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A CONCISE  
**TREATISE**  
ON THE  
WEALTH, POWER, AND RESOURCES  
OF  
GREAT BRITAIN,

SHOWING

*THE MEANS BY WHICH THE COUNTRY MAY BE RESTORED*  
to its former Vigor and Prosperity;

RESPECTFULLY SUBMITTED

TO THE CONSIDERATION OF THE MEMBERS OF HIS  
MAJESTY'S PRIVY COUNCIL,

AND OF BOTH HOUSES OF PARLIAMENT,

AND TO THE NOTICE OF ALL OTHERS WHO TAKE AN INTEREST  
IN THE WELFARE OF THE COMMUNITY.

BY

**COSMOPOLITE.**

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LONDON:

TREUTTEL, and WÜRTZ and RICHTER, 30, Soho Square;

AND BY

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1833.



## P R E F A C E.

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THE Author, a German by birth, has resided many years in England. In offering the following observations and propositions to a British Public, he has to request their indulgence for many inaccuracies, of which he is aware he has been guilty, in attempting to write a Language, a perfect knowledge of which, is rarely acquired by Foreigners.

As his object in treating the vital questions which are now exciting public attention is to convince by facts, he trusts that the defects of style will be considered as of less importance than they might have been had he wished to persuade by flourishing and brilliant language.

He has also to apologize for the apparent want of connection in the arrangement of this little Treatise. It arises out of the circumstance that its essential parts consist chiefly of extracts from a more extensive work, not published, in which he has reviewed the Industry, Commerce, Finances, and the Political relations and interests of the Nations of Europe.

To those extracts the Author has added such illustrations and remarks which seemed to him to be called for in answer to statements put forth in public prints and speeches, or required for facilitating a yet more clear insight into the important and complicated subjects treated, and to make them, by that means, more generally understood. This seems to him to become every day of greater necessity, when the state of the community shall be effectually improved, as it would the more

facilitate the introduction of measures to be taken in this respect, and make them the more beneficial for the community, the better they were generally understood, and the more their value for the purpose was duly appreciated by the nation at large.

“The Author may express the tendency of his propositions in a few words: it is to remove the embarrassments which paralyze the efforts of the agricultural, manufacturing, commercial, and shipping interests, secure larger profits in trade, procure more profitable employment for the labouring classes, with an ample provision for the poor, by which the poor rates must become extinct, and to lessen the pressure of taxation generally.”

Should his endeavours be well received, the Author will feel encouraged to submit to the Public such further observations and propositions as he may think will be considered as useful.

London, 1833.



TREATISE  
ON THE  
WEALTH, POWER, AND RESOURCES  
OF  
GREAT BRITAIN.

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THE embarrassments and the distress prevailing in the United Kingdom have arisen principally from the want of a sufficient knowledge of the immense power which lies in the wealth and other resources of the country, and the consequent impossibility of making the proper use of this power, either for preventing panics, and the distrust and distress arising out of them, or for alleviating these consequences when once allowed to occur, and also for restoring the vigor and the prosperous state of the country.

In order to shew that this statement is correct, it will be necessary to enter first into the state of things more generally and deeply, and then to give a sketch of the resources of the country, and of the manner in which they might have been, and may still be, favorably applied for obtaining the object in question.

It is really astonishing what false notions have existed and still exist about this country, even with Englishmen themselves. It is therefore no wonder that there prevailed in other countries a still greater ignorance on this subject, and that this country has been for the last thirty-six years, often represented even by writers on political economy, as being on the verge of bankruptcy and ruin; meanwhile, and precisely during the same period, it has been gra-

dually increasing in power and wealth, and is become the mightiest and the richest country in the world.

How grievous must it have been for one who had more correct notions of the state of things, to see a nation, the banker of the world and advancing from its surplus capital, money to nearly all the other civilized nations, experience a distress like that of the year 1825, bringing in its train unparalleled misery, which, with little intermission, is yet daily on the increase, and this at a time when the country and its resources were in the most flourishing state, and when it had reached a higher pitch of wealth and power, than any other nation on the face of the globe. Most people are now of opinion that England had then reached the acme of wealth and power, from which it is now fast declining. How erroneous this opinion is, will be shown, and it will also be clearly proved that the prosperous days of this country are not yet over, and that its progressive advance to greater wealth and influence may well be insured by the adoption of the proper means. The author having made it the business of his life, (after acquiring the knowledge of those sciences necessary for the purpose,) to study the state of different countries, their industry, commerce, and general resources, theoretically as well as practically, with the view of making improvements in these branches and suggesting some useful measures for the extension of trade and general intercourse between the different states, was, with many others, very much puzzled at remarking that, although the peace of 1815 had given repose to the continent, it was not attended with the same result which formerly accompanied the restoration of general peace, when, after some time had elapsed, and the revulsion which invariably occurs after these great changes in the position of nations, had had its full operation; confidence was restored, industry encouraged, and

commercial intercourse revived and it flourished with a result as successful and profitable as if no interruption had taken place.

Far from producing a similar effect, the restoration of general peace in 1815, operated in a manner directly contrary; there were heard among all classes of people complaints of want of profitable employment, as well for labour as for capital; and the cry of distress up to the present period, has become still louder and louder. As this happened not in one or two countries only, but nearly in all the continental states, the author came early to the conclusion that it could not possibly arise out of circumstances of a local nature, but that it must proceed from one great and general cause; and he found this cause to be, the depreciation which the circulating medium of the different countries had sustained, and is still, in fact, daily sustaining, both in reality and also by its becoming more and more disproportionate to and insufficient for their growing population.

There are many things which having been once called into existence become not only necessary but indispensable to man: of these the principal is money. There was a time when mankind knew nothing of money, but bartered one article for another—but when money was invented, it not only became the sole medium of exchange, and the base of all transactions on credit, but obtained so powerful an influence over man himself, that his whole existence was in a manner dependant on it. It were to be wished that this truth were recognized in its full extent; this unfortunately is, at present, by no means the case.

When, after the discovery of America, large quantities of gold and silver coin were added to the mass already existing; these precious metals could no longer maintain their former relative value, as compared with other articles; and fell, not only

on account of their measured quantity, but also through numerous admirable means, discovered by human ingenuity, of facilitating exchange and intercourse. Among these we may mention particularly the great extension of bills of exchange transactions, the establishment of banks, and in later times, many other facilities, such as were afforded by the great quantity of public and private paper currency put into circulation. There were, however, very few who thought of being dissatisfied with this new state of affairs, and although it became a habit to complain that every thing was so much dearer, yet, on the other hand it was acknowledged with gratitude that there was so extraordinary an influx of ready money, that by this and other means of exchange, an augmented demand and increased consumption were produced, so that every one could demand and obtain higher prices for his goods; whence proceeded a more extended, and in general, a more profitable trade, which gave manifold employment to all hands, in the production of enjoyments of all kinds, and of new and improved comforts of life, which were called forth by the progress of the general welfare, and the encouragement given to the arts and sciences; all of which raised the price of wages, favored and promoted the formation of great capitals and enabled every one to pay heavier taxes, and also put it in the power of Governments, as well as private individuals to pay larger salaries. But if a permanent increase of the medium of exchange necessarily produces such great and general advantages, the reverse, namely the constant diminution of the medium of exchange, especially if considerable, must naturally be on an equal degree injurious to the public welfare. This is the present situation of the world. In Europe, the great events of these latter times, beginning with the French Revolution of 1789, and which are without parallel in the annals of history; their destructive influence

on the repose and welfare of states; the great exertions which these were compelled to make; the necessity there was of adding large masses of newly created paper money to the issues already made; the large quantities of ready money which were required; and above all the panic which seized some of these states and at length the whole of them, as they were successively invaded by the enemy; could not fail, with the opinions entertained upon paper currency, to have a very injurious effect on the confidence and favor which had been given to these securities, and to cause a decline in their value, which unhappily went so far, that, on an average, it may be calculated the paper currency of the states of the continent of Europe, taken in a mass, was, notwithstanding the large capitals created during its depreciation and brought into circulation by the different states, reduced to less than a third of the highest value in silver which it once possessed. The Austrian paper money, for example declined to less than the fifteenth part of its nominal value, and the Russian nearly to the fourth part. Besides, there were, in Russia, drawn in from the 839 millions of Rubles, Bn. Ass. about 300 millions, and in Austria about 280 millions of florins, which were destroyed, and the metallic currency increased by loans in foreign countries, with a view of enhancing the value of the remaining part of the paper money, but which was not realized. The Danish paper money even was once 180 paper dollars for a silver dollar, and of the French assignats and mandates no value whatever remained, not only because they came in general discredit, but also because France did not want them as a circulating medium, being rich in precious metals, of which it had always the largest circulation, the paper money issued by the Government of that country serving them instead of loans, which could not be procured then for the exigencies of the state. From want of credit to this must be added that the amount

of ready money circulating in Europe has, at the same time, considerably decreased, so that taking the circulation of paper and ready money together, it may be fairly calculated that there is not at present one half of that money in Europe which was once in circulation. Until the beginning of this century, the average amount of gold and silver in Europe brought from Mexico, Spanish South America and the Brazils, including that which was smuggled, may be stated, and was indeed estimated at rather above 35 millions of Spanish piastres, or taking the piastre or dollar (for facilitating the calculation) at 5 shillings, about 8 and three quarter million sterling. But the average amount of the ready money which has been received in Europe during the last 22 years can hardly be calculated at 8 millions of Spanish piastres, or 2 millions sterling. But as the trade of Europe with Asia required until some years past, at least 15 millions of Spanish piastres or three and three quarter millions sterling annually, and as the increased use of gold and silver in works of various kinds consumes a far greater quantity (calculated by Lowe to have risen to as much as 6 millions pounds sterling per annum,) than we ourselves could obtain in our European and Asiatic mines, the 8 millions of dollars received from America have been far from sufficient, and it has been found necessary to apply to these purposes a great part of the circulating medium already in Europe.

In order to obtain a correct idea of the enormous amount of gold and silver which was and is still lost to Europe every year by the before-mentioned causes, and also through the trade with China, we have only to consider that the amount of the precious metals which was added to the already existing quantity in Europe since the discovery of America, may be estimated at above 8000 millions of dollars, or 200 millions sterling, besides that produced from

the mines of Europe and Asiatic Russia, and the gold received from Africa. In the mints of Mexico alone there were coined, according to Humboldt, up to the beginning of this century, six thousand millions of dollars. But the whole mass of silver and gold existing at present in Europe and America both coined and in bars, and plate, will certainly at the present moment, not amount to the value of 1600 millions of dollars, or 400 millions sterling; notwithstanding China has received successively an immense amount of gold and silver in payment for tea, silk, nankeen, &c. yet the reduction of the remaining part of that enormous amount produced, to the extent stated, must astonish every one, and is, under present circumstances, a most distressing fact. But if, notwithstanding the continued great increase of the exploration of gold and silver up to the year 1810, only about the fifth part of it could be preserved in Europe and America, as has been shown, how much must this remaining portion proportionately suffer from the same causes, when the production of the precious metals has fallen off so much in its yearly amount. In order to show more clearly this falling off, the author annexes an official report made to Parliament, regarding the coinage of gold and silver, in all the legal mints of Mexico from the year 1790 to 1829 inclusive.

YEAR.	DOLLARS.	YEAR.	DOLLARS.
1790—	17,867,994	1800	18,685,675
1	21,121,713	1	16,568,442
2	24,219,606	2	18,791,599
3	34,312,242	3	23,166,906
4	22,011,032	4	27,090,001
5	24,593,482	5	27,165,888
6	25,644,627	6	24,736,021
7	25,080,039	7	22,017,700
8	24,004,589	8	21,886,501
9	22,093,125	9	26,172,982

YEAR.	DOLLARS.	YEAR.	DOLLARS.
1810	19,662,221	1820	11,586,656
11	14,295,447	1	8,067,570
12	9,411,331	2	11,066,950
13	10,540,782	3	9,458,536
14	11,230,648	4	9,680,583
15	8,419,288	5	9,193,686
16	10,538,491	6	8,608,278
17	9,937,981	7	10,619,217
18	12,829,917	8	9,982,905
19	13,301,590	9	11,787,183

The production of silver in Peru, which country formerly yielded immense masses of this metal, has nearly entirely ceased, and Brazil produces, in comparison with former times, very little gold; our European mines give very little of the precious metals, and the increase of their production in Asiatic Russia and the United States of North America has been hitherto very small. The African gold we receive is trifling in amount.

The doctrine laid down by political economists, on the principal of Adam Smith, is indeed easily adduced. It is, "*that when the money or circulating medium in a state decreases, no uneasiness need be felt on that account, for the prices of all articles fall in the same proportion as the money in circulation diminishes, till every thing has recovered its equilibrium.*"

That Adam Smith should consider in so superficial a manner the circulating medium of states and also their general balance of intercourse with other nations and its results, may be excused, because at his time no regular and continued decrease of the circulating medium in Europe took place, but it was on the contrary, for nearly 300 years without intermission, increasing. Adam Smith had besides not lived to see that overwhelming



power which Great Britain has acquired through the superiority of its industry, capital and commerce, and by means of its supremacy of the sea, its colonies and naval stations, extended over the whole surface of the globe; he could therefore not contemplate the results of that power and the consequences arising out of it for other nations; if he had lived he would have discovered that this power had a long time ago brought the intercourse between this country and them, as it were, quite out of joint, and that it has entirely, and it may be said for ever, destroyed that supposed equilibrium which forms the basis of his system. He would have perceived that his own country has practically proved the fallacy of his principles, and thrown down the fabric built upon them; as will be shown hereafter by mathematically correct proofs.

The followers of Adam Smith, particularly those of Germany, relying on the certainty and the harmlessness of the equilibrium, built also upon this principle, system after system, calling them *political economy*, and they were so infatuated with that erroneous idea, which must appear certainly to all those who merely skim the surface of things, very plausible; that they overlooked entirely what passed around them; they would otherwise have saved themselves the trouble of committing to writing those systems, which, based upon a loose ground-work, have unfortunately contributed very much to cramp the means and to aggravate the distress of those states in which they were followed up.

Immense losses must take place and a great number of individuals must be ruined by a fall of prices, brought on by the diminution of the circulating medium, particularly if it reaches to a great extent before its relative amount has settled and fixed those prices. But when this settlement has taken place, what is it that restores the fortune lost and the comfort destroyed? We have had too dear

a lesson of this kind in the fall of prices brought on by the created distrust and the consequent general panic of 1825, which caused the lessening of the circulating medium, by people locking up their money and by the annihilation of the greater part of those means of circulation which rest on credit, for any one to remain so blind as not to perceive its dreadful consequences. The continent of Europe had witnessed those occurrences long before, but it received a greater shock still by the unfortunate events which took place in this country. It is very clear that during the fall of prices, not only the profits of the industrious classes are generally lessened, but immense losses must be incurred for getting rid of the dear article, produced either by themselves or by those who keep it for sale, and in this way the diminution of general profits and the losses incurred, must continually tend to lessen the consumption of articles produced, and at the same time cause a further and general decline of prices. Thousands of persons find their circumstances embarrassed and many are totally ruined long before the effect of this revulsion has ceased.

But when the diminution of the circulating medium becomes permanent, as is now unfortunately the case, its relative value to prices never finds a just and proper level, in which case misery and ruin are ever pending over the heads of the agricultural, commercial, and indeed we may say of all classes of the community. The same effect is felt in the value of landed property in the same ratio as its revenue becomes smaller. The author witnessed himself many very severe cases, one of which will be sufficient clearly to prove the distressing influence of a considerable fall in prices. In the Dantziger Niederung (low country) one of the most fertile spots on the face of the globe, a landed property, bought earlier for thirty thousand dollars, was put up for sale, because the

proprietor was not able to pay the interest of the money for which it was mortgaged. It was sold for not more than 7,500 dollars. The proprietor who had embarked about 10,000 dollars (the whole of his property,) in the purchase, lost his capital, and was reduced to beggary. The first mortgagee received, for 10,000 dollars lent, a landed property worth about 7,500 dollars, and the second mortgager, who had also lent 10,000 dollars, lost the whole of his advance. Many similar cases, if not quite so flagrant, have taken place in this country. but the unfortunate West India proprietors have had more sad experience in affairs of this nature.

Any momentary rise of the prices of colonial produce, brought on by a failure of the harvest, or by disturbances in the colonies, can be, by means of the state of the circulating medium of the different states, but of short duration; the spirit of speculation and enterprize will soon be checked by the return of the decline of prices, by which heavy losses must fall upon the speculator, which will discourage him from speculation for a long time to come.

This is certainly a most distressing state of things into which nations have fallen, and unfortunately there is no prospect of its cure—through the enlarged production of that medium, which alone could give life to business and enterprize, that is to say, gold and silver; as we can never hope that the production of those precious metals can be to such an extent that there will remain sufficient for coinage, which, coming as money into circulation, might if not produce again a general and beneficial rise of prices, as was the case during nearly three centuries, but only be sufficient to keep prices steady. It must, in fact, now be considered as a great and general misfortune that this circulating medium, on which all other means of circulation are based, and which is the only general medium of equalization between state and state, is also of great value in other respects, viz. in being

worked up into different articles of trade, which, in the opinion of most people, surpass every thing of the kind. This constitutes one reason why the yearly production of gold and silver will for the future, not be sufficient for leaving a surplus sufficiently large, so as by coining this surplus into money and putting it into circulation, might bring on a successive and general rise of prices. Such a rise of prices takes place but partially in those countries where gold and silver are produced and come as money into circulation, and it works there as a preventive to the extension of the production of precious metals, for as prices rise, so provisions, forage, wages, &c., also rise in a relative proportion. The consequence must be that many mines which gave but a small profit, must be abandoned, the working of them becoming unprofitable.

The second and not less weighty reason is, that by the aid of Dr. Jenner's discovery, the population of Europe and North America is augmenting so fast, that this increase may be calculated on an average, taken during the last thirty years, as having amounted to one and a half per cent every year, and will, in all probability, continue to increase in the same ratio. On the continent of Europe it has, notwithstanding the bloody revolutions and the wars which were carried on all over Europe, from Lisbon to Moscow, and from Naples to Copenhagen, amounted on an average to about one per cent, in England to two, and in the United States of North America, including emigration, to six per cent; in the year 1831 the increase of population in that country was above half a million, making on the present population an increase of four per cent. Now it is evident that the circulating medium generally taken should rise in its amount in the same ratio in average, namely, about one and a half per cent yearly, when there would not be a greater circulating medium than there was before, proportionately taken. Besides, there will likewise

be a so much greater demand for plate, jewellery, &c., leaving even entirely out of the question the increase of wealth and comfort which ought to take place in every country, and which would produce an enlarged consumption, but which will unfortunately be prevented from taking place under those circumstances, as it would require a proportionate additional circulating medium, and a larger supply of silver and gold for plate, jewellery, &c. Calculating the gold, silver, and paper-money circulation in Europe and America, at 400 million sterling, there must be, on account of the increase of population, a yearly increase of one and a half per cent, amounting to six millions sterling, without comparatively increasing the amount of circulation, and this amount ought to be provided for in precious metals in case the paper-money capital of the states should not be enlarged accordingly; besides this, there must be provided a certain amount for the jewellers, &c., which, as already mentioned, has been (by Lowe) calculated at six millions pounds sterling, but which for the future might be lessened, as might also be done with the amount of precious metals which might still be wanted for the trade with China and other parts of Asia. But, notwithstanding this, it will easily be perceived that such an amount, and probably even the half of it cannot in future be provided for, on account of the reason given regarding the working of the mines, and it seems therefore unavoidable that the circulating medium, consisting in precious metals, must become more and more inadequate to the wants of nations, particularly when the great embarrassments which have already resulted from the diminution of the circulating medium are taken into full consideration.

This is a very melancholy picture as regards future trade and intercourse, and the comfortable existence of nations, but it is unfortunately a too true

one. The imperative necessity should therefore become obvious of applying on the one hand every means which may tend to the increase of the production of the precious metals, and on the other to the lessening of the great loss yearly sustained by their being worked up, and by the trade with China and other parts of Asia.

Of all the great concerns of a nation, the promotion of a lively and profitable circulation is, after the safety of the state, and of the individual, the principal object to which a statesman has to look. Every hereditary legislator of this country, and every one who is, or who aspires to be a representative of the people, and, as such, is or may become a statesman, might therefore do a great deal of good to his country by the diligent study of this principle, which would enable him to assist efficiently in the promotion of it, for the benefit of the community at large. Only through the means of circulation, and by the profits resulting from it, can people receive and enjoy an income from their labor or from the property they possess, or acquire comfort and wealth, which are doubtless every one's aim and desire, from their industrious pursuits.

It seems to the author that there cannot be a more illustrative image given of the mode in which the circulation of money acts and conveys profits, than by the movement produced by drops of rain when falling into the quiet water of a pond or river; every large or small drop forming a more or less powerful wave, in the form of a circle round the spot where it falls, which extends itself more and more until its motion becomes imperceptible to the eye, although it has not yet ceased. The more drops fall and the larger they are, the more lively becomes the motion and the bustle of those little waves. In a similar way works the circulation of money and the profit it conveys. The author would have added here as an illustration of this idea, a

map representing in this way the circulation of money and profits, if it might not have been considered superfluous, as every one has seen the falling of rain drops into still water and the formation of those little circular waves, and can therefore easily follow up in his mind, if he pleases, the idea of the author. In this map of circulation the author gives the principal place in the middle to the Government, on which the largest drops continually fall, its income being largest and the waves of profits arising from it in quick succession are the most powerful and therefore indicated on the map with the thickest circles. Round the spot denominated the Government there are to be seen those of all the members of the community. There are the King and Queen, the peers of the realm and other landed proprietors, the Archbishops, Bishops, and other members of the church; there are military, naval and civil officers, lawyers, merchants, manufacturers, trades and working people of all denominations, &c. on each of which fall from time to time drops of money and profits in trade, revenue, salary, or wages, forming, by being spent again, a wave of money and profits, which conveys the money or its representatives as well as the profits, not only to the surrounding trades people but farther and farther to greater distances, and in fact all over the world. Even the wave of profits of the labourer which he creates by spending his money to enjoy a cup of tea, with sugar, extends to the West or East Indies and to the interior of China. The study of circulation in this way will be found most interesting and affording a great deal of pleasure. It produces also in the mind a most agreeable feeling of general benevolence towards others. Then by overlooking in our minds such a map of circulation we see all the different classes of society, which some people, by stupid or malicious insinuations, endeavour to render inimical to each other, all in harmony of

purpose, each being busily employed conveying his money and profits to others, enjoying them himself at the same time.

By entering in this manner on the subject, a little deeper, it will also be found that under the circumstances in which the world is placed, the principal object which ought to occupy the talents of statesmen is, how to increase safely and steadily, not the production of things, which was formerly recommended by political economists as the principal object, but the consumption of them, which can only be done by an increase of circulation and profits; production will easily provide for the increasing demand. There is now, taking the different countries as a whole, produced too much of nearly every thing both in the manufacturing and agricultural countries, and, as there is also every where yet a superfluity of laboring hands, there could and would be much more produced if profitable prices could be obtained. Is it not to be lamented that although there exists a superfluity of every thing necessary for the enjoyment of human beings, no use can be made of those blessings to their full extent; and why?—only because the means of exchange are diminishing every day, instead of increasing with the increase of population, and millions of human beings are by this means reduced to nearly the same unfortunate situation as that of Tantalus, who tho' immersed in water, remained in torture, thirsting after the water he was prevented from tasting.

In considering this, it must become obvious that if people in the different states cry out for economy, and try by their clamour to enforce it, they act quite contrary to what would be their own interest, namely, to encourage a much greater expenditure in home made articles, and consequently create by this means an increased consumption.

This clamour for economy has become, not only



in this, but also in other countries, so much in fashion, that many a sovereign, by way of complying with the wishes of his people, has so contracted his expenditure that he lives now more like a private individual than the ruler of a state, the trade of the country and the situation of its community becoming every day more embarrassed notwithstanding. Unfortunately this state of things in other countries is not likely to be materially altered, for the reasons above given. With the exception of China and Japan, there are now only two states in the world which may be said to have a favourable general balance, namely England and Holland; the latter only by the means of the yearly interest paid to its capitalists for money lent formerly to other countries, at a time when it was the banker of the world, and had a manufactory of ducats for all nations. The general balance of France becomes in peaceable times now and then favourable when rich foreigners flock into that country for spending their income there. Every other state has an unfavourable balance, and must pay the difference in ready money, or should this become too difficult, be forced to make a loan for the amount, and that principally in England. They must therefore be very careful as to the extension of expenditure in regard to those luxuries which come from foreign countries, as there would arise from their increased use a greater yearly balance to be paid to those foreign countries in ready money, which, being unable to pay, they would get deeper and deeper in debt to foreigners. But it will be yet more clearly shown that this country is very differently situated, and stands, in fact, in exactly a contrary position to other countries, in as much as while its general balance is favourable, their's is unfavourable; they borrow money, and England lends it, and has already done so to such an extent, that could these loans to, and the application of British capital in,

foreign countries have been continued in the same proportion as during the ten years, from 1814 to 1823, both inclusive, during which time the excess of its exports over its imports was really enormous, it may be fairly calculated that the whole world would have been, in about sixty years, in the possession of the British capitalists. This may eventually happen later if the nations do not take more care of themselves. Then, even if the governments of other countries should endeavour to do without new loans from the capitalists of this country, the latter will apply their capital in those countries in buying lands, mines, &c., lending it on mortgage to private people, or advancing it to them for the purpose of promoting industry, as has already been done on a very large scale. It may sound ridiculous when the author asserts that whole countries will belong to the capitalists of this country, but by way of giving a proof that such an occurrence might very well take place, we need only refer to one country which is already in their possession in point of right, through advances made to its government; the author means Columbia, and if that country were divided now into small parcels and sold for the benefit of the English creditors, it would certainly not fetch what is owing to them. Notwithstanding this, the capital is not of necessity lost, as that country, if its people would remain quiet and make use of the great resources which it contains, might by increase of population and wealth, very well recommence paying the interest of the money advanced for the purpose of aiding it in making itself independent of the mother country.

The following statement, taken from the export and import lists of this country, shows the enormous surplus in its favour derived from the trade with other countries, during the ten years, from 1814 to 1823.

	Year	Total Exports. £ sterling.	Total Imports. £ sterling.	Excess of Exports. £ sterling.	Ratio of Val. for evry 100 of labor.
Continental Europe.	1814	44,577,409	9,934,131	34,643,278	150
	5	34,994,678	8,352,206	26,636,472	139
	6	30,645,220	4,658,419	25,986,801	118
	7	28,309,196	8,414,374	19,894,822	107
	8	28,934,073	13,409,791	15,524,282	107
	9	25,572,642	8,632,047	16,940,595	98
	1820	27,717,043	8,650,584	19,066,459	89
	1	24,839,240	8,115,773	16,723,467	84
	2	24,565,584	9,552,267	15,013,317	76
	3	21,846,124	9,882,832	12,023,292	76
Africa, Americas, and foreign West Indies.	1814	10,010,480	6,634,298	3,376,182	115
	5	21,529,502	6,435,495	15,094,007	124
	6	16,165,226	5,093,267	11,071,959	120
	7	13,503,699	6,058,695	7,445,004	99
	8	17,731,479	7,072,834	10,658,645	107
	9	11,374,586	6,014,670	5,359,916	109
	1820	10,788,362	7,319,430	3,408,932	97
	1	11,943,176	7,580,469	4,362,707	92
	2	13,850,813	7,484,789	6,366,024	89
	3	14,068,025	9,239,496	4,828,529	85.

Total excess of export in 10 years, \_\_\_\_\_  
from 1814 to 1823, both inclusive, £ 274,424,690 sterling

Making allowance for, and deducting from this amount, those losses which may have been sustained on the above estimated value, and also those sustained during those ten years by the balance of trade with Asia and the British West Indies, which trade is not mentioned in the above statement, and taking, for avoiding all exaggeration, only the round sum of two hundred millions sterling, as the real surplus of the trade of this country with other countries during those ten years, there would appear in favour

of this country on an average twenty millions a year. Deducting from this yearly surplus also the money which travellers from this country spend in foreign countries more than foreigners did in this country, and allowing this to have amounted to five millions a year, there will remain a clear surplus from the general intercourse of this country with other countries during those ten years, of fifteen millions a year, which were received by this country in gold and silver, or expended in paying off most of those capitals which were placed during the war in the English funds, or they were successively lent to other countries, both to their governments and to private individuals, or laid out in buying lands, and other property therein. It is easily to be seen that if this state of things could have continued, and the yearly surplus of the general balance of this country have remained as it was during those ten years, still increased by the interest on interest on the capital successively advanced, and this expended for sixty years more in such advances to other countries, all the world must have at the end of that period, been in this way the property of the British capitalists, or at least the capital accumulated and successively employed by them in other countries, must have amounted to a sum, at least equal to the present value of the whole of them, which every one, who will take the trouble of making this estimate, will find perfectly correct.

