar, and finally, into the successive characters of drunkard, thief, and convict.

Now, had this supposed victim—in whose imaginary case we have doubtless the real one of many thousands—*never at any time* known the pangs of unsatisfied hunger, the result of blameless inability to obtain employment, he might probably have excelled in virtue to as great an extent as we have here supposed him to exceed in vice. *And how is it possible that cases like these should cease to be numberless, whilst we continue to restrict production, and to limit the demand for labour by Act of Parliament?*

It is not possible; and hence, by no conceivable means can we set our national condition right, save by the act of restoring to society the great principle—*Production the Cause of Demand*—of the incalculable benefits of which the existing monetary laws have, in the meantime, entirely deprived us.

The existence of the necessity for any continuous charitable provision for the able-bodied is a disgrace to the nation in which any such necessity exists. Temporary embarrassment may be occasioned by extraordinary circumstances. A fancy trade sometimes arises amongst us, maintains a brief existence, and then languishes and dies out altogether; whilst other occupations may cease to exist from the best of all causes, namely, that of improvement in other departments of the same general business—as we have seen but now, in the case of the guards and drivers of

mail and stage-coaches. But the advance of the new power, or the adoption of the new commodity, is, generally speaking, so far gradual, that it operates rather by deterring the young from entering upon the expiring trade or occupation, than by depriving the old of their accustomed work.

For the mentally or physically incapacitated ample provision should be made by the law of the land. I say *ample* provision, because, if—as we most certainly do at present—we can afford to pay one hundred millions a year for the support of a mad monetary system, we must surely be in a condition to maintain ungrudgingly, such of our numbers as may be dependent upon us for that provision which they themselves are unable by the exercise of their own labour or talents to obtain. For the founders, however, of the splendid structures, professedly for charitable purposes, so numerous erected, and still in the course of erection amongst us, my respect is very small ; and as to the structures themselves, they will at no very distant period be regarded as so many tombstones, erected to the memory of an age of commercial darkness.

We require not these things. This nation is more than able to feed, clothe, lodge, educate, and otherwise to provide for every one of her sons, and daughters too, without the aid of private charity. And whenever our productive resources shall have been liberated from the fetters by which they are at present bound, it will be universally admitted, that a man might as rationally tender the aid of his individual strength to do the work of a locomotive engine, as to devote the amount of his private accumulations to

the erection and endowment of what have too frequently proved to be mere nurseries of vice and wickedness. Allow production to take up its own position amongst us, and we shall hear no more of hospitals, schools, or asylums, the offspring of fortunes diverted, at the cost of many a bitter sigh, from the ordinary and proper channel of natural succession. A little water would be a poor gift to the sea, yet such is the precise character of the aid which private charity—on however munificent a scale it may be offered—is able to give to this great country, in providing either for the education or the maintenance of its inhabitants. Give us back the right of which we have been ignorantly deprived : allow merchants residing on one side of a street to trade freely with those residing on the other side—a permission which is not at this moment extended to the inhabitants of any one street in Europe—and the future nobility of the land—and that without any necessary diminution of their own wealth—shall be pretty nearly as likely to feel the pangs of unsatisfied hunger, as the poorest honest and industrious man in the Kingdom.

And here allow me to anticipate the reproduction of the stereotyped volume of drivel, which is brought out upon all occasions, by that many-headed blunderer the public, whenever the said public may chance to be presented with anything a little different in character and object from whatever else may have been already before the world for half a century or so in a well understood and acknowledged form.

The most important discoveries, not absolutely demonstrable to the external senses, and the greatest imaginable absurdities, are, in one particular,

upon a perfect equality, which is this :—On *first* presentation they are alike condemned, alike ridiculed, and alike declared to be impracticable, or the mere visions of an enthusiast. And when, by slow degrees, such discoveries as really deserve it come to be received with a little *less* amount of prejudice, even yet a tithe at most of the promised benefit is admitted to be within the bounds of possibility, whilst all the rest is *still* set down to the account of enthusiasm.

Now, what is really the fact ? Why, this :—Whenever any newly-discovered principle is cast into the great ocean of thought—if thus I may be permitted to characterize the aggregate workings of the human mind—the said principle eventually turns out either to be true or false, or, in other words, to be *a principle or no principle at all*. And if the latter, it speedily dies the natural death of error ; but if the former, the ultimate consequence almost invariably is, that the most enthusiastic expectations of the original discoverer are altogether left in the distance by the eventual reality.

Is it likely, for example, that James Watt, even during the hours of his most sanguine expectation of results, ever for one moment contemplated the possible existence of the steam-engine of eighteen hundred and forty-eight, clothed in all its stationary, marine, and locomotive wonders ? Is it credible that the original inventor of the gas-light ever contemplated the revolution that his discovery was destined to cause in another department of utility ? When Franklin, again, brought down the lightning by means of a school-boy's toy, and thus demonstrated

the possibility of subjugating even the electric fire of heaven to the control of man, is it supposable that it ever for one instant crossed his mind, that that very fluid would eventually become the great channel of instant communication between man and man, residing hundreds of miles asunder?—that it would become part and parcel of the machinery of his own especial trade—that of a printer and disseminator of intelligence? or that it would be the time-keeper of an age to come, performing its work in this capacity, too, with an exactness leaving nothing to be desired? *

Assuredly, in these instances at least, immeasurable must have been the difference between the *expectations* of the original discoverers and the *realities* which at this day are admitted and recognised by all the world!

From these examples, then, and examples such as these, let us henceforth learn to treat with the contempt that it deserves, the ever-ready drivel of those poor and petty things, whose arguments upon every subject which may be new to their feeble or indolent minds, are the mere commonplace reiterations of the terms—“Sanguine”—“A mere enthusiast”—“May be some little truth in his opinions, perhaps, but grossly exaggerated, of course”—and the like. Let us

* When Mr. Alexander Bain, the patentee, first introduced this wonderful invention into the City of Edinburgh, I at once gave him an order for an Electric Clock, with especial instructions to make me, if possible, a particularly good one. The accuracy of its time-keeping qualities may be judged of by the fact, that it goes correctly within about five minutes a-year; that from the ninth of January to sixteenth of February, during the present year, it had neither gained nor lost a single second; whilst its greatest variation during that time was precisely twenty seconds.

learn to test *principles*, or what are said to be such, as we test suspected gold.—Let us prove them, as we prove it, by strict and impartial examination ; and if we find them to be true and not fictitious, let the experience of the *past* teach us a little becoming *modesty* in pronouncing too hastily as to the *extent* to which the operation of *any* true principle may eventually be carried.

To apply this reasoning : I have told you, then, that in the very nature of things commercial—*Production is the cause of Demand*. I have told you, that we have set aside this principle, just as we might accidentally or ignorantly have set aside a package of diamonds of the value of the National Debt. And I tell you *now* that we must *restore* this principle to society, by founding our future monetary system upon it : and farther, that by doing this we shall increase the annual income of the country to the extent of at least one hundred millions. And now, instead of laughing at, and conferring upon me the usual string of honorary titles, to which the *early* promulgators of great truths are ever accustomed to succeed, would it not be the wiser and the better course to bestow an occasional hour or two of *thought* upon the subject I have laid before you ? Do so, then, and depend upon it, that you will very speedily be disposed to treat this series of lectures in a very different spirit. At all events, the principle I have stated is either true or false, and it is surely worth the while of every one here present to answer the question—Which ?

LECTURE IV.

Descriptive of a Banking System, by the Establishment of which Production, now the *Consequence* of Demand, may be converted at any time into the *Cause* of it.

IN the course of the preceding lectures I have endeavoured to show that—without reference to any monetary system whatever—production is the *natural* cause of demand, that supply and demand are exchangeable terms, and that the one ever *would have been* equal to the other, had not some fearful engine of mischief been allowed a place in our commercial policy. I have also endeavoured to show that, somehow or other, the operation of this great principle has been suspended, and that therefore our imperative duty is to *restore* its ascendancy, and to submit all our commercial affairs to its rule and government.

But how is this to be effected? in what manner are we to commence the task? and by what means may we be enabled to complete it? are questions which you will no doubt expect me to be prepared to answer—and to answer them I am prepared.

Notwithstanding this preparation, however, it is no part of my intention to insist upon the adoption of any plans of my own. So far indeed from harbouring

any such design, it is at once admitted that *I have no plan* which I am at all disposed to regard as the only one that can be adopted with advantage, or for which I entertain any exclusive favour or prejudice. In short, it is not for any one person to answer these questions authoritatively or dictatorially, but it is rather for England, for Europe, for the World, to answer them.

I have endeavoured to lay open to your view certain *principles* with which mankind in general at present appear to be all but wholly unacquainted, in accordance with which principles *it is absolutely necessary* for us to remodel our *plans* of commercial interchange, before we can possibly attain that degree of prosperity, either as individuals or as a nation, which is *naturally* within our reach. But the principles to which I allude are not of my making, neither are they of your making: they are not so many goods and chattels to be used or disregarded as we may think proper, but they are of the number of the laws of God himself, written in the Universe. Hence are they immutable; and from time immemorial—and never more fearfully than of late—have we been punished, and that, in many thousands of instances, even unto death, for disregarding them. We are punished, too, in precisely the same manner as a mason would be punished, who, after having contracted to build the spire of a church, should persist in erecting it upside down. The spire would be constantly falling about his ears just as our monetary fabric, which is built upon exactly the same principle, is perpetually tumbling about our ears. By nature production is the *basis* of our com-

mercial fabric, but it occupies *at present* the ordinary position of the weather-cock.

Having now, however, discovered *the true principle of exchange*, we should treat that principle in commerce precisely in the same manner as we are accustomed to treat the principle of expansion in mechanics. Fire acting upon water produces steam. Water when converted into steam instantly demands a much larger space for its accommodation than that which it previously required. And if this space be not granted—that is to say, if the vessel containing the steam be not more or less an open one—the steam will try to force its way out: and if, like the engineer of the *Cricket*,* we resolve to keep it in, why, then, a trial of strength will forthwith take place between the vapour and the vessel in which it is confined—the odds upon the respective combatants being a hundred to one at least against the vessel.

Here, then, we have an instance of an ascertained *power* of a well understood kind. The *application*, however, of this power is a totally different thing from the power itself: the power is one, the *modes* of using it are many; whilst the *purposes* to which it is applicable, it would, at this day, be an endless task to enumerate.

Hence we have now high-pressure engines, and engines low-pressure, stationary, locomotive, and marine; and all these different kinds constructed in so many forms and sizes, and, as already observed, for the accomplishment of such numberless purposes,

* A Thames steam-vessel, recently destroyed in London, by the act of forcibly preventing the operation of the safety-valves.

that a full and complete history and description of the steam-engine of 1848, would certainly require the space of several ordinary volumes.

In like manner, *I now lay before you the true principle of exchange*; but having done this, it remains for me rather to solicit the opinions of others, than to insist upon the adoption of my own, so far as regards *the precise machinery* by means of which this principle may be practically worked by us to the best advantage. For, as in the case of the steam-engine, although the *principle* is one, the possible modes of using it are many; and therefore it is for *every person*, rather than for *some one person* to turn his attention to the subject, and to use his best endeavours to devise such details as may at once be simple, practicable, effectual, and just. And especially, in the pursuance of this object, let no man trespass upon any true principle of Political Economy; for, as all nature is consistent with itself, so, in like manner, must all human institutions be consistent with each other, or else the reward of our exertions, however zealously, honestly, and industriously they may be applied, will be disappointment.

In Political Economy, for example, labour is the only source of wealth.—The subdivision of labour increases the amount of its products.—The extent to which the subdivision of labour can be carried is limited by the extent of the market.—The existence of free and unrestricted competition between man and man, and that whether the work be of the head or of the hands, is both natural and beneficial to society.—The results of labour are the natural property of the labourer.—Security of property is an

essential condition to the accumulation of property.—Accumulation, otherwise called capital, is indispensable to all commercial undertakings.—Men exchange one thing for another, because that which a man wants is of more value to him than that which he is willing to give for it.—Hence the result of every equitable exchange is a gain to both parties ; and, therefore, boundless freedom of exchange is good for all men and for all nations.—The existing monetary system of society is false in principle, utterly, absolutely, and radically, because it forbids, *and renders impossible*, the free interchange of property between man and man.

I mention these things merely to exemplify what I have already urged—namely, that in endeavouring to erect our monetary system upon a sound basis, we must avoid placing ourselves in opposition to any true principle of Political Economy : an error the more carefully to be avoided, because it is invariably the one which those persons first fall into, who—placing their confidence in the false principle of *expediency*, instead of in the true principles of nature herself—hesitate not to attain, or rather to endeavour to attain, their ends and objects at whatever cost of reason or consistency.

Whilst, however, I am anxious to stimulate the minds of others to the study of this subject, and thus to obtain for the nation at large the benefit of multitudinous counsel ; and relinquishing, as I do most sincerely and without reserve, all claim to *preference* for any particular plans of my own, farther, at least, than upon investigation they may be found to deserve it ; still, it would have been a very inconsistent

proceeding on my part to have called the attention of the members of the Edinburgh Philosophical Institution to the merits of a mere abstract principle, unaccompanied by any plan whatever: but this is not my purpose. I shall now, therefore, endeavour to lay before you the plan of a National Bank, the result of many years' careful study of the subject, by the establishment of which well proportioned production—itsself the natural consequence of free and unrestricted competition—would inevitably be rendered the uniform and never-failing cause of demand *ad infinitum*: and that, too, with justice to all men, and without the slightest infringement of any recognised principle in Political Economy, not in itself a fallacy.

To the annihilation, then, of almost every evil with which this country is now afflicted, arising either from the want of employment or from ill-remunerated labour, we require but two things, and these are—

First—A system of banking, by the operations of which the *natural* relationship of supply and demand—the nature of which relationship I have already so fully explained to you—would be restored; and

Secondly—A *true* measure of value, in place of the existing *fiction* so miscalled.

And here I must request the kind indulgence of my audience, and more especially that of the ladies, on account of the nature of the subject under consideration, which is one not merely difficult of oral explanation, but in itself—that is to say, without reference to the enormous *consequences* which it involves—it is a subject generally held to be at once tedious, uninteresting, and, in a word, the last to

which any considerable portion of the public will condescend to give its attention.

Indeed, all that I can reasonably hope to accomplish in this room, is to convey to you a general idea of the nature of the banking system which I have to propose ; but as these lectures will be published within a short time after they shall have been concluded, the errors, if there be any in my statements, will in all likelihood be very speedily corrected.

Keeping always strictly in view, then, that our specific object is, to allow production to become *truly and practically* the cause of demand *ad infinitum*—the great characteristic distinction between the banking system *as it is*, and the banking system *as it should be*, is this :—

The money which a manufacturer or merchant now *receives*, in the course of a day's transactions, is usually paid into the hands of the banker with whom he deals, by whom it is placed to the credit of his account,—*whereas the value, at their selling price, of all the goods, which may be brought into any manufacturer or merchant's warehouse, should be forthwith placed to the credit of his account by his banker ; in addition to the amount of all the money that the said manufacturer or merchant may pay into his banker's hands, arising from his sales, to be in like manner placed to the credit of his account.* Whilst, on the other hand, the said customer of the bank should be debited, first, with the value of all the *goods* that may be *taken out of* his own warehouse, and, secondly, with all the *money* which, in the usual way, he may withdraw from the bank : a *stock account*, in addition to a *cash account*, being thus kept by the banker with

each of his customers ; but, so far as regards the stock, in aggregate sums only, not in detail.

For the accommodation, then, with the exceptions after named, of every manufacturer and merchant, commission and otherwise, in the United Kingdom, *doing business only by wholesale*, what would properly be denominated *A Standard bank*, should be established in London, another in Edinburgh, and a third in Dublin ; with branches, one or more, in every town of the least importance throughout the kingdom :—that is to say, branches of the London bank should be established throughout all England ; branches of the Edinburgh bank throughout the whole of Scotland ; and branches of the Dublin bank throughout the whole of Ireland.

The exceptions, consisting of those manufacturers and merchants who should probably be excluded from doing business with the Standard banks are these :—

First—All dealers in goods of a very *perishable* description ; as, for instance, fresh fish, unpreserved fruits, and the like.

Secondly—All dealers in merchandize of a very *fanciful* character, such as ladies' made up dresses or millinery.

Thirdly—All dealers in goods made or imported for *special or peculiar* purposes, and, consequently, unfit for sale amongst chance customers in a general market. Machinery used in manufactories may be named as an example, which, in most cases, is made to order, and, therefore, in accordance with the taste, judgment, and requirements of some person, firm, or public company. Goods of this kind, it is obvious, if sent to any other market whatever than that for

which they are expressly constructed, would not be likely to realize a third of their original cost.

The *fourth* and last exception that occurs to me is, that manufacturers, or importers, of goods of a *dangerous* kind, such as gunpowder, fireworks, and the like, should also be excluded from doing business with the Standard banks.

Even these exceptions, however, would be nominal rather than real, inasmuch as the *beneficial influence* of a system of interchange pretty nearly as free and inexpensive as the act of transferring money from the right hand to the left, would speedily pervade every nook and corner of society from the highest departments to the lowest ; and hence, although the peculiar manufacturers and traders I have enumerated should, in common with all artists and professional men whatever, be excluded from doing business *directly* with the Standard banks, still the benefits conferred upon society by the Standard banking system, would reach them as certainly and pretty nearly as quickly indirectly, as directly.

The duty of the three Standard banks, then, would be to keep accounts, through the medium of their various branches, on the following terms and conditions, with all persons, doing business only by wholesale, (their trades not being expressly excepted by the Act of Parliament constituting the Standard banks,) who should declare and enter themselves in the bank books—in some proper form to be legally imposed by Act of Parliament—as *Standard* merchants or manufacturers.

The said terms and conditions should be mainly as follows : some others, however, of a more detailed

and subordinate description, would probably be required.

First, then, a standard merchant or manufacturer must be a standard merchant or manufacturer only, at least in any one place of business ; seeing that, in this capacity, he would become a member of a great national banking association—and, therefore, in transacting his *banking* business, he must conform to the principle on which the national bank itself would be founded : without, however, strictly speaking, associating at all, or having the slightest partnership or community of interest with any person whatever.

Secondly—On opening an account with the standard bank, every merchant or manufacturer must name the *maximum* amount of money that he is ever to be indebted to the bank at any one time ; and he must give security to the bank for the repayment of any final balance that may arise against him. And the standard banker should have also a declared *minimum* amount of annual transactions, below which it should not be any part of his business to descend.

Thirdly—If any manufacturer or merchant should *intentionally* make, or cause to be made, any false entry in his stock-book, or if any such entry should be made by another person, with his knowledge, sanction, or connivance, the party so offending should be forthwith required to close his account with the standard bank, and be for ever disqualified from re-opening one, either as an individual, or as a member of any firm or public company ; and he should also, for life, be legally disqualified for entering the employment of any standard banker, merchant, or manufacturer, in any capacity whatever.

And these are all the conditions to be exacted by the bank, on opening an account with any merchant,* that now occur to me; which, being recapitulated, are, that in any one place of business, the party shall be a standard merchant only, and a *wholesale dealer*; as per a legal definition of the term wholesale, to be carefully worded for the purpose—that he shall name the maximum amount of money he is ever to be indebted to the bank at any one time, and give security to the bank against any loss it may sustain by, or in consequence of, its transactions with him—that he shall annually transact business with the bank to a certain *minimum* extent—and that, in his dealings with the *bank* at least, he shall be honest. And, it is submitted, there would not be anything very unreasonable in these exactions, on the part of the standard banker.

The merchant, then, having bound himself to comply with the above conditions, preliminary to his admission to all the rights and privileges of a member of the standard society, is now in this position:—

He has, we shall suppose, a warehouse, a yard, or a range of cellars, as the nature of the goods he deals in may require, into which he brings stock, ready for sale to his customers, the value of which, *at the selling price*, is estimated by himself to be worth £10,000. His *stock-book* is then made up accordingly, which stock-book must be kept in *duplicate*, one copy being requisite for his own use, and another copy for the use of the bank.

The bank, then, on sight of the merchant's stock-

* I here discontinue the constant repetition of the word "manufacturer," as being unnecessary—"manufacturer or merchant" being always understood whenever the word *merchant* only is used.

book, containing the authenticated entry of goods, value £10,000, into his own warehouse, forthwith places the sum of £10,000 to the credit of his account in the bank-books, which sum of money he is instantly at liberty to draw, to the last shilling if he pleases, from the bank.

And, this being done, *the goods* in the merchant's possession are now, in justice and common sense, the property of the bank, seeing that the bank is supposed to have paid the merchant their full estimated value, at the selling price which he himself has put upon them. But this *natural* right of the bank, as it may be termed, is not to be used or assumed in any way. On the contrary, the merchant is to be left in the full and uncontrolled possession of his goods, which he not only *may* sell to the best advantage, just as he does at present, but which he *must* sell, at some time or other, at some price or other ; because, as the bank holds him and his sureties responsible for all the *money* that has been advanced to him, that *money* must eventually be repaid.

The next business of the merchant, therefore, is to *sell his goods* for standard money, and that at whatever profit he may be able to obtain ; which profit will continue to be regulated, just as it is now, by the degree of *competition* that may exist in his particular trade. He sells, then, we shall suppose, at different dates, for ready money, and at the price he anticipated it would fetch, the whole of his stock of goods, value ten thousand pounds, which money having been paid into the bank day by day, as the goods were sold, repaid the bank advance in full, the whole transaction standing thus :—

<i>Dr.</i> MERCHANT A. B. IN STOCK-ACCOUNT WITH THE STANDARD BANK OF SCOTLAND.	<i>Cr.</i>
1848. January 4. To Goods taken out of his Warehouse, £1000 0 0 " 6. To " " " 1500 0 0 " 9. To " " " 500 0 0 " 12. To " " " 2000 0 0 " 16. To " " " 1000 0 0 " 21. To " " " 2500 0 0 " 26. To " " " 1500 0 0 <hr style="border-top: 1px solid black;"/> £10,000 0 0	1848. January 1. By Goods brought into his Warehouse, £10,000 0 0 <hr style="border-top: 1px solid black;"/> £10,000 0 0
MERCHANT A. B. IN CASH-ACCOUNT WITH THE STANDARD BANK OF SCOTLAND.	
<i>Dr.</i>	<i>Cr.</i>
1848. January 1. To Cash, £10,000 0 0 <hr style="border-top: 1px solid black;"/> £10,000 0 0	1848. January 4. By Cash, being amount of this day's sales,* £1000 0 0 " 6. " " " 1500 0 0 " 9. " " " 500 0 0 " 12. " " " 2000 0 0 " 16. " " " 1000 0 0 " 21. " " " 2500 0 0 " 26. " " " 1500 0 0 <hr style="border-top: 1px solid black;"/> £10,000 0 0

* "Sales," or Removal of goods from his own premises, on any account, or for any purpose whatsoever.

It is plain, however, that if, on the one hand, the bank is to allow its customers *to draw money ad libitum* to the whole amount of the selling-price value of all the goods they may bring into their own warehouses—and that to the extent of whatever number of millions or hundreds of millions of pounds the goods may in the aggregate be worth—the bank must also, on the other hand, have some very clear, explicit, and unevadeable mode of obtaining the *repayment* of its advances, as the goods in the standard warehouses may be sold. And there are various methods by the adoption of which this indispensable condition to the right working of the proposed system of banking might be insured ; but, to avoid incumbering our subject with intricacies, I shall here describe but one of them.

It will be seen, then, that as every standard merchant *is to be paid in full* by the standard bank for all the goods that he may be able to bring into his own premises, *he*, consequently, can have no claim to any part of *the money* for which the goods *may be sold*. *By law*, therefore, this money must be receivable *only* by the standard bank-agent with whom the standard merchant may keep his account ; which agent, on the receipt of any given sum of money, from whomsoever, to the credit of said merchant, must give in exchange for the money a *delivery-order* on the merchant for goods to the amount.

The bank would, no doubt, in these circumstances receive, in the first instance, the whole amount of profit upon the goods sold, whatever that might be. But as the surplus, if any, *above* the amount of profit originally contemplated, would be placed to the credit

of the merchant by the bank, not a shadow of practical difficulty could arise on this account ; whilst the deficiency, arising from the sale of any goods for *less* than their estimated value, must in like manner be made up by the merchant to the bank.

And here it may be incidentally observed, that the existing system of mercantile *home* credit would be entirely superseded by the co-equal existence of standard money and standard goods throughout the entire kingdom ; whereby *one* of the many evils which at present afflict the wholesale department of the commercial interest would be annihilated. *Bad debts there could be none*, for the very sufficient reason that every shadow of pretext for obtaining goods *on credit-terms at all* would have ceased to exist.

Upon the banking system, then, which has been thus briefly described, it will be seen that money—standard bank-notes—would be merely so many *transferable certificates* of the existence in the standard market of equivalent produce, actually for sale in exchange for standard notes, and for no other money or thing whatever. And as not merely the *estimated*, but the *actual*,* value of all the *property* in the standard market would ever be precisely equal to the amount of standard *money* in the hands of the public, it follows, of necessity, that production must ever be equalled by demand. The aggregate standard stock

* "Actual," because, whatever portion of the standard stock might prove to be unsaleable—or saleable only at a reduced price—must be retaken *at its full price* from the standard market by its own proprietor, who, it will be remembered, is to give security to retake the same whenever required to do so, *previously* to the admission of his name into the standard bank books.

would be the aggregate property of the holders of the standard money by which that stock would be represented ; and, therefore, all the goods would either be *demande*d or *accumulated*—that is to say, they would either be taken out of the market or left in it. If taken out, the money by which they would be represented must be *first* paid into the standard bank—or in other words it must cease to exist. But if any of the goods should be left in the standard market—that is to say, if the holders of the money representing them should wish to *accumulate* their money in place of spending it—then and in that case, *the standard stock itself* would accumulate, on the one hand, and *the right to demand it*, on the other.

But this accumulation, to an *unsalutary* extent, could never take place ; because, as money in the hands of its owner yields him no interest, he is at all times pretty certain either to lend it on interest to parties who have a use for it, or else to expend it outright in the purchase of property yielding a return.

It is obvious, therefore, that aggregate production will become the unfailing cause of co-equal demand, whenever we may think proper to establish the monetary system of the country upon the basis of *transferable voucher* ; and from that day forth *disproportionate* production will be the one and only cause of a superfluity of *anything* ; whereas, now, *owing wholly and solely to our false monetary system*, we have, generally speaking, a market glutted with *almost everything*.

A man, for example, having acquired property in the standard stock of the country, as proved by his possession of standard bank-notes, is sure to require

something in exchange for them—the notes themselves being of no value whatever—which something he would indicate, as at present, by the act of *buying* whatever he might require. If, then, he should buy standard stock in the standard market, his money would cease to exist ; whilst, if he go not to the standard market at all, but spend his money elsewhere, then the act of spending his money elsewhere, would be that of *transferring* to the party with whom he should deal, so much of his share of the standard property as the money paid away should represent.

But if a man require not merchandize of any kind in exchange for his money, but merely *to invest* the money itself at interest, or in the purchase of what may be termed *accumulation*—that is to say, in houses, lands, feu-duties, or the like, then and in that case, he will either pay his money—and thus transfer his interest in the standard stock—to the *private party* from whom he may purchase houses, lands, or feu-duties, or else he will purchase these properties from *standard* house or land-agents ; in which case, the price thereof must be paid into the standard bank itself, and forthwith cease to be money.

For the principle of exchange I have described is applicable not merely to ordinary merchandize—the produce of this country or imported—but it is also applicable to *every* description of heritable property *bona fide* for sale in the public market : the only condition being, that if standard heritable property be not sold to any one else, it must be retaken by the original depositor ; who, in every instance, when placing property for sale at a stated price in the

hands of a dealer in heritable standard stock, must give him ample security that—failing any purchaser being found to give the price demanded for the property—he himself will either retake it at the vested price, or else make up the deficiency, should the property, *with his consent*, be sold for any lower sum. In short, the precise sum of money *paid out of the bank* on the occasion of any heritable property becoming standard stock must be *paid into the bank*, whenever the said property may be withdrawn from the standard market ; and, consequently, if it be sold to the *buyer* for less money than the bank advanced upon it, the *seller* must make up the difference at the time of repurchase, by whomsoever, from the standard market.

And here it may be desirable to notice the fallacy of the monetary principle contended for by the Anti-Gold-Law League.

Certain gentlemen, who have formed themselves into a society in London under this denomination, have seen clearly enough the deplorable inefficiency of the existing monetary system : they truly affirm that gold is no true measure of value. But in lieu of one absurdity they only invite us to accept another. Government, say these gentlemen, should issue such notes as Government will take in payment of the taxes, to the amount, if I understand their plan correctly, of the taxes. So that our future scramble is not to be for gold, but for sundry bits of paper, possessing no one solitary or possible advantage over gold itself. Measure of value they have none, and neither is there any more rational connexion between the public taxes and the public instru-

ment of exchange than there is between the said taxes and the law of gravitation.*

Suppose, for example, the public taxes this year to be fifty millions, and the total income of the country this year to be five hundred millions—What conceivable connexion is there between these two facts, excepting only that by some means or other the smaller sum must be paid out of the larger? Obviously there is no other connexion. But even though there were, and if by some magical process, the fifty millions of taxes, represented by fifty millions of Government bank-notes, were for a twelve-month to do the work of money, and to do it well—that is to say, suppose that these notes would enable us, with tolerable convenience, to exchange amongst each other our five hundred million pounds' worth of the products of labour for one year,—What then? Why, during the year following, perhaps, the taxes would still be fifty millions, whilst *our powers of production* might have increased in the interim twenty-five per cent.—that is to say, to six hundred and twenty-five millions. In which case, the modes of using money remaining the same, our condition would be just this—either the extra power of production would not be called into operation at all, or, if called into operation, the result would be *a tremendous loss*, instead of profit, to the country; for—the modes of using money remaining the same—the products of labour can never by any possibility, be increased

* If one kind friend of his country would pay off the national debt, and if another would leave us an annuity large enough to pay all our other public expenses, why, then, upon the Anti-Gold-Law League plan, *we should have no money at all.*

faster than money itself, *without occasioning a loss of property, reckoned in money price, to the exact amount of the difference between the increase of goods and that of money.* In short, the six hundred and twenty-five millions' worth of goods could sell for five hundred millions of pounds only : and hence the first and most indispensable condition to any true monetary system is, that money, let it consist of whatsoever it may, must increase in due proportion with all other marketable produce, but not in *undue* proportion—or, in other words, not *more* rapidly. The increase of money in short should be *consequent* upon the increase of marketable produce, and that in exact proportion to the amount of that increase.

Hence all the notions about issuing money on land—on the security of land not actually for sale, I mean—are the merest delusion, being subject to the objections I have already named. There is no rational connexion between the two things, and even if there were any, it would be quite impossible for money, issued upon any such principle, to be increased *ad libitum*, precisely as fast as our aggregate powers of production in every department of industry may be increased ; and hence the old story over again, whenever goods are increased faster than money, either *prices must fall*, without any natural cause for their falling, or else, very shortly after such temporary increase, *production must stop, and that a hundred millions per annum at least short of the exhaustion of its own power.*

Money the representative of land, or money the representative of gold, must ever continue to be limited respectively *by the quantity of land or the quantity*

of gold that there may be to represent. But our want is money, the representative not merely of land or gold, but of land and gold, houses and silver, and, in short, of every marketable thing, possessing in a reasonable degree the two qualities of *transferability and preservability*.

Let the advocates of monetary reform—however much they may agree with or differ from each other—try their respective plans *by the one and only test of monetary truth*.—Will the London-league plan, or the Birmingham plan, the Glasgow plan, or the Scottish joint-stock plan, or will all these plans put together, or any select portions of the whole of them, *allow proportionate production to be multiplied a hundred thousand million-fold, without occasioning the rise or fall of one farthing in the average money price of goods, so long as equal quantities of labour shall continue to be essential to their production?* If so, then are these monetary systems perfectly *sound in principle*, and the only remaining question about them is, as to their respective simplicity and general merits in detail. But if, on the contrary, they will *not* allow proportionate production to go on *ad infinitum*, without any consequent rise or fall in the money price of goods, then are these systems *false in principle* utterly and absolutely; and whenever they may be tried in figures, they will prove to be delusions, founded not merely in error, *but in the very error* which alone constitutes the unsoundness of the monetary systems of this and of every other nation in the world. Production, naturally the *cause* of demand, would continue, under every one of these monetary systems, to be *subservient* to demand.

There is one principle, and *one* principle only, on which it is *possible* for any monetary system to rest, without interfering with the very first condition of human existence, namely—that man shall labour that he may live :—The production of money must be *consequent* upon the production of every marketable thing ; whilst money itself must consist of portable, divisible, and transferable certificates of the existence of property, ready at all times to be given in exchange for it, in whatsoever shape or form the owner of the money may desire.

Wealth—as I stated in nearly the same words sixteen years ago—like a thousand streams of water, arising in different places, and partaking of different qualities, should flow into one grand reservoir ; and being there mixed up and its various qualities amalgamated, it should be restored to its owners in *quantities* equal to their respective contributions, but partaking of the *qualities* of the whole ; whilst *money* should be merely a *measure*, to be used for the purpose of giving to every man just so much value as may have been received from him.

England, Scotland, and Ireland, then, accommodated with the banking system, for the establishment of which I am now contending, would be just three market-places, containing every description of heritable and moveable property for sale upon this principle :—

The master of the market, that is to say, the standard banker, addressing the public, says :—“ Bring into my market-place whatsoever you may have to sell, and I will give you cash for all your property, heritable and moveable, at your own price ;

my *only* conditions being, that whenever the said property *may be taken out of my jurisdiction*, the full amount of my advances upon it must be repaid ; for which I require you to give me security before it can be admitted ; as also that, eventually, it shall on these terms be removed. But the onus of selling—or in other words *of exchanging*—your respective products and property, *must rest entirely with yourselves.*”

I do not believe it to be within the power of man, either to point out the slightest practical difficulty in carrying the system of banking here described into full operation throughout the length and breadth of this land ; or, if established, to point out the *possibility* of proportionate production ever failing to create demand : whilst you will observe that, by the peculiar nature of its provisions, the great principle of *individual competition* would be left free and unfettered as the air we breathe. And I am also perfectly confident, that, by the adoption of this system of banking, the inhabitants of Great Britain would be gainers of at least one hundred millions per annum in money of its present value.

