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NO TRUST, NO TRADE!

OR

REMARKS ON THE NATURE OF MONEY:

IN WHICH THE CAUSE

OF THE

PRESENT NATIONAL DISTRESS

IS POINTED OUT,

AND A

PROMPT AND EFFICACIOUS REMEDY

IS SUGGESTED.

London:

PRINTED FOR JOHN TAYLOR,

WATERLOO PLACE, PALL MALL.

1826.

THE STATE OF NEW YORK

IN SENATE,

JANUARY 18, 1882.

REPORT

OF THE

COMMISSIONERS OF THE LAND OFFICE

FOR THE YEAR

1881.

ALBANY: PUBLISHED BY THE STATE PRINTING OFFICE.

Drury, Printer, Camden Town.

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OR

REMARKS ON THE NATURE OF MONEY:

&c. &c.

IF the engineer of some machinery, worked by steam, should wish to extend its operations, he will of course add in an equal degree to the capacity and strength of his boiler ; then all will work well. If, after this, he should attempt to replace the old boiler, and make it serve the purposes of the new one, the consequences may be easily foreseen ; either the machinery will stand still for want of a sufficient moving power, or an explosion will take place fatal to those who supply the engine---leaving the machinery in a worse condition than ever.

It is the object of the following pages to shew, that one of these consequences must ever await a country subject to such a money law as that which at present governs England ; and also to suggest a practical and simple plan, which shall admit of the operative powers of England continuing in full and increasing action, without any risk of either of the above alternatives.

I.

An author, whose views appear to be very much in unison with those which are now prevalent in Parliament, in a pamphlet, published in the year 1797, entitled "The Iniquity of Banking, or Bank Notes proved to be an Injury to the Public, and the real cause of the present exorbitant Price of Provisions," gives us the following paragraph :---" If we suppose an island containing one hundred families, where the quantity of money is such that each family has 1s. per day, it will be evident, that all the commodities brought to market in any one day must be sold for 5*l.*, and the whole brought to market in the course of the year for 1825*l.* If, from a plentiful crop, or an increase of industry, the quantity of productions should be increased, the prices must fall; for the quantity of money being supposed to remain unaltered, it must be divided into smaller parts in order to correspond with the increased number of parts in the productions. Thus, for example, if the quantity of money set apart for the purchase of corn amounted to 100*l.*, when the quantity of corn amounted to 400 bushels the price would be 5s. per bushel; but if the quantity were increased to 500 bushels, the price would be reduced to 4s. per bushel: on the contrary, if the quantity of the productions were to decrease, the prices would be raised; for, if there were but 300 bushels of corn, while the money of the purchaser amounted to 100*l.* the price of a bushel would be advanced from 5s. to 6s. 8d."

The pamphlet is composed of a variety of forcible exem-

plications of the view contained in this paragraph, and its design is to shew, that to increase the quantity of money by Banking must lessen its specific value; that the issue of Promissory Notes is, consequently, a robbery of the public, and equally iniquitous with false coining.

If the above paragraph be admitted to have given a full and correct description of the condition of man in a state of society, then the author very forcibly shews that the consequences will be as he represents; but, by parity of reasoning, it would also be very easy to shew, that any improvement in machinery tending to supersede manual labour is also chargeable with iniquity.

It might be worth enquiring what the 100 families are to do with the excess of their food in a fruitful season, or without a sufficiency in a bad season; or why, in the former case, they should give all their money for more than a sufficiency, when it is obvious the money would keep quite as well as the corn; were it not enough for us to know, that population is progressive, and the means of subsistence are progressive also; that, by the same rule, that ten families, with all their appendages, their habitations and cultivated lands, their food and their clothing, &c. &c. become, in course of time, one hundred families, so the hundred becomes a thousand; and that the same reasoning which would apply to the progressive increase of families, will equally well apply to the increase of their property.

The use of money, considered as capital, is to provide a store for the unproductive classes of society---for the young, the aged, and the infirm; for all who do not contribute by their own exertions to the support of themselves and their families. With money they can purchase the labour of the productive classes, who can, whilst they are in full vigour, produce more than enough for their own imme-

ciate wants, and are disposed to exchange their surplus produce for the accumulated labour of their cotemporaries and predecessors, whether that accumulated labour be in the shape of a house, a cultivated field, cattle, clothing, household furniture, &c. &c. or embodied in things rather ornamental than useful, such as gold, silver, and precious stones. Considered as currency, the use of money is to facilitate and simplify the exchange of commodities.

As it is supposed, by our author, that 100*l.* will be in correct relation to ten families for the convenient exchange of their property; viz. their food and clothing, their flocks and herds, their houses and cultivated lands, &c. so it will require 1000*l.* to be in the same relation to 100 families.

But suppose that at some given period the labour of the productive classes is doubled or trebled by the aid of mechanical invention, and that the former average amount of labour were adequate, not only for present subsistence, but for laying up a store sufficient for old age, &c. In this advanced stage of society it is obvious that a much less portion of labour is actually required than heretofore, and that, if the whole be continued to be employed, a still further accumulation of the necessaries and luxuries of life must be the consequence; so that a man would in time be enabled, not only to lay up enough for himself, but for the next generation after him, and so forth.

Now if mankind, at some given time, attributing an arbitrary value to the precious metals, should determine the quantity of standard gold in a guinea to be equivalent to a quarter of wheat, or a suit of wearing apparel, or a ton of coals, &c. so as to make it a matter of indifference whether these things were exchanged the one against the other, or each of them against a guinea; and in like manner, that twenty of these guineas, or twenty quarters

of wheat, or twenty tons of coal, should at the same time be equivalent to an acre of land in a certain state of cultivation, or to a cottage of certain dimensions, &c. &c. ---under these circumstances would it not be manifestly wrong to say that the acre of land, the cottage, the twenty quarters of wheat, &c. were not each of them as fair a representation of the value of twenty guineas as the gold itself? Undoubtedly it would. But if they be of equal value, then is a pledge to pass over into other hands the cottage, the land, the corn, &c. equally valuable with a pledge to pay the sum of twenty guineas.

It is obvious that gold and silver in this case derive their value, in relation to the necessaries of life, solely from public opinion, or what would now be called the market price, founded upon an appeal to the practice and judgment of those who are supposed to be competent to decide. But the other articles of value, before enumerated, derive their marketable value also from the same source:---for their real value they have a better origin, it being certain that society might subsist without gold, but not without those things. Surely, then, in nature they have an equal right to represent the gold, as the gold has to represent them.

If this be true, then that which is to designate their relative value ought to be something which stands in an equal relation to all of them, and not be taken from any one, to the exclusion of the rest, unless we hold the opinion, that a part may be equal to the whole.

But the governors of the earth have found it convenient to collect the revenue of their states in money, and thus have given to the precious metals a paramount value; the consequence of which has frequently been most fatal to individual comfort and public welfare, which may be made evident by pursuing our former argument.

Suppose, then, at that time when twenty guineas in public opinion were equivalent to a house, an acre of cultivated land, twenty quarters of wheat, &c. an act should pass the legislature, establishing the weight and purity of the guinea; and that some urgent necessity of the state should afterwards require a guinea from each of the individuals holding the above properties; it is manifest, that whilst the bullion proprietor could pay his guinea without difficulty, the other proprietors would be subject to considerable inconvenience; and that if this contribution to the state were repeatedly called for, the bullionist, by withholding the gold, might possess himself of ten times its actual worth. The history of English money shews this to be no imaginary supposition, and it also shews what unjust expedients have frequently been adopted to make money conform to the circumstances of the times.

II.

To these consequences would the people have been subjected by the promulgation of such a money law as that which now governs England, if all their transactions had been accustomed to be made through a metallic medium, and without a credit or funding system. But the experience of England has shewn to the world, that faith in each others integrity, and in the integrity of government, is of no less importance to the commercial and national prosperity of a people, than the multiplying power of the pulley is to their mechanical riches.

