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THE LAW

AND

PRINCIPLE OF MONEY

CONSIDERED;

IN A LETTER TO

W. HUSKISSON, Esq. M. P.

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BY JOHN RAITHBY,

OF LINCOLN'S INN, ESQ. BARRISTER AT LAW.

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## PREFACE.

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WHEN any person takes upon himself to lay before the public an opinion upon a subject of national importance, which controverts an ancient, and almost universal, sentiment, it certainly becomes him to assign a reason for the attempt. At the same time, it will be remembered that such a person has, in his turn, a claim upon the public; until ground for the contrary appear, he is entitled to credit for sincerity in his endeavour to ascertain the truth; and his arguments ought to be considered before they are condemned. The reverse of this, however, has so often proved the case, where the author has not possessed the advantage of an established name, that it

may not appear improper, in a case like the present, to urge so just a claim.

The aim of this publication is, in the first place, to ascertain the principle of money : assuming that the writer has succeeded in that attempt, it then proceeds to consider the law upon the subject ; and concludes by proposing certain measures for the establishment of a paper money, in the room of money of the precious metals.

In considering the theory of this scheme, the author saw what he thought sufficient ground to conclude, that a paper currency might be established, which would perform the part of measuring the exchangeable value of commodities, without the aid of any article of intrinsic value in exchange, with which it should be constantly compared ; and without any risk of convulsion of property.

In considering its practicability, he did not forget that the precious metals had long been adopted, by the common consent of society, as the general medium of exchange, and that they have long been received, or considered, by that consent, as a universal equivalent; but he could not, at the same time, avoid calling to his recollection, that in proportion as the concerns of the world have grown more numerous, the use of paper has increased, and that the bank restriction bill, and the experience with which the measures consequent upon it have furnished the country, have demonstrated, that its commercial existence and prosperity do not depend upon a circulation of the precious metals; and he has, therefore, been led to conclude, that if the industry and ingenuity of the country have been (as every corner of it plainly shews) excited, during the operation of those measures, in a degree hitherto unexampled, it is no irrational expectation, that if the precious metals be wanted in the country for

the purpose of its foreign relations, or for any other purpose, the adoption of a measure of the same principle with the restriction bill, but of a more permanent character, will be found not only practicable, but that it will enable this country to maintain a successful competition with every other country, for the possession of any quantity of those metals, it may deem necessary for its service.

This tract, it is confessed, contains little more than the heads of the doctrines it is intended to inculcate; it is not meant to be considered as an elaborate treatise, but merely to awaken the attention of persons, qualified, by their situation and their talents, to impress those doctrines upon the public mind.

The motives, that have induced the author to snatch a few hours from the repose which other avocations demanded, are the follow-

ing; 1st, he is firmly convinced, after having paid what he conceives to be due attention to the eminent writers on the subject, of the truth of the doctrines here delivered, and of their importance to the public welfare;—2dly, that, although there are many passages in those writers, which, taken singly, might be shewn to have a tendency to corroborate those doctrines, yet, that the whole effect of their writings has, in fact, produced a totally contrary impression;—3dly, a serious apprehension, not only that the principles inculcated by Mr. Huskisson, and (meaning to speak with all possible respect) by the report of the committee on the high price of bullion, are fallacious, but that the practical adoption of them will eventually involve the Country in great calamity.

There are other reasons, also, which have induced this little publication, and which it may be right to state.

It is correctly observed by Mr. Huskisson, that this ought not to be a party question ; but it cannot, at the same time, be forgotten, and it ought not to be disguised, that there is, in this country, a set of men of small account indeed in respect of rank, or fortune, or honourable pursuit, but bold, busy, factious and intriguing ; attached to no legitimate party in it ; industrious in vilifying its character, and decrying its resources ; the secret and determined enemies of its honour and repose.

In the hands of such persons, the doctrine, which ascribes to money of the precious metals the powers of a universal equivalent, is an instrument of dreadful mischief ; for, if it be true that money of the precious metals is the universal equivalent, and the foundation of our national currency and wealth ; and if it be also true, as the present circumstances of the country seem to shew it is, that we cannot command a con-

stant and necessary supply of this money, what, it may be asked, can be a more alarming symptom of derangement in the public affairs, than such a deficiency of the public treasure? But, even if the doctrines of intrinsic value and universal equivalence be false, which it is the business of this tract to shew, yet, while they are upheld by many, and believed by the multitude, the scarcity of money of the precious metals will not cease to be a subject of triumph to the foe without, and of exultation and foreboding to the enemy within.

Nations, like individuals, may fall the victims of imaginary as well as of real disorders. It is important, therefore, that delusions, however highly sanctioned, which have a necessary tendency to unsettle the government, and to agitate the people, should be dispelled. Amongst the most powerful and fatal of these delusions may be accounted the doctrine of the intrinsic value, and universal

equivalence, of money. It tells the country, that money of the precious metals is the foundation of the public wealth ; and, consequently, that its safety lies in possessing an undiminished currency in those metals ; and yet it unavoidably admits the fact, that it is the interest, and of course the disposition, of every individual in the country to lessen the quantum of that currency, by turning the precious metals, wherever he meets with them in the shape of money, into bullion ; and at the same time points not out, for what power on earth can point out, any system of law by which that disposition can be effectually restrained ? Such a conflict between the public good and private interest is unnatural and dangerous ; it will, if it continue, gradually undermine the general confidence, and end at length in universal ruin.

What man, thus viewing the subject, and



believing that there is a preventive against this calamity, and feeling, also, that his own interest must one day be overwhelmed in it, if it be not prevented, ought to be deterred, by any consideration of his own incapacity, from endeavouring, to the utmost of his power, to render that preventive effectual? In this situation the writer of the following pages stands, in common, indeed, with the rest of his countrymen; but he sees the danger; he sees too, or thinks he sees, that it may be averted, if the country could be taught the important truth, that its money is no part of its treasure; that its resources are to be found, not in its currency, but in its government, in its soil, in its population, in its industry, and in the public confidence.

If the contrary lesson be inculcated, if the spirit of the country be bowed down, and her energies withered and decayed, though by the influence of imaginary terrors only;

if the system of confidence and commerce that has exalted her above the nations, be thus destroyed, of what avail will it be to know, that they have been wantonly or mistakenly destroyed? of what avail to discover, that her resources are inexhaustible, after she has parted, in despair, with every power that could give effect to her resources? to recollect, that she might have remained a glorious and a happy nation if she had understood her happiness? To induce those, with whom the power resides, to save their country from regrets like these, at once impotent and disgraceful, the following tract is published. Should the attempt prove successful it will naturally be highly gratifying to the writer; should it not, the consolation nevertheless remains, that he has exerted his utmost powers, small as they are, to render it effectual.

As this tract is written purely on the prin-

ciple just adverted to, the writer feels no hesitation to declare, that if any man shall think it worth his while to shew that he is wrong; and that the ancient money system can be re-established with advantage to the country, (but which he thinks must be shewn by some other course of reasoning than has been hitherto pursued) he will not only rejoice in the conviction, but be ready to confess his error, as openly as he has endeavoured to propagate the doctrines he has maintained.

Conscious of the little weight his name would impart to the disquisition, the author had determined to publish his pamphlet without it; but, reflecting that it was not very likely that many men would trouble themselves to read what no man cared to own; feeling no reason to be ashamed of the sentiments, contained in his work and recollecting that, in times like these, when the

pursuits of the industrious and the property of the wealthy are equally at stake, it is the duty of a man, if he speak at all, to speak out, he has thought fit, with this apology, to present his name to the public.

J. R.

*Lincoln's Inn,*

*March 29th, 1811.*

# THE LAW,

&c. &c.

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SIR,

I purpose to consider the question agitated by you, in the first place, merely as an abstract question, and without any reference to its practical consequences ; secondly, as affecting the internal trade of this country, as unconnected (which in a certain sense it is) with foreign commerce ; thirdly, in its practical effects, with respect both to the internal trade of the country, and its commerce with foreign nations ; feeling, however, that by far the most important part of the subject will have been discussed, when the endeavour has been made to ascertain the true principle of money.

The proposition, on which your reasoning appears to rest, is stated by you in these words : “ It is of the essence of money to possess intrinsic value.” The proposition, on which the conclusions to be found in the following pages are built, is the following : “ Money cannot possess intrinsic value ;” and to this I add a secondary proposition ;

that the doctrine, that "it is of the essence of money to possess intrinsic value," is a doctrine in political economy not only false, but highly inconvenient and dangerous.

It must, however, be admitted, that if your proposition be correct, the reasoning which arises from it appears to be unanswerable. You have brought the question to an issue; there is but one way to meet it, and that way is to shew the validity of the proposition I have ventured to lay down.

In discussions of this nature it is not only desirable, but necessary, that terms should be clearly defined: this you have omitted to do, in respect of the term money. You call it, p. 2, a given quantity of gold or silver. You afterwards, indeed, in the same page, call it coin; but this seems to be altogether extremely loose and unsatisfactory. Money is thus defined by certain writers; Ed. Rev. Oct. 1808, p. 37. "Money, like other general terms, denotes a certain combination, or large class of objects, which are distinguished into various species or subdivisions: thus, guineas are money, and so are shillings and crowns, so are dollars and francs, so, too, are bank notes, and cowries and bullion; salt and nails are in some places money, and sheep and oxen." But this definition is not complete; it, nevertheless, I apprehend, shews the correct principle of money; I adopt it, therefore, and apply it to the following definition, subject to an observation to be made hereafter. Money is gold or silver, or paper, or any other subject which, taking to itself, or having assigned to it, a peculiar character, receives the stamp or authority of the state, and bears upon the face

of it, or is received by common obedience to that authority, as descriptive of a certain denominative value, which is the common measure and common representative of the value of commodity.

As there never was yet, I believe, a definition laid down that was not quarrelled with, I do not expect this to escape a fate so universal ; but to me, at present, it appears clear, precise and satisfactory ; the result of it is the following syllogism :

All commodity possesses intrinsic value.

Nothing but commodity can possess intrinsic value.

But money is not commodity.

Money, therefore, cannot possess intrinsic value.

And here certain questions naturally present themselves. 1st. What is meant by commodity? 2d. How is money distinguished from commodity? 3d. What is meant by intrinsic value?

A great part, if not the whole of the error and obscurity in which mankind have been so long wandering on this subject, appears to arise from confounding money with commodity ; subjects, of which it must be observed, that they are of different essences, and therefore no more to be compared together than time and distance ; of the absurdity of which, a more happy instance cannot, perhaps, be given, than in the well-known vulgar ques-

tion, how far is it from the first of August to the foot of Westminster Bridge.

First, then, what is commodity? The answer, in few words, is this: commodity is every thing that nature produces, from the subtle fluid, air, to the heaviest mass of ore that was ever dug from the earth; every thing palpable, that is subject to the dominion of man, is commodity.

Secondly. How is money distinguished from commodity? By the term money, I answer, nothing palpable is described; it is a word that merely saves a long periphrasis that would state its character thus: "Money is a certain mode of using commodity, or it is commodity to which a certain office is assigned, which, while it is so used, or performs that office, ceases to retain the essential character of commodity, and takes, instead of that character, the office of representing imaginary denominate values of commodity." The essential character and quality of commodity are, ultimate possession, use, and enjoyment; the essential character and quality of money is to be fugitive, and consequently, to be incapable of ultimate possession, use, or enjoyment.

When, therefore, we say that money is gold, or paper, or any other substance, we say so only to accommodate the subject to popular understanding; for gold and paper are in their nature palpable and useful, and are, therefore, commodity; but when they are turned into what is called money, it is clear that, although they remain gold and paper still, yet that they lose the power of per-



forming all the uses necessarily incident to gold and paper, i. e. commodity, and become merely representatives of the value of commodity.

That this is the true nature of money, put the case;--- suppose a small community or state to consist of three persons, A. B. and C., each having separate and independent interests, and each possessing a superfluity of commodity wanted by the others; and then suppose a total absence of the precious metals, and of every subject adapted to the purpose of a circulating medium, but that there exists complete credit or confidence amongst all these persons; then suppose B. to be in want of a certain commodity, and A. to want some of B.'s superfluous commodity, but without himself possessing any superfluity of the commodity wanted by B. suppose, then, C. to possess a superfluity of the commodity wanted by B. and that upon the assurance of B. that he had given to A. a portion of his superfluous commodity, and that he in return wanted a commodity which A. had not, but a superfluity of which he, C. had; he C. would give to B. the portion of that superfluous commodity which he, B. wanted; and, lastly, suppose that C. wanted a commodity which B. had not, but a superfluity of which A. had, and that, upon the assurance of C. that he had given to B. the commodity he, B., wanted, A. should give to C. the part of his, A.'s superfluous commodity, which he C. wanted; would not the office performed by this credit, be precisely the office performed by the standard coin of this realm, and could there be any reasonable ground assigned for the introduction of the precious metals merely for the purpose of being employed in an office stated by yourself to be un-

productive, and to be admitted only because necessary? Tract. p. 98. But it will be said that this interchange of credit would soon become impracticable upon an enlargement of the community, and that some palpable substantial token must be then introduced; true, but then certain observations arise out of this in support of my argument; 1st. it is clear that the credit amongst this community had its foundation in the confidence of each of the parties parting with his commodity, that one or the other of the remaining parties had commodity to answer, and that he would therewith answer the demand created to him by his parting with his own commodity. 2dly. That the substituted symbol in no manner took away, or altered the necessity for this foundation; and that it was not the possession of the symbol, any more than the possession of airy and unsubstantial belief or credit (a subject impalpable, and, consequently, incapable of possession) but the possession of the commodity that was still the ultimate view and purpose of the transaction; and, 3dly, that the only reason of introducing a symbol, or palpable circulating medium at all, would be the impossibility of doing without it in an increasing society; or, in one word, convenience; and, 4thly, that the law of convenience, which thus produced the introduction of the symbol, would necessarily, and in the same degree, operate in the choice of the subject, whether of gold or paper, of which it should be composed.

That there is this distinction between money and commodity appears, I think, abundantly clear; that it has never been attended to, might easily be shewn from every writer on the subject; that you have not consi-

dered it, is manifest, not only from the tenor of the reasoning that runs through your tract, but from particular expressions, such as the following: "money, or a given quantity of gold or silver, is not only the common measure of all *other commodities*, but also the common and *universal equivalent*," and yet this distinction is really *cardo causæ*.

It is readily admitted, that expressions of the nature above mentioned occur in almost every writer on the subject, and that they are sanctioned by the language of the report of the committee on the high price of bullion; this, however, you, on your part, must admit, that no authorities, however respectable or numerous, can change the essential and inherent nature of things.

That money is distinct from commodity seems, to myself at least, to be already made clear; but as many minds rest more upon examples than upon abstract reasoning, I will propose one or two instances further.

It has been laid down, and must be taken, for the present at least, as incontrovertible, that commodity possesses the power of intrinsic value, and that that value can be determined by ultimate use only;---now it has been stated, that money is not capable of ultimate possession, and use; and this distinction, I think, will further appear, if we consider the following supposition:---A shopkeeper has a parcel of flannel in his shop, of 25 yards; it happens that his family want 5 yards of these 25 for a garment, and he cuts them off from the piece; it will not be denied, I suppose, that the character of the

five yards, cut off for the family, and that of the 20 yards remaining in the shop to be sold, are completely different; that the one has the determinate and ultimate use assigned to it, of being made up into a garment, and that the other remains not only without any determinate use, but utterly valueless, until the moment comes, in which the shopkeeper is to part with it for money in the way of sale, or for some other commodity in the way of barter, and which, in its turn, derives its value, not from being ultimately used and enjoyed, but from being parted with in other purchases, and so on in endless succession;---if this be so, can it be shewn that there is any substantial distinction to be drawn between the character of so many guineas, as the 20 yards of flannel may be agreed to be worth, and the character of the 20 yards of flannel, while these 20 yards remain the subject or instrument of barter, and not of ultimate use, or between the meat that any butcher would give for the flannel and the same guineas, while the meat is considered only as the instrument of barter, and not of ultimate use and enjoyment, except the superiority that the guineas have over the flannel, and the meat, in point of convenience? and is it not, therefore, evident that the value that belongs to the five yards for the garment, is intrinsic, that is, fixed and ultimate, and that the value that belongs to the 20 remaining yards to be sold is purely extrinsic and conventional, that is to say, that it will lay in the shop until necessity or choice, will determine some butcher to give the shopkeeper meat, or some lady to give him money for it; the one as much meat, or the other as much money, (and no more) as they and the shopkeeper shall agree upon?

So distinct are money and commodity from each other, in their nature, that it may, I apprehend, be universally affirmed even of subjects of commerce, that they never can be truly denominated commodity, but to the consumer; that the intrinsic, that is, the determinate value thereof, can only be known to him, and not even to him, until the moment of ultimate use and enjoyment arrives. To pursue this distinction in one instance further:---Place a weary man under the dominion of a law which forbids him to rest himself immediately on the earth, and take from him the power of procuring a seat, and then give him the possession of 20,000 guineas, of the standard gold if you please, but to be considered only as money; then suffer me to ask, what is the intrinsic value of these 20,000 guineas; clear it is, that the man, in the midst of this supposed wealth, must at length die of weariness; but suppose the man is permitted to consider these 20,000 guineas, not as guineas, but as substances, which, by being put together in a certain form, would make a seat, and he makes a seat, and rests upon it, will he not then find, and will he find before, that these substances are merely commodity, and that they then possess intrinsic value? But in what character?---as coin? No. It is only in the character of a seat that affords him rest, that their intrinsic value is found; and this will be still more apparent, if more apparent it can be made, when it is considered, that if a chair of the cheapest wood, and a cushion on it, of the most homely manufacture, were in his choice, he would gladly exchange for these his seat of gold, as possessing an intrinsic value of a very inferior order.

In fine, as to this part of the topic ; food administers pleasure and strength to a hungry man, water to a thirsty man, garments to a naked man, and a dwelling, shelter to an exposed man ; but these are commodity, and intrinsically valuable ;--- but intrinsically valuable only in proportion as they are able to satisfy these wants ; but gold and silver, while they remain money, cannot, of themselves, perform any such office ; with the possession of any one of the former, life might be, more or less, prolonged, or suffering averted ; but the greatest quantity of the latter, that imagination could conceive, would, of itself, be utterly valueless for those important ends.

Having thus endeavoured shortly to shew how money is distinguished from commodity, it will be necessary to dispose of the remaining question before I proceed to the discussion of your propositions ; that remaining question is,---“ what is meant by intrinsic value ?”

