

Exh. (Herein)	DATE	SECTION TITLE (UK Parliament Hansard)	HOUSE OF PARLIAMENT	MENTIONS
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HANSARD 1803–2005 → Bills (G)

<https://api.parliament.uk/historic-hansard/bills/gold-coin-bill>

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[ Compiler: The years (1811-1814) when the imperial British Empire's demonic self-anointed elitists decided to eliminate opposition, seize control of currency and institutionalize debt slavery worldwide. ]

**Gold Coin Bill**

**Bank Note Bill**

**Commercial Credit Bill**

**Dollar or Bank Tokens Bill**

**Bank Dollars**

**Circulating Medium**

**Commercial Discounts of the Bank of England**

**Funding Exchequers Bills**


**Bankers' Embezzlement Bill**

**"Lord (Earl) Stanhope's Bill"**

[ Editorial Summary:

This is perhaps the most definitive record available delineating the creation of the global fiat currency system with which the **British East India Company, Bank of England, British Parliament** and the **British Pilgrims Society** have enslaved the world with demonic debt slavery. ]

This official UK Parliament Hansard summary is a woefully incomplete summary of the **Gold Coin Bill and interlocked legislation**. Accessed Oct. 23, 2021. Reproduced for educational purposes only. Fair Use relied upon

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Lord Grenville said he should beg leave, before their lordships proceeded to the order of the day, to call their attention to a circumstance which appeared to him of the utmost importance. What he was about to advert to, every man was acquainted with, namely, the Directors of the Bank of England having taken upon themselves to exercise the highest prerogative of the sovereign, not less than to raise the denomination of the current coin of the realm, and by the advice of a Committee of the King's privy council. He confessed that all the ideas he had formed of the monarchy under which we lived, and even all his ideas of the parliamentary constitution of the country, were erroneous, if the measure to which he alluded were justifiable. It was further to be considered, that these steps were taken without even referring to or consulting parliament; and this too at a moment when the House of Commons was actually engaged in the consideration of the subject. He proposed to move for a copy of the Resolution of the Directors, in order to bring the facts of the case regularly under the purview of the House, and to enable their lordships to form their opinions, not only upon the particular measure, but upon the great subject connected with it. It must be plain that the monied circulation of the country was unconstitutionally interfered with, when such steps were taken to increase its denomination. He was aware of the wretched quibble attempted to be interposed; he meant that the Dollars in universal circulation as coin, would, by noble lords opposite, be regarded, on this occasion, not as the current coin of the realm, but merely as Bank tokens; but this was a subterfuge which he trusted would not be attended to in the consideration of this most important business. His lordship concluded by moving for the production of a copy of the Resolution of the Governor and Directors of the Bank of England, for raising the denomination of Bank Tokens, or Dollars, now in circulation, &c.—On the question being put,

Earl Bathurst expressed his satisfaction at the subject being brought forward, as no persons could be more anxious for its investigation than the members of his Majesty's government, who readily took ail the responsibility on themselves. With respect to one pointed remark of his noble friend, he must observe, that any man must plainly see the difference between the regular current coin of the realm, issued by his Majesty, and the Tokens of the Bank, which were only to be regarded in the same light as Bank-notes. He must take that opportunity to protest against any conclusion drawn from this measure, as to the depreciation of Bank paper; all that could be inferred from the transaction, was a rise in the price of silver. This might be attributed to various causes, especially, perhaps, to an increased demand for that precious metal, but it could, by no means, be attributed to any depreciation of the notes issued by the Bank.

The Earl of Lauderdale entertained a different opinion upon the subject, and referred to some instances in history, where, in cases nearly similar, such transactions were held to involve a depreciation of the paper currency. He coincided with his noble friend, with respect to the identity of the dollars so circulated with the current coin of the realm. Such a miserable attempt at distinction, was, he observed, amply refuted by Locke, and other intelligent writers upon the subject.

Lord Grenville, in reply, observed, that the time would come when the Bank Directors would have to answer for their conduct with respect to other matters, as well as that in question; but in the present instance, the King's government, by their conduct in the transaction, were to be considered as parties, as they lent their advice and authority to the Bank Directors; and the coin alluded to, it appeared, was also circulated under the authority of his Majesty's government.

Earl Buthurst, in explanation, denied the inference, that his Majesty's government had declared them a legal tender.

**EXHIBIT 01**

*Lord Ellenborough* took occasion to observe, that such a step was not regularly in the power of ministers. By the law and the constitution, that power was vested elsewhere.

*The Earl of Ross* made some observations with respect to the state of the paper currency, particularly in Ireland, where it was in far more favourable a state than some noble lords seemed to think. The issues of the Bank of Ireland had narrowed considerably since the investigation took place; the state of the exchange with Ireland was improved; and the difference between a guinea and Bank paper was, in that country lately, only four-pence.

*The Earl of Lauderdale* adverted to the causes of the improved state of the Bank of Ireland currency, as alluded to by the noble earl; it was principally to be attributed to the great reduction of the issue of Bank of Ireland notes, which took place soon after the inquiry.

*Earl Stanhope* entertained similar sentiments with noble lords on his side of the House, respecting the recent conduct of the bank directors. He reprobated it as a transaction of which the foulest advantages might be made, in case of the directors having given private notice to their friends of their intention to raise the price of dollars upon such a day. There had been cases as bad. It was known that some individuals had by some means extricated certain secrets from Mr. Pitt, when at the head of affairs, and by means of such secrets, they had acquired large properties. The motion was then agreed to, as was also a motion for an Address to the Prince Regent, praying, That copies of the correspondence between his Majesty's government and the Bank of England, on the occasion in question, be laid before the House.

Search HelpHANSARD 1803–2005 → 1810s → 1811 → March 1811 → 28 March 1811 → Lords Sitting**COMMERCIAL CREDIT BILL.***HL Deb 28 March 1811 vol 19 cc529-38*

Earl Bathurst moved the second reading of the Commercial Credit Bill. Upon the question that the Bill be committed, the noble earl observed respecting the Bill, that if the commercial embarrassment arose from overstocked markets, the consequence of excessive speculation, then such a measure could not be advisable; because to hold out that a relief from government would be given to commercial men under such circumstances, would be removing the salutary check that ought to exist upon excessive speculation. The commercial embarrassment, however, which at present existed, was not wholly attributable to that cause. It arose from the circumstances, that returns had been made from South America for the goods sent there in produce, to be sent to the Baltic and the European markets, but which, from the circumstances of the continent, could not be sent there, and were warehoused here. From this circumstance, the merchants, and consequently the manufacturers, had become embarrassed; these goods could not be sold except at a ruinous loss, and in the mean time money was wanted by the merchants to pay the bills which they had accepted. The merchants, therefore, and the manufacturers, required time in order to bring their concerns round again to their natural course, and for this purpose it was that this measure was resorted to.

Lord King observed, that the situation of affairs now and in 1793 were extremely different: at that period, the great evil complained of was the want of a circulating medium. Surely no one could now complain of the want of a circulating medium of Bank paper. It was admitted by the noble earl, that a measure of this nature ought not to be resorted to, to cure the evil arising from an over-stocked market through excessive speculation. But if the evil was the want of a market, how such a measure could remedy it did not appear from the speech of the noble earl, and at least it ought to be shewn, before such a measure was resorted to, that the evil was only temporary, and Would, in all probability, cease in a certain and no very long period.—The noble lord then asked, what security the public was to have for the sums so advanced; they could only have goods which were at present unsaleable. How could they be judges what bills were good and what not This was entering upon a duty which those whose profession it was to discount bills, had difficulty enough to discharge and for which the members of the government were totally unfit. He could not see the necessity of this measure. The Bank of England had of late years issued much larger sums than they had ever before issued; and one of the causes of overtrading was the excessive issue of Bank paper since the renewal of the Bank restrictions. By this facility the old and established houses had been driven out, and the old and general mode of trading departed from. There had been a connection established between the commercial interest and government, not more dangerous to the true principles of trading, than to the principles of the constitution; the West India merchants were in distress, the general merchants were in distress, and being assisted by the government, must be disposed in turn to assist the government.

Viscount Sidmouth, adverting to the precedent of 1793, observed, that upon consideration he was inclined to doubt of its wisdom and policy. In 1803, application had been made to him by several merchants who experienced distresses at that period; but he was persuaded it would have been impolitic and ultimately injurious to encourage their application. At the same time, on this occasion, the cases were so different, and the calamity of such a nature, that he could not bring his mind to refuse the relief proposed to be granted. He was not prepared to say the relief would certainly be attended with its desired effect; but it was calculated to do good, and on that account it should not incur his opposition.

The Marquis of Lansdowne said that he could not conceive any measure to differ more from that of 1793 than the present. Then a relief became necessary to the internal circulation of the country, while at present that circulation was not in the least affected. There was no want of circulating medium at this moment in the country, and the present distress was such as no circulating medium could remedy. In truth the government could not interfere in the present

**EXHIBIT 02**

difficulties without violating all the general and received rules of political economy. The report did not touch upon the real causes of the present difficulties. What were the trivial and collateral circumstances mentioned in the report of the committee, compared with the real difficulties? Could any man hope to see America open to our commerce the year after next? or could any man hope to see the continent of Europe opened in the course of two years? It was stated in the evidence of one of the greatest merchants in this country, sir Francis Baring, that such was the facility in obtaining credit in this country, that even persons in the situation of clerks had no difficulty in obtaining it to any extent. It was stated even by the commissioners themselves, that the great occasion of the difficulty was the accumulation of produce and the total want of vent. Now nothing could establish more clearly than this fact the impolicy of the government, which had prevented the nation who alone could carry that superfluity to the continent of Europe, namely, America, from carrying on that trade, whereby the commodities of our own merchants were a drug in the market. He therefore felt himself warranted in opposing the Bill.

*The Earl of Harrowby*, although he did not approve of the violation of the general principles of political economy, yet the emergency was so urgent, that he thought the extension of this relief likely to produce very important benefits.

*The Earl of Lauderdale* did not see any grounds for departing from the acknowledged principles of political economy on the present occasion. He thought that the man must be bold indeed who, in the present commercial distress, durst oppose the present measure. The reason alleged for the distress in the report was contradicted by the magistrates and merchants of London, who considered that the overtrading to South America was but a very small part of the cause of that distress, and that it was principally to be attributed to the warehousing system. An additional capital could only then add to the calamity. A noble earl had strongly urged the benefit derived from the measure in 1793; but the difficulties then were such as without any legislative interference would have had a favourable termination. To attribute the ensuing prosperity to that measure was like the physician taking credit for a cure which nature would have operated without his assistance.

*The Earl of Ross* observed, that those who speculated excessively before, would not be the objects of relief from this Bill, as they were removed from the power of carrying on those speculations any longer. The increase of paper currency had been mentioned; but he would call their attention to the state of Ireland in that respect. The noble earl then proceeded to take a view of the issue of Bank paper, shewing, contrary to the opinions stated in the pamphlets respecting Bullion, that the rate of exchange against Ireland did not increase in proportion to the increase of paper currency.

*Lord Grenville* rose and addressed the House at considerable length upon the policy of this measure. He adverted to the irregularity of discussion which had interfered with the natural course of the debate, for he did not perceive how the calculation of the rate of exchange in Ireland was connected with the merits of the Bill upon their lordship's table. It had been expressed by some noble lords during this night's debate, that no one, whatever variety of opinion might exist upon the policy of this Bill, would be bold enough, to give his opposition to granting this relief to the distresses of our merchants. For himself, he was desirous that he should not be included in that general observation. No love of popularity, no dread of public obloquy, should ever intimidate him in the discharge of his parliamentary duty. During the many years of his public life, he had ever been determined to act on all occasions as it seemed best to his own judgment, without any regard to the praise or the censure of the world, ever satisfied with the consciousness of having done his duty according to his own notions of rectitude. From these principles, which had at all times actuated his public conduct, he was determined never to depart; and on this occasion he must declare, for one, that he was prepared to give his opposition most decidedly to this Bill. But at the same time, it should be understood, that he was by no means disposed to deny relief to the distresses of the merchants and the manufacturers of this country. No; on the contrary, it was from his wish to afford them relief that he was led to oppose the present measure. The very ground and reason of his opposition was, that instead of this Bill being likely to produce in its effects any relief to the distressed commerce of the country, it was calculated to aggravate all our commercial calamities. Even the very evils

## EXHIBIT 02

alleged by its supporters as the causes of these misfortunes, must, in his judgment, be materially increased, and not lessened, by the remedies proposed. The principles of all commercial and political economy would be departed from, without any of those excuses which, under extraordinary circumstances, might justify such departure. It had been said by a noble friend that he rejoiced to hear this night so many noble lords admit the policy and justice of general principles, and that he was glad to find a general concurrence of that House in their propriety, although they departed from them upon this particular emergency.—On the contrary, he (lord Grenville) was sorry to hear the general admission of just principles in debate, because it seemed the growing habit of the noble lords opposite, to admit every wise and just principle in their speeches; and that seemed in their minds to authorize a decided departure from every thing just and wise in their conduct. It reminded him of the preambles of the edicts of the comptrollers of France; for, in proportion as the preamble breathed sentiments of justice, morality, and benevolence, in the same proportion the laws which were founded upon them contained provisions fraught with injustice, oppression, and wanton cruelty. It would be found, that these preambles were remarkable for their composition, for the sentiments of justice and clemency they expressed; and the laws succeeding them, equally detestable for their oppression and cruelty, exceeding those of every other legislature. Just so the noble lords opposite were continually admitting the justice and expediency of general principles, but it by some means happened, when they assented most to the justice of such principles, it was the precise time when they were violating them most in their practice.

He did not mean hereby to charge the noble lords with a deliberate intention of thus violating these principles, or intentionally devising a measure to injure the true interests of the commercial world; and least of all would be ascribe such intentions to the department in which this measure originated; but, on the contrary, he would give them the credit that they were, on this occasion, actuated by a wish to relieve the mercantile interest of the country. At the same time, either from the urgency of particular calamities, or from causes of another description, it had become their general, and he must add, their preposterous policy to try to avoid permanent evils by means of partial remedies. Could any noble lord venture to say, nay he would defy any rational man to prophesy, that the present distress of the commercial world would be of temporary or short duration?

The precedent of 1793 had been introduced as a maxim for the propriety of adopting the present redress for the distress of the merchants and the manufacturers. With respect to that precedent, as it was termed, he was one of those who were concerned in devising the measure; but as it had been correctly observed, the distress of that period was wholly different from the calamities of the present day: still, however, he must add, that from experience and reflection, he was convinced the measure was founded in wrong policy. As one of those who were concerned in the measure, he was perfectly ready to take upon himself the avowal of his error, for he was afterwards satisfied in his own mind, that, although he had acted from the best of his judgment at the time, the measure of 1793 was unwise and impolitic, as likely to be productive of considerable injuries to the mercantile world. The present discussion was one of those injuries; for he had now seen the danger which resulted, when the proceeding of that year was argued to be a precedent, and thus the trading world would be induced continually to look towards parliament for relief from every misfortune which might arise, from not only casual misfortune, but from failure in speculation. He was glad to hear this night what he had not understood before, that the noble viscount (Sidmouth), when in office at the beginning of the present war, had rejected the applications of many merchants for relief, and that he did so upon the ground of his considering such interference as contrary to the general principles of commercial economy. He honoured the noble viscount for his conduct upon that occasion, and he agreed with him that mature consideration had demonstrated the impolicy of the measure of 1793; but he was considerably surprised to find the noble viscount disposed, notwithstanding, to give his support to the present measure, and yet under doubt and hesitation of its being likely to be successful. It was ever the conviction of his mind that no relief ought to be granted to any class of individuals, but under two particular conditions: First, the relief should be called for and extended upon the principles of justice. Secondly, relief should be granted when the means which could be used would be adequate to obtain the object of redress. If he were to examine the claim for the present relief upon those principles he should find no existing ground for extending that relief in the mode proposed by the present Bill. Did any man conceive that the means would



procure the relief intended? In his own opinion, as he said before, there was no doubt but they would increase the evil. The measure deserved no other appellation than a palliation.

In adverting to the report of the other House, now upon their lordships' table, he could not help noticing the partiality which pervaded it with respect to tin-assigned causes of this national evil. It was said that the cause was to be traced to the spirit of over-trading, which had induced our merchants to speculate to an extreme to South America. Would then lordships suffer themselves to be persuaded that the whole of our exports to South America, taken in toto as loss from a spirit of overtrading, would account for the magnitude and extent of the evil which existed? Sure he was, that the whole of that traffic would bear a comparatively small influence upon the rest of our immense trade. He could not but wonder at such a report ascribing this evil to the overstocking of the South American markets. But did not the Committee recollect that the ports of the continent were shut against our commerce, which alone was a much more considerable cause of distress than the overtrading to the continent of South America? and though they denominated the latter a temporary inconvenience, were they not sensible that the former was an evil of a permanent description? Not one word was, however, said of this evil being the origin of our distress: indeed a noble viscount had that night observed that our trade had suffered from the malignant spirit of our enemy; but he had omitted to name another source, namely, our own policy, which in destroying our amity with the continent of North America, had tended most materially to affect the prosperity of our commerce. The policy of ministers had led to a fatal calamity in the commercial world. When in office, he and his friends had been attacked because they were unwilling to have recourse to measures of retaliation. It was not from any hesitation to oppose the measures of the enemy that they forebore to retaliate, but they abstained from acts of retaliation out of regard for the salvation of the merchant. What they apprehended, the king's ministers had since experienced to be true, and one part of their avowed boast had been woefully verified to the cost of the merchant; for this country, to use their own expression, was become the general storehouse and repository for the produce of the world. These triumphant predictions had come to pass, and the consequence of them was, the merchants and manufacturers were obliged to approach the bar of parliament with uplifted hands, and implore relief for that distress which they had incurred through the weak and short sighted policy of the present administration. But still our exclusion from the continent, or the interruption of our amity with North America, was not, in his judgment, the sole cause of his distress; there was another material source from whence our commercial calamities had arisen. We had been for some time making efforts to which our strength was not competent, and when they would have ceased from principles of limited resources and natural restriction, they were still continued by artificial means. Perhaps the great facility of obtaining fictitious capital through the extended issue of bank paper, had led to the evil of the present day. While the Bank of England was not permitted to increase the circulation of their paper currency, the evil was likely to correct itself. But that system of loan, and that facility of credit which he had long known and experienced as injurious to the country's welfare, had continued to increase the issue of bank paper, and to depreciate the circulating medium of the kingdom.

It was thus that fictitious capitals were raised, and unnatural efforts made to extend commerce; and as that commerce became extended, still more paper was unavoidably issued to supply the want of fresh capital. Thus then paper and overtrading reciprocally acted upon each other—the issue of bank paper created a spirit of over-trading—the effects of over-trading rendered a still further issue of paper indispensable—and the consequences of both had been the depreciation of the circulating medium, and the commercial distresses now proposed to be relieved. He was not disposed to impute the smallest blame to the Bank of England; it was a corporation, and its directors, as its servants, were bound to consider and promote the interest of the bank, but responsible by no obligation of particular duty to the public or to the government. It appeared, however, since this system of policy had been adopted by the government, that the advantages gained by the bank had been immense: their stock having increased in value to the extent of 150l. per cent. whilst the stock of nearly every other company or commercial corporation had deteriorated. The public were losers certainly by the gain of the bank; but still it was not to that corporation, which had as much right as any banking house to attend to its interests, that he imputed the blame. It was to the government and even to parliament itself that the censure was particularly due. He would ask their lordships how these six millions of Exchequer Bills granted for

## EXHIBIT 02

the relief of the merchants and manufacturers would operate upon the public? For himself he was of opinion that it would operate in the way of increasing the paper currency, and also by adding to the existing amount of fictitious capital, and thus in both ways it would be found equally injurious from the effect it must have in depreciating the circulating medium. Thus then one of the great evils, which gave birth to this application, would be considerably aggravated; for it was provided by a particular clause in the Bill, that the Exchequer Bills to be issued, should pass into the hands of the bank, which would cause a correspondent issue of bank paper, and enable new speculators to adventure still more upon such fictitious capital. It was his most decided opinion that parliament ought to look the difficulties of the country boldly in the face, and not content themselves with the adoption of partial or palliating measures, as if these difficulties and distresses were likely to be of a short and temporary duration. The war in which the nation was engaged would not probably soon be terminated; nor were the ports of Europe likely to be speedily opened to the commerce of this country. Would it not then have been infinitely better to regard the existing evil in its true light—to look the situation of the country manfully in the face—to resort to such measures as would afford some fair prospect of remedying the evil confessedly existing, rather than to content themselves with the adoption of half measures, in the doubtful and desperate hope, that they may alleviate for the moment the severity of the mischief. His lordship then proceeded to comment upon the impolicy of the orders in council, which he reprobated in strong terms; as by their operation neutrals were prevented from importing into the ports of the continent the manufactures and produce of this country and its colonies, and concluded by declaring his decided opposition to the Bill.

*The Earl of Liverpool* replied to the arguments of the noble lord who had just sat down. He observed, that if the present distress of the commercial world arose from the causes assigned by that noble baron, it was rather extraordinary that it was only a particular class of the mercantile community, that had experienced embarrassment. If the noble baron's opinion were correct, it was not any particular class, but the whole commercial body, that would have been affected. In ordinary times the established principles of trade and commerce should be inviolably observed, and any evils which might happen to arise, should be left to correct themselves in the regular routine of commercial enterprises. But there were moments of extraordinary and unnatural pressure, when it would not only be wise, but must be indispensable to depart from those general principles; when a feeling of humanity, no less than a regard to public interest, called for and authorised the grant of public assistance to the unfortunate sufferers, but most particularly when their embarrassments and distresses may have arisen out of the extraordinary circumstances of the times and the unavoidable difficulties of the country, brought on as they had been by the unparalleled injustice and monstrous measures of an unprincipled enemy.