If credit, then, be at all allowed of, and the mode of passing every kind of property be made equally summary, it is clearly apparent, that in the case before-mentioned the pledge of the house owner to the land proprietor, or the land proprietor to the corn factor, or the corn factor

to the coal merchant, is equally valid to the extent of twenty guineas, as the like pledge to any of them from the bullion merchant, supposing all the parties to be equally entitled to good faith. But if they be not so, we shall find, on pursuing the enquiry, that however private injury may result from it, the property of the public does not suffer. If the house owner, for instance, having secretly sold his house to the corn factor, should succeed in borrowing twenty guineas from the bullionist on the pledge of the house, it is very true the bullionist would be most wickedly cheated; yet, as the house owner cannot have possessed himself of the properties of the corn factor and the bullionist for the purpose of annihilating them, the community would suffer no loss of property, although credit would experience a check. The same results would follow if the corn factor were to draw a bill upon the coal merchant for twenty guineas, which the coal merchant, in good faith, were to accept, and the bullionist to discount, but before it became due, part of the corn factor's property having passed into the hands of the land owner, the bill should be dishonoured. The bullionist, in this case, would have his remedy against the coal merchant, whose property must go to make good whatever deficiency there might be in the corn factor's means; but still the property of the commonwealth would not be diminished.

From this statement it will be seen that paper money, as a medium for passing property from one to another, is not that mere slip of paper on which a promissory note is written, which any one would fancy to be the case, seeing the popular opinions of the present day; but that it is the faithful representative of the property and credit of the individual who subscribes it. If his property and credit be of first rate quality, then his bill, on demand, is equal to its own amount in pounds, shillings, and

pence, of any commodity at the market price; and; in proportion as the property and credit of the individual, so subscribing, it recedes from the highest standard, just in the same proportion his bill is reduced in its marketable value. But who is to determine that value? Is it possible for any legislative enactment to do it? Obviously not. The man who takes the bill, and gives value for it, must always be the judge, and if he judges unwisely his own property must suffer for it, just as it would do if he bought any other commodity at a higher rate than the market price. So that the means of judging correctly, and the risk of error, fall exactly in the same place, which is where they ought to fall.

A bill of exchange after date, though its origin may be very obscure, or even suspicious, becomes of first rate value, subject to the current rate of interest for the time, if it be endorsed by a person of known respectability; but any one who keeps it after it is due acquits the endorser, and retains it on the sole responsibility of the drawer, as he would do a bill on demand.

If, then, it be admitted that all the foregoing parties, under the circumstances stated, are each of them eligible to give currency to a pledge of twenty guineas, or twenty-one pledges, each representing one pound in English money, according to the highest standard of credit; which one pound of English money, at the time given, is equivalent to a quarter of wheat, a ton of coals, &c. or to 5 dwts. 3 grains, of standard gold; as this gold is again equivalent, under certain restrictions, to twenty pieces of silver, each piece of the value of twelve pieces of copper;---it follows, that all these parties together are competent, when an emergency requires it, to give currency to 126 pounds worth of English property, which 126 pounds represent a certain quantity of accumulated labour, time, or talent,

in the same manner that twenty guineas, by common consent, are conceived to represent twenty-one pounds worth of accumulated labour, time, or talent; and these 126 pounds are, therefore, competent to purchase, at the common rate of wages, their own amount of the labour, time, or talent of mankind, whenever occasion may justify such an employment.

But although the property and acknowledged integrity of the foregoing parties may entitle them to give existence to 126 pounds worth of credit currency, yet it would be an error to suppose that they would issue their pledges without a value in return, rendering them a fair prospect of profit from the transaction. To conceive otherwise would be to suppose that a man of sense and integrity, having 500*l.* in property, might possibly be so impatient to avail himself of the credit to which it would entitle him, as to induce him to buy goods to the amount of his credit, upon the bare expectation of realizing the same amount at a future time, which, in the event of failure, must ultimately be made good out of his own property.

Unless, then, we believe that men are generally so foolish as to prefer a bird in the bush to one in hand, we must be prepared to admit that an increased quantity of active capital, even in the shape of credit currency, indicates the community to be in a thriving state, according to the judgment of those whose property and credit are at stake on the correctness of their opinion.

Let us now imagine, that in this little community ten pieces of the gold were lost, or, which to the public is much the same thing, were hoarded by the bullionist, this consequence, in ordinary times, would result from it:--- The 105 pounds worth of other commodities, being the same in quantity as before, if left to find their own level, would exchange one against the other, and also against that

amount of English credit of the highest order which was equivalent to them, in the same manner as before; but if the gold must be had of necessity, in the same manner that bread must be had, then all those articles, in relation to the remaining quantity of gold, would be, on the average, as two to one. If this abstraction of half the gold took place at a time when there was a scarcity of bread, or during a war, and gold were the only thing which could be made available as money in that part of the world where the bread is wanted, or the war is carried on, then the possessors of all the other property, except corn, must make a sacrifice in the price of their commodities to tempt from the bullionist a sufficiency of gold equal to the necessity of the case. But in the absence of such necessity, the community would do very well without the gold till the loss in its quantity was repaired, or re-adjusted, so as to bring it to a fair market price.

The fact of gold and silver being, except on rare occasions, stationary, both in supply and demand, and at the same time in universally high estimation amongst the generality of mankind, shews a fitness in them for the purposes of money beyond any other species of property, but by no means to its exclusion. But that which ought to form a graduated scale for ascertaining the value and relative worth of all property, should itself, to be perfect, bear an equal relation to every kind of property, gold and silver included. A credit currency supplies this medium; and as every species of property represents a certain quantity of labour, time, or talent, entitling it to a return of such a share of the same ingredients, at the current time, in other property, as the decision of a competent judge shall determine to be equitable, so credit of the highest order, by subscribing itself on paper to a given quantity of pounds, shillings, and pence, as the price

determined, guarantees the truth of the estimate, and gives a current value to that property. By this means the real and relative worth of any kind of property becomes designated and exchanged, as effectually and truly as by an appeal to a thing accessible as water, and by the use of figures the specific and relative gravity of the various productions of nature are determined.

But to return to our hypothesis. We will now suppose that the community, before mentioned, together with the labouring class attendant on it, has proceeded upon this credit system, until, instead of six individuals possessing property and integrity, entitling them to 126 pounds worth of credit of the highest order, they have become twenty millions of people, possessed of property capable of guaranteeing the securities of their government to the amount of seven or eight hundred millions of pounds; that the people are willing, and their productive powers able, to pay to the capitalists the annual interest of this debt in a credit currency, far more valuable than that in which a very large proportion of the debt was contracted; and that they possess surplus property fully sufficient to give energy to an increasing population, whose well directed labours are enriching the country with new buildings, an improved soil, the productions of mechanical ingenuity, and the stores of commerce; that the manual labour, which mechanism has superseded, is embodying itself in great public works of general or local benefit, as canals, roads, bridges, gas and water works, &c.; on the one hand creating the necessaries and conveniences of life, and on the other, diminishing a needless consumption of them in horse labour, affording the people, by these means, opportunities of comfortable subsistence increasing commensurately with an increased population.

Let us now imagine that this community, in the zenith of

its prosperity, suddenly finds itself subject to a law, the practical nature of which 999 out of every 1000 were ignorant of till too late, but one which renders them liable to be compelled, on the instant, to realize all their engagements in gold of a given weight and purity, thus throwing their property and credit at the feet of those who happen to possess this gold, and who well know how to make the most of it: all which suppositions are realised in the present condition of England. Can we conceive it possible that persons actuated by feelings of strict integrity could be placed in circumstances more distressing? If any thing could heighten their affliction, it must surely be, that---after they had employed their enterprize and credit in preserving the institutions of civil society from revolution, and were subsequently directing the same powers to the making good their existing obligations by accumulating national wealth, and by giving existence and permanency to the labours of an industrious population,---they should be told, on lofty authority, that none but base and unworthy motives on their parts, had given existence to the evils under which they were suffering---to those evils which this argument shews are solely attributable to that erroneous law, which gives to gold an improper controul over the value of every other kind of property, a controul capable of annihilating the value of every thing besides itself, and of destroying the foundations of all credit. It matters not whether paper pledges, payable on demand, be for one pound, or for one hundred pounds, they never can exist but at the most imminent peril to the issuers whilst the present cash law remains uncorrected; so long as that is the law, it will not be sufficient that the basis of the currency be irrigated with gold, to use Mr. Canning's phrase, but the currency itself will require to be a stream of gold altogether.