Issued, then, upon the plan proposed, money would not be a commodity, neither would it be of the precise nature of a receipt. Bank-notes, in short, would be so many *certificates* of the existence of property admitted into the standard market, and therein remaining for sale by its respective owners, at whatever price they could get for it.

Bankers *now* receive money from merchants after their goods are sold, which money is repaid whenever the merchants require it. Bankers also advance money to merchants and others on certain securities.

But the true principle of banking will be found to consist in the banker paying down to their respective owners *the representative value* of all goods that may be brought into the market—the said value being repayable to the banker whenever the said property may be taken out of the market. And trivial as the difference between these two modes of procedure may at first sight appear to be, the real question at issue is—Whether production shall continue to be *the effect* of demand, or become *the cause of it*?

It will be distinctly understood that, in the present stage of our argument, we have no ascertained measure of value. A true measure of value being, however, in the meantime, supposed to exist, it will, I conceive, be obvious, that whatever kind or quantity of property may be brought into the market must be *at once and equally* supply and demand,—demand and supply; the stock remaining on hand at any given time being merely the *undemanded difference* between the quantity of goods brought into the market and the quantity taken out of it; for every fraction of which existing stock on hand there must of necessity exist somewhere *money of no intrinsic value* to the precise amount.

From what has been stated, some persons may be inclined to indulge in the jest of supposing that I wish to convert Napoleon's nation of shopkeepers into a nation of pawnbrokers, and all our pounds, shillings, and pennies, into so many pawntickets. I have no objection to this or to any other supposition; but, in truth, what I am at present striving to accomplish is—*at whatever cost of repetition*—to render our subject, Money, *intelligible and plain* even to the very

youngest members of this Institution. I desire, in a word, to enable school-boys, and school-girls, too, to refute Sir Robert Peel, Mr. Cobden, and every other supporter of that fictitious monetary system by which the inhabitants of this and other nations are at present restricted to a fractional part of their natural amount of income.

Our proposed standard bank would not, however, be a mere pawnbroker's shop ; for, in the first place, there would be this difference between them :—The pawnbroker issues a ticket in exchange for *an article*, which ticket will buy but one thing in this world, namely, *the article* in exchange for which it was originally given : whereas our standard money would purchase not merely any and every description of property, heritable and moveable, *within* the standard market, but it would buy also any and every description of property *out of* the standard market. Standard money, in short, would not merely pay for our bread and our meat, our clothes and our furniture, but it would also pay our rent—whether of houses or of lands—and taxes ; and that—the learned and very sagacious *Times* notwithstanding—*justly*. It would also pay our clergy and our medical men, lawyers, artists, teachers of youth, players, musicians, domestic servants, and, in a word, the whole body of unproductive as well as productive members of society.

Inasmuch, however, as our standard money would not, like a pawnbroker's ticket, be the mere representative of some one commodity and no other, but of every commodity for sale in the public market, it is evident that, as all men judge for themselves in what manner they will expend their income—the existence

of the most perfect monetary system notwithstanding—there may be a market *disproportionately* supplied, although by no possibility could there ever be a market *over-supplied* in the aggregate, provided our instrument of exchange were to be a rational one.

Manchester, for example, for aught I know to the contrary, may be able to over-supply the home market with cotton goods, and Sheffield with cutlery. But the existence of any such ability has never yet been proved, and never can be proved, until, by the establishment of a free system of exchange, the terms *glut and deficiency* shall become merely two names for the self-same thing, namely *disproportion*, which, upon the principle of exchange I am now describing, they inevitably would become.

For, as in the self-same hour that goods should be *ready for the market* they would be convertible into money, the representative at once of materials, labour, transit, the expense of sale, and the profit of the manufacturer—which money *whenever expended* would *take out of* the standard market precisely as much value in one shape or other as should have been previously *put into it* in exchange for the self-same money,—it is obvious that, if one class of warehouses, yards, or cellars, should be *over-full*, another class or classes *must of necessity, and that to precisely the same extent, be over-empty*.

And hence the natural index to employment, at all times, in all places, and under all circumstances ; if it be not here, it is there, there, or there, *for somewhere it must be*. Parents and guardians, therefore, would have merely to observe the general current of supply and demand, in order to discover at once

in what direction employment should be increasing and where decreasing ; and, consequently, in what manner to educate and train their children. For, unlike the present state of society, in which there may be, and very often is, a glut of every marketable thing, employment *could* no farther decrease in one direction than it *must of necessity* increase in another direction, or in other directions, and that to at least the full amount of the diminution.

This is not the case at present, because, and solely because—thanks to our monetary system—production is now the effect of demand, instead of the cause of it : the *modus operandi* being that, the ways of using it remaining the same, if you produce goods faster than money, *down they go in price* ; all stock on hand must then be sold at a reduced figure—most likely at a losing one—or else it must be kept on hand until consumption shall have restored the equilibrium of goods and money. In the meantime, half-time is the rule at our great manufactories ; whilst a hundred smaller works, depending upon the greater for employment, suffer in like proportion. In a word, *production stops*, and then a million or two of people find themselves in the unhappy and rather curious predicament of being *naturally able to create*, by the collective exercise of their capital, skill, and industry, an abundance of the good things of this life for the use of themselves and their families, but *artificially prevented from creating them* by the mere absence of the ability *to exchange* the respective products of their industry amongst each other.

And now, let us see how we should get on with a *Golden* currency along with the banking system that

I have proposed ; as also how the members of the Anti-Gold-Law League would get on with their Government paper.

Well, then, we have our market as already described, as also our standard-banker, who, on certification of goods having been brought *into* the market, is forthwith to *pay the full price of them* to their respective owners, and this to all comers and to all amounts. But now—in place of giving *mere paper acknowledgments* of the fact that goods of a certain value have been brought into the market, and are therein exposed for sale by their respective owners—he is to *pay down gold coin equivalent to all the property, heritable and moveable, that may seek to obtain admission!*

Where, in the name of Sir Robert Peel, is he to get the money?—It is not, you will observe, sufficient that his stock of this *one commodity*—for *money*, strictly speaking, gold is not—it is not, I say, sufficient that his stock of this one commodity, gold, be equal in value to the national stock of *any* other commodity, but it must be equal to the entire and united value of *every* other commodity, for sale in the market, or else each and every merchant will be scrambling to obtain it for his own advantage and to the disadvantage of his neighbour.

An ounce of gold, again, being equal in value to a great many ounces, pounds, hundredweights, or even tons of some other commodities, *what precise weight of gold* is the standard-banker to give in exchange for the various goods that may seek admission into the market, of which he may be called the master?—The only rational answer to the question is—*Just as*

little as he can—just that weight, in fact, which the offerers will consent to accept in exchange for the various products of their labour, in preference to not selling them at all.

Then do I reply that it is in vain to discuss the merits of the existing monetary system, seeing that, strictly speaking, *there is no monetary system to discuss*; for in undeniable truth, that which we now *call* our monetary system, is but a mere modification of the semi-barbarous system of *bartering* goods for goods; and that of so clumsy and imperfect a kind, that we could not carry on even our *home* trade for a single week, without the aid of such miserable auxiliaries as bills of exchange, credit, and the like.

Measure of value we have none whatever, for every true *measure*, as I told you in a previous lecture, is at all times of the same length, superficies, or capacity. But what does a gold coin contain? Why, it contains ten yards to-day and twelve to-morrow of the self-same thing, the *real value* of which—consisting of the actual amount of labour essential to its production—may not have varied during the interval to the amount of the smallest appreciable fraction.

— With *no* description of metallic currency, then, can we go on for a single year without subjecting ourselves to the most inextricable confusion. Prices one thing this week are another next, *from the mere increase* of the good things of this life, as compared with gold. Exert your productive powers, be industrious, be useful, and what then?—Why, prices fall, stocks on hand depreciate, debtors are defrauded, and creditors are obliged to become cheats, or else to receive dividends in place of payments; whilst every

ten or a dozen years the whole commerce of the country is deranged, stultified, and all but suspended. Such is our monetary system !

Then, again reverting to the League fiction, it has neither basis nor superstructure ; and neither is there a pin to choose between the no-measure of value Gold and the no-measure of value State paper.

This nation requires money which will allow *proportionate production* to become the unfailing cause of demand *ad infinitum*, to the existence of which state of things a measure of value is indispensable.

Suppose a thousand men to be able and anxious, by the exercise of their united capital, skill, and labour, to supply their own wants, and that all they require is *to exchange* their respective products amongst each other upon some equitable principle—How is the fiction of a government currency to help them ? Her Majesty's treasurers *will not take their goods* in exchange for the money issued ; and even if they would do so, what then ?—Why, so much the worse, for the producers require the goods for their own use and consumption ; and, therefore, their desideratum is *a banking system of their own*, by means of which—be the machinery of it whatever it may—they may be enabled to exchange their respective products and properties amongst each other, at the least possible expense of time, trouble, and anxiety. No government currency, however, founded upon a mere fiction such as has been promulgated by the League, can help us for a moment to a free and unrestricted system of exchange—keeping always in view that *no monetary system whatever* can be founded in right principles unless it will allow production to ensure demand.

The Anti-Gold-Law Leaguers could surely never dream of the taxes amounting to five or six hundred millions a year!—and if not, wherein may consist their mode of preserving the necessary co-equality of production and circulation! The truth is, that they have never contemplated the existence of any such necessity: *it exists*, however, aware of it be they or not.

And it is well for us that the Anti-Gold-Law League plan has not been tried; for if adopted to-morrow, the power of *producing* would still exceed the power of *exchanging*: down, therefore, every now and then would still go prices, production would flag, wages would fall, want of employment would ensue, and all the miseries of our present condition would come back upon us, *aggravated* by the reflection that the *Money Doctors*, as they are called, had been allowed to try their specific.—And with what success—it would be triumphantly remarked by their opponents—let the present state of the country answer!

Such would be the certain consequences of any ill-digested attempt to introduce a new monetary system into society, and therefore far better is it to do nothing than to attempt something of which nothing, or worse than nothing, would be the inevitable result. In short, no good can come of half measures in the circumstances in which we are placed: we might as well make half a locomotive-engine and expect it to convey a train, or half a watch, and expect it to keep time. We must take the true principle of exchange, as dictated by nature herself, for the basis whereon to erect our commercial fabric, or else assuredly shall we continue to labour, as we labour now, for the wages of disappointment.

LECTURE V.

The Subject of the preceding Lecture continued—that is to say, Continued description of a Banking System, by the establishment of which Production, now the *Consequence* of Demand, would be converted into the *Cause* of it.

IN the preceding lectures I have endeavoured to show you that production is the natural cause of demand, but that practically, owing to the existence of a false monetary system, it is not so; that, therefore, it is incumbent on us to set on foot another monetary system, by means of which—whilst retaining all the minor conveniences which are afforded by the money we have at present—the great principle I have just mentioned may be restored to us. And having also told you, in general terms, that this may be effected by the establishment of a standard-bank, the business of which is to consist, *first*, in giving out paper-money to represent the value of all the property, heritable and moveable, that may be brought *into* the standard-market; and *secondly*, in requiring repayment of the said money, in the most invariable manner, on the removal, by whomsoever, of the said property *from* the standard-market—the next question which seems to offer itself for our consideration is this:—

Having already seen, that the Anti-Gold-Law League

party have not taken cognizance of the absolute necessity of preserving a precise balance between production and demand—Exists there, it may be asked, elsewhere any monetary plan in which this principle has not merely been recognised but fully carried out?—I fear not! Sundry propositions have, indeed, been made to erect our monetary system upon the basis of land.

All monetary schemes, however, are false in principle, and will prove utterly delusive in practice, which may be founded either upon the *security* of land, or upon the mere *security* of anything. Money, provided it shall have been originally issued upon a true principle, may be *transferred* from one person to another. It may be given by A to B for something or for nothing, or it may be lent out at interest on security or on no security, and all may continue to work well. But money can never be *issued* by any properly constituted bank, except in exchange for value to be *bona fide offered for sale* so soon as the money issued upon it shall have crossed the banker's counter to the public side.

And the reason of this is obvious. Suppose, for example, that paper-money to the amount of ten thousand pounds be advanced to any party by a banker upon the security of value to that precise amount, to be instantly offered for sale. Spend one pound of this money in the repurchase of any part of the said value, and the one pound spent ceases to be money, whilst the value held in security by the banker is now reduced to one pound less than ten thousand. Spend five thousand pounds in a similar repurchase, and only five thousand pounds of money

now exist ; or spend the whole sum of ten thousand pounds, and then the *market* will be empty on the one hand, whilst on the other, *money* there will be none.

But let ten thousand pounds be advanced to the same party on the security of the same property, and let the receiver of the money now stipulate with the banker that the property assigned to him shall be merely *held in security*, and not offered for sale in the public market at all. The inevitable consequence of this arrangement, then, will be that the whole of the money thus thrown into circulation, will merely have the effect of *raising the money-price* of the marketable stock that previously existed. In a word, if the money be all expended by the borrower, it will increase *demand* to the amount of ten thousand pounds ; but it will not increase *supply* to the value of half a farthing. The quantity of property for sale in the market, after the advance, will be just exactly as much as, and no more than, it was before the advance ; and, therefore, the competition amongst the *buyers* to obtain it will have the inevitable effect of raising its price to the extent of just ten thousand pounds—supposing always that effectual demand existed at all events for all the property for sale.

Again, as no amount of paper money can ever be justly issued by any rightly constituted bank, except on the security of an equal value of property to be *bona fide* forthwith offered for sale in the public market, so, in like manner, neither can money be properly issued to any *less* amount than the *full value* of the said property ; because in this case another mischief would arise precisely opposite in character to that which has already been described. Ten

thousand pounds' worth of goods, for example, having been received in this case, whilst money to the amount of but five thousand pounds has been given out on the security of them, and all the borrowed money, as before supposed, being forthwith passed into general circulation—that is to say, expended in the public market—the result now is that ten thousand pounds' worth of additional goods are placed in the hands of parties *seeking to sell them*, whilst money to the amount of five thousand pounds only is thrown into the other scale : and thus *supply* is increased to the extent of ten thousand pounds, whilst *demand* is increased to but half that amount only. The competition of the *sellers*, therefore, is now increased in like proportion, and consequently the money-price of all their goods must fall, and that to the precise amount of the difference between the value of the additional stock of goods and the additional sum of money simultaneously thrown into the market.

And it is mere nonsense to attempt to meet this statement by vague and general suppositions, such as—May there not be this influence upon the market here, or that influence on the market there ? It is quite true that you may *complicate* the argument by raising supposititious cases, but you cannot *refute it*. You may, indeed, so envelop this subject in a tangled net of words and quibbles as to render it all but incomprehensible to the major part of a mixed audience like the present one. It may be very difficult, too, to untie your endless knots, and to spread open to view all the meshes of your net divested of every ravel : but as a stone thrown up into the air will assuredly come down again, in obedience to the law of

gravitation, in spite of any artificial contrivance to which you may resort in order to cause it to fall as distantly and unascertainably as possible, so will the monetary principles I am now laying before you, continue to operate, in obedience to laws as invariable as that of gravitation itself, to our destruction or to our advantage, just as we shall continue to disobey them, as we are now doing, or as we shall learn cordially to accept them as our director and our guide.

And here allow me to remark, that it is generally by the most simple, and not by the most intricate illustrations, that we are led to the discovery of important truths. An apple falls to the ground, a powerful mind seizes upon the fact, and the principle of the universe is discovered. Adam Smith, whose writings upon Political Economy have never yet been equalled by those of any other man alive or dead, in speaking of the principle of exchange, illustrates his subject thus :—

“ This division of labour [says he] from which so many advantages are derived, is not originally the effect of human wisdom. * * * It is the necessary, though very slow and gradual consequence of a certain propensity in human nature * * * to truck, barter, and exchange one thing for another. * * * Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal, by its gestures and natural cries, signify to another, this is mine, that is yours, I am willing to give you this for that.”

And thus it is with all men who really understand the subjects upon which they write ; clear and distinct

ideas give birth to plain and intelligible language, whilst a labyrinth of words is a sure index to a mind of mud.

But to return. Having told you, then, that the Anti-Gold-Law League project is a fiction, and why—that all schemes founded upon the issue of money upon the security of land are fictions, and why—there yet remains another fiction to be noticed, namely, that of the Birmingham Monetary Reformers, the nature of which I can best explain by giving you the words of Mr. Muntz, used on the occasion of a public meeting held in Birmingham in October last, as reported by *The Times*:—

“ And now, Sir—[addressing himself to the chairman]—I may as well give you my remedy, as proposed in 1840 to the Committee upon Banks of Issue. The first and indispensable step is, a suspension of cash payments, whilst the subject is debated and arranged. The second, an entire separation between the Bank of England and the Government. The third, taking out of the hands of the bank the management of the circulation of the country, and giving it to a National bank, managed by commissioners appointed by, and responsible to Parliament, which bank should issue notes which should be a legal tender, and in which all other banks should pay their notes on demand. The fourth, empowering such commissioners to issue their notes very gradually, to such extent as should eventually raise all prices which have fallen, and with them gold and silver, until silver was 7s. 6d. per ounce, which would keep wheat at an average price of 7s. 6d. per bushel, and all other prices in due ratio. And when such price

of 7s. 6d. should have been obtained, the National bank should at all times receive silver at 7s. 6d. against their notes, and pay the notes on demand in silver at 7s. 6d. per ounce."

Now, the plan of Mr. Muntz, like the plans of the Anti-Gold-Law League and of the land-security men, is founded in error. It is a *mere plan* unbased upon any *principle*: it is a watch without a spring, a steam-engine without a boiler, a world without a sun.

The specific fault of the existing monetary system is, that our power of increasing marketable produce is *greater* than our power of increasing money. Hence, whenever we exert our industry to an increased extent, but still to an extent infinitely short of its exhaustion, *prices fall*, goods already existing can be disposed of only *at a loss*, and this discovered, *then production stops*.

And the specific remedy, come in whatsoever shape it may, must consist in this :—Exert our productive powers to whatever extent we may be able, *prices must not fall*, and then all our goods may be sold *at a profit* instead of at a loss, and that—*provided we shall continue to produce them in due proportion to each other—until the end of time*.

Hence it is evident that the remedy proposed by Mr. Muntz would be altogether inefficient. His plan reminds me, indeed, of a little bird confined within a cage, forever crying, like Sterne's starling, *I can't get out!* That little bird is *Production*. Now, Mr. Muntz is an *honest* man: the *Times* says that Mr. Muntz is an honest man; and, therefore, Mr. Muntz *must be* an honest man—the reasoning is conclusive.

Well, then, honest Mr. Muntz does not admire cap-

tivity, and *I can't get out* strikes painfully upon his ear. But you shall get out, says Mr. Muntz, who forthwith opens the cage-door, and out flies our little bird into the *room*. But, *I can't get out!* still reiterates the bird; when, oh, says Mr. Muntz, this is more than I bargained for!—I found you in a cage, I have given you the freedom of a room, and still your lamentation is, *I can't get out*. Well, then, you must just stay in!

Now, this is exactly our position: the productive resources of this nation *are caged*, not by this man nor by that man; not by Sir Robert Peel, nor by the editor of the Times, but by the *utter ignorance* that pervades the whole community, *and the mind of almost every individual member of it*, upon the subject of exchange. And these productive resources Mr. Muntz would liberate to a certain but very limited extent. Liberated, however, to his extent even though they should be to-morrow, their cry, like that of our little bird, would still be *Freedom*, which, being interpreted, means—*It is our right and province to create demand, instead of being created by it*.

This, and this *only*, is true commercial freedom: this, and this *only*, is *the criterion* by which every monetary system must be tested, and by which it must stand or fall.

Tested by this criterion, then, would Mr. Muntz's monetary system answer the purposes of this great country? Assuredly it would not, and I sincerely believe that if Mr. Muntz himself will do me the favour to re-examine the subject of money in the light in which I have now placed it, he will eventually be inclined to admit that I am right.

Apologies, I fear, are due for these very numerous repetitions ; but on a subject like this, new in part as it probably is to many persons present and wholly new to some, I have thought it best to completely clear the way as we go along, to finish one thing before we begin another, and thus, by subdividing our inquiry into sections, to prosecute it the more thoroughly.

Having, then, ascertained beyond all reasonable doubt or question, that *proportionate production*, unimpeded by monetary vagaries of any kind, is the natural cause of demand, that, as Mr. Mill says, "Production is the cause and the sole cause of demand ; that it never furnishes supply without furnishing demand, both at the same time, and both to an equal extent," *it necessarily follows that the natural limit of production itself is the inability to maintain that proportion.*

Now, this proposition, which I believe to be one of the most important within the whole range of the science of Political Economy, seems by some unhappy mischance to have altogether escaped the observation of the political economists. So far, at least, as I am acquainted with their writings, it has escaped them, and yet, strange to say, it is as nearly as possible self-evident. And it is out of this natural limit to production, and out of it only, that two necessities, of the utmost importance to the commercial interests of nations, arise, and owe their existence : the first of these necessities is a foreign trade ; the second is emigration.

The *necessity* for a foreign trade must not, however, be confounded with the *advantages* of one ; see-

ing that the latter date their commencement from the time when, *by any less expenditure of labour*, we can obtain any article of which we stand in need by producing some other article, and giving it in exchange for that which we require, instead of making the thing which we require ourselves.

Thus, for example, in this country we are fond of grapes; and as we all know, very delicious grapes can be produced within our own hothouses. But, to ascertain the cost of a pound of hothouse grapes, we must take the rental of the hothouse, the annual cost of keeping it in repair, the cost of the vines themselves, the wages of the gardener and of his assistants, the cost of the fuel and attendance on the stoves, and, finally, the cost of gathering the ripe fruit, and of conveying it to market. Add all these expenses together incurred within the space of one year, divide the sum total by the number of pounds' weight of grapes obtained, and the product will be their cost per pound.

Now, in the south of France, grapes of very good quality are produced in the open air, and consequently at a far less cost of capital, skill, and labour than are essential to their production in this country. Whenever, therefore, we shall have a perfectly free trade with France—and which event will come to pass so soon as the two nations shall have emerged from an age of utter darkness upon the important subject of exchange—*our grapes* will probably be grown, for the most part, in Sheffield; and there, not in hothouses covered with sashes of glass, but in the workshop of the cutler, whose goods, costing equal quantities of labour, just as far surpass in

quality those of his French competitor, as the out-door grapes of the south of France surpass in quality the out-door grapes of England.

Here, then, you will perceive how immensely important to the interests of nations is foreign trade, and that long before the period arrives when such trade assumes the character of a necessity. The vine can be cultivated, and that with great success, so far as the quality of the fruit is concerned, in this country; and cutlery, in like manner, can be made in France. But the inhabitants of both nations now pay an exorbitant price for these desiderata; and that, as it would appear, for the mere pleasure of continuing to sacrifice their best interests at the shrine of commercial ignorance.

Commerce is to a nation what exchange is to an individual. A first-class portrait painter, for example, is desirous to obtain his own similitude in the shape of a marble statue, whilst an eminent sculptor is equally anxious to have his duplicate on canvass. Would you, in these circumstances, advise the portrait painter to chisel his own statue, and the sculptor to paint his own portrait? If you would not, then is it clearly impossible for you, without committing the grossest inconsistency, to sanction restrictions upon trade in any shape or way whatever, either between individual and individual, or between any one nation and any other.

But this is the least important view of the subject; for whilst a good artist might contrive to chisel a bad statue, and a clever sculptor to daub some sort of likeness of himself in paint, *the whole surplus power of production in any given departments*

of the industry of two nations, is wholly lost to both whenever they are prevented from exchanging their respective productions with each other. Exemplified this may be by reference to the argument we have already used. For if France, for instance, could produce fruits to the value of one million of pounds sterling *more* than she can at present sell, and if England could manufacture more cutlery than she does now by the same amount, it is obvious that by prohibiting the exchange—supposing the respective parties to be willing to make it—we *tax the two countries* to the extent of one million each, and that just as certainly and unquestionably as we should by taking that precise sum of money out of their coffers in gold coin.

Hence you will perceive, that whenever impediments are thrown in the way of free and unrestricted commercial intercourse, the effect is two-fold—*First, the cost of production is increased, whilst the article obtained is of comparatively inferior quality*; as in the case supposed, where the artist turns sculptor and the sculptor artist; and, *secondly, the very existence is prohibited* of millions upon millions of wealth, which, in the absence of all restrictions upon interchange, would be created, used, and enjoyed.

So much for the *advantage* of foreign trade, which, as I have already told you, must not be confounded with its *necessity*, which arises from a totally different cause—namely, from the inability which *may* arise within a nation to go on maintaining the existence of that *proportionate production on which alone*, as has been stated many times already, depends our ability to produce *ad infinitum*, without overtaking demand.

By the establishment, then, of a National standard-bank, upon the principle I have laid down—namely, that of issuing money to standard-manufacturers and merchants to the full amount of all the property, heritable and moveable, that they may be able to bring into the market, a perfectly free system of exchange would be created.

But if, under the provisions of such banking system, all men should be enabled to throw the respective products of their labour into a public market, and to take out of that market *equivalents*, in whatever shape they might think proper—and that with all the facility with which they now pay their money into a public bank, to be withdrawn at such times and in such portions as may be most convenient to themselves—it is obvious that the operations of such a market would inevitably come to a stand-still, should the time ever arrive when, in exchange for that which may be put into the market, there could no longer be obtained from it a full supply of some one absolute necessary of life. If, for example, the population of this country should increase to so great an extent, that we could no longer, by any direct exertion of our own labour, supply ourselves with a sufficiency of *food*, proportionate production must either forthwith cease, or else some portion of our labour must take a new direction : that is to say, goods of some kind must be created, *in exchange for which* the inhabitants of some other country or countries will give us food. And thus our argument is completed ; the *necessity* for a foreign trade has arrived, seeing that without it we can no longer go on maintaining that *proportionate* supply within the home-

market, on the continued existence of which must ever depend the co-equality of production and demand.

Then with respect to *emigration*, the argument is precisely similar to the foregoing : for, as in the case of foreign trade, the *advantages* of emigration must ever precede by a very long period the absolute *necessity* for it ; the advantage obviously appearing whenever any given amount of capital, skill, and labour, will yield a more abundant return abroad than at home ; whilst the absolute necessity for emigration can arise only when, neither by the exercise of our labour, nor by the employment of our capital in foreign trade, can we any longer maintain the *proportionate* supply of the market ; the existence of which proportion must ever be tested by the answer to the question—Whether he who has money to spend can obtain in exchange for it, at a reasonable price, whatever he may desire to purchase ?

Far distant, however, appears to me to be the day on which we shall no longer be able proportionately to supply the markets of this country. Hitherto our outcry has ever been not for merchandise, but for customers to buy it ; and so easily could we at the present time create and distribute an ample supply of all the material products that are really essential to the wellbeing of society, that I firmly believe the day will come, when the discovery of a nation of men walking on their heads instead of on their feet, would excite but little more astonishment, than *will* the history of the commercial policy of Europe and America in the year 1848. For, to create and enjoy the entire quantity of wealth that he has the combined ability and inclination to create, is so

obviously the *natural* duty and privilege of man in this world, that future ages will require good evidence that the time ever was when, with all his boasted powers of reason and philosophical acuteness, he had actually set aside this *natural* limit to his physical means of enjoyment, and adopted in its stead a *fictitious* limit, under the operation of which *millions of human beings actually died, at various periods, of artificially created famine!*

Having, then, endeavoured to place before you the elementary principle of exchange in circumstances of the least intricacy, I trust it has been rendered sufficiently obvious—That whilst *mere production* will not necessarily create a demand equal to itself in any market, however free the mode of interchange may be therein, *Proportionate Production inevitably must and will do so.*

Proportionate production, however, or, what is the same thing, the proportionate supply of the home-market, does not, as has been already shown, depend upon our *home-power* of producing that which we require to consume, use, or accumulate, seeing that the home-market may continue to be supplied proportionately just so long as, but no longer than, we can go on producing such commodities as other nations may be willing to take from us in exchange for those which we ourselves require—exportation and importation being thus of necessity ever precisely equal to each other.

But the continued maintenance of our foreign trade is not dependent on any one form. Goods may be exchanged directly—as for example, English coals for French wines: in which case the native

produce of England is given in exchange for the native produce of France. Or English cottons may be given in exchange for French silks ; in which case the *labour* of England is given in exchange for the *labour* of France ; the material in both cases on which the labour is expended, being, for the most part, neither the produce of the one country nor of the other. It will be understood, however, that the *principal* material only is here spoken of ; for if we were to take the endless variety of minor essentials to the production of silk and cotton goods—such as the various dyes and chemicals used in their manufacture—and to attempt to trace *them* to their various original sources, we should soon be altogether lost in a labyrinth of details, and those of no practical value to our argument.

Again, the products of one country—and that whether consisting of native material and labour, as in our first instance, or of labour only, as in our second instance—may be given to another country in exchange for goods, for which the buyers have no use whatever, except that of purchasing from a third country certain commodities for which they are not in a condition to offer any more direct equivalent.

China, for example, produces tea, of which England is a great consumer. But China will not take the native products of England in exchange for her tea : she will, however, take gold, which is not the produce of this country. In this case, therefore, in order that we may obtain tea from China, we must first buy gold wheresoever gold is to be had in exchange for such goods as we may be able to give for it. And to us it matters not whether the gold, which we

require for this purpose, be obtainable in exchange for the native products of our own industry, or in exchange for foreign products, directly or indirectly purchased with our own.

Hence, therefore—and this is the point to which I desire to direct your attention—however intricate the process, so long as the *home-market can be proportionately supplied*, that is to say, *sufficiently supplied* with such commodities as people *ask for* in exchange for their money, *there can be no limitation whatever* to the operation of the important principle on which I insist, namely—That, with a right monetary system, *demand* would become, and ever continue to be, *co-equal with production*. The true end and object of all commerce is *to obtain* whatever we may desire to possess in lieu of that which we may be able *to give*; and it matters not a straw, commercially speaking, whether this object be accomplished by direct or indirect means; for, provided *it be* accomplished without difficulty or inconvenience, we may, if we please, export everything that we create by our own labour, and consume, use, and accumulate nothing, not even our daily bread, but what shall have been imported from some other country.

But the time *may* come when proportionate supply can no longer be maintained at home, either by means of bringing the varied products of our own industry into our market, or by exchanging those products, either directly or indirectly, for those of other countries; and *then*, but not till then, will *productive labour* of some kind be superabundant in this land. Has that period arrived? Is it now, or has it ever been, necessary for the productive labourer to

leave his native country in search of employment ? or rather—*Would emigration have as yet been necessary* had freedom of exchange ever truly existed in this land ?—*had proportionate supply been, as it ever should have been, the one and only condition to the constant co-equality of production and demand ?*

I confess my inability to answer this question with any certainty ; and indeed it would involve a tedious and lengthened course of investigation to arrive at even a probable answer to it. It would, however, be a mere waste of time and thought to adventure upon the inquiry. It is for us—it is for the nation at large, and for every person in it who has not an independent income to call his own—to *insist upon an immediate and thoroughly searching inquiry into this subject*. For if the statements I have already made, and am yet about to make to you *be true*, irrefutable as the existence of light or heat, and demonstrable by any tolerable accountant to the capacity of any well-educated youth of twenty years of age, then I submit that if the inhabitants of these realms shall not very speedily apply to the government for an extensive measure of relief, they will well deserve to suffer, as they suffer now, from a perpetual pecuniary insufficiency, relieved only from its tediousness and monotony by an occasional pecuniary famine.

I would, however, earnestly caution you against the adoption of any half measures with reference to this subject, by the operation of which we may be lulled into a state of fancied security. Proportionate supply is or is not the natural cause of demand : *if it be not so*, then is every sentence which I have addressed to you a mere tissue of nonsense, deserving only of

your contempt and ridicule : but if proportionate supply be in reality the *natural* cause of demand, our task is plainly before us—*Let it be so practically.*

I shall now proceed to present you with a description of *an accurate measure of value*, consisting not of gold, neither of silver, nor of any valuable thing whatever, but merely of *a principle.*

It being understood, then, that every standard-manufacturer, merchant, and dealer in houses, lands, or other heritable property, *is to put his own value* upon whatever goods or property he may bring into the market ; and that, on giving security for its ultimate repayment to the bank, the bank is to pay him at once the *full value in money* of the said goods or property as estimated by himself—In what shape, it will be demanded, are we to obtain *that accurate measure of value* by means of which all interchanges between man and man are to be effected with a degree of fairness and accuracy, rivalling that which in the case of any two things of like nature as well as value, would be obtainable by merely giving equal weight for weight, measure for measure, or number for number ?

Now, to this subject I would particularly solicit your attention, because it is one which appears to have been hitherto misunderstood by all parties, but more especially by the *original** editors of the *Westminster Review*, the present editor of the *Times*, the Birmingham monetary reformers, as represented by Mr. Muntz, and the monetary reformers of London, as represented by the Anti-Gold-Law League. In

* The Work, it has already been mentioned, is now in other hands.

short, anything like a true measure of value is a thing yet to be recognised by men of every shade of politics, whose opinions upon the subject of money are at all known to the public : very few of whom seem to have the least conception, that we have merely to reform, or rather to reconstruct our monetary system, in order to enter at once upon a state of society, commercially speaking, as superior to that which at present exists, as the railway mode of travelling from one place to another is superior to that of our forefathers.

Well, then, I think you must have already seen, that if whatever the world calls wealth, both real and personal, in all its varieties, and in the most minute portions, *could be conveniently exchanged*, upon the principle of equal weight, equal measure, or equal number, there would be no necessity for money at all ; and that it is *because, and solely because*, this cannot be done, *that a measure of value* is essential, not merely to the convenience, but to the very existence of commercial transactions of any considerable extent or magnitude.