*The Bill was then ordered to be committed.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → April 1811 → 5 April 1811 → Commons Sitting**COMMERCIAL DISCOUNTS OF THE BANK OF ENGLAND.***HC Deb 05 April 1811 vol 19 cc729-34*

Mr. Huskisson observed, that if the principle assumed in the Report of the Bullion Committee, namely, that the depreciation of our currency must be tried by the relative value of gold and silver, was just, it was manifest that a depreciation had taken place, and this depreciation could only arise from an excess in the issues of the Bank. The directors had, however, denied the possibility of any such excess, because their advances were made only on good bills or sufficient mercantile securities. This was the opinion on which those gentlemen contended, that there could not be any excess in the circulation of their notes, so long as they adhered to this regulation. It was therefore necessary, he conceived, under these circumstances, that the House should be furnished with an account of the actual amount of the Discounts of the Bank, in order fairly to try the justness of their own principle. It was most important that the great principle by which the affairs of such a corporation as the Bank of England were conducted should be thoroughly examined. If the history of all the Banks of discount of which he had heard, shewed that they had all occasionally carried their discounts too far, and that this was the great danger to which such establishments were exposed, even when under the obligation of paying in specie, it was surely justifiable in him to assume the possibility of the Bank of England having fallen into the same error, under the circumstances of diminished restraint and increased temptation. If this was possible, it became the House to ascertain whether this was or was not the case. He wished to avoid entering into the general question; and confine himself to the laying a ground for the production of the paper he should move for. It was well known that there had lately been what was termed overtrading, to a very great extent, and that among the variety of recent commercial speculations many had failed, and had thereby occasioned much individual calamity. It was generally believed, that many of those speculations originated in the great facilities of discount at the Bank. There had been numerous instances of men rising into sudden affluence and splendour, and falling back into bankruptcy and distress. This was a departure from the true character of commerce, and threatened alarming consequences. If there was any visible or supposed connection between this state of things and the conduct of the Bank, was not that a ground for inquiry? Sir Francis Baring, a great practical authority, had said, he had known clerks who, with salaries of 100*l.* per annum, were in the habits of obtaining discounts to the amount of five and even ten thousand pounds. He might quote the late lord Liverpool, in support of the evil to be derived from the creation of factitious capital; but he was aware this would be called the language of theorists, of men so very wild and speculative as to dream that the resumption of payments in cash at the Bank would be a measure of expedience. It might be urged, that the failure of the late commercial speculations was nothing more than a slight distemper. But did not such distempers tend to produce exhaustion in the body politic, and was not the drain of national capital to be deplored, withdrawn from useful employment, and lavished in prodigal and unsuccessful enterprise? The paper he should move for had been communicated to the Committee by the Governor of the Bank, under an injunction not to insert it in the Report, and it had since been published in one of the daily vehicles of intelligence. A person had seen it on the table of a director, and had surreptitiously communicated a copy. As it was, however, already before the public, he apprehended there would be the less difficulty in consenting to the object of his motion. It had been urged, that such a production would be prejudicial to the Bank. This he could not understand; neither could he believe that it was any interference with their private concerns. Could that be called a private concern which went to alter the relative value of every description of property in all its ramifications? If he were to propose to enquire into the principles which, governed the Bank in their particular discounts, that would be an improper interference; but when he asked only for a scale of the proportion which the whole amount of discounts at one period bore to the whole amount at another, he did not see what fair objection could be made. Without this paper the House would, in his opinion go after all to the discussion of the great question in the dark. The paper lately presented to the House from the Bank, by no means answered the purpose he had in view. That paper contained nothing, more than an account of the sums advanced at

**EXHIBIT 03**

different periods by the Bank to government on the application of the latter. But it was impossible for the House to discover by this what the whole amount of the government securities now in the hands of the Bank might be, or what the number of Exchequer Bill which might have been bought by the latter in the market. It was essential to know, not only how far they had gone in accommodating individuals, but what limits they had pre-scribed to themselves in accommodating government. He must disclaim entertaining what he feared had been imputed to him, any spirit of hostility to the Bank, nor, could he think that any such spirit was evinced by a mere doubt of their infallibility. The real enemies to the Bank were, he was convinced, those who should advise them to resist this motion, or who should attempt to persuade them that power and compulsion could ever supply the place of confidence. The real enemies of the Bank were those who taught them that there was nothing in the present state of paper currency to merit the interposition of that House, or to require the vigilance of the legislature. The hon. gent, then, after recapitulating his arguments, and referring to the amount of individual suffering and extensive distress, created by a growing depreciation of the circulating medium, moved, "That there be laid before this, House, a comparative scale of the Commercial Discounts of the Bank of England, from the 1st of January 1790 to the first of January 1811; distinguishing each year."

*Mr. Manning* begged to be understood, in the course of what he should say upon this question, as having no instruction whatever from the Court of Bank Directors. It appeared to him, that the document moved for, would be attended with great inconvenience, and ought not to be granted, unless called for by the necessity of the case, which at present it was not. The only document that could be said to be necessary, was the amount of the Bank Notes issued, and that was laid before them every year since the passing of the bill. To give an account of the commercial discounts, would be an interference with the internal management of the Bank, and, therefore, should be resisted. He regretted that his hon. friend had thought proper to go so much at large into the general question, which he thought ought to be reserved for the proper occasion, when the House was called upon to discuss it distinctly. He allowed that the principle of cash payments should be resorted to when it was practicable, but this was not the period. His hon. friend had said that the Directors would consider, such a proposition an offence; but he was sure that they would always be willing to return to the old system when it could be done with propriety. The motion was unnecessary, This was the first instance in which any such motion had been made, and therefore he should give it his negative.

*Mr. Horner* wished in a few words to state his reasons for agreeing in the motion of the hon. gent. at the same time that he declined entering upon the general subject, which he confessed ought to be reserved for the proper occasion, and not debated by piecemeal. He condemned the conduct of the person who had been guilty of such a breach of privilege as the publishing of the document in question; and thought the motion rested upon fair grounds. The hon. gent. had opposed it by stating, that it was not necessary to call for the precise amount of the discounts; but that was not what the motion called for: it did not demand the precise amount, but merely a comparative and proportionate scale. The question then was, whether it was necessary or not? It appeared to him that the evidence which the Directors of the Bank had given proved the necessity of it. They had stated, that it was impossible there should be any excess, the issues being always regulated by the discounts. The only way to shew that their doctrine was true, was to produce an account of the amount of their issues, and a scale of their discounts: and see whether they corresponded. This was rendered still more necessary from what had been stated by the hon. mover, who affirmed, that though the amount of the discounts had been reduced, that of the issues had not. How would the 'Bank of England reconcile this with their doctrine? He should certainly Vote for the motion.

*Mr. Marryatt* said, that the Bank of England having become of late a great state engine, Parliament had a right to investigate its affairs, if necessary to the public good. It has been said, that not a note more was in circulation than the good of the public required; but he knew the contrary from experience. He could state instances of several clerks who had failed with notes in their hands, to the amount of hundreds of thousands of pounds. It was, in fact, impossible to know the state of any man's affairs, from the facility of discount in the Bank of England. Excess of paper, like excess of every thing else, tended to its depreciation. The prima facie evidence was against the Bank of England, and it was

## EXHIBIT 03

for their honour to give the statement required. The malady under which this country laboured, with respect to Bank circulation, was one that might be remedied, if taken in time, but, if neglected, it would be likely to end in a convulsion fatal both to public and private men.

Mr. H. Thornton approved of the limitation of discount by the Bank, and defended its conduct in many instances.

Mr. A. Baring thought that a loose paragraph in the papers possessed no authenticity but what was conferred on it by the hon. gentleman himself; and conceived that no ground was made out to justify the motion.

Mr. W. Smith said, that when the Income Tax was first brought in, it was thought that it would be an injury to commercial men, by obliging them to reveal their affairs; but this was not admitted as a sufficient argument to counterbalance the one of public advantage proposed by the measure, neither should the reluctance of the Bank Directors be available in the present case. He had listened attentively to the hon. gent. (Mr. Manning), but did not hear any positive evil mentioned as likely to accrue from the adoption of the motion: all that was said, was that evil would result; but what the evil would be, was left to their own imaginations. For his part, he did not think that any would result; and on that account, together with the reasons already urged by other gentlemen, he thought that the House had a right to call for the paper.

Mr. Huskisson in reply said, that he was still at a loss to know what objection could be made to the motion. He called for the document not to create, but to reconcile differences, by throwing additional light on the subject at issue. His hon. friend had complained that he anticipated the discussion upon the great question; itself: all he did was, to say that there were different opinions, without stating any opinion himself upon any of the prints. As to the indiscretion with which he had been charged, in alluding to the printed document, it afforded an opportunity to the members of the Committee to disclaim the transaction for themselves, and he was sure they would be obliged to him for it. He had nothing more to add, but to express his conviction that the document was necessary, and with that declaration he should leave it to the House to determine whether they would grant it or not.

*The House then divided, when there appeared Ayes 23; Noes 56.—Majority against the Motion 93.*

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## **BANK DOLLARS.**

*HC Deb 11 April 1811 vol 19 c758*

*Mr. Manning* said, he had waited for some time, expecting to see in the House a noble lord (Folkestone) who had expressed an anxiety as to the supply of silver coinage. He now thought it his duty to inform the House, in answer to what had fallen from that noble lord, that the Bank was in the course of having a large quantity of silver tokens or dollars stamped, for the purpose of putting them into circulation at the rate of 5s. and 6d. each. He thought it right to say thus much, previous to the rising of the House, that the public might be aware of the circumstance, and that persons who might be drawing dollars out of circulation, in the hope of their rising in value, might be assured that their expectations in this respect would be disappointed.

*Adjourned till Monday se'nnight.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → April 1811 → 25 April 1811 → Commons Sitting**EXCHEQUER BILLS HELD BY THE BANK.***HC Deb 25 April 1811 vol 19 cc761-2*

*Mr. Marryatt* rose to move for the production of an account of the Exchequer bills in the Bank of England, for a certain pe-wed. The hon. gent. conceived that it would be necessary-to make only a few observations by way of preface to his motion, reserving to himself-the right of replying to any arguments which might be adduced against it. The amount of Bank notes in circulation for the four years succeeding the period at which his motion would commence (1797), was from 11 to 13 millions. Previous to the passing of the Bank Restriction Act, they only amounted to 8 millions; and it appeared from the documents produced, that, at the latest period to which those documents were made up, they amounted to from 22 to 24 millions. The-effect of the depression of the coinage was the rapid increase of this species of circulating medium, and yet so unconscious was the deputy governor of the Bank of this boon of the ministers, that he attributed the depression to the unlimited grant of foreign licences, and not to the alarming increase of Bank notes. The great evil which the public sustained by this increase, was the advance in price of every commodity. The directors of the Bank, however, denied the fact; for they assert that the advance of price is owing to other causes, and they contend that there is not a note more in circulation than what is required for the service of the public. One of the great evils of this circulating medium is the facility which it affords to the company to purchase up ail the Exchequer Bills which may be brought into the market. Since the discounts have failed them, in consequence of many of their best customers having found their way into the Gazette, they of course are obliged to have recourse to other means to obtain profit, and they accordingly, with their own paper, purchase treasury securities. It was the wise policy of our ancestors, when the Bank was first established, not to grant them too wide a field for speculation, lest in so doing they might clash with the interests of the State; but of late years his Majesty's government had departed from that wise line of conduct, and, as it would seem, had connected themselves-with, the company. In 1793, Mr. Pitt found it convenient to pass an act, which legalised all treasury acceptances for advances of money made by the company for the use of the government. The spirit of that act did not, however, autherise more than 600,000*l.* to be advanced; but subsequently that had been even done away with, because it became necessary that the connection should be closer than ever. The hon. gent. thought that the conduct of government in that instance was unfair, for if it were necessary that Exchequer Bills should be issued, they might be sent into the world bearing a small interest, and in small sums of 10*l.*, 20*l.*, 30*l.*, 10*l.*, or of 50*l.* sterling: but the consequence of the measures adopted by government were, that the company was enabled to purchase the whole of the Bills issued, to the disadvantage of the public funds. Indeed, so much had the Company ingratiated themselves with the government, that, in 1796, they extorted a sort of promise from the minister, that he would not negotiate any subsidy with any foreign power, without the concurrence of the Bank. The hon. gent. considered this as giving to them a dangerous power, which was evidently manifested; for the extension of their paper issues enabled them to purchase annually 17 millions of Exchequer Bills. He contended that the act of the 33d of the king made them a great part of the government; and, consequently, if they claimed a participation in the public interest, this House of course were entitled to look into their affairs. On these grounds he could see no objection to the production of the account. He then moved for "An Account of the Exchequer Bills held by the Bank of England, in January, April and June, of each year, commencing from the 1st January,.1797, down to the latest period, at which the same can be made up."

*Mr. Manning* replied to the observations of the hon. gent., who had charged the Directors of the Bank with forfeiting that confidence which the public reposed in them. He denied that they had lost that confidence, and he had never heard a charge of the sort, except from the mouth of the hon. gent. He therefore must be allowed to disbelieve it, without evidence to prove it was founded in truth. Under this conviction the topics in the speech of the hon. gent., were sea reel worthy an answer. He must, however, State his grounds for objecting to the-motion The hon. gent. had

**EXHIBIT 05**

referred to the clause in the act of the 33d of the King, restricting the advances to the government to 600,000l. That clause was introduced by Mr. Fox, and at that time was not objected to; but he should be glad if the hon. gent, would inform him what the commerce and the revenue of the country would have done if it had not been for the issues? The country could not have gone on without them. In proof of the confidence which this House had placed in the Bank, he would refer to the Exchequer Bills act, which permitted the Bank to advance the whole in some cases, particularly in 1810, and in other cases half of the loans of three millions, of the million and a half, and of six millions' out of fourteen millions. Would the House have permitted this without being perfectly satisfied that confidence was well placed? They had the opportunity of reviewing the conduct of the Bank, and if they had been jealous of their conduct, they ought in justice to the public to have said so. But in truth the House were not suspicious, and it was only in the hon. gentleman's imagination that the jealousy existed. There was no one instance in the purchase of Exchequer Bills in which the Bank had not gone in compliance with the direction of this House, and had given assistance thereby to the banker and merchant. With respect to the assertions of the hon. gent., he must deny them altogether. The object which he had in view might be obtained, if he would refer to the Appendix to the Bullion Report, which furnished the information required by his motion; that Appendix embraced an account from 1798 to 1810, and on the 5th January 1811, was delivered in an account, by the chief cashier of the Bank, of the notes in circulation; so that every thing which he desired was on the table. He must protest against the doctrine of the hon. gent, of interference with the concerns of the company. He did not conceive that the hon. gent. had the right from motives of curiosity, to examine into those concerns, and therefore he must resist the motion.

*Mr. Marryatt* denied that the information was on the table respecting the purchase of even a single Exchequer Bill in the market. He contended, that if they were permitted to go on purchasing, that they might purchase all the Bills in the market, though he admitted it was putting an extreme case.

*Sir J. Newport* thought that no ground of objection to the Accounts being produced had been laid; at present he saw no limitation to the issue of Bank paper.

*The motion was then put and negatived.*



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## MEMBERS OF PARLIAMENT BECOMING BANKRUPTS.

*HC Deb 17 May 1811 vol 20 c200*

*Mr. Thompson* gave notice that he would on an early day in the next session move for leave to bring in a Bill to declare vacant the Seats of all Members of Parliament who should be proclaimed Bankrupts, and should not pay their debts in full within six months after the date of the commission. [Hear, hear!]

## EXHIBIT 06

Search HelpHANSARD 1803–2005 → 1810s → 1811 → June 1811 → 24 June 1811 → Lords Sitting**BANK SILVER TOKENS BILL.***HL Deb 24 June 1811 vol 20 cc740-1**On the third reading of the Bank Token Bill,*

Earl Stanhope made several observation on the scarcity of gold, and suggested a remedy for the inconveniencies arising from the want of a legal tender, stated in the following Letter from his lordship to the Lord Chancellor, which the noble earl read as part of his speech:— "No. 49 Berner's-st. June 22, 1811." "My Lord; agreeably to your lordship's desire, I have the honour to communicate the outline of my plan, in a few words; knowing that you will like that better than my doing it, at an unnecessary length. The subject is of the first importance.

"The want of Gold prevents bankers and others, who may have large payments to make, from making any legal tender.

"Bank notes cannot, by act of parliament, be made a legal tender, without the most manifest injustice; for a man who might be perfectly willing to accept a bank note for a debt due to him, may very fairly object to any individual note (especially if a worn note) from the impossibility of his being certain that it is not a forged one.

"My grand object, though not the only one, is, to establish a mode of making payments, which shall enable parliament, when they shall think fit, to enact a new species of legal tender.

"First, I propose that the bank of Eng-land shall, as is the case in Scotland, have many branches, in various parts of the country and of the metropolis.

"Secondly, That the bank shall cause books to be opened in all those places.

"Thirdly, That persons, possessed of bank notes, shall be intitled upon depositing such notes, to have a credit in the bank book, at the place where such deposit is made, equal to the value of the said notes.

"Fourthly, That every person having such credit, so entered to his account, in any one place, as aforesaid, shall be entitled to transfer the whole of such sum, or any part thereof, to his own account, or to that of any other person, at any place, where any such bank book is kept.

"Fifthly, As, under proper management such entries and transfers cannot ever be forged; there would be no injustice, if such a transfer were, by law, to be made a legal tender.

"The rapidity of such transfers with out any danger of loss, from the mail being robbed, or from insurrections, or other consequences of an invasion, must be felt by your lordship as a great additional recommendation of this plan. I have the honour to be with great respect, my lord, &c STANHOPE."

*The Duke of Norfolk* thought that the three shilling tokens being so near in value to half crowns would be scarcely distinguishable from them, and that some confusion would thence arise.

Earl Bathurst stated, that these tokens were rendered wholly different in their appearance from half crowns, and might be easily distinguished from them.

*The Bill was read a third time and passed.***EXHIBIT 07**

Search HelpHANSARD 1803–2005 → 1810s → 1811 → June 1811 → 27 June 1811 → Lords Sitting**GOLD COIN AND BANK NOTE BILL.***HL Deb 27 June 1811 vol 20 cc762-70*

Earl Stanhope, pursuant to notice, rose to introduce a Bill upon the subject which he had mentioned, and on which their lordships were summoned that day. The subject to which his Bill referred was of the most material importance to all classes and descriptions of people in the country. He was aware of the objection which would lie as to the late period of the session; but that was not an insuperable one. He had lost no time in coming forward. He saw a letter yesterday the contents of which surprised him not a little. In consequence of this, he repaired to some of the most eminent bankers, and also to some lawyers—two classes of men whom he thought the most likely to advise him well upon the subject. He had the satisfaction to find, that those among the bankers whom he had consulted, were of opinion, that something was necessary to be done in consequence; and farther, that what he proposed were the most proper measures to be adopted. He then came down to this House, in order to consult with some members upon the subject. He did not wish to mention any names in what he was about to refer to, as he did not wish to make a charge against any person. He had received information, the substance of which was, that a person of large landed property in the country, from some motives or other, had given notice to certain of his tenants to pay him their rents, now due, at Midsummer, in gold; but he further heard, that this person had either insinuated or expressed, that if he should take Bank notes in such payment, he should only take them at the rate of 16 shillings in the pound! But if it were for 19 shillings and sixpence, or any deterioration or depreciation, it could not be of much importance with respect to the principle. What might be the consequence of such a procedure? In the first place, it would be a gross injustice towards the tenants. Suppose one of these owed him 400*l.* sterling, would it be just to call on him to pay, 500*l.* in the shape of Bank notes? For such might be the effect. But he would go farther, and ask, if such landlord received notes in that way, what was he to do with them? Suppose he owed his coach-maker the sum of five hundred pounds, would he pay those notes at the rate of sixteen shillings in the pound, and so put 100*l.* in the coachmaker's pocket? Money which he had just taken out of the pocket of his tenant! Suppose the example of the person to whom he alluded, were to be followed to any extent during the recess of parliament, what a series of calamities must ensue! And this at a period when the legislature could not interfere. Evils which it would be beyond its power subsequently to remedy. Cases like those of the French assignats might occur; evils, he repeated, might ensue, which it would be beyond the power of parliament to relieve or rectify. The plan which he submitted on a former evening would have obviated all such evils as he contemplated, and by establishing a system of transfer, the principle of a legal tender might safely be adopted. But, when once paper was depreciated, it would be impracticable to restore it to its original value. Let the great cases of America and France be looked to for the illustration. The national paper of America was at one time at a loss of 97 percent, verifying the simile of Tom Paine, who said, that when Congress first issued its paper, it was like a very large snow-ball, but which from the very warm hands it passed through, returned to them no bigger than a nut. But in the case of France, the hands the national paper went through were much warmer, as their paper, at one time, could be purchased at the rate of 7*s.* per cent.! We should look with care and caution to our own national paper. To speak figuratively, he regarded the Bank of England at one of the bottom planks of the ship of England; if we permitted it to be bored through, we risked the whole vessel. The Bill he was about to propose, would guard against such an evil. He hoped when ministers came to consider his measure, they would know better what to do when it should come to a second reading. He begged leave to observe, that when a person proposed any thing, it generally became a consideration, whether or not he had any interest in what he recommended. With respect to himself, there were several malicious lies afloat. It was reported he was in debt 100,000*l.* and that if what he adverted to were to take place, it would operate to his injury. Fortunately, he owed nothing to any body. It was also said of him, that he intended setting off to America, and meant to carry away eighty thousand pounds out of the family estates. But these were infamous falsehoods, and uttered by the last person in the country that should have uttered them. In the present instance, he

**EXHIBIT 08**

assured their lordships, he was actuated by no party motives. The remedy he now proposed was as simple as the evil was alarming. To obviate if, they had nothing to do but what the Bill proposed, namely, To render it illegal for any man to pay a larger sum than 21s. for a guinea. To render it illegal for any person to receive a less sum in the case of a Bank note, than the value therein expressed a" payable to bearer; these were the leading provisions, and the beneficial tendency, or rather the saving and preserving effects of such a measure, were incalculable. The farmers he regarded as an oppressed set of men. It was a most incumbent duty of the legislature to protect them. The evils which he contemplated would more especially affect that meritorious class. They would spread like a contagion. Their lordships knew the flame that spread in consequence of the proposition of the noble viscount then absent (lord Sidmouth) respecting the Dissenters. Any thing which would so essentially affect the, interest of the farmers would in like manner be instantly communicated from one end of the country to the other. The noble earl then presented his Bill, which, he moved should be read a first time; which was accordingly done. It was intituled. An Act for making more effectual provision for preventing the current Gold Coin of the realm from being paid or accepted for a greater value than the current value of such coin; for preventing any, Note or Notes of the Governor and Company of the Bank of England from being received for any smaller sum than the sum therein specified; and for staying proceedings upon any distress by tender of such notes.