Regarding, on the one hand, the vast and increasing power of that machinery which the commonwealth of England exhibits, and on the other, the disproportionate bounds to which, under the existing law, the stream for working it must ever be limited---a restriction the more to be deprecated and dreaded, since we are told, on excellent authority, that it is in the power, even of a single individual, not only to controul, but entirely to check the current ;---we may safely pronounce the attainment of that end, by such means, to be impossible. And so long as gold, besides being a commodity itself, is allowed by Act of Parliament to be the sole representative of all other property, we may rest assured, that however amplified and arranged the credit currency of this kingdom may be, there will ever be this result ;---either the state will become bankrupt for want of a currency adequate to the discharge of its existing obligations, previous to which all kinds of property will have changed hands ; or the property of those must be the sacrifice who venture to supply the absence of gold, under the existing law, with pledges secured upon their own estates and credit.

III.

The Author of this Pamphlet had his attention especially called to the consideration of the currency question, during the time that the Cash Bill of 1819 was in prospective operation. For a considerable time previous, the produce of our mechanical and agricultural labour had been gradually declining in price, in the face of an increasing export trade ; to account for which anomaly, recourse was had to that strange, if not impious, doctrine, that the distress then felt was attributable to an excess in the bounty of Providence. In the midst of full stores, but of empty

purses, the labourer was obliged to give up half his wages, and the landlord half his rent---the rich farmer was becoming poor, and the poor one a pauper. With abundance of gold in the Bank, the circulating currency was so diminished, and the depreciation of property consequent thereon so great, that instead of the country approaching the *beau ideal* of a golden currency, it appeared to be on the verge of the golden age---in danger of being left without any currency at all. Nor was the distress confined to England, it had extended itself throughout a great part of the world. Yet all these effects might fairly be traced to a necessity which the foregoing Bill had imposed upon the English merchant, of unnaturally forcing the currency of other countries from its long accustomed channels to supply the absence of that which England was annihilating. On the one hand we were sacrificing English labour to tempt foreigners to buy our goods; and on the other, we were depriving them of the means of paying for them; thus manifesting all the wisdom of an imperfect theory---wisdom like that which would put new wine into old bottles. By a partial return to former things, we were vainly attempting to restore a full grown state to its swaddling clothes, and daily generating consequences destructive alike to individual comfort, national wealth, and universal happiness.

At that time the Author of this Pamphlet, conceiving that all the practical benefit of a metallic currency might be preserved to the country under the varying circumstances of peace and war, and that all the then inconvenience of the existing cash law, and its future evils, might be averted by a plan, both simple and practicable, embodied his views in the following Address, which was submitted to the consideration of a Public Meeting, and afterwards printed :---

Bakewell, Derbyshire, 14th March, 1823.

At a Public Meeting held this day at the Rutland Arms Inn, for the purpose of considering the Present State of the Currency of the Kingdom, and the probable Effect upon this Neighbourhood, and the Country at large, when the existing Cash Laws shall come into full operation :—

JOHN BARKER, Esq. in the Chair :

A Statement on this subject was read by Mr. JAMES TAYLOR, which being unanimously approved of by the Meeting,

IT WAS RESOLVED---

That the same be printed at the expense of the Meeting, and that Mr. TAYLOR be requested to transmit a Copy to each of those Gentlemen who were Members of the Bullion Committee, and to such other Noblemen and Gentlemen as may appear to him most likely to take interest in the Question.

Signed, on Behalf of the Meeting,

JOHN BARKER,
Chairman.

SIR,

Aware of the intricacy of that subject which we are here met to take into consideration, and of the impossibility of doing justice to the enquiry by any verbal representation, I have committed to writing those opinions which I entertain, and which I now beg to submit to the judgment of yourself and the gentlemen present. Local or peculiar circumstances may exempt us who are here, and many other individuals, from the immediate or fatal pressure of the present times; but however this may be, I apprehend that only one impression prevails among ourselves, and generally throughout the kingdom, that the country is at present greatly distressed, and that the inability on the part of the community to fulfil their pecuniary engagements is daily increasing. It is, I believe, a conviction widely spreading (my own conviction it has long been) that the distress is not attributable to any redundancy of produce in the country, nor to any want of internal trade, or of sufficiently extensive commerce; but that it is attributable mainly to the Altered State of the National Currency: and great as I believe the evil arising from this circumstance already is, I am of opinion,

that our present Cash Laws (when the time shall come for them to be fully acted upon) are *liable to produce far greater inconvenience and distress to the country than it has yet experienced*. But I also believe, that those Laws admit of an easy correction, and further conceive, that such correction may be given them as shall perpetuate all the benefits of a Metallic Currency, while at the same time it guards us from a great evil which is to be apprehended from the present system.

The evil to which allusion is here made, and to which I beg to direct the attention of this Meeting, arises from the possibility of the Currency of the Realm, as it now stands, being monopolized by a few monied individuals for private gain. This will appear no unreasonable ground of alarm, when it is recollected, that the necessities of the State alone require that about 50 millions of pounds sterling should annually be collected from the people; that each of those pounds requires 5 dwts. 3 grains of gold to represent it; and that estimating the quantity of our gold currency at the utmost extent (which quantity it has cost England many sacrifices, and all the years since the peace to obtain) it would barely be equal to the payment of taxes alone for the half of one year.* When these things are recollected, it will appear not unlikely that a few monied individuals, by employing their capitals in monopolizing the gold, may very soon cause it to bear a premium in relation to notes; and if that premium were only one penny in the sovereign, it would be sufficient to make the whole of that gold, which ought to be in circulation, immediately become dormant, and not to be had except as a mercantile commodity, which would, of course, still farther enhance the premium. An universal run upon all the issuers of promissory notes on demand would then be the immediate result; for no one would keep a note by him, if he could demand a sovereign for it, which sovereign bore a premium over and above the value of the note; and, by consequence, no banker would be so unwise as to give out his promissory notes for any thing besides sovereigns (and for sovereigns nobody would want them) because, on the morrow, he might be required to give a

* The total amount of gold coined at the Mint from 1760 to 1809, a period of 50 years, was only 66,214,774*l.*; and of silver for the same period, 63,419*l.* But all this gold has now disappeared. Yet even this was not much more than equal to one Year's Taxes.

sovereign for each note, which sovereign it would cost him a premium to obtain. With a currency thus contracted, the price of every commodity, whether house, land, food, or clothing, must of necessity be proportionally contracted. Under the present cash laws, therefore, it is not only very possible that a monopoly of the currency may take place; but, when the speculative character of our countrymen, and the immense capitals which many of them are able to command, are duly considered, I apprehend that a monopoly of the currency must be considered a very probable occurrence. And if a monopoly of any one of the necessaries of life be an evil greatly to be deprecated, how great will be the evil of a monopoly of that, to which power is given to controul all the necessaries and comforts of life. I am aware it may be said, that when things come to this pass, recourse may be had to another Bank Restriction Act. True; but before this could be done, many individuals would be ruined, and others greatly injured; and when this remedy was at length obtained, it would find, and leave us, suffering under the mortification of knowing, that the experience of 1797 had been entirely lost upon us. The currency would again be depreciated (to use the popular term)---would again require to be restored,---and, finally, would be forced to be put upon that footing, on which, I humbly conceive, it is in the power of the British Parliament to establish it now and for all future time.

The evil which may be dreaded from the present Cash Laws, and which is here set forth, is, I apprehend, not properly attributable to the circumstance of Bank notes being payable in gold on demand, but to a defect in the principle by which their payment in gold is governed. The present system, instead of providing for a *relation to subsist* betwixt gold and Bank paper, is capable, as it has been shewn, of excluding paper from circulation as effectually as gold was excluded from circulation under the Bank Restriction Act; and the baneful operation of this defective principle would, I apprehend, be still felt, though perhaps more remotely, if 5*l.* instead of 3*l.* 17*s.* 10*d.* per oz. were fixed as the unalterable price at which Bank notes should be payable in gold, or if silver were taken as the measure instead of gold. Either of these remedies would diminish the value of English money, without correcting the defect to which I have adverted; and, therefore, effectual relief cannot be expected from either of them. But as the market price of gold is now brought upon a level with the Mint price, it is

respectfully suggested that the following simple expedient might at this time be adopted, with credit to the country, and advantage to the community at large, since it would perpetuate the benefit of cash payments, while it would avert the evil which attaches to the present system. The expedient which I propose, and which I should desire to see suggested to the consideration of Parliament, is---

1st.---That Bank of England notes be made a legal tender for all payments of the value of one pound and upwards.

2dly.---That the Bank be required to pay their notes, on demand, in gold, at the market price. And in order to ascertain the market price,---

3dly.---That the Bank be required to give periodical notice of the price at which they would sell their notes for gold, or give gold for their notes, or receive gold in payment for the various securities lying in their hands. Such notice to continue in force till the stated period for its renewal.