You have seen, farther, that the east wind might as truly be called a measure of value as gold coin, were it for no other reason than this one, namely, that whilst any given number of ounces divided by sixteen will give the number of pounds avoirdupois ; whilst any given number of feet longitudinal divided by three will give the number of yards, and this at all times and under all circumstances, *no given number* either of ounces' weight, or of feet longitudinal, of any one thing upon the face of the earth, gold itself only excepted, will continue to exchange for the same

weight of gold, at all times, even though both the desire for, and the labour of producing the things to be exchanged, *shall have remained the same to the smallest imaginable fraction*. Gold, therefore, in place of being any measure of value at all, *is itself a mere commodity*, the price of which, *as measured by other commodities, in reality rises and falls just as frequently as the price of other things*; although such rises and falls are to a certain extent concealed from public view, by the operation of the legal *fiction* that the *value* of gold is £3, 17s. 10½d. per ounce. Gold is indeed *assumed* to be a measure of value, and it is also declared by the law of the land so to be; but still *it is no more true in point of fact* that gold is a measure of value than it would be true to affirm that 2 and 2 are 5, 15, 50, or 500.

The law can do a great many things, but there are still a great many things which it cannot do. The law, for example, is able to change the name of a man or even that of an animal. It may enact that henceforth all dogs shall be called cats, and that all cats shall be called dogs. And if such a law were to be enacted, why, then, in future, all the cats would bark, whilst all the dogs would mew. But the law cannot suspend the operation of the principle of gravitation, or convert the darkness of midnight into the noonday sun, or the chilling blasts of December into the sultry breezes of July. And yet did the law *attempt* to do a thing *quite as impossible* as any one of these, when it sent forth the idiotic mandate—
 “Gold shall be at once the standard and the measure of value.” For, as the earth we dwell upon is one land not many, so also is there *one* standard, *one*

measure of value given to us by the hand of Nature herself; and besides this there is no other: neither is it within the power of man to *make* another, any more than it is within his power to make another sun or another moon; and neither is it possible for man to *reject* this natural standard of value, and to set up any *golden* image in its stead, without suffering for his presumptuous folly that punishment which constantly awaits the violator of every natural law. Come, therefore, the punishment of our disobedience ever must and will, and that equally whether we happen to *know* that we violate any natural law or not.

In announcing to you, then, that *human labour* is at once the source, the standard, and the *only possible measure of value*, I tell you nothing new. You have been told so twenty times before, and never perhaps more earnestly or emphatically than by your great countryman Dr. Adam Smith: these are his words:—

“The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the *quantity of labour* which it enables him to purchase or command. *Labour, therefore, is the real measure of the exchangeable value of all commodities.*

“Labour was the first price, the original purchase-money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased; and its value, to those who possess it, and who want to exchange it for some new productions, is precisely equal to the *quantity of labour* which it can enable them to purchase or command.

“Labour alone, therefore, never varying in its own value, is *alone* the ultimate and *real standard* by which the *value* of all commodities can at all times and places be estimated and compared.

“Labour, therefore, it appears evidently, is the *only universal, as well as the only accurate measure of value, or the only standard* by which we can compare the values of different commodities at all times and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of silver which were given for them : we cannot estimate it from year to year by the quantities of corn : *by the quantities of labour we can, with the greatest accuracy, estimate it both from century to century, and from year to year.*

“Labour, it must always be remembered, and not any particular commodity, or set of commodities, is *the real measure of the value* both of silver and of all other commodities.”*

Now, I think it will be admitted by every candid reader, that throughout the entire volumes of the *Wealth of Nations* there is not to be found one solitary doctrine more unequivocally or emphatically inculcated than that which I have just quoted ; and yet, strange to say, there the Doctor left his axiom, just as if it had fallen from him by mere accident, unworked out, unexplained, untraced in its results, and to all practical purposes a dead letter—which, unhappily, to this day it hath remained.

Whilst, however, I thus merely reiterate a great truth, which was laid before you many years ago by

* *Wealth of Nations*, Edition, Edinburgh, William Creech, 1806, Vol. I., Pages 39, 40, 43, 44, 48, 49, and 258.

one, the lustre of whose name has contributed to the celebrity of this city of learning, I would remind you that it is no new thing amongst us to neglect for half a century or so, to take any practical advantage of even the most important discoveries. Comparatively few persons, indeed, who have been of very much use in the world, have ever lived to see the result of their studies estimated at their true value by the numbers of society. Why, therefore, should we be discouraged by the fact that a principle in social science—endorsed though it be by one of our greatest modern philosophers—has lain dormant for seventy-two years? And again, backed by such an authority, why should we despair of seeing *labour* one day assume its true position in the world as the universally acknowledged *measure of value* as well as source of it?—or why should we hesitate for a moment in assigning to labour *practically* that important office of which *naturally* it never by any possibility can be deprived? The case lies in a nutshell—*Labour is the only real standard, the only real measure of value*; and, therefore, if we shall continue obstinately and stupidly to decline accepting it as such, why then we must be content *to go without any real measure or standard of value at all; seeing that in no other possible shape or form can we obtain one.*

Then if we be inclined to carry this investigation a little farther, the next thing which we shall have to encounter will be the old set of stereotyped queries, to be now repeated for the ten thousandth time:—“How will you do this?” “How overcome that?” “How explain the other thing?” &c. And in the present instance, these and the like inquiries may

neither be few nor unimportant; and yet, after more than twenty-five years' consideration of the subject, I am fully prepared to say, not merely—*That I see no practical difficulty whatever in accurately measuring value of any kind by labour*; but farther, I do not believe it to be within the power of man to raise any objection to our forthwith doing so, *which I am not in a position at once and for ever to refute.*

Labour, then, as declared by Dr. Adam Smith, being the only true standard and measure of value, our next inquiry is—*By what process is it possible to measure labour itself?* Equal quantities of labour—of hour's work—in a coal-mine and at a cotton-loom, for example, would surely not be equitably remunerated by equal payment! neither could the result of twelve hours' labour expended in a business requiring an apprenticeship to obtain an adequate knowledge of it—in that of an engraver, for instance—be fairly exchanged for the result of twelve hours' employment in a work requiring no such previous instruction, or preparation of any kind!

And again, it is scarcely possible with fairness to pay any fifty men alike, even when employed in the like manner. In skill as well as industry, in general good conduct as well as in skill, and in trustworthiness as well as in all these, there is and ever will be not merely shades of difference but a great difference, between the value of one man's labour and that of another man, even in those cases wherein the parties are *nominally* alike in station, occupation, and in general circumstances.

Then in the case of professional men, as for example, advocates, physicians, &c., the value of one

man's hour is frequently greater than that of another man's day, or even week.

Admitted all this, how then, it will be reiterated, is the one and only measure of value—*labour*—to be itself measured in such manner as to give no just cause of umbrage to any man, much less to inflict upon him the gross injustice of placing him in circumstances wherein he may no longer be able to ascertain *the value* of his own time, as compared with that of others, by the one and only true test of all comparative value, which is—*The precise sum of money for which, by free mutual contract, any labour, service, or commodity, can be sold?*

Now, the answer to this inquiry is, that nature contradicts not herself, and, therefore, if we only obey her dictates with scrupulous exactness we shall never get into a maze. And thus in the present instance it will be found—*That the principle of free and unrestricted competition between man and man throughout every occupation in life, be it professional, mercantile, mechanical, or laborious, is in perfect accordance with the natural measure of value—labour; and, consequently, that no practical difficulty or inconvenience could be entailed on any class of competitors by the act of constituting labour the legal, as it has ever been, and must ever continue to be, the natural measure and standard of value.* In some cases immense, in others very minute, differences exist between the value of the labour of one person and that of another; but the principle of free and unrestricted competition will ever continue to adjust these differences with sufficient accuracy for all practical purposes, *so long as every man shall*

be at perfect liberty to Name the value of his own labour, and to Obtain it if he can.

And now, we find ourselves immediately in front of the grand citadel of the bullionists, the fortifications of which, however, being composed of straw, will be very easily converted into thin air.

The everlasting blunder of the bullionists, then, consists in the supposition—*That a paper-currency, unconvertible on demand into any fixed weight of gold or silver, must necessarily be a depreciated currency!*

This supposition, however, is mere delusion; for *the value* of a one pound note unconvertible into *any fixed quantity* of gold, silver, or anything else, *may quite easily be fixed by law with mathematical precision and certainty*; and that not merely in such a manner as to defy the *possibility* of depreciation, but to such legal note may, moreover, be assigned *whatever value* the nation may think right and proper to give it; *which value it would thenceforth retain, even though the notes should be multiplied a hundred-thousand million-fold.*

It having, then, been mentioned, that as part of a monetary system under the influence of which production, now the effect of demand, may be converted into the cause of it, all goods deposited in standard-warehouses are to be instantly paid for by the standard-banks,—*whilst the onus of selling them* is still to devolve upon their own manufacturers or importers as the case may be,—attached to this great privilege of prepayment *before sale*, there must be one condition, namely—That in every manufactory throughout the kingdom wherein standard-goods may be produced, there must be a *minimum* price of labour payable in standard-money.

Now here let no tyro in the study of Political Economy be at all amused at the mention of *any fixed price* whatsoever of wages ; for, if he adventure into an argument with me upon the subject, I shall beat him, I know, and therefore it is but fair to tell him so beforehand.

A *minimum* wage of labour, then, payable in *paper money*, means nothing whatever more or less than a *mere starting point* in the race of competition, with the principle of which it would interfere no more than interferes the self-same condition at Ascot or at Epsom. Its language, in short, is merely this :—
“ Come in first who may, in fairness each and all of you shall *start* together.”

Again, so far as regards the *general* view of this subject—the *particular* view will follow presently—it matters nothing where this starting point may be. The minimum of wages may be fixed at 5s. a-week, or 10s., at 20s. or 50s., and the *real difference* between these amounts—that is to say, between the sum of 5s. and 50s.—will be no difference at all : *for the produce of his own labour* would be the *real* wages of the labourer in every case, whilst his weekly wages *in money* would be merely *the name* by which that produce would be called.

For the sake of easy illustration, then, suppose we call the starting point—that is to say, the *lowest rate of wages per week, of sixty or seventy-two hours, that may by law be given, in any standard manufactory throughout the kingdom, to any working man whatever, who shall have attained the age of twenty-one years*—by the name of twenty shillings, or one pound *standard*. Then it follows as a matter of course—for

nature herself has written down the law, "*It shall be so*"—that each and every person possessing *superior* dexterity or skill, or holding an important trust, or being employed in any superior capacity within a standard manufactory, would require a rate of wages *exceeding* 20s. a-week : the amount of the excess being *in exact proportion to the degree of superiority* asserted by the workman and admitted by his master, over the *lowest* grade of employment already mentioned as being by law remunerated with the minimum payment of twenty shillings a-week.

If then, the *minimum* rate of weekly wages in an extensive manufactory be 20s., it is obvious that better men would earn from 21s. to 25s., whilst better still would earn from 26s. to 30s., and the foremen, perhaps, from 35s. to 60s., or even more ; whilst clerks, cashiers, and others holding situations of trust and responsibility, would require salaries varying from a hundred to a thousand a-year and upwards. Such at least, is the case *now*, and with *the principle* by which the variations in the rate of remuneration are at present regulated we interfere not to the value of one farthing, by the proposal of a totally different basis whereon to erect our entire monetary system.

For if we consent to *double* the minimum rate of common wages, we are just exactly where we were ; seeing that if we double the wages of the stoker we must double also those of the engineer. Double the wages of the weaver, and we must double those of the foreman, the warehouseman, the clerk, the cashier, and, in short, those of every member of the establishment. So that, the starting point or minimum rate of wages being once fixed, by doubling it we should do

just nothing at all: we should merely be consenting to *designate* the self-same thing by a larger and more imposing name: for as "that which we call a rose by any other name would smell as sweet," so would the *weekly produce* of the labour of a working man be just exactly what it is, whether we call that produce by the name of 20s., 50s., or 500s., always in *paper* money: nor, in adopting a sound monetary system, would it signify a straw whether the *minimum rate of wages*, in the various standard-works, should be twenty shillings or ten shillings, forty shillings or five shillings, per week, *provided always* that there were no such persons in existence as debtors, creditors, obligants, contractors, and the like: but I must reserve the elucidation of this subject for my next lecture.

LECTURE VI.

The subject of the fourth and fifth lectures continued and concluded—Fallacy of the Existing Principle of Coinage shown, and the True Principles of Coinage explained and demonstrated.

IN my last lecture I endeavoured to show you that by labour *only* is it possible to measure value ; and farther that, *but for the existence* of debts, credits, and pecuniary obligations, the *money* price of commodities being merely a name, the said commodities may very safely be called by *any name* we may think proper to give them ; seeing that whether a man's wages should be twenty shillings a-week, or ten shillings, forty shillings a-week, or five shillings, it would be all the same to him.

But debts, credits, obligations, and contracts *exist*—and that to a considerable amount, one item of eight hundred millions or so being no secret. Now all these debts and obligations must be *justly* dealt with, or else we sacrifice England's fame and England's honour at the shrine of England's necessity. I am confident, however, that this nation would much more readily consent to pay her national debt twice over than to pay it *less than once* ; or in other words, to pay it in a *depreciated* currency. And to pay our national debt twice over in reality would be

a far less difficult task, under the influence of a sound monetary system, than is that of continuing to pay the annual interest of it, with our resources crippled as they are at present.

It will be necessary, however, to explain this subject fully, the more especially because *The Times* has disseminated its puerilities thereon so very extensively, that many persons of sound judgment in other matters have been deluded into the supposition that a *paper* currency, unconvertible into any fixed weight of gold or silver, must of necessity be a *depreciated* currency : that is to say, if I owe you a hundred pounds *now*, in payment of which debt you can demand one hundred sovereigns in gold coin of mint-weight and fineness under the present law, only let us have, instead of the present *sovereign*, an unconvertible-into-any-fixed-quantity-of-gold *paper pound* instead, and then my debt to you of one hundred pounds must of necessity be *under-paid in reality* if paid in notes of such a character instead of in gold coin.

Now, to demonstrate the utter absurdity of this doctrine, I shall take first one extreme case, and then another, and afterwards I shall endeavour to make you acquainted with the *precise nature* of the bank-note, which ought by the law of the land, to be forthwith constituted *our only national standard and measure of value* ; and, consequently, in notes of which value all our pecuniary engagements—existing and to exist—should henceforth be fulfilled.

Already, then, it has been mentioned, that somewhere on our future race-course of competition, we must have a *starting point*, consisting of a *minimum*

rate of weekly wages payable in paper money, *below* which minimum no person of twenty-one years of age and upwards, employed in any standard manufactory, or work of any kind, is by the law of the land to be remunerated :—from which minimum price of labour all other things would as certainly take their *proportionate* money price, through the operation of the principle of individual competition, as they do at the present time through the operation of the self-same principle, in the absence of any standard of value whatever.

We shall suppose, then, the *minimum* rate of wages in a given employment to be *now* twenty shillings a-week.—I take the sum of twenty shillings merely for the sake of simplifying the argument.—I do not mean to say that twenty shillings a-week *is in reality* the minimum rate of wages in *any* employment at present ; but I take this sum for my argument in preference to any other sum, because it is the *unit* of our monetary denominative, namely, a pound sterling. If, then, a man be *at present* able to obtain a pound sterling in exchange for his week's labour, it is clear *that the produce of his labour*—be that produce whatever it may—must now be worth *one golden coin* ycleped a sovereign, *because* he is actually in the habitual receipt either *of that coin itself* in exchange for his labour, or else of a pound note which will instantly exchange for one. Suppose, farther, that the *minimum* price of labour upon the standard principle, for the establishment of which I am contending, were to be fixed at *ten shillings* a-week, and that the self-same person, whom we have just supposed to be earning twenty shillings a-week

in our present money, be henceforth paid but ten shillings a-week *standard*, in place of twenty shillings *sterling*—the conclusion is inevitable,—*That as the weekly produce of this man's labour would be just what it was before*, our *ten shillings standard* would be precisely equal in value to *twenty shillings sterling* ; or, in other words, our *one pound note standard* would be worth just *two one pound Bank of England notes*, or *two golden sovereigns*.

But if—and it would not affect the interest of the *operative* to the value of a farthing—the *minimum* rate of wages on our standard principle be fixed at five shillings a-week in place of ten shillings, then would our one pound note be worth *four sovereigns* ; or if we fix the said minimum at two shillings and sixpence a-week in place of ten shillings, then would our one pound standard note be worth *eight sovereigns* ; or if the minimum rate of standard wages should be fixed at a single shilling a-week—still at no possible inconvenience or loss to the operative—then would our *one pound standard* be worth just *twenty one pound Bank of England notes*, or *twenty golden sovereigns*—*and it would in fact exchange for either the one or the other* ; whilst our standard *shilling* would weigh just *twenty shillings* of the present coinage, and would be *worth a sovereign* !

So much for the "*depreciation*" which must necessarily be consequent upon the substitution of a *paper* for a metallic currency, according to those very wise gentlemen—the late editor of *The Westminster Review*, and the present editor of *The Times* !

But, say these very learned personages—for if they do not say this they must assume a line of argument

differing wholly from any which they have ever yet been able to advance—"Admitted, which we suppose it must be, that the existing products of labour would exchange *for equivalents*, and that equally whether the equivalents themselves *be called by the name* of twenty shillings, ten shillings, five shillings, two and sixpence, or a shilling—Do you really mean to say, that, if the whole productive powers of Great Britain were to be let loose upon us, like the pent-up waters of a lake suddenly bursting from their confinement, your *pound standard*, at whatever *present value* you choose to fix it, *would continue to exchange for the same weight of gold* as that for which it exchanged in the first instance? Surely it could not do so?"

Most undoubtedly *it would not*, and this is just exactly your weakness and my strength!—the very point upon which the whole argument turns, the very sum and substance of everything I insist upon:—namely, that if we increase goods faster than money, *prices will fall, and production must stop*; whilst if we increase money as fast as we increase goods, *prices will not fall, and, therefore, proportionate production may go on increasing until the end of time*. And although the multiplied productions would certainly not go on commanding in exchange for them as much gold or silver as they did in the first instance, when they were comparatively scarce, yet would the *productions themselves*—which is all we have to care for—be no less valuable, in the popular meaning of that term, than those which preceded them. The newly-built houses, for example, would be as comfortable as the old ones, and possibly a little better drained and ventilated: the additional food would

be as nutritive, the clothing as warm, and the furniture as convenient, even though each and all of these should be multiplied a thousand fold.

Here then is the plain question before us—Shall we retain our *fictitious* standard of value, *gold*, and thus keep the productive resources of the country in bondage? or, shall we resort to the *natural* standard of value, *labour*, and thereby set our productive resources *free*?

This I say is the essence of the whole monetary question, the sum and substance of the difference between the advocates of a golden and of a paper currency; and I defy Sir Robert Peel, Lord John Russell, Mr. Jones Lloyd, and Mr. Cobden, with the Editor of The Times, with every Golden member of both Houses of Parliament to help them, either to falsify these statements, or to produce anything better than the most puerile and transparent sophistry in reply to them.

But, to resume our argument.—It having, then, been seen, that by fixing the minimum price of labour in standard money at a very *low sum*, that is to say, by calling it by the name of five shillings, two shillings and sixpence, or even a shilling a-week, the value of the pound standard would be very much *greater* than the existing pound sterling, it follows, on the other hand, that by fixing the minimum price of labour at a very *high sum*, the precisely opposite result would follow. Suppose, for example, that we were to fix the minimum rate of wages at five pounds standard, whilst the wages of the same operative who furnished our former example should, as before supposed, be one pound sterling. The products of the labour of this man being still the same as before, it is

obvious that his weekly five-pound standard note would command but one sovereign, or one sovereign's worth, and that *practically* he would, therefore, be in precisely the same situation with his five pounds a-week, as in the case formerly supposed, with but twenty shillings, ten shillings, five shillings, two shillings and sixpence, or even but one shilling a-week. His real wages would consist of that quantity of the necessaries, conveniences, and comforts of life for which the *produce of his labour* would exchange; and as *the reality* of that produce would be unaffected by any mere *name* which might be given to it, so would the interest of the operative himself be the same to the value of a straw, whether his wages in standard money should be five shillings a-week or five pounds, seeing that his *relative position* in society would be precisely the same in the one case as in the other.

Widely different, however, is the view of this subject which presents itself for our examination, when it comes to be considered with reference to existing debts, credits, and pecuniary obligations. For, adjusted by the all-pervading principle of individual competition, every marketable thing in the country, upon the principle I have laid down, would inevitably take its *money-price* from the minimum price of labour paid in the standard manufactories. Fix this minimum price of labour then at too high a rate, and you defraud every creditor; fix it at too low a rate, and you defraud every debtor.

Say, for example, that the minimum rate of wages paid to men of twenty-one years of age and upwards in all sorts of manufacturing employments throughout the kingdom *be now* ten shillings, and suppose this

payment *to be just*, so far as regards, not merely the operatives themselves, but also with reference to all debtors and creditors ; *the present price* of all commodities is in consequence *proportionate* to this state of things. Ten shillings in standard money, then, should in this case be the minimum wage of labour still, because *the relative position* of debtors, creditors, and pecuniary obligants of every kind would remain the same. But fix this minimum at twenty shillings, in place of ten shillings, and you forthwith defraud every creditor of one-half his dues in favour of his debtor ; or fix the minimum at five shillings, and then, in like manner, you defraud every debtor to precisely the same extent ; that is to say, you just exactly double his debt. In the former case, you enable the debtor to pay his creditor with just *half* the products of labour which he really owes ; whilst, in the latter, you compel him to pay his real debt *twice over*.

From what has been stated, then, I trust it will be evident that the *value* of paper-money may be fixed by law at whatever may be thought to be its proper value ; and that with the same mathematical precision and accuracy, with which we could at any time create by law a new measure or a new weight. Our next inquiry consequently is—*What then, practically speaking, should be the precise value of the pound Standard ?*

Now, this is a question which can only be answered by asking another one, the true reply to which could not, I will venture to affirm, be given by a committee consisting of the best twenty accountants in Europe, in less than a seven years' sederunt, which question is :—

*Estimated in adult labour, what was the value of money at the different periods when every monetary contract existing at this day was entered into? No human being, by the expenditure of any amount of research, could ever qualify himself to reply with accuracy to this inquiry. Some faint semblance of justice may possibly be awarded to the millions of existing creditors, but nothing more. The value of money, in short, has fluctuated to so great an extent since the commencement of many monetary obligations still existing and for ever to exist, that, to ask the question—At what value should the pound standard be fixed so as to do justice to all existing debtors and creditors? is just equivalent to asking—Ten thousand men having at various periods of time lent ten thousand *totally different sums of money*, what precise sum of money must we repay to *each man* so as justly to discharge his claim, it being expressly stipulated that the *sum total* of repayment to any one man shall be given also to every other?*

To ascertain the *true* answer to the question I have quoted being, then, a manifest impossibility, and as much difference of opinion would arise were the *precise value* of the pound-note—that note being our future legal tender—to be generally discussed, I shall here confine myself merely to an explanation of the *principle* on which that value ought to be determined; the more especially because this investigation will enable us to answer the question nearly enough for all *practical* purposes.

It has already been explained, that if there were no such personages as debtors or creditors, and no such things as pecuniary contracts or obligations, our

pound standard, being merely a conventional thing, might take its value from the minimum weekly wages of standard labour being fixed *at anything* ; seeing that five shillings, ten shillings, twenty shillings, or a hundred shillings would *in fact* be of just one and the same *value* to everybody. But, as debtors and creditors *do* exist, and money contracts too, the act of fixing by law the minimum rate of wages in the standard works comes to be one of the very first importance.

To give an example, the nature of which will be quite familiar to every person in this room—We have in Scotland what are called feu-duties ; which means, speaking of them in the singular number, *an annual payment for ever of so much money* to the proprietor of a given piece of ground, in exchange for the exclusive possession and use of that ground, also for ever : the right of receiving the feu-duty on the one hand, and the right of possessing and using the ground on the other, being two *distinct* heritable properties, transferable at will, if unentailed, from one party to another, until the end of time.

Assuming, then—for this will be our shortest and best mode of treating the subject—the *present value* of money to be the *right value*, and assuming also *the present minimum* wages of labour in the various productive employments now existing throughout the kingdom to be ten shillings a-week, then, and in that case, *the actual minimum price of labour* to be paid in our standard manufactories *should still be ten shillings* a-week, and for this reason :—

Namely, that on the foregoing data, the man who pays or receives *ten shillings* of feu-duty *now*, pays or receives *the minimum produce of one man's adult labour*

for a week. Fix therefore by law, the said minimum price of labour at *ten shillings* a-week, and *the relative position* of every superior and his vassal will remain just as it is ; but fix that minimum at *twenty shillings*, and you will forthwith defraud the superior of just one-half his dues, or fix it at *five shillings*, and then you will in reality double the amount of the feuduty to the prejudice of the vassal. For, whilst the *actual sum of money* payable by the vassal to his superior is in all these cases the same, *the value of the money itself* is reduced to just one-half in the former instance, whilst in the latter it is precisely doubled.

To avoid these two extremes, then, and to hit the happy medium between them in fixing, or, more properly speaking, *in giving a pecuniary name* to the minimum rate of wages, is the duty of the legislature ; but the amount of this minimum wage being once fixed in the most equitable manner that can be devised, *it should remain the same for ever, having become at once the Law, the Standard, and the Measure of value for the British nation.*

I am well aware that the idea of *fixing* the rate of wages in any shape, or upon any principle whatever, will sound very strangely to certain reasoners ; but the fact is, *I do not propose to fix the wages of any human being*, but merely to establish by *law* a principle, on which the wages of every kind of employment—professional, mercantile, mechanical, laborious, and menial—may be enabled *equitably to adjust themselves*. Not one sentence is there in the doctrine for which I contend, that proposes to interfere for an instant with the most unbounded freedom of individual competition between man and man, or

nation and nation; neither is there one sentence in the slightest degree at variance with the doctrines, properly understood, of Dr. Adam Smith. I have, in fact, but told you *how to do*, what that great master told you *should be done*.—

“Labour [says he] alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the *value* of all commodities can at all times and places be estimated and compared.” “Labour, it must always be remembered, and not any particular commodity, or set of commodities, *is the real measure of the value* of both silver and of all other commodities.”—“*It is the only universal as well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities at all times and in all places.*”—It will not, then, disconcert me very much should any one reply—“But Sir Robert Peel has not duly honoured the bill thus drawn upon his wisdom by Dr. Adam Smith.” Truly he has not done so: the bill, on the contrary, is shamefully overdue, and has long since been protested. But better late than never:—By some body, if not even by Sir Robert Peel himself, *the bill will yet be paid, aye, and that to the last farthing.*

Upon the plan of exchange, then, which I have demonstrated, the money of the country would consist of standard-bank notes, varying in value from the minimum of one pound to a maximum, perhaps, of a hundred thousand pounds.

These notes should be issued by three parent establishments—to be denominated respectively the Standard-Bank of England, the Standard-Bank of

Scotland, and the Standard-Bank of Ireland—to their respective agents, of whom, in large towns, there should be a plurality, in London at least twenty; and in every smaller town, of any considerable size at all, there should be one.

In their *paper department*, the business of these three national banks would consist in issuing money to, receiving money from, and keeping proper accounts with, and inspection over, their respective branches; whilst in the *metallic department*, their business would be precisely the same; gold, silver, and copper coins, they must issue, on demand, to all their agents as the said coins may be required; whilst the agents, on the other hand, must return periodically to their principals, whatever paper, gold, silver, or copper money they may have in superfluity: thus placing within the reach of the entire community, a sufficiency of gold, silver, copper, and paper money, to answer every commercial purpose.

Upon the three parent banks, therefore, would devolve the task of *providing a sufficiency* of gold, silver, and copper money, to meet whatever demand for it might arise throughout the entire kingdom: a very formidable task this, present experience will, no doubt, lead you to suppose; but the anticipated difficulty will rapidly diminish as we come to approach it, and very soon prove to be no difficulty at all. Before entering, however, upon the subject of coinage, I wish it to be understood, that I would not have the three standard-banks transact business with any person or party whatever, but their own agents and the Government.

The three standard-banks, I may here remark,

would, in the course of a short time after their establishment, be instructed by Government to collect the whole of the taxes, seeing that they would certainly be able to perform this duty without employing a single individual in the *literal act* of collecting them at all. For let the banking system, for the establishment of which I am now contending, be once thoroughly understood, and then, in all human probability, the whole tomfoolery of customs, excise, stamp-duties, window-duties, and every other duty will be at once abolished: *an equal per centage on every description of standard production would be the one and only tax.* And this tax the standard-banks would be able to collect at no cost whatever, or next to none: whilst even the *local* taxes for every district might not improbably be in like manner collected by the standard-bank *branches*, also without expense. But I shall not at present enlarge upon this subject.

The standard-banks themselves should be supported by charging a small per centage on their issues, and for this purpose a very small per centage would suffice; seeing that the whole monetary operations of the three kingdoms would be far less complicated in their nature than are those of any one banking establishment, of great extent, now existing in the country.

But you will not have failed to observe that, up to the present period of our discourse, one of the qualities of money described in an early lecture as essential, has been kept altogether out of view—I mean that of *Divisibility*. So far we have described the principles of a sound monetary system, and the plan of it too, down to the value of one pound. Our next business must, therefore, be to ascertain the *divisibility*

of the said pound into shillings, pence, halfpennies, and, if they be of any use, into farthings also.

And here allow me to make the inquiry—Did any member of the present company ever *see* an impossibility?—You have all *heard* of things impossible, no doubt, but that is not my question—Did you ever *see* an impossibility?—Yes, that you have, and plenty of them. This is an impossibility,* it is called *a sovereign*; and this is another impossibility, it is called *a shilling*; and this is a third impossibility, it is called *a penny*. And yet, perhaps, I am not strictly correct, for in truth these coins respectively do but *assume* to be impossibilities, which in reality they are not. They are in fact so many impostors travelling under a false character; and unhappily for us, they are something worse, for there is not at this day a coin of gold, of silver, or of copper, within the British nation, *which is not in itself an irrefutable witness of the utter insanity of our existing monetary system*.

This shilling, for example, assumes to be of invariable denomination, weight, and value—and yet, never since Adam's birth-day, did project enter the mind of an enthusiast, *more completely and absurdly impossible*, than is the persevering attempt of the Government of this country to combine invariable denomination, weight, and value, within a piece of metal of any given degree of fineness. Ice could be preserved quite as easily in the midst of a furnace, or burning coals in the centre of a block of ice.

We may use a coin of any denomination we please to confer upon it, and it may consist of gold, silver, cop-

* Exhibiting one to the Audience.

per, brass, or of any other metal whereof we may think proper to make it ; and it may be continuously *either* of the same denomination and *weight*, or of the same denomination and *value* ; but to devise a coin which shall continuously be of the same denomination, weight, *and* value, is a task which no generation of the race of man will ever live to perform.

The one and only true measure of value is *labour* ; and therefore, if our pound note should become the representative of a certain fixed quantity and quality of labour, it follows that our shilling and penny must henceforth consist respectively of the twentieth and two hundred and fortieth parts of the weight of silver and of copper for which our pound note will exchange. But in exchange for *no true standard of value* can the same weight either of gold, silver, copper, or of any thing, be *continuously* obtained. To merely *designate* gold a standard of value is not to *make it one*, any more than to call water fire would be to make it fire, with which we could warm ourselves and cook our food. Call it what you please, gold is *not* a measure of value any more than fire and water are measures of value—and no one ever knew this better, or expressed himself more clearly and emphatically on the subject, than Dr. Adam Smith.

But we must now proceed to treat the subject of coinage practically.

Well, then, in the first place, as I have already told you, coins may be either of continuous denomination and weight, in which case their *value* must of necessity fluctuate ; or they may be of continuous denomination and value, but in this case their *weight* must be liable to variation : and to the pleasant

working of any true monetary system *both* these descriptions of coin are indispensable, whilst up to the present period of time we have had but one of them.

A shilling, for example, may be permanently a shilling ; that is to say, it may be the twentieth part of a pound. But if the pound itself be *a true measure of value*, then it is clearly impossible that it should continue from year to year, and from century to century, to purchase *the same weight of silver*. Our shilling, therefore, should consist, *and it must in fact consist*, of the twentieth part of the weight of silver which a standard pound will purchase, whilst the penny must consist of the two hundred and fortieth part of the weight of copper which a standard pound will purchase ; the halfpenny and the farthing, in like manner, consisting respectively of the four hundred and eightieth, and nine hundred and sixtieth parts of the same weight of the same metal.

It is farther obvious, that no pound note, being in itself *a measure of value*, can possibly go on commanding, for an indefinite period, *the same weight* of silver or of copper in exchange for it, because, as *labour* is the only true standard of value, and as equal quantities of labour would certainly *not* at all times obtain equal quantities of silver or of copper, *either* directly, if employed in the mines themselves, or indirectly, in exchange for their products, if otherwise employed, it follows, *that no fixed weight* of silver or of copper can ever permanently be worth the twentieth or two hundred and fortieth part *of anything* in its own nature *unchangeable in value*.

The Mint, therefore, should cease to exist as a Government office, and should become a mere ap-

pendage to the standard banks ; its future business being to manufacture gold, silver, and copper coins for the banks, to whatever extent they may be required ; the crown consisting at all times of the fourth, the half-crown of the eighth, and the shilling and sixpence respectively of the twentieth and fortieth parts of the weight of silver obtainable in exchange for a standard pound, whatever that weight of silver may chance to be.

An imaginary difficulty or two may here present themselves at first sight ; but, as they will prove to be purely imaginary, a very little examination will serve to dispel the mist.