The necessity of previous, severe definition was never, I think, more strongly exemplified, than in the mischiefs that the neglect of it, in this question of the nature of money has occasioned ; mischiefs which may, one day, be as widely spread as the error in doctrine to which it has given birth.

The term *intrinsic value* is very familiar, and it is the misfortune of familiar terms, that the idea of the necessity of defining them seldom occurs ; it will not, therefore, I hope, be imputed to any want of respect, if I say I suspect that, notwithstanding the frequent and easy use of this term in your pamphlet, it has not occurred to you

to have very accurately considered either its grammatical meaning, or its correct application; but as it is impossible to proceed with any certainty, without settling this question, and as I do not find either that it has been done by others, or that you have noticed it as not having been done, I will take upon myself to attempt it.

The term intrinsic is, *ex vi termini*, descriptive of certain qualities inherent in, and, as it were, co-existent with a given subject, whether of a corporeal, or incorporeal, nature; the latter only can, indeed, be truly said to possess intrinsic value, e. g. justice, integrity, &c.; since of these we can never form an idea, without forming, at the same moment, an idea of qualities actively useful to mankind; and even of these, (if the intrinsic value of a good conscience be put out of the question) we must say, that the intrinsic value is discoverable only in their effects on the condition of society, as in decorum, good faith, &c. Of those of a corporeal nature, and with which only, on the present occasion, we have to do, it may, I think, be universally affirmed, that, abstractedly speaking, they have not within them any value at all; they may be more correctly described, as having qualities that indicate the capability of intrinsic value.

It may be useful to illustrate this by an example or two:---A piece of wood buried in a bog, in Ireland, is, while buried there, *quasi*, a mere *caput mortuum*; but it has capabilities;---dig it out, and handle it, and it may be a staff to support the traveller, or a club to defend the otherwise defenceless; cut it, and give it



shape, and it may serve for a post to mark out the way, or a beam to support a house, or a chair to sit upon; but yet, it is clear that, without the aid of extrinsic circumstances, it can never be of any use, that is, of any value. The air I do not breathe, the light that is too far from me to minister help to my powers of vision, these possess, to me, no intrinsic value, for I cannot use them. Suppose a man walking in the Strand, the day bright and clear, and all the usual indications, that the sun is shining every where else; and suppose that, notwithstanding all this, the whole county of Surrey, unknown to the man, is covered with darkness, how is he (not knowing of this) inconvenienced? and if not inconvenienced, it is clear, that the light which he sees, and the air which he breathes not, do not possess, as to him, any value. Suppose a house built with every convenience for habitation; but which, by the operation of some inevitable law, no man could inhabit, would that house, because it was built of the most valuable materials, be pronounced valuable? Would not the universal language, on the contrary, be,---that is, indeed, a fine house; but of what value is it, since nobody can live in it? Further instances will scarcely be necessary.

Intrinsic value in substances may, then, be defined to be latent qualities, inherent in those substances capable of development, by ultimate possession, use and enjoyment only.

But, further, these qualities must not only be inherent, they must be fixed and determinate, and the pos-



session, use and enjoyment by which they are to be developed, must be fixed and determinate also.

I will explain my meaning by some further examples : One inherent quality of iron is hardness, and that, also, is a quality fixed in its nature, because it is capable, amongst many others, of one fixed, determinate and ultimate mode of use and enjoyment ; e. g. a plough-share ; but the plough-share unused is no plough-share ; it is nothing ; it has no value ;---put it into the ground, cause it to be moved there in a certain direction, and then, and not till then, its ultimate use, and, consequently, its ultimate value, is ascertained ; for to cut the earth, and assist in turning it up to the air, is its fixed and ultimate destination:---there is not, nor can there be, in the mind of the man, who means to use the piece of iron as a plough-share, any purpose beyond the enjoyment which the use of it, in that shape, affords him ; and its intrinsic value is commensurate, and commensurate only, with the degree of completeness (if I may so speak) with which it fulfils its office. Take the same piece of iron, divest it of its character of a plough-share, and turn it into a knife and fork ; the determinate, and ultimate enjoyment of these is, in the one case, to cut, and, in the other case, to assist in conveying to the mouth certain articles of food ; and it is only, as in the former case, that the intrinsic value of these subjects is thought of, when they are to be employed in the performance of those offices.

Intrinsic value is, also, determined by the necessity of the modification of the substance, in which

it resides, for a given use ;---for instance, the intrinsic value of a cup or a spoon, consists in its capability of holding liquids ; and these instruments are, more or less, intrinsically valuable, only as they, more or less conveniently perform this office ; it follows, therefore, that, whether the cup, or the spoon, be of gold, or silver, or tin, or pewter, or wood, it is a matter of perfect indifference, as to the supposed superior intrinsic value of the metal : an instance will shew how little, indeed, that circumstance has to do with intrinsic value : Suppose a man oppressed with thirst, at the side of a well, with no means of getting the water but by the use of one of two buckets, the one made of the most ordinary wood, the other of the purest gold ; the wooden vessel capable of holding the water, the golden vessel incapable ; is it necessary to ask which of these vessels possesses intrinsic value, and in what the intrinsic value of that of the two vessels, which does possess it, consists ? It is true, by and by, and under other circumstances, he finds a greater value put upon the golden vessel, than upon the wooden vessel ; but it must first have parted with its character of a vessel, and then it will be considered only as so much commodity in another shape, as bullion or otherwise ; and, like all other commodities, will fetch its price accordingly as it is wanted.

I should weary your patience, and my own, to prolong this preparatory part of the discussion ; but the importance of clearly understanding what we mean by these terms, money and intrinsic value, must be obvious.

The argument that has been urged, and the instances that have been put, on the former propositions of my syllogism, seem to render it superfluous, if they are conclusive, and useless if they are not, to urge many considerations on the last of these propositions,---namely, that money cannot possess intrinsic value; but a moment, or two, may not be misapplied in considering the source and extent of the contrary notion.

The power of separating real from imaginary qualities, and of assigning to real qualities their just estimation is either very seldom possessed, or what is much the same thing, is seldom exercised; and the consequence is an almost universal confounding, not only of qualities that are naturally distinct, but what is, perhaps, still more extensively mischievous, a confounding of means with ends. Another consequence is, that the error that is first generated by ignorance, or indolence, strengthens and multiplies, as it rolls on from generation to generation, in a strictly geometrical proportion; and those doctrines, which, if they had been early questioned, would have been exposed as fallacious and absurd, are received, after the lapse of ages, as holy sayings.

Now, of all the subjects of discussion, to which these observations apply, that of money is amongst the chief. Scarcity and exterior beauty are qualities calculated to excite, not only a powerful desire of possession, but false impressions of excellence; these qualities eminently belong to the precious metals; and when to these were added, the practice of giving them for other commodities, and the convenience that attended such a mode of

exchange, in the early ages of commerce, it is not wonderful that mankind should affix to them the highest notions of value, or that the tale of their homogeneity, their divisibility, their incorruptibility, and so forth, which has been truly told, but falsely applied, by writer after writer, should have been so greedily heard, and unskilfully believed ; or that it should have led men to look upon an instrument apparently so powerful, towards a certain end, as the very end itself, which it was merely destined to effect.

The principal source of this misapprehension was ignorance,--- an ignorance, however, of which, it may be observed, mankind need not be much ashamed, since there was scarcely any power adequate to dispel it, but experience, and experience of such a nature, could arrive at maturity only, when the commerce of mankind became far too vast and extensive, to have its value adequately represented by the precious metals ;--- an event, of which it does not seem unsafe to say, at once, that it is but yet even in its birth, and of which we may believe, that the early traders of the world, notwithstanding all we are told of their industry, ingenuity and wealth, had no idea.

Nor is it wonderful, that this ignorance should have prevailed, or that, like the shades of the morning, after the sun has arisen, its bewildering influence should still hang upon the human mind, though the dawn of commercial knowledge is rising with strength and splendor. The severe and practical studies, like the lighter and amiable sciences, go hand in hand ;---poetry, eloquence,

painting, statuary, and all the other departments of elegant and polished life, have, many ages since, been explored; but of what nation of antiquity, whose history has reached us, have we learnt, that it ever attained the far grander, and more momentous science of man, and of the learning that belongs to his happiness in stable government, in the administration of justice, and in the knowledge of the things in which its true wealth and power consist? Even in our own country, the only country upon earth in which these noble arts have been known, it is but lately that their genuine principles have been closely investigated, or their power felt, or understood.

In this debasement and obscurity, it is not surprising that the doctrines of political œconomy have been equally involved; it is only under free, and generous, and powerful governments, that they can be well learnt; ingenuity and subtilty, indeed, may at oncé embellish and perplex them, but I know not whether ingenuity be not one of the most unprofitable, and, perhaps, mischievous qualifications that can belong to a political œconomist. The poverty, rapacity and tyranny, on the one hand, and the ignorance and consequent narrow policy, on the other, of the states of Europe, have combined to teach their subjects, willing enough to be taught, the unwholesome and unprofitable lesson, that the precious metals are the foundation, or the test, at least, of national wealth.

But, extensive as this doctrine of the intrinsic value of money appears to be in its influences, I question whether,

in fact, it is much thought of practically, beyond the sacred pale that incloses the small and select body of philosophers, who have of late enlightened, or attempted to enlighten the world on this profound subject. It is true, should you gravely tell a man with twenty guineas in his pocket, that they have no intrinsic value, he would laugh, and shake his head, and his pocket, at the same time, in defiance, as it were, of so unheard-of a proposition; yet, if you were to ask him in what the value consists, he would give no answer, but the instinctive one, "they will buy for me what I want;" and, I believe, I might very safely appeal to every man and woman in the city of London, if the same sentiment would not be as powerful of a piece of paper, provided they were as certain, that for that piece of paper, they could procure the commodity they want. Whether that certainty can be communicated to paper, belongs to another part of the discussion, and shall not, therefore, be dwelt upon here. I have adverted to it only to observe, that gold, converted into money, has not, in any common apprehension, intrinsic value; or that if it should, for the sake of the argument, be allowed to possess intrinsic value, yet that paper money must be admitted, *pari ratione*, to possess intrinsic value also.

I now proceed to shew, that to maintain that it is of the essence of money to possess intrinsic value, is to maintain a doctrine highly inconvenient and dangerous; and the views of the subject, into which these considerations will lead me, will necessarily embrace many of the observations that occur in your work.

And, first, amongst the numerous inconveniences and mischiefs to which this doctrine necessarily gives birth, subtilty and obscurity, where all would otherwise be simple and clear, are very prominent.

Applying myself first, and indeed principally, to the internal trade of this country,—for I think I have your authority, page 49, 50, to say the question has not much to do with foreign commerce, I observe that, had the good sense of this country taught it long ago, that, which it is beginning to teach it now, namely, that the possession of any indifferent substance, marked with a clear, certain denominative value, that the law should stamp with its authority, and the people, obeying the law, should universally receive, and that should be called money, would serve to entitle the possessor to commodity of an equally denominative value ; that the substance, so stamped and accepted, would have operated upon the industry and ingenuity of the country, in an equal manner, whether it had been made of paper, or wood, or lead, or gold ; and that superior convenience, in the choice of any of these, or of any other substance for currency, would naturally have been the only regulator : and had the choice fallen wisely or foolishly on any other substance than the precious metals, Gold and Silver would then have remained the subjects of Commerce, like any other commodity, the intricacies of the money unit would have had no existence, and men would have arrived by a plain and simple path at that end, namely, the supply of their wants, to which they are now destined to journey through the dark and puzzling mazes of political



speculation, haunted by the gaunt spectres of mint and bullion prices, and tormented with the demons of depreciation of paper and national bankruptcy.

Had this been the case, as I trust it will one day be, there would have been no complication in the most extensive dealings, beyond that to which all human affairs are liable from mismanagement, or knavery. The public paper could have sunk below its denominative value in one case only, and that would have been the very case in which every other species of possession must have lost its value, the instability of the government itself; and the inexplicable science of exchanges which, however it may be solved, appears to owe its existence to this doctrine of intrinsic value, would not scarcely have been heard of. What perplexity hangs about this doctrine of exchange may be well learnt, I think, from your own confession, that the state of it, between this country and the countries on the continent, is not even now known, and may be learnt, too, from the opinions and the evidence that appear on the report of the select committee.

It may, I think, upon the whole, be safely affirmed, that if there be any intricacy in the science of money, it has entirely sprung from this notion of the intrinsic value of money; for where, it may be asked, is the difficulty about any other subject of trade? all other subjects find their level by the influence of the only proper rule, the wants of mankind. Had gold and silver been suffered to keep their character of commodity, their value would have been estimated and



governed by the same rule ; or had they (if mankind found it convenient to employ them as money,) not affixed to them a value, which, it must be taken for the present, is a false value, a value that, in fact, cannot belong to them in that character, all would have been well ; in the former case by far the greater part of these metals, that have been drawn from the bowels of the earth, and used at such an enormous expense of the happiness of mankind, would have slept there for ever ; in the other, they would have moved about freely in the world, as the innocent, and so far as the comparative insignificance of their quantity would enable them so to be, the useful instruments of commerce. But, under the influence of this notion of intrinsic value, an idea is generated, that the original simple nature of trade is altered ; buying and selling is considered as something essentially different from barter, or the exchange of one commodity for an other, when, in truth, it remains precisely the same in its nature, and accessible to the most moderate understanding ; the concerns of trade being no more altered in their nature by their magnitude, than the simplicity of multiplying twice two is lost in the multiplying twice two thousand, or twice two million. Much varied knowledge may be requisite, as the species of goods dealt in may be varied ; and a greater number of hands, it is obvious, must be employed in an extensive dealing than in a restricted one ; but the simple principle of barter is at the bottom of the whole, and remains unaltered,

How embarrassing to those, who think closely upon the subject, is the idea, that in buying and selling, we exchange the commodity we sell for the gold and silver

we receive; but it is embarrassing, because it is fallacious; look upon the metals as the instruments only, which is their real character, and not as the subjects of the exchange, and the difficulty is gone. Further, a very correct idea of the embarrassments, which have been created on the subject of money by this doctrine of intrinsic value, may be formed by a perusal, which may also be a very cursory one, of the various remedies that have been proposed for difficulties that never would have had birth, but for this very doctrine, and that would not necessarily arise, even if the commerce of the world were ten thousand times greater than it is. Of the indistinctness, and the impracticability of some of these proposed remedies, and the contradiction that attends them all, no man can form an adequate idea, who has happily wanted the inclination, or the power, to peruse the numerous works that have been written on the subject.

A great confusion has also arisen from this doctrine, from the numerous writers upon it, without any variation, ascribing certain qualities to the precious metals, as rendering them peculiarly useful for money, which either are qualities that are of value only, as those metals are considered as the subjects, and not the instruments of commerce, i. e. as commodity; or are qualities which may be found in effect in paper, as well as in the precious metals: from this their readers have been, naturally enough, induced to ascribe to gold and silver, as coin, a value which can only belong to gold and silver as commodity;—but of this I purpose to speak more particularly by and bye.

Another mischief that remains to be considered as arising from the doctrine of intrinsic value, is what is described as an absurd anxiety on the part of the state, to keep within it a due quantity, in other words, as much as it is able, of the precious metals. Upon this head one cannot but remark, by the bye, that the charge of a questionable policy, made by those who propagate the doctrine of intrinsic value, against any state, which, believing that doctrine, endeavours to keep the precious metals in the shape of coin within it, is not much less liable to the imputation of absurdity, than the laws themselves that are made for that impolitic purpose.

Of many of these laws, it may be observed that their weakness is of a double kind; arising, in the first place, from a mistaken view of the value of the article they propose to keep within the country, and which renders them, therefore, unnecessary; and, in the next place, from the impossibility of confining an article, which, if it be really as valuable as it is represented to be, the common and invincible desire of mankind, for the possession of it, will continually attract, by an irresistible influence, from the confines of any particular country, and which renders them, therefore, impracticable.

By what rule, it may be asked, can a law be measured, that gives inn-keepers a power, nay, that obliges them to search their guests, lest they should convey gold and silver out of the realm, 9. E. 3. st. 2. c. 11. See also, 27. E. 3. st. 2. c. 14.; and by what principle is one to account for the indifference with which this refined age appears to

acknowledge, at the distance of five centuries, and under such change of circumstances, such a law to be the law of the land. Yet, it seems clear that such a law cannot safely be pronounced to be wholly absurd, if it be of the essence of money to possess intrinsic value, or if it be true, that the standard coin be the foundation, or the test of our currency, or wealth.

The difficulty lies in this, that a subject, the possession of which all nations are taught, by the notion of its intrinsic value, to covet, is held out to be the foundation of the currency, or wealth, of any particular nation; in confounding together things, which, by the operation of a primary law of nature, are distinct, and in choosing for the instrument of commerce, a rare, and an expensive subject, against the grand and leading rule of commerce, that, provided instruments are efficient, they ought to be procured at the cheapest rate.

Under this head of mischief may be classed, also, that branch of the criminal law, which includes the offences of clipping, washing, rounding, filing, &c. which, by making gold and silver, exclusively, the money of the country, have been greatly multiplied, both in number and severity.

Springing from this, and naturally and closely connected with it, is the doctrine of a standard of coin. It will here naturally be asked, is the coin of a country to have no standard? I answer, none, in the sense in which the word is used by the writers on political œconomy. If the argument I have used to shew that money possesses a denominative value only, be well

founded, it will follow, of course, that nothing more is requisite in money, than that that denominative value be clearly understood and carefully preserved; and, therefore, when a piece of paper marked 1*l.*, or a piece of gold marked 1*l.* 1*s.*, or a piece of silver marked 5*s.* or 1*s.* receives the sanction of the government, as money, it remains only, 1<sup>st</sup>. to take care that the denominative value be not altered but by the law of the land; and, secondly, to issue such quantities of these as the wants of the country demand. In any other sense, there can be no standard for the value of this money, whether of gold or silver, or of any other subject; because, the moment you attempt to fix your standard, you treat your money as a commodity, and you want to impart to that particular species of commodity, exclusively, a virtue which is no more natural to it than to any other species of commodity; and which, I will be bold to add, it is not possible to impart to any commodity, namely, to be a common and universal equivalent,

To constitute equivalence, I apprehend, there must be a common nature between the subjects, the equivalence of which is predicated, that is, they must be susceptible of a value of the same nature one with the other; gold cannot be an equivalent for virtue, for there is no common measure of their nature, and money, I have endeavoured to shew to be of a nature distinct from commodity; so that equivalence can subsist only between commodity and commodity, and then there must be a standard value to all the commodities of the world. If I say a guinea is worth 2*l.* it is evident that this is merely arbitrary, because there is no law of its nature which

demands that any such value should be affixed to it ; but if, I still say, that is its standard value, and that the standard value of one guinea, or of twenty one shillings, is equal to the value of one hundred turnips, it is equally clear that before I can pronounce upon that equivalence of value, I must have ascertained some standard for the value of each of those turnips also, and so of every other commodity for which, or for a combination of which, this guinea, or these twenty one shillings are pronounced to be an equivalent ; but here is the difficulty and the mischief, you affix ~~the~~ this standard value, this universal power of equivalence to the money, the coin, the guinea, and not to the piece of gold ; because, if it were affixed to the gold as a commodity merely, the gold might, like any other commodity, if not wanted, not be an equivalent to half a dozen turnips. The law, therefore, while it contemplates the intrinsic value of the precious metals as coin, considers that value, and fixes the standard, of what ? of a subject (money), which, is not susceptible of any value beyond its convenience ; while all the rest of mankind are affixing a value to it as a subject capable of value, namely, as commodity.