*The Earl of Liverpool* gave the noble, mover ample credit for the purity and, correctness of his motives in coming forward on the present occasion. He agreed with him as to the great importance of the subject, which was one which merited the serious attention of the legislature; and the arguments of the noble earl certainly carried great weight with them. At the very late period of the session, however, just on the eve of its close, and under all the circumstances of the case, he thought it would not be advisable to proceed any further with the measure at present. When the great extent and magnitude of the subject were considered, he thought their lordships must generally be of his opinion. He was ready at the same time to admit the probable efficacy of the remedies proposed, as far as they went. As to the immediate necessity for their adoption, were it principally rested on what was said, as to the intended act of a single individual, he could not subscribe to the existence of that necessity. Under the circumstances, he could not believe that the intention would be persevered in, or if it were, that the example would be followed by any other person. For the evils contemplated by the noble earl, the proposed remedy, as far as he considered it, would be thought to be the most efficacious. By it, one great and material objection, that which referred to making notes a legal tender, was in a great measure obviated. Generally speaking, the subject in question was not proper for legislative interference, except in cases of positive necessity of which, as yet, he saw no proof. It would be preferable to rely upon the general principle of the mutual confidence and good sense of the people at large. Here he did not see a sufficient case made out to induce a departure from that principle. The period of the session, when most of the members had left town, and when such an important proposition could not be adequately discussed, was also a most serious objection. As to the particular case alluded to by the noble earl, he understood it was not only as was stated by him, but that the alternative of receiving the Bank paper only at a depreciated state, was made a positive condition! That the rents should be paid either in British or foreign coin, or in depreciated Bank paper! But he should repeat his firm belief, that such an intention, even if acted upon, would induce no other person so to act; the example would not be followed. He was aware of the injustice of such a procedure under the circumstances, but he had no apprehension as to the prevalence of such an example, and on the grounds he had already stated, no necessity existing—no adequate case was made out, for such an important act of legislative interposition. He felt it his duty, should the noble earl move for the second reading of the Bill, to move, That it be read a second time on that day three months.

*The Earl of Lauderdale* said that, with respect to the case of the noble lord, who, it was said, insisted upon payment of his present rents in specie, he would call to the recollection of the House, that some months since he had positively stated that such a practice obtained in Ireland; and since that period numerous were the anonymous letters he had received, informing him that various instances of the kind occurred in that country. He was not decided as to the propriety of pressing such a Bill at this period of the session. It should be printed, and an opportunity of general consideration afforded as to the nature of the remedy proposed. A mode of proceeding which the noble secretary of

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state admitted to be the best, under the present circumstances. He must oppose the principle that it was preferable to rely on the discretion of individuals in a concern of such vital importance, than on a positive law of the land. It was not to the conduct of individuals, but to the protection of parliament that the people should look; and it was incumbent on the legislature to take the subject into its most serious consideration, at the earliest proper opportunity.

*The Earl of Limerick* observed, that what had been just stated by the noble lord did not apply to the South of Ireland, as there was not any instance in that part; of the country of a landlord making such a demand.

*The Earl of Lauderdale* said, he had not alluded to the South but to the North of Ireland.

*The Earl of Clancarty* was anxious to know what part of the North of Ireland, as in the province of Ulster Bank notes were refused to be taken as early as the passing of the Bank restriction bill; and as they came gradually into circulation, they were taken in payment in many instances at a discount, but that practice was rapidly declining.

*The Earl of Lauderdale* was aware of the practice to which the noble lord alluded, but he also knew an instance, which he had formerly stated, where a landlord called upon his tenants to pay in gold, and the latter having represented to the steward the impossibility of procuring gold, they were each told that there were 100 guineas at a chandler's shop in the neighbourhood which might be purchased; and it was a fact, that with those 100 guineas, passing from one to another, a rent of 7,000l. was actually paid.

*The Earl of Clancarty* was very desirous of knowing who the party was to whom this circumstance referred. His lordship then observed upon the black malignity which must have actuated the individual who had been referred to in the early part of the debate, as having demanded payment of his rents in gold, or that he would only take Bank notes at a depreciated rate.

*The Earl of Lauderdale* objected strongly to the term black malignity, contending that the noble lord alluded to might have been actuated by the purest patriotism, in determining to force upon the government the consideration of the situation of the country, to which his Majesty's ministers seemed determined to shut their eyes.

*Earl Grosvenor* was of opinion that the subject merited the serious attention of the House. He thought, however, in the proceedings on the present occasion, they ought to be guided by circumstances, and not come to any hasty decision as to the Bill.

*The Lord Chancellor* was not prepared to give any opinion as to the expediency of adopting the measure proposed by the noble earl, but he felt called upon to say, that in proposing that measure, the noble earl could be actuated only by a sense of the public good, and that therefore, under all the circumstances of the times, he thought the noble earl entitled to the thanks of that House, and of every well-wisher to the prosperity of the country for having thus brought the subject forward for their lordships' consideration. It was far from being a question to which he would very readily assent, to make a bank "note a legal tender. The ordinary objections against it had much weight in his mind, such as that they were liable to be fictitious, &c. &c.; but in other respects he did not conceive that such a case as that adduced by the noble earl could of itself be sufficient to authorise such an interference of the legislature. The case, however, in itself, called for very serious consideration, though he had, in the good sense and patriotic spirit of the country, a sufficient guarantee that it would not be followed to any extent. Besides, as the law already existed, he thought that the property of the tenantry was sufficiently secured, and it might be unwise to enact new laws on that head until circumstances absolutely called for it. He was not fond of examining into the motives of any man's conduct, but the conduct of the, noble individual who had been alluded to, he could not exactly ascribe with a noble lord to pure patriotism. If he ordered a coach from his coach-maker, at 100l. and afterwards paid him that 100l. in Banknotes, surely he could not consider it as fair and liberal to require that the same coach-maker, when he had 100l. to pay him for rent, should bring that sum in gold, and not in Bank-notes? For surely it could not be considered as very fair in any man, that he should pay his own debts in Bank-notes, but that when others had debts to pay him, they should be paid

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in a different coin from Bank notes, or that he should be indemnified for the difference that might appear to exist between paper and gold at the moment of payment. At best, this was a sort of pure patriotism which he little understood, and was little disposed to imitate.

*The Earl of Lauderdale* complained that he had been grossly misrepresented by the noble and learned lord. When he said that such a determination might have been resorted to by any individual from motives of pure patriotism, his meaning was, that such an individual might run the risk of incurring odium and unpopularity for having adopted such a resolution, though he might have taken it up merely with a view to make ministers feel the magnitude of the evils, which by a false and fatal measure, they had inflicted on the country; which evils, there was every reason to dread, would every day become more aggravated. In this view of the question, whoever acted upon such, motives might fairly be said to have been influenced by pure patriotism in taking such a resolution, and it was in that view only of the case, in which he conceived that such conduct might have been suggested by such motives. As to the case of the coachmaker, it was pretty well understood that tradesmen now acted with reference to the present circumstances of Bank paper, and that when they gave in a bill they would keep that circumstance in their eye; and perhaps in the case of the coach maker, the bill would have been 120l. instead of 100l. adding 20l. per cent to his bill, in consequence of The present supposed depreciation of Bank paper. Why then was not a landlord to look on his side for an indemnity against any such supposed loss?

*The Lord Chancellor*, in explanation, supposed, that in 1801 he had contracted with his coach-maker to furnish him with a coach in 1811, for 100l. perhaps in 1801, gold was to be had for 3l. 16s. and in 1811 the price was raised to 4l. 16s. The coachmaker would, no doubt, have adverted to this circumstance, and justly, had he (the Lord Chancellor) requested gold in payment for rent due, the very day after the coachmaker had been paid his bill in Bank-notes. This he observed, to shew the unfairness and injustice of requiring a debt due to a landlord to be paid in gold coin, while the landlord would pay his own debts, perhaps to the very same tradesman, in Bank-notes only.

*Earl Stanhope*, in reply, thanked both sides of the House for the fair interpretation which they had put upon his motion, and upon the motives which had induced him to bring it forward. He could assure them that they had done him no more than justice. His only wish was, to give an opportunity to his Majesty's government of providing against a feeling, the evil consequences of which he most seriously dreaded. The present alarm respecting the depreciation of Bank paper arose, like most alarms, from false fears and ungrounded prejudices. There might soon, perhaps, be no gold in the country; and he would say, so much the better. All the mischief of the present moment arose from falsely considering gold as the proper or only circulating medium. On this subject, he much admired an observation of sir George Saville's, an observation most just and philosophical. In a conversation on the subject of a circulating medium, he recollected that good and wise man to have observed, that the circulating medium was the measure of the relative value of things. For example, that ten pound notes would purchase to that amount a certain number of guineas, a certain number of loaves, or of Opera tickets, or the travelling a certain number of miles; and, that thus the price of every necessary, or enjoyment, might be regulated by the value of a Bank note. If the same rule did not exist now, it was from prejudice and idle fears; and he would again repeat that it was to be wished there were no gold in the country. As to the measure he had the honour of proposing, it was simple and intelligible, and applicable to the circumstances of the moment, and if it were not adopted by ministers, on them would lie the responsibility for the consequences. He would content himself with moving, That the Bill be now received, read, and that it be printed.

Some conversation here arose between the noble mover and lord Liverpool, respecting the day to be appointed for the second reading of the Bill. Lord Liverpool wished it to be read a second time to morrow; as he then intended moving, as an Amendment, That the Bill be read a second time that day two months. Lords Stanhope and Lauderdale objected to so early a day, and proposed Monday; for which day the second reading was ultimately fixed.

## EXHIBIT 08

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## **GOLD COIN BILL.**

*HL Deb 01 July 1811 vol 20 c774*

Earl Stanhope expressed his wish to postpone his motion for the second reading of his Gold Coin Bill, which stood for this day, till to-morrow, and his reason for doing so, he would freely state to their lordships. He had stated in the outset, that a certain great landholder intended to require the rents recently due to him to be paid in gold. He had mentioned no names, but it since turned out that the landholder he alluded to was a member of that House, and from whom he had received a letter, expressing his desire, that the motion might be postponed till to-morrow; he therefore thought it only justice to do so. His lordship then moved to renew the order for summoning their lordships on the above motion for to-morrow, which was ordered accordingly.

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 2 July 1811 → Lords Sitting**GOLD COIN AND BANK NOTE BILL.**

[ GUINEA (gn., or gns.). Coin minted in Great Britain between 1663-1814 that contained approximately one-quarter ounce of gold. It was the first English machine-struck gold coin, originally worth one pound sterling, equal to twenty shillings (one pound) and up to 30 shillings. From 1717 to 1816 it was 21 shillings. Guinea was the source of much gold mined in West Africa. ]

*HL Deb* **02 July 1811** vol 20 cc784-806

**Earl Stanhope** moved the order of the day for the second reading of this Bill. The Bill being read by the clerk, his lordship said, he was extremely happy to see around him on this occasion several noble lords who were not present before when he brought the matter forward, as it afforded him an opportunity of explaining **the object he had in view by this Bill**. But before he told them **what the Bill was**, he would tell them **what it was not**. It was not, as it had by some been erroneously supposed to be, a Bill to make Bank-notes a legal tender; and indeed it would be highly improper that such a Bill should pass; because the person who might refuse a Bank-note on the ground of supposing it to be forged, might be by this means brought into an unpleasant dilemma. He would now state what the Bill was, and his reasons for proposing it; and, in the first place, he would examine if his foundation was good, and then explain the nature of the **superstructure it was his design to raise upon it**. His Bill went simply to this, that it should not be legal to give more than **21s. for a guinea**, or less for a Bank-note than the amount for which it purported to be payable. The idea of offering this Bill originated to him on the bringing up of the **Bank Token Bill** from the other House; the nature of which Bill was to facilitate the introduction of a **new circulating medium**. On that occasion he had pointed out to their lordships the necessity of **establishing some legal tender throughout the country**, other than that which it was now impossible to procure. To illustrate the necessity for this, he would suppose that a person agreed to purchase an estate for **one hundred thousand pounds**, that the title was good, and that no object stood in the way of the completion of the bargain. But suppose, when the price stipulated came to be paid, that the seller should say, **"I expect to be paid in guineas**, and will not transfer the estate unless I am so paid;" would their lordships think the purchaser fairly or justly dealt with? Would they not rather consider it to be wrong to require him to perform a **physical impossibility**, by **procuring so many guineas**? Yet the law, as it stood, did not afford him any remedy against this **unreasonable demand**. This was precisely the state of the case, and he would now state the principles on which he maintained that the plan he proposed ought to be adopted. It had been his peculiar good fortune in life to be acquainted with many great and eminent men, and among them he could not name one whose estimable qualities of the heart and of the head did him more honour than **Sir George Saville**, with whom he had the supreme pleasure of being intimate. His idea on this subject he would adopt as his own: it was this clear, and perspicuous, and philosophical definition of the circulating medium, "that it was and could, be no other than a measure or scale of different things." Thus **ten pound was the measure of a certain number of loaves of bread**, of a certain number of **tickets to the opera**, or of a certain number of **miles travelling in a hackney coach**. The ten pound was the scale by which the **relative value** of these three articles was measured. To this definition he would add, in pursuance of the same idea, that this **scale was, or ought to be, fixed and unalterable**. As illustrations were good to explain abstract propositions, he would endeavour to apply one to this point. Suppose they wished to measure any thing of length, they would take a yard, consisting of 3 feet, or of 36 inches, and by this means might measure a piece of cloth 36 yards long; but it would not do to measure 36 yards by this piece of cloth, for, being elastic, it might at one time reach to 40 yards. **A third fundamental principle was, the circulating medium** ought not to be **attainable without a certain labour or value given**. Gold certainly possessed this quality, but so also did other things; such, for instance, as **Hamburgh Mark Banco payments**. And book entries in this respect enjoyed a very great **superiority over gold**, **if they were put under proper regulations**. Suppose any state should open such books in which no person could obtain an entry of credit without performing an adequate public service, was it not evident if he was enabled at some time to transfer that amount, or any part of it, to any other part of the country from that in which this entry was made, that it would be better than if it was paid to him in money? **He might lose the money**, or might be **interrupted on the road**, which **accidents could not happen to the book entry**. **Book entries** also possessed other advantages over money in **rapidity**, and in **not being liable to depreciation from wear and tear**; in the respect of annual interest, and in the immense qualification of being invariable. It was on these principles then,

**EXHIBIT 10**



that he founded his proposition. In coming to notice his plan, he had to observe, that he laboured under considerable difficulty. These subjects belonged to government, and were **proper for ministers to take up**. No other person who proposed any violent change, such as he did, being no less than to change the circulating medium, could expect any very great support. A wise man would therefore try to accommodate his views to existing circumstances, rather than propose a radical alteration of the system. Not to be ludicrous on so grave a subject, he would try to illustrate this part also by a simile. He had found the **principle established by law, that payments in Bank notes could not be enforced as legal**. A Bank note, like the purchase of a check for admission to a public place, might be changed for something else, for another note; but still that was not the admission, and after various changes, a man might be as far from his purpose as at first. He had endeavoured to fit his plan to this **deformed monster**. Like the tailor, who made a coat for a person with a **hunch back**, on being reproached with its ill fashion, he might retort, "it was not cut out because it pleased my own fancy, or for any straight well-shaped man; but how could I help cutting it so, as it was to **fit a humpy?**"—This must be his apology for the shape of his plan, in which he had endeavoured to apply common sense to existing circumstances. He now came to the plan itself, which he had laid down, by desire, to a very distinguished noble and learned lord. [Here his lordship went into an explanation of his offer to lord Eldon, a copy of which will be seen at p. 740.] **His grand object was to establish a mode of making payments which would create a possibility of making legal tenders**. Always keeping in view that the **Bank was, and had proved itself to be, solvent, and limited by government to some extent**, he proposed, **1st**, That, as in Scotland, it should establish many branches throughout the country: **2dly**, That in all these branches it should cause books for entries to be opened: **3dly**, That persons possessing Bank notes should be entitled to have a credit to their amount in these books: **4thly**, That for such credit they should be entitled to transfer all or part to any other person's account: and, **5thly**, as these entries could not be forged, that these **transfers should be made a legal tender**. Having opened the scheme of his Bank to their lordships, he had afterwards received information that a noble lord, possessing great landed property, because, no doubt, he had thought it right so to do, and that it could not be injurious to the public, had given notice to his tenants, that he should expect them to **pay him their several rents in guineas, or in Portugal gold, or in Bank notes at a depreciated rate**. If this example was followed, it must do **incalculable mischief**, and to guard against this was the object of his Bill. Various reasons had operated on his mind in favour of creating a new circulating medium, and that of book-entries and transfers. In doing this, he had availed himself of the vehicle of the Bank of England, as he found it established. He maintained that at this moment a **pound sterling** and a **Bank note of 1l. were at par**. He proved they were of equal value in this way: Suppose he were to go to a banker's, and lay down **21 one-pound notes on one hand**, and **20 guineas on the other**, desiring that two separate accounts might be opened in his books for these two sums: he would find that they were both to the **same amount**, namely, **twenty-one pounds**. It was his wish, for **five or six months to come, to maintain the pound note and pound sterling on this equality**, which would not be the case were the example of the noble lord behind him (lord King) to be followed, and no legal provision made against that course. [Here lord King, as we understood, asked if they were now at par?] Earl Stanhope said, he had no objection to be catechised by the noble lord, provided he allowed him, in his turn, to become parson. He had shewn that they were-at-par sufficiently to answer his argument, and he defied the noble lord to prove the contrary. He deprecated permitting the possibility of this depreciation being created, as it must fill with discontent the most useful classes of the community, those on whom their lordships, as well as others, depended for the payments of their rents, and the means of living. They must be cautious not to offend this large body, and that, too, in a way accompanied by gross injustice. It was on that feeling he had acted on several cases; such as that, for instance, of the Dissenters lately, or any class who felt or apprehended abuse. His Bill removed dangerous temptations, and made the **pound and note in his sense, or left them, on a par**. This Bill had been commended greatly by those who seldom approved of any motion of his. He was happy at this; but they went even farther, and said it was the very best remedy they had heard, but not yet necessary, as nobody would be found to follow the example of his noble friend. **He liked rather to give to people the protection of the law, than any understanding or caprice of other men, which was not a firm foundation**. As the noble Secretary of State shewed no disinclination, if any necessity appeared, the question turned merely on the **probability of the example set being followed**. He had a bundle of instances of this sort, and he only wished that a great many more would say so at once,

[ "l" (lower case "L" is the symbol for one pound sterling. ]

[ DISSENTERS : This is reference to the FRAME BREAKERS also called "Luddites. ]

## EXHIBIT 10

and then they would proceed to **prevent the evil**. Here the noble earl produced a number of letters, from several of which he read extracts. One person wrote that his landlord said, "What one landlord can do, all can do. If lord King succeeds, I will do the same:" and then proceeded, without a fee, to ask the noble earl's opinion. Another letter stated a recent transaction in Hampshire, where a man bought an estate for 400*l.* and paid down 100*l.* of the money, and afterwards fitted up a house and other buildings at the expence of several hundred pounds more. Some time afterwards came the time of payment, when the vender desired to have his money in specie. The buyer could not get guineas, and notes were refused by the vender, who would have his payment in guineas, or his land back again. The buyer was actually trying to raise money by mortgage on his improvements. The only consolation left to the buyer was an intimation from a friend of the vender's that he could inform him where he might obtain the guineas he wanted, by **paying twenty seven shillings a piece for them!** (Hear! hear! from both sides.) Some might smile, and some shake their heads at this; the whole country might well shake their heads at it. His lordship read another letter which stated the conduct, not of a landlord, but of a lady. He did not know whether the noble lord near him had followed the lady or the lady had followed the lord; but the lady had refused to take any thing but gold, and had asked a person interested, whether he was acquainted with the **difference between taking Bank-notes and taking gold**. This person, in writing to him, stated an apprehension of the seizure of goods, and a readiness to come and prove the statement made in the letter. Another person, a professional man, had written to him, saying that he had witnessed much of the traffic, and apprehended from it most serious consequences. He stated, that he had been long in the habit of paying and receiving many small sums. A few days ago a gentleman had come to him from another part of the country, and paid him 800*l.* observing that he had brought with him 300 guineas, with which, or part of it, the other wished him to oblige him in the payment; but he would not part with any of them, saying that he knew a friend, who would give him **six or seven and twenty shillings each for his guineas**. This increasing traffic, added the writer, occasioned the great **stagnation of gold circulation**. Besides other accounts, the noble earl adverted to what he had heard respecting practices in Ireland, which had already been alluded to by a noble lord. He mentioned the profitable trick of a landholder's steward, in contriving, by the use of merely one hundred guineas, to procure the payment of a large rent, by compelling the tenants to purchase them, while they were moving in constant rotation from the shop where they were sold, to the agent's office where they were received. In addition to this, he could mention, that no less a sum than thirty eight thousand guineas were landed in Dunkirk lately, from this country, out of one cutter. He had even heard that a clergyman, a friend of a noble lord behind him (he did not know whether the noble lord intended to give him a living or not,) had said that every landlord in England ought to do the same as those whom he had been speaking of. From these statements of facts, communicated to him by respectable correspondents, and read from a mass of communications, he thought that the objection taken to his Bill by the noble secretary of state on the ground of there being **no existing necessity for it, could not be supported**. Those who objected, merely from the necessity not being apparent, must see from these communications, that the necessity might very speedily arise, and that too, when parliament would not be sitting. All those who agreed with him in the general principle of his reasoning, and the ground, work of his proposition, ought to assent to the enactment of the measure he proposed. He was confident, that, under all our circumstances, the **system of book entries was the most practicable mode**; and it had also the **recommendation of the Secretary of State himself**, as the best remedy that had been offered. He was sorry for having troubled their lordships at such length, but the importance of the subject made him feel it his duty to do so; and the more so, because many noble friends were present, who took different views of the subject. The matter was for ministers to consider in good time. It was their particular business to attend to it. He should only say one word more to the noble Secretary of State. Let him take care not to imitate the lazy fireman, who suffered all the houses in the street to be burnt down through his dilatoriness; and when the mischief was done, appeared in the street with his engine. The noble earl concluded by moving the second reading of his Bill.