It has been stated, then, in this present lecture, that on demand, the standard banks are to issue to their agents—whilst, in like manner, their agents are to issue to the public—*whatever quantity* of gold, silver, or copper coins may be required!—By what means, it will be asked, are the standard banks *to obtain a sufficiency of gold, silver, and copper, wherewith to manufacture the prodigious number of coins that may be demanded?*

The answer is obvious : the standard bankers will merely have to purchase *with their own notes*, whatever quantity of these metals may be required.—“ What! [says the astonished bullionist] buy gold and silver—buy the precious metals, and these, too, ‘ in whatever quantity may be required,’ *with mere pieces of paper*, in themselves of no value at all! Do I hear aright?”

Perfectly so ! The money—standard bank-notes—to be thus offered by the banks in payment for such gold and silver as they may require, will consist of *orders upon the British market* for whatsoever that

market may contain. Land, houses, corn, cattle, and merchandise of every sort and description it will contain. And will not these be worth at least *some quantity* of the said precious metals?—those very metals being *themselves* among the number of the things which these standard notes will at all times purchase? Assuredly they will. Then is it a matter of indifference *how much or how little* of these metals may be obtained in exchange for that which may be given for them. The standard shilling may be of the size and weight of the present crown, or it may be of the size and weight of the present sixpence, for aught any man need care; seeing that, upon the general average, it would very certainly come to pass, that whatever *value in other things* may of necessity be *given* in exchange for an ounce of silver, *that same value* would the ounce of silver *within a short period recover*; the same observation being also true of gold and of copper. Whilst, if a *long period* should be allowed to elapse before these metals, so purchased by the bank, be again disposed of, the chances are, that in the interim they will have *risen* rather than *fallen* in value, as compared with the products of labour in general. *Whatever quantity*, therefore, of other things we may at any time be obliged to give for these metals, for at least *an equal quantity* will they be likely to exchange, whenever the insane attempt to render gold a measure of the value of other commodities shall have been relinquished.

In fact, only let gold and silver take their proper place in the market beside butter and eggs, and cloth and calico, and *then* the value of the precious metals will concern us just as little, commercially

speaking, as the value of the diamond, on the one hand, or of the cheapest thing which commerce honours with the name of a commodity, on the other, concerns us *now*. Were these metals to become plentiful, even to absolute profusion, or were they to become scarce, even to the extent of extreme rarity, it would matter not. For, as Dr. Adam Smith has told us, "The cheapness and abundance of gold and silver plate, would be the sole advantage which the world could derive from the one event; and the dearth and scarcity of those trifling superfluities, the only inconveniency it could suffer from the other."*

Thus, *whatever quantity* of gold, silver, or copper, may be required by the standard banks wherewith to supply their agents, and through them the public, *that quantity most undoubtedly would be obtainable without a shadow of difficulty, in exchange for standard notes*. And as all the gold, silver, and copper, that may be bought by the banks with standard money would take the exact price of the money given for it, the balance of supply and demand, as in the case of every other description of goods, would be precisely maintained. The gold, silver, and copper would be just so much standard stock—that is to say, *supply*—in the hands of the standard bank itself, whilst the money paid for these metals would constitute a precisely corresponding *demand* in the hands of the public.

Another first-sight difficulty, with reference to the monetary system I am explaining, may perhaps be

* Wealth of Nations, edition already quoted, Vol. I. page 332.

the *variable weight* of the proposed silver and copper coins. But this objection, if it be offered, has no foundation in fact. Silver coin should be a legal tender to the amount of twenty shillings only, and copper to the amount of but a shilling. People certainly might hoard up silver coin on the chance of the next issue being a lighter one, but the trade would prove to be very poor ; and, under any circumstances, the only public result would be, that in the silver department of the mint, business would be brisk. Then, if the same remark be made with respect to copper, it is really not worth noticing. Practically speaking these coins are never weighed ; and it must be perfectly well known to every gentleman present, of my own age and upwards, that for a long period, shillings and sixpences, not worth respectively ninepence and fourpence, were current coin of the realm for many years during his lifetime, with little or no inconvenience to any one.

So far, then, our provision is ample for a supply of money, consisting of bank-notes and of silver and copper coins ; these latter being at all times of the same denomination and *value*. But I have already told you that, to the pleasant working of a true commercial system, coins, of invariable denomination and *weight* are also necessary ; and thus we arrive at the subject of *gold* coin, which, as it should never vary either in denomination or in weight, must of necessity be *liable to fluctuation in value*.

The only golden coins, then, which I would have should consist of *one ounce of gold each*, of the present mint quality ; and for their name it matters little. Suppose we call them *Queens* during a female

reign, and *Kings* during a male reign.* Or get rid of that matchless absurdity the coin now called a sovereign, and let the name be forthwith transferred to the coined ounce of gold, which would certainly be a more worthy representative of sovereignty than the existing miserable nondescript.

A similar *class* of coins—of permanent denomination and *weight* as contradistinguished from permanent denomination and value—might also consist of ounces of silver,—that is to say, *of one ounce of silver* in each coin : name them what you please.

Now these *goods*—for money they would not be, any more than beef or bacon are money—must also be kept in sufficient stock by the three standard banks to supply their agents, and through them the public. The gold and silver, of which they would respectively consist, being bought in the market with standard money—which, I have already shewn, inevitably *would buy them* in sufficient quantities to meet all demands—the *price per ounce* of gold and silver must of course be that which it should be found necessary to give for them respectively in standard money. This price would no doubt fluctuate, like that of everything else ; but reason there is none why the price of gold and silver coin should not fluctuate as much as the price of stone, lime, timber, corn, or coals. The real folly lies in our absurd attempt to make one thing the measure of the value of every other thing ; and were this attempt a mere

* *Now*—June 1848—I would *prefer* these denominations to any other, if it were merely to exhibit to the eyes of Europe and the world, our unalterable respect for the British Constitution.

absurdity and nothing else, we could afford to laugh at it ; but unhappily this is not the case, for certain is it that our fictitious monetary system has cost us, not merely the loss of thousands of millions of wealth, *which should have been* created and enjoyed, but it has converted us into a nation, nay into a race, of worshippers of mere physical wealth ; which, taken at its utmost value, is but an item, and that not the principal item, amongst the various desiderata of human life.

From what has been stated, then, I trust it will be seen—That whilst the adoption of the banking system I have proposed would liberate at once and for ever the productive resources of this country, and thereby confer upon us *that precise measure of wealth* which we may have the combined ability and inclination to create, the effectual demand being ever equal to the proportionate supply, and the proportionate supply being ever equal to the effectual demand—I have, at the same time, abstained from proposing the slightest degree of unnecessary interference either with the existing customs or prejudices of society, as far as regards *the denominations and subdivisions* of money itself.

The *decimal* system of accounting is no doubt a much more simple one than our own irregular division of the pound sterling into twentieths, two hundred and fortieths, and nine hundred and sixtieths. But I should not be inclined to change the denominations of our *standard* money, at all events *simultaneously* with the adoption of the one and only true standard of value, in lieu of the false standard with which society is at present cursed. For with any

such change most people would be puzzled for a time at least : some inconvenience, and many errors would consequently ensue, the whole of which would be placed to the debit of the newly adopted monetary *principle*, instead of to that of the decimal coinage, with the adoption of which the monetary principle I have proposed has no necessary connexion. At some period, the decimal system of coinage will, most likely, supersede all others ; but as our existing subdivision of the pound note into shillings, pence, and farthings, is sufficiently simple for all practical purposes, I should not at present desire to see it changed.

There is also another matter about which a great deal of misconception may be liable to arise from a hasty and imperfect examination of the subject of these lectures.—Is not, it may be asked, the monetary system you have described applicable merely to *our home trade*?—Certainly not! and, even if it were so,—Would that be any valid objection to it *for* the conducting of our home trade? Surely not. So far, however, from there being the smallest ground for any such objection, the fact is just the reverse ; seeing that, as for our home trade not one solitary ounce of gold would be of the smallest possible use, *the entire quantity of gold coin in the country*, now requisite for the conducting of our home trade, would at once be liberated, and thereby made available for the purposes of foreign commerce : so far, therefore, the argument is immensely in my favour.

But apart from this consideration altogether, it is distinctly laid down as a portion of the monetary system for the establishment of which I am contending,

that the standard-bank is at all times to be provided with a sufficient supply of the precious metals, consisting of *ounces* of gold and silver, to meet whatever demand may be made for them ; and it has been proved also that the standard banker *can make this provision* :—What, then, is to prevent our foreign trade from being conducted in bills of exchange, payable in so many ounces of gold or silver?—that is to say, in all those cases wherein contracts in that shape may be preferred to contracts in the pound standard ? There is no conceivable objection to gold and silver being used *as instruments of exchange*, either between a man and his next door neighbour, or between one nation and another. The madness of our present system consists in the attempt to constitute the precious metals *measures of value*, not in using them as instruments of exchange.

Within a very brief space of time, it would be seen how many ounces of gold or silver would be obtainable in London, Edinburgh, or Dublin, in exchange for a hundred or a thousand pound standard-note. The price of these metals would be perpetually before the public in the newspapers, and therefore a merchant, residing in any part of the globe, wanting gold or silver in exchange for merchandise to be shipped by him to London, Liverpool, or to any other British port, could stipulate, whenever he should please to do so, for payment in gold or silver, just as easily as he can at present.

But I need hardly observe that an immense proportion of all our foreign payments and receipts in gold or silver are merely payments and receipts of *balances*, a very small proportion indeed of gold or

silver being made use of, as compared with the whole amount of actual business done. In any case, however, we have nothing to do with this matter. It is sufficient for us to say that the banking system I have proposed would give *additional facility* to the use of gold and silver as media of foreign exchange, in place of impeding it.

There is no uniform monetary system at the present time even throughout Europe. Our shilling is not in circulation in France, neither is the franc in England. Nay, even our own Scottish notes are refused south of the Tweed, whilst in the more remote parts of Scotland, a note of the Bank of England itself is a sort of *rara avis*, comparatively speaking.

I have yet one more subject to bring before you this evening, with an explanation of which the present lecture will conclude :—

Every shilling paid by the mercantile community of these realms to the Bank of England, the Bank of Scotland, the Bank of Ireland, or to any other bank of issue in existence, in the name of *interest of money*, is not merely so much money needlessly thrown away, but the act of paying it is a downright absurdity ; and from the hour in which this nation shall have a bank to call its own, founded on rational principles, whatever sum of money may be requisite for the conducting of our business, will be obtainable from it, untaxed with one sixpence of *interest*.

What would you think of a man who, after having built a house and paid for it to the last farthing with his own money, should go to a banker, and say to him :—“ I have built a house, Sir, and as it is now ready for my reception and use, I come to treat

with you about the *rent* I am to pay you for permission to live in it !”—“ I can have no objection, Sir, to take your money—replies the banker—and therefore suppose we say fifty pounds a-year ; but may I be permitted to inquire, in what precise manner I may have become entitled to receive it ?”

Now, absurd as such a proposition as this would appear to be, yet do I affirm that *precisely as good reason* would exist, in the case I have supposed, for paying fifty pounds a-year for nothing, as there should be now for the payment of fifty pounds a-year, by any merchant in existence, to any banker in existence *for the interest of his paper money*: and for the very sufficient reason, namely—*That this nation* can at any time establish a banking house for itself, by means of which *every sixpence of interest, properly so called, would in future be saved*. You will, however, distinctly understand, that in arguing this point, as, indeed, in contending for every other that I have brought before you, my motto throughout, to use the words of Mr. M'Culloch, is—“ That the Economist is not to frame systems and devise schemes for increasing the wealth and enjoyments of particular classes, but to apply himself to discover the sources of national wealth and universal prosperity.”

Subscribe you all to this text, and then I shall have no difficulty in making out my case ; and *here*, at least, I have every reason to believe that this doctrine of Mr. M'Culloch has been accepted ; upon which understanding, therefore, I shall proceed to argue the point.

Well, then, in the first place, you will please to bear in mind, that interest of *money*, interest of *capital*,

and the proper *expenses* of conducting a banking business, are, or rather should be, three totally different things, and to understand the subject before us properly, as such they must be treated.

First, then, we shall suppose that a merchant throws into the standard market goods of the value of ten thousand pounds, on which he receives from the standard banker the sum of ten thousand pounds. In this case what does the banker lend to the merchant? Why, just nothing at all. He merely, on receipt of the proper securities, grants him a portable, transferable, and divisible *certificate*, that he has deposited property of the value of ten thousand pounds in the standard market; by means of which certificate, he, the merchant, in common with every other standard merchant in the kingdom, is placed in a situation wherein he is able equally to buy and to sell. With the single exception, however, of a shillings' worth or so of paper and printing, the banker has advanced the merchant *value* in no shape; and consequently his claim for interest, if he have any, must be for the interest of as nearly as possible *nothing*. It is the *borrower* of the money who is the real capitalist, not the lender of it, and, therefore, if there be any interest payable in the case at all, it must be payable to himself, seeing that no other person can have any possible claim to it. The British nation has never to this hour had any bank. The Bank of England, for example, is not a bank *for* England, but merely one for its own proprietors, whose interest and that of the public are wide as the poles asunder: whilst, to all practical intents and purposes whatsoever—*It is nothing better or worse than a Legalised*

Company of Irresponsible Intermeddlers with and Controllers of the Value of Property. It has been charging of late as much as *seven*, and even *eight per cent.* for its accommodations, falsely so called ; whilst, as I shall presently show you, *an eighth* per cent. on its transactions is the probable sum, a little more or less, which will hereafter be charged by a future Bank of England, to be established for the advancement of the *public interest*, instead of for the interest of a company of *private speculators*. To this subject I shall return in my next lecture ; but what I now wish to be thoroughly understood is :—That as all *money*, strictly so called, must be representative, *the mere issuer* of money is not necessarily a *lender of any value*, and that consequently he is not entitled to interest for the use of—*nothing*.

The interest of *capital*, however, as I shall now endeavour to explain, is a very different thing from the interest of *money*. A man, for example, has a thousand pounds' worth of goods, which he desires to convert into standard stock. The standard banker, accordingly, on receipt of the proper security, pays him a thousand pounds. Now, as this sum of a thousand pounds *in his hands* is the representative of *his own property*, the act of lending this money is that of transferring to the borrower *bona fide capital* to that precise amount ; which capital, as it would be the certain source of revenue, if retained by its proprietor, is clearly entitled to bear a reasonable rate of interest in exchange for the use of it, when transferred to another person. Whilst, therefore, the standard banker can have no conceivable claim for any interest upon his issues, it is clear that every

other man is justly entitled to lend out his money at the current rate of interest—that rate being regulated, like the price of everything else, by the competition of the lenders. And thus it is obvious, that the interest of *money* and the interest of *capital* may be two very different things ; the former being in most cases a mere imposition, which the force of circumstances enables one set of men to practise on another set ; whilst the latter may at all times be the result of perfectly fair and reasonable contracts entered into between man and man.

Having, then, endeavoured to exhibit the essential difference between the interest of money, and the interest of capital, the third division of this subject yet remains for our examination :—*The proper expenses of conducting the business of banking, what are they ?*

Now, strange as it may appear at first sight, it is nevertheless a truth, that the only extensive business in human life which should require *no circulating capital whatever* is that of a banker. The manufacturer, merchant, retailer, farmer, gardener, fisherman, nay, even the day-labourer, must have at least *some* circulating capital ; whilst the *banker*, and he only, of *circulating* capital requires no more than the mere value of the printed paper which he may have in circulation. And although, acting upon the principle of the monetary system I have defined, it would be his especial duty to provide an abundance of coined money, for the use of the entire kingdom, still not one sixpence of that money would ever be his own, even for an hour ; neither would the smallest portion thereof ever be provided at his own cost.

The standard-bank would require a *fixed* capital,

however, and that a large one, consisting of the buildings in which the three parent establishments would be conducted ; whilst all the branches—the offices themselves I mean—should also belong to their respective principals. Add to the cost of all these buildings that of their fixtures, furniture, and fittings, safes, and books of account, and, in connexion with each of the three principals, a moderately extensive printing-office, and the tale of the whole capital required by the standard-bank is told. *A nationally distributed counting-house and its furniture, with, in three instances, a printing-office attached,* is in short a description of all the banking property requisite for this great nation ; not one sixpence of circulating capital—farther than the mere paper and print cost of the bank-notes themselves—being either requisite, or of any conceivable utility whatever.

The only charge, therefore, which the standard-banks would be entitled to make against their customers, would consist of a *sufficient per centage* to pay, *First*, the interest of their fixed capital ; the purchase-money of which should eventually be paid by the Government ; but it might *pro tempore*, be raised by means of an ordinary joint-stock company ;—*Secondly*, the salaries of their directors, managers, tellers, agents, clerks, and porters ;—*Thirdly*, their incidental expenses ;—*Fourthly*, their printing-office charges ;—and *Lastly*, those of the mint, which, as already mentioned, should be a mere appendage of the three standard-banks.

Now, these business expenses should be defrayed, not by any rate of interest per annum upon the money advanced to standard merchants by the banks,

but by a *per centage* upon their transactions with the banks. The standard-banker, as already explained, could have no claim upon his customer on account of the *length of time* the money might be lent him, because the money itself would not be of any value. Suppose, for instance, that the banker advances a merchant a thousand pounds, on standard goods which the latter, for a long period of time, is totally unable to sell—it is clearly *the merchant* who is the loser by the delay, and not the banker. It is obvious, therefore, that the charge of the bank to support its own expenses, should consist of a per centage upon the *amount* of business done; because this mode of exaction would combine the advantage of perfect fairness with that of extreme facility in the mode of operation.

Taking fifty thousand pounds as an example of a year's transactions, the banker's charge thereon at an eighth per cent., would be £62, 10s.; and as there would be no interest of money, a rate of an eighth per cent. on its transactions would not improbably be sufficient to pay all the expenses of the bank, whilst at present *an advance* of but £1,250, in place of £50,000, would cost £62, 10s.

I am far, however, from asserting, that a rate of an eighth per cent. upon the amount of transactions, would actually be sufficient to pay the entire expenses of the banking and mint establishments. I think that eventually it would be sufficient: but whatever this rate might prove to be, no tax upon the fund so to be created would consist of that most fraudulent of all impositions, the interest of *paper* money.

The three standard-banks, as a matter of course,

should be constituted by Act of Parliament, the number of their Directors being fixed by the Act. The Directors themselves should be appointed by, and responsible to the House of Commons, and to it only ; whilst the managers, agents, clerks, and servants of every description should be appointed by the Directors, in such manner as their Act of Parliament might determine.

Having then endeavoured to explain to you that *money and capital* are, or should be, totally different things,—that whilst, on the one hand, for the use of *mere money*, not a sixpence of interest should ever be charged, interest of *capital*, on the other, is, to all intents and purposes, a perfectly fair exaction,—I shall here embrace the opportunity of explaining another subject about which many persons, including some public writers, are exceedingly fond of puzzling each other.

Nothing, for example, is more common—at certain times and seasons that is to say, than to hear people talking of the abundance of money—the glut of money—the difficulty of obtaining anything like good interest for money, and so on. And yet, at the very self-same time, you will find an equally numerous class of persons proclaiming their want of money—the difficulty they experience in collecting their accounts—the extreme smallness of profits, and the like.

Now the truth is, that these two classes of complainers—who are seldom distinguished the one from the other in the public mind—are talking of *two things*, as unlike each other as chalk and cheese : the one party, in short, is proclaiming the difficulty

of obtaining profitable employment for his *capital*, whilst the other is lamenting the want of *effectual demand* for his produce or merchandise.

I remember the late editor of the *Atlas* finding himself in a strange quandary, whilst writing upon this subject. How, inquired he, could Sir Robert Peel create a temporary prosperity by the issue of one-pound notes, at a period of full currency? when money would not produce a sufficient interest? when it was literally hawked about in search of customers? money itself, and that equally with goods of every kind, being thus a drug in the market?

Simply because the money spoken of as superabundant was *capital* seeking to obtain employment, by means of which it might be enabled *still farther to glut* the already over-glutted market, which the *want of the money demand* had thus left in a state of plethora. The superfluous money of the *Atlas*, in short, was *supply*, whilst the money in deficiency was *demand*. But let our monetary system be erected upon a proper basis, and thenceforth *money*, in the widest meaning of the term, will ever be demand, and *marketable produce*—coins themselves of every kind included—will be supply: the one being at all times precisely equal to the other, for the sufficient reason that the existence of money would ever be *consequent* upon the creation of *equivalent* wealth.

As, however, it scarcely forms any part of my present purpose to elucidate the manifold absurdities of the existing monetary system of society, perhaps even this little digression, in explanation of the difference between mere money and *bona fide* capital, may have been superfluous. Our object, let it never be lost

sight of, is to ascertain by means of *what monetary system* the proportionate production of marketables, heritable and moveable, with the least degree of intricacy and liability to error, may necessarily create a demand equal to itself. And that this great desideratum *may be brought about*, and that by the adoption of means at once simple and practicable, I have fully demonstrated.

The great error of society, as it is at present constituted, consists in the want of a tendency in demand to keep pace with production. This evil must be rectified: production, the *natural* cause of demand, *ad infinitum*, must become the *practical* cause of demand, *ad infinitum*. And to effect this change, enormous as its results would undoubtedly be, it is merely necessary for us to make the public well acquainted with the nature, use, and proper qualities of money—with what money now is, and what it should become. *For, only let this subject be once thoroughly understood by the numbers of society*, and to change the current of the tides would be a task possible as that of prolonging the existence, for another year, of the monetary, or rather *no-monetary system*, of this country.

Let us, then, endeavour—and so long as health and strength shall be my own, I will never cease to endeavour—to diffuse the *knowledge* of this subject throughout the length and breadth of the British territory: and if we but do this earnestly, industriously, and perseveringly, our object will assuredly be attained; and that with facility, certainty, and reasonable expedition.

LECTURE VII.

Professional men, the nature of their avocations considered with reference to Money—Pecuniary provision for the conducting of such Retail and other Business as may be wholly unconnected with the proposed Standard Manufacturing and Commercial system—Fallacies of Messrs. J. R. M'Culloch and Richard Cobden.

I SHALL commence the present lecture by making a few observations on one of the propositions already submitted to you, a little farther elucidation of which will lead to the consideration of another subject, on which we have hitherto been silent :—I mean that of the pecuniary situation of professional men and others, who are not supposed to be in any way connected with the proposed Standard system, so far as it has been hitherto explained.

It has been stated, then, that standard-manufactories should be established by whomsoever may be disposed to embark their capital therein, in which manufactories a *minimum* price of adult labour is to be payable in paper money, whilst the *actual* rate of wages is, in every case, to be left to the usual regulator, namely, to that of individual competition : the masters striving at all times to get their work done as cheaply as possible, and the workmen, per contra, to obtain the highest wages they can from their masters ; but with this invariable proviso, namely—

So low shall you be allowed to go, *but no lower* ; the nature and importance of which provision were illustrated in my last lecture, with reference to existing debts, credits, and pecuniary obligations.

Contrary, then, so far as I know, to all precedent, contrary perhaps to all preconceived notions on the subject, I maintain that so soon as any quantity of standard goods shall have been *produced* and placed by their proprietor in a *finished*—that is to say, in a *marketable*—state in his own warehouse, the standard-banker should pay him for them at his own price.

But listen! for I hear one of those Sages by whom it is alleged that Ministers of State are governed—a bullionist I mean—observe in derisive strain—“ I should have thought it better for the manufacturer, in the first place, *to sell his goods* ; in the second, *to pay the money he may get for them* into my hands ; and in the third, *to take it from me again* so soon as he may have occasion to expend it.”

To whom shall he sell his goods ?—Growers of corn, breeders of sheep and cattle, importers of merchandise, builders of houses, and manufacturers of furniture, musical instruments, and articles of utility and ornament of every denomination, are each and all of them in the self-same plight—*They have goods in plenty*, and that of every marketable kind ; but by what means are they *to exchange them*, not merely amongst each other, but with every member of the whole community with whom they may desire to deal ?—which, provided always the various products be but brought to market *in due proportion*, is all that they require.

Well, then, speaking for himself and brethren, the

bullionist will say—"Why, let them come to us and borrow *gold*, to be sure! we will *lend* it to them, in plenty as we think, on good security and for an usance. And in exact proportion to the much or little gold which we may have to lend, *shall be the price* of all the goods which your said merchants may have to buy or sell. *With the price of their own goods* the parties you have enumerated *have nothing whatever to do*; that is *our* affair, and ours only. Their prices, therefore, shall be high or low, and their profits something, nothing, or, the Irish one, a loss, in exact proportion to the degree of competition which may chance to exist for the time being amongst ourselves. Much gold shall we spare them, or little, as may best suit our own convenience; but not, you will clearly understand, *in exchange* for their goods, but merely on loan, *pro tempore*, upon such good security as they may be able to give us."

To which very kind and consolatory doctrine, I reply—"No, gentlemen! the evening of your day has arrived, and a brighter morrow is about to shine on us. The discovery has at length been made that your so-called accommodation is but an incubus upon our commerce, instead of being, what you profess to call it, its stay and its support; we want you not, and henceforth we renounce your miscalled aid!"

Yes! I repeat the assertion! Paper money manufactured by a bank of our own, and issued by that bank in strict conformity with the *standard of value* which I have already described, to the full amount of all the produce which a man may be able to bring to market, would instantly place *him* in a condition

to become the customer of every other man, whilst every other member of the standard-society, in like manner accommodated, would at once be able to *become his customer*. And yet the principle of free and unrestricted competition would remain untouched, merely by continuing the onus upon every man to find a customer for his own productions, although already in receipt of their full value from the standard-bank. The money issued by the bank would enable every man to buy, so soon as he himself should have anything to sell ; whilst the only stipulated condition of the bank would be, that if he could find no one else to buy his goods, he must eventually repay the bank for them himself. And thus it is evident that the continuance of the most unbounded competition and rivalry between dealers in the same description of goods would be guaranteed, seeing that whosoever should bring *the best* article to market at any given price would inevitably be *the first person to supply the market*.

And here I take my stand upon the vantage-ground of *truth*, from which not all the bullionists and Printing-house-square mystifiers put together, can dislodge me. Produce *ad infinitum*, and I will find you a market *ad infinitum*, my only conditions being, that paper money shall be created as fast as goods may be produced, but no faster ; and that—regulated precisely as at the present time, by the principle of individual competition—the productions themselves shall be brought to market in due proportion to each other.

And what is this assertion after all, more or less than a mere truism ! namely, that we might, could,

would, and should obtain and enjoy that precise quantity of wealth which, collectively speaking, there exist among us the united ability and inclination to create.

Well, then, up to the present stage of our argument, we have exhibited the subject of money with reference to the great mercantile and productive requirements of society. It has been shown that money, in place of being *a commodity*, as it is at present, should be *a mere consequence* of the production of useable, consumable, and enjoyable wealth: our only difficulty, if we really have any, being to create *the wealth itself*, and not the *mere representative* by means of which it has to be distributed amongst the various classes of society. It has been shown, farther, that the diffusion of money—so far, that is to say, as the classes already spoken of are concerned—should proceed with a degree of order, system, regularity, and accuracy, vieing in these qualities with the motions of the most perfect machinery; and that the supply thereof should not merely approach to within a million or two, more or less, of the actual sum required, but that it should consist *of the actual sum required*, and not of one solitary sixpence more nor less: to attain which degree of accuracy would be unattended with a shadow of difficulty.

There still remain for our consideration, however, the subjects of retail business and professions, as also the trades enumerated in our fourth lecture, which would appear to be inadmissible into the proposed manufacturing and commercial system, throughout the whole of which supply—marketable property—and demand—money—would ever be co-equal.

But briefly to review the mode in which we have proposed to furnish an ample supply of money for the use of the manufacturing and commercial classes of society :—

It has been stated, then, that money should be issued to manufacturers, of nearly all classes, on the receipt into their own warehouses of goods in a marketable state, and that to the *full value* of the said goods at their wholesale *selling* prices.

Now, the money so issued would, it is obvious, be expended, in the first place, in replacing so much of the capital of the manufacturer as should have been expended by himself in the production of his goods. That is to say—to be able to go on with his business, he must replenish his stock of raw material, pay the continued wages of his operatives, the rent of his business premises, the interest of his capital, the Government taxes, if any, upon his business, and all incidental expenses ; the whole of which, taken for one year, would constitute the *cost price* of his year's productions. Call the amount £18,000, to which add £2,000 for the supposed amount of his own profits. Then, as the bank is to pay him throughout the year, the whole representative value of this produce say £20,000, that sum of money—demand—is forthwith diffused amongst the producers or importers of the raw material of which his goods are made ; amongst his clerks, warehousemen, foremen, operatives, and business-servants of every kind ; amongst the proprietors, if rented, of his manufactory, warehouse, and other business premises ; amongst the owners, if any part of it be borrowed, of his capital ; and, lastly, that portion of it which forms his own

profit, is dispersed, in like manner, in the payment of the rent of his dwelling-house ; of his taxes, Government and local ; and of his private expenses, in all their endless varieties, including those of house-keeping, servants' wages, the education of his children, church rates, medical and legal advice, theatrical, or other amusements, voluntary contributions to public objects of every kind, and miscellaneous expenditure in general.

Now, the whole of this money, thus expended, in purposes innumerable, and diffused throughout every class of society, from the Queen upon her throne down to the humblest of her subjects, will inevitably come back one day or other upon the *standard-banks*. And this it will do, in the first place, through the hands of the *retail* butcher, baker, and grocer, shoemaker, tailor, mercer, draper, cabinet-maker, upholsterer, book and music seller, and, in short, through the hands of every class of dealers, professional or mercantile, with whom those persons who have money in their pockets may be disposed to expend it. And as the total sum of money thus put into circulation would be *precisely equal in value*, first, to all the *standard heritable property, bona fide for sale*, in the three kingdoms, and secondly, to all the *standard moveable property*—goods—for sale in the wholesale warehouses of the country, it is not quite certain that *any additional money* would be required at all, seeing that, precisely as at present, money, once in the hands of the public, would pass from hand to hand, and thus very frequently serve to effect exchanges to many times its own amount, previously to finding its way back again into the *standard-banks*.

On this view of the subject, therefore, it is questionable whether it would ever be necessary to issue any money at all, in addition to that which would be issued by the three standard-banks; for, as the actual amount of money in circulation would, as already shown, be ever of *the precise value* of all the heritable and moveable stock in the standard market, the sum would be enormous: it would certainly be many times the amount at present in circulation; and yet—the monetary wisacre of *The Times* notwithstanding—every standard pound *must* continue to represent the precise amount of *bona fide value*, which the Government should, in the first instance, have assigned to it by act of Parliament; which value *no increase whatever in its quantity* could for one instant affect to the amount of a single farthing; seeing that, before one additional pound note could exist, *a pound's worth must precede its existence*.

If, however, I should be incorrect in the supposition that, issued upon the principle I have laid down, money enough for all the purposes of the country would be thrown into circulation by the three standard-banks, then and in that case there could be no shadow of objection to allowing the requisite addition to be made by the joint-stock banks now existing, or hereafter to be established throughout the country.

And here I may remark that any restriction upon the amount of such auxiliary issues would be wholly unnecessary, provided always that ample security be given to the public by the joint-stock banks that, for every pound note issued by them, *a pound standard* should ever be given *on demand* in exchange for it. Standard money *only* would be taken by the

standard-banks. No dealer in standard property, heritable or moveable, could be allowed by law to part with a fraction thereof *in exchange for anything but standard money*. No increase, therefore, of joint-stock or other notes—not being standard—could affect the price of standard property to the amount of a farthing. The joint-stock bank-note would, in fact, with respect to the standard note, be very much the same thing as it is at present with respect to the sovereign; and therefore, as already mentioned, *ample security being given to the public* that standard money should, at all times, be forthcoming on demand in exchange for their own, every other banker might be allowed to issue notes to whatsoever amount he should find it profitable to issue them, and that without the possibility of doing mischief to any interest or to any man.

Joint-stock bank-notes would in fact be just so many bills of exchange, payable on demand, in standard money; and, as such, they would be *merely promises to pay*. In exchange for them, however, *no property could be demanded or debt discharged*, except by the consent of the receiver; whereas the standard notes would not be mere promises to pay, but *bona fide representatives of real wealth*, obtainable at any hour, and in any shape, in exchange for them; as they would be also *legal tenders* in payment of all taxes, debts, and pecuniary obligations whatsoever.

I shall now proceed to notice more particularly the peculiar situation of professional men with reference to the monetary system I have laid before you.

Professional men, then, however nearly allied, and apparently belonging to the commercial society, are

for the most part supported in a manner differing very materially from that in which ordinary merchants and tradesmen are supported.

The income of every member of the standard commercial system, which I have proposed for your adoption, *would form a part of the price of exchangeable commodities*; whilst the income of professional men, unconnected therewith, would be derived from a totally different source. The annual issues of the standard-bank would precisely represent the material productions and importations of all the standard agriculturists, manufacturers, and merchants; whilst professional men would, for the most part, continue to obtain their incomes as they obtain them now—that is to say, by making *direct exchanges* of their professional assistance for money paid them by their customers or clients.

For example, a physician, a surgeon, or an artist, obtains from his customer, in the shape of money, a right and title to such a portion of the standard stock of wealth as his customer agrees to give in exchange for the professional benefit received; the act of giving the money by the one party, and that of receiving it by the other, constituting the legal transfer of a certain amount of standard property, in remuneration for some equivalent service or benefit, real or supposed, conferred by the one party upon the other.

But no additional *money* would be created in consequence of any such transaction, neither would there be the slightest use for any, seeing that all transactions of this kind are merely barter, and, as such, they differ altogether in character from those wherein

goods, previously to their being sold, have to be manufactured, warehoused for a time, and buyers found for them.

And here it is proper that we should keep in view, with reference to the subject of money, the distinction between productive and unproductive members of society—a subject of which Mr. M'Culloch, in his *Elements of Political Economy*, has made a terrible jumble: indeed in this, as in almost every other instance wherein he attempts to correct Dr. Adam Smith, he only gets himself into a maze.