Of a standard of intrinsic value, then, I think it may safely be pronounced, that it is merely sounding in words ; that there is no such thing to be found ; a clear and well-understood denominative value being in truth the only rule. If money be what I have endeavoured to shew it to be, then it is clear there can be no standard for the value of money, as money ; if it be what you contend, that is, the universal equivalent, then, it is not contended by any body that all commodities can have a fixed stand-

ard value, and, consequently, there can be no equivalence as fixed by a universal standard : there being no law better ascertained than this, that every thing is worth only what it will fetch, and that what any thing will fetch must depend upon the wants and the caprices of mankind, a standard for which may surely as rationally be sought, as a standard for the swellings and heavings of the ocean.

Can any thing set this mischief in a clearer light, than a consideration of the restless activity there is amongst mankind to treat gold as a commodity, while the law says it is not commodity, or if commodity, that it shall be treated differently from every other commodity? The law says there shall be no selling or exportation of coin : yet, considering the comparatively small quantity of the precious metals in general, and in this shape in particular, it may be safely said, that all mankind are conspiring to break these laws ; in other words, they are struggling to trade in this commodity ; notwithstanding the office of money assigned to it by the law, as they will for ever struggle to trade in every commodity ; for it is little less a law, if I may so speak, of man's nature, to desire to trade than to desire to breathe. Yet, if it be true that gold is the foundation of our currency or our wealth, in a peculiar sense, and as distinguished from all other commodity, can one blame a state that imagines this for, endeavouring to keep that foundation as much together as possible ; and it appears to be a clear proof that gold is in no such sense the foundation, or test, of national wealth, that the only mode which can be adopted for this purpose, is a mode hostile in its principles, and in its operations, to the original, natural, and



inevitable law of commerce, namely, by laws seeking to restrain that which its very nature impels to a ceaseless struggle to be free.

It is not meant to be asserted that any system of municipal laws can, amidst human imperfections, be so constructed as to be universally conformable to this law of nature; but, I believe, no doctrine of legislation is more true, or more important, than that which teaches that that law ought never to be lost sight of; and that the more nearly any system of laws complies with its dictates, the more efficacious it is likely to prove.

To shew that this nation is at length beginning to discern its true interests on this subject, one has only to peruse (amongst others of a similar nature) the act of the 49. G. 3. c. 109, which repeals either wholly, or in part, no less than eight and thirty acts of parliament laying down rules for the woollen manufactures, and most of which had remained on the statute book for more than two centuries. Yet, of these repealed laws it may truly be said, that they all breathe the spirit of anxiety for the well-being of commerce, an anxiety which was then doubtless as sincere as the anxiety for the preservation of the precious metals is now; and the futility of which, either in their very inception, or under a change of circumstances, affords a wholesome lesson how to place reliance on opinions which possess a fancied value for their antiquity, but which ought only to be estimated as they are founded upon experience. Nothing, indeed, indicates more clearly the infancy of the human understanding, whether in states, or in individual men, than



the attempt to apply minute regulations to subjects that, in their nature, can be subjected only to general rules.

The next mischief I shall notice as arising from this doctrine of intrinsic value, is hoarding. Over the disposition of mankind to hoard the precious metals in the shape of money, no writer, whether eminent or insignificant, has failed to lament; yet it is a curious subject of observation, I had well nigh said of ridicule, that they who are the loudest in their complaints on this score, are the very persons who the most strenuously proclaim the intrinsic value of money. What! first tell a man that there is something in the precious metals, when put into the shape of money, so valuable that the national prosperity itself depends upon the possession of it, and then expect that, feeling as every man must feel the perpetual fluctuation of human affairs, the man should not be anxious to secure to himself a portion of this *summum bonum*, this unknown power, which is to stand him in stead, when almost flesh and heart shall fail! What! lay down a doctrine by which the nation is publicly taught to lock up its millions, (for every guinea that is coin is, in fact, a quantity of gold hoarded) and then affect to lament that a great aggregate of individuals are privately hoarding their thousands.

No; until men are taught that gold and silver, like other commodities, are worth no more than they will fetch; and that, like all other commodities, they will fetch nothing until they are wanted for ultimate possession and use, e.g. to make goblets, or to gild weathercocks, that, when made into money, they have no value but in

their convenience to be parted with; and that, in this respect, if paper be more convenient, paper is exactly in that ratio more valuable; that if the laws be unwholesome, and the state unsound, money of gold will be of no more use to them than money of paper: until, I say, men are taught lessons such as these, be the mischief of hoarding never so great, they will be hoarders,---and, if the doctrine of intrinsic value be true, they will be justified in being so by the great law of self-preservation.

It must, nevertheless, be admitted, that while this doctrine is accepted and acted upon, the mischief of hoarding is great; for if it be true that Bank paper be necessarily a contract with every individual, who is legally possessed of it, to pay the amount of its denominative value, in a corresponding denominative value in the precious metals, there is, by hoarding, a heavy pull back indeed, created upon one of the most important functions of the government, and a heavy responsibility too upon those who are the means of this disorder in the state; but then the observation deserves to be repeated, that the doctrine of intrinsic value is the sole cause of the evil. When once the precious metals shall be restored to their legitimate rank amongst the commodities of the world; when, instead of ascribing to them an extravagant, unfounded power, mankind shall learn that, like every other production of the earth, they are valuable only as they are ultimately necessary; when the state will say of them, as it says in effect of every other commodity,---if individuals want them not, the state does not want them; then, and not till then, the true value of the precious metals will be accurately understood; and then, and not till then, individuals,

in particular, as well as the country at large, will cease to be hoarders, or what will be the same thing, hoarding will cease to be a public mischief. They who imagine that gold and silver will be a passport to existence in the day of extremity, may then, if they please, hoard at their leisure, without offence to the law or detriment to the state; and when they find, for find they will, that their store becomes cumbrous, useless, or mischievous, they will, like all other disappointed monopolists, bring it forth for the best purchaser they can find amongst the public.

Having thus endeavoured to point out the means, either to prevent hoarding, or to render it harmless to the country, I proceed to review, shortly, another mischief that inevitably results from the doctrine of intrinsic value.

A false estimate of national wealth is another and a grievous mischief that springs from this source. This, very naturally, induces the question, "what is national wealth?"---a question which, at this time of day, one would not think could remain unsettled; yet, when one reads amongst others the following passage, one is led to think that it is a question by no means settled.

Adam Smith says, it would be ridiculous to go about, seriously to prove that wealth does not consist in money, or in gold and silver, but in what money purchases, and is valuable only for purchasing; and, it is to be observed of his editor, Mr. Playfair, and, indeed, of almost every preceding writer on the subject, that they uniformly, either in terms, or by inferencé, class money

amongst the articles of national wealth. This clearly shews, that the subject of national wealth is not determined; because, even they who ascribe the most valuable qualities to coin of the precious metals, and who describe it as a part of the capital of the country, admit that it is unproductive capital; a term of which, either in itself, or with reference to the sentiments of writers on political œconomy above referred to, one cannot very well understand.

National wealth, then, appears either not to be clearly understood, or to be incapable of strict and simple definition. I agree with those who have gone before me, that roads and bridges, and so on, are a part of national wealth, in this sense, that no nation can be said to be rich without them;—but then it is equally true, that there may be many roads and bridges, &c. &c. in a country, and those too of a very magnificent description, and yet, that of that country it may, nevertheless, be safely pronounced that she is poor; and most emphatically may it be said that a country may abound with the precious metals and be poor indeed.—To set forth examples would be considered ridiculous, when it is stated by Mr. P. that at the time of the commencement of the revolution in France, there was a circulation amounting to fifty millions.

Clear then it is, that when we have said of a country that she has roads and bridges,---canals and money,—we have not necessarily said of that country, that she is wealthy; to say this, we must say that she has all these things, and that she has also a constitution, by the force of

which there is a universal power in the people to dispose of, and to enjoy those things ; in other words, a free circulation of wealth, and a government in which the people confide ; and to which, and not to a currency of fifteen or twenty millions of guineas, they are taught to look up against the hour of trial. This appears to me self-evident, and I cannot but wonder, therefore, you should have thought Sir J. Sinclair's observation on this point, and indeed on many others, worthy of so little attention.

National wealth, then, consists not wholly even in commodity, much less in money, at least, if it should be strictly held so to be. (See Mr. Playfair's sup. p.) It must be held to consist in the mere sound ; the source of it will practically be found to reside in good laws. Now the doctrine of intrinsic value is calculated to destroy this (as it appears to me) just and generous sentiment ; it goes directly to divert the attention of the people from this legitimate source of national wealth, and to fix it upon the acquisition of money : it says to them, almost in express words, your safety lies not in the constitution of your country, but in the possession of specie ; it inculcates, necessarily, the low, selfish, debasing spirit of self-preservation as contra-distinguished from a manly confidence in the public, and in the government ; that confidence, indeed, it insidiously undermines, and thence its direct and inevitable tendency is to chill the ardor of enterprize, to destroy hope, to create a childish dread of imaginary evils, and to convert the glowing hearts of patriotic subjects, into receptacles of feelings fit alone for slaves.

Had the contrary learning been taught, by those in whose hands are held the lessons of political wisdom, we should not have heard the foolish, but dangerous, clamours for gold, which have from time to time so unnecessarily agitated the country; we should not have beheld in England, on every idle rumour of invasion, the disgraceful diligence of hiding money, that has blotted her reputation. Had it been taught that money is that only which the state makes it, that even commodity has its substantial value in the assurance of the laws alone, that these, and not the little lurking places that belong to, and are fit alone for the pusillanimous spirits of hoarders, are the only safe-guards of the national wealth; invasion, or tumult, would then have lost all the imaginary terrors with which they have thus been clothed; the real evil would have been discerned to consist not in the loss of a few pieces of gold and silver, cut and trimmed, and milled and stamped; but in the loss of the constitution: such an evil as this, as it is fit for the appreciation of men, would have been met, on its approach, with the spirit of men; it would have found not beings depressed with fear, and creeping into corners to save the current coin of the realm, but men, not regardless, indeed, of their money or their property, but who knew that their money and their property would for them, at least, have existence only with the constitution, for which they would be ready to shed their blood.

But this heroism, it will be said, which looks so handsome upon paper, must all vanish before the simple fact, that upon the happening of invasion or of any event, that might

threaten the safety of the government, paper money would fall to nothing, while the legitimate currency of the realm would universally retain its value; and as this seems to be a fact, the happening of which, on such an event, is pretty generally agreed upon, it deserves, and shall have a few minutes consideration.

In the case of invasion, one of two things, it is obvious, must necessarily, and ultimately happen; the enemy will either succeed and establish himself, or he will fail and go back again, or perish. The question then is, what is to be done during the intermediate time? I answer, that during that time, the law of war, that is of force, must prevail. On the landing of the enemy there will not, nor cannot be, any such thing as private property, the state will compel men to be sellers or givers, reserving indemnities, and considerations of a similar nature, until the expulsion of the enemy be effected. A state then must be deplorably destitute of good laws, and of good subjects too, that should be unable to support itself, or should be refused support, unless it went to market with gold and silver in its hand. Whatever was the common currency of the country in its hour of safety, must, *a fortiori*, be its common currency in the hour of peril; and it appears to me a speculation of the closet, indeed, or rather of the clouds, that the people would, in such a case, be bandying about opinions upon relative values, mint and bullion prices, and depreciated currency.

But, for the sake of the argument, I will admit the fact, that the bank of England notes for one pound



(although I wish the case to be considered with reference to paper money of the country only,) would not be worth one shilling; in other words, that the public credit was gone, and that government was obliged, in its own defence, to produce coin sufficient for its wants; or, if that was not to be had, to supply those wants by the arm of power, is it to be imagined that government would permit its wants to remain unsupplied, that it would not possess sufficient energy to prevent this unjust advantage, attempted by the hoarders of the precious metals, that if gold and silver were necessary to the state, the government would remain unpossessed of it, wherever it was to be found; or, if the contest of value between the precious metals, in the shape of coin, and the paper of the Bank, or of the country, arose in such an hour, can any man delude himself into the belief that the government would not end the contest, by obliging those who had any thing to sell, to take Bank notes, aye, or any other species of money which it chose to sanction with its authority? Can it be supposed, even, if such measures of the government were resisted, that, amidst the anarchy that would follow, any man would be permitted to draw forth and enjoy his hoards in peace, or that any particular statute, or any notion of individual rights, would, in such a moment, protect him in this enjoyment? No; such persons may be assured that they would be, as they would deserve to be, amongst the first, and the most marked, of the sufferers in such a conflict.

From the doctrine of intrinsic value arises this mis-



taken notion of the foundation of national wealth ; and from this notion have, from time to time, arisen the distresses which have so unnecessarily embarrassed the trading part of the community, and tended to spread selfishness of principle, and distrust of the government throughout the country ; and it seems, I think, difficult to shew, how the country can be secure against a recurrence of these difficulties, until the nature of money be clearly understood, and mankind are satisfied that the only value that belongs to it is convenience.

But, to conclude on this point, in this state things must remain during the existence of the conflict. Now let us view its termination : Is the enemy victorious ? The country is then subjugated, another order of things arise, and the question is gone. Is he defeated and expelled, and the ancient order of things restored ? what other result from this can there be, but that public credit will revive, and revive with renewed vigour ? One would suppose that authors thought public credit to be like themselves, and many of their works, subject to death and eternal oblivion. On the contrary, it may be wounded indeed, but its wounds are, like the wounds of Homer's gods, soon closed, and the spirit of its immortality re-appears.

That this must be the course of things on such an event, will appear, if one further considers the nature of public credit. Public credit appears to be, first, a confidence of the people in the stability of their government ; and, secondly, an universal interchange of confidence amongst the people themselves. Public credit

then, in that sense of the word, to which only my reasoning applies, can exist under a good government only ; but under such a government it must exist and flourish. It seems as though many writers really thought that public credit was merely a subject of compact, to be created and withdrawn at the mutual will of the parties. Nothing, I apprehend, can be more remote from the truth than this idea. That public credit may be moulded and adapted to circumstances between the government and the people, must be admitted ; nay, further, that, on particular occasions, the public confidence may be withdrawn from the government ; but then it must be remembered that these acts do not affect the question ; what is the nature of public credit ? for, in the latter case, if confidence be withdrawn from a government, and the government, in consequence, perish, a new government must be founded, and the foundation of that government, if it be good for anything, must be laid in public credit, and this not by any imaginary consent of parties, not in consequence of any supposed agreement between the government and the people, but by the inevitable law of human existence. A government that cannot command confidence, like a government that cannot command obedience, is no government ;---a people, amongst whom there is no interchange of confidence and credit, may be correctly said, I think, to be no people.

From this statement, which bears upon the face of it the indisputable mark of its strength or its weakness, it appears, that the question of the depreciation of paper

money, and of the superior value of coin of the precious metals, in the hour of national distress and convulsion, is an idle question, well enough calculated, perhaps, for an hour's amusement, during the piping time of peace, but can never be discussed at the moment when its supposed importance would arise. But the remark ought not to be omitted, that if any doctrine can avail to produce, or to cherish, this dangerous and disgraceful inclination to seek for safety in the gold and silver currency, rather than in the legitimate government and credit of the country, it is this doctrine of the intrinsic value of that currency.

Permit me to ask you, whether you believe that any man, who has read or thought upon this subject, has been able to rest completely satisfied with this principle of intrinsic value, and with the conclusions that necessarily arise from it? Do not ambiguity, difficulty and perplexity, meet one at every turn? Are not nice distinctions, ingenious evasions, dexterous explanations, and the rest of the little armory of words resorted to, rather than plain, fundamental, broad and manly reasoning, of which the subject, simple as it is, and connected with the highest interests of mankind, is peculiarly susceptible, and with which only it ought to be treated?

I well know how easily the best informed men slide into the most erroneous conclusions when once they have prevailed upon themselves to adopt or assume a false principle; but in this case I venture to ask, even you, whether, assuming as you have, that money has intrinsic

value, you have not, nevertheless, been startled at the little progress that has been made towards any stable conclusion from this principle? whether you have not sometimes observed, and felt, the difficulty that has arisen from the discordance that has prevailed---at the odd positions, and continual embarrassments which it has produced,---at the various futile, and frequently ridiculous, remedies, that have been proposed for those embarrassments---and above all, at the utter confusion to which experience, that furnace which decomposes and destroys all false principles, has put some of the leading axioms of the ablest men, who have written on this subject, from the time of Petty down to the present hour? That no stable conclusion has hitherto been drawn from this principle, that such embarrassments and mischiefs, as I have alluded to, and many more have proceeded from it, that no efficacious remedy has hitherto been found for them, and that experience has baffled and confounded, and continues every day to baffle and confound, this doctrine of intrinsic value, I think one may venture to assert without the fear of contradiction;---and feeling this, one may surely venture further to assert, that if it be doubtful whether the doctrine I have attempted to lay down be right, it is, at least, clear that the doctrine I oppose, is wrong.

I now apply myself to some of the leading observations of your book as they arise. Supposing for a moment that I have succeeded in demonstrating the principles above asserted, it would be unnecessary, were I addressing only understandings like your own, to say anything further; and, indeed, you yourself confess, that if this principle of intrinsic value could be successfully

denied, almost every thing you have written must be without effect ;---but as I wish, though I must confess I have not much hope on the subject, that my little book in its turn should be perused by the public ; that is, by understandings of every stature, so it will be necessary, in order to satisfy many of those understandings, to attack conclusions, although the reasoning upon which they are founded, may have been completely demolished.