And 4thly.---I conceive it would be found beneficial to all the parties interested, that the present Mint price should be the *minimum* to which the market price shall at any time descend.—So that foreigners, as well as Englishmen, might always calculate with certainty upon a sovereign, or 5 dwts. 3 grains of standard gold, being, at least, adequate to the payment of one pound English.

The effect of the first of these propositions, in conjunction with the second, would be to preserve an unity in the character of English money, so that when a contract was made between individuals, it might remain unaffected by foreign exchanges. For want of this regulation, at the commencement of the present peace, numbers were ruined, almost instantaneously, themselves scarcely knowing how it happened; and for want of this regulation latterly, capitalists have not ventured to put their money into circulation in the way of trade, because every succeeding month, since 1819, has shewn them, that, owing to the gradually increasing scarcity of *active* money, the profits of trade have not been proportionate to the increased value of the money employed:---the fact being notorious, that in the face of a fair demand for goods, the English prices of them have been continually diminishing.

The 2d proposition, whilst it would for ever, and under all circumstances, secure to the country the power of converting paper

into specie, would at the same time secure us from the evil of a *monopolized* currency.

Under the terms of the 3d proposition, it may be presumed, that our merchants, foreign bankers, and bullion dealers, would constitute an adequate counterpoise to the privilege granted to the Bank of England, so as on the one hand to prevent bullion being raised above its value, and on the other hand to preserve it from a depression below its value. By this means, I apprehend, the same relation would be established between the English and foreign currency, as does already subsist between English and foreign funds. And for all our domestic purposes, the pound English would be represented by the one pound note; any variation in the foreign value of which, would leave its English value unaffected, because the one pound note would still hold the same relation to all English contracts which it did before.

By the 4th proposition, I apprehend that a comparative steadiness in the European value of English money might be obtained, and the present relation betwixt gold and silver be preserved, thereby tending essentially to secure to us the value and possession of our silver currency. This proposition may be deemed the more worthy of consideration, when it is recollected how extensively this change in our money laws would supersede the necessity of employing the precious metals. For by this change, the only purpose for which they would be *essentially* required (except in small payments below the value of a pound), would be that of discharging the balances of our foreign trade, and for this purpose a very small portion would suffice of that large quantity, which is at present *obliged* to lie dormant in the hands of bankers; consequently, a very great portion would be left upon the market; the effect of which would be like the discovery of another Peru: and but for some legal protection, the tendency of this would be to depress the precious metals, save in the time of war or famine, below Mint prices; but with a legal protection to the extent of our present Mint prices, and with our national credit and trade, it would, in the absence of war or dearth, or some unnatural call for the export of bullion, be the interest of the Bank of England, and of all bankers, to pay in specie to a considerable extent; and under that protection, it could not be against the interests of the community to receive it to an equal extent; whilst any tendency there might be in the precious metals to decline below Mint prices, would be as well balanced by

an increase in the nominal price of commodities, as it could be by an increase in the weight of the sovereign. By this means, the country would become naturally stored with a rich and almost redundant currency, the accumulation of which would be to England like well stored granaries against the time of dearth, and a most useful preparative for the calamity of war. Thus, we should have an abundant, but not a depreciated currency. The landlord---the merchant---the tradesman---the farmer---the mechanic and the labourer, would all directly partake of the benefit; and if the preamble of this representation be true, the fundholder also would participate therein, inasmuch as a monopoly of the currency must depress the value of all public securities. Each would be able to realize a remunerating price for his commodity and his labour, and yet his money might be expected fully to maintain its present character for weight and purity.

Throughout this representation, I have endeavoured to keep in view the probable action of that all pervading principle, SELF-INTEREST: First, by shewing how its individual operation, under the present laws, is capable of producing the greatest inconvenience to the community at large; and, Secondly, by shewing how the present laws might at this time be so corrected, as that this principle would be all that could be required to put in action a system of currency, which would promote the universal benefit of my fellow-countrymen. If I am permitted, Sir, to obtain your sanction, and the sanction of this meeting, to the views here set forth, I shall feel myself most happy in the hope that they are not visionary nor impracticable.

JAMES TAYLOR.

This Address was immediately circulated in the manner recommended by the Meeting; but it obtained no attention from those who had power to render its suggestions available.

In the mean time the fatal tendency of so restricted a currency, as that which the prospective operation of the Bill of 1819 occasioned, became so severely felt, that a law was adopted, characteristic of that glorious uncertainty so exulted in by lawyers, which postponed the crisis, by

giving the commercial, the farming, and the banking interests of the kingdom the choice of ruin, either with, or without a credit currency. The Bank of England, and the issuers of local notes, apparently unconscious of the danger to which they were exposed, and of the canker which still rankled at the core of the English money system, did not scruple to lend their notes payable on demand, for bills of exchange and other valid securities payable in time; and presently the distress of the country was to all appearance gone. The increase of the national currency requisite for the payment of the national revenue, and for the free interchange of all commodities at a remunerating price, was thus supplied by bankers at the risk of their own credit and fortunes. The labourer and mechanic obtained their just wages without difficulty---produce realized its English value in English money---rents became well paid, and the encouraging cry of national prosperity was presently heard in the Treasury.

This prosperous state continued however only so long as the value of the sovereign abroad remained a degree lower than the amount of English credit to which it was designed to be equivalent. When that ceased, the export of money became more profitable than the export of goods, and the Bank of England were then freely called on for sovereigns in exchange for their notes. The Bank Directors in self-defence were in consequence obliged to diminish their issues, till their notes on demand should be so scarce in relation to bills of exchange after date, as that the Bank could equally well afford to give gold for the bills they discounted as bank notes. The like policy was progressively forced upon the issuers of local notes; and persons who were holders of money generally felt it their interest, like the holders of goods upon a rising market, to make it still more scarce. Hence arose a contraction of

individual credit as well as of the national currency, and each became alternately cause and effect, till at last no property, except gold, could protect the possessors even of large estates and valuable securities from actual bankruptcy, if it so happened that they were, as bankers generally are, under obligations to pay considerable sums of money on demand. Nor was this the only mischief. A panic arose which so much deteriorated the money value of the most unexceptionable securities, as in some cases to bring about the ultimate insolvency of the parties from that cause alone. For instance, a banker having deposits accumulating in his hands during the time that the 3 per cents. were gradually rising from 85 to 95, invests those deposits in that stock at the average of 90, conceiving this to be a very secure way of employing the money, but is called upon to repay the money peremptorily when the same stock has fallen to 75; now he who before the panic might fairly have considered himself worth 100,000*l.* has need only to have banking transactions to the amount of 900,000*l.* to become 50,000*l.* worse than nothing, and that without the least charge of mismanagement or bad debts.

If the plan suggested in the preceding address had been acted upon, it is more than probable that all this evil would not have had existence. In the first place, the quantity of gold would have been increasing in the country and especially in the coffers of the Bank, during the time that the market price of gold had a tendency to be below the mint value. The price current of gold shews that this state of the bullion market existed for some time prior to the reverse, and duly taken advantage of by the Bank Directors, would have put them in possession of the means of entirely checking, or, at least, of greatly controuling the opposite tendency when it had manifested itself. In the next place, if the Bank Directors had overlooked their

duty to the establishment, and for a while had continued to increase their issues beyond the point which the relative amount of gold in their possession warranted; if this profusion of currency had continued to make gold for some time of too little value at home, and this had tempted the owners of gold, and the foreign loan contractors, to engage in numberless transactions abroad, whereby not only the spare gold of the nation was carried off, but that which ought to be held in hand as a necessary reserve had also been encroached upon; if, in consequence, the sovereign had a tendency to exceed its usual relative value to the Bank note, in such a degree as to make it desirable to regain possession of that gold which had been over-exported:---the remedy to this state of things would have been immediately at hand, in the Bank offering both to take and pay gold at a somewhat higher rate. By this means gold, as essentially as by an unnatural and forced contraction of Bank issues, would immediately have become sufficiently valuable to induce foreign bankers and merchants to send it back in a degree suited to the wants of the country, whilst the Bank note, continuing to be the fair representative, to its own amount, of all our home engagements, would have preserved them from violation.