It is therefore not to be wondered at, that the governments of other countries have gradually acquired an insight into this dangerous state of things, and have seen the necessity for restrictions of intercourse, which they have already adopted or are going to adopt by means of higher duties on, or of prohibitions of, the importation of many articles. However desirable it may be that the intercourse of nations should be freed from all obstacles, yet necessity has already compelled, and unfortunately must more and more compel governments to enforce re-

strictions, principally on account of the overwhelming power of the industry and the general prerogatives of, and the high import duties imposed in this country on the produce of the industry of other countries, which amount in many instances to a prohibition, if England should not give more facilities to other countries in this respect.

It would appear incomprehensible on a superficial view, but it is no less true and lamentable that this country, while overwhelming nearly the whole world with its riches, lingers on in a state of embarrassment, distress and discontent, in want of confidence and spirit of enterprize, distrust lurking in every man's breast, all crying for economy, as a panacea for the evil, but which evil, if economy became generally fashionable, would most certainly be yet much aggravated by it; and this result would affect principally the industrious classes.

If the power and resources of this country are spoken of, people immediately cry out, "look at that immense and overwhelming national debt which cramps all the energies of the country." They only show by that outcry that they have no clear knowledge of the nature of this debt, which, notwithstanding it cannot be called a real addition to the national wealth of the country, yet in considering the community as a whole, works as well as any other part and parcel of the riches of the country, for the benefit of that community, which will be immediately proved. It is here not the place to discuss, whether the war which gave rise to the greater part of this debt was necessary or not; it may be sufficient merely to remark, on this point, that in case the French should ever again get possession of Belgium, Holland, a great part of Germany, Italy and Spain, England must fight for its own safety twenty years more, or at least until they, the French, are driven out again from those countries, and it must incur, if there are no other means of accomplishing this

purpose, another debt, which could easily be done without any harm to the country.

Pitt, and his followers, seeing that such large sums were wanted during the war, and that they could not very well raise by taxes seventy to eighty millions sterling, and more, annually, made a loan of twenty to thirty millions every year for the purpose of bringing the income to that pitch. Now if people had a correct idea of the nature of circulation, they would immediately see that it was this immense yearly expenditure of government itself, aided by the increase of the circulating medium through means of a larger issue of bank notes, which brought on a lively and general bustle in business, and created every where immense profits, and, as is well known, very large capitals, increasing the wealth of the country in so great a degree that there remained every year a surplus of gain as capital, to so considerable an amount, that Pitt, and his successors found it very easy to borrow of this surplus the next year twenty or thirty millions more, and so on; *and people were very glad to find so immediate and so profitable an employment for capital just gained*, as that which was in this way offered to them. It ought also to be mentioned, that besides this, the war on the continent kept Englishmen at home and they spent their money here, instead of spending as they now again do, four to five millions sterling a year, in France and elsewhere. For this reason Pitt could say with truth that he would find the means for carrying on the war for ninety-nine years more. That they might be found now, as well, will be shown hereafter. It even happened that exactly at that period of the war, when the continent of Europe was almost entirely closed against the intercourse with this country, and notwithstanding all the immense losses which reduced the profits of its smuggling trade, *and at a time when the Bank of England was released from paying its notes with gold*,

which circumstance should always and particularly be borne in mind, this country rose to that immense height of wealth and power, and its manufactures to that perfection, which put it in a situation, after peace was concluded, to overawe all other countries with its capital and the produce of its industry, in the manner before described.

This greatness to which England had risen, was produced solely *by mutual confidence, and by a most admirably organized system of credit*, which circumstances should also be always kept in view.

That the national debt presses now very heavily upon the people who have to pay the yearly interest of it, is principally owing to the changes introduced in that admirable system of credit, by which alterations the present inadequacy of the circulating medium was produced. As regards the debt itself, it cannot be considered in any other light than as an apparent addition to the amount of National Wealth; for it will be admitted in the first instance, that the capital by which the Government stock was bought, existed and formed part of the riches of the nation, as it still does, even in an increased ratio, by the rise in the price of Government stock; and that every one who advanced this money or who now holds the stock, considers it as part of his capital; which he has certainly a right to do. Besides this, the by far greater part of this capital lent to Government, was expended in the country itself, as the amount of subsidies, and other expences in foreign countries was only small, compared to the amount lent, considering that the gold and silver sent out successively from this country for those purposes has probably not exceeded forty millions, meanwhile there were in the 23 years, from 1793 to 1815, £618,163,587 sterling raised by loan and funded. There exists therefore now in Government stock, a capital of about *eight hundred* millions, in nominal value, which is looked upon by every one

as good a property as any other security. On the other hand no one ever enquires or wishes to know what particular part of the National Debt is owing by him or how much would fall to his share to pay, if it were to be paid off. This he well knows never will nor can happen, and whenever he calculates the amount of his property, he makes no allowance for such an event taking place: if he possesses Government stock, he considers its value as just so much as he could sell it for on the Stock Exchange, and includes it in the calculation of his property.

Considering therefore that the national wealth has thus apparently increased by means of the debt, that the interest paid to the holders of stock remains in the community, as the amount of stock held by foreigners is now comparatively small and not worth consideration, there appears no reasonable ground for complaint, which there certainly would be if England owed this debt, and must therefore pay the interest on it, to other countries. But in this very circumstance that the community pays to itself and not to foreign countries the interest, and that they who hold stock and receive interest, contribute to it as well their own share as any other, and that these receivers of this money do not eat it, but consume with it what every one who produces it is eager to sell, lies the difference and the great mistake which people make in reasoning on this subject, and when regarding the payment as a total loss for themselves.

The community, taken as a whole, would not be better off should the payment of the interest be discontinued, because the principal object and the great desideratum for bettering the state of the community, namely, increase of consumption, would not be attained by it; inasmuch, as they who would no longer receive the payment and who form part of the community, must retrench their expenditure in proportion to this deduction from their in-



come, and thousands who have no other resource, would be utterly ruined, and would become chargeable to the parishes, thus increasing the amount of Poor's Rates. If the community did not pay the interest, it is clear that the community could not receive it, as it now does; this is the same case with other kinds of government expenditure, and they who complain about this, do not see that taken in general, it is by means of expenditure alone that agriculturalists, manufacturers and tradespeople dispose of their articles, by the sale of which they get their livelihood. These, in their turn, spend their profits, and dispense them among their respective tradespeople, so that each member of the community assists in this way, although he may not be aware of the extent of the benefit which he and others confer, in producing those profits by which alone people are able to live.

Had that capital which has been paid to Government for the eight hundred millions of stock which now form the national debt, instead of being raised by loan, been taken successively out of the pockets of the people; or supposing that there could be now taken out of them the capital necessary for paying off the debt at the present price of stock, would not the people be losers to this amount? meanwhile the holders of Government stock who would have been paid off with the money, would not be in any way better off, or richer, than they are now. This will put at once the nature of the debt in a clear light.

The French chambers voted a *thousand* millions of francs, or about *forty* millions sterling, for remunerating the emigrants for the loss of their landed property, confiscated during the Revolution; and there has since been issued stock of the government for this amount, of which *nine hundred and twenty millions* of francs have been paid to them. The greater part of these emigrants had very little or

nothing before, and they are now in affluent circumstances. There are very few, the author thinks, who will assert that this act of justice of the French Government and legislature, and this increase of the number of wealthy people in that country, without taking money from the people, has done harm to France.

The author will now endeavour to lay down with something like mathematical certainty, a rule which he has ever found correct in application ; it is this, that taxation, and consequently in our case, also the payment of the interest of the national debt, presses more or less heavily upon the people, *only in the same ratio in which the amount of the circulating medium in a country stands to the amount of taxes to be raised.* The shifting of taxes from one article to another, or from one person in the community to another, cannot take away the pressure of taxation taken in general, it will in the end give but little facility and that to comparatively a few only, and no relief whatever to the nation at large.

This will be found correct on giving more attention to this subject. Taking, for instance, the most glaring fact, and supposing that there were other taxes taken away, and in lieu thereof a graduated property tax imposed, to which the rich man had to pay a large yearly amount ; it is clear that this must come out of his income, and he cannot, therefore, expend so much in buying and consuming what others are anxious to sell. Besides this, he must collect this large sum together, whereas by laying it out immediately, it returns again into circulation, and brings a profit into many a pocket, out of which, at present, but a comparatively small portion of that part of the taxes levied in lieu of it is paid. People will say :—that does not signify, we could, and even would, as well spend ourselves for our own comfort that money which is now taken out of our pockets for those taxes, instead of leaving it to

be spent by the rich, and let the taxes be paid by them instead of by us. This seems very plausible, yet there is a great error in the calculation, because that part of the money which the industrious classes have to pay in this way as their share, would never find its way into their pockets, and therefore they could not spend it for their own comfort, because the rich man would be obliged to collect it together in order to pay it to Government, instead of spending it, by which latter means only, it can find its way into the pockets of the industrious classes, bringing profits into them; and it would, therefore, under such circumstances, be quite impossible for them to find it there for their own use. It must on that account become obvious to every one of them, that he could not be much benefitted by a property tax being laid, even supposing he had nothing at all to contribute to it as his share, he having no property to be taxed.

In case the rich man should not expend all his income for his own comfort, but employ part of it himself or lend it out to others for the improvement of land or the manufactures of the country, he renders by that means a great service to the community, but particularly to those who directly profit by it. It is exactly by these means, and through the capital so employed, that this country has risen to such a height above all others and that it is enabled to overawe them by the produce of its industry. On the other hand it must certainly be acknowledged, that a property tax is one of the most just taxes which can be levied, because property ought to pay its share of the burthens of the country for the protection given to it. Yet this tax has always been, and ever will be, considered by the payers as the most obnoxious, not only because it is a direct impost which is always more felt than any other, but because the amount of individual property must be disclosed, a secret which

every one would wish to keep to himself. For this latter reason particularly, this tax has never been resorted to, either here or in other states, but in time of war, and even then as a last resource on any sudden emergency, which was considered as a wise reservation. Besides this, it cannot be denied, that property bears already, without this tax, very heavy burthens direct as well as indirect ; and it may be even said imperceptibly.

House and window taxes, other assessed taxes, parish rates, tithes, fall mostly on property. Most of the excise and custom dues fall also, and often even two-fold on property. On account of the heavy taxes on spirits and malt for instance, the grower of the grain cannot receive that price for it which he would get if those taxes did not exist ; the landowner upon whom this always rebounds, gets therefore not only less for his grain or in rent from his land, but he is besides obliged, as well as others, to pay the tax on spirits and malt, which latter tax increases the price of beer, for his proportion of the consumption of those beverages. The proprietor of colonial possessions living in this country is in the same predicament with the custom dues on colonial produce, which fall in a similar way doubly on him, and so on. Notwithstanding all this, it cannot be denied that if there was introduced the measure which has lately occupied the consideration of parliament, by which, taxes which press, in the present state of the country particularly heavy upon the industrious classes, were taken off, and a graduated property tax imposed in lieu of them, it would, by the superficial view taken generally upon such subjects, give great satisfaction to that by far greater part of the community, the industrious classes. True it is, looking at the outside of such a measure, that it appears very advantageous to them, and the author would feel great pleasure in commending

it, if it could have such an effect. But by entering on the subject a little deeper it will be found that such a measure would, in the present time, be pregnant with most dangerous consequences to the whole country, and particularly to the industrious classes themselves, which the author thinks his duty to point out. That such a tax, even if there were to arise no such consequences from it, could not benefit much the industrious classes, has been shown above, but should it not be evident to every one, that if there was to be imposed upon men of property, besides the heavy burdens of taxation they already have to bear, an additional and most odious burden which would amount to ten per cent. more on their income, a great many of them might be brought to the resolution of winding up their affairs and realizing their property in this country for living in future in France, Italy, or elsewhere, less taxed, and generally cheaper, procuring for themselves much greater comforts from their income there, than they would be able to enjoy from it in this country. They would then not pay anything at all in taxes for the relief of the industrious classes, nor buy from them their productions which they are all anxious to sell. Yet this is the least to be considered, and we shall now look at the more dangerous consequences which must attend such an expatriation of men of property. Suppose the amount of realized property which they would take with them for investing it at a higher rate of interest in that country in which they resolved to settle, was ten millions sterling, and which they took out with them in sovereigns. Now these ten millions, when remaining in the country, would have circulated about forty times per annum, making a circulation of four hundred millions each year, of which the country would in this way be deprived. It is obvious that, from this circulation and the profits it would have conveyed into the

pockets of the industrious classes, a great amount of such taxes might have been paid, which were taken off as falling very hard upon them, and in lieu of which the property tax was laid ; by the people enjoying those profits and buying for the purpose taxed articles. But they could not have those profits and enjoyments at all when the money which would have conveyed them, was gone with the rich men who left the country for avoiding the property tax. The author has only here supposed a comparatively very small capital to leave the country with its possessors in such a case, but he fears that far more than ten times that amount would ere long, in one way or other, leave the country, which must soon drain it also from its gold, as the necessary amount to be remitted to other countries could not be well made up by bills of exchange from the yearly surplus of the general balance of the country, inasmuch this surplus could never be sufficient for such an emergency. It must be evident to every one that such a drain from its gold circulation, would have a most pernicious effect upon the already cramped circulation of the country, and the industrious classes particularly would soon feel this most severely, in the fall of prices and in the falling off of trade and profits. The emigration of rich people to other countries would, if an additional heavy and most odious burthen of a property tax were laid upon them, become the more extensive, as many men of capital have found of late business to be rather a losing concern and not worth carrying on—the prospects for the future not being inviting at all, neither for business entered into already, nor for new speculations. It should also be remembered, that the fancy of enjoying life on the continent, or the wish to live better for the same money than here has become already great enough among individuals belonging to this country, and the harm done by them to their industrious countrymen when spend-

ing their income from this country elsewhere, particularly in France, is already severe enough, as to be yet increased by the expatriation of a great many others. It is calculated that France alone receives now already from this country, more than four millions pounds sterling a year, which is spent there by individuals from this country; and as only a small part of this sum consists in pensions or half-pay, the by far greater amount arises from property in this country. Hitherto only this *income* was drawn from, and the *principal* left in, this country, but many who now live in France would soon realize the property they possess in this country, and draw out their capital, in case a heavy tax on property should be laid, expatriating themselves in this way entirely. The sum in such a case to be drawn out by them would probably be large enough, considering that four millions a year are the interest, of a hundred millions at four per cent. When in the last war a property tax was imposed and levied, there was no fear to be entertained that rich people would expatriate themselves on account of it, the principal requisite for them, safety, not existing in other countries, but as it is now to be found there this great difference should not be overlooked.

From these reflections it would appear that a property tax introduced at the present time in lieu of other taxes to be taken away, would do by its effects more mischief than good to the community at large, and even to those who would have nothing to pay to it, and this specimen will be sufficient to show how difficult it is to come to a clear and correct conclusion about taxation, and what great caution and circumspection is required for being able to legislate wisely in this respect, particularly at a time of great excitement like the present, when reductions and alterations are called for from all sides, taxation having become most oppressive, and the complaints about it loud and general. Yet the cause of the

pressure of taxation is nothing else but the insufficiency of the active circulating medium of the country, and its being quite out of that proportion in comparison to taxation, which is unavoidably necessary to make the same amount of taxation less felt, as it is now unfortunately the case ; and which disproportion the author will now endeavour to show more fully.

In former times the circulating medium in the different States was in proportion to the taxes generally three or four, or even more, to one. It was in Russia, in the time of Catharine, even above eight to one, as the taxes amounted in 1781, to about twenty-four millions of rubles, and the circulating medium increased by banco notes was then at least two hundred millions of rubles ; and in that country, those times are still called the golden days of Russia, and no real pressure of taxation was felt at that period

Let us now inquire what is the proportion which the taxes bear to the circulating medium in different countries at present ; and we shall find that the proportion of the latter to the former is, in the most favourable case, not more than *two and a half to one*, and even in Russia, not so much. In other States it is not *two to one*. In France, Government expenses are calculated for this year to amount to above *eleven hundred and thirty* millions of francs, but there is certainly not at present in that country two thousand millions of francs of circulating medium, including bank notes. The pressure of taxation (taxes amounting to 967 millions of francs) being found already too heavy, has compelled the Government to provide for the deficiency by loan, or by the sale of wood from the national forests. In Prussia the proportion of the circulating medium to the taxes is *not one and a half to one*, taxes being about *fifty millions* of rix dollars, while the circulating medium cannot



be calculated at more than *seventy* millions of six dollars.

In this country, the circulating medium, compared to the taxes, is still in a much worse proportion. Taxes, including the expenses of collection and parochial assessments, amount to above sixty millions, and there are yet the tithes to be paid. The circulating medium of the country consisting of notes issued by the Bank of England, amounts probably to *twenty-seven* millions, at the utmost; of country bankers' notes about *nine* millions; and of gold and silver coin about *twenty-four* millions, making altogether about *sixty* millions. But, in order to know the real amount in circulation, there must be deducted from this, about *eight* millions of bank notes deposited in the Bank of England, and about *seven* millions of gold and silver coin, reserved by it for cash payments, and the gold and bank notes locked up with the 635 private banks and other individuals, and, consequently, kept out of circulation; this latter amounts probably to at least *ten* millions. After making these deductions, amounting to twenty-five millions, there will be left *thirty-five* millions as the true amount of circulating medium in this country.

Now, it will be at once evident to every one, that if there is in the whole country only *thirty-five* millions of money, which is to be applied to the payment of sixty millions of taxes, or in fact, that there is not much more than half the amount of money in circulation than is wanted for the purpose, there must necessarily be felt, through the payment of those taxes, a very heavy pressure by the people, as circulation and the profits arising out of it must become yet more cramped by it. Although the money, after flowing successively into the coffers of the Treasury, is again issued from them, it must first be collected in large sums which

are to be paid in bulk, and during this accumulation, a great part must be kept out of circulation.

Every one knows how scarce money becomes for two or three months before the payment of the large dividends, and it is obvious, that if England had not, besides its great transactions in remittances by bills of exchange, that admirable system of banking, the Government could not collect any thing like the present amount of taxes. Private individuals, and even the Government deposit their money with a banker, and he has for his trouble, and to meet the expense of house rent and a large establishment of clerks, nothing more than the interest he can make of part of the money so deposited. Yet he is obliged to make arrangements so that he may have it in his power to pay the amounts deposited at a moment's notice, upon the presentation of a check or bill at sight. This is an excellent arrangement, because the banker is interested in and in a certain way obliged to apply, and by that means keep in circulation the greater part of this money so deposited, in order to secure his remuneration; in this way it is not lying idle but bringing profits to many. This mode, and the exchange of checks twice a day in the clearing-house, between the bankers of London, by which alone a mass of capital amounting to more than the whole circulation of any other empire, is circulated without the aid of a shilling of money, is certainly most advantageous for the country, and it is by far preferable to the old fashioned Giro Banks of the continent, where the whole capital deposited lies in gold and silver bars and bags under the feet of the book-keepers and cashiers, producing nothing.

But it must here be remarked, (what is so often overlooked,) that all those immense transactions on a large scale without the aid of money, with the exception of the speculations in the funds, which pro-

duce nothing for the community, as what one gains by them the other loses, and of the new investments in the funds, are solely arising out of and are entirely dependent on the transactions on a small scale carried on principally by the money capital or circulating medium of the country, which transactions may therefore be called the soul of the former; and that if the latter suffer to any extent by the contraction of this money capital or circulating medium of the country, those transactions on a large scale which are carried on without it, must always suffer proportionally, because they arise out of the retail of all the immense masses of produce, foreign and domestic, which could not reach the consumer without it. If therefore the retail suffers by contraction of the circulating medium or by its becoming insufficient for and inadequate to the growing population, those great transactions must be also comparatively diminished in the first case, or can in the latter not extend as they ought to do, on account of the increase of population. It should also not be overlooked that by far the greater part of the taxes must be, and is, paid in money, by the consumer buying the taxed article in the retail trade, and that therefore money is wanted for paying most of the taxes in the first instance, and that those great transactions which are carried on without it can hereby be of little or no use, so useful and facilitating they may become afterwards when these taxes are collected together.

It will appear from what has been stated above, that superficial politicians who have hitherto proclaimed taxation and its pressure to be the real disease from which the people suffer and that therefore economy in Government expenditure is the sole cure for it, have taken a symptom for the disease, as happens sometimes to medical men, which becomes then most detrimental to the patient, who is sent by them, according to this erroneous notion of his

disease, quite systematically into his grave. Those superficial politicians would do exactly the same with the state if they had it in their power to administer their sole remedy, *economy in government expenditure*, to that extent they think necessary for performing a cure, and through the neglect of the application of really effectual and beneficial remedies for the malady of the state; which would therefore fall in this manner into a much worse, and might by them even be brought to a dying state. That the condition of the people is not to be much bettered, and profitable employment to be procured, or trade revived, and profits generally increased by economizing in point of Government expenditure, could have been seen very clearly. There have been taken away since the peace above thirty-four millions of taxes, and in order to contrive this, many hundreds of clerks have been lately dismissed, and most of them, with their families, ruined. But what good has arisen out of it? — has not, on the contrary, the state of the community since become more embarrassed? Had the reform and the electioneering feasting, which latter commenced soon after the former ceased, and other expenses attending the elections not brought a large capital locked up money into circulation, great part of which flew with other money into the Treasury for custom and excise dues on the articles consumed, the pressure of bad times would have been yet more severely felt than ever, throughout the country, and the income of government which has, by the laying in of stock for the purpose of those feasting, been handsomely increased in the third quarter of last year, would probably have shown a decrease of consumption instead. Yet the increase of last year's income was by no means as large as it was to be expected from the extraordinary consumption of that great mass of taxed articles caused by the

before-mentioned occurrences throughout the land. Those politicians might see also from what has been previously discussed, that even supposing it were possible for ministers to take away more taxes, this would not better the state of the community taken as a whole.—Ministers have done their utmost to economise, and they have taken away so many taxes that there arose in the before last year's account a very large deficit, the income not having been adequate to the necessary expenditure. They have even now taken away in anticipation £1,349,000 sterling more of taxes. How can they go much further? However anxious they, the Ministers, may be to satisfy people's desire in respect to the taking away of taxes, and however desirable this may appear to every one, including the author himself, who would also have less to pay:—but is it not on the other hand the duty of those statesmen strenuously to protect and to uphold the credit of the state and the rights of all classes of society, and when they advise measures and bring them into execution, must they not be such as to prove just, and to be generally beneficial to the community?

There are representatives of the people in the Commons House of Parliament, who think it their duty to dispute nearly every grant of money, even paltry sums, which Ministers think necessary and demand for the service of the state, and try to make the house deduct something from them. If the great majority of the house had not a more dignified feeling, and did not resist such endeavours, would not Ministers be brought to the necessity of using the same mode to which tradesmen are obliged to take refuge, when they know they have to deal with sharp customers, by demanding more for the article in question than they intend to take, being aware that they will be forced to abate something from the price demanded. But it very often happens that those sharp customers pay really more

for the article than they would have had to pay if they had stood in better repute with the tradesman, and the real price had then at once been asked. If those representatives and those of the same class who have been added to the new parliament, instead of following as they have already begun to do such a course in a reformed house, from the doings of which so much real good is, and may rightly be expected, would condescend to occupy themselves, first with the study of circulation in all its branches, ramifications and bearings, and the vast extent of the benefits which result from it for the people, they would find out to their great surprise, that there are quite different things wanted for the relief of the people, to which their representatives, by serving them well, ought to look, and they would not take up the precious time of the great council of the nation, which could be much better applied for advising and discussing measures which might do real good to the community, than with angry discussions about a few hundreds or thousands of necessary expenditure, forming besides so small a drop in a general expenditure of forty-five millions. They would find out besides that the community would not be particularly benefitted by this money, the granting of which they so ardently dispute being withheld from Ministers, because it is to be paid to persons belonging also to the community, either for their services to, or for articles necessary for the use of the state, and because it is not eaten by them, of which those disputants seem really to be afraid; but it even reappears very soon in the pockets of other industrious members of the community, bringing with it a handsome profit which they may themselves enjoy. They would further find by the study of circulation, that in proclaiming economy, in their speeches to the working classes, to be the sole remedy for the evil from which they suffer, they have, taking it in general,

commended quite the contrary of that which is unavoidably necessary for reaching so important and so beneficial an object; the relief of the people. Having found this to be the case, they would then only do their duty if they were to acknowledge in their future speeches to their disciples their error, and undeceive them in this respect, by explaining to them the nature of circulation, whereby they might, perhaps, be assisted in referring to the map of circulation above described, and the great benefits which would arise to them if it were to be generally extended, which, as every one will acknowledge, can only be done by a generally extended expenditure; by which candid proceeding, they would do honor to themselves and an infinite deal of good not only to those deluded people, but to the community at large, inasmuch as it would tend to befriend again the different classes of society whose welfare and happiness is dependent on each other, and who now look upon one another with distrust and even enmity.

Every one who will take the trouble of entering a little deeper into those important subjects, by thinking for himself about all that has been stated in the foregoing, will come, the author hopes, to the conviction, that reducing the expenditure of Government, or the shifting of taxation, is not that which can effectually relieve the distress of the people, as it arises principally from want of profitable employment, on account of the lessening of the amount of active circulating medium which has taken place through the distrust which makes monied men, locking up their capital, and through bad arrangement; which have been the cause of trade having become paralyzed and generally less profitable, and the demand for labour diminished; from which it will appear that the only efficient remedies for the evil, would be the restoration of confidence, by which capital now locked up and dor-

mant, would be brought again into circulation, and the better regulation of the monetary system of the country, including a judicious, and well-secured gradual increase of the circulating medium, in proportion to the increase of population, and also an arrangement by which more profitable employment for the industrious classes would be procured, and secured ; producing in this way an increase of profits, consumption, and comfort, and a lessening of the pressure of taxation.

Notwithstanding the immense losses, and the ruin and misery which the diminution of the active circulating medium, through the distrust originally brought on by the panic of 1825, and the taking away of the small note capital, has produced, and is continually producing, there exist yet writers of Dr. Smith's school, who pretend that there is at present sufficient money in circulation in the country, and they have ventured to prove this by the large capital which is known to be deposited with the Bank of England and private bankers, and in this way out of circulation, and by the very low rate to which discount has sunk on first rate bills of exchange ; and these writers continue to oppose any increase of the circulating medium, which they represent to be mischievous to the community, a robbery committed on the fundholders, and a breach of contracts ; but they have taken a very superficial view of this vital subject. They seem to have never taken in consideration the increase of population ; if they would condescend to do so, they would find that all their arguments and calculations are falling to the ground already by this single consideration.

But it is exactly the misfortune for the community at large, that from want of confidence, so large an amount of the circulating medium is locked up, belonging comparatively to a few only, which amount can, in reference to the circulation, not be considered otherwise than as not existing for the



purpose in the country, during the time of its being locked up ; and it is, on the other hand, very much to be regretted that not more first rate bills of exchange can be procured, which by suiting and satisfying those few monied men, in point of security, would bring in circulation part of their locked up money. This not being the case, they accept therefore with avidity, and at a low rate of discount, these scarce first rate bills, which possess, in their opinion, the necessary quality, for making at least some interest of part of their money, distrust preventing them from making use of it in any other way. But for showing at once the fallacy of the idea, that a low rate of discount is a proof of the sufficiency of money in circulation in a country, we will suppose that the present state of distrust should continue, or even become yet more extended, and monied men should contrive to cash and lock up money to the amount of twenty million pounds more, which, when deducted from the amount now in actual circulation, which has been calculated above as being probably about thirty-five millions, would leave fifteen millions for the circulation of the whole country, and for the payment of sixty millions of taxes. Now it happens that there must be paid, for instance, in the month of January, or July, the interest due on the National Debt and Foreign securities, amounting to about twelve million pounds in one bulk, which must be collected together beforehand, and which would then, being taken from the fifteen millions left, leave for the time being, a circulating medium of three million pounds for the whole country to go on with. Would those writers, in such a case happening, yet pretend that there was sufficient money circulating in the country? According to their idea there must be, because the discount on the money market for first rate bills would, on account of the superabundance

of money to be invested in them, be lower than ever, namely, perhaps one per cent. per annum.

It is high time that such, and other erroneous opinions, regarding the circulating medium of the country, should be given up, and rational opinions be promulgated instead, for undeceiving peoples minds, and showing to them the vast importance an active currency has for them, by which means they might be able to appreciate the great benefits, which measures to be taken *for providing and securing* a sufficient circulating medium for the immense concerns of the nation, must have for them. It is quite impossible that the sad state of things can be bettered efficiently so long as those erroneous opinions prevail, and not a correct knowledge of this great principle is generally taking root in peoples mind, because neither the measures to be adopted in this respect, nor the beneficial effects which would result from them, can be duly appreciated by the public, nor can they meet with that general confidence which is so essential to their becoming really effectual and beneficial to the extent to be wished for, for the welfare of the community.