The question that appears first to arise out of the preceding discussion is, whether money be any part of the capital of a country ? If I am right in my position, that money has not intrinsic value, it follows, of course, that money of gold and silver is only gold and silver currency ; as money of paper is paper currency ; and the result is, that money or coin is not more a part of the capital of a country than money of paper : and this position will be illustrated, perhaps, by examining a little the nature of capital and of profit.

It is of the essence of capital to produce profit ; and it is of the essence of profit first to be *ejusdem generis* with capital ; and, secondly, to be capable of ultimate possession and enjoyment ; as thus : Nothing can be correctly stated to be the profit of a trader that is necessarily employed by him, in and for the purposes of his trade ; that is, of producing profit : this profit ultimately appears (and which is its only real appearance) in the shape of houses, lands, household goods, &c. in greater abundance, or of a more costly and elegant fabric, than the trader possessed before the profit was made, and of the stock, that remains at the winding up of his trade ; but, clearly,

it can never rest in money, whether of the precious metals, or of paper. When a man, therefore, is said to have made 10,000*l.* by his trade, we do not mean that he has heaped together so many guineas, &c. as amount to, or is worth the denominative value of 10,000*l.*; we mean that he has got as much commodity as currency, whether of paper or the precious metals of a corresponding denominative value, has been the medium of obtaining. Money, therefore, is neither capital nor profit, but the means or instrument by which the one is turned into the other. I will endeavour to put this more clearly: suppose a gardener to be in want of a spade or a hoe, for which he is to pay currency of the denominative value of half-a-crown, and he is possessed of the half-a-crown in standard silver, but, unfortunately, no spade or hoe can be obtained: he turns his half-a-crown about; he finds it is not wanting in homogeneousness, &c. and, in short, no man would be bold enough to deny or doubt it was half-a-crown: in the mean time the garden runs to waste: in what sense can so useless an article as this half-a-crown be called capital? Even the spade or the hoe can scarcely be called capital, primarily necessary as they are, for they are but the instrument by which the commodity, i. e. the soil of the garden, which is in truth the capital, is put in motion, so as to produce profit; and the difference between one set of instruments, that is, currency, money, coin, call it what you please, and the other set of instruments, that is the spade or the hoe, is this; namely, that the latter has an intrinsic value as being a commodity; the ultimate possession and use, and absolute necessity of which are immediately discernible, while the former

is only incidently useful as an instrument for the purchase of that commodity ; since it might have happened that a garden basket, or a ladder, or a bill hook, might have been more readily taken in exchange for the spade, or the hoe, than some uncertain commodity involved in the medium of coin, or currency, called half-a-crown.

That the subject is not felt to be free from doubt, that there is some consciousness, as it were, that money, i. e. coin, cannot unequivocally be declared part of the capital of the country, is pretty apparent : 1st, from the expressions that frequently occur in almost every writer on the subject of money being unproductive capital ; 2dly, by the anxiety manifested to keep, instead of dispersing it, a conduct at perfect variance with every maxim by which capital has, in every other instance, been dealt with ; and 3dly, by the tenor, as well as the letter of the law of this country, which, it is worthy of observation, considers paper money, and money of the precious metals, equally as no part of the capital, or property of individuals, out of which any substantial security, either for their debts or good conduct arises ; since although no less than five sorts of execution may be awarded to give effect to such security, yet, not one of them is ever against his money, but, according to the circumstances of the case, they are, 1st, against his body ; 2nd, against his goods and chattels ; 3d, against his goods, and the profits of his lands ; 4th, against his goods, and the possession of his lands ; and 5th, against all three,---his body, lands and goods.



Further it will appear that money cannot be capital, if the nature of trade be considered.

It appears to be assumed that the intervention of money has, some how or other, though how has not, I think, been any where very satisfactorily explained, been the means of introducing some new principle into the nature of trade; and certainly this is the case, if it be true that money is the universal equivalent; but I apprehend, if this part of the subject be more narrowly looked into, it will be found that trade still remains in substance, though not in form, as merely and simply barter, as it ever was, even in the earliest and most unrefined state of mankind; and that the same principles, which influenced it in the remotest ages, govern it now.

In the times of simple barter the transactions that arose out of that species of traffick were marked with a character, apparently different from the character which marks the transactions of the present mode of commerce by buying and selling. First, the early barterers bargained to supply immediate necessity; whereas the buyers and sellers of the present day bargain, not only for their own immediate use, but for the use of others, and thence, for profit to themselves. Secondly, the commodity, sought for by the parties, was immediately interchanged between them: now there is no interchange of commodity, *ejusdem generis*, between the buyer and seller; but the seller gives his commodity to the buyer, and the buyer gives him, in return, that which was once commodity, but which is now destined to be only the representative of commodity, that is, money.



But now, to see whether there be any substantial distinction between these modes of commerce: when the merchant buys and sells for profit, as well as to supply his immediate wants, what is the ultimate destination of that profit? Is it not just as much to supply desires or wants, arising either from a real, or a fancied necessity, as the first transaction of the Indian is to supply desires or wants? The Indian wants but wood for his hut, or his canoe; the wealthy trader wants many articles for many houses and many ships; he wants lands, horses, carriages, and so forth. But is it not plain that the profit of all the buyers and sellers in the world resolves itself into the possession of commodity, of the same nature with the commodity sought for by the barter of the Indian; and that it can resolve itself into nothing else; that if it were kept in the shape of guineas and shillings, all of standard weight and fineness, it would presently be found, instead of supplying desires or wants, to be a most intolerable burthen?

The result of the transaction, then, whether it be by an exchange of commodities as by barter, or by the more circuitous but more convenient, route of money, is, nevertheless, nothing else, and can be nothing else in substance, but exchange of commodity.

If it were possible to imagine a time when the whole world had arrived at a thorough knowledge of commerce, and had derived profit from it in such a way as that every individual enjoyment, as it were, could spontaneously produce itself; if houses, parks, gardens, and all the conveniences and luxuries of life, sprung up

for the use of man; let me ask, would not this be the ultimatum of profit? and let me further ask, would the precious metals, in the shape of coin, (except, perhaps, as articles of rarity) be ever thought of? It is needless, surely, to anticipate the answer to these questions, or to add this further question: How do the number, or the variety of wants vary the original nature of desire, or of the aim that is proposed in its gratification?

If, then, the end of barter be to acquire commodity we want, and if to acquire commodity we want be the ultimate end of buying and selling; if, whether I receive commodity immediately for the commodity I have parted with, or that which must, of necessity, be employed in the purchase of commodity, be the same thing, which I do not see is, or can be, disputed; it follows, that the introduction of this vehicle, or instrument, makes no alteration in the principle of commerce, any more than the introduction of a more convenient plough would make an alteration in the nature of the land it was employed to cultivate.

It may be said that I have taken pains to prove what has not been denied; but I must observe, that to assert that money possesses intrinsic value, and that it is an universal equivalent, which is the foundation of your argument, is the same thing as to assert, that the principle of trade by barter is distinct from the principle of trade by buying and selling.

The principle of commerce, then, remaining unaltered, the nature of capital, and, consequently, of profit, must continue the same. Now, in simple barter, the capital and produce consisted of commodity, and could, indeed, consist of nothing else; and by whom has it ever been demonstrated, that the intervention of money, a thing, as has been proved, of a nature and use essentially different from commodity, can, in the nature of the thing, have become itself capital, or have effected any alteration in the nature of that subject which, it appears, could alone have been capital? It, therefore, I think, remains for those, who call money capital, to shew; first, what is meant by unproductive capital; and, secondly, by what hitherto unheard-of accident, or unascertained law, that subject, which, strictly speaking, is not even an instrument for the employment of capital, and can only be used, and is not universally, necessarily used in the purchase of instruments for the employment of capital, has acquired the right and the power of capital.

When we speak of the capital of a country, of national trade, and so on, we ought to remember that these are terms calculated to convey very false impressions, to those who enquire little beyond sound and sight, that is, the multitude; men are the slaves of words and terms: when a national debt is spoken of, because, in the concerns of private life, debt is considered as usually allied with difficulty and poverty, so, without stopping to enquire into the nature of this alleged debt of the country, how it has been incurred, who is the debtor, and who the creditor, the idea of national debt, national poverty, and

national bankruptcy, all run on together, leading the disordered imagination into frightful fancies, and ultimate despair. When national capital, and national trade are the theme, something, though no man can tell what, is imagined of a huge trader, and of an enormous stock in trade, which like the giants of Thomas Hickathrift, are governed by some law, which mortals of less magnitude cannot understand, and of which they dare not ask for an explanation.

Sir W. Petty explains this very well, where he says, "the whole nation is but many particular men united." The national capital, therefore, (public works, and they, perhaps, not strictly, excepted) is nothing more than so many capitals of so many individuals, of which the cobbler's bench and lapstone are as clearly a part, and are governed by the same principle as the cargoes of the most extensive merchant. The national trade is nothing more than the individual dealings of individual traders; no monstrous, shadowy form of commerce, subject to some unknown law, and governed by some mysterious inexplicable principle; the nation has no imaginary commodity; the commodity it deals in is to be found only in the shop of the tradesman, and the warehouse of the merchant, and of which the sale will be strictly commensurate with the wants of the rest of the world. The vending of English commodity, says Sir W. Petty, doth not depend upon any other thing but the use and need which foreigners have of them; Quant. Ans. to Qu. 12. To this, however, may be added, that that use and need, being in a great degree artificial, may be excited

and enlarged by the nature of the commodity, the beauty of the workmanship, and so on.

I will detain you with but one illustration more of this position, that money is not any part of the capital of a country, and this is drawn partly from your own statement, and partly from the nature of the facts included in it. While a guinea is standard weight, that is, while it is money, it is never gold commodity; the law will not permit it to be sold; so that it is preserved as an instrument, of great supposed convenience indeed, but from the use of which no profit (to say nothing of dead and certain loss,) can by any possibility arise; but the moment it falls, by whatever means, below that weight, and not before, it becomes capital; that is, it loses the character of money altogether, and becomes, *ex necessitate rei*, gold commodity, and productive of a certain source of profit.

The above considerations are very few of those that crowd upon one, on this part of the subject; but from them, duly weighed, I think it appears manifest, that money cannot correctly be denominated part of the capital, productive or unproductive, of any country.

With this view of the subject, another and a most important position is maintained by yourself, in common, I think, with all other writers on this subject, and which appears, in varied forms of expression, throughout your work. I will select three or four of these expres-

sions, as they casually occur: "The law has secured to every creditor, public or private, the payment of a pound weight of standard gold for every 46*l.* 14*s.* 6*d.* whereas, if bank notes were made a legal tender, each of those creditors would be obliged to accept, in full satisfaction for that just demand, about 10 $\frac{1}{4}$  ounces, or not more than 17*s.* in the pound, with a prospect of a still further reduction in every year." P. 11. "Gold, therefore, is the test by which the value of bank notes must be tried." P. 24. "That it (namely, the denominative value of bank notes being paid in gold, &c.) is a question of good faith, can any man doubt when he considers, that the stamp affixed to our coin is nothing more than a guarantee, given by the sovereign; that in weight and fineness the money of this country is in exact conformity to the standard fixed by law." P. 76. "Does it not follow," you say, "that any contrivance, which, under the same denomination of money to which the guarantee applies, should compel any individual to accept, in payment of a legal debt, a smaller quantity of gold than is certified by the stamp to be contained in such denomination, would be a violation of the public faith?" P. 77. "In truth," you proceed: "there is but one security for the maintenance of the public faith of a country in this respect, and that is to preserve the standard of its currency immutable and inviolable." P. 77.

If the reasoning be conclusive, that because the law, acting more, perhaps, upon habit and precedent, than upon sound discretion, has, notwithstanding the change of circumstances that has been silently, but not in-

sensibly, taking place, displayed in the 19th century, the same anxious care and fondness for this unproductive capital, which it manifested while it was yet in the twilight of its understanding; and that the law has, therefore, fixed an irrevocable bargain with the public, that the holders of bank paper shall consider themselves entitled, at their will, to call for the denominative amount of that paper in the precious metals of the standard weight and fineness; certainly, it is not easy to deny that there has existed, and that there now exists, a gross violation of the public faith.

But this is an idea so pregnant with mischief, so easily to be turned to worse than party purposes, and so adapted to rapid and wide dissemination, that it deserves to be examined; and it will, therefore, be fit to see whether the public faith be pledged to the performance of any contract on this head; if it be, then to ascertain the nature of that contract.

The law, it is to be observed, cannot, from its nature, form any specific contract; its essence is to command; and as good laws can command nothing to be done but what is fit to be done, and possible to be done, so will they, at the same time, command that to be done which ought to be done; and, amongst other things, it commands the performance of all moral and possible contracts.

The law-makers, in their capacity of legislators, are, in this respect, identified with the law itself;---they



cannot, in that capacity, make contracts, for contracts, in their very nature and terms, imply two voluntary parties. Now they to whom the law is delivered, and who are to obey it, are not, in this sense, voluntary parties; their consent, in a certain sense, is not asked; that is, it is not asked as to the execution of the law: as it is the province of the law to command, so it is their duty to obey. This, as it must be taken to be universally true; so it must be taken to be true in respect of the subject before us. The law gives the sovereign a prerogative, in respect of the precious metals, which is peculiar and confined to them; (and this, by the bye, I take to be the true reason of some of the laws which are to be found in our statute book, respecting gold and silver, in merchandize, as well as coin :) the sovereign, therefore, by force and virtue of that law, and the law, with him, affix this stamp, and assign this value, and these qualities of fineness, and this circumstance of weight, to coin made of the precious metals. But this is a command; the law might alter it, although, by our happy and noble constitution, the sovereign of himself, and without or against the law, could not;---and that alteration, also, being a law, must in its turn be obeyed. The policy of such a law is another question: it is, therefore, I think, very incorrectly that you speak, when you say, p. 76, this stamp affixed to our coin is nothing more than a guarantee, by the sovereign, that, in weight and fineness, the money of the country is in exact conformity to the standard fixed by law. There is nothing in it of the guarantee; a guarantee, in the first place, can be made effectual (and if not effectual, then it is no



guarantee) by those only who have power to make it effectual. Now, I apprehend, the sovereign alone has no power to make such a guarantee; but suppose he had, a guarantee is in the nature of a benefit to the persons to whom the possession and enjoyment of some given subject is guaranteed; it is something over and above the compact; but, in the first place, it appears, that there can be no compact between the sovereign, or the law, and the subject; and in the next, the parties to a guarantee are, like the parties to a compact, voluntary parties, but with this remarkable distinction beyond, that the parties guaranteed may discharge the guarantee, upon the universal principle, that the benefited may always refuse the benefit meant to be conferred upon him. But in this new species of guarantee, none of these ingredients are to be found; this stamp may not, and ought not to be rejected.

The law, therefore, it is clear, in this sense, has not entered into any express stipulation, that the notes of the Bank of England should be paid on demand in the precious metals of a concurrent denominate value; for in this the contract and guarantee you advert to must end; and it need not be stated, that the treasury, or any other efficient part of the government, have not entered into any such agreement; for they are neither literally, nor by any necessary inference, parties to the agreement. It comes then to be seen, whether the bank note for 20s. is an agreement to pay in cash; and if it be, whether the public faith is pledged to the performance of that agreement in any other sense than it may be said to be pledged to see that all legal agreements shall be performed, or compensation for the breach of them made in damages.

I am ready to admit, that from the care taken in the Acts 37, G. 3. c. 45. 91, that Bank notes should not be out and out, if I may use the expression, a legal tender for a debt; in other, and more technical language, that though the debtor, tendering bank notes, should be thereby saved from mesne process, yet that he is not thereby saved from execution upon a judgment obtained at law; that the idea of parliament was, and must now be taken to be, that the promise on the face of a bank note to pay upon demand is to pay in coin of gold and silver upon demand; and I am ready also to admit, that the agreement, or promise, upon the face of the note, ought to be construed in favour of the bearer, if it can be shewn that he took the bank note upon no other condition, than that he should have the denominative amount of it paid to him in coin at his will.

When, too, the language of the bank note is considered, it is clear that the most essential words there, the very words creating the promise or contract, must be construed to have no meaning at all, or else they must mean to pay in coin; for that the notes themselves were not considered as money is clear; and to pay in any thing but money seems an absurdity. I apprehend, therefore, it must be clearly admitted, that it was the original intent and meaning of bank notes, that the bearer should be paid by the bank the amount of the note in coin on demand; and it must also, I imagine, be admitted so to have literally (but, perhaps, less and less practically and substantially) remained up to the Bank restriction bill; but, I think that bill essentially altered the state of the case: whether the measure of passing that bill were a measure of justice and wisdom,

or the contrary, it was, nevertheless, a dictate of the law, and to be obeyed. Now a law may be obeyed either willingly or unwillingly; and it is by this, and I think this alone, at least in England, that the peoples' opinion of its justice or injustice can be accurately measured; and by this rule I am willing to go in the present case. It is, I believe, by some said of this law, that it was felt to be unjust, but that necessity, "for gods themselves too strong," compelled the enactment of it: if this be so, the question is, where are the murmurers against it to be found? Had the people felt in fact, what is so speciously urged in argument, that in being for a time deprived of their demand of coin they had been deprived of wealth, and consequently of the means of acquiring it, the consternation and the resentment would have been instant, universal, and overwhelming;---or if it be urged, that the people might not at once perceive the extent or force of the mischief, then it may be answered, that fourteen years have passed away, and no sign of discontent appears. I agree that it is a subject upon which discontent may be excited, because, if the validity of these notes be made to depend upon the solvency of the bank, and if the solvency of the bank be (with or without reason no matter) brought into doubt, (which, however, they must have read very little of your book who would charge you with doing) of course, they who hold such a doubtful security as a Bank of England note would then be, would naturally and justly feel a degree of discontent, at being compelled to trust to paper, which, having no stamp or authority of the government, could not be called money, and which, unlike the precious metals, considered as a commodity, would be found to possess a value too low to be brought into any computation.

But this in truth is not the case, or pretended to be the case: no man seriously doubts the solvency of the Bank, nor, I suppose, its immediate power to call in and give gold and silver of the standard for all its notes, if that, and that only, were the end in view; and, therefore, the real question is, whether the substance of the promise of the Bank, as expressed on the face of their notes, is not to pay or give to the bearer on demand, the amount of the denominative value of the note in coin at such a time as the law of the land shall declare it fit to be done?

The truth appears to be, that the parliament of that day meditated a measure which, whilst it was of the most beneficent principle, must be confessed to have militated against universally-received, and very ancient opinions, of the sacredness of the precious metals; and which, therefore, could not, consistently with the wisdom that belongs to a British House of Commons, be made that complete and perfect measure which the necessity of the case most certainly demanded.