It is an error to suppose, that the Bank proprietors would be gainers by a reduction in the value of their notes. This would be true if the Bank merely received gold for notes, and *vice versa*, having no surplus capital employed; then, to issue their notes in the relation of 77s. 10½d. to the ounce of gold, and to receive them back at the rate of 80s. to the ounce, would obviously leave them a profit; but, when it is recollected that the Bank transactions are chiefly between notes on demand and bills after date, and that the Bank proprietors have a considerable capital engaged over and above their issues, to em-

ploy which they must at all times have much more owing to them than they owe, it will be clear, then, that any measure which reduces the general value of money, must take off a proportionate amount from the balances of their accounts, and be a decided loss to the establishment. Their temptation is rather to increase the general value of money, by an undue contraction, than to diminish it, and this is an evil far more to be dreaded by the community, during its operation, than the opposite ; but from this the public would always be effectually secured by the present Mint price of gold being retained as the *minimum*, whilst, on the other hand, as that gold which had been over-exported, through the supposed negligence of the Bank Directors, would have to be regained by an advance in the price of gold, and as the loss attendant upon this remedy would fall primarily and chiefly upon the Bank establishment, the public would have the best possible security that due vigilance on the part of the Directors would be exercised to guard against over-issues. Thus the Bank, when relieved from that *unfair* competition with the bullionists and the foreign market, to which it is now liable, would require no other stimulant or restraint than its own interest to cause it to act wisely for the national welfare, under whatever circumstances the nation might be placed from war, famine, or a gold monopoly.

It has been the more needful to shew the steady bearing which the proposed cash regulations would have, and might have had, upon the value of English money in its relation to foreign engagements and to the produce of our national labour, because there are persons, who, without due inquiry into the subject, fancy at first sight that a contrary effect would be the result ; and then, assuming the inability of mankind in general to estimate the varying value of money, they would reject the proposed alterations without further

consideration. The arguments already adduced are calculated to remove this objection at its foundation ; but even the second part of it, namely, the incompetency of the generality of men to estimate the varying value of money, is founded on a mistaken conception of the ability of people in common life. The fact is directly contrary ; for there is no dealer, from the first rate merchant down to the farmer's servant in the market, who is not continually obliged to act upon it, and to receive more or less for his commodity in proportion as money is more or less plentiful. The present cash system, which in the course of the last few months has permitted ready money to vary as much as 20 or 25 per cent. in relation to the highest order of credit, and to every kind of property, has amply called into action this general power of the mind to determine the relative value of commodities to each other and to the increased value of money. To this it is owing that, without reference to the gross stock on hand, the farmer is now content to take twenty-five shillings per tod for his wool, which before the late panic he refused thirty-five shillings for, and a reduced price for his beef and mutton at that season of the year when the supply invariably is declining ; whilst the manufacturer, the tradesman, and the working classes, participating in the like necessity, have acted on the same principle of diminished prices, articles of luxury generally falling in value first, and those of more need gradually following them. To determine the relative worth of commodities to each other, and all of them to the increased value of money, would seem to require the exercise of calculations and arguments beyond the power of the most abstruse political economist to describe, yet so instinctively do these arguments and calculations pass through the minds of the buyer and seller, that the commonest people engaged in such

transactions generally get at a correct conclusion without feeling the least difficulty.

But though men can adjust the transactions of to-day according to the altered value of money, they cannot regulate those of yesterday or to-morrow by it, and hence it is that many respectable individuals are compelled to forego their pecuniary engagements ; others dare not or cannot pursue their manufacturing and mercantile concerns ; and multitudes of useful mechanics and labourers are in consequence thrown upon the parish for an unprofitable subsistence, the produce of whose labour might otherwise be contributing to their own comforts and the riches of the country. These consequences have invariably ensued whenever the value of the currency of England has been violently elevated by any attempts to bring its amount within the limits of a metallic representation. Three times since the termination of the late war has this effect been experienced--the two former from the anticipation, and the present from the existence and natural action, of that law which makes gold exclusively valuable. Its uniform recurrence bears testimony to the truth that the present system of currency is totally incompatible with any system of credit, however trust-worthy the parties may be ; and that if it be persisted in, England must bid adieu to her commercial prosperity. A golden currency, like the golden image of former days, must have supreme worship paid to it ; and the fulfilment of prophecy may be looked for in a sense that Christians little dream of: " In those days it shall come to pass that ten men " shall take hold out of all languages of the nations, even " shall take hold of the skirt of him that is a Jew, saying, " we will go with you, for we have heard that God is with " you." Zech. viii. 23. Then may that portion of this ancient and distinguished race, who, unlike their great pro-

genitor in the case of Isaac, still firmly adhere to the first voice from Heaven to the exclusion of every subsequent call, and have in consequence as a nation so long endured the sacrifice which Isaac escaped---then, indeed, may they have it in their power to shew to mankind that spirit of benevolence and love, which for so many ages has not been exercised towards them. The fulfilment of this prophecy may be regarded as a natural consequence of that legislative wisdom which, on the one hand, prevents the Jew from investing his superfluous wealth in the soil, whilst it makes all the states of Europe, on the other, so eager to lay hold of his skirts as a bullionist.

Such are the consequences which in the course of things may be anticipated from the present system of currency; and a remedy in the course of things may also be anticipated, in a deficiency of food and manufactured goods, the natural re-action of the fashionable opinion, that national distress may be caused by over production. The people tired of an ineffectual struggle to obtain a suitable compensation for their labour, under a law which makes gold the sole purchaser of their labour and at the same time the sole judge of its value, will at length become as unproductive in labour, and as productive in population, as their superiors could wish; and the stock of food and clothing gradually receding in supply as the demand increases, both principles will operate together, till the fulfilment of another prophecy reveals the consequence: "A man shall take hold of his brother, of the house of his father, saying, Thou hast clothing, be thou our ruler, and let this ruin be under thy hand: In that day shall he swear, saying, I will not be an healer; for in my house is neither bread nor clothing: make me not a ruler of the people." Isaiah iii, 6, 7. When things are arrived at this pitch there is no fear that the real worthlessness of gold will not then

be acknowledged. But the people of England if left to themselves are not generally disposed to over-value gold; the fact of its being so moderate in quantity among them is no inconsiderable proof that they care but little about it, so long as they can find a medium of exchange for their commodities, their labour, &c. If gold had been deemed really necessary, a larger portion of the labour and machinery of England would ere this have been applied to the obtaining of it. But why, it may be asked, should the energies of the people be determined to its attainment? There is nothing of beauty in it equal to a fine painting, or of skill comparable to a piece of ingenious sculpture, or of usefulness beyond iron, or of science equal to an original and well written work. If then the people in the expenditure of their superfluous wealth give preference to these and the like things beyond gold, according to the degree of talent, time, and labour bestowed upon them, why should they be told, and by act of parliament be compelled to believe, that gold is and for ever shall be the only thing *valuable*?

The national experience of England since the peace is such as to shew, that great and violent fluctuations in the value of commodities, or of money, although they may give rapid and immense fortunes to a few individuals, are really and greatly detrimental to the best interests of the community. The welfare of the people greatly depends upon a steady uniformity of value, keeping pace with that permanent increase in the currency, which a growing population, and the progressive increase of active capital, require. But uniformity of value depends on uniformity of the currency, and the uniformity of the currency not on its being always the same in amount, but in its always varying in a degree exactly suited to the transactions of the day. As the vegetative sap at the spring tide of the

year flows up to the pitch of exuberance and fruition, and, the object attained for which it was supplied, again retires to be again poured forth at a fit season, with increased powers, through wider ramifications; so a perfect currency will expand in proportion to the number and magnitude of the works to be accomplished, and when those works are completed, then it will gradually relapse into the state of dormant capital, till an increased population, and the attainment of new comforts, again call it into existence.

IV.

But there is still another point of view in which this question demands consideration. Every one is aware that a man who has realised 20*l.*, and who puts it out on interest at the rate of 5*l.* per cent. per annum, will, at the end of twenty years, be possessed of 40*l.* without any further addition from his own labour, and without compound interest: that if he makes a further investment of the second 20*l.*, upon the like terms, he will, in like manner, at the expiration of forty years, find himself possessed of 80*l.* If he should then leave this property to some one capable of maintaining himself by his own labour, and prudent enough to let the capital accumulate, it is obvious that a third twenty years would see it 160*l.*, a fourth 320*l.*, and that a repetition of the same operation for forty years more would make the amount, first 640*l.*, and then 1280*l.* This is a simple straight-forward process, which the present condition of thousands of families testifies to be natural, practical, and common.