The author has already endeavoured above, to put in a clear light the vast importance which the circulating medium has for the well-being of nations, but he begs to be allowed to add here a few compact statements more, easily to be over-looked, as illustrations on the subject, which he flatters himself, will serve also to show more plainly, and with greater truth, from what the wealth of nations is in fact arising, and by what means it is to be maintained and promoted, than may be learnt from a score of volumes containing the erroneous doctrines of Dr. Smith and the systems of his followers, entitled the Wealth of Nations, both of which have, unfortunately for the world, destroyed more correct opinions formerly prevalent in regard to this great

subject, by entirely confusing, not only their own minds about it, but that of others also.

A gradual increase of the circulating medium, such as existed on a large scale during three centuries up to the present, has, by means of people finding more money in their pockets than before, the natural tendency to *increase* the demand for articles, therefore *also for labour*, and this effect is lasting as long as the increase of money lasts.

A decrease of the circulating medium\* has the contrary effect, people finding less money in their pockets than before, and this must create a *decrease* of the demand for articles, and therefore *for labour*, and which decrease is also lasting as long as the decrease of money lasts, and must therefore daily bring out of employ more hands.

The general rise of prices in the first case is *not* created *directly*, and by the mere fact of the influx of money, but it is arising from this additional money capital being applied also for buying articles, and increasing in this way the demand for them; which occurrence induces those who have them for sale, and those who produce them, to lay upon them a larger rate of profit, which is willingly paid to them, and by which they are enabled to buy and to enjoy on their part, articles which they like, by which means the demand for them, and for labour, becomes generally increasing. But the evident fact, that a general rise of prices, caused by an increase of the circulating medium, can only be produced by the possibility of a generally increased consumption and enjoyment, shows plainly that, if this is the unavoidable consequence of an increase of money, such an occurrence must be considered as a most beneficial one,—in fact, as a real blessing to the community.

The general fall of prices, which is the consequence of the diminution of the circulating medium, must naturally have the contrary effect. People

finding less money in their pockets, the demand for articles is consequently lessened, and they are offered at a cheaper and cheaper rate by those who have them for sale, for getting rid of them ; in this way the per centage of profits is not only lessened, but they are often sold even at a loss, for getting the money out of them before they are offered cheaper by others. In this way the profits of the industrious classes are lessened, if the fall of prices is great and lasting, to such a degree, and so out of proportion, that many industrious men become quite unable to procure for themselves and their families those comforts they formerly enjoyed, notwithstanding these comforts also have become cheaper ; this will become more clear when the fact is considered that the whole amount of the fall of the prices of the articles is, and must be a deduction from the profits of its seller, which makes that difference so disproportionately mischievous for him. Now, as the general fall of prices, resulting from the diminution of the circulating medium can only be produced by the generally extended proportionate decrease of the demand for articles and for labour, it is evident that there must have occurred a pretty general diminution of consumption and enjoyments, and that therefore the decrease of the circulating medium, which produced this result, must be considered as a great misfortune which has befallen the community.

But it is exactly the intermediate time and these occurrences which must happen during it, and before a settlement between prices and the change in the circulating medium takes place, which are entirely left out of contemplation by the A. Smithians, as they prove this by saying that there can be no gain by it for the community, when the circulating medium is increasing, and even to the double of its former amount, and we must pay then for the same article two pounds which we could get before for

one, and of course that there can be no loss to the community when the circulating medium is diminishing, and even to the half of its former amount, as we could then buy for ten shillings what we were formerly obliged to pay with one pound. But they leave out of consideration that the circulating medium of a country is generally not doubled or lessened to half its former amount in so short a time, as one pound may be with an individual, but it takes many years, and it has taken even fifty years and more, for doubling the amount of the circulating medium in a country. During all the time the demand for articles and for labour, and the profits made, have been continually increasing, by which the wealth of the nation has also generally increased through an immense surplus capital successively produced by those increased profits, which has been laid out in improvements of all kinds for the comfort of the nation.

If those A. Smithians would now condescend to look at the consequences of a decrease of the circulating medium, which existed unfortunately already long enough, particularly in other countries, and make themselves acquainted with what must happen if this decrease lasted for fifty years, and particularly at a time when population is continually increasing, they would find as the result: that instead of the wealth of the nation being increased, the middle and working classes would mostly be ruined, and the little remaining of wealth, would be in the possession of comparatively a few.— Then, during all the time, demand would be decreasing, prices falling, profits lessening, a great many obliged to live on the principal till it is gone and they are ruined, salaries and wages becoming from day to day lower, and hands coming out of employ from the diminishing demand for labour, increasing the number of poor to be maintained; taxes becoming daily more oppressive and ruinous

for all those whose profits are lessening. By the continual fall of prices the revenue of landed property, houses, &c. becomes smaller and smaller, and a great many of the proprietors of them not being able to pay the interest on the money which they borrowed upon them for being able to live, the property is sold, and comes then into the possession of a few monied men ; meanwhile all those proprietors and their families are ruined, and left even without the prospect of the possibility of rising again in such times of general ruin. Would that this may meet with that general and serious consideration it certainly deserves.

But there is another subject which is generally treated even more lightly by the A. Smithians, and often even quite overlooked by them, notwithstanding it also deserves the most serious attention—this is the increase of population. An increase of population, without an adequate increase of the circulating medium, produces similar and as pernicious consequences as a decrease of the latter, by creating by way of a continually increasing competition, a lasting decrease of profits, as the number of those is daily increasing who must labour and produce for gaining their livelihood, as also the number of trades-people of all denominations, under-selling one the other for attracting customers. But as the means for buying are not increased, but have, in fact, been lessened in every one's pocket, even when the circulating medium remains undisturbed on account of the additional number of people wanting also to have some in theirs, which was made up from that of the others ;—it is clear that the demand of articles must become less in regard to every individual of the latter, because he cannot spend as much as he formerly did, on account of not finding the same amount of money in his pocket. On the other hand, there appear so many more buyers, so that they gradually raise the demand to what it formerly

was. But the profits of the individual being doubly reduced, not only by competition, which takes away customers from him, but also through a fall of prices, which must occur when a larger quantity of production is offered for sale, he is unable to spend as much as he formerly did, and therefore the demand for articles cannot rise as it ought, to provide sufficient and profitable employment for the new comers, neither sufficient customers nor profits for tradespeople; and with them it is not the sum which they turn, but the profits which they make on it, and from which only they are able to live and enjoy themselves. By their profits becoming seriously reduced, a great many of them must take refuge in the assistance of their principal, for being able to provide for the necessaries of life till they are ruined. Increasing competition lowers also continually the wages of the labouring classes, and throws great many of them out of employment, which obliges them and their families to take refuge in the poor-rates. In this way, the increase of population, without an adequate increase of the circulating medium, produces as much misery as a decrease of the circulating medium. But all this could not happen if there could be provided for an adequate increase of the same, because, taken in general, there could and would flow into every one's pocket as much money as formerly, inasmuch as those of the new comers would have been proportionately provided for by the additional money thrown into circulation; and they would also find employment, as there would be wanted an additional quantity of articles on account of the consumption of themselves; the sale of which would give also employment to additional tradespeople. As there would in this way not arise a greater competition than there was before, every one being proportionately provided for with customers; wages, prices, and profits would not be reduced by compe-

tition; and this would enable the old population to consume as much as they formerly did; so that production could and would increase in the same ratio with the population. This, so material point, the increase of population, should therefore never be left out of calculation, when the amount of the circulating medium of former times is compared with that of the present; and it should not be pretended, as has been done, that this country has now as large and as sufficient a circulating medium as it had twenty years ago; because, as is said, its amount being the same now which it then was. When the fact is considered that an increase of population without an adequate increase of the circulating medium works upon the well-being of the community as perniciously as a decrease of the latter, it will become clear, that as the population of this country has risen about forty per cent. since twenty years, the circulating medium, for being as sufficient for the use of the population as it then was, ought to have risen also forty per cent., and there would then not be more money for the use of an increased population, than there was before for a less number of them, and that therefore if the money capital has not increased in the same ratio, there has occurred in it a proportionate decrease, comparatively taken; besides this, it should also be taken into serious consideration, that through distrust and bad arrangement there are now at least twenty-five millions of the present circulating medium locked up; and therefore so long as this lasts, to be considered as not existing as a circulating medium, meanwhile, twenty years ago, circulation was lively, and comparatively very little money was locked up.

Suppose now that Dr. A. Smith had never existed, or, at least, that he had never written about such complicated subjects, which he did not give himself the trouble of investigating more deeply,



which must be done if they are to be correctly understood, and that consequently neither he nor his followers had confused people's minds about those subjects, which are so important for the wellbeing of nations ; but that instead of this having been the case, a more rational knowledge had existed also in this country, and particularly amongst its statesmen, twenty years ago ; and that therefore the immense importance of the circulating medium in regard to its influence upon the wealth and comfort of the community had been duly appreciated by them ; they would then have felt the necessity and thought it their duty for preventing the decline of the wealth and the diminishing of the comforts of the nation, to use, since that time, all the means in their power to uphold the standard of value by keeping equal the amount of the circulating medium with the increase of the population, through the means of adding to the former in proportion to the latter, taking care and such measures that the once existing active circulating medium should not be lessened again, be it through momentary distrust or other causes ; inasmuch the amount of the active currency with which prices have once settled to a level, can never be diminished without bringing on those distressing consequences fully explained above.

The author will now endeavour to show what would be the state of the country if this rule had been strictly adhered to twenty years since, in comparison with that in which it really is ; and he will begin this period with the year 1814, as that in which the circulating medium had reached the highest pitch which ought to have been maintained, and will close the period with the end of this year. As a matter of course, there would have been, if rational knowledge about those matters had existed, no return to cash payments, and therefore also not the ruinous consequences which have already arisen from them to this coun-

try, as such a measure would have been considered as a folly, for which any nation who introduces it when using paper money as *principal* circulating medium, must, earlier or later, be severely punished ; and the more so when this introduction is made in a period when precious metals in all countries are diminishing and population rising, which makes an addition to the existing paper money circulation so unavoidably necessary, when the countries shall not go to ruin, and that therefore cash payments could not be introduced without the most dangerous consequences, as it would, under such circumstances, be impossible really to procure quick enough the sufficient coin for cashing all the paper money which may be presented for the purpose, by any emergency occurring. Suppose even this could be done, and that the whole amount of the paper money circulating could be kept in coin for accomplishing cash payments, would it not be better to leave the coin in circulation, and to have no paper money at all, as there could then be no panic occasioned by discredit being thrown upon the latter ? By such a panic occurring, there would even then arise ruinous consequences for the community from cash payments, notwithstanding all the paper money could be cashed ; because monied men fearing that this might not be the case, would lock up the coin, and the paper money realized could not be re-issued, there not being coin left for cashing it again. In this way the circulation of the country would suffer even then most severely.

The amount of active circulating medium existing in this country in 1814, may be computed at forty-nine millions of Bank of England and country bankers' notes, and about six millions of silver, and the little gold then remaining, which makes together fifty-five millions ; to this would have been added, in following up the rule laid down, adequately

with the growing population, and avoiding progressing accounts, two per cent. every year upon the original sum of fifty-five millions, either in gold flowing in from other countries and coined, and leaving sufficient for being worked up, or if not in bank notes, which, in twenty years, up to this time, would have amounted to 40 per cent., and by which the circulating medium would have been brought up from fifty-five millions to the amount of seventy-seven millions, which would now exist in this country. As there could not then be any necessity for keeping gold coin locked up for cash payments, and as there would be, on account of the flourishing state of the nation, no distrust, we may fairly take for granted that there would now be from those seventy-seven millions, at least seventy in full and lively circulation, which would constitute exactly the double of that sum of thirty-five millions, which may, as above stated, be calculated to be in actual circulation in the country at the present moment.

It is calculated, in political economy, that the circulating medium of a country circulates, or is turned, about thirty times per annum: this would give, as the amount of the yearly circulation of the present currency of thirty-five millions, the sum of 1,050 millions. Supposing now that the further circulation which is produced by this ready-money business, and which is carried on by means of bills of exchange and checks, and the exchange of the latter, at the City of London clearing-house, being, as is well known, by far larger than the former, would amount to the double of the sum mentioned, this would give 2,100 millions; making together the circulation of the country, from which profits are derived, amount to 3,150 millions. Estimating these profits which arise from this circulation, either from the above sum of 1,050 millions money circulation, at thirty per cent., including the other circulation without money, as an attendant to or

having sprung from it, namely, from the retail trade carried on by the former, as mentioned above, or taking the profits at once from the whole circulation of 3,150 millions in average at ten per cent., this would give 315 millions as profits made, but from which the taxes, amounting to 60 millions, must be paid, which would leave 255 millions of clear profits for the community of this country to live upon. It is quite immaterial for the present purpose at what rate those profits are taken ; and if they should be taken too high or too low, as the conclusion to which this comparative consideration is to lead, will be quite the same, notwithstanding the difference which may exist in the rate of actual profits.

Now we shall see how the account would stand if there existed that amount of active circulating medium of seventy millions, which, as above-stated, would now circulate in the country, when the money capital of 1814 had been kept adequate to the growth of the population, and which would produce by circulating also thirty times per annum, a money circulation of 2,100 millions, and an additional circulation resulting from it, at the above rate, of the double, of 4,200 millions, in bills of exchange and checks, which would give 6,300 millions as this year's circulation of the country, which would leave, only calculated at the same rate of profits, 630 millions ; of which must be deducted 60 millions taxes, leaving 570 millions as the nett profits for the community where to live upon this year. Yet these profits would, in reality, be much greater, because the rate of profits would be higher in the latter case, inasmuch as every one would be enabled, by steady prices, as they would then be, to lay a higher rate of profit upon an article, as he may, by the declining prices which have prevailed of late, which is well known by every man of business ; but the author has taken only the same ratio of profits for not being accused of exaggeration.

The A. Smithians' would perhaps say what good could arise from that state of things for the community ; notwithstanding its profits would be doubled now, prices would also be doubled, the circulating medium being doubled, and as they must pay double the money for the same thing, they cannot buy more from double the profits than they can do now ? But the case would be far different. Prices taken in general would only be the same that they were in 1814 ; because population, *production*, and circulating medium would have proportionately increased since that time 40 per cent. There we would have an increase of 40 per cent. of the circulating medium : yet this would neither be mischievous to the community nor would there be any breach of contract or a robbery committed on the fund-holders, who would have in fact the best of it ; the funds in their possession would, on account of the greater credit given to them, have improved in value nearly to the double of what they gave for them twenty years ago. There might now be articles which would be higher or lower in price than they were in 1814, on account of a larger or smaller quantity being produced, as the demand required ; for instance, through a superbundance or the failure of the crops ; greater or less competition in a manufacture. On account of increasing wealth with part of the community, a certain class of articles might have come in greater demand, and risen in price ; but this rise would soon have been checked, and prices brought down again by an increased production of those profitable articles, and a greater competition of the sellers of them. But all this has nothing to do with the general effects produced by an increase or decrease of the circulating medium, or of the population of a country, which effects are and must always be the same ; as there can only a measured quantity of articles be exchanged for a measured quantity of money, at a certain price.

When therefore an increasing number of human beings is continually added to the population, an increased quantity of production cannot be exchanged with that measured quantity of money without prices going down, producing those sad consequences above-mentioned, which prevent people from living as well as they formerly did. By a proportionate increase of the medium of exchange, it remains equal, and prices must remain steady, because there is no difference in the means of buying.

Going out from that rule, according to which prices would now be the same that they were in 1814, and taking those prices on an average as having then been, and being now, forty per cent. higher than the present prices, we may be able to find out the comparative state of comfort in which the community of this country would now be in if a plan like the supposed one had been executed. The nett profits of this year would be as above stated, 570 millions; but as we must pay 140 pounds for the same articles which we might buy now for 100, it follows that we could buy only at this rate for a little more than for 407 millions worth of articles instead of the quantity of articles which we might buy for 570 millions if the prices were so low as they are at present.

But it appears, on the other hand, that there are only instead of that sum of 407 millions for which we should be enabled to buy articles, now only 255 millions nett profits for the community to be calculated upon for this year, and from which articles might be bought, showing a difference of 152 *millions* as a surplus in favour of the nation, in case the plan described had been followed up, and from which stupendous sum the community might now enjoy themselves, in preference to, and over and above their present enjoyments, by buying and consuming that successively increased production which would now be offered for sale, and also many

newly-invented comforts called for by the increase of wealth ; they might also apply part of that surplus to improvements of all kinds in the country, and to lay it out at a handsome interest in foreign countries. In this way the wealth of the country would have since twenty years steadily improved, and it would now be at least three thousand millions richer than it is now, which might be found yet much under-rated when the fact is considered that it has, since the panic of 1825, been reduced in its value more than two thousand millions, by the depreciation of property and the immense real losses it has sustained, which will be shown more fully hereafter. This could then not have happened, and there would have been gained besides a very large yearly surplus capital.

We shall now consider another most important advantage which would have been gained in this way for the community ; it is : that the present taxes, amounting to sixty millions, would press not even half as heavy upon the people as they now really do ; or, what is the same, they would not press even as much as a reduced taxation of thirty millions would do under present circumstances, which will result from the following consideration : instead of sixty millions being paid at present from profits amounting to 315 millions, as stated above, leaving a clear profit of 255 millions to the community, they would be paid from 630 millions profits, leaving a clear profit of 570 millions, which would be sixty millions over and above the double of the former sum ; which sixty millions, by being partly applied also to buy taxed articles for the enjoyment of the community, would reduce the pressure of taxation below the half of its present pressure. Notwithstanding taxes would be then as high as they are now, yet there would certainly not be, as Dr. Smith has it, a grinding down of the people through those high taxes, but there would be

a continual rising, and they would also not work like the sterility of the soil, as there would be no such sterility; but, on the contrary, the land would, as well as it did in 1814, richly remunerate those who took the trouble of cultivating it, and they would certainly have as good an opportunity of receiving the same profitable prices for their productions which they received then.

From those considerations may be seen that the rule laid down by the author, that taxation presses more or less heavy upon the community, *only in the same ratio as its amount stands to the amount of the active circulating medium of the country*, is tolerably well founded.

For the consolation of those timid patriots who believe that the energies and the power of this country are entirely cramped by the national debt, and that from that cause it cannot go to war, the author will deduct from the above statement, in regard to taxation and its comparative pressure, another, which will show very clearly that there is yet a superabundance of power in this country, and that there always will be, for all possible emergencies, if only the right means are used for making it available. It will be seen from the above statement, that had such a plan, as mentioned, been followed up since twenty years, which might very easily have been, or might now very easily be done, 120 millions of taxes would not press heavier now upon the community as sixty do under present circumstances; the Government would therefore have at any time sixty millions of taxes per annum more at its disposal in case of need, for instance, for carrying on of a war, without increasing the pressure of taxation over the present pitch. But as Government might not like in such a case to increase taxation at once very much, and would probably prefer carrying on the war by loans as was formerly done, a small part of that sum of sixty millions would



only be wanted to be laid on in taxes in the first instance, for paying the interest of the loan made ; and this would be continued as long as loans were wanted for carrying on the war. Such being the case, it would appear that the Government would have in this way at their disposal a capital equal to the produce of two thousand millions of three per cent. Consols to be created and sold for the purpose, when necessary ; and only after this sum had been in full disposed of, the payment of the interest on it would reach that amount of sixty millions above-mentioned, which Government might dispose of. Why they would find in such an emergency the required capital always ready for them in the country, as well as it was ready for Pitt and his followers, has been explained already above. In this way there would therefore yet be ample sinews of war to be found. Suppose now that Government would, in the course of time, really want the whole sum mentioned, this would increase the national debt from 800 millions to 2,800 millions ; yet, taxation, notwithstanding it being increased with 60 millions, on account of the increased interest of the debt, could never press as heavy as it does at present ; because, during the many years which would have elapsed, the circulating medium would have been increased two per cent. per annum, and the population also. Taxes could therefore never press as heavy upon the individual, there being so many more of them who must contribute to the taxes, and who would have also the means of doing so. From this may also be seen how easy it would be for Government to lighten the burden of taxation ; and, at the same time, to prepare the means for any emergency occurring, if they were only allowed to apply the proper means for the purpose, which cannot well be done without the community becoming more generally and thoroughly acquainted with those important but complicated subjects, so as to

be able to appreciate the value of the proper measures to be taken for their relief, and to give to them their entire confidence; these measures might then become most beneficial. It must be hoped that this country will not be brought to the necessity of requiring loans for the purpose of carrying on a war, but that the blessings of peace will long be preserved, not only to this country, but to the whole world, as they are so necessary for the well-being of all. But the author thought it his duty to remove, by means of an exalted but well founded statement, erroneous and mischievous impressions which hinder the clear sight of the immense power which lies in this country, and the taking root in people's mind, of that confidence in its great resources which it is so necessary for the welfare of all to restore. It has been shown that if only the proper use of these resources had been made, this country could never have come to that momentary depression under which it now labours, but which might so easily be removed, and its vigour and prosperity restored, if only the proper measures were duly appreciated and speedily taken.

Before the author enters upon the proposals he has to submit in this respect, he thinks it necessary to enter more into the detail of the faults which have been committed in regard to the circulating medium of the country; faults which tended to cramp its amount; and also into the distressing consequences which have resulted from them for the community. This will be the more necessary, as it will show more clearly the urgency of an alteration in the system adopted in regard to the circulation of the country, insofar it has, through the commitment of those faults, been based upon unjust and mischievous principles; it does not only not secure the country against similar ruinous occurrences, as the panic of 1825, but keeps in fact open the door for them, and it excludes the possibility of

improving the state of the country, which can only be done by putting the circulating medium upon a secure basis, and keeping it adequate to the growing population.

People generally think that paper money which is not convertible into gold or silver at demand, cannot retain or regain its value when once depreciated. How erroneous this opinion is may easily be shown by the experience of this country. During the war, the notes of the Bank of England, which were not convertible into gold on demand, had decreased in value on account of the precious metals being wanted and bought up for the goldsmiths and jewellers, for the trade with Asia, and for being applied by Government to the large war expenditure on the continent; for which a sufficient number of bills of exchange could not be procured. Every one who had gold, seeing the great demand for it, would not part with it unless he received more than its original value for it in bank-notes. Yet this depreciation in the value of bank-notes was, compared to that of paper-money in other states, but trifling, as it never exceeded seven shillings on the pound.

But what happened when peace was concluded? The value of the same paper money, which was even then not convertible into gold, began to rise, so that at last from five to ten per cent. in gold or silver more than these notes were issued for, could be procured for them on the continent. The exchange in Hambro' on England rose above thirty-eight shillings flemish for the pound sterling; and this rate was readily paid for English bank-notes, or for bills of exchange on England, payable in bank-notes, notwithstanding that the par of exchange between the countries was only 34*s.* 11¼*d.* flemish; the difference constituting a considerable agio in favour of those bank-notes, which caused the gold to be bought up on the continent for the

purpose of sending it to this country as a profitable remittance. In consequence of this, gold rose there to a considerable premium when compared to silver. Now, precisely at the same time, (after the peace) that the notes of the Bank of England were worth more on the continent by 5 to 10 per cent. than they were issued for, and that notwithstanding the premium on gold, more of it could there be received for the bank-notes than could be got by cashing them in guineas, an outcry was made by the people, instigated by their organs, for a gold circulation and a return to cash payments.

As the Bank Restriction Act was to cease in the year 1817, the Government, yielding to this outcry, resolved to prolong its operation but for two years more, for the purpose of giving time to the Bank to arrange matters for the resumption of cash payments. But there could be nothing more unnecessary than this step, because foreign countries had to pay to this country in gold and silver the greater part of nearly 120 millions; this being the surplus of the balance of trade during the five years, from 1814 to 1818, both inclusive, which may be seen from the list of excess of exports over imports given above; and the exchange having become, with little intervals, so favourable, it was easy to see that England would be deluged with gold and silver, without having recourse to this measure, which measure, indeed, laid in part the foundation of all the subsequent miseries which overwhelmed a country the richest in the world. The Bank was obliged to resume cash payments in 1819, and, in order to do so, it bought gold, which flowed in successively and principally from the continent to the amount of *twenty-two millions* of pounds sterling, which were coined in the six years, from 1817 to 1822, both inclusive.

Being at that time on the continent, the author was enabled to remark the drain of gold in different

countries, which was occasioned by this resumption of cash payments. Russian imperials and Dutch and Russian ducats, which latter were then the principal circulating medium in the southern provinces of Russia and Poland, were now rarely to be met with ; the German, French, and Portuguese gold circulation suffered also materially. If the people of England would only consider what is really the fact, that they can command at any time all the gold, and even a great portion of the silver in circulation in every part of the world, by drawing in their advances to the Governments, and individuals of other nations, they would laugh at those who want to intimidate and to persuade them that a gold circulation is by far better for them than bank-notes, when the latter are in fact generally worth more than the former, as more gold can be got for them here, and even on the Continent, by going to the bullion market and buying the precious metal, than would be received when exchanging bank-notes for sovereigns at the Bank of England. The consequence of the resumption of cash payments by the bank was therefore that in the first instance, there was such a drain of circulating medium on the continent that it seriously affected the consumption of articles sent both from England and its colonies. Then, as England did really not want the gold, and as bank-notes would have rendered the same service, the amount of about twenty-two millions of gold drawn in principally from the continent of Europe, and coined here, in the six years, from 1817 to 1822, besides what remained on the bullion market here, might, but for the necessity of resuming cash payments, have been applied to the buying of the stock of the different Governments ; stocks, which being issued at comparatively low prices, paid an enormous interest, and which would have long before this time doubled and even trebled by

interest on interest on the capital, and by the rise in price which took place since in those securities ; that same amount of twenty-two millions and the other gold drawn in from foreign countries, for the benefit of those English capitalists, into whose possession those securities might have come ; and the circulation and consumption in those other countries, and with it the trade with this, would not have been unnecessarily cramped. But these disadvantages which had resulted from the resumption of cash payments, as well to other countries as to this, are trifles compared to still more serious ones to which it gave rise, and which shall now be discussed.

If the credit of the Bank of England, by the resumption of cash payments, was made dependent on the prompt realization of its notes, it was deemed expedient by the directors, in the first instance, for lessening the demand for gold on the Bank, to draw in a great portion of its issues, and to bring gold into circulation ; by which means people might get it without calling on the Bank. The drawing in of issues of notes successively made by the Bank of England, is calculated to have amounted to a little more than 12 millions ; and the drawing in of notes of private banks to about the same amount, compared to the amount of notes in circulation in the year 1814, which was then greatest. Besides this contraction of their issues, the Bank of England and the private bankers were obliged to retain a large supply of the gold coined, in stock, for meeting any emergency. Suppose now the stock of gold in the Bank of England, regularly kept for that purpose, to have amounted to the third part of its issues, the Bank could not have cashed all its notes if any sudden and serious run had occurred. It was therefore obliged to contract its issues when it was to be feared that such an occurrence might happen, in order to maintain its credit, by being able to meet it. This expedient, to which the Bank of

England was and is now frequently obliged to resort, to avoid being forced to stop payment, has often done a great deal of harm to the community ; yet this is no fault of the Bank, but that of the arrangement of cash payments, forced upon this establishment. The necessity which the Bank felt in the years 1823 and 1824, on account of the exchange going against this country ; of drawing in and keeping locked up from 13 to 14 millions of sovereigns and of silver coin ; and latterly of contracting the circulation of its notes, by drawing in part of its advances on Government stock and other securities, and this exactly at a time when larger issues became necessary, because monied-men, from the fear excited by the outcry that the country was going to ruin, were then drawing in and locking up money ; brought on unfortunately the general panic of 1825, which did such immense mischief to this country, and which was, as is well known, the cause of the sad state of things under which the nation still lingers ; then the country bankers, being in the same danger as the Bank of England, also contracted their issues as much as they could. But 66 of them not being sufficiently supported by the London bankers, who were unable to give them the assistance required, by reason of the Bank of England not supporting them sufficiently, but even drawing in, in some instances, its advances to them, instead of increasing them as was wanted, were unable to cash their notes or to fulfill their other engagements, and were therefore obliged to stop payment, notwithstanding nearly all of them had ample security to give. This event spread terror over the whole land. It happened, immediately after the year 1824 had passed away, when this country had reached its highest pitch of wealth and power, and at a time when the clear profits made by the community, partly brought on by a larger circulation, by means of additional issues of notes by the Bank of England

and country banks in the years 1822, 1823, could not, after the payment of taxes and other charges, have amounted to less than 100 millions a-year. This would be found correct, by considering what amount of surplus capital was laid out in the building of houses all over England, in the furnishing of them, in opening new manufactories and shops, in loans and other advances to, and money laid out in other countries, in commercial and mining speculations, in agricultural and other improvements, &c. Any one who had asserted at that time that the riches of England were merely imaginary, would have been laughed at ; and, as a proof of the real wealth of the country, he might have been shown whole towns composed of the most magnificent buildings, rising out of the earth, as if by magic, all over the land, and that general bustle and eagerness for improvement which were visible in every branch of human enjoyment and comfort. Can any thing be more lamentable than to see this same country fall immediately after this period of splendour into a state of comparative misery ? To behold thousands of houses half-finished becoming ruins ; confidence and spirit of enterprise crushed ; the fear of still more fatal consequences to the country in every man's breast ; and all arising solely from want of knowledge of its immense resources, and of the means it possesses for easily overcoming or preventing these disasters. The fear brought on by those ignoramuses who cried down the credit of the country, and pretended it was going to ruin, becoming prevalent, worked upon the minds of the community most disastrously ; people withheld their money and kept it locked up. The distrust became general, affecting the whole community, and destroying, in a great measure, that extensive and admirable system of credit which had made England rich and powerful. And yet it was so easy to avert from this country



the dreadful state to which it was reduced, and to conduct its affairs so that there should not have been the slightest interruption to its progressive advance in wealth, comfort, and improvements of every description.