So far, however, as it has gone, it suspended the fulfilment of the agreement on the part of the Bank to pay in coin; and it has substituted, or rather added, to the coin of the country, a paper currency; and for fourteen years, I repeat, the measure has been acquiesced in on the part of the people; and the only remaining question is, whether, under these circumstances, there has been any violation of the public faith?

In thinking as I do, that the public faith has not been violated, I bear in mind the string of evils you present in

pp. 19. 84. and will shortly notice them ; but it will be well first to consider further, for a moment, to what it is the public faith has been pledged on this occasion.

By the public faith is meant, I suppose, an assumed, implied engagement on the part of the law, to which universal confidence is given ; for the law, though it cannot enter into express compacts, tacitly and necessarily engages to do justice, and enforce rights ; this I apply to the case before us, and say that the engagement of the law was to give to the holder of every Bank note an available security for the amount mentioned in it against the Bank. The efficacy of this security, as against the Bank, is indeed suspended, but then for that suspension the law has given a compensation ; namely, it has given the Bank note, *pro tempore*, its stamp and sanction, by making it, for all the practical and useful purposes of life, of equal value with the coin, or, in other words, to a sufficient extent for those purposes, a legal tender ; and as it is essentially incident to all agreements that the parties may waive them, provided in so doing they injure none but themselves, so I contend, that the public might be said to have waived, for the present, the agreement of the Bank to pay their notes in cash upon demand.

The evils you mention, and to which I have above adverted, I do admit, like almost the whole of the reasoning of your book, cannot be denied, if your positions be admitted ; but as they appear to me to hang entirely upon those positions, and as I have already taken up so much time in investigating them, I will not fatigue you, or

myself, with fresh arguments, to shew that those evils cannot have existence.

By the operation of the 37th of the king, the original contract of the bank, to pay in coin upon demand, has also become, *pro tempore*, an impossible contract; the law, therefore, *pro tempore*, is disabled from compelling the performance of it; for the law cannot be at variance with itself; and the ground of rendering that contract impossible, for a time, is acknowledged by all to be a good ground; namely, the necessity of the case. So that here, I presume, there cannot be room for the charge of a breach of the public faith: the public, too, I have observed, have received a compensation for this suspension of their rights; they have not shewn any sense, or feeling of hardship or injustice, which, as before observed, would presently have appeared, had any such arisen by the passing of that law.

It appears, therefore,

1st. That the notes of the Bank of England contain an original express contract to pay the amount in cash upon demand.

2nd. That the law engaged to give the holder of the note his remedy against the bank, in the usual and accustomed course of justice.

3rd. That the law has upon proper grounds suspended that remedy.



4th. That in so doing, under the circumstances of the case, the public faith has not been violated.

I have said so much upon this head, not because I think you distinctly hold the measure of suspending the bank payments to be unjust, but because there are not wanting persons to disseminate such notions, and because I do not observe that you or any other person of eminence have distinctly opposed that idea.

As to making the act of the 37th of the king perpetual, I must distinctly say I fear no mischief so greatly as I do the mischief that, I think, would result from that measure, except it be the mischief that I fear will one day arise, if, from a continuance in the present doctrines of intrinsic value, the legislature should pass a bill, commanding the bank to resume their payments in cash, unless such a measure were confined to the notes then in circulation; for though I think, and should not at all fear coming to the proof, that the prosperity of the country, during these identical 14 years of the suspension of cash payments, has been unexampled, and though I firmly believe that that prosperity has been owing in a great degree to that measure, yet, inasmuch as it is professedly, and in its very nature, but a temporary, and incomplete measure, as it would be a strange anomaly in law and government, to give perpetuity to such a measure, as it is beneath the dignity of this country, that it should owe even its prosperity to a law of such a nature, and as I think, too, that by far a still larger share of prosperity would be attendant upon a settled, dignified, and well-digested system of paper money, so I should be sorry to see a law made

perpetual, of which, as it was meant by the framers as a temporary measure only, it will not I hope be thought disrespectful to say, that it does not possess those characteristics that belong to a settled system, in a degree sufficient to encourage any rational expectation of lasting and ultimate benefit to the country from its continuance.

Having thus examined the measure of the 37th of the king, and endeavoured to shew that there was no injustice in the spirit of that measure, I purpose now to see whether any injustice or mischief has, in fact, arisen from it in respect of the assumed depreciation of the substituted paper currency, and of the rise in the prices of commodity; premising, that I am aware that these may be classed amongst the evils that are stated by you to have arisen from the state of the coin, and of which I have, in a page or two before, promised that I would not take up the time in investigation; but as these subjects stand singly and prominently in your book, and as they have long been presented to the consideration of the public, through a false and dangerous medium, it appears fit to offer a few brief considerations respecting them; and first as to the asserted depreciation of the currency.

The depreciation of that part of the currency, which consists of the precious metals, is simply to be accounted for; 1st by the wear of standard gold and silver coin; and this depreciation may be called a depreciation in respect of quantity, and commences the moment the coin is issued from the mint, and perhaps is not strictly depreciation; but that is not of importance; --- 2nd, by clipping, filing, wash-



ing, &c. ; and this is also to be classed with depreciation, in respect of quantity ; ---and, 3rd, by the introduction of a given quantity of base metal, into a given quantity of the precious metals, above the alloy allowed by law ; and this is depreciation of quality and what only is strictly to be called depreciation ; and these are the only ways, as it appears to me, by which a depreciation of the coin of a country, which, for the sake of precision, I will call depreciation in the abstract, can be effected.

There is another and a distinct species of depreciation ; and that is when the public opinion of the efficiency of the money offered in the market is lowered, and consequently a greater quantity of that money is wanted for the purchase of a given quantity of commodity, than at any given time before ; and this may occur as the consequence of one or other of the first above-mentioned causes of depreciation, when the currency is coin of the precious metals, and of want of credit when the currency is paper.

In looking at this part of the subject, one cannot but be forcibly struck with the embarrassment arising from the unnatural connection between money and commodity, which is forced by the doctrine of intrinsic value ; the depreciation which I have called depreciation in the abstract, belongs to the precious metals, and to them only in their character of commodity ; that is, in the first two instances there is less of the precious metals in the pieces of coin called guineas and shillings, than there was at the time they were issued from the mint ; and, in the last instance, there is less of those metals in those

pieces of coin, than is universally understood to be in what is called a good guinea, and a good shilling; but there is practically no depreciation, while these pieces of coin will fetch in the market a guinea's worth, or a shilling's worth of commodity. The first three states of what is called depreciation would be each of them more correctly defined, to be a state of the coin which ought to produce, or which may or will produce depreciation; for if any of these states be considered practically as a state of depreciation, and of depreciation of the precious metals as coin, and not as commodity, it will be difficult to say, independently of any positive regulation, when money of the precious metals, from the moment of its issuing, is not depreciated: but it will be said the law has fixed the boundary of a guinea, say at 5dwts. 8grs. It has so; but why at 5dwts. 8grs. ? why not at 5dwts. 7grs. or 5. 6. this is merely arbitrary, and matter of convenience, as a boundary must be fixed somewhere; but is it not clear that if, notwithstanding this law, a guinea, weighing only 5. 7. will in the market purchase as much commodity as a guinea which weighs 5. 8. that so long as this continues, there is no practical depreciation of the precious metals, as coin or money, although there is undeniably a depreciation of them as commodity? And has not this for many years past been the case, since, with the increase of business, people have found more profitable employment than weighing guineas? I do not go through the investigation of this point, because I do not perceive that your alleged depreciation goes further than the depreciation of paper money; but I thought it right to say what I have said, because you have not, I think, made the nature of depreciation clear; because it appears to me

to illustrate very forcibly the distinction I have endeavoured to demonstrate between money and commodity, and because too it seems material to the discussion of your alleged depreciation of the paper currency to which I will now address a few observations.

If my statement of the causes of depreciation be correct, it is clear that those causes relate to the subject they affect in its capacity of commodity only; and then it is equally clear that none of these causes can have affected paper money, for the original value of the paper, printing, &c. is too low to admit of depreciation to any extent.

Is the next cause of depreciation, namely, the public opinion, an operative cause to produce depreciation of bank notes? That it is the only cause that can, and that it possibly may, produce such a consequence, is admitted; but suffer me to ask, is it not a fact, open and notorious, that public opinion has not hitherto produced that event? Whether the reasoning adduced from this fact, as to the policy of making the restriction law perpetual, be correct, or not, the fact upon which it is founded is not the less a fact; and that fact is, that I can go into the market to purchase commodity with bank notes only in my hand; and whatever haggling there may be, whether at a butcher's stall, or in the merchant's counting-house, about the price of the commodity, it never so much as enters into the seller's head to ask for gold; and it is, I conceive, no answer to this observation, that bank notes are for the present, and to a certain extent, good pay-

ment, by the law of the land, or that no gold is to be got, because, in the first place, if gold cannot be got, all argument for a recurrence to the standard is in vain; But secondly, you yourself observe that gold may be got, and I conclude, therefore, would be got if it were wanted; and, to repeat an observation I have before made; thirdly, because the law would long since have ceased if either injustice, or serious inconvenience, had been found to result from the continuance of it. It therefore, I think, follows incontrovertibly, that bank notes are not depreciated in the sense in which I have used the term practical depreciation :---but so much has been said on this point by others, and the fact so clear, that it is unnecessary to pursue it any further.

Bank notes, then, not labouring under any of the foregoing descriptions of depreciation, I should have found it difficult to imagine any other species of diminution of value, to which it could be subject, on which any serious argument could be urged, had I not found in the writings of political œconomists, and in your book, two other causes of depreciation assigned. 1st, In the comparison of value between those notes and coin. 2nd, In the excess of their issue;---both of which (it may be observed,) must at last resolve themselves into that great and universal cause of value---public opinion.

“Gold,” you say, p. 24, (and I have noticed it before,) “is the test by which bank notes must be tried;” and, to a certain extent, I agree to that test. I agree to it so far as a bank note is an engagement for the payment of a specified quantity of money; and if it were, in fact, and

practice, and by the operation of the restriction law, as I agree it is in the abstract, no more than that I should be under the necessity of wholly agreeing to it. But, in considering bank notes only as such an engagement, you appear to come short of describing their true character; and your reasoning, therefore, from such narrow premises, must be inconclusive; for all practical purposes, by force of the restriction bill, bank notes have parted, *pro tempore*, from their character of an engagement to pay money, and have acquired the character of money, and are to be taken and accepted, and of course reasoned upon, as money itself. In this observation, with the reasoning that springs from it, will be found the answer I should give to the question you ask, in p. 22. "If a one pound note does not represent twenty shillings of the metal at the coinage price, what does it really represent?" According to its original character, and before the act of the 37th, it did not represent any thing else:---since the passing of that act, it has represented, and now represents, so much commodity as is universally agreed to be worth its denominative value, and that it represents, and can represent nothing else. If this be so, as there can be no comparison between a given thing and itself, which I say, not losing sight of the comparative value between money of gold, and money of silver, but which, in truth, is only the comparative value between two different commodities, so can there be no depreciation of a bank note, under its present circumstances, in the sense in which there might be depreciation of a bank note, if it were true that it is an engagement to pay, a certain quantity of money, and nothing more.

The evidence of Mr. Chambers before the committee, or rather that particular part of it adverted to by you in page 21, appears, for the purpose for which you have introduced it, to go quite beside the point of depreciation: that part of the evidence must be read with the context; and that context is to be found in almost every other part of his evidence. It is impossible to dwell upon this, without running into too great length; and besides, it has been sufficiently commented upon by others; perhaps, therefore, it will be sufficient to state that, in p. 102 of the report, the same page from which your extract is made, that gentleman is asked the following question: "Is it your opinion, that the currency of England is depreciated?" (namely paper currency.) The answer is "certainly not." Read with this context, it is impossible to ascribe such a consequence, as depreciation of bank notes, to the testimony adverted to by you; but that such a consequence cannot with propriety be ascribed to that, or to any other testimony, is clear, (putting aside all other considerations,) from the nature of the thing itself, the surest ground and test of all reasoning; and by that I will try it; and it lies in the following proposition: The quantity of commodity that currency of a certain denominative value, as a guinea, or a bank note for 20s. will purchase in the market, cannot be a test of its, that is the money's, real value being equal to its denominative value; first, because, if I am correct in my reasoning upon money, money, of whatever subject it may be composed, has no real value, and of course there can be no ground of comparison in respect of money between its denominative value, which is its only value, and its assumed real value, which, according to that argument, does not exist. 2nd. Because the denomina-

tive value of money is, as the term necessarily imports, descriptive only of a given number of symbols, e. g. pounds, crowns, francs, &c. upon which mankind have agreed as signs of value, and which it, therefore, represents, but which has not, and cannot have, any reference to the value of the commodity of the purchase of which it is an instrument; at least not until the bargain is concluded; the value of the commodity having no standard but the want of the buyer, the necessity of the seller, the beauty of the workmanship, or some other exterior accident. This may be seen more clearly by an example; suppose a man, with a bank note of 20s. wants to buy gold or indigo, or any other commodity, on a given day, or in a given market; and on that day, and in that market, he procures for his 20s. note, a given quantity of the commodity in question;---and suppose, on another day, or in another market, he goes with his 20s. note, and procures a greater quantity of the same commodity for that note, would any one argue that in the latter case, the 20s. note was worth more as a representative of value than 20s. or in the former case less? Is it not on the contrary clear, that these subjects have no reference whatever to each other, and that consequently no such effect as depreciation of the currency could possibly be the result of such a transaction? If any thing besides this testimony, arising out of the nature of the subjects themselves, were wanting to shew that this is so, I venture to assert, that its corroboration may be found almost uniformly throughout the evidence contained in the report of the committee; and if the truth cannot be elicited from such sources, the search for it, I think, must for ever be in vain.



The next of these two latter causes of depreciation is excess of issues ; but as this turns wholly upon the assumption, that bank notes are merely an engagement to pay money, i. e. cash, and of course, without any reference to their character of money ; it seems unnecessary to enter upon any formal discussion of that point ; since, if these notes remain merely in their character of engagements to pay money, it must be admitted that there may be a remote chance, possibly from want of integrity, or from some other cause, not made very apparent, of an over-issue ; and if taken as money, it is admitted by yourself, and indeed like every other part of this subject, carries with it its own evidence, that there cannot, in fact, be any such thing as an over issue of money. An observation or two, therefore, shall suffice,

Treating Bank notes, for a moment, for the sake of the argument, as mere engagements to pay money, they differ nothing substantially from any other individual bill of exchange, or promissory note. They may, indeed, be more readily taken in the market, as the public opinion of them may be higher than of other similar securities ; but they are an available security against the parties, and nothing more. The arguments, therefore, that tend to shew that there cannot, ultimately, be an over-issue of bank notes, will shew, also, that there cannot, ultimately, be an over-issue of any other legal paper security. What I mean by ultimately, will appear presently.

I take it for a fact, that legal available securities never get into the hands of third persons, without a corres-



ponding security in commodity arising. For instance, an accommodation bill for 1000*l.* at two months, is manufactured between A and B, for the purpose of sustaining their credit ; in other words, of raising the amount in money, or money's-worth ; this bill, while it remains unnegotiated, (no matter how many persons are parties to it, as a mere accommodation bill) is but blank paper ; for, though at law it might be available against the acceptor, yet, in equity, an injunction would issue ; but, when an innocent indorsee arises, the parties to the bill become liable. Now this must be the case with all the available paper in the kingdom, if the transactions be between solvent and fair-dealing persons, because value has been given. If it rest as an accommodation bill, it is plain that no value can have been given or intended, as between the original parties to the bill ; but either previously to, or immediately upon, the bill becoming effective, value must arise ; so that here is a double check upon an over-issue of all paper securities. 1st. in the ultimate responsibility of the parties to the security, and 2dly, in the prudence of the person about to become the indorsee of a bill, or payer of a promissory note ; who, it may be presumed, before he parts with commodity, will take care to have its value, or what he imagines to be its value, in some shape or other.

It is true, the original parties to much of the paper in this country are needy persons, taking the chance of speculations, and to some degree careless about the consequences ; inasmuch as they cannot, it may be said, be much worse off, perhaps, should the security be enforced against them, than they were before it was

manufactured. It is true also that, practically, many who give value for private paper are deficient in proper attention to the security they accept ; but, I think, it may be very fairly argued, in the first place, that these are rather exceptions, which are evidences of the existence of the general rule, than, as themselves, forming such general rule ; 2dly. that these instances of misconduct, however numerous, have no concern with, or relation to the public welfare ; in any other sense, than that abstract, metaphysical sense, in which we should say, that inasmuch as the public is composed of many individuals, and the public welfare is the welfare of many individuals, so the destruction of the welfare of one individual is, *pro tanto*, the destruction of the public welfare ; 3dly. that this is an evil, which, from the constant desire of every man to take care of his own interests, is constantly regulating and curing itself ; and 4thly, that laws imposing restraints upon men's agreements and liabilities are not only necessarily inefficient, and consequently absurd, but they are also impolitic, as tending to check the free enjoyment and use of property ; to cramp that enterprising spirit by which, whatever consequences the exercise of it may produce to individuals, the nation of which they are subjects, and the world at large, are essentially served ; and are inconsistent with the genius of a free, enlightened, and powerful community.

There seems an almost universally prevailing disposition amongst mankind, to consider the alternative of life as an alternative of positive good or positive evil ; whereas, in truth, the alternative is constantly between

a greater and a lesser evil. Hence we may observe, that constant aptitude to engage in schemes of political good, too high for attainment, and of a texture too delicate to endure the rough usage of business and active life, and hence too the aptitude of some, when sober regulations for alleviating the inconveniences of life are proposed, if they happen, as must always be the case, to leave some inconveniences, or to introduce others in the room of those they remedy, to fix the attention on the mischiefs that remain, and not on the benefits that are introduced; so, in the present case, because some mischiefs result from an imprudent use of paper securities, those mischiefs alone are regarded, and, perhaps, magnified, while the extensive advantages which the free use of those securities has produced, are disregarded or forgotten.

To the speculative, enterprising part of society it is that commerce is indebted for all that gives it life and strength; but this class is to be found, with some exceptions, amongst the needy; and who, if they cannot have credit, cannot act. Talk to such men of the mischiefs arising from the state of paper credit, and they will laugh in your face, and with reason. Tell them, that they must go to market with coin of the standard alone, and they would tell you, that you were destroying the market. To limit the credit or the chances of such men for success, under the vain, and permit me to add, the childish hope, of introducing stability into men's transactions, is to limit the nature and utility of commerce, which are as boundless as the stores of the earth from

which they spring ; and until the excess of these can be found, the excess of paper will surely remain undiscovered.