Now a nation is but a family of a larger size, and its progressive growth in wealth, in relation to the other nations of the earth, is but like that of one family to another;

yet, for want of due regard to these considerations, and to the progressive increase of capital arising from the mere interest of money, great errors in political calculations have frequently been made. One writer of considerable notoriety, Paine, in his pamphlet on the Decline and Fall of the English System of Finance, published in the year 1796, having discovered, upon a reference to the wars which had taken place since the time that the national debt of England was first contracted, that each succeeding war had generally left the debt about half as much again as it was at the commencement of the war, assumes that this will continue to be the case; and taking it for granted that the supply of means must have a limit, he predicts, with an appearance of arithmetical certainty, the downfall of the funded system of England, at no very distant period from that time. True enough, the war then pending, and the one which immediately succeeded it, proved confirmatory of his opinion as to the addition they would make to the debt. But if this writer had paid due regard to the increase of capital arising from the mere accretion of its own interest, he would have seen that it was such as abundantly to keep pace with the growth of the debt, even in the steady and natural manner above stated. For, taking the debt at sixteen millions, in the year 1700, (which I suppose to be somewhere about the truth) its own natural increase would make it in

1720	£32,000,000
1740	64,000,000
1760	128,000,000
1780	256,000,000
1800	512,000,000
1820	1,024,000,000.

It did so happen that wars succeeded each other with such rapidity during this time, as to cause the government

to keep reborrowing the interest almost as soon as it was created; and, by the consequent expenditure of it, a new stimulus was given to industry, ingenuity, and enterprize, to discover and render available new means for the increased production of food and clothing, and of all the other real riches of life :---but had it not been so---had not the state reborrowed the money after it was produced, there can be no doubt that when once the nest egg had been made productive, the increase would have found improvable employment, though probably not in so obvious a manner as under the fostering wings of a prosperous government.*

* Mr. Tooke, in his *Considerations on the Currency*, after recommending the abolition of small notes, speaks of the gold which would be necessary to supply their place in the following terms :---
 “ Assuming, as I think I may, most confidently, that eight millions
 “ of gold is the utmost that would be requisite for the purpose, it
 “ can only be an apprehension, magnified by the bigotry of self-
 “ interest, which could lead to the supposition, that such a sum,
 “ taken from the whole amount of the metals in the world, would
 “ produce any sensible influence on bullion prices.”

Whatever might be the effect on bullion prices, it may not be unworthy of consideration, that eight millions, if employed in foreign loans, would, on the principle above-stated of the re-investment of the interest every twenty years, produce this nation, in 140 years, a sum more than adequate to the discharge of our present national debt. Is not the loss of this capital, in that space of time, an evil to be avoided? In a second edition, Mr. Tooke, noticing the reduction which had been made in the amount of small notes, says, that probably five or six millions of gold would now be sufficient for the purpose; but with what consequence has this diminution in the amount of the small notes been attended?---evidently with a reduction in the money value of labour, and of all commodities for which a small note circulation is required. Exactly as labour and its produce continue to decline in price, so a less quantity of gold will, of course, be necessary; but it is obvious that the difference must always be compensated by a sacrifice of the interests of the productive classes in an equal degree.

If due attention be paid to this means of increase, it will be seen, that, at the present time, from this source alone, about 30,000,000 ought annually to be added to the gross amount of our national capital. It has been observed, that during the war this accumulation was continually re-absorbed by the government: since the war, the parties accustomed to invest their savings, and to re-invest their dividends, in the funds, unacquainted with any other employment for it, have continued to re-purchase the securities they already possessed at an advanced price, thereby increasing, for the time, the specific value of the debt. But this can and ought to be only a partial and temporary diversion of the current springing out of this ever active source. The dividends must be paid; the payment will annually increase the aggregate quantity of capital; and we may trust to the good sense of those to whom it is paid, that the capital, once created, will be preserved from annihilation.

With this principle of increase in full action, it is not, in the nature of things, possible to represent our accumulations by a gold currency. It is sufficient that they consist of things equally valuable with gold. It is immaterial to the equity of a transaction whether a person be paid twenty guineas in gold, or with the title to a house for which, in a free market, he can immediately receive twenty guineas, or with a promissory note which he can at his pleasure convert into that quantity of gold, or into any commodity of equally marketable value, and with the good credit of which he is equally well satisfied, so that he retains it with as much confidence as if it were gold, although he knows that if he err in his judgment his own property must bear the loss.

It would have been perfectly consistent in Mr. Paine, or his disciples, to deny the productive increase of the funded debt, on some such plea as that a nation was very

different to a family, and for the truth of this objection to have appealed to the tribunal of ridicule; but for a professed unbeliever, the faith which he displayed in his then newly discovered ratio is a little out of character, when it leads him to declare :---“ Supposing the present government of England to continue, and to go on as it has gone on since the funding system began, I would not give 20 shillings for 100 pounds in the funds to be paid twenty years hence. I do not speak this predictively; I produce the data upon which that belief is founded; and which data it is every body’s interest to know, who have any thing to do with the funds, or who are going to bequeath property to their descendants to be paid at a future day.” The government did continue, and the system went on, till it even exceeded Mr. Paine’s most sanguine anticipations. The result speaks for itself. This strong conviction of his being right, viewed in connection with the basis on which it was built,---viz. the accidental occurrence of the two things together,---calls to one’s recollection the humorous story told by Latimer, of Tenterden church steeple being the cause of the Goodwin Sands, and shews how nearly allied infidelity is to credulity.

Those, however, who profess to believe in the soundness of our system of finance, must, to be consistent with themselves, admit the foregoing principle of the increase of capital to be truly stated; but that they have lost sight of its consequences is sufficiently apparent, by the present attempts to compass those consequences with a metallic currency.

The lawgiver of the Jews well knew the incompatibility of a credit system with a currency exclusively metallic, he therefore ordained that debts on simple pledges should be secured only till the going down of the sun; for bond debts

he provided a release every seventh year; and a year of jubilee, at the expiration of every forty-nine years, was made to restore a man to his original inheritance without a fee. To receive interest from a Jew was forbidden, and in the 15th Psalm, the second king of the Jews makes it the ground of excommunication from the Holy Hill. But under a credit system it is not only justifiable, but commendable, to take increase; since we have the authority of the last king of the Jews for casting him into outer darkness, a darkness, more fearful than that of mere ignorance, who, neglecting this source of improvement, hid his talent in the earth.

That the principle of an actual increase of national capital from the interest thereof, is lost sight of by those who yet maintain the stability of the fund from which the accumulation arises, is further apparent from another circumstance. England could, and did, expend on the mountains of Spain and Portugal, on the wilds of the north, and on the plains of France, Germany, and the Netherlands, hundreds of millions for the preservation of civil government, during which time stock-brokers and others obtained fortunes by trafficking in English loans, in the same manner that share-brokers, &c. have recently done, or attempted to do, in public companies and foreign loans; yet, with this experience fresh in recollection, the public are now told, that the investment of a few millions in foreign loans, and the expenditure of a few more in works conducive to general or local advantage, which investment and expenditure altogether amount to not more than half a year's interest of the national debt, are the sole causes of the present distress; and that the folly and cupidity of those engaged in this expenditure and investment are such, that the present sufferers, whether connected or not with those speculations at the outset, deserve punishment

without benefit of ministers: when these conflicting circumstances are duly weighed, it is very apparent that the increase of our national capital, from the source now under consideration, is forgotten.

Again, if the people had not begun to adopt the above modes of investing or expending money, let us ask, how would the present evils have been thereby avoided? It ought not to be expected that the parties accustomed to invest in government securities would continue to re-purchase their own securities at a higher and a higher price, affording to the borrower the opportunity of continuing to reduce the interest of those securities from 4 to 3, from 3 to 2, and from 2 to 1 per cent., as they had already done from 5 to 4, till the interest being annihilated, the annihilation of the principal should follow as a natural consequence. If they did this, then, indeed, would they deserve to suffer the consequence of their own folly. But money lenders are tolerable calculators, and if they could not have invested their surplus money in the funds with a fair prospect of profit, and had been debarred by the wisdom of Parliament from embarking in joint stock companies, (manufacturing, trade and farming being already carried far enough,) they would doubtless have suffered it to accumulate in their own hands, until a free and profitable employment of it should have been attainable. But the absorption of the currency hence arising must soon have exceeded the power or the fitness of gold to supply; and the absence of credit could by no means have prevented, though, without doubt, it would have hastened the distress. At such a crisis, the expenditure, or permanent investment, of the 16 or 17 millions before alluded to, would have been esteemed a measure not only blameless, but highly commendable; and ere this the public would have been convinced of the impolicy of discouraging the expenditure of money, espe-

cially if it were employed on works of general or local utility.