In express contradiction, then, to Dr. Adam Smith, Mr. M'Culloch tells us that *players, singers, opera-dancers, and buffoons*, are productive labourers. He does *not tell us that gamblers, fortune-tellers, and dancing bears*, are productive labourers; and yet, if the former are productive labourers, so also are the latter. They are, in fact, one and all of them, *obtainers* of wealth, but they are not *producers* of it. Madlle. Jenny Lind, for example, sang a few songs at four concerts, which were given in Scotland in the month of September last, for which she received the sum of £1600. Now, the actual value of all the wealth in existence was precisely the same before she commenced singing, and after she had concluded, so far, at least, as her songs had any influence on that value: the only real difference resulting from her performances being, that before they took place, £1600 worth of marketable property existed in the hands of other people, whilst immediately after they were over, this wonderfully-gifted lady *had obtained* that value from its previous owners, upon terms and conditions mutually agreed upon, and

therefore *equitably*. But let an equal sum of money be expended in the employment of a number of ship-builders, for instance, and the result will be, that the *sum total* of wealth existing in the country will have been *increased*, and that to the precise amount of the difference between the value of the wealth created, and that of the wealth consumed by the ship-builders during the period of their engagement.

Mr. M'Culloch's argument upon this subject is throughout erroneous : he says,—

“ Most writers on political economy have entered into lengthened discussions with respect to the difference between what they have termed productive and unproductive labour. I cannot, however, I confess, discover any real ground for most of those discussions, or for the distinctions that have frequently been set up between one sort of labour and another. The subject is not one in which there is apparently any difficulty. It is not at the *species* of labour carried on, but at its *results*, that we should look. So long as an individual employs himself in any way not detrimental to others, and accomplishes the object he has in view, his labour is obviously productive ; while, if he do not accomplish it, or obtain some sort of equivalent advantage from the exertion of the labour, it is as obviously unproductive. This definition seems clear, and leads to no perplexities ; and it will be shewn, in another chapter, that it is not possible to adopt any other without being involved in endless difficulties and contradictions.”

I cannot, however, subscribe to this doctrine ; on the contrary, I consider it to be of much importance

to distinguish between productive and unproductive labour, because we can never have in operation too much of the one, nor too little, provided we have sufficient, of the other. The former is the team, the latter is the driver ; and, therefore, so far as regards the attainment of mere physical wealth, the true interest of every nation must evidently consist in keeping the greatest possible proportion of its population in the condition of producers, whilst it is as obviously the bounden duty of every nation to advance that condition to the highest practicable state of affluence and enjoyment.

Moreover, *it is at the "species of labour carried on," and not at the "results,"* that we must look, to ascertain what is and what is not productive labour ; and unless we do this, we shall never fail to find ourselves "involved in endless difficulties and contradictions." The *result* of successful gambling, for example, is not *to create* any portion of the necessaries, conveniences, or comforts of life, *but to obtain them.* A lawyer may *obtain* many thousands a-year by the exercise of his profession ; but he *produces* not even the paper whereon he writes. Why, again, is the Government obliged to *tax* the country for its support, but for the one and only reason, that *the servants of the Government*—as stated by Dr. Adam Smith—are for the most part *non-producers* ? If the people and the Government were equally and alike *producers*, why should not the people tax the Government, instead of the Government taxing the people ? or why should either the one party or the other be taxed at all ? Mr. M'Culloch, it is evident, has here confounded two things, which are frequently as different

from each other as any two things in the world can be—that is to say, *producing and obtaining*.

He quotes Dr. Adam Smith upon this subject, and tells us very complacently that he has *refuted* the Doctor : let us see.—The author of the *Wealth of Nations*, then, says, “The labour of some of the most respectable orders in the society is like that of menial servants, unproductive of any value, and does not fix or realize itself in any permanent subject or vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured. The sovereign, for example, with all the officers both of justice and war who serve under him—the whole army and navy—are unproductive labourers. They are the servants of the public, and are maintained by a part of the annual produce of the industry of other people.” So far the Doctor.

“But [says Mr. M'Culloch] though these statements are plausible, it will not, I apprehend, be difficult to show the fallacy of the distinction Dr. Smith has endeavoured to establish. To begin with his strongest case, that of the menial servant, he says, that his labour is unproductive, because it is not realized in a vendible commodity, while the labour of the manufacturer is productive, because it is so realized. But of what is the labour of the manufacturer productive? Does it not consist of comforts and conveniences required for the use and accommodation of society? The manufacturer is not a producer of matter, but of utility only. And is it not obvious that the menial servant is also a producer of utility? It is universally allowed, that the

labour of the husbandman, who raises corn, beef, and other articles of provision, is productive. But if so, why is the labour of the menial servant, who prepares and dresses these articles, and fits them for use, to be set down as unproductive? It is clear to demonstration, that there is no difference whatever between the two species of industry—that they are either both productive, or both unproductive. To produce a fire, it is quite as indispensable that coals should be carried from the cellar to the grate, as that they should be carried from the bottom of the mine to the surface of the earth: and if it be said that the miner is a productive labourer, must we not say as much of the servant who is employed to make and mend the fire? The whole of Dr. Smith's reasoning proceeds on a false hypothesis. He has made a distinction where there is none, and where it is not in the nature of things there can be any. The end of all human exertion is the same; that is, to increase the sum of necessaries, comforts, and enjoyments; and it must be left to the judgment of every one to determine, what proportion of these comforts he will have in the shape of menial services, and what in the shape of material products. It is true, as has been sometimes stated, that the results of the labour of the menial servant are seldom capable of being estimated in the same way as the results of the labour of the agriculturist, manufacturer, or merchant: but are they, on that account, the less real or valuable? Could the same quantity of work be performed by those who are called productive labourers, were it not for the assistance they derive from those who are falsely called unproductive?"

In another place Mr. M'Culloch has defined consumption to be synonymous with use, and then he adds, "We produce commodities only that we may use or consume them. Consumption is, in fact, the end and object of human exertion." And again he defines *value* to mean *exchangeable worth*. Service certainly comes under the denomination of exchangeable worth, and, therefore, the opinions here quoted are, to a certain extent, in accordance with Mr. M'Culloch's own definition of the meaning of terms. But still there are instances without number in which the term *exchangeable worth* is no more synonymous with *productive occupation*—and *this* is the point at issue—than are the terms *production and destruction*, of which Mr. M'Culloch himself has given us a capital illustration in the specimen of reasoning I have just now read to you.

"To produce a fire [says he,] it is quite as indispensable that coals should be carried from the cellar to the grate, as that they should be carried from the bottom of the mine to the surface of the earth; and if it be said that the miner is a productive labourer, must we not say as much of the servant who is employed to make and mend the fire?"

So that here we have two parties, the one engaged in a clear, distinct, and unquestionable act of *production*—that is to say, *in increasing* the existing stock of marketable produce; and the other engaged in as clear, distinct, and unquestionable an act of *destruction*—that is to say, *in diminishing* the existing stock of marketable produce. As both of them, however, are declared by Mr. M'Culloch to be alike, and equally productive labourers, it necessarily follows that if he

be right, the *result* of their labours—seeing that they are both working upon the same material, namely, coal—will be very much the same. The one party, then, we shall suppose, performs just as much work as the other; and both, in their way, put through their hands precisely the same weight of coals, say, for example, a ton per working day. Well, then, at the year's end the one party will have *accumulated* just three hundred and thirteen tons of coals, whilst the other will have *reduced* that precise quantity of *previously accumulated coals* to the sum of—*nothing!* So much for the author of the article Political Economy in the last edition of the Encyclopædia Britannica upon the subject of productive labour!

Under *other* circumstances, however, the person who makes or mends a fire, *may be* a productive labourer. The wages of a man who makes or mends a fire in a *manufactory*, for example, form a part of the direct cost of goods produced, and add to the money-price of them. The coals themselves, the attendance on the fire, the material wrought, whatever it may be, and the labour expended thereon, are all component parts of the cost of some commodity, add to its exchangeable worth, and, upon the standard principle, which I wish you to adopt, they would all be represented by money brought into existence *in consequence* of the commodity having been so produced. But the maid-servant who makes or mends a fire in a *dwelling-house* adds nothing whatever to the existing stock of exchangeable wealth; on the contrary, she takes from it, and the price of her *utility*—as distinguished from *productive labour*—is paid by a claim upon the standard stock of marketable wealth

being *transferred* to her from the pocket of her master; whilst no additional money is created in consequence of the making or mending of the said fire, as in the other case. By the fire in the factory, in short, the aggregate stock of wealth *is increased*, whilst by that in the dwelling-house *it is diminished*.*

Now—and this is my object in bringing the subject before you—if Mr. M'Culloch had ever rightly understood the nature, use, and proper qualities of money, had his mind ever taken cognizance of the great and important truth that *money*, to be an accurate measure of value, *must of necessity be representative*—had he known but half as well as Dr. Adam Smith knew, that gold and silver coins, put them into whatever shape you will, are, and must ever continue to be, *mere commodities*, and, as such, liable to fluctuate in value—that to use them as exclusive instruments of exchange would be to abolish money, truly so called, from the face of the earth, and to retain an exclusive system of *barter* in its stead—he would never have thus committed *the double error* of denying the existence of *a truth* set forth by Dr. Adam Smith, and of seeking to establish in its stead *a fallacy*, at once palpable, unquestionable, and ridiculous.

All money, truly so called, that is to say, all money being in itself a measure of value, *must be representative*; and, therefore, in the coal case supposed by Mr. M'Culloch, for every *pound's worth* of

* According to Mr. M'Culloch, an otherwise idle man, who should eat up an ox for his dinner, horns and hide included, and wash down the beast with a butt of beer, would be one of the most *Productive Labourers* in existence. Mr. M'Culloch, in short, evidently holds the terms Production and Consumption to be synonymous.

coals brought into the coal depot there should exist a pound in money. Supposing the coals therefore to be worth a pound a ton, and to be produced, as before mentioned, at the rate of a ton per every working day, it follows that goods and money would be co-equally *brought into existence*, in the course of a twelvemonth, to the extent of £313; whilst, in the case of the servant employed *in burning coals* at the same rate per day, and for the same length of time, the co-equal *destruction* of goods and money would amount to precisely the same sum, namely to £313; and yet again I tell you, these two parties, the miner and the maid-servant, are alike and equally, in the estimation of one of your most reputed living political economists, *productive labourers!*

From one authority, then, upon the subject of political economy, turn we now to another. And here you will do me the justice to observe, that I am not selecting the tyros of their class; that I bring not under your notice the writings of men comparatively unknown as authorities on this great subject—but that I select those persons, and those only, who are generally held to be at the very *top* of their profession; and who, on their own part—*assuming* to the utmost extent the importance which the public has conceded to them—are in the habit of laying down the law to the shade of Dr. Adam Smith himself.

In Mr. Cobden, then, I shall now give you a specimen of another modern economist, who, although but half-acquainted with the true principle of exchange, has, nevertheless, upon the wings *of that very principle*, recently risen to European fame, and to the

receipt of a nation's gratitude : to both of which I trust you will join me in admitting he is most fully entitled. For Mr. Cobden, as you are all aware, has not merely recognised, but, to a considerable extent at least, he has actually carried into active and effective operation *one* of the great principles of Dr. Adam Smith. He has taught, not merely multitudes of men, such as ourselves in this room assembled, the utter insanity of refusing to accept the good things of this life, with which other nations are ready and willing to enrich us, but he has accomplished the harder and the greater task of effectually teaching the self-same lesson to ministers of state : in which great cause he still continues to labour, and long may he live to do so !

There are, however, other disciples of Dr. Adam Smith besides Mr. Cobden, and other doctrines of that great and learned man, yet to be enforced alike upon the notice of the public and of the minister. In short, there is *other work to do*, and when I detect Mr. Cobden—as recently I have detected him—endeavouring *to retard the progress* of labourers in the same vineyard with himself—of labourers engaged in a work which, would he but give himself the trouble to understand it, he would be the first person to take by the hand and to assist—thus do I proceed gently to remove him out of their way.

The essence, then, of Mr. Cobden's great commercial text may, I rather think, be given in a ten word quotation from Mr. M'Culloch :—"The facility of exchanging [says the latter gentleman] is the vivifying principle of industry."

The facility of exchanging, however, in the present

day, is the freedom of bondage, the wisdom of folly, the virtue of vice: no such thing exists. The freedom of exchanging now is all on the one side: there is freedom enough in exchanging money for goods, but there is no freedom in exchanging goods for money. The former is all ease, the latter is all difficulty; but whenever freedom of exchange shall really be established, in aggregates it will be precisely as easy to convert goods into money as money into goods.

Well, then, for some little time past there has existed in London a society, assuming the title of the Anti-Gold-Law League, the members of which—being all, as it would appear, true disciples of Mr. Cobden, or rather co-disciples of his master and their own, Dr. Adam Smith,—are anxious to carry into practical operation this highly-extolled *vivifying principle of industry*; and in the course of their proceedings, they have very naturally been anxious to enlist Mr. Cobden, if not into their service, at least into that kind of fellowship, which it is at all times pleasant to witness between parties engaged in the furtherance of a common cause. In consequence of which desire a correspondence, it appears, took place in December last between Mr. Bennoch, chairman of the Anti-Gold-Law League, and Mr. Cobden, on the subject of the currency.

“The correspondence, [says the *Daily News*,] arose out of Mr. Bennoch having called Mr. Cobden’s attention to the Anti-Gold-Law League, which, Mr. Bennoch says,—Proposes the destruction of a bad system, and the construction of a better. The Anti-Gold-Law League conceive that so long as the Bank of England is, by Act of Parliament, compelled to

buy all the gold presented to it at a fixed price, and at a fixed price to sell all gold demanded of it, the trade in gold is not free. Suppose some gigantic corporation, on whom Parliament had conferred certain exclusive privileges, were compelled to buy all corn presented to it at £3, 17s. 9d. per quarter, and also to sell it at £3, 17s. 10½d. per quarter—whatever the amount of labour consumed in its production—Would you consider the trade in corn free? Substitute gold for corn, and the illustration is complete. The principles of the Anti-Gold-Law League, in less than twelve lines, reasoning are as follows :—

“ Anti-Gold.—First, our home trade should not be dependent on a foreign product as a medium of exchange. Secondly, its so depending is the chief cause of fluctuation in prices, disastrous panics, and consequent national suffering. Thirdly, therefore, we demand the abrogation of all Acts of Parliament which fix the price of gold, or make it the basis of, or an indispensable element in, our circulating medium of exchange.

“ Pro-Paper.—First, a paper currency, under certain regulations, is more economical and safer than gold. Secondly, there is no important function that gold money now performs in our home trade which paper money cannot perform better. Thirdly, therefore we advocate a paper currency as our internal circulating medium of exchange. These propositions we are prepared to establish, by fact and argument, to such as will listen. If Legislators will not voluntarily and impartially listen, how can they believe? Public opinion works wonders.”—So far Mr. Bennoch.

Mr. Cobden's reply, which is dated Manchester,

December 21, 1847, is reported in the newspapers in the terms which follow:—

“If you direct your good intelligence to the question with more study, *I am sure you will see a fallacy in the idea that the price of gold is fixed at all in this country. It is merely weighed, assayed, and stamped, as of a certain quality and fineness, in the same way as has been the custom in all countries and in all ages.* The Bank does not buy and sell gold in the common meaning of the words; it merely saves the merchant, or the other owners of the metal, the trouble of going to the Mint to have it weighed, assayed, and stamped, and takes 1½d. per oz. for the operation. Anybody can take gold to the Mint and have it coined into sovereigns; but that does not alter the value of the gold. As the Bank of England can also have its gold coined at the Mint, *it can neither lose nor gain by the operation of ‘buying gold,’* as it is called. You are, I presume, aware, that in America, France, Russia, and every other country, the metals are coined in the same way, an ounce being divided into certain coins of invariable quantities and fineness. You say,—‘Suppose some gigantic corporation, on which Parliament had conferred certain exclusive privileges, were compelled to buy all corn offered to it at £3, 17s. 9d. per quarter, and were obliged to sell it at £3, 17s. 10½d., whatever the amount of labour consumed in its production, Would you consider the traffic in corn free?’ This is not the question at issue: the question is, whether the corn should be subjected to an invariable measure of quantity? For this purpose the law has fixed on the imperial bushel, which contains a fixed and invariable quantity. And

in the case of gold it has done no more than fix in coins the weight and fineness of gold. I will not follow the subject further, for I am sure, if you bring your mind to a reconsideration of the point, you will understand it perfectly."

Now, having told you in a former lecture that I cannot subscribe to the reformatory plans of the Anti-Gold-Law League, and given you my reasons at length for dissenting from them ; having stated that I agree with the members of the League to this extent only—The existing monetary system is radically bad, and must therefore be amended—it forms no part of my duty to defend opinions with which I hold so very little in common. But still, what shall we say to Mr. Cobden's *reply*?—in what manner refute the principle which it is evidently his object to maintain ?

Well, this not very formidable task may probably be accomplished in two different ways—by recourse, I mean, to ridicule or to argument—either of which would be sufficiently effective ; but in case any person should incline to a different opinion, we had better perhaps take both.

In the first place, then, I must tell you, that whilst in the act of cogitating this matter in my own mind, I chanced to see lying before me a small volume, entitled "The Little Girl's Book," carelessly turning over the leaves of which, I met with the following passage ; and having, only a few minutes before, been reading Mr. Cobden's letter to Mr. Beunoch, it occurred to me on the instant what a capital reply the passage to which I refer would be to Mr. Cobden, and as such, therefore, I now beg to offer it :—

“For the purpose,” proceedeth then this little book to say, “of testing the memory of a man, who boasted that he could repeat anything by rote on once hearing it spoken, Mr. Foote first wrote down, and then read over to him, the following nonsense :— ‘ So she went into the garden to cut a cabbage leaf to make an apple pie ; and at the same time a great she-bear coming up the street pops its head into the shop. What ! no soap ! So he died, and she very imprudently married the barber ; and there were present the Picinnies, and the Job-lillies, and the Garyulies, and the grand Panjandrum himself, with the little round button at top ; and they all fell to playing the game of catch as catch can, till the gunpowder ran out at the heels of their boots.’ ”

Now, absurd as this language may at first sight appear to be, I affirm that there is infinitely more sense in it than in Mr. Cobden’s reply to Mr. Bennoch, and, consequently, that it is more worthy of your very serious attention : and this position I shall prove in a minute, thus :—

Foote took up his pen for the express purpose of writing nonsense, *and he wrote it* ; whilst Mr. Cobden, on the other hand, assumed his pen with the intention of writing sense, *and he wrote nonsense*. *Ergo*, I hold Mr. Foote’s nonsense to be very good sense, and Mr. Cobden’s sense to be genuine, exemplary, and unmitigated nonsense.

If Mr. Cobden, however, be not thus sufficiently answered, as some of you may perhaps be inclined to think, *he shall be answered*, and that to your heart’s content, and to his own too.

Well, then, taking up his language seriously—and

which I should positively be ashamed to do, had it proceeded from the pen of any less eminent personage than himself—Mr. Cobden here distinctly and emphatically asserts :—

That there is “*a fallacy in the idea that the price of gold is fixed at all in this country!*” and yet he tells us in the same breath, that—“*the Mint can neither lose nor gain by the operation of buying gold.*”

Which two sentences being put together, and into different words, but without the shadow of a shade of difference in meaning, assert, as distinctly as it is possible for words to assert anything—First, that the price of gold *is not fixed* in this country; and, secondly, that the price of gold *is fixed* in this country.

As, however, it is scarcely possible that Mr. Cobden *intended* to write such nonsense as this—although, if truly reported by the newspapers, he most assuredly did write it—we are bound to suppose that the language above quoted was designed to convey a rational signification of some kind: and if so, then must Mr. Cobden have intended to affirm *either*—for his language admits of no *third* interpretation whatever—that the price of gold is not fixed at all in this country, *as measured by itself*; or else that the price of gold is not fixed at all in this country, *as measured by other commodities*.

In reply to the former alternative, then—What is the meaning of the term *price*?—Why, according to my understanding of the English language, the term *price* means either the precise number of pounds, shillings, pence, *and* farthings, or of pounds, shillings, pence, *or* farthings, which are either demanded or

paid, or agreed to be paid, by one party to another, in exchange for corresponding *value*, real or supposed. Thus a man may ask—What is the *price* of this table? And the answer may be, ten pounds. But this *price* the inquirer may consider to be too high, and consequently he may decline to purchase. Again—What is the *price* of a loaf of bread? Say sixpence: and, buying it, we may agree to pay sixpence for it, and that either with or without ever paying for it at all: in the latter case a bad debt being the result. *Price*, in a word, signifies *the sum of money, or quantity of the current coin of the realm*, which is either paid for any article by the mutual consent of the buyer and seller; or it may be the sum of money entered in an account-book *as the pecuniary denomination* of any thing which may be sold on credit-terms. Thus, whenever we say that bread is sixpence a-loaf, calico sixpence a-yard, sugar sixpence a-pound, and so on, the word *price* is always understood; and, so far as I am aware, the word has just this one meaning, and no other.

As measured by itself, then, does Mr. Cobden mean seriously to affirm *that the price of gold is not fixed in this country?* Is not the *price of an ounce of gold*, of a given degree of purity, three pounds seventeen shillings and tenpence halfpenny? Are not three pounds seventeen shillings and tenpence halfpenny the *price of an ounce of gold?* If I owe you a thousand pounds, do I not owe you *precisely as many ounces of gold*, and fractional parts thereof, as there are three pounds seventeen shillings and tenpence halfpennies in the thousand pounds? If I have in my pocket a thousand pound Bank of England note, can I not go to the Bank of England and

demand in exchange for it *as many ounces of gold as* there are three pounds seventeen shillings and tenpence halfpennies in the note? Are not, then, an ounce of gold and three pounds seventeen shillings and tenpence halfpenny, and three pounds seventeen shillings and tenpence halfpenny and an ounce of gold *exchangeable terms*? Does not the one mean the other, and the other mean the one?

Well, then, *what else have we* that admits of the same kind of exemplification? Are a loaf of *wheaten bread*, of any given weight and fineness, and the sum of *sixpence*, exchangeable terms? Are a yard of *broad cloth*, of a certain kind and quality, and a *sovereign*, exchangeable terms? Are a *dining-table* of any given wood, make, size, and shape, and the sum of *ten pounds*, exchangeable terms? And in all these cases, from day to day, from year to year, and even from one century to another?

Why, there is not a lady or gentleman present, nay, there is not even a child in the City of Edinburgh, who is not aware that the price of these things fluctuates; that bread sixpence to-day may be sevenpence or fivepence to-morrow; that a yard of cloth of a given quality may to-day be worth twenty shillings, and to-morrow but nineteen shillings, or that it may rise to the value of a guinea; whilst a mahogany or other table worth a ten-pound note just now, may, the self-same table, be worth a twelve-month hence, but eight pounds, seven pounds, or even a smaller sum, although wholly unused, uninjured, and the fashion thereof unchanged during the interval.

What sort of doctrine is this, then, which Mr. Cobden thus attempts to foist upon the Anti-Gold-

Law League, and through the instrumentality of the *Times*, upon the world at large, upon the subject of the currency? Let Mr. Cobden tell us by all means: let him, for example, say that at the time when he wrote the passage now under review, he was under the influence of a dream, mesmerism, chloroform, or that in some other way the use of his intellects was suspended.

The short and true answer to Mr. Cobden, is—*That measured by itself*, the price of gold is *fixed* in this country, that price being just three pounds seventeen shillings and tenpence halfpenny per ounce, from the first day of January to the last day of December, in every year of our Lord.

But—and there is no *other* alternative—Mr. Cobden's meaning may be—that the price of gold is not fixed at all in this country, *as measured by other goods!*

Why, this is the very thing contended for, the very point at issue, the sum and substance of the opinion which I have thought it necessary to spread over the surface of eight long lectures, and for the establishment of which I have contended, inch by inch, throughout a progressive series of reasonings, all tending to this one point, namely, *that gold is no measure of value at all*; that its price, *measured by other commodities*, is as variable as the price of fifty, or perhaps five hundred other things; and that, therefore, *to call it a measure of value* is mere self-evident absurdity;—whilst *the consequence* of that absurdity being the law of the land, is an annual loss to this nation of one hundred millions a-year, at the lowest possible computation, and much more likely twice or thrice the sum.

The aggregate of marketable produce to-day, for example, is represented, on the one hand, and the aggregate of money, on the other, both by the number of one hundred. In these circumstances, the balance of supply and demand will be equal. But what if this day three months the said marketable produce should be increased to the extent of two hundred—*precisely double the quantity* of material and labour having been expended in its creation, as compared with the quantity expended on the preceding hundred—whilst money, in the meantime, shall not have increased at all? Why, then, the market in this case, will either be a nominal one, the goods being neither bought nor sold, or else, if the goods be sold—although doubled in quantity, and created at precisely double their natural cost, namely, that of labour—they will still exchange in money for but one hundred.*

* No person can possibly put this case either more strongly or clearly than the late Mr. Mill, whose *Elements of Political Economy* I quoted at considerable length in my second Lecture.—“Whenever, [says he] any addition takes place in the quantity of goods, without any addition to the quantity of money, *the price falls*, and, of necessity, in the exact proportion of the addition which has been made. If this is not clear to every apprehension already, it may be rendered palpable by adducing a simple case. Suppose the market to be a very narrow one; of bread solely on the one side, and money on the other. Suppose that the ordinary state of the market is a hundred loaves on the one side, and a hundred shillings on the other; the price of bread accordingly a shilling a loaf. Suppose, in these circumstances, that the quantity of loaves is increased to two hundred, while the money remains the same; it is obvious that the price of the bread must fall one half, or to sixpence per loaf.”—*Elements aforesaid*, p. 162. And yet this self-same volume, by the self-same Mr. Mill, contains, in its Preface, these words:—

Why, then, I demand to know, are the marketables, precisely *doubled* in their cost of production, precisely *doubled* in quantity, and precisely *doubled* in the extent of their utility—that is to say, will feed, clothe, and lodge *twice* as many people now as they would before—to *fall down in price to the sum of one hundred, to the utter destruction of their producers, merely because one other marketable commodity like themselves hath not increased in quantity at all!* Why is the thing in which there has been *no change* to be thus *doubled* in value, whilst other products—which, by the application of *double* the material, labour, toil, and anxiety, have been *doubled in quantity, and in utility—are to remain of precisely the same aggregate value as before* ; that is to say, when there existed

“ I have endeavoured, by new illustrations, to render more palpable what appears to me to be demonstration of that most important doctrine, *that the aggregate demand and supply of a nation are always equal*, that production can never be too rapid for the market ; in other words, that there never can be a general glut of commodities.”

No human being, however, can reconcile these two paragraphs except by *supposing the existence* of some species of money which may be increased as fast as the *aggregate* of every thing else. No such money exists at present ; and therefore, if the injunction implied in the second paragraph were to be obeyed ; if producers of every class were to take the late Mr. Mill's doctrine for their guide, and, in accordance therewith, to increase for a time their goods as fast as possible, the result would be, *that every atom thereof would fall in price* ; ruin to themselves would ensue, demand would speedily come to a stand-still, production itself would be compelled to stop, and the industrious classes would be consigned, as usual, to starvation and wretchedness. But reconstruct our monetary system upon the principles herein demonstrated, and the assertion contained in Mr. Mill's second paragraph above quoted *will be perfectly true* ; whilst the argument in the former quotation will become elucidation and confirmation of that truth.

thereof enough only to feed, clothe, and lodge *but half the number of persons* now amply provided for!

As measured by other commodities, the price of gold, therefore, in this country, *is not fixed*, but the *consequence of fixing by law that which cannot be fixed in fact*, is a loss of at least one hundred millions a-year to the British nation.

People *will not* manufacture goods to sell them at a *loss*, whilst, so long as the law of gold exists, they can have no certainty of being able to sell them at a *profit*. Hence the fetter on our industry; hence the tether by which our productive efforts are confined within a very limited circle; and hence the solution of the problem—Why are the inhabitants of a nation able and willing to supply their urgent wants twice over, starving in the midst of plenty?

And what is the remedy for this enormous evil? Why it stares you in the face! It is as self-evident as the existence of light or heat. If you double your goods, you must double your money. If you quadruple your goods, you must quadruple also your money. If you increase your goods tenfold, you must increase your money tenfold, and so on. *This* is the remedy, and besides this there is no other. Adopt it, then, and you may go on producing and producing—the productions, regulated by the principle of individual competition, being at all times in due proportion to each other—until the world itself shall be satiated with wealth, and all the people in it; and yet *the rate of profit* obtainable by the sale of the last pound's worth of goods brought into the market may be equal to that upon the first.

But I have not half-done with Mr. Cobden yet.—

“ I am sure you will see a fallacy [says he] in the idea that the price of gold is fixed at all in this country : *it is merely weighed, assayed, and stamped*, as of a certain quality and fineness, in the same way as has been the custom in all countries and in all ages.”

So here we have Mr. Cobden, the disciple of Adam Smith, the anti-corn-law leaguer, the earnest, persevering, talented, and to some extent successful champion of free trade all over the world, descending to make use of such a weapon as this—“ In the same way *as has been the custom* in all ages and in all countries :” but let that pass.

Mr. Cobden tells us, then, that gold is “ merely *weighed, assayed, and stamped as of a certain quality and fineness.*” And a little farther on he tells us that corn is subjected to an invariable measure of *quantity*, for which purpose the law has fixed on the imperial bushel, which contains a fixed and invariable *quantity* ; and in the case of *gold it has done no more* than fix in coins the weight and fineness of gold. To which I reply—You are in error, Mr. Cobden ; the law has done *one thing more than this* : it has commanded gold to be weighed, assayed, stamped, and priced ! *Is the imperial bushel of corn priced ?*—No, it is not.

But as Mr. Cobden “ will not follow the subject farther,” I will finish the argument for him ; so now, if you please, we will fix the price of *corn* instead of gold, *and take it* for our supposititious measure of value throughout.

As, however, we have not at present any precise measure of quantity, which, being filled with corn, would, in ordinary circumstances, be worth the exact

sum of £3, 17s. 10½d., suppose we create one for the purpose, and call it merely *a measure*. The measure of corn then is, first, like gold in the mint, to be *measured* instead of weighed; that is to say, it is to consist of a vessel full, the said vessel being of a certain fixed capacity in cubic inches. Secondly, it is to be *assayed*; that is to say, it must be of a certain *quality* as well as bulk. Thirdly, it is to be *stamped*; that is, *certified* by Government to consist of the proper quantity and quality. And lastly, it is to be *priced*, that price being just £3, 17s. 10½d.

Here, then, we have in supposition a precise parallel for the present law of gold. The sum of £3, 17s. 10½d., and a measure of corn, are exchangeable terms; that is to say, a measure of corn means £3, 17s. 10½d., just as an ounce of gold now means £3, 17s. 10½d.; and the sum of £3, 17s. 10½d., means a measure of corn, just as the sum of £3, 17s. 10½d. means at the present time an ounce of gold.

Now, to give Mr. Cobden the full benefit of his own argument, and gold being, as he says, *in precisely the same legal position as corn*, I have merely taken the latter in place of the former; and now let us see what would have been the *result* of this species of corn-law during the last year or two: Well, then, it would have been precisely this:—

The price of corn, *not* being fixed by law, *rose*, between the months of August 1846 and June 1847, a trifle more than one hundred per cent.; whereas, *had* the price of corn been fixed by law at £3, 17s. 10½d. per measure, *the price of corn then, like the price of gold now*, would have remained unchanged, whilst the general average of other commodities *would have*

fallen in money price rather more than one hundred per cent. In consequence of which every man in the kingdom, whose *assets*, taken at their fair value in September 1846, should not at that time have amounted to *precisely double* the sum of his pecuniary obligations, would inevitably, in the month of May 1847, *have been reduced to the condition of an insolvent!*

And don't you fancy to get out of this dilemma by saying that, in the case supposed, *all things*, corn alone excepted, having alike fallen in price to the extent of a hundred per cent., the *comparative* state of things would have remained as before. This argument would be perfectly sound, as applicable to all persons being neither debtors, creditors, nor pecuniary obligants. They, if any such there be, would not have suffered: but with this exception, and with it only, every person would have been ruined, who, as I said before, could not have afforded to lose precisely one-half of his entire property.

And this is no mere case of the imagination, for, precisely what *would have happened* within the last eighteen months had corn been the legal measure of value, *did happen*, in consequence of gold *having been* the legal measure of value. Gold, of course, rose not at all in price as measured *by itself*. The ounce of gold last year, as in the year before and in the year present, was just £3, 17s. 10½d., and the sum of £3, 17s. 10½d. was just an ounce of gold. But, *as measured by other commodities*, the price of gold rose last year enormously. It rose, in fact, to such an extent that, at the lowest possible computation, the money value of all other property in the country had

fallen at one time,—in the month of October last, for example, to the extent of more than *five hundred millions* as compared with the money value of the self-same property in the preceding month of November. That is to say, a fall took place in the value of British property last year to an extent most undoubtedly exceeding by the sum of a hundred millions sterling, one-half the amount of the national debt of this country. And to set at rest all question as to the truth of this assertion requires no lengthened nor laborious investigation, for the proof lies within the compass of a nut-shell.

In the general average state of the money market, then, the estimated value of the property of this country exceeds five thousand millions. Now, if the whole of this property be by any cause *depreciated* to the extent of *but ten per cent.*, the amount of that depreciation will be just five hundred millions, or within three hundred millions of the whole amount of the national debt.

Well, then, one of two things is true—either we *did* actually incur this amount of loss last year, that is to say, the property of this country *had* depreciated at one time, in October for example, to the extent of five hundred millions sterling ; or else, upon the general average, that is to say, taking one thing with another, houses, lands, and merchandise of every description, the money value of property, heritable and moveable, *did not fall ten per cent.* I assert that it *did* fall ten per cent., and more than ten per cent., whilst he who shall refuse his assent to the soundness of this argument must hold *that it did not.*

The evil of this enormous depreciation in the money

value of property, however, is not a general one, falling equally on all persons in proportion to the value of their property. On the contrary, it falls as unequally as grape-shot in the field of battle. Some it destroys upon the spot ; on others it inflicts wounds mortal, but not immediately so ; others it maims or cripples for the rest of their existence ; whilst a very large number escape injury altogether. And the nature and causes of this inequality of suffering it will not be difficult to explain.