*Lord King* rose and said:\*

My Lords; entertaining strong and decided opinions on the **subject of paper currency**, which I have never lost any opportunity of expressing, both in my place in this House, and by every other means in my power, I have always been

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ready to discuss the subject in general, and naturally feel, at present, most anxious to justify my own conduct, in consequence of the charges which, on a late debate, have, in my absence, been made against me.

Under these circumstances, I must crave your lordships' pardon, if I feel compelled to speak of myself, and of my private concerns, in an assembly where such topics in general are so improper; but the course of the late debate renders that detail imperative on me, and, indeed, the question has assumed that shape that it cannot be treated otherwise than by dividing it into two principal parts: 1st, My individual conduct; and, 2dly, the **general subject of the present depreciated currency of the country**, and the alarming projects held out of **destroying the ancient standard of value**, and of **subverting the basis**, and **denomination**, of the lawful money of the realm.

I shall therefore proceed to state plainly, and explicitly, my reasons for refusing at this time to receive Bank-notes at their nominal value, in certain cases, and to avail myself of the remedy provided by the law.

Since the late decision in the House of Commons it appears to be the **declared intention of the government, that the restriction shall continue to the end of the war**, however distant that period may be.

The subject is thus brought home to the individual interest of every man whose property is yearly, even monthly, deteriorated in consequence of the **unnatural state of the currency of the country**. Under these circumstances, therefore, I have thought this the proper time to make a stand in defence of my property, and to endeavour to **protect myself from further spoliation and injury**.

During the **last twelve years**, we have seen the **depreciation of Bank-notes** progressively advancing in the most alarming manner; and every hope and prospect of amelioration being destroyed by the recent resolution of the House of Commons, there appeared to remain no other choice than either to submit with tame; and patient resignation to receive payment in currency, of whatever value it shall please the Bank of England, in their forbearance and moderation, to permit henceforth to belong to the currency of the country; or to have recourse to the remedy which individuals possess by law, and which I shall hereafter shew has been purposely allowed and secured to them by the law.

There is also another reason, which I confess has had some influence with me in this determination. It was asked, insultingly, in another place, whether any person had ever yet ventured to refuse Bank paper in payment or satisfaction of a lawful debt; and on that foundation, it was attempted to be argued, that in point of fact, there, existed no difference in value between paper and gold, and no actual depreciation. By bringing this question to issue, at least one of the **remaining wretched supports of this fatal system will be overthrown**.

In this state of things, for the defence of my property, I have thought it advisable, in the management of my private concerns, to inform my tenants holding lands under old leases, and under old leases only, that I can no longer continue to receive Bank-notes at their nominal value, in payment, or satisfaction, for such contracts, and I am now prepared to assert, not the bare legality, for that is unquestionable, but, what I am much more anxious to prove, the justice and equity of the course I have thought myself obliged to adopt. The plain broad principle upon which I have acted is, to require payment in a currency of the same intrinsic value which the currency possessed at the date of each respective agreement, and in order to ascertain this intrinsic value, I calculate the amount of gold which the stipulated rent was able to purchase at the date of the lease or agreement, and require the same weight of gold, or a sum in Bank notes sufficient to purchase that quantity of gold at the present time. I offer this alternative as an accommodation to the tenant, in case he makes the option of paying in paper money, instead of fulfilling his agreement by payment of his rent in the lawful gold coin of the kingdom.

*The following is a copy of the Notice:*

## EXHIBIT 10

*'By the lease dated 1807, you have contracted to pay the annual rent of 100l. in good and lawful money of Great Britain. In consequence of the late great depreciation of paper money I can no longer consent to receive Bank-notes at their nominal value, in payment or satisfaction of an old contract. I must therefore desire you to provide for the payment of your rent in the legal gold coin of the realm. At the same time, having no other object than to secure payment of the real intrinsic value of the sum stipulated by agreement, and being desirous to avoid giving you any unnecessary trouble, I shall be willing to receive payment in either of the modes following, according to your option.*

*First, In guineas.—Secondly, If guineas cannot be procured, by payment of Portugal gold coin, equal in weight to the number of guineas requisite to discharge the rent.—or, thirdly. By the payment in Bank-notes of a sum sufficient to purchase the weight of standard gold requisite to discharge the rent,—The alteration of the value of paper money is estimated in this manner: The price of gold in 1807, the year of your agreement, was 4l. 2s. per ounce; the present market-price is 4l. 14s. arising from the further depreciation of the value of paper; in that proportion an addition of 14l. 12s. 8d. per cent, in paper money will be required as the equivalent for the payment of rent.'*

*In the above instance there is a difference of 14l. 12s. 8d. per cent, in the currency between the year 1807 and the present time. In the case of an agreement dated 1796, when the market-price of gold did not exceed the Mint-price, because the currency was then in a pure and perfect state, the difference between the payment in gold or in paper money amounts to the whole of the actual depreciation of the currency at this day; and if the market price of gold was 4l. 14s, on the 10th of May, when the calculation was made, it follows, that in the proportion of 3l. 18s. the Mint-price of gold, to 4l. 14s. the present market-price, one hundred pounds will give one hundred and twenty pounds nine shillings. The principle thus clearly stated, the only dispute which can arise, as to the equity and fair dealing of the transaction, must proceed from a doubt as to the correctness of the data on which the calculation is founded. The prices of bullion at the different periods are taken, as far as they can be collected, from the returns made by the Mint to the House of Commons, as far as they reach; and since the 5th of March 1811, the price of gold is taken from Wettenhall's prices-current, the same source from which the officers of the Mint derive their information: if there is any error, it is therefore open to correction.*

*Where, may I ask, is the hardship of this demand? The price of the produce of land, the price of labour, the price of every great staple commodity, are all affected by the value of the currency which serves to circulate the wealth and industry of the country. In proportion as the currency is depreciated, the price of wheat, of cattle, of all the produce of the land, and of every commodity, is augmented. Of course it must always be understood, that in all cases the price of every thing whatever is regulated by the supply and the demand, and, when so determined, is afterwards affected by every variation in the intrinsic value of the currency by which they are circulated. The covenants of a lease secure the payment of rent in the lawful money of Great Britain, (these are the express words of the contract): the lawful money of Great Britain contains a certain known weight of gold of a certain known fineness of standard; and if Bank notes, from any cause whatever, will no longer purchase that weight of gold which, according to the regulation of the Mint, ought to be contained in a certain given sum of lawful money, they will no longer fulfil an old contract according to the spirit and essence of the agreement.*

*In the case of a contract made for a fixed sum at a distant period, under the uncertainty and irregularity of a paper currency not convertible into gold at the will of the holder, the only equitable course for both parties to adopt appears to be, to ascertain the quantity of bullion which a pound note of the common currency was able to command at the date of the agreement, and for every pound of rent, or interest, or principal sum due, to require the same quantity of bullion, or the amount of debased currency sufficient to purchase that quantity of bullion. This is the true and equitable payment and satisfaction of such contract.*

*on every sound principle of law and equity, the landlord is entitled to receive the real intrinsic value of the stipulated sum, in good and lawful money; or at least in currency equal in value to the currency at the date of the contract. He is strictly in law entitled to the legal gold coin of the realm, if such is the condition and obligation of the*

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*contract; as matter of favour and concession, he may consent to receive his payment in any other shape, for the convenience or relief of the party bound to the fulfilment of a contract; but a payment in a debased paper currency, is a payment in name only, and not in reality. It formed no part of the stipulation of the bond. There is no limitation to the extent to which a loss, proceeding from that cause, may be carried. To put an extreme case, which no man can assert to be impossible, because in another country it has actually been exceeded: a note of one pound may not be worth or pass current for more than one shilling, consequently all commodities would be advanced to twenty times their former value. In a case so palpable, it would be impossible for any one to imagine, that a payment, in such degraded currency, would be in any sense a satisfaction for a contract concluded before the depreciation of the currency had taken place. It would be impossible to deny, that, by such a payment, the landlord would be defrauded of nineteen parts out of twenty of his just demand.*

*In order to prevent any misconception and false statement of my conduct, I take this opportunity of openly stating, that so far from taking any undue advantage by making, in this year, or last year, or at any time, an agreement for land at a greatly advanced rent, calculated on the advanced price of all produce in consequence of the debased state of the paper currency, and then taking advantage of the law, and calling on a tenant, under such circumstances, to pay in gold, or the value in gold, equal in fact to an addition of twenty percent, at the present market price of gold; I am, on the contrary, ready to reprobate such conduct, as most unfair and unjustifiable. My conduct has been totally different; I have strictly abstained from making any such demand, or from requiring a compensation for any alteration in the value of the currency for two or near three years, though such alteration is not inconsiderable. I shall continue to receive payment in Bank notes, until, by a further depreciation, the notes, at some future period, shall become visibly and sensibly deteriorated below their actual value at the date of the leases in question; I shall then expect to receive that difference, if any, whatever it may be. And further, I am prepared to say, that if, by the unexpected event of the restoration of the currency to an improved state, I shall be perfectly satisfied to receive such rents, diminished in proportion to the improvement of the currency at any future period, compared with the currency at the date of such leases. For all land let to tenants at will, I shall continue to receive Bank notes, conceiving the land to be let for the price of the times, or that I have at least the power of obtaining, if I please, the fair price of the times.*

*To place this subject in a clearer light, and to remove any remaining prejudice, respecting the oppression or hardship of the proceeding, it may be useful to explain the nature of rent. Rent is generally defined to be the value of that part of the gross produce of a farm which remains, after making full allowance for all expenses, taxes, and profit of capital employed by the farmer in the cultivation. The gross produce is generally supposed to be divided into four shares, three of which are allotted for the above purposes, and one for the rent: this last portion is then estimated at the average price of produce during some preceding years, and thus converted into a money price for the mutual convenience of both landlord and tenant.*

*But the effect of the depreciation of the currency is to augment the price of all the four shares of the gross produce of the farm, of those which are to defray the expenses, as well as of that portion from which the rent is supplied. It will be found that the tenant suffers no loss, if he is required to make only an equitable compensation, equivalent to the depreciation of the currency; he has already received an advance in the sale of his produce; he is only prevented from acquiring an additional profit, to which he can have no just claim. To any increase of price, in consequence of the increasing opulence and prosperity of the country, the tenant is in every sense justly entitled: the two causes of increased price are totally distinct; the one arises from the fair increased demand and consumption of the country, which may well have entered into the calculation of the amount of rent; the other proceeds from an anomaly in the currency, which never could have entered into the contemplation of the parties.*

*I presume it will not be denied, that paper currency is in its nature liable to depreciation, after having witnessed the example of so many countries on the continent, of the Assignats in France, of the paper-money of Sweden, of Portugal, and the most recent instance of Austria. The symptoms of depreciation have manifested themselves unequivocally in*

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*this country; they are apparent in the advanced price of bullion keeping pace with the excessive issue of notes, in the unfavourable exchange, and in the general rise in the price of all commodities. The average price of wheat, which, from the year 1771 to 1785, was forty-six shillings; and, from 1786 to 1797, was fifty-two shillings; has since that period, which it must be remembered was also that of the Bank restriction, increased in a very different ratio. In the twelve years, from 1798 to 1810 (omitting 1800 and 1801, years of dearth), the average price of wheat for England and Wales has amounted to seventy one shillings the quarter.*

*At the price of fifty-two shillings the Quarter; it required eighteen quarters of wheat to purchase a pound weight of gold, which by the mint is coined into forty-four guineas and a half. It appears, that during five years, beginning in the year 1802 and ending in 1806, the average price of wheat was seventy shillings; and as in the same years the mean price of gold bullion was nearly 4l. 2s. per ounce, or 49l. 4s. per pound, it required fourteen quarters or half a bushel of wheat, at seventy shillings, to purchase a pound of gold at that market-price of bullion. During the last five years, eighty-five shillings a quarter may be stated as the average price of wheat, and the mean price of gold has been nearly 4l. 7s. per ounce, or 52l. 4s. per lb.: it required therefore only twelve quarters and two bushels of wheat, at the price of eighty-five shillings, to purchase a pound of gold, even at the advanced rate of gold, during these five years.*

*It may be inferred from the highly advanced prices of wheat, compared with former times, and particularly its rapid increase since 1797, that the paper currency has suffered a material alteration of value. But from this examination of the relative value existing between corn and gold bullion, after making great allowance for the advance in the price of wheat in consequence of an increased demand, it may also be suspected that the supply of gold itself has been likewise very considerably increased; or, in other words, that the real price of gold has been most sensibly diminished. This view of the subject has convinced me of the propriety of not submitting any longer to the loss which arises from the present great inferiority of the value of the note to that of gold, seeing that the gold itself, compared with the best standard of value, has in all probability become really much cheaper and more abundant than at any former time.*

*It must be kept in view, that payment in gold is the condition of the obligation, and that, in most instances, the option proposed is much to the advantage of the tenant, and intended as an equitable modification and abatement of the legal demand. In the North of Ireland it is not unusual to require rents to be paid in specie, and the effect has been to retain the gold coin in those districts where that practice continues.*

*Having acted on principles, such as I have described, and being satisfied with my own conduct, I shall not be deterred by clamour, or by any imputation what-ever, by which it may be attempted to prevent me from insisting, at the same time, with firmness and moderation, on a just and legal demand. It may suit the interest of some persons, by such unworthy means to attempt to put down that which they hesitate and fear to do, by legislative interference, notwithstanding the facility with which, of late years, acts of parliament have been passed, to suit the convenience or inconvenience of the moment. It was attempted in France to intimidate individuals, who preferred the good metallic money to worthless assignats, by branding them with the charge of incivism, or incivic practices, in the revolutionary phrase; and, to judge from the language of his Majesty's servants, who are endeavouring to inculcate the acceptance of paper money as a moral and political duty, we are here also to be governed according to the true jacobin doctrine, which required individuals to regulate their conduct not by their own proper interest and convenience, but according to some speculative principles. In a well-regulated state, the proper interest of individuals is inseparable from that of the government, and it is the duty of government to take care to avoid any system or state of things in which individuals, pursuing their own interest, and acting legally, shall have the appearance of acting at variance with the public interest. If the notes of the Bank of England are not depreciated in value, and if, in fact, there is no difference between paper and gold, the preference given to the latter will be an idle preference, of no public inconvenience, because it will not be followed. If the value of the Bank paper is really at par, it is not in the power of any individual to alter the fact; and any attempt to do so would be despised as it deserved: but if, on the contrary, the Bank-paper is*

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*greatly inferior in value to gold coin and bullion, it is highly meritorious to expose and resist a system, through which the whole community is impoverished and defrauded.*

*I must desire to be informed by what; new rule, by what new order of things, an individual is bound to account in parliament for his conduct in the management of his private affairs: if he has claimed his right only, it is his by law; and if he has demanded more than his right, the poorest man in the country may have redress against him.*

*Having now, my Lords, as I conceive, proved the justice of my conduct, by a statement irresistible in a court of equity, I shall proceed to the other part of the subject, and I shall, in the first place, endeavour to show, that in the year 1797, the law respecting legal tender was by design left without alteration. The legislature, contemplating the inconvenience to which individuals were exposed, by the Bank restriction, took away the power of arrest: as long as the value of gold and paper money was equal, there was no temptation to insist on gold; but if gold was demanded, the debtor had it in his power to buy bullion, and take it to be coined at the mint, the law, in the mean time, protecting him from arrest. The legislature, when it sanctioned the Bank restriction, in 1797, most assuredly never contemplated the depreciation of the currency as now existing to so great an extent. The association agreement, to receive Bank-notes, entered into by the members of the privy-council, and the great merchants and bankers in London, was perfectly voluntary: it was entered into on the presumption that the currency was then, and would continue to remain at the full standard of value. At that time it was little expected that the Bank of England note of one pound, which had always been able to command a certain weight of standard bullion, would ever be so reduced in value as to contain sixteen shillings and seven-pence only, instead of twenty shillings, its former intrinsic value; a defalcation of three shillings and five pence in the pound on all fixed income, a privation much greater than the income-tax, the heaviest burden ever imposed at once on any country.\* That at least is “The following Table will show the real Value of a one Pound Bank-note, at the Market price of Gold.”*

Market price of Gold per oz.	Real Value of Note.	
£.	s.	s. d.
3	18	20 0
3	19	19 8 7/10
4	0	19 6
4	1	19 3 1/10
4	2	19 0 3/10
4	3	18 9 5/10
4	4	18 6 8/10
4	5	18 4 2/10
4	6 10per Cent	18 1 6/10
4	7	17 11 1/10
4	8	17 8 7/10

*paid for the public service; but is it to be endured, that a Bank-tax of near double the income-tax shall be taken from the income of individuals, not for the public service, but for the sole gain and benefit of that corporation? I am almost tempted to say, (if the Bank is so accustomed to the vast gains it has acquired, by the continuance of (he restriction, that it will not consent to forego them), that the government would make a provident bargain, by paying five or six hundred thousand pounds annually to the Bank, stipulating, in return, that the Bank should reduce the quantity of notes in circulation, until their intrinsic value was restored.*

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*Some step must be taken to put an end to all the manifest injuries, both public and private, arising from the depreciation of the currency. To consider it in one point of view, the public expenditure this year of ninety millions is equivalent to seventy four millions only of currency of the former standard; but as the interest due to the public creditor is a fixed sum, the extraordinary expence incurred in this single year, in consequence of the state of the currency, has been little short of ten millions sterling. It is now evident, that it will be found impossible to avoid augmenting the pay of the army, of the navy, of all the servants of the government, unless you speedily interpose and take effectual measures to restore the value of the currency.*

*In Portugal and Sicily, the loss incurred by government, from the adverse exchange in the last year, is not less than twenty per cent. on all money remitted to those countries; and it is in vain to attempt to conceal the fact, that the expences of the government at home, in the*

4 9	17 6 3/10
4 10	17 4
4 11	17 1 7/10
4 12	16 11 4/10
4 13	16 9 2/10
4 14 20 per Cent	16 7 2/10
4 15	16 5 1/20
4 16	16 3
4 17	16 1
4 18 25 per Cent	15 11
4 19	15 9
5 0	15 7 2/10
5 1	15 5 3/10
5 2	15 3 5/10
5 3	16 1 7/10
5 4	15 0

*supplies for the navy, and for the ordnance, are all equally augmented. The only advantages, indeed, which the government derive from the continuance of the Bank restriction, are some certain accommodations which it received from the Bank, in discounting exchequer bills and government securities, and the shameful profit of defrauding the public creditor, by compelling him to receive payment in depreciated paper money. It has sometimes been argued, that the value of gold, by some unusual circumstances, has of late years greatly increased; and it is contended, that gold, which is the common standard and measure of value in all parts of the world, is not in this country the best suited for that purpose, or at all comparable in certainty and steadiness to the standard value of the Bank of England note on examination it will be found, that this alledged dearness of gold depends entirely on the commodity which you have to give in exchange for it. It is perfectly true, that if you have only Bank paper to give in exchange, the gold is extremely dear in the exact proportion as the paper to be given in exchange is become cheap; but if you have corn or labour which have been considered as the most perfect standard of value, it will be found that gold is really much cheaper than at any former time, as less labour and less corn will now command the same weight of gold. The same result will be found to take place universally in every quarter of the globe. In France, the money prices of all commodities appear to have risen one fifth since the Revolution. In every country, it will be found that the prices of commodities, of food, and of labour, have risen, or, what is the same thing, that gold has in fact fallen in value. That the supply of gold*

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*imported into England is very large, may be seen from the evidence of the greatest bullion-merchants in London, who say you may procure any quantity, provided you will pay the price.*

*It is further said, that all the gold in England is clandestinely exported to France in payment for corn, which we must of necessity procure, and which they will not consent to give us except in exchange for gold. It is perfectly true, not only that the exports, but the imports of gold, are in much larger quantities than at any antecedent period.*

*All the bullion, which in the shape of tribute, and in the ordinary course of commerce, flowed constantly from Spain and Portugal into France, and through France to the other parts of the continent, has now, from the total interruption of all intercourse, ceased to be carried in that direction.*