In the absence of confidence it would have been obviously impossible for gold to supply the demand upon the currency, which the above absorption would have created, unless an immense increase in the native supply of gold be assumed, which increase is opposed by fact, and if assumed would be in direct subversion of the argument of those who maintain that gold ought to be the only currency, because it is at all times nearly unalterable in quantity. The currency, however, which gold could not supply was supplied by public credit. The validity of banker's pledges was acknowledged, and bankers, many of them unconscious of the fatal consequences to which they were subjected by a law, which in its final result limits the representation of value solely to gold, did suffer their own funds and reputation to constitute as it were the reservoir, and their pledges to be the medium of exchange, for this accumulation of unemployed capital, the owners of which were very ready to avail themselves of the conveniency. If this arrangement had been allowed to subsist under an equitable money law, no public harm could have resulted from it. The accumulation by degrees would have found its way into active employment, either with or without parliamentary encouragement, and the proceeds would have come forth from the reservoir quite as valuable as they went in, and to all useful purposes equally valuable with gold. But under the existing law, when the avarice of some and the apprehension of others had excited the desire to realize at once all their golden eggs, it is not to be wondered at that the source should so nearly have failed altogether. When bankers are blamed by the partizans of our funding system for having caused that evil, which, in fact, their issues and their credit alone have for some time past been the means

of averting, and under equitable regulations would altogether have prevented---that evil to which the property and credit of bankers have been the first and chief sacrifice---it becomes further manifest, that the natural growth of capital from its own stock is disregarded ; or else, that an immensity in the native supply of gold is assumed, which, if it existed, would soon make gold itself comparatively worthless, and altogether useless as money.

V.

From these arguments, and from the experience of the last few months it may be seen that, under the present cash law of England, the currency can exist in safety only in a metallic shape ; and to encourage the idea, that a credit currency may continue to circulate under that cash law, is but to give a deceitful covering to a pit capable of swallowing up the best interests of Britain.

The question at issue betwixt the advocates of a metallic currency and the advocates of a credit system, will be found finally to resolve itself into this :---Shall gold, when its value against other things is put to the test, submit to receive its estimation from the common opinion of mankind? or shall that common opinion, when the value of the real necessities and comforts of life are put to the test, submit to receive all its ideas of value from gold? But the wisdom of nature ordains that the less shall always submit itself to the greater, and the law of nature declares that the power which confers rank or value is greater than that which receives it. If it be true then that gold does originally derive its value from common opinion, and not common opinion its notions of value from gold, the question is at once determined.

Were we to leave out of our consideration the question, whence the money value of commodities originally emanates, in this kingdom, whether it is first derived from the metropolis or from the country, the following argument would appear specious, and unless contradicted by the fact might be esteemed conclusive. In London the rents, taxes, and provisions are so high, together with all other things, in relation to the same articles in the remote parts of the country, that persons of independent fortune, manufacturers, tradesmen, mechanics, and labourers in those distant parts can maintain their station in life for one-third of the expence which it costs in London; therefore, it may be inferred that London will by degrees become depopulated and lose its trade. But the determination of the money value proceeding from the town and not from the country, and country-prices always following those of the metropolis in the scale of elevation, the same degree of relative value is still preserved throughout the kingdom, which explains away the argument, and leaves the conclusion and the fact agreeing together.

From inattention to the question whence the money value of commodities is derived, with respect to the world at large, a similar error is committed when the cases of paper money in France and in America, notwithstanding the experience we have had during the late war, are still adduced in argument to prove, that a result must follow from the credit system of England similar to that which has been witnessed in France and America. The cause of that system failing as it did, in the two latter countries, and of its not failing in England under circumstances the most trying, *viz.* under the Bank Restriction Act, will be found to consist in this, that the commercial importance of England, and the high character her people possessed for wealth and credit, enabled her by means of her pound sterling, even

when its connection with gold was quite cut off, still to determine the money value of commodities for the whole world, whilst France and America had to appeal to the world. Doubtless the importance of this truth also is overlooked, when England attempts to give gold a power superior to herself, and one quite adequate to the task of annihilating her own credit.

A clear view of the order in which the money value of commodities is originated and communicated would, under a free money system, reconcile the conflicting opinions relative to the corn laws, and cause them speedily to be superseded. If money were allowed to find its own level betwixt England and the continent, as freely as it does betwixt London and the remoter parts of England, the precedence for wealth and credit which England possesses, would enable her to give to Europe the money value of commodities, in the same manner as the metropolis of England is enabled to give it to the remoter parts of the empire; and thus a tendency to equalization in value, betwixt England and the continent, might be looked for, which would cause land and the value of produce, on the continent, gradually to rise in their money value, in relation to the same things in England, just in proportion as those lands and that produce were favourably or unfavourably situated for intercourse with England. But increased foreign prices for the produce of British industry and talent must first precede, and then accompany, the advanced price of corn on the continent; because it can only be by access to the high prices of the English market that the price of corn abroad is to be elevated; and this would take place precisely in the same manner as the increased means of those who reside in London first gives the impetus to, and then sustains, the advance of prices in England. By this course the whole system of commerce would, in time, be-

come adjusted to such a scale of prices as could not fail to remunerate the labourer, and enable every honest man in Europe to fulfil his obligations with credit and comfort; and by this means the money value of labour and of commodities in themselves, and in their relation to each other, would be as effectually sustained, and as fairly apportioned, as by an arbitrary return to the state of population and the condition of things as they existed a century ago; with this remarkable difference, that the former mode of equalization is in the course of nature and practicable, the latter is contrary to nature and totally impracticable.

But increased prices cannot, under any commercial regulations, be sustained without an increased or a more active currency. Now a currency to be efficient to the well being of society, should be free and uncontrollable as the blood which circulates through the human frame, which, though it flows from the heart, is derived from the whole system, and with unconscious volition, passing freely to the remotest extremities, is again restored, and again remitted, with reciprocal advantage, growing with our growth, and giving increased strength and activity to every member, whilst stagnation in any part is as death to the whole. It is obvious that gold can never fulfil this idea of a currency, liable as it continually is, and ever must be, to be dammed up in a multitude of little stagnate pools, always the more closely pent in by selfishness, in proportion as the common weal requires it to be circulated. A useful, powerful, and uncontrollable currency is no more capable of being represented by gold, than the Thames river is capable of being represented by the Serpentine. But an efficient currency, fulfilling all that can be conceived under the foregoing elucidation, is at once to be had in a credit currency, upon the plan proposed in the preceding Address, the principle of self-interest giving it that universal, uniform and bene-

ficial action, which the principle of life gives to the blood, and almost with equal unconsciousness ; whilst the convertibility of the currency into gold, and gold into it, at all times, and under all circumstances, at the market price, according to the official quotation, would continually demonstrate the exact value of English currency throughout the world, and ultimately simplify that complicated system by which the rate of exchange is at present governed.

If the currency were placed upon this footing, the present evils would in an instant be arrested : bills of exchange would cease to be subject to an unfair contest with bullion. All property would immediately have assigned to it in the market a natural value, co-equal with gold, calculated upon the actual cost of labour, time, and talent employed in its production. A currency of this kind, backed with substantial property, a species of wealth far more valuable in reality than gold, would immediately spring up, equal to the task of steadily and for ever working that immense machinery, which the money transactions of England and of the world presents, leaving the present troubles an existence only in the recollection.