Aggregate rises and falls, then, in the money value of property, do not affect those persons who are neither debtors, creditors, nor pecuniary obligants. If all things rise in money price, and that in *due proportion* to each other, the operative who pays sixpence for his loaf of bread to-day may pay sevenpence to-morrow. But if his wages have in the interim been advanced in the like proportion, his means of purchasing bread remain unaltered. Reverse the case : let the bread fall in price, and his wages too, and again he is neither better nor worse off than he was before.

But in place of an independent working man, who owes nothing, and has nothing owing to himself, let us take the case of a *merchant*, whose means, like his of Venice, are in *supposition* ; who “ hath an argosy bound to Tripolis, another to the Indies, a third at Mexico,” and so on, with, perhaps, a fifty or a hundred thousand pounds stock of goods at home into the bargain ; and what is *his* situation ?—what are the consequences *to him* of a ten per cent. fall in the money-price of goods ? Why, ruin !—utter, absolute, and in thousands of instances, irretrievable.

Take, for an example, one of every day occurrence. A merchant has, we shall say, a *bona fide* capital of his own, amounting to £20,000, wherewith to commence business, with which capital he embarks largely in trade. His situation, then, will very soon be this :—his obligations, on the one hand, may, without the least imprudence on his part, soon amount to a hundred thousand pounds. He resides in London or in Leith, and does business on commission for a numerous foreign connexion, buying, *on the usual terms of credit*, goods for his constituents to a large amount—thus making, as I have already said, his *liabilities* £100,000.

Then, *per contra*, to meet his obligations, he has the amount of his own *bona fide* capital, which we have put down at £20,000 ; next the amount of his book-debts, and then that of his stock on hand ; and as he has *only recently* commenced business, and consequently had no time to add to the amount of his original capital, the balance-sheet of his affairs—that is to say, the amount of his assets above that of his obligations—will present at foot precisely the amount of his own capital, namely, £20,000.

Well ! in this state of things, *money rises in value*, or, as the law will have it, *goods fall in price* just ten per cent. ; and what follows ? Why, in the first place, the value of his stock on hand is decimated ; stagnation of trade follows ; his customers are *unable* to sell their goods at a profit, and *unwilling* to sell them at a loss. They, therefore, either dishonour, or require the renewal of, his bills of exchange, and he, consequently, must either dishonour his bills too, or else, having renewed those drawn by himself upon

his customers, *he must get them discounted as best he can*, perhaps at an enormous per centage ; which, being added to the loss upon the value of his stock, and to the amount of his bad debts, will not improbably relieve him of the last sixpence of his own *bona fide* capital.

Is this an imaginary case ? Far from it. Substantially it is but too true a picture of the fate of many scores of merchants in this country, whose entire property has recently been confiscated by the law of gold.

Do you ask me for any authority upon this subject ? I can hardly think so, for the facts I have stated must be well known to every person present. If, however, you want still farther evidence, you shall have it in plenty :

Only the other day, then, in making his financial statement before the House of Commons, Lord John Russell, the Prime Minister of these realms, instructed us as follows,—and thus enabled me to prove the truth of these assertions to the very letter, out of his own mouth :—

“The year [said he] which has passed over our heads, or I should perhaps say, the period of the last eighteen months, has been one which, excepting cases of foreign war or domestic insurrection, is without a parallel, I think I may say, in the history of this country. The changes and vicissitudes of prices, the difficulties of commerce, the panic which more than once prevailed, the extreme distress of a part of the United Kingdom, the extraordinary efforts which were made to relieve that distress,—altogether affected the state of this country to such a degree that

I believe it would not be easy to find an example of such distress in our history. To give some notion of the very great vicissitudes we have gone through, I will refer to the changes in the price of wheat, the changes in the rate of commercial discounts by the Bank of England, and to the changes in the amount of bullion held by that establishment. In the first week of September 1846, the average price of wheat was 49s.; the price in January 1847 was 70s.; and in the week ending May 29, 1847, the price of wheat was 102s. 5d. On the 18th of September following it had again fallen to 49s. 6d., being only 6d. difference from the price of the preceding September, and more than 100 per cent. difference from the price which ruled in the previous May. The rate of discount by the Bank of England—I mean the *minimum* rate of discount by the Bank of England—in November 1846, was 3 per cent. In April 1847, it ranged at 5 per cent.; in October, the lowest rate of interest charged by the Bank of England was 8 per cent.; and in January 1848, it was again 4 per cent. The amount of bullion on the 10th of October 1846, held by the Bank of England, was £15,078,135; on the 23d of October 1847 it was £7,865,445; and again, on the 5th of February 1848, it was £13,821,754.”

Here, then, having the Prime Minister of England of the present hour for my authority, I am furnished with data from which to prove:—

That had any measure of *wheat*, fixed by law at the price of *forty-nine shillings*, been our standard of value during the last eighteen months, the average price of all other commodities would have been as follows:—

<i>The price of Corn being</i>	<i>*But fixed by law at</i>	<i>The price of other goods must</i>
In September 1846, 49s. 0d.	Forty-nine Shillings,	have been, say, to start with, 49s. 0d.
In January 1847, 70s. 0d.	Forty-nine Shillings,	now have fallen about six shillings in the pound, say to 34s. 0d.
In May " 102s. 5d.	Forty-nine Shillings,	now have fallen to about 24s. 6d.
In September, " 49s. 6d.	Forty-nine Shillings,	now again have risen to 49s. 0d.

following, whilst the same person would have been again worth £20,000 just four months afterwards,—namely, in the month of September in the same year; *and that, too, without the said owner of £20,000 having ever once speculated to the amount of a sapphire during the currency of the entire period!* whilst every merchant in the kingdom who should have speculated to but merely double the amount of his own *bona fide* capital in the month of September 1846, and been com-

For, as in these circumstances, the price of *wheat*—wheat being now the measure of its own value—*could not have risen*, it is perfectly obvious that the price of every thing else *must have fallen*, and that in the precise ratio in which the price of wheat *would have been prevented by law from rising*.

So that, with *wheat* for our measure of value, a person who should have been *bona fide* worth £20,000 in September 1846, would have been worth but £10,000 in the May

* Repeat this head-line along with each of the four following lines, reading *and* instead of *but* with the *first* line, thus:—
 "The price of corn being, in September 1846, forty-nine shillings, *and* fixed by law at forty-nine shillings, the price," &c.

pelled, from the difficulty of obtaining discounts, to have *realized* the value of such speculation in the month of May following, would have been under the necessity of sacrificing his property, and that to the last shilling. Such is the *principle* on which the existing monetary system of this country is established ; and now for the *fact* :—

Well, then, upon the same indubitable authority, namely, that of Lord John Russell's last great speech in the House of Commons, our *minimum* Bank of England rate of discount

In November 1846, was 3 per cent.,

In April 1847, it was 5 per cent.,

In October 1847, it was 8 per cent., and

In January 1848, it was again reduced to 4 per cent. So that, whilst the fluctuation in the price of *wheat* was *only* a fraction more than *one hundred per cent.* between the months of September 1846 and May 1847, a period of seven clear months, the fluctuation *in the interest of money* between the months of November 1846 and October 1847, a period of ten clear months, was very nearly *three hundred per cent.*, and that, too, upon money lent by the Bank of England itself *upon the best possible bills only!* *Such is our measure of value!* A parallel for which could only be found in an Act of Parliament constituting the yard measure of to-day thirty-six inches, and that of this day ten months twelve inches ; and the pound weight of to-day sixteen ounces, and that of next September a fraction less than five ounces and a-half.

Then as to the *modus operandi* of all this, why it is as plain as A, B, C. A little absurd speculation on the part of a few adventurers, a panic and the

screw—"I thank thee, Jew, [Sir Robert Peel I mean,] for teaching me that word"—and the thing is done. It happens thus :—

A period of general prosperity having for a while continued,—a period, that is to say, wherein the average number of people in a state of abject misery is a million or two less than usual—speculators begin to bestir themselves : one party go to work at a few railroads ; another would like an extra bridge or two across the Thames at London ; whilst a third get up a building company, and so on ; by far the greater part of these projects originating with parties who, having everything to gain and nothing to lose, care not at all for the success of them, farther than as mere instruments of their own pecuniary advancement. The scheme, whatever you please—the more absurd, perhaps the better—a well-written prospectus, headed by some first-rate names, with or without the consent of their masters, no matter which ; the shares, bought up immediately, are at a premium one week, at a discount the next, and at nothing shortly afterwards.

But the bait has been taken ; the shares have been sold ; some capital has been withdrawn from its more legitimate objects ; men of well-known wealth and respectability are on the partnership list ; *their credit is shaken* in consequence, and a panic ensues ; then cometh *the screw* and the work is done. The best promissory notes discounted by the Bank of England in November at three per cent., are refused in the April following at less than five, and in October at less than eight. All the other banks follow the example of the Bank of England, *and an enormous*

diminution in the aggregate quantity of money in circulation,—of which bills of exchange form a most important item,—consequently takes place. But money, as measured by itself, rises not in price, and therefore the price of other goods must fall. Sellers unwilling to lose by their merchandise hold on for a time ; but as buyers will not give the old prices, trade stagnates, and production stops, or its power is but half-exerted ; and hence manufacturers, merchants, and operatives are involved in the common ruin.

It must be distinctly kept in mind, however, throughout this argument, that in thus speaking of the great variation which took place in the *interest* of money during the period mentioned, we are not to confound the interest of money with the actual value of money itself as measured by other goods. For, had the actual value of money risen in October last to nearly three times its ordinary value, the whole country would have been involved in the general calamity, and a national bankruptcy must inevitably have ensued.

This distinction between the *value* of money and the mere *interest* or hire of it, is precisely similar to that which exists between the value of house property and the rent of it.

A house, for example, in certain circumstances, may let for a time at more than double its ordinary amount of rent. But the period during which such exorbitant rent may be obtainable, being necessarily a limited one, it would be clearly impossible to *sell* the house outright, at double its ordinary value, or even at an advance of twenty or thirty per cent., in consequence of any such *temporary* advance of rent

obtainable for it. So, in like manner, was it with respect to money last October ; the rent or interest of money was indeed as high as eight per cent. on the very best personal security, consisting of first-class bills of exchange ; but the money itself—a hundred pounds for example—would not pay any more rent, taxes, or other previously existing obligation, in October, when its rate of interest was eight per cent., than it would have done in the previous month of November, when the rate of interest was but three per cent.

And here, in estimating the amount of destruction committed by the Bank of England last year, by reducing to an enormous extent the aggregate amount of money in the country, I take the damage at only ten per cent., or five hundred millions in all ; whereas, had the like advance taken place *in the value of money itself*, in place of in the *mere pro tempore interest of it*, the depreciation in the value of property in the month of October would have amounted to pretty nearly two-thirds of the whole, that is to say, to the sum of about three thousand millions, or to not far short of four times the amount of the national debt.

Such is our monetary system. Certain adventurers get up a few schemes, which promise for a time success : others, and others still, stimulated by their example, follow it, and then the commercial typhus runs its accustomed course : the ultimate consequence of which may be, that a few penniless speculators may so adroitly manage their affairs, as eventually to cause the Bank of Mischief in Thread-needle-street to issue forth its decennial, or thereby,

mandate—“*Let the property of the country be decimated*”—and decimated it is accordingly.

So much for Mr. Cobden, who, in asserting—That, *measured by other commodities*, the price of gold in this country *is not fixed*—is perfectly correct. Let him, however, in the next place, show *the cost* of the golden image, for the perpetuated worship of which he contends, to be any less sum than one hundred millions a-year, in money of its present value! *I defy him to do so.*

LECTURE VIII.

Recapitulation and brief Review of the entire subject.

SOME one has said that all men think all men mortal but themselves ; and he might perhaps have added, that nations are apt to regard their public institutions in very much the same light. Thus, if I say to you—"Let us annihilate the Monetary System of this country, root and branch," some one will be inclined to reply—"And dry up the Firth of Forth."

Well, oftentimes have I of late declared that, if life and health should be spared to me for a few more years, I would totally change the monetary system of this kingdom ; and now I faithfully promise you, *that this task will I perform, and that within seven years from and after this sixteenth day of March 1848 ; unless—and thus only do I qualify the engagement—some one else should change it sooner.*

Many and important have been the subjects with which the mind of the British nation has been successively monopolised for the last half century. Napoleon Bonaparte, in the days of my early remembrance, was the great proprietor of all men's thoughts political : next came peace, with its endless train of blessings anticipated, and disappointments realized : then Reform in Parliament, my first recollections of which are intimately associated with Warren's Black-

ing! For, go wheresoever you might, either within or in the vicinity of London, for many years, on every churchyard, barrack or garden wall, tumble-down-house, or temporary shed, there would you be sure to find, not as we do things now, in letters of blue, green, yellow, and even gold, but in simple chalk, these two very laconic remembrancers—

“ PARLIAMENTARY REFORM!”

“ TRY WARREN'S BLACKING!”

The well-merited libel on the Honourable House having the precedence, in some cases, of the man of jet, whilst in others he would take the shine out of all the honourable members put together, merely by expunging the reference to their existence, the more conveniently to proclaim his own.

Then, after sundry interludes, consisting of a little occasional sedition, the trials of Queen Caroline and William Hone, the Cato Street Gang, and a few *et ceteras*, our next staple commodities were “ No Corn-Laws,” and “ Catholic Emancipation.” When, lo! all being fulfilled, we should now be in want of a Cry altogether, were it not for never-ending Ireland and the Income-tax.

Thus has the poor Monetary Reformer, whenever he has endeavoured to bring his modest proposition before the tribunal of the public, been pooh poohed, and thrust aside by war, peace, sedition, treason, and reforms of all sorts, as if he were nobody: and now, out of mere spite, against myself individually, the French have been getting up a new play,* deno-

* This language, be it especially observed, has no reference to the fearful events of *June*. See also the note on the next page but one.

minated "The Revolution," which was performed in Paris for the first time on the evening on which I had previously engaged to deliver my first Lecture in the city of Edinburgh on the Nature and Use of Money.

To treat the subject more seriously :—I believe, then, that our time is at length at hand ; nay, that even the present hour may prove to be our own. Ireland, indeed, may continue to divert attention from us to some extent ; but in truth we shall take precedence of Ireland, for the very sufficient reason, that it is in reserve for us, and for us alone, to regenerate Ireland. The Excise Reform party again, must await their turn, and ours stands before it on the list of fate : for they, in fact, are a mere portion of our tail ; and, as such, they can make their way in the world *only* by allowing us to go before them.

But what of the new Republic ? What of our neighbour *France* ? Will not she swamp us for the next twenty years at least, merely by absorbing the entire interest of Europe in watching her forward or backward, upward or downward progress ?—I think not. Indeed, I have reason to suspect that she has actually stolen a copy of my plans, and is about to act upon them ; *for how else can she hope to keep her word ? how else can she "find employment for all her productive classes ?"**

I defy her to find them employment otherwise than in the manner which I have pointed out. I assert it to be morally and physically *impossible* for any set

* By reference to the Appendix it will be seen that a copy of these Lectures was promptly offered to the Provisional Government of France, and with what result ?—The receipt of the offer was not even acknowledged.

of men in existence to devise means for the employment either of the French people, or of any other—*equitably at least*—unless this be at once their Motto, Principle, Object, and Resolution :—

PRODUCTION NATURALLY THE CAUSE OF
DEMAND, SHALL BE SO PRACTICALLY.

Let this, then, be the motto of the French reformers, or else be it a broken reed ; for unless they be able to change the very nature of the universe, and of the creature man besides, *upon no other principle*, neither by any other mode of procedure, *can they keep the word which they have pledged*.* By adopting the principle of exchange herein developed, the members of the Provisional Government may be enabled to keep their promises ; and were I but as well acquainted with the circumstances of France, and with the language and character of the French people, as I am with the circumstances, language, and character of the people of this country, I would willingly sign a bond to forfeit my head, if I could not, with proper assistants, in less than twelve months, frame, organize, and establish a monetary system in France, which should eventually be imitated, not to say slavishly copied, by the entire civilized world.

But I fear you will begin to think that I have altogether forgotten the subject of this evening's lecture, which, as it stands in the programme, was to consist of a recapitulation and brief review of the

* Impartial Reader ! Do thou unto the Author of these Lectures the justice to remember, that this language was addressed by him to a large and intellectual audience in the City of Edinburgh, on Thursday, *March* 16, 1848. The Parisian comment thereon of the end of *June* following, needs unhappily, no recapitulation here.

subject already discussed on the seven preceding occasions. I shall now, therefore, proceed to state to you, as clearly and concisely as I can, the opinions which I have formed upon this great subject; unaccompanied, or nearly so, by any farther *reasons*, seeing that of them you have already been presented with an abundance. Here, then, is a brief abstract or summary of my monetary creed:—

I.

Production is the Natural Cause of Demand.

II.

Apart from all monetary considerations whatsoever, Supply and Demand are exchangeable terms. Supply is Demand and Demand is Supply.

III.

Therefore, speaking always of *Aggregates*, it is quite impossible either to over-produce, or to over-stock any market in this world.

IV.

Disproportionate production, however, may exist: aggregate over-production—never.

V.

The existence of Disproportionate production is proved, whenever it happens, either that parties are unable to obtain in the market that which they desire to buy, or whenever they bring to market a greater quantity of any commodity than they may be able, at a reasonably remunerating price, to sell.

VI.

In any Perfectly well-proportioned market every article would be both bought and sold.

VII.

The *Natural, and only Natural limit*, to Production, consequently, is the Exhaustion of the Ability to go on supplying the market *Proportionately*.

VIII.

Thus far we speak merely of Exchange or Barter, and take no cognizance whatever of the existence of Money, excepting only to avoid it.

IX.

If any valuable commodity whatever be constituted, either by law or custom, *the measure of value*, in any market, *from that instant*, in that market, Production *will cease* to be the necessary Cause of Demand.

X.

Because, *as no one valuable thing* can by any possibility be increased *ad libitum*, *as fast as all other valuable things put together*, whenever the commodities to be measured are increased faster than—the modes of using it remaining the same—the measure itself, *prices must fall, and production will stop*.

XI.

This falling price, as contra-distinguished from the *Natural one*, is the *Existing limit* to production, in Great Britain, France, America, and in every other country in the world, miscalled civilized.

XII.

The loss sustained by this country, consequent upon the adoption of, or rather submission to, *this unnatural limitation of our productive powers*, exceeds one hundred million pounds a-year in money of its present value : and that in every year of our lives.

XIII.

The nature, use, and proper qualities of money, are wholly misunderstood by Lord John Russell, Sir Robert Peel, Mr. Cobden, the Editor of the *Times* newspaper, by the public press in general, and—speaking of them collectively—by the Members of both Houses of Parliament ; whilst the subject appears also from their published decrees, to be equally blundered by the Provisional Government of France.

XIV.

By Labour only *is it possible* to measure value.

XV.

A well-considered Act of Parliament constituting labour *the legal*, as it is, and must ever continue to be, *the one and only possible* standard of value, would not interfere, in the slightest degree, with the principle of individual competition between man and man : professional, mechanical, or laborious.

XVI.

The subdivision of money into pounds, shillings, pence, and farthings, although not quite so simple as the decimal division, is a very good one, being liable to no serious objection in practice.

XVII.

The unit of our monetary system should consist of a *pound note*, to be denominated the Pound Standard, divisible, as after-mentioned, into silver and copper coins.

XVIII.

The *desire* to do so being presupposed to exist in the minds of our legislators, there would be no more practical difficulty in fixing *the value* of the pound standard by Act of Parliament, than in fixing by law the number of yards in a mile, ounces in a pound, or inches in a foot.

XIX.

The value of the pound standard being fixed by law, *the shilling* should at all times consist of the twentieth part of the weight of silver obtainable in exchange for a pound standard.

XX.

And *the penny* should consist of the two hundred and fortieth part of the weight of copper obtainable in exchange for a pound standard.

XXI.

The penny thus defined should be a legal tender to the amount of one shilling ; and the shilling thus defined, to the amount of twenty shillings ; whilst the pound standard should be a legal tender to the amount of from one pound to a thousand millions of pounds, the latter sum being a trifle more than the largest known debt at present existing.

XXII.

Metallic coins may be continuously of the same denomination and weight, in which case *their value* must of necessity be liable to fluctuation ; or,

XXIII.

They may be continuously of the same denomination and value, in which case *their weight* must of necessity be liable to variation.

XXIV.

The attempt to unite in any one piece of gold, silver, or other metal, of a given degree of purity, unchangeable denomination, weight and value, *is an act of absolute, palpable, and unadulterated legislative insanity : to do so being quite impossible.*

XXV.

To the right and pleasant working of any sound and efficient monetary system, both these kinds or classes of coins are indispensably requisite.

XXVI.

Money and Capital are, or should be, two things entirely different from each other.

XXVII.

No Circulating Capital whatever would be of the smallest possible utility to any properly constituted National or Standard-bank.*

* The recent projects of the French people, or rather of certain would-be Parisian monetary reformers, remind me of a young sportsman, who, whenever the game rises before him, is quite able to bring

XXVIII.

No interest whatever can be honestly chargeable for the use of Money by any properly constituted National or Standard bank.

up his gun to his shoulder, and to discharge it at his object, but invariably without success. Whereupon, on protesting to his more experienced companion that he expected to hit the mark, he is very coolly told in reply—"That a miss is as bad as a mile."

Thus is it with a party in the French metropolis. They are fighting with a subject which they do not understand, and yet with one of which they are not altogether ignorant. They profess to seek *The Organization of Labour*, whereas the thing of which they are truly in quest is—*An Organized System of Exchange*.

National workshops, and a fixed rate of wages in gold or silver coin, has been their *phantom*, whilst *the reality*, which has been gleaming before the half-opened eyes of their understanding, is—*A Market* for the produce which they may be able to create. To engage permanently to give to men a weekly rate of wages in gold or silver coin of *any greater weight* than the produce of their labour will exchange for in a free market, is simply to engage to do that which is impossible. But to devise means, consisting of a mere Banking system, whereby operatives of every class may be enabled to obtain *Equivalents* in exchange for the well proportioned produce of their labour, in whatsoever shape they may require them, or, in other words, to find them a *market ad infinitum* for those products, is not merely a possible, but so very easy a task, that the rulers of this country are quite able to create such a market whenever they may think proper.

"But a Bank without a capital, oh, monstrous absurdity! Where will folly end?" So, in other words, inquires *The Economist* newspaper, of date May 27, 1848, the Editor whereof, assuming to be in possession of a store of knowledge upon this important subject, deigns to enlighten us as follows:—

"Of all the wild and visionary schemes which have been propounded in France since the 23d of February, that which has appeared at great length in the Paris papers of *this week* has taken us most by surprise—not so much from the startling propositions on which it is based, as from the eminent names by which the scheme

XXIX.

But interest of Capital is at all times a fair, reasonable, and proper exaction.

professes to be supported. We say *professes*, for we are unwilling to believe that the eminent and distinguished men whose names appear to the prospectus before us, have really and knowingly sanctioned such dangerous and fatal delusions. Among the list, it is true, we see names, such as those of Louis Blanc, E. Sue, and E. Arago, which we are prepared to find attached to any scheme, however erroneous and visionary; and had the one before us been confined to such, we should have passed it by as unlikely ever to be realised, and therefore comparatively harmless. But when we find attached to it the names of such eminent men as Michel Chevalier, Emile de Girardin, and F. Bastiat, we are bound to look to it as a grave reality.

“The proposal is no less than to create an entirely new medium of exchange—a new mode of distributing commodities and labour, by the unlimited emission of *Social paper*, or *Exchange notes* of twenty francs, one hundred francs, five hundred francs, and a thousand francs each; and through this scheme ultimately to bring about a new organization of labour. *The National Society and Bank of Exchange*, as this association is termed, is to consist of all who choose to enrol themselves as members, including every class of society—landlords, farmers, manufacturers, professional and literary men, traders of all kinds, workmen of every class—in short, all who have either commodities or services to exchange. It comprises, in fact, the whole of France, if they choose to enrol themselves.

“The immediate object is to furnish all with a medium of exchange who have either commodities of any kind or labour to offer for it; and the ultimate object, in addition to that, is to bring about an entire re-organization of labour.

“The first principle stated is, *That this Bank is to have no Capital*, and is to make no profits—a charge of *one per cent.* only being made on transactions, to pay the expenses.

“The objects of the bank may be thus generally stated, from the prospectus before us:—The bank is to deal only with its enrolled members, among whom it is to promote the exchange of all commodities, ‘without the help of money,’ and ‘their indefinite multiplication,’ by means of the notes which we have already mentioned.

XXX.

By the establishment of three Standard banks, upon these principles, as more fully set forth in the seven preceding Lectures, one in England, another in Scotland, and a third in Ireland, Proportionate Production would in these lands become, and for ever continue to be, the Unfailing Cause of Demand, and that ad infinitum.

These notes are to be exchangeable at sight at the bank for merchandise, and goods of all kinds which it contains, and for services. And such merchandise, goods, and services are also to be at all times exchangeable for such notes at the bank. And thus, the prospectus gravely states, the depreciation of the note will be impossible, because it will only be issued against real value."

To the introductory remarks upon which project I thus adventure to reply:—*Gentle Economist!* Thou art as yet a child of rather less than five years old, thy weekly effusion, from which I quote above, numbering but two hundred and forty-eight. Wisdom, however, it is to be desiderated, will come upon thee in maturer years; and, in the meantime, learn, that *new* as may the proposition be to you, to establish "*A Bank without a Capital,*" and wondrous as the French project aforesaid may be in your eyes, wanting it is at least *in the item novelty*, seeing that of a verity these Lectures on the Nature and Use of Money—now *merely verbally* corrected and amended for publication—were delivered by me, in the city of Edinburgh, before numerous, highly respectable, and most attentive audiences, on the dates which follow, namely, February 22, 24, 29, and March 2, 7, 9, 14, and 16, anno Domini eighteen hundred and forty-eight.

Seeing, then, which is most certainly the fact, that I never heard of any "*French Bank without a Capital,*" until enlightened by yourself upon the subject on the 27th day of May following, it is quite clear that I copied not the Frenchmen; whilst unpublished at this hour—July 3, same year—excepting only in the shape of delivered lectures, I can hardly suppose the Frenchmen to have copied me. ~

But to the point at issue, which is this—*Of Circulating Capital a properly constituted National Bank would require not the sum of six-pence!* A hundred guinea premium is offered to the man who may

Such, then, being the general principles on which it is affirmed that *a mere System of Banking* may be introduced into society, the operations of which would benefit mankind to an extent altogether unexampled, the first inquiry which will naturally suggest itself is:—

What are the difficulties, if any, in the way of its establishment? What the peculiarities in human nature itself, in human institutions, or even in the habits or customs of society, that would appear to stand in the way of the immediate establishment of a banking system, promising to yield us such inestimable advantages?

To which questions I reply, that there is little or nothing new in the propositions I have made; seeing that everything I desire to establish is already in operation throughout this kingdom, and that to a great extent. The chief peculiarity, in short, connected with the system of exchange I have laid before you, being given in the two words—*Monetary Organization*.

The plan of the proposed standard banks involves, it may be said, a most extensive system of *credit*. It does so; but being in truth *a system*, and not a mere *chaos* of credit, like that which at present obtains, my plan comprehends not one-hundredth part of the amount of *risk* inseparable from the credit

be able most effectually to refute my arguments! Win then the money,—Gentle Economist, not for the filthy lucre's sake, of course, but merely to exhibit thy superior style of argumentation; and as to the hundred guineas, why, give them—*when thou hast won them*—to thy printer's devil!

See also Lecture VI., pages 193 and following, where the said subject of—A Bank without a Capital is discussed at considerable length.

system of the present day, whilst the advantages it would confer upon society would be incalculably greater.

Bankers, as well as merchants, manufacturers, and others doing business by wholesale, trust now whomsoever they please ; their only guide being the knowledge they may be able to acquire of the responsibility of the parties seeking to become their customers on credit terms. And so lax are the proceedings, and imperfect the inquiries, in cases innumerable, that there is hardly a wholesale house of business in the city of London, or elsewhere, in which the bad debts are not an annual tax upon the profits to a pretty large amount.

Now, upon the banking system which I have proposed for your adoption, *no loss by bad debt could, with ordinary precaution, ever be incurred at all.* The standard banker would not be permitted to give or refuse credit, like the existing banker, upon his own mere opinion, judgment, or caprice ; *but being guided by fixed and invariable rules, he must give credit to whomsoever should apply for it, and that to whatsoever amount might be demanded,* provided always, that the applicants should be able and willing to comply with the legal exactions of the bank, and to give the required securities.

The legal terms and conditions, then, of the standard banker, as applicable to securities, being sufficiently strict, bad debts there could be none—none, that is to say, affecting the standard banks.

And here I may remark, that this part of the banking system which I have proposed, so very closely resembles that of the cash credit system of

Scotland, that the difference between the two plans may be told in a few words.

The Scottish banker, then, obtains from a merchant security, *to his own satisfaction*—say, for instance, to the extent of £1000, on which sum the latter is at liberty to operate *to its full amount, five per cent. per annum interest* being charged upon the amount of the accommodation thus afforded by the bank.

The proposed standard banker also requires security—but, in his case, *the nature of it is fixed by law*, in place of being left to his own discretion—say, as before, to the amount of £1000. But now, the merchant is allowed to draw money from the bank *to the full value of his stock on hand, but no farther*, whatever the amount of security he may have given to the bank may be. He must, therefore, have a *stock-book* which every *wholesale* dealer has at present, who keeps *properly* his books at all; and of the state of his stock-book the standard banker must at all times be aware; *and here no interest of money whatever is chargeable.*

And now put the question to any merchant or manufacturer in the kingdom, whether, giving sufficient security to the banker in both cases, he would prefer—

To be able to draw money at pleasure from his banker, *paying, as he does now, interest at the rate of five per cent. per annum, for the advances made to him?* or

To be able, at all times, to draw money from his banker to the full amount of his stock on hand, but no farther, *without paying any interest at all?*

I conceive, then, that in ninety-nine cases out of

every hundred, as merely selfish mortals, parties would very greatly *prefer* the Standard system to the Scottish one. But even if this were not so, I can hardly think so ill of human nature, as not to believe, that—when merchants and manufacturers should see, that, by conforming to a certain system of banking, they would themselves become part and parcel of a Commercial System, the operations of which were obviously calculated to diffuse the physical means of enjoyment throughout their country and the world—their hesitation would be very small indeed to allow their *bankers* access to an account-book, open at the present time to the clerks and warehousemen in nearly every wholesale house of any importance in the three kingdoms.

Well, then, *this is the one and only* new feature which I propose to introduce into the system of banking, *involving concession in any shape on the part of the customer of the bank.* And what else have I proposed that is in reality *new*—new, that is to say, with reference to the existing feelings, customs, habits, or prejudices of society?

Why, absolutely nothing! my second and only remaining condition being, *that a minimum rate of wages* shall be payable in all the standard works.

Now, this minimum rate of wages, as I fully explained in a former lecture, signifies merely *a starting-point in the race of competition*, affecting the interest of no persons, those only excepted who, before the standard banks should be established, were either debtors or creditors; and consequently, with reference to whose position, its amount, as has been shown, must be determined; that is to say, with

reference, in an especial manner, to the existence of the national debt, feu-duties, and all other money contracts.

Then, if the amount of this minimum rate of wages be once *justly* fixed—and this is not to be the work either of the operatives or of their masters, but of the Government itself—who is to complain ?

Men, for example, in cases innumerable, receive *now*, as a part of their remuneration for labour or service performed, *board and lodging* ; but in addition to these, they receive also *wages*. Of the former they *must*, it is clear, have *a sufficiency*, whilst the amount of the latter is altogether matter of contract between themselves and their employers.

In the case of the proposed standard manufactories, in like manner, every man who should enter the door of one of them in the capacity of an operative *would have at once, as his legal right, so much money per week for a certain number of hours' work*. But in the great majority of cases, this sum would be *a smaller one* than that which he would consent to receive *in full* payment for his labour. The *actual amount* of his wages, therefore, would be determined, as at present, by mutual contract between himself and his employer.

Then, if it should be contended that the value of the standard money would be *depreciated* in consequence of the exorbitant demands for *high wages* which would be made by the workmen, over and above the *minimum* rate, to which every man would be by law entitled, I reply—

That the whole experience of human life has incontestably proved the ability of *masters* to contend

successfully against the exorbitant demands of their *workmen*. The motive for keeping down the wages of the workmen as nearly as possible *to the minimum* rate would be of the strongest possible kind. No *combination* would exist in any shape. The masters, in every description of trade, would have to compete with each other, as at present. No *master*, therefore, would be inclined to give *higher* wages than he could help, because, *should he consent to do so*, his competitors would be sure to undersell him in the standard market, and thus they would either do more business than himself, or possibly prevent him from doing any business at all.

On the other hand, again, for the operatives in any trade to *strike* for higher wages as they frequently do now, would be a self-evident futility; for give *them* higher wages, and other classes of workmen would require the same rate of advance. Others and others still would make the like demand, and then where are they, and what have they gained? Why, they are just exactly where they were, and they have gained *nothing*. In short, I challenge the most rigid investigation into the principle I have laid down with respect to a well-considered *minimum* rate of wages, by means of which provision the *value* of the pound standard may be fixed with mathematical precision and accuracy; and I am confident, even to certainty, that the principle will prove to be invulnerable.

It would be an easy matter to go over the various propositions that I have laid before you, and to anticipate and reply to such objections as may be most likely to occur to your minds. It would be an useless labour, however, to do so. For, in the first place,

nine-tenths of all the objections themselves would be frivolous, and attributable solely to a too hasty view of the subject under discussion ; whilst it is also evident that no person can ever be expected to state any objection to his own plans which he is not fully prepared to refute.