The author had at that time an idea of publishing the result of his observations ; but, observing the infatuation of the people and their leaders, and the erroneous opinions then prevalent even among men at the head of the affairs of the nation, as to the real state of the country and the means of restoring its vigour, he thought it quite useless to say any thing on the subject, because it would not have met with either consideration or attention, particularly as the country was inundated with political pamphlets, the contents of which were not at all consonant with the author's ideas ; but he flatters himself with the hope that he shall be listened to, now that experience has shown the effect of the measures which led to such disastrous results. Had there been at the head of affairs a man who, like Pitt, was well acquainted with the immense resources of the country, he would have turned the thought of the possibility of such a ruinous catastrophe occurring, exactly at the time of the highest application of its powers and wealth, into ridicule ; but he would readily have perceived, that out of the great bustle in speculative business carried on mostly by transactions resting on credit, and the formation of so many companies which required the investment of large capitals, but principally for counteracting the mischievous influence of the outcry raised, that the country was going to ruin ; there might arise a necessity for Government using its power for upholding that admirable system of credit, out of which arose such great benefits to the country, and would have taken his measures accordingly.

The circulating medium on which the author has shown that the welfare of a country mainly depends, ought always to be the concern of its Government, inasmuch as it regards the whole country. It should therefore never be left in any country to the management and regulation of private people, who must always be considered as having their individual interest and safety more at heart than that of the community. To allow private individuals to issue money on their own credit, and to compel every one to take it in payment, as is the case with the notes of the Bank of England, and by that means to bring large yearly profits into the pockets of comparatively only a few privileged shareholders, by means of the interest arising out of those issues of bank-notes, is not only dangerous, as has been seen, but quite unjust in principle; and the author is confident that Pitt would never have consented to uphold the continuance of this privilege conferred on a body of men, but would have, in time, restored it to its rightful owner, the Government, had he not wanted to use the credit of Government for raising immense yearly loans, and thought it therefore necessary, during the then state of public opinion, to leave the power of issuing money in the hands of private individuals. This mode of creating money is unjust in principle, because the by far greater part of the community, notwithstanding its being obliged to take this paper money in payment, loses its share in the profits which arise out of the application of the money-capital created by the interest which it brings, and to a share of which every one is, in justice, entitled, because he is obliged to take, and he accepts willingly, this paper-money in payment, and he stands, therefore, all the risks attending it as well as any other. As the Bank Charter is now near its termination, and Government, not as formerly, in want

of yearly loans of 20 and 30 millions, it is, in the author's opinion, the duty of the Government and the Legislature to recover for themselves the right which belongs to them in justice, of creating money for the community, and to make the best use of it for the relief of the country.

The great danger and the ruinous consequences which may arise out of the giving up of the management and regulation of the circulating medium into the hands of private individuals, and leaving them to themselves, on an emergency occurring, became sufficiently evident in 1825. But, notwithstanding that this arrangement existed then, it always remained the duty of Government to use in time all that lay in its power to avert the bad consequences of it; and they should never have thought themselves disengaged by it, of their duty to watch over the circulating medium and the credit of the country. When several of the country banks stopped payment, dishonouring their notes, the statesmen of that time ought to have seen the immediate necessity for the interference of Government, and that it was highly expedient and necessary for maintaining the credit of the country, to support these banks generally with all the power, which lay in their hands. This could easily have been effected, and the author really believes that it would have been sufficient for the purpose if the Chancellor of the Exchequer had gone to the Bank of England and told its directors: "that the government had given up their right of issuing money, to them and to other private bankers; but considered, notwithstanding this, the money capital of the country as a national matter, and as such, being under their protection, and that consequently they thought themselves bound to uphold the credit of the notes issued, and facilitate the cashing of the same." "I request, therefore," he might have said, "that you will, instead of drawing in your advances

“ as you have already begun to do, advance on any  
 “ security presented to you by private bankers the  
 “ sum required ; and Government will not only  
 “ guarantee to you the loss you may sustain, if any,  
 “ by so doing, but they will support you and render  
 “ you all the assistance in their power which may  
 “ be required in the urgency of the case.” If only  
 such a determination on the part of Government for  
 securing in this manner the notes of the different  
 country banks, and for facilitating their being  
 cashed by them, had been made known, no run for  
 gold, to any considerable amount, would have taken  
 place either on them or the London bankers ; peo-  
 ple would have been satisfied with their security in  
 those notes, and probably not six banks would have  
 stopped payment from want of sufficient security ;  
 all the others would have been able to give a gua-  
 rantee for 30 to 40 shillings in the pound, which is  
 proved by 60 out of 66 which failed, having paid 20  
 shillings and one 16 shillings in the pound, notwith-  
 standing the immense losses which they must, in  
 the first instance, have incurred for supporting their  
 establishments as long as they could stand it, and  
 the subsequent losses they sustained by the public  
 sale of their property. From the general distress  
 and the depreciation of property, their estates pro-  
 bably did not fetch half of their former value. Go-  
 vernment might, possibly, by thus becoming gua-  
 rantee, have lost a small sum ; but there would  
 have been neither panic nor distress, and there  
 would have been paid into the Treasury, since that  
 time, two or three millions more of yearly revenue.  
 There would besides have been no destruction of  
 the small note currency, as no one would ever have  
 dreamt of taking away this productive money capi-  
 tal, *and the country would now be two thousand  
 millions richer than it is.* At that time the united  
 kingdom and its possessions might be calculated to  
 have been of the value at least of six thousand mil-

lions sterling ; but can now scarcely be computed at four thousand millions. That the property of the country has been reduced since the time of the panic by one-third of its former value, will become obvious to every one who will compare the present value of landed property, houses and merchandize of any description, to the value which they bore in 1824, or the price they would have fetched if sold at that time, to that which they would now sell for ; and he might even find, that on an average, there is more than one-third of their former value lost. If he will then add to this depreciation the immense real losses which the whole community has sustained since the year 1824, he will find the above statement yet very much underrated, without even taking into calculation the yearly surplus capital which would since have been gained besides, by the country continuing in its prosperous state. Should there be made out a list in which every one of the community were to state the real losses he has sustained since the year 1824 up to the present time, 1833, the immense amount of those losses would surpass belief.

It cannot be denied that the doing away with the small-note currency, exactly at a time when such an immense mass of money was out of circulation, and kept unapplied from fear, was the most injudicious measure that could be resorted to. That ignorant people, who knew nothing about what was good for them in point of their general concerns, cried out against the small notes on account of their believing them insecure and wanted a gold circulation, was not astonishing ; but that men at the head of affairs could comply with such an outcry would really be quite unpardonable, if they ought not to be excused from the error they committed in believing the doctrine laid down by Adam Smith, “ that the lessening of the circulating medium can “ do no harm,” to be true ; because they erred in

this respect in common with most of the statesmen, as well in this as in other countries. Being of this erroneous opinion, they did not consider that to take away the eighth part of the circulating medium, must again diminish the value of that then already so much depreciated property, to the amount of at least *five hundred and fifty millions* £. sterling more ; and that the taking away of eight millions of small notes, after deducting the surplus of those in circulation for the gold kept for their realization in the banks, must produce a loss of at least *three hundred millions per annum*, in the amount of that circulation ; for which amount would have been bought and consumed a variety of things ; and as by such being the case, the prices of them would not have been generally so much depressed, much greater profits would have been made by the community throughout the country, and great losses avoided. It is calculated, in political economy, that the money capital of a country circulates thirty times a-year in large and small sums. The small notes capital may be said to have circulated at least forty times per annum ; one and two-pound notes circulating quicker than the larger ones. The eight millions of them produced, therefore, a circulation of at least 320 millions per annum. It must be obvious to every one, that by taking them away from the pockets of the people, they found every morning eight millions less in their pockets. Had they found them as usual, they would have liked to spend part of the money by buying and consuming something for it, which they now were unable to do. Consumption was therefore materially lessened, and with it the profits of the producer or seller of the necessaries of life, who could also no longer consume as much as he formerly did, particularly as he was obliged to lower his prices, and often to sell at a loss. It is easily seen what immense losses must have occurred to the community by the taking

away of those eight millions from the circulating medium, as prices could not adjust themselves to the diminished circulating medium till those losses and the depreciation of property had reached that enormous sum of 550 millions sterling, as the point where they were to cease. But there are even still people, who pretend to be very wise, and who even have the hardihood to attempt to write, and to instruct their readers on those subjects, who cannot cease to commend the plan of taking away of the small notes, of which they have not been at all capable to form a correct opinion, being yet confused by Dr. Smith's doctrines. If they had not been, they might then also have perceived that if this so useful part of the circulating medium, the small notes, were, under the present embarrassed circumstances, restored to the community (to which they even now object) there would arise out of this measure a benefit adequate to the loss sustained by being deprived of them; and as every one of the industrious classes would profit by it, so they who lost most by the notes being taken away, would have a remuneration for the loss sustained, and it ought therefore not to have been said, as has been the case, that by the re-issuing of the small notes, those who lost by the taking away of them would not be remunerated or benefitted.

The author will now endeavour to give an outline of what may, in his opinion, be done for the relief of the people. In the first instance, for guarding the community in future against occurrences similar to those which took place by means of the vascillation in the amount of issues of Bank of England notes, and therefore in the circulation of the country, which was the unavoidable consequence of those issues having been given into the power of private people, and under their sole management and controul, subjecting them to cash payments; it is necessary for government, as the governments of other well regulated countries have always thought it their

duty to do, to take the management of the monetary system of the country, for the benefit of the community, under their own care, and in order to accomplish that purpose, they must *not* renew *that part* of the charter of the Bank of England which gives to it the right of issuing money in Bank of England notes, but give, when necessary, the notice required, of the cessation of its charter. Close the account between them, by taking immediate steps for paying off the debt owing to them, by means of the creation and sale of as many additional exchequer bills as the market can bear, and by funding the remainder. It is obvious that no new debt would be incurred by the country in this operation, as the debt to the Bank of England is a debt of long standing. The Government of this country, the richest in the universe, and which supplies the whole world with capital, could at any time have got the sum they wanted, as a loan from the community, which would have been subscribed for, as formerly, in a few hours, and even with gratitude for the application. It could, therefore, not well be understood, why Government could, as has been the case, demand and owe for any length of time, advances from, and make itself by such means, in a great measure, dependent on the Bank of England, embarrassing this institution in this way, and cramping its means, which might have been more usefully employed in support of those men of business who wanted it, instead of giving assistance to a Government who may command any sum they want in a much more dignified way; unless ministers feared to lose ground in the opinion of the public if they came openly into the market for a loan. But the author thinks this fear to have been quite unfounded. If at that time the state of things had been rationally explained, Englishmen would have preferred by far this open application of Government in the money market for a loan, to the mode adopted, of procuring the necessary means from the



Bank of England, by which proceeding, Government became to a certain degree dependent on this private corporation. The author is confident that every one now feels indignant at such a proceeding having taken place.

After closing their account with the Bank of England, and the cessation of licenses given to country bankers for the issue of notes, Government must then form a National Bank for the United Kingdom. This has already been proposed earlier by Ricardo and others. But notwithstanding the so called march of intellect, and the momentary popularity of the present ministers, which they enjoy on account of their having satisfied the people's desire for parliamentary reform, yet that pernicious idea, unfortunately so general among nations, and which cannot be considered otherwise than as altogether erroneous, and most injurious to the best interests and the welfare of every country, is yet too prevalent in this country, namely :—to consider Government, or the ministers who constitute the same, not as the friendly genius whose object it is to lead the people to comfort and happiness, but rather as an inimical being, grasping at power and the taxes, for purposes not beneficial to the nation at large, but for serving themselves and their particular friends ; it would not be expedient to propose that a Government Bank, under the management of ministers, should be established for the issue of the circulating medium of the country, as they might be suspected of wishing only to strengthen their own power and resources. The author should therefore suggest that a national Bank of the United Kingdom be established, wholly independent of ministers, and solely under the controul of the representatives of the people. There may be, for the direction of the bank, a chairman and 24 directors chosen by the House of Commons out of their own body, and out of the most competent and respectable

men of the community. This national bank being formed, it is to issue national bank notes of the United Kingdom ; and to give every facility to, and manage the money matters of Government in the same way as has until now been done by the Bank of England, or by private bankers. The bank not to receive deposits from private people, to be held at their disposal, but to leave that business to the private banks, as it would have sufficient occupation in keeping its running accounts with bankers who might wish for this connexion, the general employment of its own capital, and the management of the money concerns of Government.

As the average amount of bank notes issued by the Bank of England at the present moment, and of those of private bankers, may amount together to about thirty-six millions sterling, as stated above; the amount of bank notes to be issued by the national bank would likewise be thirty-six millions sterling ; of which thirty millions might be issued in notes of five pounds and above, and six millions in one and two-pound notes. There might also be a reserve fund of five millions created, of which as much might be brought into circulation as the direction should think necessary for the benefit of the public, particularly at the time when part of the circulating medium would be accumulating, and in this way necessarily kept out of circulation, for the payment of the large dividends on Government and other stocks ; preventing, in this way, the scarcity of money ; which, as it is well known and severely felt, occurs always at this time. The capital so applied to be successively drawn in again by the dividends coming out.

For giving every facility to the Bank of England for the drawing in of its notes, for which a suitable period would be fixed, the debt owing by Government to the Bank of England might wholly be paid off by the national bank with its newly-created

bank-notes ; and the exchequer bills and stocks to be issued by Government, as mentioned, for the purpose of enabling them to pay off their debt to the bank of England, might be sold and given over to the national bank at a price to be agreed upon, which would then dispose of these Exchequer bills and stocks when it thinks fit.

For facilitating the drawing in of the country bank notes, the period for which would also be fixed, the national bank would advance to those bankers who might require it, on security being given by them, capital in its notes at a low rate of interest, which might at once be fixed at two per cent. per annum. It would also extend this advantage of low interest to all other bankers who might apply for capital ; and for facilitating its transactions with them in general, be satisfied with such sort of security being given by them as the Bank of England was, till now, satisfied with. It has already been remarked of what great consequence and utility bankers are to the community ; it would therefore be a bounden duty for the national bank to support them as much as possible in the extension of their operations. As the national bank stands to them in the same relation in point of money, as the wholesale dealer in merchandize stands to the retail dealer, to whom he lets it off at a cheaper rate, it can only be considered as fair, that the national bank should act in a similar way to the banker, and to let him have capital at a cheaper rate ; regulating its other transactions after the current rate of interest and discount on the money-market. The national bank, by supporting country bankers in this way, and facilitating the extension of their operations, would have the advantage of saving the expenses of branch establishments ; the necessity for which would, by these means, be superseded, but which it would otherwise unavoidably be compelled to form throughout

the country, for giving that support to agriculture, manufactures and trade, which they stand so much in need of, having been deprived of it to so great an extent by the taking away of the small notes, and which, to renew by all possible means, ought always to be considered one of the chief objects and principal benefits which are to be reached at by the institution of the national bank.

The national bank further to issue and to bring into circulation, on account of the growing population of the country an adequate circulating medium in bank notes, which might, for avoiding a progressing amount, be fixed at the rate of two per cent. on the amount of the whole present circulating medium of sixty millions sterling, as above stated, and which would therefore be one million and two hundred thousand pounds, to be issued every year for ten years to come; the half of this amount to consist in three and four pound notes, the other half in notes of five pounds and above. This addition will be necessary, because there is, as has been shown, no increase of the circulating medium for the use of the increase of population to be expected from a surplus production of the precious metals over and above the loss of them; and this simultaneous and adequate increase of the bank-note capital, for the purpose of keeping it proportionate with the increase of population, must therefore be considered as of the utmost necessity, not only for this country, but for all others, whose principal circulating medium consists in paper-money; because it is the only means for securing the standard of value and preventing a further depreciation of property, the unsettling of all contracts, and the losses and ruin attending and following them. By taking the management of the monetary system of the country into their own hands, it becomes an imperative duty of this Government and the Legislature to use these only means, as far as they are concerned, for keeping the circulating

medium of the country equal with the growth of the population, in this way maintaining the prices of commodities and of all other property as steady as possibly might be done. If after the lapse of ten years it should be found that the measures which the Author shall propose, or others to be adopted for the diminishing of the loss on one side, and the increase of the production of the precious metals on the other, have in so far succeeded, that there is through them a regular increase of the circulating medium adequate to the growth of the population in the different countries; then the further issue of bank notes, for the supply of the surplus population, might also cease in this country; but the Author doubts for the reasons already stated that this fortunate moment will arise so soon, or ever, to the extent required.

All the bank notes created not to be convertible into gold by the national bank on demand. As every one in the community will profit by the interest, and other advantages produced by the employment of the national bank note capital, and as these notes are nothing else than promissory notes issued as a legal tender by the community itself, the whole of which is therefore answerable for them and in law bound to take them in payment, nobody can object to this arrangement. The bank would be glad to furnish people with as much gold as they could want for their notes, as there would constantly flow into the bank large masses of gold, which it would be glad to throw into circulation again; but it must not be made a duty to pay its notes in cash on demand, as in that case there would be no certainty against the recurrence of a catastrophe similar to that of the year 1825. It is ridiculous to assert that the golden sovereign cannot circulate along with the one or two pound note, and to state, as has been done, as a proof that this is the case, that it flows always back into the different bank

establishments. May they not as well pay it away again?

The resuming of cash payments by the bank of England in 1819, cannot be considered in any other light than as a farce played off for silencing the clamor of those ignorant people who cried out for this measure, for who can pay with five or six millions cash in hand which was about the average amount of gold and silver kept in the bank of England for cash payments, 20 or even only 15 millions by any sudden emergency arising.

It is well known that had the run for gold on the bank of England at the time of the panic in December, 1825, lasted only a short time longer, or had the bank not fortunately taken refuge to the small notes for payment, it must have stopped payment, as there were only £1,300,000 of gold and silver left at the time when the run fortunately ceased. Yet the bank notes in circulation amounted to 20 millions to be cashed with £1,300,000, and in February, 1826, there were above twenty-four millions of bank notes in circulation, and for the cashing of them only a little more than two millions of gold and silver in the bank of England. The misfortune by cash payments is, that in case a general distrust is arising and creating a serious run for gold, in exchange for notes, it becomes quite impossible to draw in the bank notes in circulation, without destroying at once the whole circulation of the country, and to bring upon it utter ruin, as in such a case most of the gold or silver is locked up in safe custody, by monied and frightened people, and in this way withdrawn from circulation. It ought to be acknowledged by every one, with gratitude, that the directors of the bank of England, notwithstanding being, in the most dangerous predicament, left without assistance from the government, acted most honorably, not only in having taken the resolution not to stop payment before they had paid away the last shilling of money in the realisation of their

notes, but also in discontinuing the drawing in of their advances, and even increasing them when the danger to other bank establishments, and to trade, became most imminent.

Any one who will enter a little deeper into the subject and make himself well acquainted with the overwhelming power of English capital and trade, will soon be convinced that England, has no want for cash payments, having the whole gold circulation of the world at its disposal, by withdrawing its advances to other countries; and that it must always, in regular course, have a sufficiency of precious metals on account of its intercourse with those countries which principally produce them, that is to say,—North and South America; whence at all times large masses of them flow into England, because its general balance with those countries being continually favourable, although the exchange with the continent of Europe may now and then be against England. But this latter case does not arise out of any unfavourable balance of trade with Europe even if it shows itself by a large importation of grain, which is always overbalanced by the exports from this country; but because these countries borrowed anew money from British capitalists, and agreed to pay for it a very handsome interest. But even the export of gold and silver from this country for that purpose never lasts long. When, unfortunately for the continent of Europe, the exchange becomes again in favour of England, the gold returns to this country; and other poor countries that want it are compelled to borrow it again and pay another proportion of interest to the British capitalists; this having occurred repeatedly, the author really believes that in this manner it has happened, that already half a score of payments of interest to British capitalists on one and the same parcel of gold, lent again and again to other countries, takes place, and many others may yet follow. However ruinous to

the nations of the continent this system may be, there is no chance, in such a state of affairs, of being able to extricate themselves from, or even to dispense with sacrifices of this kind for the time to come. There are people who make a regular complaint about the falling off of the real prices of our exports as compared with their official value, and speak a great deal about the consequent dangerous state of the balance of trade with this country; forgetting that most articles which are imported from other countries have comparatively likewise fallen off as much in their value. But they might spare themselves this trouble, if they would only remark how many millions England pays yearly to other countries in loans, or by investments there in various other ways, and that after those payments have been made, and may have perhaps brought the exchange with them against England, it nevertheless soon again becomes favourable; they would immediately see then, that this could not happen if England had not a regular surplus by its general balance with other countries, otherwise its exchange with them must remain unfavourable on account of those investments; but as this is not the case, and the exchange turns again in favour of England, so that gold which had been sent abroad always returns to this country, and can be lent again and again to others; these occurrences ought to show, clearly enough to every one, that notwithstanding the falling off, of the real prices of British exports compared with their official value, there is always arising anew, a large surplus in favour of this country by its general balance, which may be applied for lending it again to other countries. The author will recur hereafter to this most important subject, and give some more particulars regarding the general balance of this country, and exchanges with other countries.

The national bank would also have the right of



buying and keeping foreign stock, for the purpose of influencing the rates of exchange, should it be necessary, by remitting it to the continent and drawing for its amount, or for causing to be sent to this country, gold for the amount, which would be coined on account of the bank and brought into circulation in this country. On the other hand, it could commission foreign bankers to buy stock of their Governments for its account, and to draw on it for the amount, in case bills on England become too scarce in other countries; and it would, in this way, be enabled to prevent any disadvantages arising out of the too high or too low rate of the exchanges to this and other countries. It might even at any time be enabled to regulate, to a certain degree, by the judicious management of its great capital, and by its connexions with foreign bankers, the rate of exchange as it pleased, although it would be better to leave it to its own adjustment and not meddle with it, unless in cases of urgent necessity, which can happen but rarely.

The capital in the national bank the author wishes to see applied in the following way:—

Twenty millions for colonizing part of the poor of England in the country itself, and the remaining sixteen millions for the support of trade, by discounting bills—lending it on security—buying Government or foreign stock, or exchequer bills—giving facilities to town and country bankers, and to those other purposes to which the Bank of England usually applied its surplus capital. The five millions reserve fund, or part of it, may be applied as already mentioned, at the discretion of the Bank, in a similar way, but principally only for the purpose of lessening any pressure occurring in the money-market, before the payments of the dividends, or at any other time. It might, in the author's opinion, be much better, that instead of making the payments of the dividends half-yearly,

they should be paid quarterly, and likewise that the time of closing the books and the prevention of transfers during that time, should be shortened. It might, in this case, well be arranged, that every month a dividend from one or the other Government stock became payable. But should the half-yearly payment be retained, there might be made, for the convenience of the public, such arrangement, that every holder of stock may receive, a fortnight after the commencement of the payment of the dividends, the dividend for the next half-year in advance out of the funds of the Bank. This would, deducting the interest on it at a rate to be fixed according to circumstances, for the time it has yet to run till the next dividend becomes due, certainly give some trouble to the Bank; but as it is founded for the benefit and the convenience of the public, this would not signify, in-as-much as the discounting of the vouchers in this way might be to many people very often an acceptable accommodation, and would also lessen materially the amount of payments and the number of claimants, and by this means save trouble and inconvenience, at the time of the regular payments.

In regard to the system of colonization before alluded to, the Legislature would appoint a colonization committee consisting of country gentlemen of knowledge, experience and integrity, and of other able individuals chosen from the body of the bank directors, for preparing, in the first instance, a suitable plan for the intended purpose, and for bringing it, after its having been discussed and approved of by the legislature, into speedy operation. The capital to be employed for colonizing the poor may be meanwhile invested in the way above stated until it is successively and as soon as possible made available to its purposes.

The national bank will through its colonization committee invite private individuals throughout the

country to present the nation with tracts of land, and corporations to give over such of their lands as might be spared for the purpose intended, under the promise that in case of their doing so, the poor of the parishes in which those individuals or corporations reside shall be particularly considered in early colonization. This call on public charity to be repeated every year. The unoccupied crown lands to be likewise applied for the purpose, and in case the lands in this way obtained should not be sufficient, the colonization committee to purchase so much of them on account of the national bank as will successively be required. It is calculated that there exist yet above thirty millions of acres of waste lands in the United Kingdom, of which fourteen millions and six hundred thousand acres are calculated to be capable of improvement. There is therefore a wide field of operation left for the above purpose, to work upon.

Much has been said about the over population of this country and the necessity of emigration, people mixing up with, or confounding the want of sufficient and profitable employment, the causes of which have been fully developed above, with a superfluity of human beings. In the opinion of the Author there cannot be the least doubt, that there will be living in England and Scotland, (which now contain only a little more than sixteen millions of inhabitants,) in two or three hundred years hence one hundred millions, and that very comfortably, presuming they well understand the management of their affairs. The whole land will then look more like a town than a country. Cornfields will rarely be met with, but the country will mostly be covered with houses, pleasure grounds, gardens, and meadows. Other nations from all parts of the world and particularly those who have a superfluity of land will be most happy to provide this country with grain of all descriptions, in exchange for its manufactures, or in payment of the interest on

money advanced. There is yet for many hundred years to come sufficient room on the earth for the surplus population and sufficient land for surplus production of the necessaries of life. If for instance there were added to the present population of Russia, or of North or South America, a thousand millions of human beings, they would even then not contain on an average as many inhabitants upon a square mile as now live upon the same space in Germany, France, or this country. They who will give themselves the trouble of looking at the population tables, and remarking the yearly increase of the population in this country, notwithstanding emigration, will easily perceive that those expectations in regard to the population of this country are well founded, however ludicrous they may appear, and there seems to be no palpable reason, why it should not happen as stated, unless the people of England should profit so little by the sad experience of some other nations, as to fall now and then into a state of anarchy and confusion. As the wooden walls screen the country from foreign invasion, so its industry and its population in time of war will remain undisturbed, and when properly managed its wealth will increase, although revolutions and wars might in the meanwhile ruin other countries; but should once a revolution take place also in Great Britain itself, and bring on most severe and general distress, by its industry and prosperity being destroyed, the increase of its population must then naturally be impeded.

It is here not the place for introducing a detailed plan for the colonization of the poor, and it may be sufficient to remark, on this head, that it is not at all intended that there shall be provided for the poor, with the capital assigned for the purpose, merely scanty abodes; but it is meant that they shall have neat cottages and sufficient land, which is to be cultivated by the aid of horses (for it is yet a hundred years too early to introduce spade work

in the culture of the fields) provided for the use of the villages, into which certain numbers of those cottages are to be united, and which are also to be provided with every other requisite which their fitting up and the agriculture and other pursuits of their occupants require. Each of the villages to have its two or more elders, who are to be chosen by the colonization committee out of the villagers. This makes it necessary that in every village there should be placed selected men of integrity and experience in agricultural pursuits, for being able to fill these situations well. These elders will have to manage the general concerns of the village, and to see that every one of its inhabitants does his duty in the culture of the land given to him, and in the proper maintenance of the houses and stock, and to report thereon to the colonization committee.

These elders are to be employed by the colonization committee, to collect when the time arrives, a certain rate as rent from the villagers; as it is expected that the poor so colonized and well provided for, will in time be in so prosperous a condition as to be able, after a period to be fixed by the colonization committee, according to circumstances, to pay such yearly rent, to be determined by the committee, for the farm they occupy, and which will flow into the national bank, in order that it may be applied to the extension of the colonization of other poor. Those individuals who do not manage their farms well, and are convicted of negligence in this respect, and after having been warned and counselled to be more laborious, and to behave with more propriety, yet fail to comply with the regulations, are to be removed to the workhouses, or other establishments to be formed for the purpose, where they are to be made to maintain themselves by their own labour, and other families to be put in the places they left. The town poor ought to be so mixed up with the agricultural poor in the villages, that they may, by assisting, learn husbandry, whilst the agri-

culturalists will assist the town poor in other pursuits of industry which may be resorted to in winter, when agricultural labours no longer require all hands. This will also be the time to instruct the children in schools, instituted for the purpose.