What should we think of a legislator, who should propose a law, by which it was enacted, that every man should take care of himself ; that no man should, under grievous penalties, be found running his hand into the fire, or walking upon precipices. And yet it appears evident that every law that should lay any restriction upon paper credit, (save so far as a restriction might collaterally arise by fair duties on the property affected to be disposed of by the transaction) would be precisely this law. Provided no attempt be made to transgress existing laws under the covert of paper credit, it ought not to be repressed ; it is the only channel by which the wealth, with which nature abounds, can be raised and distributed to mankind.

The error of the reasoning seems to lie in this doctrine of intrinsic value and universal equivalence, in this inveterate belief in the magic power of the precious metals ; we should never hear of excess of paper, but for its causing the exportation of the gold coin, p. 27. But, could men be once convinced, that if gold be wanted, it will, like every other commodity, find its way to the most powerful, the most industrious, and the freest states, they would soon see the futility of the assertion, that excess of paper caused the exportation of gold. Is it admitted, that industry, ingenuity, and a free government are the great supports of commerce ; then it may be asked, has an unlimited circulation of paper securities ever been found, where these are not ?

Has it not, on the contrary, been the handmaid and companion of the rising industry and spirit of this country for the last century; and is there any excess of these feared? Then by what rule can it be demonstrated, that excess of paper is to be feared; or that gold, if wanted, can be driven or kept from such a country, any easier than it can be demonstrated, that it can be kept there if it be not wanted?

The truth is, and will become every day more apparent, a new æra of commerce is (if I may use the expression) struggling for its commencement; and it will be forced into its birth by the irresistible propensities of its own nature, combined with the all-powerful necessities of mankind. The precious metals, as they are called, will, like all other commodity, be, or cease to be, precious, by that sober, steady rule of common sense, which estimates the value of every thing by its utility, and not by the wild hypotheses of ancient ignorance, or unsubdued imagination.

Excess of paper, then, if my reasoning be not wholly erroneous, is not reasonably to be feared; not that I have urged a twentieth part of the topics that attempt to force themselves upon me in corroboration of that reasoning. But I must remember I am writing a pamphlet and not a book, and that I set out with declaring, as the truth is, that it was meant rather as a collection of hints, than as an elaborate treatise. I will proceed, therefore, to consider for a few minutes the remaining point that springs out of this topic of depreciation,---the price of commodity.

By the term price we mean, I apprehend, nothing more than the value of one thing which is given for another ; but when it is considered, that the value of the thing given, as well as that of the thing bought, depends upon the necessity there is for it, upon its aptness to the end for which it is ultimately destined ; and upon many other circumstances of an extrinsic nature, all too of a fluctuating and capricious character, it appears clear that price can be reduced to no rule. If, therefore, the prices of some articles are usually more stationary than the price of others, this cannot arise from any positive regulation of law, but must arise solely from the nature of the thing ; that is, the desires of mankind are, from habit, or other circumstances, more regular for one species of commodity than for another. It is evident, I admit, that this is practically subject to exceptions, and that excessive prices may for a time be introduced ; but as all aberrations from the general laws of existence can be but transient, and as all excessive prices are artificial prices, so artificial prices, as they are the result either of unwise and inefficient laws, or of a forgetfulness of the ultimate purpose of every purchase, namely, the utility of the thing purchased, will always return, sooner or later, to a due subjection, to that unerring rule, which a proper recollection of that utility will always furnish.

Looking at the subject in this view, and reflecting on what has before been said, I cannot but think that all price, whether considered as natural or money price, must at last resolve itself into natural price, and that natural price is and must be arbitrary and capricious. And that

all restraint (subject, perhaps, to particular exceptions, arising from particular circumstances), upon price, and all lamentations over its wanderings, are as pernicious and as futile as laws would be to restrain the innocent caprices, the natural wants, or the lawful desires of mankind.

Neither can there be, I apprehend, any other rule for what is called the market-price, than what is furnished by those wants and desires, that market-price being nothing more than the result of a rule, arising out of a sort of tacit consent of the majority of buyers of a given article in the general market, e. g. the Exchange in London or Bristol; or of a neighbourhood round a particular market, e. g. Newgate, Leadenhall, or Spitalfields markets; the ultimate market being the real market, and that ultimate market being no other than the particular scene of each particular bargain :---for although it cannot be denied that the spirit of the general market, if I may so express myself, presides over this ultimate and particular market, that is, over every bargain; yet the influence it exercises is but an influence, *sub modo*, and the price agreed upon will, in its exact amount of *l. s. d.* be at last the subject of a particular compact, which, as it had its inception in the free will of the parties, so must it be carried on and concluded by the same influence, the terms of the bargain only taking their character of dearness and cheapness from a reference to other prices, which again had their origin in extrinsic and accidental circumstances, attending the bargains which were made at those other prices.



In casting about with great care for the principle upon which bargains must necessarily be made, I am not able to discover any other than the principle I have just adverted to; whether only one bargain were made in the world, or a thousand bargains, or a million; whether the bargain be in the chandler's shop for an ounce of tea, or on the exchange for the cargoes of a West India fleet: whether in this country, by buying and selling, or in remote regions by simple barter: price is value given for value, and the extent of that value must at last be judged of by the individuals concerned in the bargain, and determined by their individual will.

This being the case, there cannot possibly be any such a thing as a system of undue or excessive price. The whole world is composed of individuals, the majority of whom are deeply interested to prevent the existence of such a system, and who will and must, by force of the secret and irresistible law of their nature, for ever and successfully oppose it.

Dearness and cheapness, or high and low prices, appear, therefore, in the 1st place, to be merely relative terms, and to be also but convertible terms, with much money or little money; and these again are but convertible terms, with industry and idleness, enterprize and supineness, which themselves spring out of the will and inclination of a people, excited and carried into effect in precisely the same degree as is the degree of freedom and facility with which they are enabled to act in the disposal of their property, and the security that is afforded to



them in the enjoyment of it, by a mild and stable government.

Price must be the result either of positive regulation, by the letter of a law, or of regulations arising out of the tacit consent I have before spoken of; the former is forced, and is, therefore, unnatural, can never become a system, and mischief must always be produced in the attempt to make it one;---the latter, whilst it supports a degree of regularity in prices necessary for the public convenience, leaves them to the government and operation of their natural and best legislators---the wants and inclinations of mankind.

Thus much for the theory---if the practical doctrine of prices be examined, it will be found to correspond with that theory throughout. If it be urged, as it may safely be urged, that high prices are the unequivocal sign of a high state of population, of enterprize, of wealth, of demand, it may as safely be stated, that whilst the price of every article of necessity in this country is double what it was thirty years ago, e. g. bread, leather, &c. the demand or use is double.

Thirty years ago, a man got a good tight pair of shoes for six shillings, or six and six-pence; I believe I might go below that sum: now, a pair of shoes, of the same quality and workmanship, are not to be had under from twelve to thirteen shillings; and yet, what do we see? men walking about barefoot, and assigning as a reason for it the high price of the article? On the contrary, wonderful as it may appear, there is scarcely a man in London, or in any

town of note in England, from the lowest orders of the middle rank upwards, that is not, every day of his life, wearing at least two pair of shoes, and more, at once, at thirteen shillings a pair, in the shape of a pair of half-boots.---Port wine is now five shillings a bottle, instead of two shillings; yet an immense class of the people, who in the time of its cheapness never thought of wine, or thought of it as an unattainable luxury, now drink it every day.---The price of tallow and oil have increased in nearly a similar proportion; yet the use of those articles, in candles and patent lamps, both in public shops and in private houses, is, I will venture to say, more than doubled. It would be a waste of time to extend the instances one might easily produce from buildings, from dress, from furniture; in short, from every department of life: it is better, perhaps, to put it as a general truth, that the use of commodity enlarges in pretty nearly the same proportion as the price of it rises.

It must indeed be admitted, that there is a numerous class of sufferers by the rise of prices in this country; I mean persons of fixed and settled incomes, such as annuitants, small stock-holders, persons in the public offices, &c. and no one would more heartily rejoice than myself at any remedy being applied that their case, or the welfare of the state, would admit; but then, of these persons in general, it must, at the same time, be remembered, that if they are not enabled to meet, without difficulty, the exigency of the times, they are free from its labours and its risks; if they have but a morsel of bread, that morsel of bread they can eat in peace; it is not, therefore, I think, quite correctly, that you say, p.14, "the durable prosperity:

of the mercantile class cannot be built upon the distress of the other classes; the cases are not parallel; the enjoyments of the one class are procured by labour and risk; the enjoyments of the other arise spontaneously;--it is assumed of the one that it is prosperous, and of the other that it is distressed." There is no foundation for such an assumption; they are both prosperous in their spheres; the one more ostentatiously, the other more quietly; and I believe there are many who would prefer the quiet enjoyments of a moderate income to the uncertain magnificence, and sounding profit of mercantile speculation and bustle; it being also recollected, that there is no law to prevent the annuitant, if other circumstances do not restrain him, from acquiring the prosperity, if he chuses to enter upon the fatigues and uncertainties of commerce. When all the circumstances of their case, therefore, are taken into consideration, I think it will appear that from that case no argument can arise, with effect, against the principle I have just laid down.

But put this evil of high prices, if it be one, in its utmost extent; two questions very naturally arise; first, from whence it comes; and, secondly, where the remedy is to be found. That excessive prices are a mischief is admitted; but that is because every thing excessive is mischievous: but prices are not necessarily excessive because they are what is called high; the rate of price, as before observed, being called high or low only in comparison with former or other prices. In excessive prices only, then, is the evil to be found; and it must be admitted, that in particular districts, and on particular occasions, paper may be found a ready engine to create, for sinister purposes, an excess of

price in certain articles ; but if the prices thus raised, are really excessive, and not merely high, then arises the second question, where is the remedy ? All men seem pretty well satisfied that the remedy is not to be sought for in particular laws of restraint ; trade is abhorrent of restraint ; it shrinks and withers beneath it ; and laws, that would fix prices, are peculiarly dangerous ; even of those that appear the most beneficent, laws that go to restrain combinations and monopolies, it is clear, that even they ought to be as few in their number, and as circumscribed in their duration, as possible ; and, perhaps, in no case to extend to articles beyond the first necessity ; and even of such laws as these, whose tendency is to enlarge and unfetter trade, we may say,---

Quicquid id est, timeo Danaos et dona ferentes.

Does the remedy appear, then, in the restoration of the coin of the precious metals ? That restoration can only be *ad eundem*, as in 1797, previous to the restriction bill ; namely, to its share only of utility as circulating medium ; for paper, long antecedent to that period, had its share, and an increasing share too, in that office ; and it would be no difficult task to shew, that a mixture of this circulating medium of coin was no defence against occasional large and oppressive monopolies and consequent excessive prices. But supposing the circulation of the country to be wholly performed by the precious metals, it may reasonably be demanded, what is there in the nature of the instrument, called money, separated from its value as commodity, to prevent excessive prices, whether it be gold or paper, seeing the end of the monopolizer is to attain for himself, an undue proportion of that money, which, as I think, I

have shewn, is merely a passport to the ultimate possession and enjoyment of commodity.

The truth is, the evil is inherent in the nature of man, and the inseparable attendant on commerce; that it may be restrained in some particular cases, and under some particular circumstances, may be true; that no ultimate remedy can be found is certainly true; not, at least, until we shall have found an ultimate remedy for ambition, avarice, and the other passions that infest and disturb human life. When these break not out into *mala in se*, but vent themselves in merely instigating men to ask in the market more for commodity than they ought to ask, or to keep the article from the market till the public comply with their exorbitant demands, the true policy in general seems to be, to suffer this monopolizer, and the public, to use a vulgar phrase, to fight it out; since there appears very little doubt that the victory will remain with the country.

From the whole it appears; first, that there is no ground for anxiety on the score of prices; that such anxiety therefore is, at all events, useless, and may, in many instances, prove pernicious; useless, because the inevitable law of life ordains them to be free, and because no particular regulations can long controul that law; and pernicious, because in the struggle trade may in many cases be cramped, individuals injured, and the revenue diminished. Secondly, that prices cannot have any proper relative value in the sense in which I understand you to use that term, p. 145; and that, at last, the only standard for price is to

be found in the circumstances attending every individual bargain throughout the world.

Much more readily occurs on this and on the other topics I have discussed ; but it is consistent with the design of this performance, that I should here desist from any further investigation of the theory of my subject, and proceed towards the conclusion, by some short consideration of its practical influence and effects ; first, however, shortly retracing the path I have trodden.

In looking back on what I have written on the nature of money, and considering the conclusions to which my doctrine of non-intrinsic value necessarily leads, it appears that, although I distinctly differ from you, and all preceding writers, in that doctrine, and, consequently, in some material conclusions, yet that, as to others, it may be said, rather that I escape from some difficulties to which they are exposed, than that we actually disagree in other conclusions ; for instance, when money is treated by you and other writers as capital, there is a necessity for resorting to a subdivision ; and Adam Smith and others call it circulating capital ; but they are at last obliged to agree that it is unproductive capital. Of the incurable perplexity of these terms, (and I select these out of many others merely for example) the writers themselves seem to be aware, by their total abstinence from all attempt to render them intelligible. Why money is called circulating capital, as distinguished thereby from all other capital, it seems difficult to understand, when it is considered that it is the very end of all capital to produce profit, and that no profit can be produced by capital, without its being used or circu-

lated ; the very counter and shelves of a tradesman's shop, apparently the most stationary part of his capital, being in truth in a constant course of wear and use, and consequently of circulation. But the difficulty increases greatly indeed, when money is called unproductive capital ; since, if it be true that money is unproductive capital, there must be a prodigious error in striving to keep and increase unproductive capital ; and if it be false, then it remains to be shewn, (for I do not recollect that it any where appears) in what manner gold and silver, confined to the use of a country in the shape of coin, have ever been found to be productive capital.

That I am right in my theory of money will, I think, appear to every one, who will be at the pains to see how irreconcilable many of the positions of that great luminary of political œconomy are, with the idea of money having intrinsic value, and to what awkward dilemmas the most capacious minds are ever and anon reduced, by their not even suspecting the utter unsoundness of this universally-received, and universally-perplexing doctrine. It were vain to refer my readers for instances ; to those who have studied such writers they must be familiar, and to those who have not, the extracts would be numerous and long, without, perhaps, being, after all, sufficiently clear to illustrate the subject. I cannot forbear, however, referring to one passage from Locke, as it is cited by Adam Smith, vol. 2. p. 140, as a remarkable proof of the dominion of long-received notions over the most vigorous understandings, and of the contrast between the wisdom that is conspicuous in general principles, and the weakness that appears on this particular subject



of national wealth. The passage, in Adam Smith, is as follows: Mr. Locke remarks a distinction between money and other moveable goods. "All other moveable goods," he says, "are of so consumable a nature, that the wealth, which consists in them, cannot be much depended on, and a nation which abounds in them one year, may, without any exportation, but merely by their own waste and extravagance, be in great want of them the next: money, on the contrary, is a steady friend, which, though it may travel about from hand to hand, yet, *if it can be kept from going out of the country*, is not very liable to be wasted and consumed!"

I now proceed, shortly, to set forth the practical consequences of my own doctrine; viz. that money cannot in its very nature possess intrinsic value.

The first consequence is, that after due regard to popular prejudices on the subject, the only consideration that a state need attend to, in the choice of its circulating medium, or money, is convenience; and that no regard is to be paid to the value or qualities of that portion of commodity which is destined to sustain the character of circulating medium, except with reference to that consideration; and it is, therefore, to be enquired, whether the precious metals or paper be the more convenient for that purpose.

If I have satisfactorily shewn that money is not a subject of intrinsic value, it does not seem necessary to enter into any argument in support of the proposition, that convenience is only to be attended to in the choice



of a circulating medium, but it will be necessary to look a little into the degrees of convenience that may attend the converting different commodities into money, and to elucidate the principle that must direct the choice; in doing this a repetition of some former observations is unavoidable.

The wealth, or rather all the subjects that are capable of being turned into the wealth of a nation, consist in every article that the soil of that country is able to produce; and this is wealth in the truest sense of the word; since it cannot, in any sense, be said to cost the country any thing. The labour, by which the soil is made productive, and by which the produce is made capable of enjoyment, is only a certain mode of employing time and powers, which we acquire by no purchase, and which, by the inevitable law of our existence, we are compelled in some way or other to employ. But as it has been shewn, that these subjects are not strictly entitled to be called wealth, because they possess no value until they are reduced to enjoyment, so may it be stated, that the more freely and variously these subjects are enjoyed, the greater does their intrinsic value become, and the more extensively is mankind benefited.

Now experience has taught us, that where a country is highly civilized and numerously inhabited, the produce of the soil cannot be circulated, and, consequently, not reduced into enjoyment amongst the inhabitants with sufficient celerity and convenience, by the means of barter, or the immediate exchange of one part of that produce for another, in the very *corpus* of it; yet

to effect this exchange of one part of that produce for another in the very *corpus*, and no other, is the end of every bargain, and there is only one way of effecting this, namely, by fixing upon some universal token, or denomination of value, which may be applied to the commodities that are the subject of the bargain; and this must be done by a selection of some particular commodity, out of the general mass of commodity, which is to be invariably marked and preserved, with its marks of denominative value, and received by the inhabitants throughout the country, as a token, that he who produces it has parted with some commodity of an intrinsic value, equal in amount to the denominative value of that token, and, consequently, that he has a clear, unquestionable right, by the law of the community, to call upon any other person, offering commodity to sale, to take from him, as he has before taken from others, that token of denominative value in return for commodity to be delivered to him of an intrinsic value, equal in amount to the denominative value of that token; and the commodity so selected and appropriated to this office of description, or representation of value, and by which selection it is incapacitated for any other use, is what is commonly called money; and I put it unequivocally as a proposition, that it is of the essence of money to be incapable of any other use or character than being a describer, or representative of value.

To enable this commodity, so selected, steadily and uniformly to perform its office, the universal consent, as manifested by the law of the land, is absolutely necessary; but it is by that consent and authority, and

not from the influence of any qualities inherent in itself, that it derives the sanctity of its denominative value. If that law be capricious and absurd ; if, under its influence, the tenure of the subject in his property, i. e. commodity, of which that money denominates or represents the value, be uncertain, then, in the proportion of that undue influence may the value of the money be said to vary ; that is, more or less of this denominative value will be required to describe the intrinsic value of the commodity of the value of which it is the representative, but the nature of this variation sufficiently demonstrates, that the change of value is not *in se*, but of a nature wholly relative to, and dependent upon, and exactly correspondent with, the variation of that subject, which alone is capable of variation in value ; namely, the commodity it represents.