*A new and more easy channel has been discovered, by which the produce of the gold mines of South America, can be distributed over the continent of Europe; the more open communication and intercourse which has lately taken place between Great Britain and the Spanish and Portuguese settlements in South America, has opened a new road, through this country, for the passage of the precious metals from the new world, where they abound, to the old continent, which does not produce them. That this is the new course of commerce is obvious from the state of our commercial relation and easy access to South America; it must be so in the present state of the world. It follows of course, that the gold must be cheaper in this country than in other countries to which it is afterwards exported; it is in the nature of things that it must be dearer in France, by all the expence of transport, risk, and insurance, which is incurred by the export of bullion.*

*The proposal of introducing an alteration of the law of legal tender, which has been intimated with a view, I suppose, of feeling the way, before so dangerous an innovation of the general rules of law and justice shall be openly avowed, is the most pernicious and destructive ever ventured to be made by the wildest theorist in any civilized country. All the fatal consequences of such a measure, once carried into execution, no man can possibly foresee. But of this we may be well assured, that it threatens to subvert the whole system of the political economy of the country; that it will overturn all fixed and certain standard of value, and totally destroy the spirit and meaning of all contracts and engagements between man and man.*

*By such an act, you at once declare bank-notes to be a forced paper currency, no longer resting on the basis of voluntary circulation; you will proclaim to the world that your bank-notes are assignats to all intents and purposes, differing in degree only, and not in kind. Mr. Burke, when contrasting the paper money of England with the assignats in France, describes them as powerful on the exchange, because impotent in Westminster Hall. How little did that great man imagine when he was describing the horrible system of the French assignats, that he was also drawing the future picture of his own country!*

*A forced paper currency, once established by law, will leave no means of retreat; it will advance thenceforward with rapid strides towards that horrible system of finance which ruined millions in France; if once you start on the same course, you must inevitably run the same race. Your enactments must be either ineffectual, or intolerably tyrannical. The symptoms of rapid depreciation have already unequivocally appeared, and a legislative enactment, vainly intended to support the value of your paper money, will prove here, as, infallibly as it has proved in all other countries where the same fatal measure has been adopted, the immediate forerunner of the last crisis of the paper system.*

*Against such a monstrous proceeding we have the authority of Mr. Pitt himself. We have also the authority of judges in Westminster-hall. In the court of Common Pleas, upon a question whether banknotes were made a legal tender by the Restriction Act, Mr. Justice Heath held this language:*

*"Whatever inconveniences may arise, the courts of law cannot apply a remedy. I think indeed the legislature acted wisely, having the recent example of France before their eyes, to avoid making banknotes a legal tender; for in France*

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*we know that legislative provisions of that kind, in favour of paper currency, only tended to depreciate the paper it was designed to protect, and were ultimately repealed as injurious in their nature \*."*

*We have indeed the experience and example of France, as a warning to avoid the same calamities: in support of the assignats, there was legislative interference, and penalties and terror ever ready at command, exercised with unrelenting severity and unceasing vigilance. But I ask, did ever that system of terror stop the depreciation, or uphold the finances of France? Has the forced paper currency of Austria (the most recent instance) preserved the finances of that empire? on the contrary, their destruction is also nearly completed.*

*It may be instructive to us to know what has been done in other countries, to modify “\*Bosanquet and Puller's Reports, vol. ii. p. 526, Case of Grigby v. Oakes,” and correct the disturbance of all contract” occasioned by the progressive depreciation of their respective currencies. In France, and in Austria, it has been found necessary to establish a rule for the equitable performance of contracts. When the frenzy of the Revolution had subsided, the French government, after the destruction of their assignats and mandats, and the consequent reappearance of metallic money, ascertained the value of the Louis or, as compared with assignats at different periods. When the Louis of 24 livres purchased 600 livres in assignats, it is clear that an engagement made in assignats at that rate was 25 times the value in good money. When the Louis was worth 1,200 livres, a contract made in assignats was 50 times the value of the metallic money. And in this simple manner, according to any given market-price of the Louis at a given time, contracts were reduced to their real value.*

*The remembrance of the assignats has, however, in a great degree, put an end to leases in France; and if they are ever now made, the rent is stipulated to be paid in certain measures of corn. It may shortly be found necessary to have recourse to the same precaution in England. The practice has, no doubt, its inconveniences; no man can calculate the exact amount of his income for any particular year, because it will depend on the seasons and the casual supply of that year: but if, instead of the money in which the rent is paid actually containing or faithfully representing a fixed certain weight of gold of a certain standard, there shall be substituted a currency subject to depreciation, in that case the undefined loss will far outweigh any possible inconvenience” and the landlord in his own defence must again resort to the antiquated mode of former ages, and stipulate for a certain measure of the gross produce of the land.*

*It is said that some legislative interference is absolutely necessary to protect the tenants against the demand of their landlords, and on that account the Bill is favourably received by those who profess to support the interests of the former. Little, indeed, do these men understand the interest of the tenant, who exhibit such total ignorance of the great and permanent interest of the agriculture of the country, to which the interest of the tenants and of those who follow agriculture as a profession is inseparably united. If once the impious breach is made in existing contracts, if once the legislature interferes with a violent hand, and tears out of the contract those positive stipulations, in faith of the due performance of which one of the parties has resigned and delivered over his valuable property, in the firm reliance that he shall be permitted to receive what he considered as a valuable equivalent, but which condition is afterwards totally abrogated by an ex post facto law, there is an end of all faith both in public and private transactions. No man can henceforth place his dependance on the faith of contracts; the lands must be occupied by yearly tenants, for no landlord, after so dreadful a lesson of legislative injustice, will assign his property for a fixed term to the chance of an uncertain value. There has already appeared a visible and general unwillingness to agree to new leases for long terms; and any suspicion of the possibility of interference with existing contracts, will extend that unwillingness to make leases even for the shortest periods.*

*My Lords, the difficulties of our situation have proceeded from long continued legislative interference; from having deserted the old sound maxims and general rules: the further you proceed in this course, the more difficult is your retreat. I well re-member the emphatic words in which our present situation was described in a former debate in this House: it was forcibly said, “that legislative interference was heaped on legislative interference, difficulty was added*

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*to difficulty, until at last the original object lies overwhelmed and buried under the incumbent mass and rubbish of superadded matter." It is in vain to imagine that any interference can uphold the value of Bank-notes, if they are deficient in intrinsic worth, if less gold is given for the paper than that paper promises to pay. The attempt is against the natural order of things, and is pregnant with every mischief. Whatever may be the consequences, I am convinced the discussion must do good; the subject has been suffered to rest for several years, and by that neglect the depreciation has gradually and progressively advanced; and no possible effect arising from agitating this question, and bringing it to issue, can be so pernicious as the actual state of our degraded currency. In the year 1803 I opposed the Restriction Bill; I resisted it in parliament, and endeavoured to expose the system, which I thought so injurious to all public and private interests. I fore-told the consequences; and, having now unfortunately seen my opinion confirmed far beyond my expectation, of all men I am the last to be blamed if I have now had recourse to a remedy founded both in law and justice. \* “\* This Speech is taken from the original Edition printed for J. Ridgway, Piccadilly; to which is added the following”*

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## PROTEST AGAINST THE GOLD COIN BILL.

*HL Deb 02 July 1811 vol 20 cc831-2*

*The following Protest was entered upon the Journals:*

*Dissentient,*

*"Because we think it the duty of this House to mark in the first instance with the most decided reprobation, a Bill, which in our judgment manifestly leads to the introduction of laws, imposing upon the country the compulsory circulation of a Paper Currency; a measure fraught with injustice, destructive of all confidence in the legal security of contracts, and as in variable experience has shewn, necessarily productive of the most fatal calamities:*

*GRENVILLE.*

*ESSEX.*

*JERSEY.*

*GREY.*

*LANSDOWNE.*

*COWPER.*

*KING.*

*LAUDERDALE.*

*"For the reason assigned on the other side, and because the repeal of the law for suspending Bank payments in cash is in ray judgment the only measure which can cure the inconveniencies already felt. and avert the yet greater calamities which are impending from the present state of the circulation of the country.*

*VASSALL HOLLAND."*

[Search Help](#)[HANSARD 1803–2005](#) → [1810s](#) → [1811](#) → [July 1811](#) → [4 July 1811](#) → [Lords Sitting](#)**GOLD COIN AND BANK NOTE BILL.***HL Deb 04 July 1811 vol 20 cc832-45**Earl Stanhope* moved the cider of the day, for going in to a Committee on this Bill.

*The Marquis of Lansdowne* said, as it was probable he might not be able to attend the future stages of the Bill, he wished to say a few words now upon this very important subject. The object of the Bill which his noble friend had proposed, though not absolutely to make the notes of the Bank of England a legal tender, yet went near to that point, inasmuch as it made it compulsory to receive them, and he trusted their lordships would pause before they sanctioned a principle, by acting upon which so much mischief had been produced in other countries, when they had no security against the recurrence of similar mischiefs in this country, flowing from the adoption of the same principles, and when they had no proof that such a measure would be beneficial here, which had only been mischievous elsewhere. He understood that the amendments to the Bill, which it was intended to propose by noble Lords on the other side, would have all the effect of making the notes of the Bank of England a legal tender. His noble friend had, he thought, on a former evening, taken an erroneous view of the subject, when he stated, that the only objection to making Bank-notes a legal tender, was the impossibility of discovering whether or not they were forged. The objection to making a paper currency a legal tender was, that there was no security against an excessive issue, and therefore no security against depreciation. If horses were made a legal tender it was known that they could not be bred beyond a certain number; if wool was made a legal tender it was known that it could not, be grown beyond a certain amount, but if paper were made a legal tender, there was no limit to its issue, and no one could tell to what amount it might be issued. Where was the security to be found? they would be investing the directors of the Bank of England with a power of increasing to any amount the currency of the country, with a power which they had never entrusted to the ministers, of the crown—to those who were responsible to parliament for their conduct,—but which would now be entrusted to persons who were not responsible to the legislature or to the public. Was the security to be found in the discretion of the directors of the Bank of England? Upon this point it was proved that those directors were completely at variance as to the effect produced by the issue of their paper currency, and therefore, of course, as to the amount to which it ought to be issued? Was it to be found in the interests of the directors? On the contrary, their interests were directly at variance with those of the public, they having a duty which they owed to their constituents, the body of proprietors, and which was quite incompatible with the interest of the public, as to the issue of a paper currency. If, then, they had no security either in the nature of the thing it self, or in the discretion, or the interests of those who were to be entrusted with the issue of this paper currency, how could they, upon any principle of policy, attempt to force the circulation of a currency under such circumstances, and with the example before them of other countries, in which such conduct had uniformly produced the most mischievous consequences?—He was aware that great alarm had been excited, in consequence of what had been stated by his noble friend, and which had led him to propose this measure, and he admitted that it would not be expedient for parliament to separate without adopting some measure.—But that measure ought to be, in his opinion, some recognition of those general principles upon which a safe and proper paper currency ought to rest, and not a Bill like the present, which must necessarily lead to other measures of the most destructive tendency. The good sense of the public had induced them to take the notes of the Bank of England at their nominal value, because they had the security that they might refuse them; but if once the receiving them was rendered compulsory, there was no security against unlimited depreciation. It was impossible, therefore, he could consent to the present Bill. If however it was determined to persist in it he should feel it his duty to propose a clause in the Committee, to limit the issue of the notes of the Bank of England to their present amount. He could not go the length of some of his noble friends, whom he highly respected, in thinking it expedient that the Bank should immediately pay in gold. He certainly thought that gold might be obtained in sufficient quantity, and that there appeared but little in the

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country, because owing to the extent of the paper currency, there was little demand for it. There was plenty of gold and silver in prance, because nothing else was taken in payment, and therefore the demand for it was great. We had in this country great quantities of colonial produce and manufactures, that he saw no reason why we might not also obtain, plenty of gold, if there was a demand for it. He did not, however, think it would be expedient suddenly to compel payment in specie. Such a sudden shock would produce injurious effects, in the immediate fall in the price of every commodity, which would be ruinous to individuals; The only safe mode would, be conceived, be to resort gradually to payments in specie, and gradually to restore the former circulating medium. He felt it, therefore, his duty to oppose this Bill going into a Committee, but if it was persisted in, he should feel it incumbent on him to move a clause to be added to it, enacting that the issue of the notes of the Bank of England should not be increased beyond the amount on the 1st of this month. This, he conceived to be at all events, absolutely necessary, as some security against the excessive issue of their notes and their consequent unlimited depreciation.

Earl Stanhope contended that his Bill did not go to render it compulsory to receive Bank notes, and observed that such a proposition, and that contained in the Bill, were essentially different. Was there no difference between a man being compelled to take a Bank note, and his having the right to refuse it, merely being told, that if he did take it, and thereby acknowledged the Bank who issued it, to be solvent, he must take it at the value expressed in it. The object of his Bill was to prevent injustice. Would it not be admitted, that in the case of a mortgage upon an estate, the estate must pay the interest of the mortgage before the proprietor touched a shilling of the rent for his own use. Was not, in the case of money borrowed by the public, the whole landed property of the country pledged to the payment of the public creditor? Was it just, then, that the public creditor should be compelled, as he was to receive Bank notes in payment of his dividend at the full value expressed in them, that he should receive only 100l. for his 100l. income, whilst the landed proprietor should receive for his 100l. rent 120l.? His object in this Bill was, that they should both be placed upon a par. He denied the depreciation of which so much had been said, contending, as he had said before, that for 21l. in Bank notes and 20 guineas, he should have an entry made for an equal sum in a banker's-book, that he could for each demand 21l. in cash if he so pleased of the banker, and that therefore, a pound note and a pound sterling were equal in Value. The impossibility of procuring gold to make payments rendered some measure absolutely necessary. His noble friend had spoken of the ease with which gold was to be obtained, but how was it to be procured? The quantities of colonial produce and manufactures which his noble friend had mentioned, formed the very reason why gold could not be had. If they could find their way through the barrier set up by Buonaparté, gold might be obtained. But if the balance of trade was against us, the gold must necessarily quit the country. Even if the balance of trade was in our favour, if large sums were to be sent out of the country in subsidies, or if large armies were to be supported in foreign countries, the gold must necessarily be sent out of the country for that purpose, and it would consequently become scarce. There was, however, no proof that in this scarcity of gold the Bank of England had made an excessive issue of notes. Take the gold coin in circulation to have been 25,000,000l. It would be difficult now to find 5 or 6,000,000l. in circulation. Take it at 5,000,000l. that 10,000,000l. was hid, and that 10,000,000l. had been sent out of the country, what had the Bank done in issuing notes to the amount of 10,000,000l. more than before, than merely supply the deficiency of the circulating medium occasioned by so much gold being sent out of the country? The evil did not arise from the notes of the Bank of England, but from country bank-notes. There were many country bankers, undoubtedly, who were men of large property, and of the security of whose notes there could be no doubt; but there were others who issued notes to a large amount, although they were not worth 500l. in the world, This was undoubtedly a serious evil. As to the conduct of his noble friend (lord King) he did not mean in the slightest degree to find fault with his motives, he could only say generally, that to landlords of large property a few pounds ought not to be an object, and that the country ought to be the first object. No consideration upon earth should induce him to oppress his tenants.—The noble earl again adverted to his scheme for making a legal tender of sums entered in bank books, and which he still contended would be the best plan that could be resorted to in order to have a sufficient legal tender in the absence of gold. The present Bill was, he contended in the mean time shewn by every day's experience to be more and more necessary. His lordship read a letter from Manchester, where an attorney's clerk had written a letter, demanding payment of 1l. 2s. 6d.; the person written to tendered a 1l. note, and 2s. 6d. in silver, but refused to pay 3s.

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6d. which was demanded for the letter. The clerk then refused to take the Bank note, and the person went back for a guinea; in the mean time the clerk took out a process in the Salcoat's court, a court for the recovery of small debts, and then demanded 11. 9s. 6d. To prevent such petty advantages as this; the Bill was rendered necessary. The latter went on to state, that guineas were bought at Manchester, at the rate of 20 percent, advance, by persons from Ireland, for the purpose of paying their landlords, who insisted upon gold. He understood that it was the intention of a noble earl (Rosse) to move to extend this Bill to Ireland, to which he had no objection. As to the amendments intended to be proposed by the noble lords on the other side, they might render the Bill more technical, but they would not be so well understood by the common people as the Bill would be as it originally stood. He should, however, take no part in them. He was proud in being the father of the Bill, but having delivered it over to the nursery, he should leave the noble lords on the other side to nurse it as they pleased.

Earl Grey had no intention, when he entered the House, of troubling their lordships with a word upon the subject; He could not, however, avoid taking notice of some observations which had just been made by his noble friend. A new system had, it seemed, now been introduced, under which noble lords, members of that House, were to be called upon, not only to answer for their public Conduct, but for their private conduct, for conduct which they, in their private concerns, had deemed it necessary to adopt, under the sanction and authority of the law of the land, in order that they might secure to themselves the real value of their property. He depreciated the clamour which it was attempted to raise against landlords, who resorted to the means which the law placed in their hands of securing themselves against the loss which they must otherwise sustain from a depreciated paper currency. He was sure that his noble friend (lord King) never had it in his intention to oppress his tenants, nor could such a charge be with the least fairness made against him or others, who merely sought, by the means which the law gave them, to receive the fair value of their property. The present Bill was only the precursor of other measures the most mischievous to the country. They could not stop here. If once they adopted this measure, it must be followed by others the most destructive to the vital interests of the country.—His noble friend who spoke last had, in order to shew that there was no depreciation, given a most whimsical definition of a pound sterling, that is to say, what a banker chose to write in his book as a pound sterling, that is to say, what a banker chose to write as a pound sterling in his book. The noble lord must surely be aware, that a pound sterling was so much of lawful money of Great Britain, in the current coin of the country, of a requisite weight and fineness. The law had wisely provided this, in order to guard the subject against a depreciated standard; and were they now to be told that a pound sterling and a depreciated note were of equal value He should be ashamed to waste their lordships' time in proving that which was so clear, namely, that the notes of the Bank of England were depreciated. It was clear that compared with the price of gold they were depreciated; but they were told on a former evening that the fall in the price of sugar, hides, and other articles, proved that there was no depreciation. Let them, however, look to articles of daily and weekly expence, and then say whether the extreme rise in the price of those articles did not clearly prove the depreciation of the paper currency? The noble lord had urged the justice of placing the public creditor and the tenantry of the country upon a par. What, however, was this but saying, that however depreciated the state of the paper in which the public creditor received Payment, the proprietor of land must be placed in the same situation It was not an act of justice to the public creditor, but of injustice to the landholder. The latter, in endeavouring to receive the fair value of his property secure from the effects of a depreciated currency, was acting fairly and legally. Suppose the paper to be depreciated 80 or 90 instead of 20 or 30 percent, was the landholder to submit to be stripped of the greater part of the value of his property by this depreciation? It was therefore, with respect to him, only a question of degree as to the point at which he would no longer submit to the depreciated rate. But in what a situation would the noble lord place the landholder? because the stockholder should happen to be compelled to receive his dividend in a currency depreciated 80 or 90 percent, he would reduce the land holder to the same situation, and compel him also to surrender the greater part of his income, by receiving his rents in the depreciated currency. Where was the justice of this? If paper was so depreciated, that 100l. nominal value would only buy a leg of mutton, the noble lord would compel the landholder to receive payment in the same currency, and thus reduce the value of his property to nearly nothing. The injustice of such a measure was too glaring to require any argument, and had as the measure was in itself, it was still worse, with a view to the consequences to which it must

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lead—The consequence of this proceeding must be, that the Bank notes would become a legal tender, and then this country would be subjected to the greatest evils experienced by the French government in the time of the Assignats. We were told that we were engaged in the contest to prevent such evils; and yet, strange to tell, we were ourselves now called upon to plunge into this very system, formerly represented, and justly represented, as so pregnant with injustice and calamity. If this Bill passed, the notes must be made a legal tender; they would then have a forced circulation, with all the calamities which experience proved to be dependant upon it. As to the prevention of forgery, and the other advantages ascribed to this Bill, he believed all this would make but little difference in the effect of the measure. It had been said that the legal tender had been in contemplation at the time the restriction was imposed in 1797. He had been present at the debates on that occasion, and certainly, as far as he could form any conclusion from the speeches then delivered, nobody was more decidedly hostile to the principle of the assignats than Mr. Pitt was. Adverting to the conduct of ministers, he said that he never saw men in office so utterly unable to form an estimate of the difficulty; so utterly undecided and ignorant as to the proper means of overcoming it. The noble lord on the opposite bench, who had first spoken on the subject, gave no opinion at all, but contented himself with stating that he would not vote for the rejection of the measure. While the debate was going on, a family council was held, and the result was, that the noble Secretary of State declared he would support that which three days before he had considered as unnecessary, and therefore ought to be rejected. Did ever ministry exhibit such indecision and pusillanimity, such fatality and total unfitness for their situation, such contemptible policy, if policy it might be called? But if their lordships valued the prosperity of the country; if they wished to escape safe out of the contest of which there appeared little prospect of a speedy termination, they must oppose this motion. Much more might be said on this subject, but he would conclude by observing, that he was convinced in his own mind, that if this measure was carried into execution there would be no end to the depreciation—no further security for the property of this country.

*Earl Stanhope*, in explanation, said, that there was no such thing in this country as a measure founded on a quantity of bullion of standard fineness. The legal coin was the money with the stamp upon it. The stamp was what made it the lawful coin, not to be melted nor transported, and not the weight and fineness. He did not know what mathematicians he had to deal with, but if Bank notes and gold bore a fixed proportionable ratio to the pound sterling, by law, they were equal to one another; and to prove this, he need go no farther than the first book of Euclid, where it was laid down as an axiom, that things equal to the same are equal to one another. As to a compulsory tender, if one tender was gone another must be substituted.

*Earl Grey*, in allusion to the observation, that the noble lord did not know what mathematicians he had to deal with, replied, that he could not conceive a standard without length, breadth or thickness.