Besides the twenty millions pounds, sterling, assigned for the purposes of colonization, to which is to be added the million and two hundred thousand pounds of bank notes to be issued every year for ten years to come, as also the clear gain annually made by the national bank, it would be most judicious to apply also to the same purpose, the yearly surplus revenue of the country, if any, in case it should not be a regular surplus, which may be relied on for future years, but only the commonly reserved or an accidental one, and for which, therefore, no taxes could be taken away, but which is now applied to the paying off of part of the national debt. That it would be better to apply the same to the beneficial object of colonizing the poor in preference to the latter purpose, may easily be seen by the following consideration.

It has been proved above, that the debt is to be considered as part and parcel of the riches of the community, in so far as the stock of the Government is rightly considered by its holders as good a property as any other. If, therefore, the money is taken out of the pockets of the people, and with it property of this description is bought and destroyed, the capital is lost, and there might as well be bought with that money and afterwards destroyed, any other description of property. If there were, for example, superfluous manufactured articles for the amount bought and destroyed, there would be at least some profits arising to those who manufactured, and who sold them; but if you destroy government stock, it will benefit no one; but certain it is, that the capital will be also lost to the community. You may say, but the community will no longer have to pay the interest of the stock de-

stroyed. The author answers: the community will not then receive it. No profit whatever, can therefore arise by the buying up and destroying Government stock; but it is evident that the capital destroyed is taken from the riches of the community and lost; whereas, by applying the money, instead of buying stock with it to be destroyed, to the colonization of the poor, as proposed, it would be most usefully employed, and the capital which the stockholder possesses in the stock of Government, remains in the community besides.

Out of the colonization of the poor as proposed, will arise many great advantages to the community, of which it may here be sufficient to mention only the following:—the building and furnishing of the cottages; the manufacture of implements; the carrying of the timber and other materials, &c., will give a very extensive and profitable employment to a great number of hands and of shipping, which are now only half employed, or wholly unemployed. The poor will be better provided for, and will become useful members of society, by which means, and by the salutary moral effect this will have in time upon this class of society, the number of rogues and vagabonds, robbers, thieves and pickpockets will be materially lessened, and juvenile offenders who begin with picking pockets, and by growing up, rob and thieve, will, in the course of time, mostly disappear. The poor-rates will be annually lessened throughout the country, and in time will be entirely extinguished, as there must remain, when all the poor who are fit for colonization are, and the new comers may continually be provided for in this way, more than sufficient means to maintain the old and infirm poor of the parishes also out of the yearly increasing income of the national bank; whose property might, if its growth is not disturbed, by employing part of its income to the lessening of taxation, be made to rise in favour, or, as pro-

perty of the community, to such an amount as even to overbalance the amount of the national debt, for which it would, in this way, become a sort of sinking fund ; certainly the most beneficial and salutary imaginable, and, at the same time, one of the most-to-be blessed inheritages which may be bequeathed to the descendants of the present generation, as a counter-balance to that by them probably not very-much-to-be liked inheritance of the national debt. That this statement is well-founded must be obvious to every one, and by its showing very clearly to what enormous an extent the property of the national bank must increase by following up the plan proposed, it must convince even the most inveterate enemy of the paper money not convertible into gold on demand, that there cannot exist a more secured circulating medium than the capital of notes of the national bank of the United Kingdom would be. Not only would they be guaranteed by the whole nation, as they are in fact the people's own money, which every one would be bound by law to take in payment for full ; not only will there be in the first instance already a real and full security for them in the landed property the national bank will come in possession of, and in those securities on which the remaining capital of the bank will be advanced ; but the yearly clear profits of the bank which must progressively increase, will successively furnish such a superabundance of real property as security for the national bank notes, that the surplus may also serve as a more valuable security for the stockholders of the national debt, it being national property. But, besides this, the revenues of the national bank being continually employed to the colonization of the poor, and later also to other purposes, the most beneficial to the community, there will arise facilities out of it which will give to the people an equivalent for the payment of the interest of the



national debt, not only by freeing them from the heavy, and in many instances, most oppressive tax, the poor-rates, but also by the delivery from many other similar burdens, which may be taken from them by this means.

There need not be any fear of over-production of agricultural produce arising out of the colonization of the poor, because, by it, the increase of production will only be gradual ; meanwhile, the increase of the population is going on, and not only the colonized poor will be enabled to consume more, than they hitherto have, in agricultural produce, but they will also be enabled to buy and to consume more manufactures, which will enable the manufacturers to consume more agricultural produce ; but there will besides result from the execution of the measures the author proposes, a general increase of profits and income, which must create generally a greater and more profitable employment of hands, and a continual and general increase in the consumption of every article of food and other necessaries of life, which will fully keep pace with the increasing supply, and which will therefore keep up prices at a profitable rate to all producers. From the same reason the foreign trade with grain to this country would not only not suffer by means of the colonization of the poor, but would even be increased, notwithstanding. This sounds very strange, yet it is true. The importation of foreign grain, and the sale of it at profitable prices, is, by the present comparatively very limited consumption of the community of this country, and by the scale of duties existing, nearly annihilated, and can only take place to any amount when there is a failure of the crops of this country ; as foreign countries have experienced lately to their great dismay, through the heavy losses they have sustained, and are sustaining, on grain and flour sent thither. But, if from the execution of the measures the author pro-

poses, there arises an increase of circulation, profits and consumption in general, which will be, as cannot be denied, the case, it is very obvious that by any failure of the crops in this country taking place, the demand for foreign grain would be so much greater, as the people would be accustomed to a greater consumption, and as they would have also the means of buying even at higher prices; and that therefore a much larger quantity of foreign grain would then be wanted, as could be required by a failure of the crops, if the present limited consumption, from want of the means of buying, was to continue; which consumption must then be contracted the more, when, in such a case happening, higher prices were demanded, than in the former situation of the community would be the case, when the means for buying are enlarged.

To what an extent consumption might be raised by the increase of the means of buying, (setting aside the other classes of society, and taking only the better employment of the labouring classes, and their receiving higher wages into consideration,) may be seen from the following extract from *The British Yeoman*, of the 17th March, 1832, where also a symptom is taken for the disease, it being designated—

“ *The low price of Labour—the cause of general distress.* ”

“ If the useful classes of society were employed, and received proper wages for their labour, they would purchase more of the necessaries of life, and thereby increase the consumption of agricultural produce and manufactures to an immense extent; which the annexed table will clearly show. If, for instance, every individual was enabled to procure a pair of stockings, or a yard of flannel, of the value of one shilling, once in a year, it would create an increased demand in those trades of five hundred

thousand pounds per annum! And if each is deprived of the means of laying out *only one penny per day in provisions*, such as bread, cheese, potatoes, beer, &c., the farmers, in consequence, lose customers for their produce to the amount of *fifteen millions, two hundred and eight thousand, three hundred and thirty three pounds, six shillings and eight pence sterling, annually!*

“It is also worthy of serious consideration, that, by having reduced the wages of the poor labourers five shillings per week, they are prevented laying out with the shopkeepers *seventy eight millions* a-year. The shopkeepers are prevented purchasing to the same amount of the wholesale traders, and the wholesale traders also are prevented laying out the same amount with the manufacturers. Therefore the industrious classes of society are deprived of their fair profit on the circulation of *two hundred and thirty four millions*; and if labour is not again protected, the total annihilation of trade must follow.

“N. B. It is considered that there are six millions of labourers, making, with their families, ten millions.

		6,000,000	
d.		£.	
$\frac{1}{4}$	per day is	2,281,250	per annum.
$\frac{1}{2}$	- - -	4,562,500	ditto
1	- - -	9,125,000	ditto
2	- - -	18,250,000	ditto
3	- - -	27,375,000	ditto
6	- - -	54,750,000	ditto
12	- - -	109,500,000	ditto

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		£.	
d.			
$\frac{1}{4}$	per week is	325 000	per annum.
$\frac{1}{2}$	- - -	650,000	ditto
1	- - -	1,300,000	ditto
2	- - -	2,600,000	ditto

3	per week is	3,900,000	per annum.
6	- - -	7,800,000	ditto
<i>s.</i>		£.	
1	- - -	15,600,000	ditto
2	- - -	31,200,000	ditto
3	- - -	46,800,000	ditto
4	- - -	62,400,000	ditto
5	- - -	78,000,000	ditto
6	- - -	93,000,000	ditto
7	- - -	109,200,000	ditto
8	- - -	124,800,000	ditto
10	- - -	156,000,000	ditto

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<i>d.</i>		£.	
$\frac{1}{4}$	per year is	6,250	per annum.
$\frac{1}{2}$	- - -	12,500	ditto
1	- - -	25,000	ditto
2	- - -	50,000	ditto
3	- - -	75,000	ditto
6	- - -	150,000	ditto
<i>s.</i>		£.	
1	- - -	300,000	ditto
5	- - -	1,500,000	ditto
10	- - -	3,000,000	ditto
20	- - -	6,000,000	ditto."

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It will appear from this statement, particularly when coupled with the fact that the measures proposed will produce the desired increase of wages, that there can be no sufficient ground to fear that there will arise from the regular colonization of the poor too large a production, which would bring down the prices of agricultural produce to the detriment of the agriculturist. Any other objection against this regular colonization of the poor seems to be as untenable, particularly when the great advantages arising out of it are considered.

As it would take time to accomplish the regular colonization of the poor in the way proposed, part

of them which is suitably situated for the purpose, might, meanwhile the regular colonization is going on, be provided from the capital assigned with small allotments of garden land for spade cultivation, till they may successively also be colonized. There are yet waste lands of great extent in England, which might be made available for agricultural purposes at the average expence of nine pounds per acre, as has been stated by men of great experience in such matters.

The benefits of the National Bank arising out of the general application of its funds, and particularly out of the system to be followed in regard to the colonization of the poor in England, are to be extended to Ireland and Scotland; for which purpose an additional capital of notes of the national bank is to be issued, which might be fixed for Ireland at six millions, and for Scotland at two millions; half in one and two-pound notes, the other half in notes of five pounds and above. The issue of notes by private banks in Ireland to cease at a period to be fixed upon; and, in regard to the Scottish banks, an arrangement be made, and their future issues to be fixed, if Scotland should prefer this to a general arrangement in that respect with the national bank. Those capitals belonging to the national bank to be given over to the management of branch-banks of the national bank to be established at Dublin, and Edinburgh, or Glasgow, for being applied proportionately, and in a similar manner in those countries as the capital created for England is to be applied in this country; for which purpose there would also be attached to, or united with these branch-banks, colonization committees in both countries, consisting principally of able and respectable natives of those countries.

To these issues of bank notes for the use of the branch-banks, are, as has been recommended for England, to be added every year, for ten years to

come, on account of the also, in a similar ratio, increasing population of those countries, two per cent. upon the amount of their whole circulating medium ; which additional issues might be computed at two hundred thousand pounds for Ireland, and seventy thousand pounds for Scotland per annum, half in small and half in large notes : to which would be added the clear gain arising from the employment of the capital of the branch-banks respectively, and which is also to be applied for the benefit of those countries in the manner before-mentioned.

Ireland, unfortunately, presents a most striking example of a country which has an unfavourable general balance in its relations with other countries, arising principally from absenteeism of rich Irish proprietors ; the backwardness of the industry of the country ; and the want of employment from want of capital ; as also from the time lost in party squabbles, which could be more profitably employed ; and from having too many holydays. The unfavourable state of its general balance has deprived Ireland to such a degree of its circulating medium, that most extended poverty and misery have been the consequences ; indeed, there are many individuals in that unhappy country who cannot find even a halfpenny in their pockets, wherewith to buy the cheap potatoes to satisfy their hunger. This is certainly a most miserable state of things ; and if it is not in some such way remedied without delay, it is very obvious that it must produce the most disastrous consequences, inasmuch as it is very easy for agitators to persuade the people into every thing they like to put forward, the people thinking that the state in which they are is already so bad that it cannot become worse ; and they therefore naturally look upon any measure or change proposed as an improvement and a blessing ; although it might prove in practice quite the contrary,

as would certainly be the case with the principal measure which the agitators strain every nerve to obtain ; namely, the repeal of the Union. In a commercial point of view, England and Scotland would not lose anything by this measure ; but Ireland, its industry being yet very backward, and not being possessed of capital for its improvement, would always want British manufactures, even when there were put heavy taxes on them, as they are the cheapest it can get ; and that country would lose by the repeal of the Union the introduction of its produce into this country and Scotland, free of taxes ; and would then feel the competition of other countries in this respect most seriously. But there is another consideration regarding the repeal of the Union, that is, the political point. Irishmen ought to be convinced that Great Britain considers the repeal of the Union advocated by the agitators merely as a stepping stone to enable them to entirely detach Ireland from Great Britain. This cannot nor will it be allowed, neither by Englishmen nor Scotchmen, because it would endanger the safety of Great Britain.

The judicious application of the above sum of six millions, with its additions, assigned to Ireland, would certainly go very far to relieve the distressed state of a great part of the Irish people. But when it is considered that there are, under present circumstances, about three millions of human beings in that country who scarcely know how to gain even a scanty livelihood, and who have, therefore, not been able to taste meat but only twice or three times a-year, as has been stated in Parliament, without contradiction ; and that there are besides as many others who are only half employed in a country, the whole of which may be said to consist of fertile land, as even its hills may be advantageously cultivated to the very top, so that at least four times the population the country now

contains, might be maintained in plenty and comfort, when applied in proper cultivation of the fertile soil, and which increased population it probably will contain in some centuries hence ; it would appear that there might be applied a much larger capital to great advantage for the community than that which has been assigned above to that country, as its share in the issues of national bank notes. For procuring such additional capital for immediate application to this beneficial object, the author begs leave to suggest the following plan.

Suppose that there were introduced into Ireland poor rates of comparatively small amount, that is to say, only the twentieth part of those which are paid in England, and that they were fixed accordingly to the sum of four hundred thousand pounds per annum, and laid fairly and proportionately upon that part of the community who would have to bear them, but which would probably gain much more by the better sale of their productions which would result from the proposals of the author being executed, than they would have to pay in poor rates. The half of this sum to be collected annually, to be applied to the maintenance of the old, aged, and infirm who are unable to gain a livelihood, and therefore unfit for being colonized, the other half to be pledged and collected for the payment of the yearly interest of a loan immediately to be made for Ireland by the British Government, through their applying for the purpose to the London money market. A three per cent. Irish stock to the amount of six millions, issued and sold in this way, would only require the sum of one hundred and eighty thousand pounds for the annual payment of the interest, and would furnish a capital of above five millions to be immediately applied to the purpose of the colonization, or the providing of garden land to the poor, and the not regularly or sufficiently employed population of Ireland ; for



which purpose it would be given over to the colonization committee to be formed as proposed above. Such a loan being made on the London money market, would also be beneficial to England as it would bring out locked up money, which would not all be required for Ireland, as the balance of that country with England is, and would yet remain for a long time to come, as it generally was, in favour of England, so that there would not be much money required to be successively sent over from this country to Ireland, as great part of the capital to be provided in that country would be made up by bills of exchange ; but even the money sent thither, after having done its duty there, would successively find its way back to this country ; in this way England would in the end not lose any thing from its circulating medium, and that part of it, which would be employed in buying the newly created Irish stock would become beneficially employed, as well here as in Ireland, instead of its being now locked up, producing nothing, neither for its owner nor for the community at large.

But when by the assistance of this capital and that of six millions of national bank notes assigned to Ireland, and the yearly profits made by its branch bank as also the yearly addition of two hundred thousand pounds of national bank notes for ten years to come, the poor of that country and others who are now not regularly or sufficiently occupied are colonized, or provided with garden land for spade cultivation ; its agriculture, in this way improved ; manufactures created ; trade enlarged and made more profitable ; its internal communications yet more facilitated by rail-roads and canals ; which will enable also the inhabitants of the interior to bring their produce at a cheap rate to the harbours for being shipped to Great Britain ; and in this way the general balance of Ireland with other countries be made equal, so that Irishmen could retain their

then existing circulating medium in full, enlarged by those yearly additions of national bank notes which will keep it proportionate to the growth of the population of the country, and be enabled by means of all those advantages conferred on them to live in plenty and comfort; it might be hoped they would forget their party strifes and those chimeras which agitators have put into their heads, and not only become satisfied among themselves, but also friendly to their brethren in Great Britain, who did their best to procure all this for them. Irishmen would then also see clearer their own interest and learn to appreciate duly, and to make an extensive use of the immense advantages which have been conferred on them by the Union of Ireland to the richest country in the world. Ireland might then become, through this union, and by the blessings with which nature has gifted it, one of the most flourishing countries on the face of the globe. Many of its own and other rich men who now dislike to live there on account of its disturbed state, would hasten, either to settle entirely, or at least, to spend a part of their time and their revenues there; besides this, an abundance of British capital would flow into that country for further improvements of its agriculture, manufactures, and commerce, and for the extension of its mining concerns, if the country were, as then would be the case, to present to the speculator, that, which he, in the first instance always seeks, *safety*.

It has been already proved above by the experience of this country how erroneous the idea is to suppose that bank notes which are not convertible into gold or silver on demand, cannot maintain in the long run their value, or regain the same, but it may not be superfluous to add here a few more remarks upon the subject. There are three principal and well-known occurrences which may work a depreciation of the paper money capital of a country.

The first is, the creation of a superabundance of paper money. By the coming into circulation of this paper money an impulse is given to trade, the means for buying and the consumption of things become greater, and this extends likewise to foreign articles, the import of which becoming greater and the exports not increasing but even decreasing on account of export articles also becoming dearer proportionally, the balance of trade and in consequence of it the exchange with other countries turns against the country, and gold and silver which have become a more profitable remittance are bought up and sent away for paying the deficit in the balance of trade. In this case of the creation of the paper money having become too large this buying up of the gold and silver will successively also extend to the coin of the realm, by which means the depreciation of the paper money is now brought on, the holders of gold or silver coin either openly or in secrecy demand and receive more and more for it in paper money, the more of it is wanted for export, and this will go on till at last the exchange with other countries and the price of bullion in the country itself settles so as to present no more profit upon remittances of bullion.

The second occurrence is, in the event of a war breaking out, when not only ready money may be required for carrying it on in a foreign country, which must be bought and paid for in the way already mentioned, and causes a depreciation of the value of the paper money, which is further increased when the fear of an invasion from the enemy, or the actual invasion, and the consequent general distrust cause many to buy the gold and silver coin, and to lock it up for security; and there may also be a contribution demanded by the enemy, who will not take paper money in payment, but will exact gold and silver, to be sent home by him, and those who have to pay it must comply with the de-

mands of the holders of gold and silver ; all this may bring down the value of paper money to a very low ebb.

The third occurrence is, a revolution breaking out in the country itself, which often works even much more destruction upon the credit and value of paper money than a foreign war, and leaves sometimes behind no value whatever of the same ; this was the case with the French paper money, created during the revolutionary mania.

The first mentioned occurrence will not take place in England by the creation of national bank notes to the amount named, because this amount will not only be not too great, but will always remain scanty for the want of internal circulation, and because this country stands, as has already been shown, in so favourable a position towards other countries, that the more its imports increase, the more will increase its exports ; as it is quite certain that the more this country is enabled to take from other countries the more they will be glad to take from it in return. It should besides be always borne in mind, that other countries have yearly, to pay an enormous sum in interest to this country, for money lent, and that it has, in fact, by means of what other countries owe, at any time, the whole gold circulation of the world, and great part of its silver circulation at its disposal. The capitalists of this country, may, therefore, by drawing in, in the way mentioned, part of the money advanced to other countries, have, at any time, as much gold and silver as they like, in case they should wish to lock it up, instead of drawing the handsome interest which other countries pay them for its use.

It has already been remarked, that there exist in this country, very mistaken ideas about the fluctuations in its exchange with other countries, and about their consequences, and that this mistake has frequently done a great deal of harm, on account

of the Bank of England becoming frightened, and cramping the circulation, by drawing in its issues whenever the exchange with the continent went against this country, by which means circulation suffered doubly, as well by this means as by the gold leaving the country. This drawing in has often been done without sufficient reason, because the exchange would have soon become favourable again, without those destructive expedients being resorted to. Every one who is well acquainted with British trade with other countries, knows that there is continually in the latter a very large floating debt due to this country—part of which is, as long as the exchange is against that country kept there by order of the owners here, to be applied in discounting, or otherwise laid out on interest, till a more favourable opportunity presents itself for its remittance to this country, that is to say till the exchange turns more favourable for that country, and there are then likewise remitted to this country those monies which are paid to the agents for merchandize, sold on time payments as soon as they are received. Besides this, a great deal of merchandize is then sold which would not before have reached the limit at which it was ordered to be disposed of, on account of the exchange being unfavourable, and to fill up the vacancies occasioned through those sales in the depôts of British merchandize, established in other countries, new orders for the dispatch of articles are given to this country. On the other hand, many orders for the produce of other countries sent thither from this country remain unexecuted, because the agents cannot draw so favourably as the limit given requires; in this manner, not only the exports of this country become larger, by its exchanges becoming unfavourable, but at the same time, its imports will be smaller, which the author thinks cannot be disadvantageous, till at last by these means the exchange turns again in favour of this country. Gold and

silver flow in when they are lent anew on good interest to other states, or applied to buying the already existing government bonds of other countries, which are also frequently at once sent over as a remittance, instead of gold and silver.

There is another point, which has till now been left out of consideration, this is, that since many years, other countries, and principally Germany, had the precious metals, which they had to receive for their merchandize sent to Mexico and South America, shipped from those countries to England, in English ships of war, on account of the greater safety they afforded. Now, those to whom these precious metals belonged, never got the sight of them, they remaining in this country, by their owners preferring to draw bills for the amount on England, exchange being in favour of this country. It is very clear, that if those countries should get at these precious metals, belonging to them, but in this way taken possession of by England, the exchange must first turn against England. But when this took place, the Bank Directors became frightened, not remarking that these precious metals leaving the country were only acquired in the way mentioned; the worst of it for other countries was, that when they even came at last to the sight, and in the possession of the precious metals, originally belonging to them, it was only by way of borrowing them from the British capitalists.

From what has been said on the subject, it will be evident that the first mentioned occurrence, which may bring on a depreciation of the gold standard of the bank notes namely the creation of a superabundance of them; which would tend to drive out of the country the gold and silver, cannot take place by the execution of the plan proposed by the author, because it limits the paper money capital to its present amount, and it will therefore, as has been shown, yet remain much too scanty for the real wants of the community and increased popula-

tion, even if a great part of that circulating medium which is now locked up, should find its way into circulation by the proposed arrangement coming into execution ; and also because the general balance of this country with others is and must remain too favourable for such occurrence of the gold and silver being driven out of the country taking place.

Regarding the second occurrence, which might depreciate the value of the bank notes, from a war breaking out, and the invasion of an enemy, the wooden walls of this country will screen it from the latter ; and, as a twenty years' war, with nearly the whole continent of Europe, could not depress the value of the by far larger capital of paper money then in circulation in this country to any material degree, as it regained by the overwhelming power of British industry the original, and even a higher value immediately after the conclusion of the war, notwithstanding it was also not convertible into gold and silver coin at demand, and as the reasons why it did so are continuing, it may fairly be concluded, that there is no fear of a lasting depreciation of the National Bank notes, when created, can take place by means of such an event.

Of the third occurrence : a revolution breaking out in this country, there is no fear to be there entertained, as the good sense of the people of England, and, the better condition in which they will come, in case the plan regarding the institution of a National Bank is executed as proposed, will prevent them becoming revolution mad, the most ruinous malady with which a nation can be afflicted, and which has unfortunately, by having befallen other countries occasionally, brought on themselves and their neighbours, and other nations, all the misery which has for the last 44 years destroyed former comfort and happiness, and impeded their rising to greater wealth and the enjoyment thereof. It has unfortunately likewise occasioned that falling off in the production of the precious metals, which

makes these afflictions, into which nations have already sunk, nearly irreparable.

But what property would be safe during a revolution, either Bank of England notes or its stock of gold? This latter would be the first property which would be seized, and whoever should then have any would not only be robbed of it, but might lose his life in the bargain by defending it.

What England principally wants, is, that its bank notes be made to be an entirely independent circulating medium, which could not be exposed to fluctuations by being cramped suddenly, and often quite unnecessarily, as has so often been the case till now, to the great embarrassment and severe loss of the community. In the notes of the National bank there would exist such a circulating medium, and by the favourable state of the general balance of this country, which must be lasting on account of its great prerogatives, there would besides always be plenty of sovereigns and silver coin in circulation; particularly as there will, besides the great advantages which have been already enumerated, and which must result from the institution of a national bank, and the application of its funds as proposed, arise also the not less beneficial consequences, that the greater part of the gold and silver locked up at the Bank of England and at private bankers for the purpose of cash payments, which may be computed, as has already been stated, at about nine million pounds sterling, will be thrown into circulation, not being any longer required for the purpose of cash payments, and that there would also be applied and brought into circulation great part of the deposits of bank notes now lying idle in the Bank of England, supposing this institution should continue to exist, as the principal reason why it keeps them locked up would be removed, and it could therefore not have any longer an objection, to do as other bankers do for their remuneration. The circulation of the country being in this way secured and eased,



business, profits and consumption increased, the pressure of taxation lessened, and besides, through the means of a large and regular yearly surplus revenue, the opportunity afforded to Government to take away taxes every year which press heavy on the industrious classes; it is to be expected that confidence and the spirit of enterprize would revive successively, and bring back that state of comfort and increasing wealth, which made the British nation the envy of all others.

It is really surprising that there are yet people to be found who cannot reconcile themselves to paper money, particularly to that which is not convertible into coin at demand; and who undertake with great zeal to prove, that its introduction in the different countries was unwise and mischievous. By closer application to the subject they would soon perceive that those discussions are perfectly useless, because they come much too late. Human ingenuity brought once into existence paper as a substitute for coin, and it cannot be withdrawn from the states in which it exists as a principal circulating medium, without the utter ruin of them in all those states, simply because there do not exist the means of supplying its place. But whoever blames the use of paper money and is clamorous for its abolition or its restriction, on the score of its insecurity, must also do away with, or restrict the use of bills of exchange and checks and the magnificent transactions of the clearing house, as also all other means of circulation resting on credit, which would, particularly in this country which has risen to that height above all others principally only through that admirable system of credit which was introduced in earlier times, give rise to a sad state of things.

What is wanted in regard to paper money is to secure its credit as far as possible, and to regulate its amount according to the wants and to the growing population of those countries in which it is adopted as a principal circulating medium. This last so essential

a point has till now entirely been overlooked by their governments, and has doubtless been a principal reason of the increase of the embarrassments under which those countries labour, and of the impossibility in which their governments found themselves of laying and collecting higher taxes, reaching the increased wants of the state; which compelled them therefore, to apply, even in time of peace, for loans in their own or other countries.

But we may ask those enemies of paper money : have not those states in which no paper money exists also been obliged on account of the scarcity of their circulating medium to ask for loans from this country, notwithstanding it happens to have paper money, and have those states not been provided for with such loans to an immense amount; and would the general state of affairs be better now and hereafter, if there were no paper money at all in existence? Would they consider that the decrease of the gold and silver circulation in Europe alone, has been at least a hundred millions sterling since the last 22 years, which would not have been much less in case there had existed no paper money; and add to that circumstance, that since that time, the increase of its population has been about 30 per cent., giving at least forty-five millions of people, and among them part of their own offspring, if any, who all will have at least some money in their pockets; and that there ought to have been, therefore, an adequate increase of it, which must have amounted, in proportion to the circulating medium existing, to at least one hundred and twenty millions £. sterling, instead of that decrease of one hundred millions sterling which has actually taken place, making now already a difference of two hundred and twenty millions sterling, which amount ought to be more in circulation; they would not be so very anxious for a pure gold and silver circulation; particularly as the supply of precious metals must, as has been shown, become every day more and more inadequate on account

of the future continued and progressively greater addition to the population of the world by surplus offspring, whose pockets ought likewise to be regularly provided for, otherwise every one will continually find less money in his.