If this be so, it next occurs to consider the principle upon which a state must necessarily act, if it act wisely, in the choice or selection of a part of the commodity of a society, thus to pass from hand to hand, without ever resting, throughout the society, as the representative of the value of the rest of the commodity destined to their use and enjoyment.

In the first place, the subject that is selected must be palpable and substantial ; small of bulk, light of carriage, and either durable, or easily renewed. And one would suppose that, when these qualities were ascertained, which all come within the general principle of convenience, that the expense of this vehicle would next be the subject of consideration, and then that the coun-

modity most easily obtained, and, of course, the cheapest, would be the commodity the state would fix upon for the purpose of money. One would not have imagined that the government of any country would have been sedulous to select a commodity, the rarest and most expensive in the world; that, instead of considering the utility, merely, of the qualities of this commodity, those of beauty and value should have been held, not only as indispensable, but as of primary consideration; qualities which are at total variance with the end designed, inasmuch as they naturally lead men to desire the possession of that, as a subject of ultimate enjoyment, which is of use only as it passes away quickly, and which may be considered as a source of certain loss to every man, while it remains in his possession.

This seems, when properly considered, an error so fatal in political œconomy, that one would have concluded that the precious metals, which come within the above description, would never have been selected as a circulating medium, but in ages destitute of all true political knowledge; and this, in fact, appears to be the case. Gold and silver, wherever they could be found, were eagerly seized by all the early nations, for the purpose of money, with a total disregard, worthy of those days of commercial ignorance, of the vital and eternal distinction between real or intrinsic value, and representative, or denominative value, between the office of representation, and the subject represented; and the consequence was such as might be expected---a fatal notion that the wealth of a country consisted in its circulating medium; not, indeed, because it was the circulating medium, but

because that circulating medium consisted of those beautiful metals, a consequent reliance upon that circulating medium, rather than upon the laws and government, and soil, of the country; and thence a natural and invincible desire, in every individual, to acquire and keep the possession of it, clearly at his own expense, as well as at the expense of the public.

The consequence of the propagation of this error is, that commerce has hitherto been little understood, that there has been an unmeaning and unintelligible anxiety in all countries, to acquire and keep within themselves as much of the precious metals as artifice and rapidity could procure, regardless of the lessons held out by the very nations, which, at one time, had almost the exclusive possession of this imaginary wealth, of the insufficiency and futility of the possession of it. How it has happened that this error has so long preserved its dominion, and that it reigns triumphant even now, when experience has enabled the philosopher, the historian, and the intelligent man of business, to take a long retrospect of national poverty, unwholesome laws, unavailing anxiety, pernicious restraints on trade, and inextricable perplexity, all springing from this mistaken doctrine?—how it has happened, I say, that this error is even yet supported, can only be accounted for by the force of habit, which preserves its dominion over nations, as forcibly as over individuals,—by the reluctance of men to take the pains to discriminate,—and by the influence of the rarity and beauty of the commodity they have selected for money.

In justification of this choice, writer after writer has reiterated the praises of the precious metals, their homogeneousness, divisibility, durability, &c. These praises we have heard so often repeated, that there is scarce a school-boy to be met with who has not heard the tale; and the tale, which does not often fall to the lot of popular tales, is true. The qualities, thus, ascribed to the precious metals they certainly possess; but then, it seems not to be remembered, that these qualities are valuable only as the precious metals are the subjects of purchase, and of ultimate use and enjoyment; that is, as they are considered and treated as commodity; and that these qualities either have nothing to do with the precious metals in their character of money, or, if they have, will be found to be useless so soon as it can be shewn, that corresponding qualities exist in a commodity of infinitely less value, as commodity, and better fitted, in all other respects, to sustain the character of money or circulating medium.

This commodity is paper; an instrument of commerce, which, to any extent of utility at least, seems to have been utterly unknown amongst the ancients; and of the convenience of which, for sustaining the character and office of money, I now proceed to consider.

Paper, so far as it is a commodity fit for the office of money, is substantial, small of bulk, and light of carriage; and it is evident that its want of durability is effectually supplied by the facility of its renewal; that it has neither rarity, beauty, nor intrinsic value to recommend it, is admitted; but, if I am not wrong throughout, it is

to the want of these qualities it owes its excellence: this, perhaps, will appear clearly, on the comparison between paper and gold, illustrated by an instance or two. Gold is heavy and solid; paper, thin and light; gold, in fresh coin, is shining, and strikes the eye; paper is dull, and attracts no notice. Suppose then a country were obliged, by some law, to choose inevitably between gold and paper for its circulating medium, would there, in the mind of a provident man of business, be the least hesitation which to fix upon? Would he not recollect, that every day would bring its necessity of carrying about, or transmitting to distant parts of the country, considerable quantities of this coin; and that, consequently, its weight would be personally inconvenient; the numbers of pieces that would be requisite, would consume time, almost without limit, in counting; and, from the necessity of keeping it up to the standard, in weighing, also; that from carelessness or accidents in package, its glittering appearance and real value as a commodity would prove a constant temptation to robbers? Now, what part of these inconveniences, and many more of a similar nature needless to mention, can arise from the use of paper? If a trader had to send 500*l.* or 1000*l.* and the laws above referred to operated, he must send so many pieces of the precious metals; the bulk, weight, and number of which must necessarily produce every species of anxiety and inconvenience; whereas, a slight piece of paper, bearing the stamp and authority of the government, exciting no attention by its bulk, affording no temptation by its appearance, and consuming no time in counting, weighing, &c. would safely convey a certain pass-



port to the possessions of commodity to the greatest amount, and to parts the most remote.

Take, further, the common instance of a banker's collecting clerk; how utterly impossible it would be for such a person to go a round of a fourth, or sixth part of this vast metropolis, with one, two, three, perhaps, four, thousand guineas in his pocket, will appear upon the very mention of such a circumstance; and the facility of carrying the same, or ten times that sum, in paper, is equally apparent. To multiply instances, or to dilate on those adduced, is equally unnecessary: it seems manifest that, as far as mere convenience is concerned, nothing could be more inconvenient, nay impossible, to be used than a circulating medium composed wholly of the precious metals; while, on the contrary, nothing could be found more convenient than a circulating medium composed of paper.

For it must be remembered, that the proposition, in order to be maintainable, must be universally and necessarily true; that is, it must be universally and necessarily true, that the precious metals are the only known subject fit for money; inasmuch as that which is the fittest subject, is the only subject that ought to be used for that purpose. Now, without entering further into any discussion of this in the abstract, it will be necessary only to observe; 1st, that any exception to a proposition prevents it from being universally true; 2nd, that many exceptions to the proposition, just adverted to, are to be found in the history of circulation. I need, however, insist only upon that which the last fourteen years' experience

of our own country has afforded; for it will not, I suppose, be denied that, during that long period the internal trade of this country has been uniformly higher, that there have been more private speculations, and public works carried on and completed, that a greater number of persons have been consequently employed, and that the circulation of currency has been therefore greater, than during the same number of years in any other period of our history, even when gold coin was in most abundant circulation; nor will it be denied, for indeed *hinc illæ lachrimæ*, that the gold coin, at least, has almost wholly disappeared; and yet I believe it may be asserted, that no man has complained of inconvenience; indeed, the facts above stated are necessarily at variance with any very extensive ground of such complaint. It appears, therefore, manifest, that the precious metals are not indispensably necessary, as the fittest known subject for money, and that paper, so far as the question of convenience is concerned, is equally applicable to that purpose.

From this it follows, that the quality of equivalence or intrinsic value in the circulating medium, or money of a country, is not a necessary ingredient; and if that be not a necessary ingredient, it further follows, that the cheaper the commodity is, which is destined to fulfil the office and duty of money, the better it will be for the country, that commodity possessing all the requisites of convenience.

When, therefore, it is considered, and I cannot help again pressing this on the attention of the reader, that

it is entirely owing to this notion of the necessity of constituting money of a commodity so rare as the precious metals, in the first place; and in the second place, to the exaggerated and unfounded powers ascribed to those metals, that so many laws have been made, which, even the greatest admirers of money of the precious metals confess to be vain. When, too, it is considered, that to this notion alone is owing an abstruseness about the doctrine of money, which arises upon no other subject of commerce; when, above all, it is considered, that to this notion alone have been owing those absurd and disgraceful attempts, on the part of almost every government, to add to the denominative value of the good money, or to assign a value, which is said to belong only to good, to spurious and adulterated coin: I say, when these things are considered, and when it is further considered, that paper, as a commodity, is, in comparison with the precious metals, utterly valueless, and that it cannot therefore excite any desire to divert it from its office of money; surely upon the subject of convenience there can be little reason to doubt of the superiority of paper over gold.

But it will be said, the convenience of paper currency, or circulating credit, has never been denied, nor is it sought to do it away; all that is required is, that it have a foundation, and that inasmuch as that paper represents so much money, i. e. so much of the precious metals in the shape of coin, so the foundation of that paper currency is, and can be, no other thing than that coin; but here we meet again with the old difficulty, only, I think, in a more palpable shape than ever;---it is con-

tended, that the qualities of durability, divisibility, &c. ascribed to the precious metals, are qualities that peculiarly fit them for being the circulating medium, or money of a country; and it is in this light we are now considering it. How odd then must it sound, that paper, i. e. circulating credit, should have for its foundation, money, i. e. circulating medium, it never having been established in argument, that by circulating medium any other subject is meant but a subject of representative value; although I again admit, it is a commonly received opinion, and distinctly stated by you, p. 3, that money alone is the universal equivalent, and that paper currency is the representative of that money; but without any reasoning in your book, or in any other that I have met with, in the least capable of sustaining such a proposition.

In this light, too, I imagine, the subject is considered, when we meet with the statements with which the writings on this subject are interspersed, of the imprudence of governments, which have issued paper money, without what is called funds to make good the amount of that paper money; and when instances are adduced of the ruinous effects of what is asserted to be so short-sighted and precarious a system, and of the confusion that has been produced in poor and despotic states by tyrannical, but unavailing endeavours, to compel their subjects to accept such paper money.

But when the subject is thus considered, it seems to be taken for granted, that there cannot practically be any paper money, but what necessarily contains an express

or implied contract to provide the amount of its denominative value in the precious metals, that these alone are the funds to which the holder of paper money is to look. With a perverseness of vision, for which there is no accounting, nothing is great, or capacious, or beautiful, but the precious metals; and in estimating their value and their power, and the value and power of paper money, all distinctions between despotic states and free, poor states and rich, ignorant states and enlightened, are overlooked or forgotten: because the unformed and untutored community of America, the besotted and tottering governments of Austria and Russia, the military, restless, and uncommercial power of France, could give no effect to paper money; countries, in which neither the rights of property, nor the true interests of trade, are understood: because, in such countries, paper money has been attended with mischief and danger, it is at once concluded, that in England the same mischiefs and the same dangers must ensue; as if there were no difference in the very nature of the paper money, that owes its existence and its power to the laws of a free and powerful nation, and of the paper money of a country, unversed in the generous and enlightening lore of political freedom, devoid of the genuine means of wealth, and inhabited only by tyrants and slaves.

In perusing your work, I own I felt surprized to find that even your mind seems not to be free from this unworthy restraint, and that you have suffered yourself to look at the spirit of enterprize, that has animated the people of this country, as productive of mercantile delusion, wild adventures, and abuse of credit. P. 134,

note, and p.p. 136, 137, and that to the excess of the bank issues; in other words, to paper credit these evils are to be attributed. That this spirit of enterprise has been, in some instances, misguided, and that much individual calamity has attended many of the speculations to which you allude, is admitted; but, that the calamity is individual, must, I apprehend, be also admitted; that it owes its birth, perhaps, in every instance, to individual imbecility, in one shape or other, may be asserted; and it may be asserted, too, that such calamities necessarily produce neither national poverty nor national distrust; witness the renewed eagerness with which every fresh opening for trade, however unpromising or precarious, is seized by the British merchants; witness, in these times of almost universal war and confiscation, the splendor of our mercantile establishments, public and private, the vastness of the capitals daily engaged, and the extent and boldness of our adventures.

And besides, if it were not so, that mode of argument, which has its foundation in recent comparisons, is not to be admitted on such a subject as this; that trade is dull, that there is a great falling off in exports, or imports, &c., as compared with a month or two, or a year or two since, is a view of the case so narrow, and the deductions from it so erroneous, that I should not have noticed it, but because the multitude is very apt to be misled by it, and others of more enlarged views, for certain purposes, to give into it.

Further, admitting it to be true, that the bankruptcies and failures which, it must be confessed, have

of late been very numerous, are evils that result from an abuse of credit. Does it follow, that the remedy is to be found in measures that go to restrain the use of credit? As well might it be said, because people, by an indiscreet use of the sun and air, catch colds and fevers, that the remedy would be found in restrictions to be put upon the rays of the sun, or the motion of the atmosphere, or that acts of parliament should be made to reform the misuse of those elements; for what they are to the natural life of man, credit is to his commercial existence. As in the case of natural disease, so it is in the case of commercial disorder; each case must be considered upon its own circumstances; the sufferings of imprudent individuals are to be lamented; and the rather, because even prudent and wary persons are sometimes unavoidably compelled to be sharers in those sufferings. But, I apprehend it is in the experience, arising from those sufferings, that the remedy is to be found, and not in 15 or 20 millions of currency of the precious metals.

For what, after all, is the disease that is so lamented, and the state of recovery from it that is so ardently sought? The disease is described to be mercantile delusion, originating in paper credit, occasioning wild adventures, and an abuse of credit; the state of recovery is a spirit of a more prudent and circumspect trading. Now, it is clear, if what has been before advanced be correct, that a trading nation, labouring under a mercantile delusion, &c. is nothing more than a great number of individuals, labouring under a mercantile delusion, each of them, be their number ever so great, having interests,



more or less distinct, and separate from the interests of all other men; pursuing, separately, those interests, and feeling, separately, the consequences of their own folly, in the deterioration of those interests. This being the case, and I do not see how it can be otherwise correctly represented, does it not appear somewhat singular, that, instead of looking for the source of better conduct in the instinctive sense which all men have for their own prosperity, in the ever-active and powerful desire, that all men have for the acquisition of riches, we should be taught to seek for it in laws and statutes, and money of the precious metals?

It does not appear to have occurred to you, nor to any other writer, so far as I have seen, to notice the distinction between the nature of bankruptcies, in a country like England, and of bankruptcies, in poor and despotic states; but I think a distinction does arise between these, and that it is worthy of being attended to. The situation in which a man must be before he can be a bankrupt, in the sense in which we are now using that word, namely, the situation of a trader, is a situation in which, to be sure, all men who are in it, in any country, are placed by the same motive, the desire of support and profit; but the bankruptcy of a trader, under a poor and despotic state, will frequently, and, indeed, for the most part, be found to result from undue exactions, restraint of credit, and other causes of a similar nature, all owing their existence to public ignorance, and to the ungenial nature of the government and the laws. The bankruptcy of the trader, under a free, rich, and powerful govern-

ment, (and I stop a moment to ask, where upon earth with one exception, perhaps, is this government to be found, but in England?) on the contrary, is frequently, nay I believe I may say always, to be found in a bold, active, and enterprising spirit; mismanaged, indeed, and perhaps, tempted too far by the numerous opportunities that in such a country present themselves for acquiring wealth, but unduly restrained by no political measures of the government.

And it appears important to make this distinction for two purposes; first, because it will shew the futility of applying remedies of the same nature to diseases apparently the same, but essentially different, as originating in causes essentially different: the remedy may well be in the former case, by some public interposition, inasmuch as the source of the evil is of a public nature; in the latter case, the remedy, as I have shewn, must be found in individual suffering and experience, as the disease has originated in individual weakness and misconduct. Secondly, because, in this distinction, we shall discern the absurdity of auguring, from the wild speculations, bankruptcies and failures of individuals, who are the subjects of a free commercial government, the instability or downfall of the national credit, and shall find freedom from a delusion far worse than mercantile; I mean the delusion in which they would lead us, who, not from conviction, but for unworthy purposes, would persuade us, that every list of bankrupts in the gazette, and every failure on the stock-exchange, is the evidence

of national poverty, and the harbinger of public ruin.

It may, however, be objected, that the bankruptcies, in the former descriptions of states, are comparatively few, and that in the latter they are numerous; and that inasmuch as bankruptcies never fail to spread distress around them, it is better to have a small, restrained and safe trade, than a magnificent and extensive, but, at the same time, an uncertain and a perilous commerce. Be it so; in the closet this may be unanswerable,—but men of the world will look for, and find an answer in the vast and voluntary, and not forced (p. 135) speculations of the merchant, and in the unceasing emulation of expense and variety, in the shop and stock of the tradesman.

But you will say, I have not fairly, or at least not completely, described this disease, You describe it, p. 149, by inference, at least, as having a connection, also, with foreign nations; and I admit that it is of the greatest importance, that foreigners should consider us to be a nation of strict integrity, and possessing the character of being rigidly adherent to good faith, in all our engagements. P. 150. It is of equal importance, too, that foreigners should consider us as having the power, as well as the inclination, to sustain this character; that is, as having ample resources; for it may be with nations, as it sometimes is with individuals, to be so poor as to be obliged at times to appear dishonest, when they are not really inclined to be so. All this I admit;—but then I say, that foreigners have not now to learn the lesson, that our resources do not lie in our currency. They have been

shewn some useful examples of our wealth, and some terrible examples of our power, long since the day of the asserted depreciation of our currency: they have seen, and they at this day see, with fear and envy, that the enterprize of our merchants, the activity of our traders, and the ingenuity of our workmen, are in a state of excellence far too high to permit the resources of this country to be doubted, or to encourage the vain and ignorant hope, that they hang upon a currency of 15 or 20 millions of guineas.

How, indeed, can any foreigner of intelligence, who has examined the internal state of this country, who has contemplated its vast external dominion, who has beheld the complete prostration of all the other maritime powers of Europe at its feet, suppose, for a moment, that such a nation can depend for its resources upon its gold and silver circulation. Will it not rather be apparent to him, that, except for the necessary convenience of managing its concerns, the circulating medium, be it composed of what materials it may, is no part whatever of its resources; and that it has, in fact, nothing to do with them? that these resources are to be found in a rich and exhaustless soil, in an active and a skilful management of the productions of that soil, in a free, and, consequently, rapid circulation of those productions, in a numerous, intelligent, and independent population, at once protecting, and protected by a government, happily formed to give effect to these resources? will he feel, in the midst of such contemplations as these, room for the ungene-

rous supposition, that such a nation will be wanting in that good faith to itself which it has never ceased to shew towards other countries ? will he not rather conclude, that when such a nation makes a great and important change in its money system, it is a change which that nation is powerful enough to introduce, and to sustain, and which other nations ought to regard for no other purpose but to imitate ?