*The Earl of Westmoreland*, in defence of ministers, said that this subject had not been introduced by them. They were at first averse to the Bill, because they saw no necessity for it, but if it was found that there really was an evil to remedy they must remedy it. The noble lord who had given the notice to his tenants, it was said, had been hardly used, and his patriotism and great merits had been extolled; but when it was found that patriotism and private interest were so closely linked together, ministers naturally began to think that there might possibly be a great many patriots; that many might take up the principle, and while they demanded their rents in specie, or in paper 10 or 20 percent, below par, would have no scruple in paying their debts with this paper at par. When this cry of patriotism was raised, no one could say how far it might lead; no one could tell how far those who partook of the noble lord's sentiments might be disposed to follow his example. As the noble lord had not given this notice till near the prorogation, it became ministers to consider what effect such patriotism might have during the recess—it became them, as far as they could, to prevent the oppression of tenants by such patriotic landlords.—The noble earl then proceeded to argue against the existence of the depreciation. For every legal purpose Bank notes still retained their relative value to gold. Gold in coin and Bank notes had a relative value fixed by law, and this could not be altered without violating the law, by melting and exporting the coin. The melting and exporting of coin was illegal, and therefore by law and for every legal purpose, there was no depreciation. The noble lord on the other side had said, that the dearness of all

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commodities was a proof of depreciation; but the rise in price, he maintained, might be accounted for on the ordinary principle of supply and demand. Colonial produce, and goods the produce of this country, which could not find their way to a foreign country, were cheap, while timber and other things, which from the present state of the continent could not be easily procured, were dear. Timber and cotton had risen 30 or 40 percent, according to the state of the demand, a thing not to be accounted for from this magic operation of a depreciated paper. But the cause of this depreciation, they said, was the excess of the circulation. He denied that there was any such excess. He presumed the Bank was allowed as solvent, and if it was, how could a few millions more or less make any difference, considering the immense quantity of business done in this country? The whole amount of the Bank of England notes was only 23,000,000. Now 5,000,000 per day passed through one house, in this city, and let any one look at the circulation in proportion that must take place in the country, and say, whether the amount of notes was too large. Ten millions per day passed in this country, 60 millions per week; 3,000 millions per annum! The whole of the notes must change hands in the course of three days business. What signified, then, a few millions more or less in the circulation. It was said that we expended 90 millions annually; then the whole circulating paper of the Bank would be received at the Exchequer three or four times in the year. But he might be asked why, if there was no depreciation, he supported this measure. He could only say, that he supported it on the same ground as his noble friend the Secretary of State, lest the example of the noble lord should have a bad effect, for such a proceeding might occasion depreciation where it did not exist before. As to the fatuity of ministers, he had long been accustomed to such language. But when the noble lord prophesied the great mischief that would result from their proceedings, he trusted, that if he found himself mistaken, he would do himself the credit to confess his error, as he had done in regard to transactions in other countries. The expectation held out was the removal of the restriction by their great talents; but he was convinced that without that restriction the country could not have sustained the exertions it had made.

*The Earl of Lauderdale* was anxious to see how the Bill could be amended in the Committee, but he could conceive no amendment that would make it a proper measure. That proposed by his noble friend was plausible, but he was satisfied it would have no extensively good effect. The restriction of the Bank of England issues might not prevent the excessive issues of paper by private banks, and the evil might still go on increasing. There was, he believed, no remedy but payments in cash. As to the assertion, that those who thought with him were theorists, and that the opinions of practical men were against them, he had to observe, that their opinions were to be estimated by the circumstances under which they were given. Before the restriction, Mr. Giles, the late Bank director, and other eminent practical men, were clearly convinced of the necessity of cash payments; but when it became the interest of practical men to hold a contrary opinion, they changed accordingly.—His lordship proceeded to state, that when the measure of Bank restriction was first agreed to, all men joined in regretting it. He was surprised, however, to observe, the ministers of the present day did not concur with Mr. Pitt in regarding this as calamitous in an extreme degree, but as a circumstance which had enabled the country to make the exertions she had made. If so, would it not be considered as an argument equally strong, that if the issues of Bank paper were continued in an increased degree, the country would thereby be enabled to make still greater exertions? Noble lords on the other side considered this to be the system on which the salvation of the country mainly depended. There were persons among the administration, whose opinions on this subject he was particularly anxious to hear. The opinion of the noble secretary for foreign affairs, for instance, (marquis Wellesley), who, on a former occasion, in such glowing colours, contrasted the compulsory state of the paper currency of France with the unrestrained currency of this country, he was extremely desirous of hearing, hoping that the extreme difference between the two measures would be made apparent. He had also been given to understand, that the idea that Bank-notes should be convertible into money was the offspring of barbarous times. He was anxious to know how this could be made out; and he was therefore desirous that ministers should have an opportunity of bringing out the present Bill in the most perfect way they could devise. He conceived this to be a most important measure. When originally proposed by his noble friend, ministers were pleased to represent it as one wholly unnecessary, and it was only from what had followed, coming from the side of the House on which he sat, that ministers had thought the measure either necessary, or at all worthy of their support. What opinion was this holding out to the country, of themselves? Was it not to say, "We have no opinion as to what is good or bad for the country,

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and can form it, only from what you say on the subject. That the country should, at such a moment as the present, be reduced to such a state from the want of all mind in its ministers, he could not consider but as truly deplorable. That ministers should now support a measure which they deemed wholly unnecessary, merely because it met with the disapprobation of those who were in general opposed to them, he confessed himself utterly at a loss to reconcile to any principle either of utility or of sound policy. He was decidedly of opinion, from what he could collect from the experience of every other part of the globe, that the only remedy which remained was the restoring of payments in cash. He hoped, therefore, that ministers would ponder before they gave effect to a measure which, as had already been found in France, could not be resorted to without the danger of ruin. If they persevered in the present measure, he should esteem himself called on to resist it more than any other which could be devised, conceiving it to be most pregnant with mischief.

*The Earl of Rosse*, alluding to what had fallen from the noble earl on a former night, said, if the notes of the Bank of England were depreciated, and those of the Bank of Scotland were not, how did it happen that the rate of exchange was not turned against England, which was not the case? It was agreed, that if the notes of the Bank of England alone were taken into consideration, there was no depreciation; and that the depreciation only arose from the country Bank-notes. It was, therefore, at any time in the power of the House to apply a remedy, by limiting the issue of country Bank-notes. Supposing, therefore, that the Bank-restriction act had never taken place, the country might still have been in the same situation from the excess of country Bank-notes.

*The Earl of Lauderdale* rose to put himself right with the House. He contended that he was accurate as to what he had said relative to Scotland, and that there the Banks were liable to pay in specie, in the same manner as they were previous to the year 1797. So much as to matter of fact, there being no clause in the Bank Restriction. Bill, which could be construed to extend to the Bank of Scotland. As to the question, how it was to be accounted for, that no depreciation of the rate of exchange had thus been produced against England, he could only suppose this to have proceeded from the circumstance, that no landlord had made a demand of payment in gold till this year. He himself had long seen that it was in the power of any man, if he chose it, to, make all the Banks in Scotland stop payment. He had known 500 guineas received in due payment, from a Bank in Scotland, within a short period.

The House then went into a Committee when the original clauses in the Bill were agreed to, with some technical amendments.

*The Earl of Liverpool* said he was satisfied that in framing the act of the year 1797, an omission had occurred, purely from inadvertency, in the clause protecting persons from arrest where a tender of the debt was made in notes of the Bank of England. He had no doubt it was fully meant that this should extend to distresses for rent also. As the law now stood, though no arrest could take place where a tender of the debt was made in bank-notes, still the party might refuse to accept of it, and might proceed in his action. This he meant now to extend to cases of distress for rent; and to provide that, though in such circumstances, the summary process must stop where a tender in bank-notes was made, still the landlord might go on with his legal remedy, if he chose it, till he should see how far that would avail him.—The clause being put, was agreed to.

*The Marquis of Lansdowne* thought that some limit should be put to the issues of paper by the Bank. He therefore proposed a clause, limiting the future issues of the Bank to the sum to which they should be found to amount on the 1st of July 1811.

*The Earl of Liverpool* saw no evidence of any excessive issue, and thought that to specify a limit might produce inconvenience. The issues of the Bank had been encreased last year, in consequence of the failures of a number of country Banks; when the evils thereby felt, however, were done away, the issues of the Bank were reduced, and in February of the present.; year were under their necessary amount. To make the extent of the present issue, therefore, a criterion from which to judge of what might be the proper amount, would be by no means expedient. For the purpose

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of guarding the public, however, as much as possible, he should propose a clause, limiting the endurance of the pre, sent Bill to the 25th March, 1812 so that, if it was renewed, it might at an, early period become the subject of parliamentary inquiry.

*Earl Stanhope* submitted that some limit I should be put, even though it should extend to one, two, or three millions beyond the present amount.

*Lord Holland* conceived that the clause should at least be introduced into the Bill, to allow the House to judge of it as well as of the other provisions of the Bill, when it should be printed in its amended state.

*The Earl of Liverpool* said, he should move that the Bill be recommitted, that it be printed as amended, and that a day be then appointed for taking it into consideration.

*Lord Holland* still submitted that this clause was as well entitled to full consideration as any other clause that might be introduced into the Bill could be The question on this clause Was then put and negatived.

*The Earl of Liverpool* moved a clause, limiting the endurance of the Bill to the 25th of March 1812, which was agreed to and the report ordered to be received tomorrow.

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## **GOLD COIN AND BANK NOTE BILL.**

*HL Deb 05 July 1811 vol 20 cc845-6*

*Lord Walsingham* presented the report of this Bill, and their lordships proceeded to take the amendments into consideration.

*The Earl of Liverpool* said he had a few additional amendments to propose, but these were chiefly of a verbal nature. His lordship then proposed the same to different parts of the Bill.

*Earl Stanhope* said he should not object to the amendments now proposed by the noble secretary, some of which he perceived to be necessary. But he wished to stand absolved, in the eyes of the House, or of the public, from being the cause of any ill or mischievous consequences that might arise from the great alterations which had been made in the Bill since he had the honour to propose it. The Bill which he proposed in the first instance was so clear and plain, that every juryman in the country could understand it. He acknowledged himself the father, as he had said before, of the Bill, but since the noble earl and his learned friends had undertaken the nursing of it, it was so altered, that although lawyers might understand it, few jurymen he believed could. He conjured noble lords to consider that this was a legislative measure, which, of all others, required to be clear and plain, considering its objects; and it was one also which ought, as far as possible, to obviate the misconstruction of lawyers.

*The Lord Chancellor* observed, that his noble friend need not be apprehensive from the amendments which had been made to the Bill, that it was rendered obscure or unintelligible; it was such as no juryman in the country could misunderstand. He could not however avoid remarking, with respect to the noble father of the Bill, that though he had committed it to the nursery of himself and his friends, he was very fond of attending in order to rock the cradle. To this he had no objection, and he trusted that wish the care taken in the nursing of the Bill, it would be rendered an efficient and salutary production. As to guarding this or any other Bill from the misconstruction of lawyers, he believed it would be found impracticable to do it, where they were so inclined.

*The Earl of Liverpool* suggested the propriety of introducing a short clause for preventing the operation of the present Bill from extending to Ireland; as from the different customs which prevailed in that country, in these respects, its application might lead to considerable inconveniences.

*The Earl of Rosse* acquiesced in the propriety of what had fallen from the noble Secretary of State, and was of opinion, that from the different modes and interval of paying the rents, no serious inconveniences were to be apprehended in Ireland, in the interval between this and the probable period of the next meeting of parliament.

*The clause was then added to the Bill, which, with the amendments, was ordered to be printed, and to be read a third time on Monday.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 8 July 1811 → Lords Sitting**GOLD COIN AND BANK NOTE BILL.***HL Deb 08 July 1811 vol 20 cc847-81**On the order of the day being read for the third reading of this Bill;*

*Earl Grosvenor* thought it incumbent on him to say a few words in opposition to it, conceiving it, as he did, a Bill pregnant with the most prejudicial consequences to the country. Having been obliged to quit the House on Tuesday from indisposition, after hearing one of the cabinet ministers oppose the Bill as unnecessary, he was much astonished to learn the next morning that the ministers had determined to support the Bill, and, had he not been prevented by indisposition, he should have felt it his duty to have attended on Wednesday to sign the Protest against it. He now felt it his duty most solemnly to protest against the Bill, which he conceived must lead to the very worst consequences, in making in effect, though not technically. Bank notes a legal tender, and in fixing a maximum for gold, that it should not be received or paid at above a certain rate; and a minimum for Bank notes, that they should not be received or paid at below a certain rate. In the adoption of these principles, of a forced circulation of paper currency, and a maximum and a minimum, he conceived there was the greatest danger to the opulence and the permanent interests of the country. He saw no effectual remedy for the existing state of things, but the repeal of the Bank Restriction act, and thought it might not be expedient to carry such a measure into effect immediately, still no time ought to be lost in bringing it about. He regretted that a noble viscount (*Sidmouth*) was not now present, in whose administration, during the period of the peace of Amiens, the Bank directors came to him with tears in their eyes, (whether sincere or hypocritical it was impossible now to say) praying that the restriction might be taken off, and that they might be again allowed to pay in cash. That was then refused. The Bank directors had since materially altered their opinion, and were now most solicitous that the restriction should not be taken off. He could not, however, forgive them for not making their arrangements, which would facilitate their paying in specie whenever it should be thought expedient to resort to that measure—a measure which he conceived to be the only effectual remedy for that state of things which it was sought to palliate by the present Bill.—After a short pause,

*Lord King* expressed his astonishment that no noble lord on the other side should have risen to attempt to justify or explain the clauses which had from that side of the House been introduced into the Bill, and which so peculiarly called for explanation from those who proposed or supported them. Under these circumstances, he felt it his duty to make a few observations upon the Bill, as it now stood, and which he considered as wholly nugatory with respect to the object it professed to have in view, whilst at the same time it threw still greater difficulties in the way of the adjustment of contracts between landlord and tenant. There must now be two operations instead of one. As the law stood, the tenant might satisfy the contract by paying the Bank note at its real value. That being rendered impossible by this Bill, the tenant must take a certain portion of his produce to market, and sell it at a lower rate, for the purpose of procuring gold to satisfy his landlord. If those who now urged forward this Bill thought they could thereby retard the depreciation of Bank notes, or prevent there being two prices, one in paper and the other in gold, they were miserably mistaken. Already there were in fact two prices, a gold and a paper price, and to that the system must come. He had listened with much attention to the arguments of ministers upon this subject, and they really amounted to nothing more than this—"The Bank of England have issued a piece of paper, which they call a one pound note. We (the Treasury) agree to take it as a one pound note, therefore it is a one pound note, and equal to a pound sterling." Was it to be believed that this could keep up Bank notes at a nominal value, depreciated as they undoubtedly were, compared with the price of gold. The noble Secretary of State had said on a former day, that the Bill was necessary for the protection of the tenantry—an observation which convinced him (*lord King*) of the ignorance of the noble lord upon the subject. How could the interests of the tenantry be protected, if protection was not given generally to the

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agricultural interests of the country, and how were the agricultural interests of the country to be protected, when, by this Bill, additional difficulties were thrown in the way of the adjustment of contracts between landlord and tenant, and those contracts were interfered with in a way most injurious to the interests of both: The only consequence must be, that landlords would refuse to grant leases to their tenants, for the performance of the conditions of which they could have no security. Their lordships were, in short, utterly wasting their time in the consideration of this Bill. It could by no possibility do good, nor could it achieve the object which, it professed to have in view. They must either repeal the Bank Restriction, or they must have two prices, a gold and a paper price. This it would be impossible by the Bill, or any such measure, to prevent. An instance had been stated relative to this subject, in which a person went to purchase 3 per cent, consols, he was told that they were at 64 or 65; his answer was, that he came with 1,000 guineas in his pocket. That immediately altered the case, and he was told that he might buy with gold at a much lower price. This must necessarily be the case with respect to every commodity unless they returned to payments in specie. It was in vain for their lordships to pass this Bill; it could not effect the object those who had adapted it professed to have in view, it could not retard the depreciation of Bank notes, nor could it prevent the two prices in gold and paper, the natural effect of that depreciation.

*The Lord Chancellor* felt it his duty to State the impression upon his mind with respect to this Bill. At the period of 1797, when the restriction on the Bank of England was first proposed, he was an humble adviser of the government; and if a noble lord near him would condescend to recollect his opinions upon that occasion, that noble lord must recollect that he was then trembling with doubts as to the effect of interfering with the contracts between man and man. He did not recollect how far the opinion of that noble lord went, upon that occasion; but he was certain that he (the Lord Chancellor) had then more doubts upon the subject than some of the ministers. That act having interfered with the contracts with individuals, so far as to say that the debtor should not be arrested, if he tendered the debt in bank-notes, was it now to be said that a tenant should have his goods or stock seized, because he could not procure gold, which was not to be obtained? It had been said that the tenant was bound to pay in good and lawful money of the realm, but so was every man who owed money upon any account whatever, unless there were special conditions to the contrary covenanted between the parties. What was the case between the obligor and obligee—in a bond between the holder of a bill of exchange and the acceptor, did not the same circumstances equally apply? was not the obligation of payment equally the same? When therefore the landlord had left to him his action of debt, his action of covenant, and his action of ejectment, if he did not chuse to take bank-notes, was it too much to say that he should be prevented from seizing the goods or stock of his tenant, merely because he did not chuse to take the Bank notes in payment which his tenant had tendered? This Bill was not compulsory on the landlord to take bank notes from his tenant in payment of rent. It merely said this, as the legislature in 1797 had said with respect to creditors generally, that he should not seize the goods or stock of his tenant, where the rent had been tendered in banknotes. The legislature, whilst it did not compel the creditor to accept bank-notes in payment of his debt, had prohibited him from arresting the person of his debtor where the amount of the debt had been tendered in Bank notes. If the landlord persevered in bringing his action, because he did not chuse to take bank notes, the tenant would be justified in resorting to every legal mode of fighting out his landlord upon the question, and bringing his writ of error to have the question solemnly determined. What, however, would the landlord get by this offer? Every legal proceeding having been exhausted on the part of him and his tenant, he would find at last that he must take those very bank notes which his tenant had originally tendered to him. Was it then too much to say, that the landlord should not have the power of distraining upon his tenant, merely because the former chose to demand gold, which it was impossible for the latter to procure? Suppose the landlord of his house in Bedford-square chose to demand his 300l. rent in gold, which it was impossible for him (the Lord Chancellor) to procure, was he to be prevented from going to the court of Chancery to give judgment in a cause, because his books had been seized upon, which he had been continually accumulating, that he might obtain information for the purpose of doing justice between party and party, and all this merely because it was impossible for him to procure the gold which his landlord had chosen to demand? Those who objected to this Bill must be prepared to go the full length of saying that they were ready to repeal immediately the act of 1797, for otherwise they could not, in any fairness, object to a Bill which grew out of the transaction in 1797. But what, in that case, was to be

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substituted? that the noble lord declined to state, like the noble lord near him respecting the Catholic question, who would not tell him what securities he proposed to establish, if the Catholic claims were granted, but merely said to him, "You differed in sentiment on the subject with Mr. Pitt, and therefore I cannot tell you." To return, however, to the subject, it was impossible to agree in the expediency of the enactment of 1797, preventing a debtor from being arrested who had tendered his debt in Bank-notes, and not to acknowledge the justice of the preterit Bill in placing the tenant in the same situation with respect to his goods and stock where he had tendered his rent in Bank-notes. The Bill was, besides, rendered necessary, in order to prevent individuals from depreciating the notes of the Bank of England at their pleasure. It was still the more rendered necessary, by the decision which the judges had been persuaded to come to in the case of *De Yonge*. [Some observation was made, by lord Grenville, on the expression "persuaded to come to."] In using the expression "persuaded to come to," the first that occurred to his mind, he should be ashamed of setting his foot again into that House if he could be supposed for a moment to have insinuated that the judges were actuated by any improper motive; all that he meant was, that they had arguments at length upon the question, and after much discussion had come to that decision. The Bill was again rendered necessary to prevent other landlords from taking a most undue and unfair advantage of their tenants. The noble lord (King) of whom he wished to speak with every respect, had in his notices to his tenants certainly acted equitably upon the principles he had adopted in his own mind, by making a difference in his demands according to the different dates of his contracts with his tenants. But, how many landlords were there who would pay no attention to this distinction? And who could say, "I do not care about the price of gold a" this or that period; if my lord King can get gold from his tenants, I can do the same at the full rate at which it can be obtained." He would put another case, to shew the necessity of the Bill, that of a young professional man, for instance, struggling with the world, who had a rent of 90*l.* per annum to pay, and had 3,000*l.* 3 per cent. Consols. His lordship demanded his rent in gold, but the Bank refused to pay him his dividend in gold. Would not this be a grievous injustice? An individual so circumstanced might justly say—"As a public creditor, I am refused any other payment than in Banknotes; but here is a legislator, one of those by whose act I am so refused to be paid, except in Bank-notes, insists upon my paying him his rent in gold, which I cannot procure, and because I cannot procure it, my goods are to be distrained." Would not such cases as these be a grievous oppression? He was peculiarly situated with respect to this question, having in his situation the official care of 25 millions of the property of his Majesty's subjects, and without the means of enforcing the payment of any part of that sum except in Bank-notes. He repeated, that so long as it was deemed expedient to continue the measure of 1797, this Bill must become a part of it, otherwise there would be no equality in the situation of contracting parties equally entitled to protection, nor would equal justice be dealt out to those who had equal claims to it, for there could be no justice in leaving the tenant who had tendered Bank-notes, exposed to be distrained upon by his landlord, whilst the debtor in other cases who had tendered Bank-notes, was exempted from arrest. To those who called for the repeal of the act of 1797, he would say that that system ought not to be destroyed to which we were so materially indebted for those exertions which had so largely contributed to the welfare, the prosperity, and the glory of the country. He did not profess to understand the subject, but of this he was firmly convinced, that if this Bill did not pass, the act of 1797 remaining in force, that equal justice would not be done, nor would that mode of relief to which all were equally entitled, be fairly and impartially dealt out to all his Majesty's subjects. The Bill was therefore absolutely necessary, in order that all having the same claims of justice might be placed upon the same footing of equality by the legislature.