To form a deliberate opinion, indeed, upon a subject involving such enormous interests as the monetary system of society, without devoting much attention thereto, is clearly impossible ; and therefore, with the view of promoting this deliberate inquiry, I have resorted to the plan of proposing a prize argument concerning it. And were it my object *merely* to promulgate *some pet theory of my own* upon the subject of money, it is plain that I should never have dreamed of offering a premium to whomsoever should be able to *refute* my arguments. On the contrary, my offer, if any at all, would assuredly have been for the best argument that should be forthcoming *in favour* of my principle. In which case I should have constituted myself the sole judge of the respective merits of the essays that might be written. But, in place of entertaining any such desire, I have *one* object in view, and but one object, which is to arrive *at truth*. And the cause of truth, as it appears to me, may more probably be advanced, in this case as in others, by securing the talent of *opposing* counsel, rather than by feeing counsel to *defend* any particular cause, whatever the merits or demerits of that cause may eventually prove to be.

A slight difficulty connected with this matter has, indeed, to be overcome. I have publicly offered the sum of one hundred guineas to whomsoever shall be

able to produce the best Reply to, and before a competent and impartial tribunal to Refute, the theory contended for in the course of these lectures. And there will be no difficulty in finding a "Competent and Impartial tribunal." Arbiters mutually chosen, and an Umpire chosen by the arbiters, in case of any difference of opinion between themselves, will secure the proposed tribunal, provided always that the status of the judges shall be such as to ensure their competency, for which it will be an easy matter to provide.

But, as already observed, a slight difficulty certainly exists as to the mode of selecting the *best essay* in refutation or attempted refutation of the theory which I have advanced. An out and out *defender* of our existing monetary system the party selecting should be ; and he should also be of sufficient *status and public repute* to give weight to his opinion—to satisfy the competitors, in short, that they shall not only have been *fairly* dealt with, but that the requisite *ability*, as well as inclination, shall have been exerted in the business of selection.

Now, the Editor of the *Times* being an out and out supporter of the present monetary system, I at once offered, either to consign the task of selecting the best essay to whomsoever he might be pleased to appoint, or else to fight the battle of words with *himself*, for the sum of five hundred guineas—two hundred and fifty guineas a-side : but he answered not the call.

Then, in Mr. Cobden again, we have another able supporter (so says the *Times*) of the golden monetary system, and, therefore, *to him* I next tendered

the office of Selector of the best essay in reply to my arguments. But Mr. Cobden also has declined to undertake the task, on the ground of his time being already fully occupied.

A first-class advocate of the present monetary system, therefore, who may be willing to undertake the aforesaid task of selection, has still to be discovered. To obtain one, however, will not, I trust, be impossible; for surely, when the bullionists find themselves thus publicly challenged, they will not *all* follow the example of their champion *Times*, who, after bullying and satirizing the advocates of paper money for several months in succession, has only been able to meet a *public challenge, inserted in upwards of a hundred newspapers, to discuss the subject fairly*, by what he may perhaps consider to be the very dignified, but what others will probably be inclined to denominate, the very cowardly reply of—*no reply at all*.

I have already observed this evening, that no man can be expected to start any objection to a theory of his own, which he is not fully prepared to answer; as a question has, however, been twice put to me, since these lectures were commenced, and in one of the instances by a banker, I shall here briefly mention, and reply to it:—

How, it has been demanded, do I propose to get over this difficulty?—A standard manufacturer or merchant, it has been said, is to be allowed to *put his own value* on his goods, and to draw money from the standard bank to the full amount of such value as estimated by himself. By what means, then, are we to provide against the evil of a fraudulent over-estimate of the said value, or even against that of unin-

tentional miscalculation as to the reality of the value itself, arising from depreciation in the value of the goods, or from any other cause?—Suppose, for example, says the querist, that I enter in my stock-book goods received into my own premises of the declared value of a thousand pounds, and that I receive a thousand pounds from the standard bank in consequence of such entry. Suppose, farther, this estimate to be altogether fraudulent—that the goods, in fact, are worth but five hundred pounds, or, in other words, that five hundred pounds is all the money they would sell for. How, in such a case as this, is the standard bank to be secured from pecuniary loss?

Now, in answer to the writer of this question, which I have put into very nearly his own words, and in answer to every candid inquirer into this important subject, I would say—Learn, in the first place, to separate entirely the two distinct propositions I have laid before you, consisting respectively of a *principle* and of a *plan*.

With respect to the *principle* of exchange for which I contend—I affirm it, then, to be the fact—*firstly, that proportionate production is the natural cause of equivalent demand;—secondly, that, by the establishment of a monetary system, altogether false in principle and destructive in practice, we have suspended the operation of this natural consequence, and thereby entailed upon society an evil, the extent of which it is all but impossible to estimate;—and, thirdly, that the great problem now before the commercial world is,—In what manner can we most easily, conveniently, effectually, and justly restore the natural*

balance of supply and demand, which, in the meantime, we have so insanely destroyed?

Thus, I hold the *original principle itself*—production the cause of demand—the *loss or rejection of this principle by society*, and the *absolute necessity* for its recognition and restoration before this country can prosper—to be not merely *facts, but the particular facts*, on which all our arguments for the establishment of a new monetary system should be founded, and on which also our improved monetary system itself must rest.

But this is *all* that I insist upon. I do not insist upon the adoption of any particular *plans* of my own. I told you indeed in a former lecture, that I *had no plan* to which I was predetermined to give the preference over all others ; but that, so far from this, I solicited especially the attention of other persons to the subject, that we might thus be enabled to see the true principle of exchange worked out in as great a variety of ways as possible.

To apply these observations, then, my earnest advice to every impartial inquirer after monetary truth is—Look first to the *principle* that I have laid before you. Examine, study, and criticise it in every possible way. The question is altogether one of figures, and therefore capable either of demonstration or of refutation ; but again I say endeavour, in the first place, to confine yourself *entirely* to this investigation.

And this examination being ended, if you should come to the conclusion that the *principle* for which I contend is false ; that is to say, no principle at all, why then there is an end at once to the inquiry ; you will forthwith dismiss the subject from your

mind, and pay no more attention to the *plan* of exchange, to which I have *also* endeavoured to call your attention, than you would to the solicitation of a man, who should earnestly advise you and your family to emigrate, for example, to some fine country, rich in all the means of physical enjoyment ; the soil, climate, productions, and everything, in short, being in representation of the most desirable kind, but having, unhappily—the said country—*existence only* in the imaginative brain of your adviser.

Now, such *is or is not* precisely the nature of the case which I have endeavoured to lay before you. I have described to you a land flowing with milk and honey. I have told you that it is full of corn and wine ; that it abounds with the finest fruits of the earth ; that its houses are well built, ventilated, and comfortable ; that its furniture is abundant ; and that *all*, without a single exception, of its children are respectably educated, (that they can read, write, and cipher, know their language well, and can write it tolerably,) that the laws of this country are just, its national debt nothing, and the labours of its government almost a sinecure ; that, in a word, its people are prosperous, contented, and happy—whilst in extent it is precisely equal to the entire surface of the globe which we inhabit. And I have told you, farther, that the *name* of this great and happy country is—

PRODUCTION THE CAUSE OF DEMAND.

Learn, then, *in the first place*, whether this land, of which I speak, be a *fable or a fact*—whether it be, or rather may become, a reality attainable by the entire race of man, or the mere creation of an excited mind. Answer this question first, and if you

should ascertain my assertion of this country's prospective existence to be correct, *and will yourself do all you can to make known that existence to others*, depend on it you will very soon find a hundred different mariners competing with each other for the honour of being *the first* to realize its shores.

Subject, then, I pray you, the *principle* announced for your examination to the severest test. Prove it, in short, to be either true or false ; and, if you should find it *to be true*, be not foolishly discouraged by the appearance of a few difficulties, real or imaginary, in the mere *plan* which I have laid before you, with reference to the practical application of this great principle to society. If *my plan* be not altogether to your mind, why then set each of yourselves to work either to mend it, or to construct a new one altogether ; and we shall then be enabled to see which of the many that may come forth may promise to be the best. But whilst it would clearly be a mere waste of time to trouble yourselves about any plan of exchange at all, if the principle upon which it is proposed to found it be a delusion, commit not the palpable error of *rejecting a sound principle*, merely because you may not chance to agree with the promulgator thereof upon a few *mere matters of detail*, of no real importance whatsoever.

I have not, however, thus diverged into the general question of principle, for the mere purpose of evading the particular question with which we started, having reference to a part of the *plan of exchange* which I have also submitted to you.

So far, indeed, from desiring to blink any such question, I have great confidence in the efficiency of

the *plans* I have promulgated, as well as in their principle. They are the result of many years' consideration and study: and of this, at least, I am quite sure, that if any valid argument *can* be opposed to them by any party, I have yet to hear it for the first time.

The specific answer, then, to the inquiry about the security of the standard-banker against the sort of imposition to which I referred some minutes since, was given explicitly in my Fourth Lecture, in which I stated that "England, Scotland, and Ireland, accommodated with the banking system for the establishment of which I contend, would be just three market-places containing every description of heritable and moveable property for sale upon this principle:—

"The master of the market-place, that is to say, the standard-banker, says to the public,—'Bring here into my market-place whatsoever you may have to sell, and I will pay you down the money-value of all your property, heritable and moveable, at your own price; my *only* conditions being, that whenever the said property may be *taken out* of my jurisdiction, the full amount of my advances upon it must be repaid, for which I require you to give me security *before* the said property can be admitted, as also that eventually it shall, on these terms, be removed. But the onus of selling, that is to say, of *exchanging* your respective products and property, *must rest entirely with yourselves.*'"

What conceivable motive, then, could a man, in these circumstances, have for putting a double price upon his goods, seeing, that to do so would

merely have the effect of terminating the existence of his own business, without affecting the standard-bank at all? If the price of his goods, hats, for example, be twenty shillings each, whilst the equally good hats of other dealers be offered for ten shillings, how is he to sell them? or what motive could he have, in short, for putting one fraction of higher value on his goods, in his transactions with the standard-bank, than in his transactions with his own customers? It is quite clear that he could have none whatever. The bank held, from the very *outset*, security for the safety of all its transactions with him to a certain *maximum* amount mutually agreed on, which security he was obliged to give previously to the admission of his name into the bank books. Supposing, therefore, this maximum to be £1000, and that he should think proper to value one solitary hat at the sum of £1000, this act of folly would not inflict any injury on the bank. As, however, in this case the hat-maker would certainly not be able to *sell* his hat, the bank would at once discover that he was doing no business, and consequently, his motive for opening a cash account being obviously a *fictitious* one, the said account would be forthwith terminated, by the hat-maker, or his securities, being instantly called upon to refund the bank advances to the last farthing.

In the case of heritable property, indeed, it would be necessary so to frame the bye-laws of the bank, as to prevent the practice of an evasion, namely, that of borrowing money from the standard-bank upon the *pretence* of desiring to sell property; too high a price being in this case *intentionally* put upon the

property, for the very purpose of *preventing* the sale of it at all. But to guard against evasions of this kind would not be difficult, anticipated as they would be *before* the law relating to the standard-banks should be framed at all. And, if it be merely reiterated that, put this law into whatsoever shape you will, some persons will yet try to evade it,—I reply, that if this objection were good for anything, it would be valid against a third or fourth part of all the laws relating to property on the existing statute-book : in which case, we must just come to the conclusion, that mankind are such an inveterate set of rogues, that it is utterly impossible to make laws by which to bind them.—So far as society in general is concerned, this, however, is *not* the fact.

Having disposed, then, of the only two marked peculiarities in the monetary system I have endeavoured to explain to you, there seems to be little or nothing on which at present to offer any farther comment.

I should be wanting, however, in gratitude, if I did not embrace this opportunity of thanking you for the kind and patient attention with which you have been pleased to favour me, throughout the rather unusually long series of eight lectures, upon a very unpopular subject. It was, I know, prognosticated that these lectures would fail to attract audiences. The result has been so far otherwise, that the audiences have certainly been larger than I either anticipated they would have been, or than I had any reason to expect ; the more especially when the disadvantageous situation in which I found myself was considered, in consequence of having immediately to

follow in this room a lecturer of both European and Transatlantic celebrity.*

But *my* purpose, at least, has been answered. I have, in short, through your kindness, been enabled to continue the performance of a task, which I commenced many years ago, and which I shall most assuredly relinquish only when I may no longer be able to labour either at this work, or at any other.

These lectures, such as they are, have not yet fulfilled their destiny : the principle of exchange for the recognition of which I have contended, is either true or false, and, as such, depend upon it, I will devise means which shall ensure one of two consequences : either that principle shall be *refuted*, or it shall be *obeyed, and that by the British nation*.

In furtherance of which resolve, I purpose, with as little delay as may be convenient, to print and publish the statements I have made to you ; to send a copy of them to a select number of the members of the Upper House of Parliament, *and to every member of the House of Commons*. I shall send a copy also to each of, at least, five hundred conductors of the public press throughout the kingdom. And, by means of a competition, already explained, I shall still farther endeavour to compel, as it were, a discussion of this important subject.

Which being done, one of two things will happen, and that pretty nearly as certainly as that here we are assembled, and these are—

I. Either, the principle of exchange for which

* Mr. Ralph Waldo Emerson.

I contend will be shown, by some party or other, to be *a fallacy*,—in which case I here faithfully pledge myself to admit as publicly that I have been in error, as I now assert the reverse ;

II. Or else, the principle of exchange I advocate *will be established in practice* ; and that, even though rejected for a time by the Minister of State, ever too wise to take a lesson from the humble ; though rejected for a time by the members of the Lower House, ever too indifferent to attend to subjects originating out of doors ; and even though retarded by the lethargy, blindness, and indifference of the public mind itself.

One party, at least, there is, who will *not* be indifferent to the truths I have laid before you, if truths they shall prove to be. That party is the *working man* : and with that man's present condition before his eyes, throughout the whole of Europe, let the Minister of State himself think twice before he shall determine to reject a proposition of vast importance to the interest of *every working man* in existence. I, as many, perhaps all of you, here present are well aware, have never sought, and am never likely to seek, 'the bubble reputation,' by proffering my services to bands of clamorous declaimers against our public institutions, whose motto ever seems to be—*Whatever is is wrong*. But the importance of the principle of exchange which I have explained to you, is such as imperatively to demand the attention of the legislature ; and if legislators shall continue, as hitherto, obstinately to turn a

deaf ear to all remonstrances upon the subject of monetary reform, why then let them forthwith assume their proper place in the ranks, along with the Chartists of England, and the Revolutionists of Ireland, between whose conduct and their own the future historian will relate, and truly, there existed no practical difference. If Mitchell, the transported, was a revolutionist, so is Sir Robert Peel; if Ernest Jones is a revolutionist, so is Mr. Jones Lloyd; if the Editor of the *Irish Felon* is a revolutionist, so also is the Editor of the *London Times*. Alike are all these gentlemen as peas in a pod, and between them there is not a pin to choose. The *tendency* of their conduct is the same in every instance—that tendency being to goad on the working classes to the commission of acts of desperation and violence: the only difference between the two parties being, that the one add *guilty intention* to their other sins, whilst the other, harmless in thought as doves, perform their part with the eyes of their understanding hermetically sealed. The one party, in short, are wide awake, the other fast asleep and dreaming.

There is no *intermediate* view of this subject. Production is or is not *the natural* Cause of Demand. Production is or is not *now* the Cause of Demand. Production, *if naturally* the Cause of Demand, *but not so at the present time, may or may not be so rendered henceforth and for ever.*

And these questions, in the answers to which the comfort and happiness of the entire human race are involved, seem never for one moment to occupy the thoughts either of our legislators, of our public press, or even of any considerable portion of the mercantile

community itself. It is not, however, the less true, that herein is involved *also* the answer to the question—whether or not we really possess *the ability* to carry into effect the many *other* desirable objects so strenuously contended for by the various sections of the political society ; such as the advancement of education, promotion of the public health, of improved lodgings for the poor, restricted hours of toil, and many others.

Look to it, then, and that quickly ! See whether I be right or wrong in the assertions I have made ; and if I be right,—Is it not the fact that ninety-nine hundredths of our legislators and public men of all denominations stand at this moment convicted of the most deplorable ignorance of one of the first principles of human society ? *of the principle*, in short, on which, and on which alone, the *permanent* prosperity of nations can, by any possibility, be founded ?

I say *they do stand thus convicted*, and that from the Prime Minister of these realms,—who fritters away his time and energies in scraping together, by all sorts of frivolous shifts and contrivances, fifty millions or so per annum for the service of the State, whilst he very coolly allows the country to be taxed, to the amount of one hundred millions a-year more, for the service of nobody—down to the raving radical who, by destroying individual property, would sap the foundation of every thing in this world worthy of the name respectable, or deserving of the attainment of rational men.

Examine then, I pray you, this great subject : the task of doing so will prove to be a far less difficult one than you imagine. Read, with the care and at-

tention it deserves, the little work entitled "Mill's Elements of Political Economy," and, after it, every sentence that Mr. M'Culloch has also written upon the subject of Supply and Demand. Then go carefully over the Wealth of Nations, or even over the first volume of it only : and if you will but study these works as they deserve to be studied, *with reference to the subject of these lectures*, you will not find it the easiest task in the world *to reject* the particular doctrine, for the establishment of which, in the public mind, I will never cease to labour, until I shall either have enforced its reception, proved it to be a fallacy, or taken leave at once of the subject and of my earthly existence.

END OF THE LECTURES.



APPENDIX.



APPENDIX.

The Social System—Early offer of a Copy of these Lectures to the Provisional Government of France—Unaccepted Challenge to the *Times* to discuss the Monetary Question for the sum of Five Hundred Guineas—Terms and Conditions of a Prize Argument on the subject of Money, for the sum of One Hundred Guineas—A List of the Parties to each of whom a Copy of this Work will be Presented by the Author, immediately on its publication.

“ THE SOCIAL SYSTEM.”

THE reader musingly—“ ‘Lectures on the Nature and Use of Money, by John Gray, Author of the Social System ; a Treatise on the Principle of Exchange !’—Why, what does this language mean?—There is nothing here about the Social System—Socialism, or any thing of the kind ! The book seems, in short, from the beginning to the end, to be pretty closely confined to an attack upon the monetary system of society, and to an exposition of another monetary system, for the establishment of which, the Author very earnestly contends ? But what then means this, ‘ Author of the Social System ? ’ ”

Gentle reader, I will tell you :—Inundated as was this country many years ago with projects for the establishment of co-operative communities, hives for wingless bees, and the like, I gave my very earnest attention to the

consideration of these projects, and that for a considerable time; the result being to perfectly satisfy myself of the injustice, impracticability, and, in a word, futility, of all such combinations. But being in the possession of an advantage, not altogether common to theorists in general—I mean that of a thorough knowledge of the practical business of human life—I had little difficulty either in pursuing my inquiries into the causes of commercial distress, or in tracing the troubled stream of commercial difficulty to its original source, which is,—*The dependence of Production on Demand*. And hence it became at once obvious to my mind, that the great monetary error of society consisted not so much in this or that defective form of mere banking, *but in the very principle of exchange itself*; pervading which there is an error of the most fatal character. I saw, indeed, twenty years ago, as clearly as I see now, that whilst production *ever should have been* the cause of demand, it is the effect of it.

The strength of this conviction in my own mind so far back as the year 1831, will be sufficiently exemplified by the following quotation from the sixteenth page of my *Social System*:—

“ The specific object of this work is, to state, to prove, to exemplify, and to endeavour to call the attention of the public to the important fact, that it would be by no means difficult to place the commercial affairs of society upon such a footing, that production would become the uniform and never-failing cause of demand: or, in other words, *that to sell goods for money*, without any limit or restriction as respects quantity or value, but not without regulation as to kind, may be rendered, at all times, precisely as easy *as it now is to buy them with money*.”

In addition to which, the reader is requested, before he

goes any farther, to reperuse another quotation from the same work, which he will find in the tenth and eleventh pages of the present volume.

Presuming which pages to have been looked over, the reader will be quite prepared to admit, that a mind not naturally indolent, impressed with convictions such as these, could hardly fail to endeavour to follow them out ; and hence the origin of my *Social System*—a work which, I venture to foretell, will be referred to by writers on Political Economy yet unborn, *as one of the earliest in which the true principle of exchange was clearly and distinctly defined.*

“ But why,” reiterates the reader, “ did you call your book the Social System ?” To which I answer, Why not ? A more appropriate name for such a book it would not have been easy to find, seeing that it treated of a commercial system for society, founded upon the basis of a national capital. But what followed ? Why, *not previously*, but a few years *subsequently* to the publication of my *Social System*, the words, “ Social, Socialist, and Socialism,” found their way into the stock-terms of every Journalist and Periodical writer in the English language, along with very pretty meanings attached to them, such as, “ Advocate for a community of things in general, and of wives and children in particular,” together with “ Equal distribution to the lazy and the laborious ;” whilst the public duty of private accumulation was “ Henceforth to be esteemed a sin against society !”

No such meanings as these, however, so far as I am aware, or ever heard of, were attached to the word “ Social,” previously to the date of my first work above mentioned, which was published by Longman & Co., London, and William Tait, Edinburgh, in 1831.

In farther proof of which, it may here be stated, that in the year 1844, a book was published by Longmans, entitled, "*An outline of the various Social Systems and Communities which have been founded on the principle of Co-operation ; with an Introductory Essay, by the Author of the Philosophy of Necessity.*" Now, in this work, my Social System certainly has the questionable honour of being named, but that is all ; criticism on it there is none whatever. And very properly was it thus passed over, because although bearing this *now* objectionable name, the work was, in fact, "*A Treatise on the Principle of Exchange,*" which sub-title it bore upon its title-page.

I submit, however, that, divested of *the new meaning* which was given to it subsequently to the period I have mentioned, the word *Social* * is perhaps one of the best words that could be selected, as the adjective title of a work upon the Causes of and Remedies for the evils of society ; and that, divested also of the absurdities which are now connected with the word social, there could hardly be a more appropriate title for a work upon society than "The Social System."

Since the period, however, to which I refer, my leisure hours have been much occupied in the endeavour to ascertain *by what less intricate process* than that which I first pointed out, the great principle of Production the Cause of Demand might be brought into practical existence, instead of remaining a dead letter and a fallacy in the books of the Political Economists. Hence the publication of my "*Efficient Remedy for the Distress of Nations*" in 1842, in which the true principle of exchange was again demon-

* Mr. Robert Owen's favourite terms, it will be well remembered, were *not Social or Socialist, but "Co-operative, Co-operation, Community,"* &c.

strated ; but still, as I afterwards saw, in a far too complicated form : hence therefore my continued study of the subject, resulting in this present work, in which I have endeavoured to place the entire monetary system of society in a totally different, and I trust much clearer point of view than any other in which the public have ever been previously requested to examine it.

This work, which I have no more doubt than I have of my own existence, is destined very considerably to aid in revolutionizing the monetary systems of Europe, I shall at once place in the hands of the public, by the gratuitous distribution of about twelve hundred copies ; the entire edition printed consisting of two thousand copies ; risking also, in addition to the cost thereof, a farther sum of a hundred guineas, by the plan which I have adopted *to enforce*, if possible, a public discussion of the subject : and these things I do perhaps at a cost which my own pecuniary means will scarcely justify.

But what have we to do with considerations *of cost* in a case like this ? What is human wealth ? Weigh it, ye who value it the most, in the decline of life, in the hour of sickness, or on the couch of death, in the opposite scale with the reflection that—Whilst health, and strength, and mental vigour were mine own, I strove to perform my duty to the society in which I lived.

OFFER OF THESE LECTURES

TO THE PROVISIONAL GOVERNMENT OF FRANCE.

(*Referred to on page 247.*)

If there existed not the most indubitable evidence that nearly all these Lectures were written previously to the commencement of the French Revolution of February,

and that the first of them was actually delivered before a pretty numerous audience in the Queen-Street Hall, Edinburgh, on the momentous twenty-second of that month, I might be very fairly suspected of having prepared them *on speculation* for the French market. As the infallible *Times*, however, saw not the slightest prospect of any serious outbreak in France, in that eventful month *until after it took place*, and not being myself in possession of the faculty of clairvoyance, I must necessarily stand acquitted of any such design upon the French purse.

Subsequently, however, when the Provisional Government might have been fairly supposed to be open to the favourable reception of such a communication, I addressed a letter in the following terms to Monsieur Armand Marrast, but to which communication I received not any reply. And although I subsequently received from more than one party an offer of introduction to Mons. Marrast, as also to some other Members of the Provisional Government, I declined to accept them, and indeed returned one letter of introduction which was sent me by a well-known author and medical gentleman, long resident in Belfast. I considered, in short, the letter which follows, to Mons. Marrast, *to be a sufficient overture* on my part, and I had no notion of pressing on him my services to the point of intrusion:—

“Monsieur ARMAND MARRAST, Member of the Provisional Government of France.—EDINBURGH, MARCH 6, 1848.—SIR,—When *motives* are pretty nearly balanced, the merest trifles are apt to determine our conduct: to apply the observation:—

“For several days past *I had* half-determined to address the Provisional Government of France upon a subject of

vital importance to the interest of the newly formed, or rather forming Government, when the post brought me the enclosed letter from an English engineer, now resident in Ireland, but who for many years resided in Birmingham ; and, whilst there, was in frequent communication with the advocates of *Monetary Reform*—so numerous and influential in that large manufacturing town and district.

“ Before proceeding, then, to read this letter farther, do me the favour *here* to read Mr. Pare’s letter, already mentioned.*

“ Now, overwhelmed as you will doubtless be at this time with projects and proposals from parties innumerable, both French and foreign, it is not improbable that you

* “ SEVILLE WORKS, DUBLIN.—MARCH 2, 1848.—MY DEAR SIR,—I am strongly impressed with the idea that the events of the past week have created an opportunity for you to be of immense service to France, and through her to the entire world.

“ If one fact is more evident than another, it is that there is an universal expectation apparent alike to the minds of the people, the journalists, both French and English, and the new Government, that there must be an entire reorganization of industry. The Government has already decreed that there shall be national workshops, and that all the work-people shall be fully employed at adequate remuneration. Now, if they are to succeed in this they must have an entire remodelling of the Commercial and Monetary systems. Well, then, my dear Sir, do you believe that it is ever likely in our lifetime that such a splendid opportunity will present itself for setting in motion *A Rational System of Money*? If you think so let me implore you to seize it without a moment’s delay. At any rate, instantly place yourself in communication with the Provisional Government, personally, if possible, for my belief is, that if you can once secure their confidence and their ear, you will be enabled to chalk out a plan which may be immediately adopted in practice, and which would relieve them of three-fourths of all their difficulties.

“ I have thought over this matter for the last forty-eight hours, and cannot dismiss from my mind its great importance. Had I studied and mastered the subject as you have done, no earthly consideration should prevent me at once answering, what would appear to me, to be an imperative and stern call of duty. If possible oblige me with a line to appease my anxiety on this subject, and believe me, my dear Sir—yours most truly—

John Gray, Esq. Edinburgh.

WILLIAM PARE.”

cannot either personally, or by means of the assistance of any competent substitute, give attention to the proposal I have to make to you; and if so, oblige me by saying so. But if, on the contrary, *you can* place this communication in the hands of any party able and inclined to give attention to it, you have only to instruct me to that effect, to command any little service which it may be within my power to render you.

“The Provisional Government, then, has “*engaged to find employment for the working classes.*” But how will you effect this great object? Are your plans already fixed upon, or are you open to receive advice upon the subject? If the former be the case, put this letter upon the fire-back; but if the latter, let me crave your attention for a few minutes to what I have now to say:—

“The *London Times*, affirms that you cannot find employment for the working classes; that employment depends upon the operation of laws over which you have no control, and so on: in which opinion the Editor is joined by large numbers of the public Press.

“Falsely, however, do they make this assertion. You *can* devise means to furnish employment for every man in France, and that *profitable* employment too, if you only know *how* to set about the performance of the task.

“With this rather tedious preface, then, I beg to introduce the immediate object of this communication, which is to state:—

“I. That I am at present engaged in delivering a series of Lectures in this city, ‘*On the Nature, Use, and Proper Qualities of Money,*’ the last of which is to be given on the 16th instant.—See copy of the syllabus inclosed.

“II. That within about three months after these Lectures shall have been concluded, I purpose to publish

them, and to send a copy thereof to every Member of our House of Commons, as also to the Editors of at least five hundred of the principal Newspapers and Reviews in the United Kingdom.

“ III. But, if from a perusal of the enclosed syllabus, you should deem *an immediate copy* of the Lectures to be of any probable use to the Provisional Government of France, I shall have much pleasure in preparing one for the purpose, with the least possible delay, say within three weeks at the most, after the receipt of your reply.

“ Then, in the event of this offer being accepted by you, I stipulate:—

“ I. That the copy of Lectures to be immediately prepared for you, shall be considered *so far private*, that you will not allow any copy thereof to be taken or published in France without my consent. *I wish, in fact, carefully to revise the whole before publishing them at all, either in England or in France.*

“ And, II. The remuneration I ask of you is—To believe me when I state, that so far from the hostile feeling, which is too frequently exhibited in France against this country, being at all reciprocated by us, there are, I am persuaded, *no persons* in this country, *or next to none*, who would not in the like circumstances in which I am at present placed, freely tender, as I do now, the offer of their services to you without the most remote intention or desire to profit by them individually to the amount of a farthing.

“ Should you then deem my proposition worthy of your attention, please to let me hear from you without delay. I will then use my utmost diligence in preparing and forwarding a copy of my Lectures ; and a sufficient time having been allowed to elapse, for their careful examination by

such person or persons as you may appoint to examine them, I shall *then*, if you should think it worth while, have much pleasure in waiting on you *personally*, for the purpose of answering any inquiry, or of giving any farther explanation of the subject which may seem to be required.—I have the honour to be, Sir, your most obedient humble servant. JOHN GRAY, Managing Partner of the firm of J. & J. GRAY, Proprietors of the North British Advertiser.”

As already mentioned, to this communication no answer was ever received. It would be childish, however, to suppose that the acceptance of my plans, added to their promised adoption, would have had the effect of preventing the storm of June. *Instant provision* for the hungry mouths of a hundred thousand people, and these for the most part of violent and desperate character, could alone have prevented the fearful transactions of that dreadful month. But perfectly certain I am, that if the present government of France shall not avail themselves of the opportunity now so entirely their own, for the speedy introduction of a thoroughly reformed banking system, having for its basis Production the cause of Demand, they may do *whatever else they please*, but evil will still come of it.

It is utterly impossible for me to offer my personal services to France in this matter, without a total sacrifice of other duties, obligations, and engagements, which I would not on any terms be inclined to make; but I trust that there are plenty of mercantile men in Paris, who will at once both see and appreciate the soundness of my views, and be able also to put them into working form. Let them, however, beware of attempting to set on foot any such Banking system as is here con-

templated, *until they shall have most thoroughly arranged their plan and details*—the slightest defect in which, like one false wheel in a piece of machinery, would be liable to derange the whole work.

CHALLENGE TO “THE TIMES.”

(Referred to in page 64.)

During the year 1847 there was a great deal of discussion in the newspapers on the subject of the Currency, *The Times*, of course, taking, in its own estimation, ‘*the lead*’ in the affray. I am not in the habit either of writing for or in any newspaper, excepting occasionally in connexion with my own business, but in consequence of the many absurd as well as ungenerous comments which I noticed in *The Times*, on the proceedings of the Anti-gold law league in London, I addressed the Editor on the subject on the 5th October 1847, in the terms which follow:—

“THE CURRENCY QUESTION.—Prize Argument for one hundred guineas and more.—To the Editor of *The Times*. SIR,—So many and various are the forms in which your numerous correspondents are accustomed to acknowledge the brilliancy of your talents, the straightforward honesty of your motives, and the uncompromising fearlessness of your writings upon whatsoever subject may engage your pen, that it would perhaps be difficult to find a new shape in which to reiterate the same sentiments. And yet, when I tell you that, although in the course of my ordinary avocations, I receive at least a score of London and provincial Newspapers a-week, of which number I peruse with any thing like regularity *but one*, that one being *The Times*, I pay you at least the highest compliment that it is within my power to offer.

“ It is with some feeling of regret, therefore, that I observe the sarcastic character of your observations on the Anti-gold law league party: I refer to your leading article on the subject in your paper of the first of this month.

“ I am not a member of the Anti-gold law league; but I entertain certain opinions upon the subject of Money, with which your article of the first instant is, in some respects, as completely at variance as it is with those against which it was more especially directed.

“ Now, judging from the fairness which you usually exhibit in such matters, if I were to write even a long article in reply to such of your opinions as I think I could refute, you would probably give it a place in your columns. And, if so, what then? Why just this: *The Times* says one thing, and some obscure and unheard-of *Correspondent of The Times*, who is favoured with space in *The Times* for the purpose, says another thing. Would, in this case, *equal strength of argument have equal influence on the public mind?* Assuredly it would not! The mere *ipse dixit* of a great man—although great men are nearly as often wrong upon certain points as small ones—or of a great authority like that of *The Times*, has ever been accustomed to prove, for a time at least, an over-match for the most conclusive arguments, and even for demonstration itself, when merely placed side by side in the columns of a newspaper. And most especially is this true with reference to such matters as the Currency; a subject which nobody seems fully to comprehend, and about which nine-tenths of the public will freely tell you in so many words, that they really know little or nothing about it. What, therefore, would be the use of any No-authority Man writing in your paper *against yourself* upon such a subject as this?

“ Again, how is it possible for any one to convey his opinions, with any considerable degree of fulness or fairness, upon the subject of Currency, within the space of one, or even two or three, newspaper articles, however liberally the same might be admitted into your columns? It is not possible.