Since it is advanced prices, preceded by increased demands for the products of labour and talent, which must bring an extra amount of dormant capital into active circulation ; so, before the currency can be in excess, employment, and the average rate of wages, must be in excess. When, therefore, labourers and mechanics, manufacturers, tradesmen, and merchants, farmers and land proprietors, professional men, public officers, and ministers of state, are agreed, that they all get too well paid for their labour, and when the workhouse shall be inhabited by the idle and profligate only---when parochial and private charity shall be needed by those alone who are really unfortunate---when the widows, the children, and the aged

of the productive classes are, through the instrumentality of the Savings Banks, become fundholders, instead of paupers, and by that means reap their legitimate share of the fruits of that industry which, by the supposed excess of food and clothing, is admitted to exist, and to which share, if the workman be worthy of his hire, it must be admitted, they are entitled as of right, and not as of charity---when, in the absence of war, famine, or a gold monopoly, the value of first rate English credit, in relation to gold, is uniformly below the present Mint regulations---when all these things exist and occur together, then it will be quite soon enough *by law* to compel individuals, who have credit enough to issue promissory notes, not to give a pound's worth of that credit for *less* than its equivalent, and also to compel those who have labour, or the produce of labour to dispose of, not to give too much of that labour, &c. for a pound's worth of credit. But before that time, it is hoped, human wisdom will have discovered, how perfectly nugatory all those efforts must be, which attempt to supersede individual prudence by Acts of Parliament.

In conclusion, the measures which according to these arguments are alone wanting to make England as prosperous as in a time of general peace she ought to be, and to enable her to circulate the blessings of Providence through all the nations of the earth, are simply these:---First, to adopt the market price principle as that upon which credit and gold shall be exchangeable for each other, and then to remove as far as possible every obstacle to the free expenditure or investment of capital, whether in public or private undertakings. These measures are obviously within the reach of the British Legislature ; and though recent measures have been adopted, and opinions broached, calculated to discourage the expectation of these measures being put in practice, yet happily for the welfare of mankind, the

proud consistency of the Medes and Persians is no longer that insurmountable obstacle which it formerly was to the adoption of plans, which in themselves are positively good. The truth of the maxim that a wise man changes his opinion often, but a fool never, is now admitted even in senates; and, therefore, it may be hoped, that the same authority which for 22 years denied to gold the common privilege of a market price, and which now gives that privilege to it exclusively, may ultimately adjust these extreme variations to the line of equity and the centre of truth.

When this is done, and the people of England are left to manage their own affairs, each according to his own common sense, unshackled by needless laws, and safe from a money monopoly, the industry, skill, and enterprize of Englishmen may be expected to do that justice to their country, which, in defiance of many obstacles, they have so long continued to do. The balance of their foreign trade may be expected to draw to England an ample sufficiency of the precious metals for the use of the merchant and manufacturer, and for all the purposes for which a metallic currency is really desirable. The accumulation of their capital, no longer required by the necessities of the state, may be expected to find its way into a multitude of public and private works, affording during their progress employment for those, whose labour in other things may have been superseded by machinery; these works, when completed, becoming themselves the source of increased national comfort and profit; which profits, in process of time, will again find their way into the creation of new benefits. Neither will investments in foreign loans, it is to be hoped, be disregarded, the interest of which will continually administer increase to the gross

capital of the nation, and draw from the neighbouring states a willing contribution to the expences of the late war; whilst our capital being expended amongst them will serve to advance their prices, the better enabling them to purchase the luxuries which we can supply, and to render to their respective states the means of returning our loans with increase. Like the vapour, which under the Divine Economy is exhaled from the earth, and returning again in fruitful showers becomes the cause of fresh benefits, so may money, under wise regulations, become both offspring and parent; and judiciously and actively employed, this mammon of unrighteous may be made to diffuse through the mass of mankind increasing comfort, till in the end it becomes a bond of union amongst individuals and states, and a means of preserving to the world the inestimable blessings of peace.

It may not be unworthy of remark, that if the plan contained in this pamphlet should be adopted, the objects of different writers would be attained, even when their opinions appear to be at direct variance with each other.--- Thus the writer in the *Edinburgh Review* (Mr. M'Culloch, probably), who argues upon the assumption that the interest on capital is always governed by the profits of trade, and Mr. Tooke, who denies this assertion, affirming that it proceeds from the erroneous supposition that an increase in kind is equivalent to an increase in money---would both find, that by the system of currency here proposed, a system which possesses all the equity of payment in kind, with all the convenience of payment in money, their conflicting notions will be reconciled.

When Mr. Ricardo proposed to remedy our national distress, on a former occasion of the scarcity of money, by requiring every man to surrender a certain portion of

his property in part payment of the national debt, which proposition, if acted upon, it was successfully contended by others, would leave the means in the same relation the end they were in at present, by reducing, in the same degree, the money value of all property; and when, to obviate the objection, it was next proposed to reduce the debt at the expence of the fundholder, by means which would effectually preclude the nation from ever borrowing another loan the difficulties to be encountered were considered insuperable:---but by the plan now recommended, relief would be afforded in an equal degree, and no objection could be urged against the equity of the proceeding from any quarter.

Again, Mr. Owen, aware of the ample means which the productive classes possess of obtaining for themselves more than enough of the necessaries of life, were it not for the power which the bullionist possesses over the money value of property, suggested his Moravian-like scheme for bettering the condition of the poor. But the plan here proposed, making every kind of property the basis of money equally with gold, would, by taking the monopoly of the currency out of the hands of the money dealer, leave mankind in the enjoyment of the fruits of their own labour, as securely as under Mr. Owen's plan, without encumbering society with that personal restraint which must for ever prevent his system from being carried into extensive practice.

To enter into a more enlarged discussion of the various views of different writers, and to shew how well they would in all important particulars, be found to assimilate with those taken in the preceding pages, would be foreign to the purpose of this brief notice of the subject---neither would it be possible even then to anticipate every question which

might arise in the mind of the Reader: nevertheless, so anxious is the Author for the truth to be ascertained, and so convinced is he of the soundness of those principles on which his plan is founded, that he will be happy to promote further inquiry, if it be thought necessary, into the subject; and though he cannot pledge himself to reply to every opponent, he will undertake to remove whatever objections may be brought against his system, by those who are honestly desirous of giving it their candid consideration.

* * The following Paragraphs, from the Times paper of the 24th and 25th instant, form no inappropriate commentary on the preceding pages. The first serves to shew in what state the country is at the present moment, when the expedients of the Government have had time to operate. The latter proves how the Rate of Exchange may be in favour of England without any abatement of her commercial distress.

THE MONEY-MARKET.

FROM THE CITY.---April 24, 1826.

The accounts received on Saturday from the manufacturing districts indicate no abatement, but rather an increase to that intensity of distress which has so long existed. The non-appearance of any symptoms of improvement to a state of things so truly painful, forces the subject on the attention of practical and experienced men in the city, among whom it begins to excite the most lively alarm for the consequences. If they were able to perceive any remedy at hand, or could bring themselves to look on the evil merely as a temporary one, the end would be waited for with patience ; but that is at present unfortunately not the case. In commercial affairs generally, there appears no prospect of relief. Importation to an immense extent is still going on, particularly from the more distant parts of the world, where the knowledge of our distress had not reached. Prices of every kind sink lower, and merchants of small capital are reduced nearly to a state of ruin. Even the nation derives no benefit from this excess of importation, while consumption is so severely checked, as a large proportion of the goods imported are bonded, to wait for more favourable times. Though the evil perhaps is beyond the power of the Government or of the Legislature to alleviate, a general wish certainly prevails among the merchants in the city that a Parliamentary inquiry should take place, before the session terminates, into the nature and extent of the calamity, and that Parliament, in fact, should not separate, till some remedy is attempted, or the evil finds its own cure.

FROM THE CITY.---April 25, 1826.

The accounts of yesterday from the north of Germany are curi-

ous, from the light they throw on the nature of the business with that part of Europe which is at present carried on by English merchants. To escape from the consequences of that depression which has so long continued in colonial produce, and which rendered sales in London not only injurious but extremely difficult to be accomplished at all, applications have been made to foreign houses to allow consignments to them, in the hope of obtaining a better return for the merchandise in Antwerp, Hamburg, and other places. This the foreign merchant has been willing enough in general to consent to, but not without receiving full permission to bring his consignments to market at his own pleasure, that he might be secure at least to the extent of his advances upon them. Business of this description, in the glutted state of the English market, having once found an opening, began to increase to a far greater extent than the foreign markets could provide for, and they have consequently been reduced to the same or to a worse condition. To whatever point, therefore, the merchant has directed his views, he has encountered of late nothing but disappointments and losses. A little reflection on this state of things will also perhaps serve to explain the causes which have brought about a state of the foreign exchanges so favourable to this country; and how fallacious any general reasoning founded on them must be, to prove that our foreign trade is in a prosperous situation. Low as the markets have fallen, England in fact can neither export nor import without loss.



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