Singular it is that the erroneous opinions which prevail in regard to the gold and silver coin, when compared to paper money, are so very generally extended, notwithstanding any one might easily convince himself, by taking the trouble of thinking a little about the matter, that it stands not quite so as is generally imagined. People say, the value of the gold and silver coin is intrinsic or real; and there is, therefore, in them a full security: meanwhile, the value given to paper money is only fictitious or conventional. But, considering the subject a little, it will be found that there is a great error in this conclusion; because the present value of the gold and silver coin is nearly as fictitious or conventional, as that of the paper money in circulation, and which is not to be realized in gold or silver coin at demand. This may be easily shown:—Suppose there was a medium discovered which would take preference to, and entirely supersede the use of gold and silver as money, what would become out of the value or price of those precious metals if they were, in this way, stripped of their dignity as representatives of value, or their present fictitious or conventional value as money, and reduced to their real value, which is constituted by their capability of being converted into useful articles of merchandise? Gold, in such a case, in the course of time, would not maintain the tenth, or perhaps not even the twentieth part—and silver not the fifth, or perhaps even the tenth part of its present value. This will become evident to every one who will consider what Jewellers or Goldsmiths would give for the mass of gold which would at once be offered to them for being worked up to articles of trade, when all the guineas or sovereigns now exist.

ing in this country, amounting to about twenty millions, were melted down for the purpose ; or what would be given by the Silversmiths in other countries in which silver coin is the principal currency ; for instance, in France, where more than one thousand millions of Francs, or above forty millions pounds sterling in silver coin exist at present ; when this great mass of them were melted down, and being offered for sale for the purpose of its being worked up to articles of trade. Those articles, as well golden as goldened, silver or silvered, would soon cease to be particularly searched after by the fashionables and rich, on account of their becoming too common ; and good imitations of the same colours and free from corrosion, would then be thought nearly as good, and perhaps sometimes preferred to them on account of their novelty. It may here be remarked, that it is really astonishing that copper which was chosen for the purpose of coinage some thousand years back, and at a time when people had very little choice as to the variety of metals discovered and to be used for the purpose, but which metal cannot otherwise but be considered as one of the worst which could have been chosen for the purpose ; does yet exist as money, notwithstanding many other metals have so long ago been discovered which would have been much more adapted for the purpose. Copper coin is subject to corrosion, producing in this way a poisonous substance—the verdgris ; and it is particularly on that account exposed to becoming very dirty and unseemingly, and even dangerous in many instances through neglect, in particular to children, who by playing with it put it unconsciously into their mouths. A composition of tin and zinc, resembling silver in appearance, would, for instance, in every respect be by far preferable to copper for coinage. For avoiding mistakes to occur by its application, which might arise from its being tendered or taken for silver on account of its appearance, the similarity of the form

and impressions of the coin to be circulated might be made entirely different from the present silver coin in circulation, and at the same time the clumsiness of the present copper coin avoided. On account of the low value of the coin, the counterfeiting of it would not be thought worth while; yet it might be made more difficult by the impressions, and the working of the outer circle of it, being executed in a highly finished style.

The above will show that the present value of gold and silver coin is also a merely fictitious or conventional value, and that paper money ought therefore to be considered; as not much worse off in that respect. But the great difference between both kinds of money is, that the former has been acknowledged as the representative of value by all nations, and its value as such has therefore become generally conventional with nations by means of this silent compact, or by the similarity of their ideas and tastes in this respect; meanwhile, the value of the paper money is only conventional among the nation which issued it, and made it a legal tender; so that it can only be used by that nation, and cannot serve at all, or only for a time, and to a small amount, to pay other nations with, but which may be done with the former. Yet for internal use paper money which is a legal tender in a country, is evidently quite as good as gold and silver coin; and it is the fault of the community if it allows it to be depreciated in its value: besides this, the author thinks it not at all impossible, notwithstanding it is beset with great difficulties, that a limited and well secured paper money might be successively brought into existence, which would, through the means of a generally advantageous arrangement, receive the universal confidence of civilised nations, and would be taken with great pleasure in payment by all of them, as well as, and even in preference to gold and silver, at a fixed and equal rate for all countries.

It is obvious that, by means of such a paper money, the intercourse between nations might be much facilitated, and travellers in particular, who lose often a great deal in foreign countries by money exchanges, be much benefitted. There might be added to these advantages, which would arise from it in this way, another, which would be an increase in the production of the precious metals which has become so insufficient for the want of nations, and make in this way, the arrangement a by far greater boon yet to nations. For, not mixing it up with his present proposals, the author shall take another opportunity for saying a little more about this subject, which he thinks it his duty to do, on account of the utility it may have for the facilitation of intercourse between nations.

Should the government and legislature of this country approve of the plan of a National Bank being formed for the objects proposed, and resolve of its being executed, the author will be happy to suggest some preparatory measures by which this might be effected without the least inconvenience or embarrassment arising from it. But should government and the legislature, in their more apt judgment, be of opinion that the public mind is not yet sufficiently prepared for the proposed institution of a National Bank, a renewal of its charter for a term to be agreed upon, might be granted to the Bank of England, or the notice to be given to the same may yet be delayed for some years to come, and its present privileges in this way continued, as also a well-regulated issue of notes of £5., and above, further allowed to the country bankers by their giving security for their issues to government, every facility being given to them for accomplishing this object. The cash payments to be preserved as hitherto; but all those notes to be made a legal tender, and to be taken under the special guarantee of government by Act of Parliament. A run upon the banks, if not prevented, would at least be

lessened by those means in case any dangerous event should occur.

Besides the guarantee which Government is, to give for those notes, it will immediately issue, with the sanction of Parliament, Treasury, or Exchequer notes of one and two Pounds, not convertible into gold, for the amount of eight millions Pound's sterling for England, and three millions for Ireland, to be given over, with the proceeds of the loan proposed for that country, to a Committee of Parliament for each country, and to be applied in the manner proposed for the colonization of the poor in both countries, or to provide them with small allotments of land; which arrangement might be considered as a preliminary step to the later execution of the general plan laid down by the author. On account of the growth of population, there might be added to the eight millions pounds of small notes, to be issued for this country, one million and two hundred thousand more, per annum, as proposed above, and for Ireland, two hundred thousand pounds per annum, supposing that country to remain in peace. It may then be seen from this trial, how it works, and whether the execution of the above general plan, might be gratefully received by the public. Something must be done for the safe increase of the circulating medium of the country, otherwise it will never rise from that state of comparative depression and misery, in which it now lingers, as has been, the author hopes, satisfactorily proved.

The issue of those small notes becomes the more necessary, because the old faults which caused so much mischief, will, by the continuation of cash payments still remain, namely: the Bank of England, and private bankers keeping locked up the gold for that purpose. The Bank of England will also continue to keep locked up the deposits of private people in bank notes. But Government small notes will not

only increase circulation, but they will greatly add to the facility of cash payments, as they are to be considered cash, and a renewed run upon the banks could by this means, never produce those ruinous consequences, and bring the country on the brink of general confusion, as it did in 1825. It ought also to be recollected, that it was the small notes which saved the Bank of England in December 1825 from stopping payment, as also, that the population in England has materially increased since the abolition of these notes, which makes such an addition to its circulating medium so much the more necessary. It cannot well be said that the circulation of the country is now in a healthy state, at a period when country travellers of London merchants, write to their patrons in this way, “ you direct us to go to such and such places, but we have been there already, and could not succeed in getting any cash whatever, and we think the travelling expences would be lost, as there is no chance of succeeding ;” or when in many places two out of three bills when becoming due, are dishonoured from want of cash ; or when manufactures are obliged to take refuge to the truck system, and labourers to the labour notes of Equitable Exchanges. Besides this the complaints of the heavy pressure of taxation, are also arising principally only, from the generally decreased profits of trade, caused by the insufficiency of the circulating medium, and its being quite out of proportion to the amount of taxation, as has been shown above, and those complaints have increased notwithstanding every possible exertion has been made by ministers to take away taxes, which press heavily on the industrious classes, so that very little more can be done in this way, if the service and the credit of the country shall not suffer by it. It is therefore very obvious that to lighten the burdens of the people, and to give them relief from taxation, there remains no other way, than to increase their means of



paying taxes, by enlarging the circulating medium.

If this is done in the way proposed, and continued so as to keep pace with the yearly growth of the population, there would arise another very great advantage to the community, which ought to be taken into serious consideration. Till now it has been the custom to compare the revenue of the quarters of the year, running with that of those of the year past, and to conclude that when the former had been larger than the latter, that the comfort of the community had improved, as there had been consumed more. But there is a great error in this conclusion, people forgetting that the population had increased since the corresponding quarter of the year past about two per cent, taken on an average, and therefore the revenue ought to have increased also two per cent, arising not from the consumption of the new-born surplus population, but from those children who year after year become also consumers. It follows from this, that taking the revenue of the past year, at 47 millions, there ought to be the year following, an increase of two per cent above the income of the year past, making nine hundred and forty thousand pounds, or in every case a corresponding increase, with the average growth of population, be it what it may, and if this increase has not taken place every year to its full amount, it is obvious that the individual comforts and enjoyments of the community have suffered a diminution. The only reason why such an increase of revenue, taking into account the decrease which has arisen from the change in, or the taking off of taxes, has not actually taken place, and could not possibly happen, is, because the community, notwithstanding the increase of the number of its members, was obliged to do without an adequate increase of the circulating medium; and individually to contract their expenses, part of the circulating medium which they found formerly in their

pockets being wanted for, and finding its way into, so many more others. But it is obvious that, when the latter are regularly and proportionately provided for in the way the author proposes, every individual of the community, by prices and profits remaining steady, finds the means for consuming as much, and to enjoy himself as well, as he did the year before, which is otherwise quite impossible, as has been shown more fully above. But when, by an adequate increase of the circulating medium, profits, production, and consumption increase proportionately with the increase of population, there must be, on account of the increased consumption of taxed articles, and the enjoyment of other taxed comforts of life, an adequate yearly increase of the revenue of the country, which would, as mentioned, amount to nine hundred and forty thousand pounds, for which large sum every year, taxes might be taken off which press heavy on the industrious classes; to do which would certainly give hearty joy to ministers and the legislature of the country, as the service of the state would not suffer by it. Besides this, the additional capital which would come successively into circulation, either in case a National Bank was instituted as proposed, by the coming out of locked-up capital, and of the gold at present kept for cash payments; or, in the other case, by the eight millions of small notes put in circulation, would produce a yet more enlarged surplus revenue, by increasing also the consumption; and there would in this way another opportunity be produced for taking off so many more taxes.

It has been proposed in Parliament to make silver likewise a standard and a legal tender to any amount; but such a measure the author thinks superfluous, as England can very well do without it, and it would prove very disadvantageous to this country, leaving quite out of consideration, that it would be a very clumsy and inconvenient circu-

lating medium, if the handling of the large masses of it, which must accumulate at the Banks and other establishments, is compared to the handling of paper money or gold. Some say, this is exactly the principal reason why silver should be introduced as a legal tender to any amount, because people, by any run upon the Banks for coin occurring, could be paid with sixpences, as was done in the year 1745, by the Bank of England, for tiring them out from running upon the Bank, and for procuring time to the capitalists to come to its aid. But the author trusts, that the English people have become since that time, quite enlightened enough, not to want the repetition of such a hoax for avoiding cash payments as was then practised on their ancestors, for becoming convinced of the folly which they have committed in asking for the introduction of them, after having done without them for twenty-two years during which time they have prospered to an extraordinary degree. They will be convinced, in time, that it were the cash payments which caused the panic of 1825, and the great embarrassments under which they now labour; and that cash payments are the only hindering which prevents efficient measures to be taken to bring them out of those embarrassments, and to make them easy and prosperous again, and to secure for them a better and more comfortable future. Having learnt that they will feel the necessity of petitioning parliament for the abolition of cash payments, and for the introduction of those measures for their relief which might more effectually be introduced when they have the approbation and the confidence of the nation at large, by which means they certainly will become more beneficial for them all.

The great disadvantage which would arise to this country from making silver a legal tender to any amount would be, that other countries, and

principally the continent of Europe, would be drained of their most necessary medium of circulation, which must bring on a great falling off in the already so much depressed export trade of England, which would soon be perceived. The drain would be so much the greater, as there would not come out of circulation in other countries that silver coined here, but likewise a great mass of it, which always would be kept on the bullion market for speculation, consequently remaining idle, and producing nothing. In this manner the circulation in other countries would be most seriously affected by the introduction of such a measure here, as silver is, in most countries, the standard, and the principal circulating medium, gold not being a legal tender in most of them, but variable in price or premium, and therefore its abstraction not being so much felt in the circulation.

But there is a precious metal which might, in order to encourage its exploration, be made standard and a legal tender in this country, in preference to silver; this is platina. It has already been coined and circulated as money in those countries, where it is principally found: Russia and Columbia; and it deserves, on account of its qualities, even a higher rank as a precious metal, than the value given to it by coinage in those countries, which was taken from the price it fetched on the market as a precious metal, to be with advantage used instead of gold, for being worked up for chemical vessels, and other valuable articles. By the sad circumstances above described, in which the nations have been placed through the falling off in the supply of gold and silver, this new and so deservedly precious metal, may be considered as a real God-send by them, and Government should not lose a moment in introducing it into this country. They should likewise adopt all such measures as would tend to lessen the yearly abstraction from

the circulation of the precious metals, by the working them up, and the exportation to China ; which, notwithstanding it has somewhat lessened, is yet sufficiently large for doing, under the circumstances in which nations are placed in regard to their circulating medium, in the course of time, an immense injury and also to this country. Then, notwithstanding the United Kingdom furnishes only a small part of the gold and silver which is yearly worked up in this country, or that which it pays to the Chinese for tea, &c., from its own circulating medium, yet it is obliged to abstract the remainder from the already too much diminished circulating medium of other countries, and unfortunately also of those who do not produce it ; the mischief done in this way rebounds upon this country, through its trade with those other countries becoming materially injured, by their being more and more deprived of their means of buying.

For lessening the loss which the circulating medium of precious metals suffers by their being worked up, the tax upon gold and silver articles, or gilt and silvered plate, and such other manufactures in this country, should be raised successively to 200 per cent., and the importation of them be entirely prohibited, as those who have taken a fancy to those articles, and thus without thinking much about it, contribute to do harm to the well-being of most nations, may well pay for it. Such a tax would encourage the introduction of already invented, or yet to be invented, compounds of other metals, similar to gold and silver, which may very well be used as a substitute for them. Every means should be used to make them fashionable, and then the gold and silversmiths could not feel degraded in applying themselves to working them.

In regard to the China trade, there has lately been a great deal of discussion on this subject. If people knew that Europe would be in a much better

situation now, had there not been any necessity at all for the trade with China during the last twenty-five years, they would spare themselves the trouble of speaking so much about its becoming free.— Every one who will consider what has been above stated, will easily perceive, that if nations could have tea, silks, nankeen, porcelain, and other things from the Chinese in exchange for their own produce or manufactures, of which they have such a superfluity that they do not know what to do with them, this trade would be very desirable; but if they give, as they do, in exchange that which they want so very much themselves, and on which depends, in a great measure, their comfortable existence, namely, ready money, they do very wrong; and that it would be much more beneficial for them not to take Chinese articles in larger quantities, as might be exchanged for other articles of trade, but endeavour to produce the remainder, keeping the money for themselves. Even the tea which Englishmen drink, might very well be grown in great quantities in the colonies of this country, or even in England or Ireland. It has lately been proved that the tea-plant prospers very well in Wales, even a thousand feet above the level of the sea; the climate cannot be an obstacle to its growth in this country, as the plant does not want great heat, and can bear the English or Irish cold very well, as it is never greater than the cold occurring sometimes in the north of China, where also fine tea grows. In order to encourage the culture of the tea-plant, the Government should give leave for the importation of the tea produced in British colonies for the term of six years, duty-free, taking measures that the growth there was sufficiently proved by its being imported into this country, for avoiding Chinese tea to be smuggled in instead; and they should likewise encourage its culture in England and Ireland on the same terms. The collection and pre-

paration of the tea-leaves requiring a great many hands, the culture of it is better adapted for a country well peopled like this country and Ireland, than for those colonies where the population is yet scanty. The tea having become a very general beverage for most people, even the working classes of this country, it would be a great boon conferred on them, could it be procured in a cheaper way, and without sending ready money to China for it. But as the culture of the tea would not go on so quickly, and the finer sorts of it from China, which pay the highest duty, would always be preferred by the wealthier classes, the revenue could not suffer very much by such a measure. After the lapse of six years a moderate duty might be laid on the tea produced in and imported from the colonies, if thought necessary. But the falling off in the tea duty might very well be suffered, by the continued increase of the revenue from other sources, which would take place as has been shown above, should the measures the author proposes be brought into operation.

In case the charter of the East India Company should be renewed, and it should retain the privilege of the exclusive trade with China, it should be obliged to promote, more and more, and to facilitate the recommended introduction and culture of the tea plant, which has already begun to be carried on in some of the Dutch and of British possessions in the East Indies, and in the Brazils, with success. There are in this country many Agricultural and Horticultural Societies ; none of them has ever thought of taking up this very important object. In case the government allowed the free culture of the tea plant on a large scale, as proposed, it is to be hoped that those societies would use their best exertions, for introducing the same, with the aid of the East India Company, into England and Ireland as speedily as possible. The Company should

also endeavour to carry on their trade with China for the future without the aid of precious metals to be sent by them to that country, either from here or from India, or elsewhere, as this becomes, in the end, alike mischievous to this country, as well as to others. It is really astonishing that, among the many thousands of different and beautiful articles of English industry, there should not be more to be found to please the Chinese, and induce them to take them in exchange for their productions; and even to return to us Europeans for them some of the gold and silver, which we paid them under more affluent circumstances. The company would do well to be a little more speculative and to use more diligence in this respect, for the benefit of this country, which would also extend to all others, in case it should be allowed to retain the China trade as a privilege. A statement what quantity of precious metals has been sent, during the last twenty-five years, by the company to China, or has been forwarded to its possessions in India for buying cotton, &c., for the China trade, would soon show what an immense loss Europe has sustained in this way during the period of twenty-five years only. A great outcry has lately been raised at Canton against their sending away from that city two millions of dollars, and it was said, probably only for casting an odium upon the company, they did it for making believe that precious metals were returning from China. The same has taken place at Calcutta by the sending away of some precious metals to Europe. The misfortune is, only, that these are but very rare cases; and that they are even objected to, and complained of, by the people there; which shows very plainly, that they feel also the want of cash very severely.

It may here be remarked, that it is most surprising, that the otherwise so speculative North Americans have not yet been trying to produce



that immense quantity of tea which they drink, in their own country, so well adapted for it. It might become later even, a most valuable export article from thence ; and they might be enabled to apply their gold and silver more usefully in internal circulation, and in up holding their exchange, with Europe, instead of sending it to China for tea.

The East India Company should, besides be obliged to use their best endeavours for promoting the exploring of the precious metals in their immense dominions, which produced them formerly in great masses. As regards the renewal of the charter, now under consideration, it would, in the humble opinion of the author, not be very wise not to renew it, as the ministers of this country have already by far too much to do in managing the immense concerns of the nation satisfactorily, and it would be overburthening them, to give them also the management of those vast possessions, which hitherto have been tolerably well managed, and kept comparatively tranquil by the company. It must besides be remarked, that, in case government should take into its own hands the management of East India affairs, it might be compelled to give way to the clamour of those, who wish to enlighten the East Indians about their best interests by means of a free press, and who would be listened to in particular by the intelligent half cast's very attentively ; and there would probably, in this way, be produced nothing but anarchy and misery in those vast regions, causing the loss of them to England, in perhaps less than ten years. Then, notwithstanding a free press has become an unavoidable necessity for this country on account of the state of its civilization, it does not follow that it will be of service to India, where the people ought first to be educated before they are to be entrusted with it. This should never be left out of consideration.

The throwing open the China trade, as is in-

tended, will certainly make this trade yet more mischievous to Europe than it has been already, as the principal imports there, opium, cotton, and long cloth, might then soon become unprofitable articles, on account of their overflow by competition. There is even now, already at Singapore, a superfluity of those articles amassed for the China trade ; and the private trader having tried and lost by them, would soon abandon them, and take gold and silver to that country, as he knows best what he may get for it. From this reason he would also not attempt to introduce new articles, as the East India Company might be made to do, and with success, being in a regular intercourse with that country, and therefore having a better opportunity to find out what new articles might suit the Chinese. It might also very well happen, that, when the smuggle-trade with opium became, by free trade, too great a nuisance to the government of the Celestial Empire, in reducing its revenue from its monopoly in this article, to which nuisance will probably be added many a quarrel with free traders, they being under no sufficient control, as hitherto, there might soon be put an entire stop to all trade. by the now already always jealous and distrustful Government of China, which the author would, from the reasons given, in no way regret, provided that the culture of the tea-plant had, meanwhile, been introduced into other parts of the world. Silk might easily be produced in Europe, and more of it as it is wanted. It is calculated that the trade with China has cost nearly the half of the gold and silver explored in America, during the time this trade was carried on.

The government of this country, could itself, do a great deal for the encouragement of the exploring of the precious metals in that wide field it has under its immediate direction. Many of the East India Islands abound with precious metals, particularly gold. It is, for instance, well known, that

the scanty Chinese settlements on the Coast of Borneo alone, have washed from alluvial soil, on an average, about eighty thousand ounces of gold a year; and there is, besides, no spot on the face of the globe, that presents greater advantages for colonization than Borneo, whether in regard to a most extended commerce, the exploring of the precious metals, or the culture of tea, the introduction of which would be so much facilitated by its vicinity to China, and by Chinese settlers. There will be found, on reflection, that there is a great want of foresight perceptible in the great endeavours which are made by this country for the extension of colonization in New Holland, New Zealand, and Van Dieman's Land, inasmuch as the only article of importance, to be produced there, for exportation by the colonists, for a long time to come, is to be wool, and nothing but wool; meanwhile, Europe produces already quite sufficient of it, and is able to produce easily as much as it ever may want for the most extended manufacture of it. Poland, alone, for instance, whose population likes British manufactures very much, with which they are principally supplied by the fairs of Germany, could easily furnish what might more be wanted of wool in a century to come; as the Poles will probably, in time, become more industrious, if they could only find a market for their productions, which is not more the case with their wheat, by which they have come to a very depraved state. But what will be the consequences of these endeavours to produce wool in those settlements in Australia? Why nothing else but that the English farmers and landowners will lose, in time, a most important branch of the industry of this country; and the annual revenue derived till now from about one hundred and forty-four millions pounds of wool produced by thirty-six millions of sheep they keep, must daily become more reduced.

The agriculturists of Germany and Spain must

lose, at least, their export trade with wool, as it is quite impossible that either the English agriculturists, or those of Germany and Spain, can compete, in the course of time, with the wool of those vast regions, where the most fertile land costs nearly nothing; and where sheep may easily be bred and nourished in such immense numbers, that more additional wool will be produced by them than the whole world can consume. But Englishmen ought never to forget that the continent of Europe is, and ever will be, on account of its vicinity, and its already so great and always growing population, the best customer of England, as well in regard to its carrying trade with colonial produce as in its manufactures, even when its colonies are not only for ever lost to this country, but will then partly provide manufactures at home, or may partly get them, in preference, from the United States of North America, who are so much nearer at hand, and whose Northern States make already rapid strides for becoming manufacturers, and rivals of this country in this branch of industry. If this country, therefore, does its best for depriving not only its own farmers and land-owners of a most important branch of industry, and those of Germany and Spain of one article more with which they are able to pay for the British manufactures which are regularly imported or smuggled into those countries, its manufacturers will, in time, feel the consequences very severely. The excess of exports from this country to Germany over its imports into this country, since the beginning of 1814, amounted, at the lowest estimate; taking the real prices of its imports, and not the lower official value of them, as taken in the import lists here, and deducting from the exports to Germany that part which Poles, Russians, Armenians, &c., buy, and take away from the fairs of Germany, and otherwise; to more than thirty-five million £. sterling, which Germany had to pay with her own gold and silver, or with

that which it had to receive from America, or which it was obliged to borrow from this country, and pay the interest on it. How shall that last—and why make this state of things yet worse by own doings? Would it not be by far more advantageous to extend the colonization of Borneo instead of those mentioned; and to send, in future, the convicts to that island, as it could soon provide this country with produce which are more acceptable—gold and tea—in exchange for manufactures? Or, to colonize other parts of the world, where those manufactures might be paid with newly explored gold and silver; with the surplus of which might also be supplied other nations, for extending their means of buying? But instead of receiving this, this country has even been, and is still obliged to provide, with its European gold and silver coin, continually, those colonies in Australia, and even the Canadas, who now ask again for it; otherwise, all those colonies would have remained, or would soon come to that state of having scarcely any circulating medium at all. This is, under present circumstances, a very great evil. In Africa there might, also, be a great deal more done for the supply of gold, by the encouragement and support to be given to settlers. The Niger, Gambia, and Senegal rivers offering, by diligence, and by protection given, a wide field for establishments for the extension of a profitable intercourse with the interior of Africa. Five hundred miles up the first named of those rivers, a very fine and healthy country has lately been discovered, which might be very well used for such purposes.

It is also of incalculable importance for all nations that Mexico and South America should be brought to such a state of internal tranquillity and external safety, that the exploration of the precious metals could be carried on quietly and on a more extensive scale than has been done for the last twenty-three years, and that by this means the European trade

with those countries could be extended and become more profitable, and gold, platina, and silver in large quantities be received. Should Europe remain in peace, which is so desirable and necessary for the well being of all, the five great powers of Europe, or England and France alone, should induce Spain to transfer to them as mediators, its rights to its former possession in America, in order that they might treat in the name of Spain with the new American States, formerly belonging to that country, about their recognition by the mother country, for which the latter might receive as an indemnity, advantages in commerce over all other nations. In case Spain should not be satisfied with those advantages alone, there may be also tracts of land assigned to it in those states by the successive sale of which it might get an other indemnity for the loss sustained, as money is not easily to be had from those states, which are yet themselves very poor ; or perhaps they might be induced instead of giving lands to Spain, to take from it the burden of that remaining part of the cortes loans, the bonds of which have not been exchanged for the three per cent redemption bonds, which Spain has created and offered lately to their holders in exchange for the former.

After arranging this, the five powers, or England and France might then say to those states, “choose yourselves your institutions and your Government freely, but finally, and when you have so done we will acknowledge, guarantee, and protect your Government with all our power, and preserve you from further revolutions and civil wars.” In case Spain should refuse to treat about this subject, this should not hinder England and France to hold the same language to those states, and to act upon it in case of need ; it is high time that peace and quiet should take place of anarchy, civil war and bloodshed carried on for nearly twenty

five years in those states, and that European powers should interfere for accomplishing this so desirable and important an object, not only for the welfare of those countries themselves, but at the same time, for the promotion of the great interest which Europe, and principally this country, has on account of its advances to and its possessions in those states, in their tranquillity and well-being. It should not therefore be any longer allowed, that an individual there, who is perhaps a colonel or general, and who takes it into his head that he knows better than all others, how and by whom the country ought to be governed, should be at liberty to create for himself a party against the government and kindle a civil war to overturn it, thereby destroying with a handful of armed men, the repose and prospects of its millions of inhabitants for a long time to come, and preventing their attaining successively that degree of wealth and comfort, to which the great resources of the country and their exertions entitle them, and of which they would undoubtedly soon be possessed, were it not for those incessant troubles which ambitious men raise, to satisfy their own vanity or rapacity at the cost of the peace and happiness of the people.

The support to be given by the five powers or by England and France to the finally constituted governments in the Spanish main, should also be extended to the youthful Emperor of the Brazils and to his government, not in words only, but in energetic and speedy acts, in case they should be required; England particularly should be very watchful as to what passes there, otherwise that country, which is already of such great importance to this and to Europe at large, and may yet become far more so, might fall into anarchy, and finally come under the dreadful sway of the black population, who are the most numerous, and who may, by renewed stirrings and revolution, made by

the whites and the coloured people, learn to stir also, and to follow the example of their brethren of Hayti.

It might not be amiss to add here a few more remarks about the system of commerce which this country has to pursue in its relations with other countries, as there exist so many erroneous notions, and much difference of opinion in regard to this important subject.

For arriving at a correct conclusion about it, it is necessary to know well in the first instance the actual state of the commerce and industry of England and its general resources, and then compare them with those of other countries. Having acquired this knowledge, the system to be pursued by this country will soon be perceived. In summing up what has already been stated, it will be found that a great deal has been done in these respects already, and there need be but little added for drawing the conclusion about the course to be adopted.

The fact is, that there never existed a commercial nation whose wealth and power could be compared to those this country possesses; beginning with the Phœnicians, and going on to the Carthaginians, Venetians, Genoese, Spaniards, Portuguese, and Hollanders. The wealth and power of them all falls into insignificance, compared to that which Great Britain now possesses.

Not only has it acquired vast and important possessions, and established naval stations all over the world, by which means, and by its navy, with which all the fleets of the world united would not be able to contend, it dominates the sea in such a manner that not a single merchantman of any other nation dares to show itself without its permission, possessing besides its 24000 commercial ships, which is by far more than all the rest of Europe can muster; not only has it already overwhelmed most other countries with its capital, and made them in this



way tributary, but the greatest power it possesses lies in the great superiority of its industry over that of all other countries on the face of the globe, as well in point of its manufactures as that of its agriculture, and which superiority it is not only able to support, but even to enhance by superfluity and cheapness of capital. To this must be added that invaluable prerogative it possesses over other nations: that whilst their industry suffers, or is even partially destroyed from time to time by a war, and the enemy overrunning the country, British industry, undisturbed from such destructive occurrences, is advancing steadily towards perfection.