*Lord Grenville* would not follow the noble and learned lord in his observations on the Catholic question, but would come immediately to the subject before their lordships. The noble and learned lord had most grievously disappointed him in the hope which he cherished—most confidently cherished, from some observations in the outset of his speech; that he would have distinctly stated what would be the effect of this Bill. But, after listening with the utmost attention, he still remained on that point in the most complete and total ignorance. The noble and learned lord told what every one knew, that landlords had various remedies against tenants for the recovery of their rents; that they might proceed by the different modes of distress, ejectment, action of covenant, or debt. From the language of this Bill, he presumed it took away the remedy of distress. Now, what he wanted to know distinctly from the noble and learned lord, was, in what situation the landlord would stand with regard to his tenant when this Bill should have obtained the sanction of

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the legislature? Would they still retain the remedy by ejectment, and action of debt and covenant? The noble and learned lord has not told us, continued lord Grenville, how they will stand in this respect, though, as I understand it, they are still to retain these remedies—but a more alarming view of the subject than that taken by the noble and learned lord, I never before heard in any discussion upon any question. Recollect, my Lords, the effect will not stop with the landlord and tenant; it will pervade every contract, every transaction of exchange in this commercial country; and, astonishing and painful as it was to me to hear the speech of the noble and learned lord, I am glad that he has relieved the question from the invidious aspersions with which it has been connected—that he has admitted it to be one affecting not any particular class, but every description of persons in this great trading country. But, the argument of the noble and learned lord is this—that the system was established long ago, and that this Bill is necessary to support it. What then, according to his own description, will be its effect? He has adverted to all the enormities, to all the horrors which such a system is calculated to produce—and what is the conclusion? What must every one have expected to follow? Surely that the system ought to be abandoned. That, however, is not the noble and learned lord's conclusion. No; but because it is destructive of every fair reciprocity in transactions between man and man—because its continuance is inconsistent with any thing like justice, in matters of contract, commercial or agricultural—because it is ruinous to the public creditor—because it completely overturns the radical and fundamental principles of exchange, and agreements of every description—you are to aggravate and extend the existing evil by making it impossible for one man—nay for one transaction, to pass, without feeling its effects.—I beg your lordships to attend to the picture which has been presented to you, of the consequences with regard to men in indigent circumstances; the noble and learned lord has, indeed, rather drawn his illustration from men in middling circumstances, and he asks whether, when he brings his commodities to market and can only get bank notes, he is to be driven from his house because the landlord chuses to be paid in gold. But, my Lords, if we are to argue upon the admission that the evil exists, I desire to ask, where is this to stop? If the man of middling circumstances is to be driven from his house because he cannot get gold, how will it be when a further depreciation takes place, and when the same destruction overwhelms the poorest masses of the community? When they will not only want a house, but the bread necessary to sustain existence? Is the noble and learned lord ignorant that the labourer is in many cases by law confined to a particular spot? Here, he may say, I am compelled by your laws, to remain, and yet, by these laws the depreciation of bank notes in which atone I am paid, is such that I cannot procure the bread necessary to sustain life from day to day! My lords, I am putting no speculative case. Is he so little acquainted with what took place in France? Does he not know that the fatal law of maximum was produced there by the very argument which he now uses, that it was acted upon for the very reasons which he now urges in support of this Bill? And yet, he, who lived at the time this transaction was passing—he who saw the dreadful consequences exemplified before his eyes, even he advises a similar proceeding, and supports his advice upon similar arguments and principles? I therefore, my Lords, take up the argument in a view directly opposite to his; and, if he has the charge of 25 millions of the property of his Majesty's subjects, and if the country is brought into such a situation that he is unable to guard against a loss of five millions upon that sum, a loss of full 20 per cent. I conjure your lordships to pause now at length, since, you have not done it before, when he, lays before you not only what will be the effect of a continuation of the system, but what has been the consequences of your persevering in it up to this time.

But the noble and learned lord tells us, that the system must go on because it was established in 1797. Now, I should like to know what was enacted in 1797. I always thought I knew till this night; till I heard his speech this night, I never thought there had been any doubt then whether or not bank notes should be made a legal tender. He says that he was adverse to the making bank-notes a legal tender, and that he would not enquire what had been the opinions of others on that point.—I understand the insinuation, my Lords, and I will tell him what was my opinion.—I was decidedly against making bank notes a legal tender. I and others were anxious that they should not be made a legal tender by any shift, means, contrivance, or upon any pretence whatever. I wish he had spoken out, and told us what he conceives the law to have done. I conceived, and thought till this night that every man in the country could have no doubt about it; that in 1797 the law took away the power of arresting the person previous to the suit and that only; but that every other legal remedy remained in the same full force and effect as before. There is not the least pretence that the law then

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made a distinction between landlords and other persons. They all, with the exception above stated, had their full remedy as before the act. Such was the law, as I understood it, if it is otherwise, it is high time that we should understand what it is. Your lordships cannot be ignorant what a shock has been already given to public confidence and credit, by this Bill and by the speeches of the ministers; but that has been little compared with the effects that must be produced by the speech of the noble and learned lord this night unless I misunderstood him. No triumph in debate, nor any other triumph over the noble and learned lord, would give me half the pleasure, as to hear him distinctly state, that the law with respect to the legal tender stands now as it did in the year 1797, except as to the arrest previous to the action. Instead of that, you heard him say something about giving relief in equity. I should be sorry to ask him to go any great length in giving his opinion here extrajudicially; and indeed I think he has gone far enough already; but I hope nothing has as yet been done to make the law different from what it was intended in 1797 it should be. Now, my Lords, with respect to the proceeding of 1797, it was considered as a temporary and necessary act, and therefore an act of wisdom; and I think the noble and learned lord laid down the distinction accurately, that there ought to be no interference with private contracts, except in cases of necessity. Necessity then required the suspension, as I believed, and painful as it was to have recourse to that measure, still it was justified by the necessity, but by that only. I am satisfied, therefore, that the original suspension was wise, but I do not entertain the same satisfaction at the recollection that the act was continued. I have often said, that on reflection I was long since satisfied that there was no necessity for continuing the suspension till the end of the then existing war, and of course, that the continuation was improper. I deeply regret, my Lords, that it took place, and therefore I protest against any inference being drawn from that circumstance. Noble lords argue upon a complete fallacy, upon a total misrepresentation, when they describe the situation of the country as resting upon the act of 1797. That measure extended the suspension no further than the conclusion of the then existing war. But it was continued when the necessity had ceased—when I, standing almost alone, most earnestly opposed, the measures that were then pursued; and in no part of my public conduct do I exult more than in that opposition. Every shadow of necessity had vanished: the country was in a situation in point of public credit, of finance, of currency, of the rate of exchange, that no longer required any regulation of this kind; the price of bullion, and, in short, every thing that any man had ever conceived as affecting this question, became so favourable, that it was not only advantageous, but perfectly easy to have put an end to the restriction. The act was continued first for a short time, and at last till the end of the war. When the present war broke out, it was likewise continued till the end of this war; but upon no argument that would not equally apply in the case of any war whatever; and thus, in addition to the hardships and burthens to which war necessarily subjects the country, it is to be always exposed to the additional misfortune of being enfeebled in the means by which the war must be carried on. There was not a shadow of pretence for continuing the restriction at that period. My noble friend said, that the bank directors came to the ministers, beseeching them to remove the suspension. I give them credit for their conduct, I give them credit for foreseeing, not only the injury to themselves, but the mischief which the restriction must occasion to the country, if continued during the whole course of the war.

There is another small observation not to be passed over; when the system is defended on the ground of the act of 1797, let noble lords consider the difference in the situation of the country. When the restriction was imposed in 1797, it was done in the firm belief that there was in reality no difference between paper and gold; and on that ground it was argued. On the same ground the continuance of it was proposed. The value of paper was equal to that of gold during no inconsiderable part of the present war, and so it might have continued even to this hour, notwithstanding the suspension, had it not been for the system of devouring waste, which it was the glory of ministers to have produced. To all the other hardships of the war, this was added, that we had ministers who made a boast of their devouring waste and boundless profusion. This was the foundation of the present system; and when they ask. Where is the remedy? I reply, one-remedy is to depart from the system; to revert to a course of measures to which your means are adequate; to revert to the real policy of the country. After the picture given by the noble and learned lord of the misery to which the subjects of the empire will be exposed from this system, do not waste the resources of the country in a manner unparalleled in the annals of the nation; do not continue to squander its means at a rate which you have not the smallest hope of keeping up. Without this any plan of relief would only vary the form of the distress. Great as are the

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resources of the country, a perpetual expenditure of 90 millions cannot be supported. The remedy proposed in this Bill is one which I denounce as calculated to aggravate the mischief a hundred fold. The obvious means of relief is this; consider what measures brought you into this situation, and retrace them step by step. The noble and learned lord asks, is there a man who would dare to propose that the restriction should, in the present circumstances of the country, be removed? Is he to learn, that when government pursues an erroneous course to a great length, though the pernicious consequences may be clearly seen, yet the subject will not always admit of a sudden and total remedy. The wise plan is to go back, step by step as you advanced; but the proposal of our present ministers is, since they are wrong, to go on from error to error till the mischief is irretrievable. If ministers disavow the principle of the restriction, much may yet be done; the first thing is, in their speeches here, to declare, that they do not mean to persevere in this ruinous course of proceeding; next, that it is their intention to retrace their steps; and, thirdly, that they intend to examine into the means by which this country may be placed in its former situation. My own opinion is, that if you set seriously about the proper remedy your progress will be more rapid than is generally imagined. So far am I from being liable to the imputation of having concealed my opinion as to the remedy, that I almost stood alone in advising you to retrace your steps, when it might have been done much more easily than can now be expected.

This, then, is my view of the system, and the remedy. The noble and learned lord has given a picture of the distress which a perseverance in the system must occasion, which I am so far from combating, that I am anxious to impress upon your minds that the evil will not be confined to one particular class, but extend to every species of transaction. The question as to the power of distress, the noble and learned lord puts in a most invidious light, and says that the object of the Bill is to relieve the tenant. Now, the question of arrest for debt was lately under discussion in this House, and it was alledged then, that the power of arrest was no less useful to the debtor than the creditor, because it facilitated transactions between man and man, for where the remedy was expeditious and easy, the creditor would be less scrupulous about the security. Apply this reasoning to the case of distress for rent, and I ask whether this remedy is calculated solely for the benefit of the landlord?—whether, in principle, it is not advantageous to the tenant also, as landlords are by these means induced to give leases upon conditions more favourable than they otherwise could or would do? Thus I put the case to him; but to your lordships I put it on much broader grounds. If the remedy by distress is advantageous only to a few at the expence of many, repeal it wholly. I am sure your lordships have sufficient patriotism to put an end to this remedy, if contrary to the general interests of the country. If it is retained, it can only be on the ground that it is beneficial on both sides; and why, then, should this gross and injurious distinction be introduced? If this Bill passes, it will go out to the country that the meaning of the legislature is, that Bank-notes shall be a legal tender. I think, however, this Bill does not make it legal tender, and always thought so, till the speech which I heard from the noble and learned lord this night raised some doubts in my mind. I hope he will state distinctly what it is intended to do. I hope he will not be contented with talking about delays in law—fighting in the courts—and keeping at arms length; but tell us accurately in what situation he means to leave the law as between landlord and tenant. If a landlord thinks that the Bank paper is depreciated, no matter however erroneously, but if he thinks so, has he or has he not a right to say to the tenant, I will not take paper; I will be paid in gold, in the lawful money of this country for which I stipulated.? It is of great importance to your lordships that this should be clearly understood. It is important, because the principle applies equally to all transactions. If there is a doubt whether real money can be demanded, the matter ought to be determined one way or other; but I own I have this night, for the first time in my life, heard it doubted whether banknotes were or were not a legal tender. When an involuntary exclamation escaped me, my Lords, at one part of the noble and learned lord's speech, it was not because I attributed to him any disrespect to the Courts; but I was astonished how a person in his situation could have described the law, as he did. If the judges could 'have been persuaded' to have declared that to be law which was not, the consequence would have been that bank-notes would be a legal tender. The government attempted to secure their object, by having recourse to obsolete statutes—statutes upon which a proceeding had been declined forty years ago, because they were obsolete—and they did this because they were afraid to come openly with the proposition to your lordships. If there was any hesitation on the subject, it was more from the manner in which it was taken up, and the quarter from which the prosecution came, than from any real difficulty in the question. But though the judges were persuaded' to adopt this decision, the

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persuasion was so powerful, that unless I am misinformed they were unanimous. I have therefore the sanction of the unanimous opinion of the judges, that bank-notes are not a legal tender; that they are not government money; and that their tokens likewise are debased coin, not circulated under the authority of the government, and need not be taken in payment' of any debt. I think the Bank of infinite 'advantage to the country, as a main pillar of our commerce and credit; but its utility depends upon its being kept distinct from the government.—His lordship then referred to the writers and the debates on the subject, to prove that this was the view taken of it by men of the greatest abilities, and in the best times of the country. England had been distinguished in this respect from other nations; from France, Austria, &c. whose Banks, from their connection with their governments, had fallen, while that of England, from its being always distinct from the government, had flourished. At last, however, this country had the misfortune to see an endeavour to identify the Bank with the government. The inevitable consequence would be the loss of confidence and credit. This state of things was not owing to the Bank, but to the devouring waste of ministers, who found the system necessary to support their profusion, and therefore made the Bank an engine to support the system.

The noble lord proceeded to argue that nobody corporate could support the value of tokens estimated by a limited or debased standard. Manufacturers might, for the carrying on their own individual trade, issue money of a smaller value, which should be again received in payment, but no private company could maintain a general debased currency. It was now however, sought to give to this system introduced by ministers, not only the authority of government, but the sanction of parliament also. His lordship saw, by an advertisement which had appeared in the papers of that day, that the Bank of England was now in the course of issuing debased tokens by authority of parliament. He was grieved to think that such a measure had been resorted to. He defied any noble lord to shew him the smallest shadow on which parliament could hold such an assumption of power. He denied that parliament had any such right; and he regretted to see that it had assumed it; because, in so doing, he conceived that it was no longer governed by the old established rules by which it had hitherto been regulated, but that its proceedings had degenerated into a solemn mockery. He desired noble lords to try this question by the test of their own judgment. It was an established law of this country, that nothing could take place of the known standard and given quality of the coin of this country; and now they were to be told, that parliament had sanctioned that that should be taken as the current coin of the country, which was one-fifth less than this standard value. If this were a new question, the solution of it might seem to be difficult, and the mode of adjustment might be doubtful. It was, however, a question of no doubt, and, indeed, was a settled point, that the issuing of debased coin, at its nominal value, was nothing short of a gross fraud and robbery on those to whom it was issued. Then, were their lordships prepared to say that they ought to embrace such a system? Were they prepared, with all those evils, and with all the certain workings to be produced from the measure itself, completely kept in view, to say that this must be wrong, but, as it existed, it must go on until its evils multiplied on the country? He believed, as his noble friend had said, that this was not a measure which had occupied much of his attention; but that he had built his proposition principally on the individual information afforded him. It would have behoved the noble lord, however, to have said from whom he did receive this individual information. He desired it to be recollected, that it was not the case of one or two individuals, which could produce the evils against which his noble friend wished to provide by this Bill. The present Bill went to hold, not that Bank notes are to be held in equal estimation, but that they are in equal estimation with guineas. If such should be the effect of the act, then would the case of every man be equal; but if, on the other hand, one man chose to pay and to receive in payment Bank notes as equal to specie, and another not to esteem them in that light, then it followed that bank notes and guineas were of different values. His noble friend seemed to think that things might differ in their value, from there being a greater or smaller demand for them. He conceived the value to be made up both of demand and of price. It was by both that the value of articles was created. He should be ashamed almost to argue the question if it were not with a person of his noble friend's discerning faculties. What did the value of any thing consist in, but in the estimation of mankind and in the difficulty of supply? There attached all the difficulty; namely, in the difference between the value of gold and paper. An emperor was not possessed of power enough to introduce a single word into a language; much less could the House of Commons expect to introduce paper into the market as bearing a mercantile price. If this was not so, how could a court of equity affect that which no artifice could change; make a man take less than the value for money. This was an

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idea which did not exist in the year 1797. Then, there was no difference of value between gold and paper currency, and the circumstances did not then truly apply. He warned noble lords, against the consequences likely to result, from the forcing of such a measure as the present. The consequences resulting from such a measure always did revert with the greater force on the projectors of it, in proportion to the strength with which they wished to protect it. So their lord-ships would find that the moment they gave this artificial eminence to Bank paper, the more they debased it below the level it would otherwise naturally hold. That was the natural consequence to be expected; and the next step of his noble friend, if the present Bill should pass into a law, must be to prepare some measure which should have the effect of steeling the public mind against a still greater depreciation of the paper currency of the country. The natural effect of this Bill would be, that when commodities were brought to the market, they would be sold, if gold was given in payment for them, and would be withheld if any other species of payment was offered. Would not persons holding out their commodities for sale propose them to be sold at a smaller price, if to be paid for in guineas; and at a larger price, if to be paid for in Bank notes? His lordship was not prepared to pass a law, declaring that there should be a money price, and a paper price in this country as between man and man. But this, he was satisfied, must be the effect of passing the present Bill.

*Earl Stanhope* said he had been misunderstood by his noble friend as to his idea of value arising from demand. He should take, for explanation of his statement, the instance of two editions of the same book, one of them scarce and the other not; there would then be a great difference in the price, because those anxious for the rare edition would be ready to secure it at any price, there being a great difficulty in securing it, while for the more common edition, but equally valuable to any common purchaser, the price would be comparatively small. So were Bank notes, at this moment, to those who were not borne away with the idea of the scarcity of guineas, and of course with their greater value. He was utterly astonished when he heard his noble friend utter so mischievous, abominable, and impolitic a sentiment as this, that that which the public creditor was bound to take was not a legal tender to any other man whatever. If his noble friend contended, that so was the case, he should be glad to debate it with him; let him recall to his noble friend the high situation which he lately held; let him remind him that to a situation equally high, he might again speedily be raised, and then, let him ask his noble friend, if from a person holding a situation of that importance in the country such language as this was or ought to be expected—that the requiring men to receive payment in such a mode as that to which he had referred, was a gross fraud and robbery on the country! He contended that this was most mischievous doctrine to be entertained, the more so, as coming from a person who had been one of the ministers of the country at the very time the act which produced the supposed fraud and robbery was passed. In such a case he asked to be the advocate of his noble friend against himself, and, as such, he contended that the whole dilemma arose from the mischievous idea that paying in the weight of guineas was paying in guineas. He did not contend that it was not absurd to say, that, when guineas rose above their nominal value, it was improper that they should be melted, or that it was improper that they should be exported. He had no share in the making of any such laws. He had always contended that it was not the weight in gold which gave the standard to guineas, but the stamp with which they were impressed. He had spent nine years of his life in the little respectable republic of Geneva. There the gold coin was pistoles, and the silver coin was that of Spain. The watchmakers were then in the use of turning every pistole which came into their hands into the crucible, for the purpose of converting them into cases for watches. It was discovered, however, that in these pistoles there was an ingredient which did not suit the purpose to which they were so converted. There was, as a component part of these pistoles, a powder called emery, but no sooner was this discovered, than the pistole ceased to be put into the crucible; the watch-maker would no longer purchase it. A chemist, however, soon after found out the means of extracting from the pistole this powder, when the pistole again grew into repute, and was as much sought after as ever, for the purpose of being turned into the crucible. Was there a doubt, then, if the continent was opened to this country, but that gold would return? This was not to be expected while the balance of trade and the balance of payments was against this country. An increased demand for manufactures would naturally produce an increase of our bullion. Noble lords talked of the depreciation of the paper currency. He did not admit that there was any such depreciation. He did not pretend to say that this might not be the case; but he denied that it was so at present. He agreed that a depreciation of paper currency might very well arise, as for instance, in the assignats of France, as he

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had mentioned in his letter to the Lord Chancellor. These representatives of a circulating medium were said even to have been forged in this country; there was little doubt, that, from whatever cause they arose, France was deluged with them; and ministers had been pretty roundly accused of having encouraged the forging of them. The cause of this depreciation was, that there were there no book-entries, as he proposed. The relation between the two things would not then be changed. The Bank-notes would stand as against corn or sheep; or, supposing that there was no money, there would then be a barter of one against the other. The position of the noble lords, therefore, on this subject were all founded on error, or mistake. He had pricked up his ears with great expectation, in hopes of hearing the promised remedy of his noble friend (lord Grenville), but he thought it had all ended in a long parenthesis. At length came out a recommendation for us to get out step by step, and this, too, from measures, of which his noble friend himself was one of the advisers. His noble friend claimed great credit for his patriotism. He was inclined to give him credit for it to its full extent; and for this reason, because his noble friend, and those who went with him, commonly agreed with him (lord Stanhope). Here, however, he thought they resembled a set of merchants, who wished to sell their guinea for 27s. and yet to say that they did so as patriots, and purely for the good of their country. He had been a good deal astonished at what had fallen on a former evening from a noble earl (Grey), when he supposed a time when the country would be under an impossibility to perform its engagements. It was, no doubt, very alarming to be told that a time might come when public credit might be affected, and still more to be told this by persons likely at some future day to become ministers of the country. This was an event which ought never to be supposed, as it ought never to occur.