“ I decline, therefore, to meet you, even though you should be inclined to allow me, on this most unequal ground. But if in this question—as in most others I am well convinced it is—it be your real object to arrive at *truth*, even though the attainment thereof should oblige you, in certain particulars, to retract your own opinions, I shall now endeavour to afford you an opportunity, by means of which I think it not improbable that we may be able to arrive at truth; or, failing that, at least to obtain a little further knowledge of a subject in which, if we may judge from the recent disquisitions of the public press, a large proportion of the mercantile classes seems just now inclined to take an especial interest.

“ Thus, then, does a humble, and politically speaking, wholly unknown individual, venture to throw down the gauntlet to the Editor of *The Times*, and through him to *every advocate for a golden standard of value in the three kingdoms*.

“ *It is just sixteen years ago*—at which time, if I remember correctly, not *Monetary, but Parliamentary Reform*, was to be the great panacea for nearly all the evils that flesh is heir to—when monetary reform was apparently little thought of, and when the voice of any Anti-gold law league had as yet been unheard at Anderton’s—that I printed and published the following assertion, which assertion, I still maintain, contains *a truth*, to the recognition of which mankind in general—in this country at

least—are just now beginning to open their eyes for the first time since England was a nation:—

“ ‘ Exchange, therefore, may be denominated the bond and principle of society ; but it is a matter of legitimate inquiry, whether the existing plan of exchange be a good one ; whether it be founded in right principles ; and whether it be calculated to confer upon us all the benefits which the present advanced state of human knowledge and resource entitles us to look for and expect ?

“ ‘ And these questions I answer with an unequivocal and emphatic—*No*. It is our system of exchange which forms the hiding-place of that giant of mischief which bestrides the civilized world, rewarding industry with starvation, exertion with disappointment, and the best efforts of our rulers to do good, with perplexity, dismay, and failure ; and it is our system of exchange which has produced the worse than Babylonian confusion in the ideas of men upon the subject of their collective interests.

“ ‘ Give us—and we have it now within our grasp—parliamentary reform—give us universal suffrage, annual parliaments, vote by ballot, free trade, an acquittal of the public debt, freedom from all taxes, a repeal of the Union, and every other thing upon which the public has ever yet rested its disappointed hopes—and *still* shall this demon of commercial error hold our prosperity in his iron grasp, and smile upon our ignorance and folly, as he shall see our burdens, as we call them, one by one removed, whilst we continue to sink deeper and deeper still into the Slough of Despond, under the invisible but enormous weight that is oppressing us.’

“ In 1842 I repeated the same language, and sent a copy of the work that contained it to upwards of five hundred of the principal reviews, magazines, and newspapers,

throughout the kingdom, *a b c* fashion, just as I found their names in a then recently published list of such works, and without the slightest selection or regard to their party or politics. But, if I except a few rather remarkable instances to the contrary, this work, as well as the former one—which it is not the object of this letter to advertise—fell amongst the public like lead into the sea ; and by the publication of the two I had the happiness of losing some £250. Nothing daunted, however, here I am again, in 1847, singing the same song to the self-same words, now for the first time admitted into the columns of [*read, refused insertion by*] *The Times* newspaper ; whilst an ill-trained, uninstructed, and blundering chorus to the same tune is now faintly *but distinctly* heard to resound from one end of the kingdom to the other.

“ It may be asked, however,—What can I expect to do *now* more than I have already done, seeing that my opinions as to the especial *cause* of commercial misfortune and general distress and difficulty remain precisely what they were before ?

“ The answer is obvious : *The times themselves have changed*—the people of to-day are not the people we had to deal with on this subject *sixteen* years ago, or even *five* years ago ; and, moreover, I am now prepared to demonstrate a mode of operation a thousand times less complicated than any which I could see before, in carrying a Free System of Exchange into operation.

“ But, to the end and purpose of this letter, which is to say, that, having been engaged by the Directors of the Edinburgh Philosophical Institution to deliver ‘ Eight Lectures on the Nature, Use, and Proper Qualities of Money : what money is, and what it should be : a subject which necessarily includes a brief review of the General

Principles of Political Economy, in February and March next,' I hereby offer the sum of *One hundred guineas* to any man who shall be able to produce *the best refutation of and to refute*, the main argument which I shall then and there repeat ; namely, that it is to the Reconstruction of our Monetary System, and to this only, that we must look for any great and general improvement in the condition of the productive and mercantile classes of society. I affirm that our Monetary system is false in principle ; that it is root and branch a system of error ; that it is utterly destructive of the interests of society ; and that it will ever be quite impossible materially to improve our social condition and prospects generally, until our monetary system shall be erected upon a foundation *totally different in character* from that on which it at present rests.

“ The terms and conditions of the competition to be as follows :”—

Here followed the terms and conditions, which were substantially the same as those which are stated in the three hundred and second, and following pages hereof ; and then my letter in *The Times* concluded as follows :—

“ Thus, upon this plan of competition, the Arbiters would have but *three* papers to examine ; whilst in the case of the Atlas Prize-Essay, on the Causes of, and Remedies for, the Distresses of the Country, the Adjudicators had the effusions of no less than one hundred and fifty-eight competitors to go over.

“ And now, Sir, if you have really all the confidence you profess in your *golden* standard of value, *show it* by publishing this challenge in an early number of your valuable and—on the present subject—too influential paper ; as also by accepting the very small share of trouble which would devolve upon yourself as banker, *pro tempore*, for

the competitors, and nominator of the *golden* judge of the argument.

“ And in case you have not any competent judge of the subject at this moment in your mind’s eye—What think you of the sapient author of the celebrated ‘ *Fire-light*’ article ‘ *On the Instrument of Exchange*,’ which appeared in the first number of the *Westminster Review*?—unless, indeed, he should prefer to try his hand at a wee bit refutation himself.

“ In conclusion, I have only to add, that as I am an entire stranger to you, the Bank of Scotland will satisfy you as to my ability to perform the pecuniary part of the above engagement.—I am, Sir, your constant reader, and most obedient humble Servant.” Signed, &c.

Of this communication the Editor of *The Times* took not the smallest notice, for which, no doubt, he had sufficient reason. But as there was an apparent want of candour in his satirizing upon every possible occasion the Anti-gold law league, without allowing the other side of the question any hearing at all, I subsequently published the foregoing letter to *The Times*, together with a few remarks thereon, in the shape of a small pamphlet, which I sent by post to every newspaper in the kingdom, and then caused the insertion of the following advertisement in upwards of a hundred newspapers:—

“ THE CURRENCY QUESTION.—The confidence of *The Times* in its own monetary doctrines exemplified by its refusal to give publicity to a free offer of the sum of one hundred guineas to any man who may be able to maintain their validity before a competent and impartial tribunal. This day is published by Adam and Charles Black, Edinburgh; Longman and Co., London; and all booksellers; a Rejected Letter to the Editor of *The Times* on the subject

of the Currency ; to which is added a Challenge to *The Times* to discuss the subject for the sum of five hundred guineas."

This *Challenge, addressed to The Times itself*, to discuss the subject of money—as distinguished from my offer of a *Premium* for the best reply to and refutation of my own arguments against the existing monetary system—was given in the said pamphlet in these terms :—

After alluding to a not very celebrated writer on our monetary system, who had recently been lucubrating on the subject in Edinburgh, and of whom I asserted that it would be but child's play to make mincemeat, I continued :—
 " No one, however, would say *thank you* for my pains, neither would any advantage be gained by the immolation. But bring the proud, haughty, and dictatorial *Times* before a tribunal of competent, honourable, and impartial men ; obtain a verdict against *him*, and publish it, *along with every word of the pleadings on both sides of the question*, so that every man may be enabled to judge for himself of the justice of the decision, and *then* a battle worth the fighting will have been fought and won—the instantaneous effect of which would be to concentrate the intellectual power of England upon the consideration of *The nature, use, and proper qualities of money.*

" My offer of a *premium* to any man who may be able to refute my arguments against a golden standard of value may, however, be too liberal. *The Times* would probably disdain to allow his name to be mixed up with so unfair, so unequal a contest.

" If so, put it into another shape. The Editor of *The Times* has a hundred-fold my learning, a hundred-times my talent. I could as readily undertake, with any chance of success, to compete, in their own department, with a

Sir Isaac Newton or a Sir Walter Scott, as to edit *The Times* newspaper. But, so far as regards the knowledge of this one subject—*money, I acknowledge no superior, either in the establishment of 'The Times' or out of it.* I deny that the Editor of that paper, so far as shown by his writings, *has ever made himself acquainted with even the first principles of a sound monetary system.* This he will deny. Let us then *try the question* in the manner already proposed; but instead of a *premium* on the one side, and *nothing* on the other, let the contest be for *five hundred guineas*, that is to say, for two hundred and fifty guineas a side.

“I now publicly challenge *The Times* to discuss the question for this sum of money; the terms and conditions of the competition being as per my *rejected letter* to himself, only that *his own refutation*, or any one that he can *produce*—and it may be written by a committee of bullionists if he likes—shall come in room and place of one *selected* from the effusions of a number of competitors; the other offer being withdrawn until I shall receive his reply.

“As already mentioned, I am not a member of any Anti-gold law league, or of any other league. I take no active part in politics, attend no political meetings, or almost none; and, indeed, for many years past have not even taken the trouble to record my vote at any election of a member of Parliament. Nor have I the slightest inclination to deviate from this general rule of conduct, so long at least as I may continue to fill a situation in life the duties of which would seem to say ‘You should be a looker on in political matters rather than an active participator therein.’

“But *money is of no party*, or rather *it is of all parties*: it is the life-blood of trade, commerce, and manufactures,

and whosoever shall attempt to *place it* upon a sound basis will be exerting himself not for class, sect, party, or even country, but equally for queens and kings upon their thrones, and for the humblest inhabitant of their respective dominions ; as also for every gradation of society between these two extremes. For, so far as the present writer at least is concerned, he contemplates not the infliction of any act of injustice upon man, woman, or child, living or yet to live, either in this country or in any other, by the Monetary changes he would bring about ; and neither *could their adoption* be the cause of any.

“ I await *The Times*’ reply. If he accept my challenge to discuss the subject in manner proposed, then the previous offer of a free gift to any man who may be able to produce the best refutation of my arguments, and to refute them, is withdrawn. But if *The Times* shall decline the controversy, and thus write himself down *libeller—boaster—coward*, before the face of Europe, then and in that case I shall renew my previous offer of premium : for this important question *shall* be publicly discussed now *to its termination*, and that whether *The Times* will or will not that it should be so.”

A copy of the pamphlet from which these extracts are taken having been duly forwarded to the Editor of *The Times*, and, as already said, the pamphlet itself having been advertised in upwards of a hundred newspapers, but still without the effect of eliciting any answer from *The Times*, it became necessary to fix a period after which my challenge to discuss the subject must be withdrawn. Accordingly, on the 13th November 1847, I published the following advertisement in the *North British Advertiser*, and in some other papers, and sent a copy of the advertisement itself by post to the editor of *The Times* :—

“The Bullionists and their Champion! *The Times* and its Monetary Blunderings!—Be it recorded that, in consequence of the various Nicknames bestowed by *The Times* newspaper on the advocates of Monetary Reform, in consequence of the Boastings of that paper of its own superior knowledge of the subject of money—and in consequence of the Deplorable ignorance which it invariably displays whenever money is the subject of its pen,—I publicly challenged the said *Times* to discuss the said subject of Money ‘before a competent and impartial tribunal,’ for the sum of Five Hundred Guineas, through the medium of an advertisement several times repeated in this paper, and in fourteen London papers; which challenge has also been gratuitously copied by the editors of no less than seventy London, Dublin, Edinburgh, and Provincial Papers. But it suiteth not the tactics of *The Times* to accept of or even to notice, this public challenge; and why? Because ‘party,’ not ‘truth,’ is the motto of *The Times* upon the subject of the currency; and because *The Times*, conscious of its own weakness, is worldly-wise enough to avoid a trial of that weakness before a ‘competent and impartial tribunal,’ against the strength of truth. I now, therefore, *finally* repeat my challenge to *The Times*, as already advertised, and hold the same to be binding on me until the thirtieth day of this present month; after which day, provided it shall still be unaccepted, it will be withdrawn, in order to make room for another proposal.”

And the thirtieth day of the month came and passed away, but any notice of the foregoing advertisement by *The Times* newspaper came not at all.

I merely relate these circumstances now in the order of their occurrence: let every reader comment thereon

after his own fashion, and according to his own political creed, and notions of consistency.

PRIZE ARGUMENT FOR ONE HUNDRED GUINEAS.—THE PROPOSAL RENEWED.

With the view of endeavouring to stimulate, in however slight a degree, the existing spirit of inquiry into the validity of the Monetary System of this country, the Author of this Work hereby binds and obliges himself to pay the sum of One Hundred Guineas to whomsoever shall be able to produce the best reply to, and before a competent and impartial tribunal, to refute his arguments against the existing Monetary System, as contained in the foregoing pages; the terms and conditions of the competition to be as follows:—

First,—The specific opinion contended for in this work being that, speaking always of aggregates, proportionate production is the natural cause of effectual demand; that owing to the existence of an erroneous Monetary system, proportionate production is not the practical cause of effectual demand at the present time; and that proportionate production may at any time be rendered the practical cause of effectual demand, *ad infinitum*, and that merely by the adoption of a Monetary system founded on right principles—to entitle himself to the said hundred guineas, the competing essayist must refute this doctrine to the satisfaction of the arbiters after mentioned.

Secondly,—It being anticipated that this work will be published on or about the first week of August 1848, any person, without distinction of age, sex, country, or residence, who may feel inclined to compete for the prize, is at liberty to do so in the English language, by forwarding, postage free, his or her production, bearing some

real or fictitious signature on the last page thereof, and also on the outside cover, to Henry C. Baildon, Esq., No. 73, Princes Street, Edinburgh, along with the sum of one guinea, on or before December 31, present year; in addition to which, the address of the writer must also be given on the outside cover, to which address a receipt in each case for the guinea and argument will be duly forwarded by Mr. Baildon.

Thirdly,—On the outside cover of his essay, every competitor must also write the name and address of the Member of the House of Commons, *naming one only*, whom he himself would prefer to select what the said Honourable Member may consider to be the best reply to the doctrine aforesaid, from amongst the number of replies that may be received.

Fourthly,—Early in January 1849, a list of the signatures, together with the names of the proposed adjudicators, will be printed and sent to each of the essayists, when the Honourable Member having the most votes will be declared the adjudicator, if he will consent to accept of the office; but in the event of his not being prevailed on to do so, the parties nominating him shall select whomsoever else they please—the only condition being, that the person selected shall be at least equal in political status and repute to an average Member of the House of Commons.

Fifthly,—To the party thus elected, all the competing essays shall be forwarded by Mr. Baildon, unopened of course, whereof the adjudicator shall select the one which he may consider to contain *the best refutation of, or best attempt to refute* the Monetary Principle, for the establishment of which I have contended.

Sixthly,—All the other Essays shall be returned to Mr. Baildon, by whom they will be sent to their respective

authors, by post or otherwise ; *whilst the writer of the one elect* shall receive, in the first place, per order of the adjudicator, the amount of the guinea sweepstakes ; that is to say, as many guineas as there shall have been candidates for the small honour of refuting a poor advocate for the immediate establishment of a *paper* currency.

Seventhly,—On the best reply to my theory being selected in manner above mentioned, two copies thereof shall be handed to me by its author—either in print, the type not being smaller than that in which this page is printed, or else in a rather large, clear, and perfectly distinct hand-writing, *the contents of each page being exactly the same in both copies*,—and within six months* from the receipt of the said ‘best reply,’ I shall be bound either to answer it, or—by voluntarily paying the prize-money to its author—to admit my inability to do so.

Eighthly,—So soon as my answer shall be prepared, two Members of the Scottish bar—men accustomed to sift and judge of evidence—who shall, at the time of adjudication, be unpledged, by any public declaration or writing, to any *Monetary system*, or system of Political Economy whatsoever—shall be selected as Arbiters by the contending parties : that is to say, one by the author of the best reply to my lectures, and one by myself ; and these gentlemen, should they differ in opinion, shall appoint an umpire.

Ninthly,—In the hands of the Arbiters so elected—who are not to consider themselves as Advocates for the respective parties, but Judges of the case before them—shall be placed,—

* The Author's avocations render it quite impossible for him to *stipulate* for any shorter period, although most likely he will not *take* the half of it.

- I. A copy of these Lectures ;
- II. A copy of the selected reply to them ; and,
- III. A copy of my answer thereunto.

And, *without pledging themselves to any opinion whatever as to the point at issue*, if they, by a majority of their number, shall declare—*That upon view of the whole case I shall have had the worst of the argument*, then, to my opponent aforesaid, I will pay the sum of one hundred guineas, in addition to whatsoever number of guineas he may have previously received, in terms of the sixth article of this proposal ; whilst, on the other hand, should the Arbiters award the case in my favour, the defeated combatant shall pay me *nothing*.

Tenthly,—I shall, of course, retain the copyright of my own Lectures, and I stipulate also for the right, but not for the *exclusive* right, of publishing, *ad libitum*, either in whole or in part, the Prize Reply, and that whether I be beaten by the writer thereof or not.

Upon this plan of competition, the Arbiters will have *but three papers* to examine, and these consisting of but one continuous argument ; whilst, as already mentioned, in the case of the Atlas Prize-Essay, on the Causes of, and Remedies for, the Distress of the Country, the Arbiters had no less than one hundred and fifty-eight unconnected Essays to examine and to compare with each other.

And now ye men of *gold*—if there be any metal in you, which I greatly doubt—let us see what you are able to say for yourselves ! The pecuniary inducement I have offered you to discuss this subject, may for its own sake, as your name implies, be little worthy of your attention ; but surely there is a nobler object than mere self-interest, which invites to the trial of your mental strength upon this great subject. Look at the present state of Europe ! Is

it so peaceful, so happy, so perfectly at rest, that the Statesman's task is but a sinecure? Hath our neighbour France no claim upon us for our sympathy and for our best advice in this her fearful time of trial and of difficulty? And—to say nothing of the state of Ireland—found we not ourselves but yesterday in circumstances wherein preparation, as if for the reception of a Napoleon was deemed necessary, and actually carried into effect, even in the metropolis of this great country?—the anticipated foe no foreign invader, but of domestic parentage and nurture!—These considerations, and considerations such as these, surely ought to have the effect of awakening our dormant energies, and of teaching us to look a little deeper *into the causes* of the dangers by which we are surrounded, than is our custom.

But enough! at least for the present. The world will grow wiser as it becomes older, and the day will come when generations yet unborn shall think and speak of us as the young children of the nineteenth century, who—albeit very learned in sundry arts and sciences—were not sufficiently advanced in commercial knowledge either to be able to distinguish their own pecuniary interest in cases involving hundreds of millions of difference, or even to be aware that the natural limitation of human wealth is—The exhaustion either of the ability or of the inclination to create it.

A period of five years and upwards has now passed away since, at any length, I last put pen to paper on the subject of money; upon which occasion I commenced my book with an extract from the then last work of the now late Dr. Chalmers, "*On Political Economy in Connexion with the Moral State and Moral Prospects of Society.*"—I shall conclude this volume with the same quotation:—

“ May God of his infinite mercy grant, that whatever the coming changes in the state and history of these nations may be, they shall not be the result of a sweeping and headlong anarchy ; but rather, in the pacific march of improvement, may they anticipate this tremendous evil, and avert it from our borders. There is a general impression upon all spirits, that something must be done : but to be done well, it must not be by the hand of violence, but by the authority of legitimate power, under the guidance of principle, by a Government having both the wisdom and righteousness to direct, and the strength to execute.”—To which prayer, in all sincerity and earnestness, do I respond—AMEN.



A LIST OF THE PARTIES

TO EACH OF WHOM A COPY OF THIS WORK WILL BE PRESENTED
BY THE AUTHOR IMMEDIATELY ON ITS PUBLICATION.

MAY THEY PROFIT BY THE CONTENTS!

Those marked thus * were Members of the Secret Committee, on the causes
of the distress amongst the commercial classes, appointed December 3, 1847.

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The Right Hon. the Earl of Lauderdale, Thirlestane Castle, Lauder.

† The honour of his Royal Highness' acceptance of a copy of these Lectures
will be most respectfully solicited.

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LONDON DAILY PAPERS.

Daily News.	Morning Post.
Globe.	Public Ledger.
Morning Advertiser.	Standard.
Morning Chronicle.	Sun.
Morning Herald.	Times.

LONDON WEEKLY PAPERS.

Athenæum.	Mark Lane Express.
Atlas.	Mercantile Journal.
Bell's Life in London.	Merchant.
Bell's Weekly Messenger.	New Zealand Journal.
Bell's New Weekly Messenger.	News of the World.
Britannia.	Nonconformist.
Builder.	Northern Star.
Church and State Gazette.	Observer.
Circular to Bankers.	Punch.
Court Journal.	Railway Gazette.
Critic.	Railway Journal.
Economist.	Railway Record.
Era.	Railway Chronicle.
Examiner.	Railway Times.
Guardian.	Satirist.
Illustrated London News.	Spectator.
Inquirer.	Standard of Freedom.
Jerrold's Newspaper.	Sunday Times.
John Bull.	Tablet.
Journal of Commerce.	Universe.
Literary Gazette.	Watchman.
London Commercial Record.	Weekly Chronicle.
London Mercury.	Weekly Dispatch.
Lloyd's Newspaper.	Weekly Times.
Magnet.	Wesleyan.

ENGLISH COUNTRY PAPERS.

Banbury Guardian.	Birmingham Advertiser.
Bath Chronicle.	Birmingham Gazette.
Bath and Cheltenham Gazette.	Birmingham Journal.
Bath Herald.	Blackburn Standard.
Bath Journal.	Bolton Chronicle.
Bedford Mercury.	Bolton Free Press.
Bedford Times.	Boston Herald.
Berkshire Chronicle.	Bradford Gazette.
Berwick Advertiser.	Bradford Observer.
Berwick and Kelso Warder.	Bridgewater Times.

Brighton Gazette.	Derbyshire Courier.
Brighton Guardian.	Devizes Gazette.
Brighton Herald.	Devonport Independent.
Bristol Gazette.	Devonport Telegraph.
Bristol Journal.	Devonshire Chronicle.
Bristol Mercury.	Doncaster Chronicle.
Bristol Mirror.	Doncaster Gazette.
Bristol Times.	Dorset Chronicle.
Buck's Advertiser.	Dover Chronicle.
Buck's Chronicle.	Dover Telegraph.
Buck's Gazette.	Durham Advertiser.
Buck's Herald.	Durham Chronicle.
Bury Post.	Essex Herald.
Bury Herald.	Essex Standard.
Buxton Herald.	Exeter Flying Post.
Cambridge Advertiser.	Exeter Gazette.
Cambridge Chronicle.	Exeter Western Luminary.
Cambridge Independent.	Exeter Western Times.
Canterbury Journal.	Falmouth Packet.
Carlisle Journal.	Fleetwood Chronicle.
Carlisle Patriot.	Gateshead Observer.
Chelmsford Chronicle.	Gloucester Chronicle.
Cheltenham Chronicle.	Gloucester Journal.
Cheltenham Examiner.	Halifax Guardian.
Cheltenham Free Press.	Hampshire Advertiser.
Cheltenham Journal.	Hampshire Chronicle.
Cheltenham Looker-on.	Hampshire Guardian.
Chester Chronicle.	Hampshire Independent.
Chester Courant.	Hampshire Telegraph.
Cornwall Royal Gazette.	Harrowgate Advertiser.
Cornwall Weekly Times.	Hereford Journal.
County Chronicle.	Hereford Times.
County Herald.	Hertford County Press.
Coventry Herald.	Hertford Mercury.
Coventry Standard.	Hull Advertiser.
Cumberland Pacquet.	Hull Counties Herald.
Darlington Times.	Hull Packet.
Derby Mercury.	Ipswich Express.
Derby Reporter.	Ipswich Journal.
Derbyshire Advertiser.	Kendal Mercury.

Kent Herald.	Manchester Times.
Kentish Gazette.	Midland Counties Herald.
Kentish Independent.	Monmouthshire Beacon.
Kentish Mercury.	Monmouthshire Merlin.
Kentish Observer.	Newcastle Advertiser.
Lancaster Gazette.	Newcastle Chronicle.
Lancaster Guardian.	Newcastle Courant.
Leamington Courier.	Newcastle Guardian.
Leeds Intelligencer.	Newcastle Journal.
Leeds Mercury.	Norfolk Chronicle.
Leeds Times.	Norfolk News.
Leicester Advertiser.	North Devon Advertiser.
Leicester Chronicle.	North Devon Journal.
Leicester Journal.	Northampton Herald.
Leicester Mercury.	Northampton Mercury.
Lincoln Advertiser.	Norwich Mercury.
Lincoln Mercury.	Nottinghamshire Guardian.
Lincoln Standard.	Nottingham Journal.
Lincoln Times.	Nottingham Mercury.
Lincolnshire Chronicle.	Nottingham Review.
Liverpool Advertiser, Gore's.	Oxford Chronicle.
Liverpool Albion.	Oxford Journal.
Liverpool Chronicle.	Oxford Herald.
Liverpool Courier.	Penzance Gazette.
Liverpool Journal.	Plymouth Herald.
Liverpool Mail.	Plymouth Journal.
Liverpool Mercury.	Plymouth Times.
Liverpool Standard.	Poole and Dorset Herald.
Liverpool Weekly News.	Preston Chronicle.
Liverpool Times.	Preston Guardian.
Lynn Advertiser.	Preston Pilot.
Macclesfield Chronicle.	Reading Mercury.
Macclesfield Courier.	Rochester Gazette.
Maidstone Gazette.	Salisbury Herald.
Maidstone Journal.	Salisbury Journal.
Manchester Advertiser.	Scarborough Gazette.
Manchester Courier.	Scarborough Herald.
Manchester Examiner.	Sheffield Independent.
Manchester Express.	Sheffield Iris.
Manchester Guardian.	Sheffield Mercury.

Sheffield Times.
 Sherborne Journal.
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 Shrewsbury Chronicle.
 Shrewsbury Journal.
 Shropshire Conservative.
 Somerset County Gazette.
 Somerset County Herald.
 Staffordshire Advertiser.
 Staffordshire Mercury.
 Stockport Advertiser.
 Stockport Mercury.
 Suffolk Chronicle.
 Sunderland Herald.
 Sunderland Times.
 Surrey Gazette.
 Surrey Mercury.
 Surrey Standard.
 Sussex Advertiser.
 Sussex Express.
 Taunton Courier.
 Ten Towns Messenger.

Torquay Directory.
 Wakefield Journal.
 Warwick Advertiser.
 Wensleydale Advertiser.
 West Briton.
 West of England Conservative.
 West Kent Guardian.
 Weston-super-Mare Gazette.
 Westmoreland Gazette.
 Westonian Mercury.
 Whitehaven Herald.
 Wiltshire Standard.
 Wiltshire Independent.
 Windsor and Eaton Express.
 Wolverhampton Chronicle.
 Worcestershire Chronicle.
 Worcester Herald.
 Worcester Journal.
 York Courant.
 York Herald.
 Yorkshire Gazette.
 Yorkshireman.

SCOTTISH PAPERS.

Aberdeen Banner.
 Aberdeen Herald.
 Aberdeen Journal.
 Arbroath Guide.
 Ayr Advertiser.
 Ayr Observer.
 Ayr Agriculturist.
 Banff Advertiser.
 Banffshire Journal.
 Dumfries Courier.
 Dumfries Herald.
 Dumfries Standard.
 Dundee Advertiser.
 Dundee Courier.
 Dundee Warder.
 Edinburgh Advertiser.

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 Edinburgh Evening Post.
 Edinburgh Mercury.
 Edinburgh Scotsman.
 Edinburgh Weekly Register.
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 Elgin Courant.
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 Fife Herald.
 Fifeshire Advertiser.
 Fifeshire Journal.
 Galloway Advertiser.
 Glasgow Guardian.
 Glasgow Examiner.
 Glasgow Times.
 Glasgow Chronicle.

Glasgow Citizen.	Kilmarnock Journal.
Glasgow Constitutional.	Kilmarnock Herald.
Glasgow Courier.	Montrose Review.
Glasgow Evening Post.	Montrose Standard.
Glasgow Herald.	North British Mail.
Glasgow Reformer's Gazette.	North of Scotland Gazette.
Greenock Advertiser.	Perthshire Advertiser.
Greenock Observer.	Perth Constitutional.
Inverness Courier.	Perth Courier.
Inverness Journal.	Renfrewshire Advertiser.
John O'Groat's Journal.	Ross-shire Advertiser.
Kelso Chronicle.	Stirling Journal.
Kelso Mail.	Stirling Observer.

IRISH PAPERS.

Anglo-Celt.	Dublin Freeman's Journal.
Armagh Guardian.	Dublin General Advertiser.
Athlone Sentinel.	Dublin Pilot.
Balina Advertiser.	Dublin Warder.
Ballyshannon Herald.	Dublin Weekly Freeman.
Banner of Ulster.	Dublin Weekly Register.
Belfast Chronicle.	Dublin World.
Belfast Register.	Enniskillen Chronicle.
Belfast News Letter.	Fermanagh Reporter.
Belfast Northern Whig.	Galway Mercury.
Belfast Protestant Journal.	Galway Vindicator.
Carlow Sentinel.	Kerry Evening Post.
Clare Journal.	Kerry Examiner.
Coleraine Chronicle.	Kilkenny Journal.
Cork Constitution.	Kilkenny Moderator.
Cork Examiner.	King's County Chronicle.
Cork Reporter.	Leinster Express.
Downpatrick Recorder.	Limerick Chronicle.
Drogheda Argus.	Limerick Examiner.
Drogheda Conservative.	Limerick Reporter.
Dublin Evening Freeman.	Londonderry Journal.
Dublin Evening Herald.	Londonderry Sentinel.
Dublin Evening Mail.	Londonderry Standard.
Dublin Evening Packet.	Longford Journal.
Dublin Evening Post.	Mayo Constitution.

Mayo Telegraph.	Tralee Chronicle.
Meath Herald.	Tuam Herald.
Monaghan Standard.	Tyrawly Herald.
Nenagh Guardian.	Tyrone Constitution.
Newry Examiner.	Ulster Gazette.
Newry Telegraph.	Waterford Chronicle.
Northern Standard.	Waterford Freeman.
Roscommon Gazette.	Waterford Mail.
Roscommon Journal.	Waterford News Letter.
Sligo Champion.	Western Star.
Sligo Journal.	Westmeath Guardian.
Tipperary Constitution.	Westmeath Independent.
Tipperary Free Press.	Wexford Guardian.
Tipperary Vindicator.	Wexford Independent.

WELSH PAPERS.

Cardiff and Merthyr Guardian.	Pembrokeshire Herald.
Cambrian.	Tenby Chronicle.
Carmarthen Journal.	Silurian.
Carnarvon Herald.	Swansea Herald.
North Wales Chronicle.	Welshman.

CHANNEL ISLAND PAPERS.

Guernsey Comet.	Jersey Patriot.
Guernsey Star.	Jersey Times.
Guernsey Sun.	Manx Liberal.
Jersey Chronicle.	Manx Sun.
Jersey British Press.	Manx Guardian.
Jersey Herald.	Mona Herald— <i>Douglas</i> .
Jersey News.	Times— <i>Douglas</i> .

FRENCH PAPERS.

Le Bien Public.	Le Moniteur.
Le Constitutionnel.	Le National.
La Démocratie Pacifique.	La Presse.
Le Droit.	La Réforme.
Galignani's Messenger.	Le Siècle.
Le Journal des Débats.	L'Univers.

MONTHLY PERIODICALS.

Ainsworth's Magazine.	Gentleman's Magazine.
Artizan.	Hood's Magazine.
Banker's Magazine.	Jerrold's Magazine.
Bentley's Miscellany.	Lowe's Edinburgh Magazine.
Blackwood's Magazine.	Metropolitan Magazine.
British Magazine.	New Monthly Magazine.
Dublin University Magazine.	Oxford and Cambridge Review.
Farmer's Magazine.	Sharpe's London Magazine.
Fraser's Magazine.	Tait's Edinburgh Magazine.

QUARTERLY PERIODICALS.

British Farmer's Magazine.	North American Review.
British Quarterly Review.	North British Review.
Dublin Review.	Prospective Review.
Edinburgh Review.	Quarterly Review.
English Review.	Westminster Review.

MISCELLANEOUS.

Baildon, H. C., Esq., Treasurer to the Prize Argument Competition.
 Bennoch, F., Esq., Chairman of the Anti-gold-law-league, London.
 Black, The Right Hon. Adam, Lord Provost of Edinburgh.
 Carlyle, Thomas, Esq., Author of "Past and Present," London.
 Chambers, William, Esq., publisher, Edinburgh.
 Chambers, Robert, Esq., publisher, Edinburgh.
 Dickens, Charles, Esq., Author of "Nicholas Nickleby," London.
 Emerson, Ralph Waldo, Esq., Author and Lecturer, America.
 Hall, Spencer T., Esq., Author of "The Forester's Offering," Lond.
 Hallam, Samuel James, Esq., Merchant, Canton.
 Hickson, Samuel, jun., Esq., Merchant, London.
 Jones, Ernest, Esq., Chartist, London.
 Library, The, of the Edinburgh Philosophical Institution.
 Library, The, of the Free Trade Club, St. James' Square, London.
 Library, Messrs. Galignani's, French and Foreign, Paris.
 M'Cormac, Henry, Esq., M.D., and Author of various works, Belfast.
 Mitchell, John, Esq., Revolutionist, Bermuda.
 New York, four copies, for the principal Reviews.
 Pare, William, Esq., Engineer, Dublin.
 Sharp, William, Esq., Bookseller, London.
 Shortrede, Andrew, Esq., Editor of "The China Mail," Hongkong.
 Taylor, John, Esq., Author of various works on Money, London.

RECAPITULATION.

His Royal Highness Prince Albert,	1
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London Daily Papers,	10
London Weekly Papers,	50
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Total,	1,200

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THE END.





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