From the high station the industry of this country has taken, it results that it is able to produce comparatively more than any other country with less hands. The admirable inventions and improvements of machinery for the use of manufactures, put in motion by an extensive use of the power of steam, which is easily and cheaply to be produced, where it is wanted, by a superfluity of coal, and aided by immense surplus of capital, which could, and can always be applied to them at a comparatively low rate of interest, has brought them to, and will maintain them at such a pitch of perfection as other nations will not be able to reach, because surplus capital is and will remain too scarce and too dear with them, for the construction of such expensive machinery, as this country has brought, or is able to bring into operation. By means of this expensive machinery, an Englishman, nay, even a child, is able to bring forth a manufacture of a value, which to produce in the raw material or in grain, requires ten and even twenty men in other countries. The author recollects a year in which the value of British cotton twist imported into Russia, amounted to thirty-seven millions and a half of rubles, banco assignations, or about one million, seven hundred thousand pounds sterling, at the fac-

tory price. Supposing Russia had wished to pay this amount in corn, what it certainly would have done, if this country would only have been so kind as to take it in payment ; what an immense mass of this article must have been produced there for raising that amount, and paying for that which was done here mostly by a number of children. The quarter of wheat in the south of Russia could then not be sold on the spot, even at the low price of five rubles per quarter, and at Odessa ready for shipment, not at ten rubles per quarter, it would therefore have required the application of that immense number of hands which are necessary to raise at the former rate seven millions and a half of quarters of wheat, or about half of that quantity which England produces, for the purpose of raising the amount of the cotton twist imported from this country, and spun here by machines, with the assistance of that comparatively small number of children. Even if there had been a possibility for the sale of wheat to this country, and the Odessa price is taken as a comparison, there would have been three millions and three quarters of wheat necessary to cover that amount, and to the number of men who produced it, ought then to be added those who occupied themselves and their cattle, to transport the wheat four to five hundred miles by land to Odessa. But it is exactly, out of the circumstance that in England the capital by which machinery is set to work, produces most, and that human labor constitutes but a trifling part of the work by which manufactures are made, that the overwhelming power of the country over all others arises, and will continue, for hundreds of years to come, in fact so long as its coal will last, and even should this fail, steam engines may and will be replaced by tide mills, or other means for producing power which human ingenuity may discover. According to Mr. Huskisson's statement in Parliament, the value of only that single article, cotton goods, manu-

factured in one year in this country, amounted to sixty-four millions pounds sterling, of which, to the amount of thirty-two millions pounds sterling, in official value, was exported and sold in other countries. Suppose the real value obtained for it there, was only twenty-four millions pounds sterling, this sum is nearly as much as the whole amount of exports of Russia and France put together. Calculating that the raw cotton imported into this country for manufacturing the above whole amount of goods, has cost at the highest estimate seven millions pounds sterling, and adding to that two millions pounds sterling for colours, &c., imported for the finishing of those goods, that would give nine millions to be deducted from those twenty-four millions of manufactured goods exported and sold in other countries, there remains fifteen millions clear surplus for England, and the remaining thirty-two millions pounds sterling of cotton goods made out of foreign produce and used in this country. Even suppose the prices at which they were sold to have been less and that they cost nothing to this country but the expense for the labour of a comparatively small number of hands, mostly children, and for the putting in motion of the machinery, which, with the interest on capital, were gained by the community itself. The immense extent to which the application of machinery is carried already, will cause indeed astonishment, by the consideration that machinery in England performs already, as is calculated, what would require four hundred millions of individuals to do by the hand; yet the whole number of labourers who are even not fully employed in assisting these works performed by machinery and otherwise, amounts only as is calculated to six millions.

On the other hand, agriculture has risen to such a state of improvement, that England will no longer require foreign corn to any large amount, but will

often have a surplus, unless there should be a great and general failure of its crops, but this very seldom happens. From these causes the balance of trade of this country, or more properly speaking, its general balance has been so favourable, that it has been enabled to overwhelm most other countries with its surplus capital, and as those causes continue, it must go on in the extension of its superiority, even though other countries should adopt more severe measures against the trade with this country, because they cannot prevent smuggling.

It would be very easy for the author, if it were necessary after what has already been stated, to prove more in detail, that in case this and all other countries should agree to take off the whole of the custom dues, and allow all productions of their industry mutually to go in and out duty free, the balance of trade would then be still much more favourable for Great Britain, and it would certainly by means of its surplus capital, come much sooner into possession of almost the whole of the remaining parts of the world in the manner explained, than if those restrictions were allowed to remain.

If the truth of this statement cannot fairly be denied, when all that has been stated about the overwhelming power of the capital, the industry, the commerce, and other advantages of this country, is as fully appreciated as it ought to be; the system of commerce with other nations, which this country has to pursue, seems to be pointed out very clearly, and would appear to be that which has been partially already adopted and followed up by British statesmen for several years past, namely: to show themselves as liberal as possible for inducing other nations by that means, to relax in their measures against the trade with this country, either by taking off their prohibitions, or by lowering the rate of duties on imposts from this country. Could Great Britain attain this by being the first to lessen

the import duties on foreign productions, and by commercial treaties with other countries on the basis of reciprocity, it would always reap great advantages. The intercourse with other countries might easily be greatly extended, and even doubled, if those countries were enabled not only to exchange their productions with those of this country, but to pay with them in future the interest of the capital they owe, in as much as it has in fact mostly arisen from imports of manufactures from this country, which they were not able to pay for, and not from ready money paid to them; so that they had thus no longer to fear, that a large yearly balance must be paid to this country in ready money on account of merchandize received, or that they must borrow money anew. This more liberal way of doing business with them would certainly produce the most lively and desirable, and the most profitable intercourse, as well for this as for all other countries, but unfortunately it cannot be brought into full operation, because great Britain cannot on account of the superiority of its industry, never want and take from other countries all that they might wish to exchange for its productions, but yet every justifiable facility ought to be given to them in this respect, and the business enlarged as much as possible. It is very clear, that in case this was to take place, the shipping interest of this country which now complains so much about the falling off of trade, would soon rise from its depressed state, and flourish again most brilliantly. It cannot be avoided that some branches of industry in this country must be temporarily affected by the change in the import duties, but if the community at large be benefitted, private interest must give way. The misfortune is, that people who are out of employ on account of such a change, are, under present circumstances, not able to find another profitable occupation, as also all the other

trades are overloaded with working people, and even the professions and the King's service with expectants, but this state of things will soon be bettered, and opportunity for profitable employment afforded to every one, if all the measures the author proposes be introduced, as the principal tendency of them is, to increase the circulation, consumption, and wealth of the country, and to improve and enlarge by those means the comforts of the community in general.

It also ought to be remarked here, that the necessary circumspection should always be used by the government of this country in respect to the facilities to be given to other nations in regard to their trade with great Britain, and that they ought to be given in preference to those who deserve them most, and not to those who do not deserve them at all, as has lately been done in the case of France; notwithstanding that it keeps up its most rigorous prohibitory system, and its high duties against other countries, even against those who have always acted in the most liberal way towards it. The import of French manufactured silks, gloves, &c. into this country, has been allowed, and the duty on its wines, verdigris, &c. lowered; meanwhile, the duty on Portuguese, German, and other wines, has been raised. But if, for instance, the intercourse of France and Germany, with Great Britain, had been duly considered beforehand, it would have been found, that there was great injustice towards the latter in adopting such a course. Germany, as will appear from the statement given above, has lost, during the last nineteen years, more than thirty-five millions of money through its trade with this country,; and France has, during that time, at the lowest estimate, gained far above twenty millions by it; which gain will yearly yet be progressively increased by the facilities lately given. Besides this, France

has received annually, as is calculated, and taking into account slight interruptions, on an average, about four millions per annum, from this country by means of individuals from this country, and their families living in France and drawing into it their revenues ; meanwhile, Germany has received so very little in this way, that it is not worth mentioning. But taking the whole of what France has received from this country during the last nineteen years only at four millions per annum, this will amount to *seventy-six* millions sterling ; and adding to this the *thirty-five millions* which Germany had to pay during the same period to this country, it would appear that the difference of the intercourse of both countries with this, amounts to *one hundred and one millions* sterling ; to which amount France has, in regard to Germany, been strengthened in point of the sinews of war, and Germany has been weakened in comparison with France. Looking at this state of things in a political point of view, it is by no means to be considered as advantageous to this country, or favourable to its true interests, inasmuch as, France is its natural enemy, not only on account of its position, but also from having the ambition of being a first rate naval power ; and Germany, Great Britain's natural ally, on account of its position, and not having such ambition : and there may arrive a time, when this country will deeply regret, that it has unconsciously contributed in this way to strengthen the power of France, and to weaken that of Germany : but may that time be yet far distant, this the author wishes with all his heart. Yet, in every respect, this unfortunate state of things must certainly be considered as being a very hard case for Germany ; and that, from this consideration, this country ought, in fairness, to do a great deal towards Germany, in point of facilities in trade, which the author would feel great pleasure in pointing out ; and that, on the other hand, France ought, in fairness, to do a great deal

in that respect to this country, which has long ago been pointed out to that country by the British Government; yet, till now, there has been nothing received but promises, notwithstanding there have elapsed many years since government has tried to get some concessions of this kind from France; and judging from the speech of the French minister of commerce, which he lately delivered to an assembly of agriculturists, manufacturers and merchants, in regard to this subject, it seems that he is not at all in a hurry about it;—and that it may after all be found, that the manufacturing interest in France is much too strong for any thing efficient being executed in regard to the introduction of British manufactures into France. That the silk manufacturers of Lyons approve of a more liberal system being adopted by France, and facilities given for the introduction of foreign productions, is not to be wondered at, as they do not fear competition in their manufacture, not only because it stands too high, but also, because they are enabled, by their connexion with those establishments in Italy which produce the raw silk, to secure and to procure it at the cheapest rate for themselves. On the other hand, they naturally expect, that the imports of their silk manufactures into other countries would be much facilitated and extended, when a more liberal course should be adopted by the French government towards other countries. But other branches of French industry stand not in the same predicament; they fear British competition, and they have reason to do so. It is therefore very probable, that this country will experience the same fate in regard to the strength of the manufacturing interest, which Germany experienced long ago in respect to the agricultural interest of France, which was much too powerful in its opposition to allow German produce to be introduced into France to pay for the French manufactures imported into



Germany, the introduction and sale of which was always so liberally, but it may also be said, so inconsiderately allowed in that country. In respect to the interests of this country, it seems very clear, that, should France not do soon what it ought to do towards this country, this government could not be justified in continuing any longer those facilities given to France, to the detriment of its own manufacturers, who suffer already sufficiently by many of their wealthy countrymen spending their money in France, instead of circulating it in their own country, to the benefit of the industrious classes.

In conclusion the author begs leave to call the attention of his readers once more to the more important subjects treated, and to be allowed to add some general remarks to what has already been stated in regard to them, as also some further proposals he has to make.

There exists yet a great want of clear insight in the meaning of the phrases; *the gold standard of the bank note* and *the standard of value*, which notwithstanding their being totally different subjects, are very often mixed up together in such a manner, as to confuse entirely what shall be elicited, or proved by their application. The gold standard of the bank note is its value in gold as originally given to it when first created, and the standard of value is that general settlement of prices, which arises when the whole money capital of the country actually in circulation, remains adequate to buy the whole mass of articles which are, or shall be exchanged or bought for it, at the same prices, generally taken; as with a given quantity of money the whole mass of articles may be bought at prices for which this money is sufficient. This as well as the alterations in the standard of value which may occur, and their effects on the well being of nations have already been more fully shown

above. But for giving a more glaring and convincing proof what mischief may be done to a nation by statesmen not having a clear insight into the difference of those principles and on the subject of paper money generally, the author will state here a case which happened in Russia on a grand scale, and which may perhaps be acceptable to some of his readers as an additional illustration.

After the peace of 1814 was concluded, the then Finance Minister of Russia, was induced to turn his serious attention to the restoration of the metallic standard of the Russian bank notes, and if not to bring it back to its original state, at least to improve the value of the bank notes, compared to gold or silver coin, as much as possible; and there was for the purpose a plan made and adopted, of which something has already been mentioned above, namely: to draw in about one-half of the amount of the bank notes in circulation which was then 839 millions of roubles and to destroy them, by which operation it was *with certainty* expected, and as a *matter of course*, that the remaining half *must* rise at the same ratio in value, compared to the silver and gold rouble, that is to say, to the double of that value it then had, so that this remaining half of the bank rouble capital would then have been worth exactly as much in gold and silver coin, as the whole was before. For the more certain attainment of this object, and for deteriorating the value of the silver and gold rouble compared to bank notes, the place of the latter was to be filled with the former in the circulation of the country. In execution of this scheme, loans were to be made in foreign countries to improve the rate of exchanges, which is noted in bank notes, and to force on by that means a large influx of gold and silver for coinage.

This scheme appeared on the first glance very plausible, and well calculated to the accomplishment of the desired object. Yet the author who had also

given serious attention to the subject by its having come into the line of his study and researches, saw very clearly that the plan made rested upon a delusion, and he thought it therefore his duty, to inform the Finance Minister herefrom, in a memorial which he took the liberty of handing to him, containing his observations on the subject. In this memorial the author set forth, that it was quite true that if the circulating medium of a country was reduced to one half, it must raise the value of the remaining part of it to the double compared *to other things to be bought with it*, but that the reducing of the bank notes to the half of their amount, by drawing in and destroying the other half, could not be expected to raise their value in coin in the same proportion, because when by means of that operation there took place a rise in the value of the bank note, compared to articles of trade, this rise would also extend to the silver and gold rouble, inasmuch they were also used *as money*, that therefore it must be very obvious, that quite other circumstances must be enquired into for becoming certain, that the value of the bank note would be raised by the operation, and that the author, having looked into those circumstances, was of the opinion that the whole proceeding could not possibly have the least effect of improving the value of the bank note in regard to coin. For proving this assertion he pointed out those circumstances, the principal of which was, that the value of the silver and gold rouble in banco notes had settled and fixed throughout the country at the then rate of about  $3\frac{1}{4}$  rubles in banco notes, and every one took the silver and gold rouble at that rate with pleasure for those articles he had to sell, if he could only get that money in payment for them, which mode of payment was carried on principally at the great fair of Makariew to any amount; that therefore those private people who would import the silver and gold and who would

have it coined for their account at the mint of St. Petersburg, into silver and gold rubles, would have the opportunity to apply, or to exchange them at that rate mentioned, and that it could not be expected, by their being able so to do, they would for the sake of improving the value of the bank notes, injure themselves, by offering their coin at a cheaper rate, than what they could get; and that from that consideration the author was of opinion the scheme made must fall to the ground, when persisted in. That on the other hand the author did not see the least necessity for a forcing on of the original metallic standard of the bank note, as its value in coin as well as in regard to every thing else had once settled. There was also no need for improving its credit in the eyes of the public, because every one was very anxious to have the bank notes for his goods. Under such circumstances no good whatever could arise from the measure, but it would have the sad consequence that the country would be involved in debt to other countries, and that the silver and gold which would flow in through the loans and as a consequence of the rise of the exchange on foreign countries, would afterwards go out again for the payment of the interest, and that it would later even become necessary to recur from time to time to new loans in foreign countries, for paying that interest, as Russia's general balance with them had not then, and was in future not likely to have the surplus required. There was, in the author's opinion under the existing circumstances nothing more required, but to watch over the metallic value of the bank note as it was then, and also over the standard of value, taking into consideration the increase of population, from which must, or ought to arise a greater production and consumption which required an adequate increase of the circulating medium. This might be provided by bank notes or through the means of

improving the industry of the country and extending its export trade for which objects the author submitted several propositions, by which the balance of trade with other countries would be improved, and there would be brought into the country silver and gold for coinage in regular course of business by which the circulating medium would be increased. But if it was thought desirable, which it was not, in the author's opinion, to raise successively the metallic value of the bank note, the author proposed an easy and cheap mode of doing it. This was by way of a lottery, such as other Governments had instituted, in regard to their stocks for making them more liked and searched after. There might, instead of burning the bank notes, be a certain small amount of them put as large and small premiums upon a certain small part of the number of all of them, and these numbers be drawn every month out of the whole mass of numbers of the bank notes in circulation, in a manner so as to reach proportionately every species of bank note. The numbers upon which these premiums had fallen to be advertised throughout the land, and the premiums to be paid to their holders in all the Government towns of the empire, the premiums, which should fall to Government, to be re-issued. The bank notes on which the premium was paid, to be drawn in and destroyed, and others to be issued in their stead. Such an arrangement would have the tendency of making people look very sharp upon the bank notes in their possession, and preferring keeping or receiving them in preference to coin, in the expectation of getting a premium upon them while in their possession, which they could not get by keeping the coin, and in this way the metallic value of the bank note could soon be raised, and it would cost nothing to the country, as the premium would remain in the community. Should there arise any perceptible deficiency in the circulation

from some people preferring to keep the bank notes locked up, to making interest from them, this deficiency might easily be supplied. There would be neither in this nor in the other way proposed any necessity for paying a heavy interest to foreign countries for a circulating medium, as the country would not want foreigners to supply it, being able to do quite as well with its own, and there would also be no harm done to other countries by means of draining from them their circulating medium, of which they were themselves so much in want, and which, if done, must also have an injurious influence upon Russia's export trade to those countries. The author had several conferences with the Finance Minister and several other functionaries at the head of the departments of finance, but they liked their scheme so well, that they would not believe him, and they went on with the execution of it. They were aided in it by an extraordinary exportation of grain from Russia, which took place during the years of 1816 to 1817, and which added to the proceeds of the loans made, which also were to be paid at that period to Russia, made its general balance, and the exchanges noted in bank notes, upon foreign countries, extremely favourable. Silver flowed in in torrents, also some gold. The Berlin and Hambro bankers gained as much as to thirteen per cent. on their sendings, which were coined for their account, and the Amsterdam and London speculators made also a profit, but not so large, because they came too late, which gains could have been made by the Russian mint, if the business had been carried on for its own account, and this was the first loss sustained by Russia in the management of the plan. There were, in a short period, coined at the mint of St. Petersburg, eighty millions, principally silver, and the remainder in gold roubles, and so soon as they came from the mint, they were sent by express into the interior; but notwith-

standing the amount was so enormous, it came exactly so as the author had predicted ; this coin was freely taken in payment, or exchanged at the existing rate of  $3\frac{1}{4}$  roubles in banco notes per silver and gold rouble, and notwithstanding all the eighty millions of them being brought into circulation, there had not been the slightest raise produced in the metallic value of the bank notes, the whole variations in the rate of exchange amounting scarcely to one per cent. This settled state of things, in regard to the bank notes, has remained for the last eighteen years unaltered, and their credit and metallic value has been unshaken, notwithstanding Russia has carried on during this time, three wars, namely, with Persia, Turkey, and Poland, and has now again sent an army into Turkey. Exactly the same would have been the case had no bank notes been drawn in and destroyed, because there had, in regard to them, taken place *through general accord*, a settlement sufficiently firm to want no support, and this settlement through general accord, must be considered *as a new metallic standard* the bank notes had acquired, and which standard, fixed through general accord, must be considered as quite *as good*, under existing circumstances, as the original was, which was put upon the bank notes when first created ; this should be well considered and understood.

The finance ministry, after there had been publicly burnt about three hundred millions roubles of bank notes, (about fourteen millions sterling) and above eighty millions of silver and gold roubles more brought into circulation, without having any effect, in regard to the desired object, gave up their scheme, and a stop was put to the burnings of the bank notes. But the sad consequences of the operation could not by that means be prevented. They were :—that the silver and gold coin of the realm, notwithstanding its exportation was prohibited, left

the country again, and was even found baked in bread to be smuggled over the frontier; and Russia has not only paid since by the interest on those loans made, the whole amount of the capital back to foreign countries, but it has even paid already by far more by interest payments, as it originally received, the loans having been made at a high rate of interest amounting from  $6\frac{1}{2}$  to  $7\frac{1}{2}$  per cent. per annum. By the circumstances above described, in which most countries, and also Russia are placed, it will become very difficult to pay off those loans, it requiring great diligence and a superior and wise management for doing it; that country may have therefore to pay in the lapse of time, by interest payments, the whole capital borrowed, a fifty or a hundred times more yet to foreign countries, and it will continue to owe the capital notwithstanding; meanwhile had the three hundred million roubles of bank notes remained unburned and in circulation instead, no loans would have been wanting, and no interest payments for them would be required, and the bank notes would have done quite as well for the circulation of Russia, costing nothing. It is exactly those interest payments, and the re-payment of small parts of those loans which has been effected, which have contributed most to the necessity in which Russia has been since, to apply from time to time to Holland, or to this country, for new loans, for the purpose of preventing the leaving of the country of the remaining silver and gold coin, which is, under existing circumstances, not well to be spared from the circulation of the country.

Such are the sad consequences of want of clear insight into matters regarding the paper money capital of a country, and which has led to the placing in so awkward a situation also a country like Russia, which abounds in resources of its own, and produces gold, platina, and silver in large



masses itself. Yet those sad consequences which have overcome Russia from that reason, are trifles compared to the immense mischief which has been done to this country, by similar faults committed through the erroneous idea, that it was necessary to restore and to secure the gold standard of the Bank of England note, by the resuming of cash payments forced upon the bank in 1819, which false step cost the country already above two thousand millions sterling in depreciation of property and real losses, and which may occasionally involve it in total ruin, if not soon got rid of.

People want cheap government and grudge to the men in office the salary they get; if they, the people, would reflect and contemplate to what immense degree their well being is dependent on those statesmen, who have to manage the great concerns of the nation, and what harm or good they may do them, they would certainly not more think much of the salary these statesmen get, but only about their fitness to manage the affairs of the nation. Suppose now those men on the head of affairs who originally caused by their giving way to the outcry of ignorant people, that immense loss to the nation, had served for nothing, and therefore as cheap as possible, would that have been an equivalent for the loss caused? There might even be found men in this country, who would with pleasure become ministers, and not only serve for nothing, but pay even if required a handsome sum into the treasury, for having the honour of being scolded by the people, and of the patronage attached to those offices. But then the question would present itself, are they fit men for the offices they offer to fill, or are they not? If not they would be very apt to cause similar losses to the country by false steps they might take, and their serving for nothing and paying into the treasury a handsome sum besides might be found to be a sad compensation

for those losses and for the misery or total ruin attending them. But suppose now on the other hand, this country had had on the head of affairs in the year 1814 a man of genius and rational knowledge, and he had introduced the system in regard to the circulating medium of this country, mentioned above, and by which, as has been shown, the standard of value, and therefore prices, rents, wages, &c. would have been maintained as they were in 1814 and the country would now not only have been three thousand millions sterling richer than it is at present, but the whole community would have lived since nineteen years far more comfortable and less pressed by taxation; and suppose he had also introduced, for better accomplishing this, a national bank as proposed, and had for the purpose made a suitable arrangement with the bank of England; all the poor of this country, who would have been fit for such a blessing, would now already be colonized and well off; and the remainder who were not fit for colonization would at present be maintained from the increased revenues of the national bank, by which the poor rates would have become extinct already. Now when all this had been performed through the genius and knowledge of that man at the head of the affairs of the nation, what salary would have been large enough, or what a reward given to him by the nation could have been adequate to the benefits he conferred on them? The largest sum he ever could have received would always have been a paltry one, as it could not have been the thousandths part of those benefits he conferred on the community. Speak therefore not of large salaries you give, but be grateful in the bargain, when you have the good luck of getting men at the head of your affairs, who understand to manage them well, and who really do it, never mind what it cost you, then you never *will*—you never *can* pay them for their services adequately or deservedly, and this extends in fair-

ness also to all your other functionaries who assist those men in their arduous task. From this consideration it would appear that cheap government is not exactly the thing wanted; wise government is it; but not to pay well such a government would dishonour the nation.

It has been repeatedly asserted, that the Bill of Parliament, improperly called "Peel's Bill," has, in 1819, restored the metallic standard of the bank-note, and that this had done great harm to the country. The author denies both these statements *in toto*. Neither could that bill restore the metallic standard of the bank-note, which had been depreciated during the war, because *it had restored itself without any such assistance already, in 1816*: neither could this do any harm to the country, because it was brought on *through means of the overwhelming power of British industry*. It has already been stated above, that the metallic value of the Bank of England note rose in other countries in comparatively a very short period, in such a manner that it reached 10 per cent., above its par, which par is, the original gold value given to it when issued. In this country the exchanges were, the 18th of October, 1816, according to the London price current on Hambro' 38shilling, 2p. flemish, 2½Usc: which makes nearly 10 per cent. above par; and the price of gold on the bullion market was then £3. 18s. 6d. per ounce, in bank notes; and it would soon have gone even under the Mint price of £3. 17s., if the Bank had not bought gold, and the Mint had for a while refused to mint for private individuals. Can any one deny that, then, already, the gold standard of the bank note was fully restored? It wanted, therefore, not the introduction of cash payments for effecting this. But it was exactly the resolution come to at that period to introduce them again, and which made the gold to flow in, in large masses, for coinage, which caused the exchanges to give way again, and to become unfavourable to this country. But

this could not have happened, had not the demand for gold to be coined for cash payments existed. There flowed in for the purpose, as has been stated already, so much gold, that not only twenty-two millions of sovereigns were coined from it, up to the end of the year 1822, but that a great mass of it remained on the bullion market. Had the bank not been obliged to buy gold to have it coined for accomplishing cash payments, there would not have flown in that mass of gold, and probably not more than ten millions of sovereigns would have been coined at the utmost, instead of twenty-two millions, the other twelve millions would have partly remained, during all the time, in bills of exchange on foreign countries, on the bill markets of this country, or there would have been bills on England to that amount less on the bill markets of other countries, and it must be very clear to every one who understands such matters, that, if such had been the case, that the exchanges could, under such circumstances, not have gone against this country. This capital might then have found application in foreign stock, or been applied, by its British owners, to other speculations in foreign countries. It has, besides, already been shown above, that, by the overwhelming power of British industry and commerce, an unfavourable state of the exchanges of this country can, in ordinary times, only arise from loans granted to other countries, and that it can never last long. This state of things must remain the same, in the regular way of business, for centuries to come, because it arises from causes which are lasting; and in this way the gold standard of the bank note will be kept up without any assistance from cash payments, which are quite superfluous in ordinary times, and cannot stand when any real emergency occurs.

But the ruinous consequences which the bill of 1819 had for the country were: *that it caused the destruction of the standard of value*, not through the restoration of the gold standard of the bank note,

which was long before restored, *but through the introduction of cash payments.* It must be evident to every one, that, if the standard of value had been upheld since 1814, in the way mentioned, as might easily have been done, the restoration of the gold standard, which took place in 1816, could not have done the least harm. There would have been, by prices rents, &c., remaining the same—no breach of contract, no unsettling of the affairs of the country, and even no destructive influence upon its export trade, which was flourishing notwithstanding the restoration of the gold standard and even of the high exchanges in 1816, as the excess of the exports over the imports of this country, up to the year 1824, of which a list has been given above, satisfactorily proves; and which, consisting chiefly of machine-work, would as well have prospered in the former case, as it did for years under existing circumstances, and notwithstanding the gold standard was restored.

The standard of value was in this way destroyed by the resuming of cash payments, that the Bank of England and the country bankers were obliged, for the sake of security, to accomplish those cash payments, successively to draw in from circulation a large amount of their notes, by which the circulation of the country was cramped to a most lamentable degree, the little gold successively brought into circulation not by far making up for it, the half of the gold coined being reserved for cash payment. Comparing the circulating medium then existing with that of 1814, it may be calculated that the real depreciation it had suffered from the drawing in, and which was greater before the gold coined was put into circulation, may be computed as to have amounted, in 1822, to at least twelve millions, to which must be added the amount which was wanted for the increase of the population in the eight years, from 1814 to 1822, at two per cent. per annum upon the circulating medium of fifty-five millions in

1814, which would be £8,800,000, and which might have been created and brought into circulation but for the cash payments; making the decrease of the circulating medium, in so far as it influenced the standard of value, £20,800,000. Suppose that this amount, which would have been necessary for keeping up the standard of value, had really existed then, it would have circulated thirty times per annum, which gives £624,000,000 to which must be added that circulation, which would have been carried on by means of bills of exchange and checks, created by this money business, and which may be computed, as above stated, at about the double of the latter: this would make . . . . . 1248,000,000

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So it would appear, that the circulation was . . . . . 1872,000,000 per annum less than it ought to have been; and computing the profits on this circulation at ten per cent., there had arisen from the introduction of cash payments, even long before they were brought into practice, only by the preparations for them, by means of the drawing in of bank notes, a loss of above 187 millions of profits per annum to the community, through this falling off of profits. There you have a most extensive robbery committed on the people by the introduction of cash payments, and, what is the more extraordinary, that it was committed on the people at their own request, who, when they learn what are their true interests, will soon petition the Legislature to take the cash payments away again. No wonder, therefore, that a severe pressure was felt by the nation, notwithstanding there was no clear insight from what it exactly arose, people blaming the restoring of the gold standard of the bank note, but which had nothing whatever to do with it, and there was at last seen the necessity of

an increase of the currency which took place, and brought up the country again, till the same cash payments caused the panic of 1825. That this panic could not have happened if they had not been introduced, and that no one could have even thought of such occurrence, must be evident to every one. It has been stated above, that cash payments introduced in a country whose principal circulating medium consists of paper money, ought not to be considered otherwise but as a folly, for which any nation who introduces them will necessarily be punished, earlier or later, very severely. This country has already received such punishments, as has been shown, and it will receive yet many more, if that pernicious system is not soon got rid of.