The change in our money system, however, and to which you allude, p. 149, remains yet to be made ; it is by that change alone, by which the extent of the riches of the earth can be discovered, commerce and its interests well understood, and profitably pursued, and which it is fit that this country, excellent as it is in true political power and learning, should, by first exhibiting the noble effects of it in herself, teach the surrounding nations to adopt.

That change is the adoption of a paper currency, in the stead of a gold currency, and consequently having no reference to any other thing, (as a currency ought not) than to the commodity, the value of which it represents ; but as it is no part of political wisdom to introduce changes, even of the most excellent nature, which may appear to be innovations on the public opinion abruptly, so it is obvious that a change, like this, ought, if adopted, to be introduced so gradually as to prevent all surprize, or appearance of haste, and to be accompanied by such other measures of an explanatory nature, as will tend to soften down improper, but in-

nocent prejudices, while they render unavailing the artful insinuations of more determined and less disinterested opponents.

Somewhat of this nature is the measure of the restriction bill, which may be asserted to have produced, but which not even by you has been proved to have produced, any disastrous effects; but as that has been admitted to be a temporary measure, as it created no paper money, in the proper sense of that term, as it must be taken as a measure meant to end in cash payments, and as it may be insisted, not without apparent, though, I think, without much real ground, that bank notes are the more readily taken, inasmuch as it is believed they will one day command their corresponding denominative amount in cash; so ought the country, at whatever expense, as soon as the nature of the thing will admit, to pay off these notes in cash, either wholly, or to such an extent as will completely satisfy the popular prejudice. Supposing, then, for a moment, this to be effected, it remains to mention very generally a plan, by which the alterations in the national currency should be carried into effect. Upon the payment in specie above recommended, it is proposed, that a bill should be brought into parliament for the purposes of vesting, in the crown, a power to issue in payment a paper money, designated as the paper of the state. This power, of course, to be as large, and, at the same time, clothed with the responsibilities that naturally attach themselves, by the very force of the British constitution, to all powers that tend to enlarge the prerogative and influence of the crown, and which,

of course, would be specified in the bill, plainly and at large.

The bill should then enact, that such further coinage of gold and silver, beyond that already supposed to be in circulation, for the purpose of the payments in cash, as might be necessary, should be issued, and that all proper enactments should be inserted, as to the weight, &c. of the coin from the mint.

It should then declare a repeal of all laws restrictive of buying and selling, exporting and importing, and dealing in precious metals, whether in coin or otherwise; retaining and new modelling, if necessary, those laws that contain provisions against adulterating, or defacing the coin.

It should then declare, that a tender, in payment of the paper so to be issued by the state, should be indifferently, and, to all intents and purposes, a legal tender with the gold and silver coin; and that, in all respects, it should be considered as the money of the realm;---and the forging, uttering, and wantonly, defacing it, would, of course, be competently and particularly provided against.

Proper provisions should also be introduced for the interests of the Bank, to whose wisdom and liberality, in mercantile transactions, the country appears to be deeply indebted, and which would entitle them to the highest consideration in any new arrangement of the money system.

It would seem expedient also to declare, that it was



merely to satisfy the scruples of well-meaning, but uninformed, persons, that such coinage of gold (silver for change being, perhaps, more convenient than paper, and of which, therefore, if it were so found, there should be a proper supply, but with liberty to sell and deal in the same,) was enacted, and not from any sense felt by the country of its necessity on any other account, and that the money of the country forms no part of the resources of the country; that convenience alone is the motive that should govern a country in the choice of any subject for its money; and that paper, as a medium of circulation, in all civilized parts of the world, appeared, all other circumstances duly considered, to be the most fit subject for that purpose.

Due care would also be taken, by such a bill, of the just prerogatives of the crown, so that they might be in no danger to be infringed by such a measure.

This is a sketch of the plan, by which a remedy would in time, I think, be afforded for all the evils complained of, and justly complained of, in your book; for although I think, perhaps, differently from you, as to the state of the public mind on this subject; yet I admit that the present state of things, as to the currency, is quite inconsistent with the dignity and resources of this country, which are best beheld, and most powerfully felt, in the certainty and stability of its public transactions.

It can hardly be expected that I should fatigue myself, and my readers, with an attempt to give a detail of par-

ticular arrangements of this plan; it is scarcely within my sphere, perhaps not within my power, and certainly not within my inclination, to make such an attempt. The above plan has been proposed, only because it might be expected, that some plan should be proposed; if I have been successful in establishing the proposition, which is the foundation of this tract, it will be self-evident that some such plan ought to be, and must be, adopted, if a system of regularity in the public transactions be meant to be preserved, consistent with the dignity of the government, and with the quiet and safety of the country; but the bearings, and particular provisions will be better considered, when the necessity of such a plan shall appear to have excited sufficient attention.

The same observation may be applied to any consideration of the objections that may be urged against the principle of such a proceeding; and it will not, therefore, be necessary, at this time, to anticipate such objections; particularly as there is nothing to be met with, in the various writings on this subject, which gives the author any clue to perceive the nature of such objections; inasmuch as the observations that have been, from time to time, delivered on the subject of paper money, issued by the state, arise out of premises which bear no relation or resemblance to the state of things in this country; and upon him who asserts there is any such relation or resemblance, the *onus* will lie.

There is one objection, however, which does not appear to come directly within the scope of the observation just

now made ; and that is, the impracticability of the plan, considered first, with regard to the internal trade of the country ; and, secondly, with regard to its foreign commerce.

The practicability of every plan depends upon two things ; first, its actual capability of application to the subject it is intended to regulate ; and, secondly, the opinion of mankind ; for it cannot be overlooked, or forgotten, that some of the most useful discoveries in human life have been, in many cases, delayed, and in many more, finally lost, by the want of influence and name in the projectors, and by the force of prejudice in the great body of mankind. That the plan of a paper money, avowedly meant to supplant the use of golden money, when proposed by a person of no name, or influence, however fortified by the reason of the thing, should make little impression on one of the most ancient and most powerful prejudices that ever fastened upon the minds of men, is so natural, that I am ready to admit, if, (for whatever reason) the view of the subject taken in this work should not awaken further enquiry and consideration, from those who possess the ear and attention of the country, that, in that sense, the plan may be pronounced at once to be impracticable ; but as that is not the sense which candour and fair enquiry will allow, so I have little hesitation to assert, that, if the principle I have attempted to establish were publicly and fairly discussed, that public acquiescence in its practicability would follow ; and should the public be led to the practice of it, by the joint concurring

influence of conviction, that money is merely a representative of the resources of a country, and of habit, gradually acquired, they would presently feel the total uselessness of the precious metals in money, (except, perhaps, as I have before observed, of silver, for change) and the coinage of gold, which I have above recommended as contemporaneous with the issue of paper, would soon disappear, and disappear, too, without the wish of renewal or return.

I have before observed, that it appears to be a great mark of political improvidence and weakness in a government, to introduce important changes in a manner so abrupt, as to give a shock to prejudices of long and general standing amongst the people. The present may be considered to be, in some degree, a case of that nature, and though a sagacious government will mark the distinction between partial clamour, however noisy, and general sentiment, yet, in a case like this, it will pave the way, by giving all the encouragement in its power, to grave, profound, and temperate, discussion; and if, upon that discussion, the measure be found for the public benefit, they will not, (while they endeavour to soothe and allay honest prejudices) be deterred by interested opposition from giving to it the effect it deserves.

In this view, the bank restriction bill, as shortly before alluded to, may be considered as a fortunate circumstance: It has, in effect, substituted paper money for gold, and that substitution has now, after fourteen years experience, been found to produce no inconvenience of magnitude

sufficient to deserve notice, or to counterbalance, in any material degree, the vast facilities it has afforded to the extension of the trade, the establishment of the power, and the developement of the resources of the country. On this very important point of practicability, therefore, it may be observed, that the prejudices of mankind have already given way considerably; and, therefore, with the precautions shortly before adverted to, any rude or impolitic shock need not, I should think, be apprehended.

Of the mischiefs, too, that are asserted to have arisen, or that it is predicted will arise, from this change in the money system, it ought to be remembered, that they who are the best informed on 'the subject, are not agreed, either as to their existence, or their extent; and I think it may for the present, at least, be safely assumed, that those mischiefs, if they had seriously existed, must have been, as I have heretofore observed, too palpable and too afflictive in their operation, to have left any doubt in the country, either of the one or of the other.

It may be further objected, (and this also seems to be an objection not coming within the observation shortly above alluded to,) that all issues of coin of the precious metals, under the circumstances in which I have proposed them to be made, will be nugatory; because, if no restriction be placed upon the use of them, as commodity, and if paper money be made the legal tender of the country, the gold, and perhaps, the silver, will presently disappear; and I have before, in substance, admitted this objection; but then, I say, it either has no weight, or,

If it has weight, it goes necessarily into the scale of my argument; and this gives room, very naturally, for a short inquiry into the reason why, although much complaint has been made of the inefficacy of the laws to restrain the exportation of coin, there does not appear to have been any satisfactory remedy proposed for that evil.

The reason of this omission I take to be no other than a feeling of the unconquerable difficulty that opposes the adoption of any such remedy; a difficulty wholly arising out of the incongruity I have before adverted to, of selecting for money a commodity which it is absolutely necessary to keep at home for the purposes of money, but which it is the interest of every individual that it should be free; and, I apprehend, the very fact of the inefficacy of those laws which, for ought that has been shewn to the contrary, are as well calculated for the purpose they are meant to effect, as any that can be devised, is pregnant with conviction to the most strenuous advocates for a gold currency, not only that such a system of laws is wrong, but that it is fundamentally erroneous to attempt to continue a currency in a country which has a perpetual and necessary tendency to wander out of it, and which no laws can restrain. And may it not be added, that this fact is also pregnant with the conviction, that the currency of a country ought to be of a nature, the perpetual and necessary tendency of which is to rest at home?

For I believe it may be laid down as a universal principle of law, that whatever commodity mankind desire should be free, ought to be left free; by freedom, not

being supposed to mean a licentious exemption from those wholesome regulations which are necessary upon almost all the subjects of commerce, under the most enlightened governments.

Paper money, such as I have proposed, appears to answer, in every material respect, the description I have just attempted to give of what ought to be the currency of a country; if the use of it supplant the use of the precious metals, that can only be because mankind, who are the best judges of their own interest, find profit in buying and selling gold and silver, whereas they experience loss in keeping those metals in the shape of money. It is in vain, I apprehend, to urge that only a few unprincipled individuals attempt to carry on this unlawful traffick; that cannot be substantiated; we know not who are the traders in forbidden articles. Enough has surely been said to shew the propriety, and, indeed, the necessity, of seeking for another species of currency: and it is obvious that *that* which was confined with so much difficulty when there was little trade or enterprize in the world, cannot now, when the world is differently circumstanced, be restrained by any power of which we are aware, from migrating, from having free ingress, egress, and regress, throughout the world; and, I should think, enough too has been said to shew, that if another species of currency than gold is to be adopted, paper is the species most convenient, and consequently the most practicable.

The argument that gold, containing in a small com-



pass the value of many things that would occupy a great space, is, therefore, the fittest subject for a circulating medium, will consequently fall to the ground, if I have been successful in my attempt to shew, that money is merely representative, and contains in itself no value; for it must then clearly appear, that this power of value, if I may so express myself, resides in the gold as commodity, and not as money; that it is, like the value of every other commodity, merely arbitrary; and that it will remain just so long, and to such an extent, as the world finds it administer to its convenience or pleasure.

One word more upon the practicability of a paper currency, and I have done. A supposition, similar to Hume's, on another occasion, and carried to a greater extent, will, I think, set this matter in a clear point of view. Suppose all the gold and silver in the world, both in coin and bullion, were annihilated, will it be contended that such an event would also annihilate the propensity of mankind to commerce, and to consult their own advantage? Taking it for granted that such a consequence would not follow, the question then arises, what course would be pursued? Would the merchant desert his counting house? would the shopkeeper shut up his shop? would mankind permit all the remaining commodity in the world to run to waste, and be unemployed, or to become common property? I imagine no one would venture to assert that such would necessarily be the consequence of the annihilation of the precious metals. Is it not, on the contrary, the obvious and unavoidable answer to such a supposition, that the community would immediately consider of some other subject for a circulating medium, in the lieu of that they had so lost? If so, it might

then be asserted by some, that the baser metals ; by others that shells ; by others, again, that precious stones ; and by a fourth class, that paper, would be the most convenient substitute ; but let the contention end how it might, the very fact of the contention would prove, 1st, that the management and convenience of transferring commodity was the real subject of consideration ; 2dly, that, although it should be uniformly agreed, that neither precious stones, nor the base metals, nor shells, nor paper, were so well calculated as the precious metals, for a circulating medium, yet that, inasmuch as a substitute could be found, the superior value of the original over the substitute, consisted merely in its superior aptness and convenience ; and, thirdly, that subject to the objection, upon the score of convenience, any substance is at least as practicable for a circulating medium as gold or silver.

With respect to the effect of such a substitute for currency, as that of paper for gold, on our foreign relations, it is to be observed : 1st, that, *ex concessis*, the question has not much to do with our foreign commerce, but little of the precious metals passing in fact in that commerce. See your tract, and Mr. Lyne's evidence before the committee ; 2dly, that, so far as it will be necessary to possess the precious metals for the purposes of those relations of whatever nature, the currency of this country being of paper, will rather enable it, than otherwise, to obtain and keep such quantities of those metals as will be necessary for her occasions (your tract p. 97. 98.) inasmuch as I contend, 1st, that such a currency is necessarily a proof of the strength and credit of the government ; and, 2dly, that it will, as it has hitherto

done, furnish at once the stimulus and the means to the developement and extension of her resources, it being a currency issued not only by the authority, but for the benefit of the state,

And here I must stop to repeat the passage of your book, in which you have so ably depicted the resources of the country. These resources, you say, p. 153, "are to be found in the immense and increasing produce of its territory; the unwearied extension of its manufacturing industry; the elastic and expansive force of its legitimate commerce; all mutually aiding and fostering each other, all fed and put in motion by capital; the genuine growth of progressive accumulation, and not the factitious result of any artificial contrivance."

Correct, yet glowing, picture! What Englishman can contemplate its grand, and affecting expression, without exultation? What foreigner, even in the present debased state of Europe, without admiration, and awe? Such a country must command, at its will, the riches and the confidence of the world! Such a country, if it ever fall, must fall by its own hand!

The paper of such a country cannot be the paper of a state issued in aid of its exchequer, or in compulsory payment of its expenses: (your tract p. 107.) though rendered necessary by its vast concerns, as an instrument of its commerce, it will, nevertheless, be at once the genuine offspring, and the evidence of the legitimate power of the government, of the inexhaustible resources of the country, and of the commercial wisdom of the people.

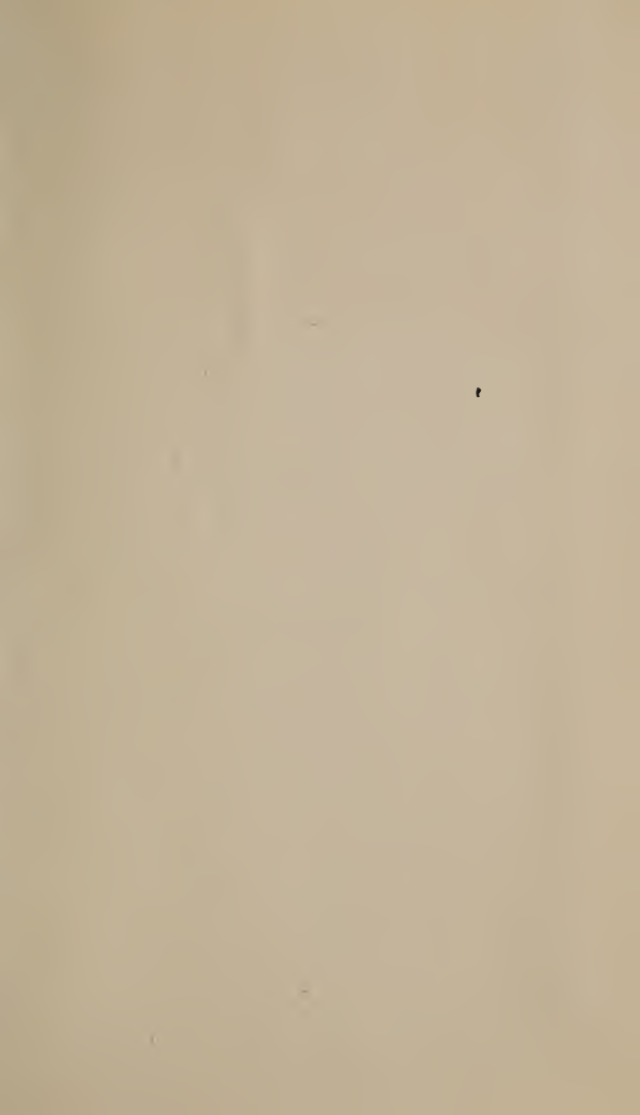
The fate that befel the leather and mulberry tree money of the ancient tyrants, the fate that has befallen, in modern times, the paper of America, of France, of Vienna, and Petersburg, (your tract p. 107,) can never befall the paper of such a country : Before a man can bring himself to predict such a fate to the paper of England, he must have prevailed upon himself to disbelieve, or to forget, all history ; he must refuse to make any distinction between established and unestablished governments, between knowledge and ignorance, between the spirit that, breathing liberty and equal rights, creates every man the sovereign of his own possessions, and the tyranny that, by proscribing and plundering the subject, vainly imagines it can support the state ; he must be prepared to assert, that it is in the circulating medium of a country, and not in the productions of its soil, that its credit, resources, and stability, are to be found.

Lastly, as it seems to be peculiarly the privilege, as well as the duty, of such a country to impart to other countries the benefits which have so largely resulted to herself from established credit, unwearied industry, and vast resources ; so does it appear to be required of that country that she should ascertain the most effectual means by which that credit and industry, and those resources, may be invigorated and extended ; and if, amongst those means, the introduction of a public paper circulation should be found the best calculated for that important end, she will not want the inclination, as she wants not the power, to give it effect.

THE END.













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