There are only three States who have introduced cash payments: this country, the United States North America, France, and all the others, are far better off without them, as there happen no panics. The United States have already had several times those panics, causing the drawing in of issues on a large scale, which have now and then brought on confusion and misery, particularly in the western States. And there is even now pending a grand trial of cash payments, and the drawing in of issues, hanging over that country, which, if not averted in time by wise measures, may ruin half the country. In general, there cannot well be imagined a more injudicious and unsafe system of issuing money than that adopted in the United States. Any one, even a man of straw, as his opponents call him, may open a shop, called a bank, and issue his notes, which he promises to cash on demand; and in this way nearly every village of some note contains such a shop. The so called man of straw having opened his shop, and induced the surrounding tradesmen, by advances he makes to them in his notes, to circulate them, issues as many of such notes as ever he can bring into circulation. He applies them, perhaps,

to begin the cutting of a canal, and to build houses, or he carries on any other speculation, by means of them: if his speculations succeed very well; if not, there is no more cash forthcoming for his notes, and the holders of them may do what they like with them, the shop being closed. This is a way of going on which would not suit the taste of Englishmen; yet there have been, as is said, gentlemen sent out to the United States to learn how banking is to be carried on. The author thinks they had better staid at home. But if they cannot learn what *ought* to be done in this respect, they will at least learn what *ought not* to be done. It is rather a difficult task to bring those twenty-four republics, out of which consists the union, and who may, ere long, choose to divide themselves for constituting two or more unions; under one general and solid bank establishment, in case it should ultimately be resolved upon that the present United States bank, an institution similar to the Bank of England, and belonging also to private individuals, should cease. Yet it seems not impossible to the author that such an establishment, or general bank, without cash payments, might be formed to the great advantage of the Union, and even with great safety under any disunion which might take place.

In France, the circulation of the bank notes issued by the bank at Paris is limited to that town. But even notwithstanding this, the cash payments and the contraction of issues attending it, caused, as is well known, the last revolution of July 1830. The bank directors, partly from fear, partly from spite or political reasons, drew in at that period, their advances to manufactures and artisans and refused any further support to them, by which proceeding these latter were unable to pay and to keep on their workmen any longer and were obliged to discharge them, who were in this way thrown into the streets crying for bread. It was those men who made the



revolution, and that it was not done by them because they liked revolution, but that it were their wants which drove them to it, may be concluded from the fact, that when some time after, the students paraded the streets for having another emente, these selfsame workmen were so indignant at such an attempt which might cause similar consequences, which had brought them out of bread, that they hurried from their occupations for giving a good beating to those students, whom they had previously assisted in revolutionizing. The ordinances of July might have created slight ebullitions, but which would probably have been easily suppressed, if those thousands of workmen had not been thrown into the streets by the measures aforesaid, and who carried the revolution through. Had there existed a national bank without cash payments, instead of a bank with cash payments and belonging to private individuals, it would have extended its advances to the manufactures and artisans, at a period when they wanted it most, instead of drawing them in, and by those facilities, these industrious men would not have had the least cause to discharge their workpeople, and no revolution would have happened, which destroyed the well-being of the industrsious classes of France in such a measure, that they have even, till now, not overcome the sad consequences of it. Yet these consequences might have been by far more destructive, if order had not been so soon restored; by which France has had, it may be said, almost a miraculous escape from that general confusion and anarchy which many would have been glad to see arise.

The panic of 1825, in this country can, in regard to its causes, but unfortunately, not in regard to its consequences, be considered only as a joke: then there were for it no real causes whatever. Even the exchanges on foreign countries, which turned, in 1824, against this country, had already become

favourable again ; so that there could be no fear whatever of gold leaving the country. Yet, notwithstanding this, the consequences of it were destructive enough. But, what would be the consequences, and what would become of the cash payments, if there should happen, under the present system of them, a real emergency, for instance such as has been mentioned above, by which men of property would be induced to expatriate themselves with their fortunes, or a war was to be carried on, or any similar occurrence, which would cause the gold to be taken out of the Bank of England by cashing its notes, and sent in large masses out of the country ? If people should see the taking place of large exportations of gold taken out of the Bank of England, they would think again their notes unsafe, and would run instantly upon the bank for gold, and would take out their balances from private bankers, also in gold ; and the bank and the private bankers having been, shortly before, already deprived of a great, or perhaps the greater, part of their stock of gold by those exportations, the Bank of England could probably not stand that run for four weeks, and would then be obliged to stop payment ; but, what would then become of the gold standard of the bank notes, and what would they be worth in the general confusion which must ensue from such an occurrence ? People speak very lightly about it, but they have not contemplated the dreadful consequences which might spring from it.— In case the Directors of the Bank of England should prepare themselves for averting such catastrophe by drawing in their notes beforehand, the consequences would be more frightful yet. If the country was drained, in this way, from its circulating medium, and the gold was locked up by frightened monied men, as was done in 1825, how could manufacturers and artisans find the money to pay their workmen ? They must shut up their manu-

factories and workshops throughout the land ; and that revolution which would then break out among hundreds of thousands of workmen, would probably not so easily be put a stop to, as was done to that of July, 1830, at Paris. This is the danger in which the country is constantly kept so long as the arrangement of cash payments is in existence ; and it may truly be said, that, so long as they exist, the property of no one is secure for a month to come should any event occur, or even any false alarm be raised, which would cause a run for gold upon the bank. This should not be left out of consideration, as it cannot be denied. The author is confident that, if any individual of those who have been, or are now, Bank Directors, or any other who is conversant with those affairs, should be asked his conscientious opinion about the subject, he could not deny the above statement. Whoever has taken, or will take, the trouble of reading the evidence given by the bank proprietors before the bank charter committee of Parliament, will have found, or will find, sufficient indications of this to be the case, notwithstanding those gentlemen could not have been expected to state their full conviction, in this respect, as it might be considered to arise from a wish for the larger profits which the taking away of cash payments would produce for the Bank of England. It might be said that, when the danger became imminent, a bank restriction might be given ; but, would it be the most favourable moment for the enacting of such a measure, and for its being proclaimed, when thousands of people are assembled before the Bank of England, and private banking houses demanding gold ?

It is easily to be seen from this statement, that the bill of 1819, which introduced cash payments for securing the gold standard, can not accomplish that purpose for which it was enacted, in any real emergency arising ; and even in the jocose panic of

1825, the Bank of England was only saved by breaking up the arrangement of gold payments, and paying paper (the small notes) for paper. For what earthly purpose shall, therefore, this dangerous arrangement exist any longer, as it is quite superfluous in ordinary times? It is not the exportation of gold which becomes dangerous to the country by cramping its circulating medium, which might easily be remedied by increasing the bank note capital in circulation in the same ratio till the gold returns; but it is the locking up of the gold in the country itself, caused by the panic in regard to the safety of the bank notes, and the drawing in of them, which works destructively; and this would be the same when silver should be made standard, as it would likewise be locked up, and could therefore not prevent such a catastrophe from occurring.

We will now look at the consequences it would have, when, instead of the present arrangement, a national bank, as proposed, existed, not subject to cash payments, whose bank note capital, the own money of the nation, was guaranteed and secured by a superfluity of real property in possession of the bank, belonging to the nation, and under such circumstances a large exportation of gold should take place. The author thinks it would scarcely be noticed, as the country would have its forty-one millions of large and small national bank notes, and the remainder of the sovereigns and the silver coin to go on with, till the gold returned to the country; or a supply of precious metals from America would make up the deficiency. There could, therefore, neither be revolution nor ruin, on account of the exchanges on foreign countries becoming unfavourable to England, and the gold leaving the country in large masses on that account; which consequences, it must be feared, might arise under the present system, when, from a large exportation of gold, a more serious panic

should arise than that in 1825. From these considerations it would appear, that the gold standard of the bank note, the standard of value, and the safety of the country would be by far better secured, if there were no cash payments than through their existing. The author submits the above statements to the particular consideration of those statesmen, who have hitherto taken a different view of that vital question of cash payments, and who believe it yet to be necessary or beneficial to the country. Perhaps they may alter their opinion, which he wishes with all his heart, because he thinks that might become, later, of an immense benefit to the nation, on account of the reasons given ; and principally, on account of the possibility it would afford to place the monetary system of the country on a more sound base, and to keep it adequate to the real wants of the nation.

The introduction of a national bank will probably not be thought expedient at the present moment, as the government seems to have come already to a resolution in regard to the renewal of the charter of the Bank of England, and probably, also, to have made it a condition, cash payments shall be kept up. Whatever may be the intentions of government in this respect ; in the agreement with the Bank of England, it should always reserve to itself the right of issuing treasury or exchequer notes, *under Five Pounds sterling*, (not convertible into gold on demand) whenever it should be thought expedient to do so ; as this might also serve to enable the government to assist the Bank of England with them, in case any emergency should occur.

So soon as the government has come to an arrangement with the Bank of England, reserving this right to itself, it should immediately issue, as proposed, eight millions of small notes, to which are to be added every year, for ten years to come, one million two hundred thousand pounds in three and

four pound notes, to be applied exclusively to the colonization of part of the poor, and the providing of garden land for others of them. There are, also, to be issued for Ireland, to be applied to the same purpose, three million of pounds sterling, in one and two pound notes, with a yearly addition of two hundred thousand pounds, in three and four pound notes, for ten years to come : and there is the capital of six millions of Irish three per cent., stock, funded upon the poor rates, to be introduced into that country ; to be created and sold, and the produce to be applied to the purpose aforesaid.

When it is considered that the population of England has increased, since 1824, in a ratio which would have required about eleven millions to be added to the circulating medium of the country, for keeping it, in this respect, comparatively equal to that then existing : and that, instead of this, there have since been taken away eight millions of small notes ; as also, that a much larger capital is now locked up than there was in 1824, it will become evident, that the depreciation which has taken place in the active circulating medium of the country since 1824, amounts to far above twenty millions sterling, and that it becomes, therefore, the more necessary, that this addition of eight millions of small notes to the circulating medium should be made for easing the cramped circulation of the country. This capital will scarcely produce, when successively coming into circulation, any perceptible rise of prices, because prices have not, by far, yet settled to the diminution of the circulating medium, but must continue to fall, to the detriment of nine-tenths of the population, particularly of the industrious classes. But this capital will, at least, produce this good—that it will stop the further fall of prices, and by increasing the demand it will also increase production, procuring, in this way, profitable employment for many only half employed, or

wholly unemployed working people, of which there are yet so great a number that their competition must check and hinder any material general rise of prices, which seems yet to be considered disadvantageous by some, from taking place, and which will also be checked by the production of the colonized poor.

In addition to these benefits conferred on the poor and the industrious classes, it would be most beneficial, in the author's opinion, to bring into circulation some of the capital which will, by the arrangement with the Bank of England coming to a conclusion, remain locked up. Government should, for accomplishing this purpose, apply without delay, to Parliament for a grant of £5,000,000 sterling of exchequer bills, as the most searched after security, for the specific purpose of procuring additional employment to the labouring classes, and to objects serving to the convenience of the public. That such a mode for applying the power placed by the nation in the hands of government and the legislature, to alleviate the distress, and to give relief to the labouring classes, has not been made use of since the panic, is really astonishing, and not well to be excused; particularly, in a time when such immense capital was known to be locked up in the country. There have been made, previously, loans to the amount of more than six hundred millions sterling, for conquering an enemy abroad; which loans could never have done, or do, in future, any harm to the community, if only more vital subjects had been, or are, properly managed, as has been shown above. Yet the statesmen of this country having lent their ear to the outcry of people who have no rational knowledge about the nature of the debt made, or of any other to be made, by the nation; and entirely overlooking the fact—that there are not two individuals, one owing the debt to the other, but that, here is only one, the community,

which owes the debt to itself—have, since that time, been afraid, or too timid, to ask now and then for a loan, however trifling it might comparatively have been, to conquer a much more dangerous enemy which has sprung up at home; namely: the distress of the people, caused by the want of profitable employment. There have even been paid off, since the conclusion of the war, immense capitals from the national debt, with money taken from the pockets of the people, for no beneficial purpose whatsoever, as this has been shown; but that money might have been applied to really beneficial purposes, as for instance to the colonization of the poor, or might have been, or may now be borrowed again, to be advanced to the accomplishment of objects so eminently beneficial, and even necessary, for the safety and well-being of the community. This great neglect in not doing so when wanted, must appear the more extraordinary when it is considered, that, if it had been done, the community would not have been burthened neither with becoming the debtor, nor with the interest payment of the greater part of these loans, as they would mostly have been lent out again to individuals, who would have had to pay the interest, and in a time to be agreed upon, would also have paid the capital back again, and which would have remained in the country, having been applied to objects producing an addition to the wealth of the nation, and benefitting at the same time a class of people through whose exertions this country stands so high above all others in regard to its industry and wealth. It might be said, that the fifteen millions which government offers to advance to the West India planters will bring into circulation, in this country, locked up capital; but the author doubts that very much, as this capital, if ever it will be wanted, will mostly be paid to those capitalists who advanced capitals on mortgage to the planters; and these capitalists will either take



themselves the securities government will issue for the loan, or perhaps lock up the money they receive, and another part of it may, perhaps, go to the West Indies. This cannot, in either way, benefit the industrious classes of this country by procuring profitable employment for them. Capital must directly be employed for effecting the purpose with certainty.

There is a rule laid down in statesmanship—that governments ought to abstain from meddling with the private business of the nation—but which rule is often misunderstood, or used as an excuse for the timidity, or the want of activity and true statesmanlikeness in statesmen. In general, this rule applies only to such periods in which a country is prosperous and flourishing, and business, and the spirit of enterprise, generally, lively and well supported. In such times, it must certainly be considered to be wise in a government to abstain from meddling, in any way, in the private business of the nation. Yet it remains, even then, always the duty of government to be watchful and active, and to remove any obstruction to, or hindering in, the free course of business, which may, in the lapse of time, present itself; to keep every thing going on well and smooth. But when, through mismanagement, a period has occurred in a country, when confidence is destroyed, distrust has become almost general, the spirit of enterprise crushed, and monied men keep their money locked up, as this has been the case in this country since the panic of 1825, the time was come when its government and the legislature was duty bound to step in, and to use that concentrated power of the nation, which it has trusted into their hands, for making, in case of need, the necessary use of it, for restoring the country to its vigour, imparting life to the slacking business of the nation, and to give relief to those who want it most, by procuring for them profitable employment.

That concentrated power of the nation intrusted to the administration of this country *is immense*, it may be called *unlimited, endless*, as has been, the author hopes, sufficiently clear and undeniably shown above. If only a small part of that power were used now, with circumspection and firmness, the country would soon be brought out of its difficulties ; and there would be imparted new life and spirit into a languid body, possessing sufficient strength to overawe a world.

In case of difficulties and embarrassments having brought a nation into a depressed state, the wisest administrators have always thought it their duty, to step in for the removal of those obstructions. This can, in many cases, only be done by the assistance given to individuals. But as the community consists of individuals, the assistance given to one, or many of them, extends beneficially to all ; as has been shown in the description of the map of circulation. Frederic the Great, King of Prussia, acknowledged in history as one of the wisest administrators that ever lived, because he had proved it by deeds ; after coming victoriously out of a ruinous war, which he was compelled, in defence of his country, to sustain for seven years, with his six millions of Prussians, against more than eighty millions of Russians, French, Austrians, Swedes, and Germans, was anxious of imparting new life and vigour into the business of the nation, which was in a most depressed state, as scarcely any part of the country had not been alternately overrun by the enemy and ruined ; and for effecting this, he saw the necessity of bringing into circulation the sinews of war collected in his treasury, and he assisted agriculture, manufactures, and trade throughout the land, with advances, for giving profitable employment to the working classes. He had built, every year, a certain number of houses in Berlin and Potsdam ; and many of them after the choicest models of Italian palaces.

For accomplishing the same object of giving occupation to the working classes, and to artists ; and also for showing to Europe, that he had yet plenty of the sinews of war, he built in his garden of Sans souci, near Potsdam, a palace, called the new palace, which is considered by architects the finest building on the face of the globe, on account of the symmetry and harmony of its parts ; and which is said to have cost seven millions of dollars. This sum was then, for Prussia, by far more than seven millions sterling are now for England. By all those exertions that great man had the satisfaction to see rise up his country, totally ruined by war, in a short period, to flourish again, even more than it did before, to the astonishment and dismay of those powers, whose object had been to subdue and to divide it. Most other governments, and particularly France, have also constantly done a great deal in this way, for giving employment to the labouring classes ; and its chambers have yearly voted large sums for that object, to be applied to embellishments and useful improvements, even notwithstanding the income of the state has lately not by far come up to the expenditure, and the large deficits in the revenue of the country have been made up by loans. Most other governments assist in the same way, even in securing to the public exquisite amusements by supporting the national theatres, and other public entertainments. That money is certainly very well applied, as the pleasures of this world are becoming, since lately, more and more scarce, and there should be done more to revive them again. By the support the government of France gives to the splendour of the royal theatres, and other public amusements, it contributes to attract foreigners, who spend at Paris alone, about one hundred millions of francs, or four millions sterling, per annum.

The grant of five millions of Exchequer bills,

which the government are to take from parliament, the author wishes to see immediately employed for the objects designated, namely, the giving profitable employment to the labouring classes, and to the convenience of the public; and he begs to be allowed to name a few objects which might deserve to be accomplished. There is the Thames tunnel, which stands in its half-finished state, like a mournful memorial of gone-by days, when spirit of enterprise existed; and it must really be a pity to every one to see, that so grand, bold, and an useful undertaking cannot be finished. The necessary money should immediately be advanced by the treasury to the directors of that undertaking, who have many times, already, supplicated for such a grant. There is Waterloo bridge—one of the finest, if not the finest structure of its kind in the world—there it stands, scarcely used at all, *in the middle* of the metropolis of the world. If it goes on as it now does, that structure may, after a lapse of time, tumble in ruins, without having been scarcely used at all, as probably no one will advance money for its repair. Let the government buy it, it is cheaply to be had, and open it for the convenience of the public, which will be the more necessary and beneficial to them, as Blackfriar's bridge is said to be in such a state that, if not instantly repaired, which will perhaps make it necessary to close it; parts of it may tumble down into the river with the people on it. Many an original shareholder who contributed his mite to the building of the former stupendous and beautiful structure, considers, under present circumstances, that contribution which he, perhaps, could not very well afford to lose, a total loss, as there is, even not in prospective, a chance of his getting any dividend on it at all, and he would feel benefited if government should buy the bridge. Throughout the country, as the author well knows, there are many undertakings of great public usefulness planned,

which cannot be brought to execution from want of means, monied men being frightened to enter any speculative undertaking, except rail roads, in the present unsettled state of the affairs of the country, leaving their money better locked up. Applications should be called for, and received by government, in regard to such undertakings; and after investigating the subject, and its being found worthy of support, that support should instantly be given by them.

It has been said, with truth, by a foreign writer, that the poor houses of this country look like palaces, and its palaces like poor houses. The first part of this remark must be acknowledged as doing a great deal of honour to this country, but certainly not the latter part. It is really a miserable contemplation, that the ruler of an empire, *in which the sun does not set*, has not a single palace to reside in worthy of him, or of that nation, who dominates more than two-thirds of the surface of the globe.— Nothing but patched up, or unfinished buildings of this sort; even that fine structure, Somerset-house, not finished, but waiting for private people to do it. There stands, also, that unseemingly structure, Buckingham palace, people crying, “shame;” but no one ever utters a word, that it ought to be made to appear better. Out of that palace, so unseemingly as it is now, there could be made a very handsome looking one. Yet the author, should propose to build a new one, if the side of that building was not so very favorably and conveniently situated near the great councils of the nation, and the centre of the fashionable world; and he will, therefore, take the liberty of proposing a plan for the improvement of Buckingham palace. It is, to be prolonged on its North-west side, by building on an additional building in accordance with the present, and of the same length, facing the gardens. Its present south eastern wing in part to be taken down,

and in a regular shape to be prolonged, and joined with the principal front, which is to be built parallel to the palace and fronting the parks ; and which will, on the north-western side, be joined with the end of the prolonged palace by a wing, to be similarly constructed as the south-eastern wing. Its present north-western wing to be taken down, or altered, according to the other wings, and a thoroughfare made to join both courts, which will make the whole palace an oblong, with one large, or two small courts in the interior ; and it will appear, from the parks, quite a new building, symmetrically and harmoniously constructed. There is to be immediately put, a premium upon the best plan to be produced by native and foreign architects, for the finishing of the structure, and particularly, for the principal front to be built facing the parks, which must be so beautiful as to surpass any thing of the kind in Europe ; and which must, also, contain saloons which, in grandeur and magnificence, will leave far behind any thing of the kind in existence, which are to be decorated and furnished accordingly. In those saloons and other adjacent apartments of the palace, grand fancy and state balls are to be given to the public, similar to the fancy ball which the Emperor of Russia gives the first of January, and for which from twenty-five to thirty thousand tickets are issued. There cannot be a more soothing and agreeable sight than to see the Emperor and Empress of Russia, whom the Russians *love and venerate with all their hearts, and whom they always call their father and mother*, and all the Imperial princes and princesses, and other grandees of the empire, dance polonoises, the Emperor opening the ball, and having great difficulty, with his companion, to open a passage for themselves through the crowded audience of foreigners in dominos, and Russians in

their national costume, anxious to have a peep at him and the Imperial family; the company being served with sumptuous refreshments.

For enabling Their Majesties, the King and Queen of these realms, to order such balls to be given with the greatest possible splendour, there must then be added to the yearly income of Their Majesties. There should also, now already, a large addition be made to the heiress of the crown, and to the presumptive Regent of these realms; as also, to the royal Dukes and Duchesses for enabling them to live as it behoves the royal family of the richest nation in the world. This and every thing else ought to be done to influence the rich of the country to live more splendid than they do now, and to make them rival with each other who can give the most magnificent entertainments in larger houses than they generally have; because, according to the map of circulation, that will benefit the community, and particularly the industrious classes; and when London became, in this way, more gay, rich people would not want to go to Paris in search of gaiety, and many millions sterling which leave the country on that account would flow, into the pockets of the industrious classes of this country. Many rich Baronets should be raised to the peerage of the realm—never mind what they are, whigs or tories—and be induced to do honour to their new dignity; and others, particularly the richest of those fundholders, of whom it has been said in parliament, “that they keep only an old woman and a cat,” should, by particular grace of His Majesty, be created Baronets, and invited frequently to court. This would, perhaps, also induce these latter to come out with their money, of which they generally have a good portion in safe custody, to buy a carriage or two and some horses, keep livery servants, and, on account of the honour conferred on them, they will then, perhaps, begin to

treat, now and then, their friends, if they have any, if not, they may then find some, and live and enjoy themselves, in this way, as it becomes a rich man, and a Baronet; by which means they will have, when they die, the consolation, that the money which now lies idle with them, will have brought into the pockets of the deserving industrious classes, by means of hundred-folds circulation, perhaps ten times its amount in profits, of which those industrious will have also enjoyed themselves. For the old woman and the cat, which those rich fundholders will, it must be hoped, not send away, on account of their new dignity, there will always remain sufficient; as also, for their laughing heirs, as they are called, under such circumstances, in Germany.

The author is well aware that a great outcry will be raised against these proposals of his. People will say—"You recommend that government shall build and fit up a magnificent palace, so that there may be given in it grand and splendid state and fancy balls to 30,000 people, probably fashionables from all parts of the country—assist in finishing a tunnel—buy a bridge—increase immediately the incomes of the Royal Dukes and Duchesses, and further, also, that of their Majesties; meanwhile, we are starving; or ground down by the pressure of taxation; we want to be relieved first." The author's answer would be—"That you shall; that is exactly what he wants to procure for you, and to which all his endeavours and proposals are directed. You are starving from want of profitable employment, or from the falling off of the profits in trade. He will procure such employment for you in plenty; and enlarge the profits in commerce and trade, and those of the industrious classes generally. You are ground down by the pressure of taxation, he will not only lighten, by his measures, that pres-



“ sure on you, generally ; but he will even procure  
 “ for ministers and the legislature, the possibility  
 “ of taking away taxes which press, as you say,  
 “ and as it may in some instances be, unequally ;  
 “ but, in every case, very hard upon you ; as, for  
 “ instance, the house and window taxes, on account  
 “ of the removal of which you have lately, on your  
 “ part, pressed very hard upon ministers. The  
 “ author can assure you, that he is confident,  
 “ that, when those measures which he proposes, of  
 “ which there is not one that could not very easily  
 “ be executed, are brought forward, without delay,  
 “ that there must arise from them, as will appear  
 “ very clearly from what he has stated throughout  
 “ this treatise ; such a large and continually in-  
 “ creasing surplus revenue, that ministers will be  
 “ able to propose to Parliament, in the next session,  
 “ to take away the remainder of the house, and the  
 “ whole of the window taxes ; and they might,  
 “ even now, be taken away in anticipation, without  
 “ any risk of there arising from it a deficiency in  
 “ the revenue of the present finance year. In 1835,  
 “ there may be taken away half of the malt tax :  
 “ in 1836, the remainder of the assessed taxes : in  
 “ 1837, the remainder of the malt tax, and so on :  
 “ and there would remain, besides, a sufficient  
 “ surplus for building the palace, and increasing the  
 “ incomes of the royal family, for the purposes men-  
 “ tioned. In this way the country would rise up  
 “ again in a magnificent style ; every one would  
 “ be enabled to add to his former comforts, if he  
 “ had any ; and if he had none, to procure them  
 “ for himself. You should well consider, besides,  
 “ that every house, palace, or other structure built ;  
 “ every furnishing, more or less splendid, of a new,  
 “ or unoccupied dwelling, for the purpose of its  
 “ being inhabited ; every acre of waste land brought  
 “ under culture ; every additional manufacture, or  
 “ article of food, called forth and produced, to satisfy

“ the increased demand, brought on through the  
 “ measures the author proposes, *is an addition to*  
 “ *the comfort and wealth of the nation.* But of  
 “ this you may rest assured, that *the system of*  
 “ *penury*, which is now the order of the day, will  
 “ *not* do it : and if it should be continued, it will  
 “ ruin the country more and more, notwithstanding  
 “ the utmost retrenchments in government expen-  
 “ diture may be resorted to, which, generally taken,  
 “ can procure for the community no benefit whatso-  
 “ ever, as they will, on the one side, be so trifling  
 “ as to give only very little relief, and cause, on the  
 “ other, embarrassments, and, perhaps, misery.”

Should none of the measures the author proposes, or similar ones, be executed, he is sorry to say : that he fears the next year will find this country in a much worse state yet, than that in which it is now ; and that there will probably be, instead of a surplus, a deficit in the revenue, which will prevent the possibility of taking away any taxes at all, unless retrenchments are resorted to, which will do harm on the other side. The author's opinion, in this respect, is founded upon the fact, that, notwithstanding the revenue ought to be much larger, on account of the increase of population, there cannot be calculated, with certainty, for the present finance year, on a revenue amounting to that of the last year, because there will, probably, not be any reform or election feastings, which brought, last year, a large revenue into the treasury, as has already been remarked above, and capital has since been drawn in, and locked up, probably as large, if not larger, than that which was brought out of safe custody for those occasions.

As it is, unfortunately, very much in use in this country to turn even the most benevolent intentions into that mean motive of self-interest, the author, for guarding himself against such an unjust imputation, thinks it necessary to state, that he is

not afflicted with that much to be pitied malady, *selfishness* ; but that he has, on the contrary, given hitherto, much too little attention to his own interests, his occupations having another tendency, and not leaving him sufficient time or leisure to do so more efficiently. He is, in no way, interested in the measures he has proposed ; and it is quite equal to him in that point of view whether they are executed or not ; he stands, therefore, perfectly free from interested motives ; but, when the interest is taken into account which he feels in the welfare of all, and the great pleasure it would afford him, if he should have been able to contribute his mite to it, by one or other of the measures he has proposed being adopted, and should prove generally beneficial, he certainly then might justly be called a great gainer by the occurrence.

THE END.









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