Earl Grey wished to put the noble earl ill mind that the expressions he had made use of on a former evening were made under certain qualifications, which were essential to a proper understanding of them. No person could state more highly than he had done the obligation of faith and justice towards the public creditors. He had merely stated, that if ever the time should come, and it was impossible not to deprecate that calamity—if ever there should exist any danger that this country would not adhere to good faith of every description, it would be in consequence of the measures of the noble lord. It was proper to give his statement as he himself had made it.

*Karl Stanhope* said there was no need for the noble earl to add any thing on the subject. According to any definition, the possibility which the noble earl had supposed, was a thing which was impossible. There was no case in which the engagements to the public creditor ought not to be performed. He would even go to the depreciation which the noble earl had supposed, of 90 per cent.; and here he wished their lordships to observe, that what was due to the public creditor was only a proportion of the national wealth; but whatever it was, still he was entitled to that proportion. He himself had no money in the funds, his whole property was in land; but they had to remember that their estates were a part of the national wealth. The public creditor was the mortgagee on these lands, and they were the mortgagers; and they had not a right to one farthing of the revenue of their estates so long as the public creditor should remain unpaid. He would suppose an industrious carpenter who by 50 years of his life spent in ingenuity and hard efforts, had been able at last to accumulate one hundred pounds a year in the funds: could any man endure the idea, that this poor man should be reduced to receive only ten pounds, while a landed proprietor should continue to receive his 30,000l. a year unimpaired? He had been called the advocate for farmers, and he would now be called the advocate for stock holders. Yes, he would own he was the advocate for both farmers and stock holders. He was their advocate in the same way as he had been the advocate for the abolition of the Slave Trade, the advocate for the Catholics, and lately of the Protestant Dissenters, because of justice; and he might add, that he was a friend to the landlords themselves. A noble friend had called him the saviour of the landed proprietors; and it appeared that he was speaking this opinion of the landed pro-prietors themselves when he said this, as was evident from the former division on this Bill.

Lord Grenville expressed himself, glad that his noble relation had then, for the first time, brought forward a charge in that House, which had, for some time before, been in general circulation, a charge which not only involved the characters of many individuals both living and dead, but what was more, which involved the character of this nation. His noble friend had told them, that the assignats of France had been counterfeited; and he had told them further, that they were counterfeited by orders of the government of this country. He thought that his character had been better

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known to his noble friend, than that he should have supposed him concerned in any transaction of such a nature. On this subject he was able to speak, and he would venture to say that this charge was most grossly calumnious; that it was one of the most unfounded aspersions that was ever advanced; and that he had never once harboured a thought, or participated in any one act, which could implicate him in the smallest degree in such an accusation. He could not take upon him to speak of what was done by men who acted only for themselves, and some of whom were not now living to answer the charge: but he would say, that nothing of such a nature could have been done by the King's ministers without his being privy to it; and he then solemnly protested in the name of Almighty God that he was innocent himself of the charge which had been so brought forward; and, that he was firmly persuaded, that every man who served the King during the whole course of these two calamitous wars, were equally innocent with himself.

*Lord Holland* trusted, that as the noble earl, the father of this Bill, had alluded to debates on a former evening, the same forbearance would be shewn to other individuals. The whole was, indeed, but one protracted debate on the same subject. He could not help thinking that the misunderstandings which had arisen in consequence of this Bill, had produced a sort of mental earthquake in the House. He had suffered by this as well as others; his opinions had been much misunderstood, and it would have been necessary for him in some stage or other of the business, to attempt to set the matter right, had not his noble friend called on him at this time to do so by his reference. The whole proceeding was indeed so anomalous, that it was no wonder that misconceptions and misunderstandings should take place, and therefore this mutual leave became the more necessary—'Damus petimusque vicissim.' It was proper to consider the nature of the proceedings; and here he would say, that when the noble earl had stated that he had advocated the cause of the abolishment of the Slave Trade, of the Catholics, and of the Protestant Dissenters, on the ground of justice, he could not but believe the noble earl. He had heard the powers of reasoning which he had displayed in that House; and he thought, he was sure they could only be the result of sincerity and conviction. But how did it happen, that the noble lords opposite who heard his reasonings on those questions, which they were unable to answer, used uniformly to say, that these reasonings were no doubt very ingenious, but were entirely speculative; and now, when the noble earl had introduced a Bill, which by his own confession was only the forerunner of a series of Bills which would go to operate a great change in the laws of this country, those noble lords whose maxim constantly was 'principles obsta,' who had uniformly professed their determination to oppose every thing like innovation, and who would listen to nothing but what they called practical arguments, how did it happen, he repeated, that they had now no apprehension of this speculation, but thought proper to adopt it; that they now thought proper to court one of the most dangerous innovations? The noble lords had, it was true, had the nursing of this Bill; and by the introduction of clauses in the Committee, they had produced a very great alteration on it. At first there was no principle in the preamble of the Bill, because the Bill had no preamble; but now since the clauses which had been moved in the Committee, the only words of the original Bill which had been retained were, "Be it enacted by the Kings's most excellent Majesty, by and with the advice and cousent of the Lords Spiritual and Temporal and Commons in this present parliament assembled, and by the authority of the same, that from and after the passing of this act, no person shall receive."—This was the whole of the original Bill which they had adopted; and all the rest was to be considered in the light of an excrescence, as a superstructure on the original. He contended, that this would go to effect a material alteration in the law; because it was contrary to what had been laid down a few days ago by the judges of the land. And here he could not help alluding to what had fallen from a noble and learned lord (*Redesdale*) on a former evening, who, though he did not now hold, had formerly held, a judicial situation in the country, as to the propriety of making a declaratory law on this subject. He had frequently been told, that a systematic attempt had been made to bring the justice of the country into contempt—nay, he had frequently heard this asserted within these walls; but if any lords should come forward and say, that this ought to be a declaratory law, for this reason, that the judges had unanimously-said that it was not the law, what was this but giving a slap in the face to the whole of the judges? What could be a more effectual measure than this to bring the administrators of justice into contempt?—However, if this was not a declaratory act, he had a right to assume that it was an alteration of the law. The noble mover had professed his love for definitions: let us go to definitions then. Let us attempt to argue the matter closely. What was the meaning of depreciation? It meant a fall of price. And what was the meaning of price? The relation to something else. And when they say that there is no

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depreciation they say notes are at par; or, in other words, they say they are equal. To what? To gold and to silver? No, no. Or to the provisions that gold or silver of the same nominal value will buy? no. Here he observed a noble earl opposite (Bathurst) shake his head, as if he meant to argue this point. He had on a former evening stated, that the increased price of provisions was occasioned by the increase of consumption being greater than the increase in production, and he said he could convince them of this, because the price of cotton and sugar had fallen. He would ask the noble Secretary of State if corn was not the commodity of all others the least fluctuating, and which it was therefore the most proper to adopt on any estimate of this nature. Instead of corn, however, the noble lord had chosen sugar, which those who had any experience in that commodity, but too well knew was one of the most fluctuating. But the Bank note was not equal to these things. It was equal then to the legal coin? It was called so; but he would ask if it was equal to the guinea? And here he could not help taking notice of a very curious mode of proving this equality, adopted by a noble earl. He should go, he had said, with 20 guineas and with 21 pounds to a banker with whom he had two accounts, and he should be, able to procure entries in his books for 21l. par for both sums. He had no doubt that if the noble earl should go with such an intention to any banker, that the effect would be to occasion these two entries in the manner described by him; but his answer to this was, that no man would ever think of going to a banker with guineas, when he knew that by so doing he would be robbed of one-fifth of their value. For that very reason, guineas would never appear at all, but would uniformly be lodged in the hands of Jews or foreigners. The noble earl had told them that the Bank note was equal to one pound; but here again he had to ask him what was one pound? We were told that we were of such materials, that we could not comprehend what was meant by an abstract-pound—as Martinus Scriblerus could form no conception of an abstract lord mayor. He owned he had great difficulty to abstract a lord mayor from his fur gown and gold chain—nay, that the horse he saw the lord mayor ride upon, not a little disturbed his imagination. In the matter of abstract pounds we were equally at a loss. The noble lord had said, that it was not what could be touched and seen; but that it was still a pound. When the Bank note contained these words, "I promise to pay the sum of——," did that mean the Bank note itself? Was that the abstract lord mayor? Did it not rather mean a certain quantity of gold and silver, which could not be changed? His noble friend had said, that this was all sporting about nothing; and indeed he could hardly conceive such variance between them without also supposing some accidental difference of terms; but that the noble lord on the woolsack, whose acute mind had foreseen all the consequences of this measure, should, believing as he did, say that no evil existed, was, he owned, what he could not well comprehend. Whether they were to call this evil by the name of depreciation, or by that of a rise in the price of commodities, it did not signify. The true way of proceeding was first to discover the cause of the evil. He was ready indeed to admit, that the phenomena might be produced by a variety of causes; but still he was persuaded, from what he had learned from experience and study, that the chief and primary cause was the non-payment of cash at the Bank. As far as he had been informed, where-ever the circulation of paper was convertible into cash, the same phenomena had uniformly taken place; the gold had disappeared, and every article had increased in value. And, on the other side, it was as evident, that previous to a suspension of cash payments, such phenomena never appeared before, except in the case of a debased metal, or forced paper currency. He knew that the noble lords opposite did not feel well on this subject of a debased metal currency. His noble friend (earl Stanhope) had stated this to be an abominable doctrine; but this was a question of fact; and before the noble earl had so violently attacked the doctrine as abominable, he would have done well to have explained what he meant by debased coin; because in his opinion this epithet applied in a particular manner to the Bank tokens. With respect to the cash payments of the Bank, he thought indeed, that the only effectual way of effecting this, would be by an immediate payment. This was his bias; but those to whose superior abilities and information he paid the highest deference had maintained, that the immediate resumption of payments would be attended with great difficulties. Now, however, he thought that the omission of every thing which might have a tendency to bring back the cash payments was culpable. His noble friend had said, that there was not a sufficient quantity of cash in the whole country; but he would ask him if there was a sufficient quantity of cash in 1796.? He meant to say, was there then sufficient gold in the country for the conversion of the Bank paper into cash? But when there was confidence in the country, gold was seldom or never demanded, and that argument, therefore, fell to the ground. All he wanted to establish was, that gold should be paid when demanded, or, in other words, that paper should

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be convertible into cash. And here he could not help noticing a very strange view which his noble friend (earl Stanhope) had taken of the public creditor, and the argumentum ad hominem he had made use of. He had supposed, most pathetically, the hard situation of a man whose whole dependance was on the preservation of the public credit. But let us look a little closer to the compassion and humanity of his noble friend. He said that it was hard that this man should have only ten pounds for his hundred, while the landlord should continue to have his thirty thousand pounds. But if his noble friend supported Bank notes, which might come down to a shilling, he might in time have the satisfaction to see thirty thousand pounds reduced in value to thirty thousand shillings. What was the remedy for all these inconveniences? The convertibility of paper into gold.—With regard to another point, the carrying on of the present war, it had been triumphantly observed by a noble secretary of state, that it was impossible to carry on the war on the peninsula without a continuance of the present system; that every man who wished to overturn that system, was an enemy to the prosecution of the war in the peninsula; and that every man who supported the system was friendly to the war. He, for one, thought the contest in the peninsula one which ought to be continued as long as it was possible to continue it consistently with the safety and honour of the country. We were called on by every principle of honour to prosecute the contest; but though this was his opinion, he could not subscribe to the other opinion, which he professed he did not understand, that the suspension of cash payments was necessary for the prosecution of the war. If this was a necessary part of our policy, it would in itself constitute an objection to that war; but he did not understand how it could at all be understood as such. He knew no way by which the keeping up the depreciation of the currency of the country could support the war but by the defrauding of the public creditor. He could understand well enough the policy of issuing Assignats. He recollected being told by one well versed in that matter, long before the great depreciation, that they would serve their turn—that they would pay their armies in the mean time. But he would ask, if this was what ministers understood by supporting the war? Here was first a declaration of, 'I am a most honest man!', and then a turning round, and recommending that system of legislation which will make the creditor not worth one farthing. Was that the assistance which was wanted? He had heard of facilities in the raising of money; but they had never been explained sufficiently to him, and he could not but perceive that what they gained on the one hand, they more than lost on the other, by the additional expence of these expeditions to the continent.—His lordship then went into a plan of his own, as a remedy to the evil, which he meant to propose in the way of a rider to the Bill. He understood the great evil would consist in the certain inconveniences attending immediate payment; but he was convinced the bank proprietors and stockholders had a clear interest in maintaining the present state of things, and that, therefore, if they were to fix a particular period, two years or ten years for the resumption of cash payments, it would be a mere brutum fulmen, and the same difficulties would then remain to be got over, which subsisted at present. He knew no way, therefore, of effecting this object, but by making it the interest of the bank themselves to agree to the resumption. He wished to prevent the Bank from deriving any profit from their issues of tokens and dollars. He thought it was but fair that they should derive no additional profit from that state of things. He did not, however, wish to take from the Bank the profits which they should make, or to interfere with private bankers in their concerns; but if they had been protected so long by us, it was but fair that they should not be permitted to divide the additional profits taken under that protection. The Rider he meant to propose, to be added to the Bill was this: "Provided always, That as long as this act continues in force, and until the act or acts suspending payments in cash, at the Bank of England, shall expire or be repealed, the profits of the said Bank, after defraying its expences and paying to the Proprietors of Bank Stock an annual dividend not exceeding such rate on their respective shares as, shall not be divided among the said "proprietors, but shall accumulate as a fund for the security of their creditors," or subject to such future arrangement as shall on full consideration of the subject seem just and expedient."—His lordship gave notice, that if the Rider was adopted he should propose to fill up the blank either by the words—"No. 1.—Was declared by the court in the two years preceding the year 1797." Or, "No. 2.—Was declared at the last meeting of the Court of Proprietors."

The Earl of Harrowby said, that many observations had been made on the impropriety of producing this measure at so late a period of the session; but as ministers were not the original authors of the Bill, the censure could not be fairly applied to them. When the noble lord first introduced the Bill, although he had supported it with arguments, and had

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urged considerations which were highly deserving of attention, yet he must confess he did not feel persuaded of the policy of adopting-it. When for the last fourteen years the instance of the noble lord (King) was the only one in which bank-notes were refused to be taken at their nominal value, he did not perceive at first the necessity of taking so serious a step for the purpose of preventing that example from being followed. That noble lord's motives might be good, but he conceived that there was a *lex non scripta sed nata*, which would lead men in general to decline imitating such a conduct. However that conduct had been extolled by the friends and supporters of that noble lord, they themselves had been hitherto content with praising it. As to the question of depreciation, he agreed in the definition given by a noble lord, that it was a fall of price, the word price being a relative term. He believed that two prices had not existed in this country prior to the recent discussions; and there was a perfect equality between gold and paper, except with a view of melting or exportation. Although the banks of Scotland issued paper, which was convertible into gold, had that paper risen to a premium above that of the Bank of England? It was not extremely logical, in his judgment, to admit in the first instance, the operation of a variety of causes in producing a depreciation of the paper below the gold, and immediately to argue on the assumption that such a depreciation could arise only either from excess or discredit. With respect to the general rise of prices, taxes, he conceived, must be allowed to have a considerable effect. There were some, which perhaps had not that sort of tendency, such, for instance, as the income-tax, which had, probably, a contrary effect. The increasing, wealth of the country must have also greatly conduced to the general rise of prices. He held a table of prices in his hand, which he had reason to believe was correctly drawn up, and by which it appeared, that on the scale of the several last years, no regular proportion subsisted between the alterations in the prices of gold and of other commodities. There was one part of the question, which was generally admitted to be in the highest degree problematical, and involved ft point that could not be accurately ascertained, and that was the degree in which the velocity of circulation augmented or diminished the whole amount requisite for circulation. So various and conflicting, indeed, were the opinions entertained, and particularly with respect to the remedy, on the whole subject, that it suggested to him the case of a patient beset by physicians, giving the most opposite prescriptions. In 1801, assertions were made that Bank-notes had then depreciated; no proof was, however, adduced; and if the whole amount of currency when it consisted of gold, and paper convertible into gold, was compared with the quantity now in circulation, no presumptive, much less positive proof would be furnished of any depreciation arising from excess; and that any had taken place from discredit, had not been asserted in any quarter. Their lordships had been told repeatedly of the fate of the currencies of other countries, but he could not perceive the traces of any resemblance between our own system of finance and that of any other European state. He was still more astonished to hear such frequent allusions to the issue of assignats in France, as if any points of comparison could possibly be discovered between the great corporation of this country, circulating notes on their private credit as a mercantile company, and the arbitrary, unbounded, and compulsory operations of a revolutionary government. In the year 1793, that government issued 240 million in assignats, which in a subsequent year was increased to 800 million. This was indeed excess, but if the endeavours that were made to inculcate on the minds of the people a belief that Banknotes were nothing better than assignats in disguise, the prophecy might carry with it the means of its own fulfilment. He recollected well the numerous prophecies that had been made by many, whose names he would not now mention, but which happily furnished examples of the general failure of such predictions. It was stated by a great authority, when the restriction Bill was first proposed in 1797, that if that measure should be adopted, the notes of the Bank would in six months be worth nothing. At that perilous and alarming period, when rebellion extended from Ireland to the Nore, that great measure was adopted by a distinguished character, and he firmly believed had accomplished the salvation of the country. When they now considered that the war in the peninsula, which had already proved so glorious and consoling to every Englishman, must be checked and paralysed, by any alteration in the financial system, he hoped and trusted that the House would not be deterred from taking any proceeding necessary to its security and preservation.

*The Earl of Lauderdale* declared, that before he followed the noble lord into his argument on the question of depreciation, or into the justice of the eulogy which he had thought proper to pronounce upon ministers, he felt it impossible for him not to make some remarks on the sentiments and declarations of the noble and learned lord on the

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woolsack. When he considered that extraordinary speech, and reflected at the same time, on the situation and office of that noble lord, he felt the highest degree of astonishment and alarm. The noble and learned lord had begun by enumerating the different modes of proceeding by which the landlord could sue his tenant, namely, by action of debt, by action on the covenant, by ejectment, and by distress. He scarcely knew what to think of the observations which accompanied this statement, or to believe that the noble lord had himself wished to be understood. Did he mean to say, when he talked of the duties of the judges, that they should dare to refuse to any man the legal remedy to which he was entitled? Did he intend to propose that an officer should be appointed to decide in court between notes that were good and others which were forged, or to impress this as a new duty on the Judges themselves? Did he mean, he begged to ask, to counsel the Judges to refuse any landlord his ejectment, under such circumstances? He did think, after what had passed, that as they had the power, it was their duty, to take the opinions of the judges themselves on this most momentous and interesting point? It would be worth inquiry whether, previous to 1797, the ejectment would have been stayed by a payment of Bank-notes. If the doctrine of the noble and learned lord that night were once established, Bank notes would, to every practical purpose, immediately become a legal tender. It had long been a principle in legislation to avoid every thing approaching to the nature or character of an ex post facto law. Now, the Bill before the House was utterly and entirely retrospective in its operation, affecting all past contracts, but not interfering with future. He would remind the noble and learned lord of those judicial opinions which he had often uttered, and more particularly in a recent case, and desire him to reconcile them with the doctrines which he had that night promulgated. When he was so scrupulous of permitting the smallest abatement in these instances of the spirit of old contracts, how could he fairly or equitably conceive that it was the duty of his noble friend quietly to put up with an annual loss of 17 per cent, or express his horror at the conduct which his noble friend had thought proper to pursue? The noble secretary of state had moved that Ireland should be exempted from the operation of the Bill, on the strange ground that two prices had prevailed there from time immemorial. Supposing this to be, what it evidently was not, a correct statement, Ireland had continued to flourish and improve with unexampled rapidity under those circumstances, which were apprehended to be certain of producing calamity to this country. But till 1797, paper was convertible in Ireland, and therefore till that period two prices could not have existed. It was, too, a strange reason, because the practice of extortion among landlords had long prevailed in Ireland, that therefore it should be suffered to continue, and a measure formed on the principle of preventing it in this part of the empire be withheld from her. Really this looked something like ignorance on the part of ministers. He was not surprised that men, who had openly confessed themselves uninformed upon one of the most important and interesting parts of political science, should be desirous of running down those who had devoted a great part of their lives to its cultivation. The noble lord who spoke last had said that many articles had fallen in value, and that sugar was to be purchased for less of paper in nominal value, than it formerly was of gold. But did he not believe, at the same time, that if gold was now offered for sugar, the difference would not be yet more apparent? Price, which was relative value, was certainly not to be estimated by a comparison of any two commodities; but where one commodity was altered in price in an equal proportion to two others, the presumption was that it was depreciated, and if it had fallen, with respect to the general sum of commodities, the proof became positive that it was so depreciated. Considering the present situation of the country as more calamitous than at any former period, and being persuaded that the Bill before the House would, if passed into a law, tend to aggravate rather than to diminish those calamities, he should vote against the third reading.

*The Earl of Morton*, adverting to the statement of the noble lord, that the notes of the Bank of Scotland were at par, while those of the Bank of England were depreciated, observed, in contradiction to that statement, that at the inns, for 150 miles on the great North Road from Darlington to Edinburgh, the Scots Bank note, and the English Bank note, were received indifferently, and passed for precisely the same sum.

*The Earl of Liverpool* defended his noble friend (lord Harrowby) from the charge of ignorance that had been preferred against him; a charge to which no man in the House or the country was with less justice liable than his noble friend. The arguments of the noble lords who opposed the Bill went not against this particular act, but against the whole of the system, which had been acted upon since 1797. If that system was proved impolitic, it would not follow that the

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proposed measure must therefore be otherwise. The adoption of this measure would by no means preclude an investigation of that system, or a recurrence to cash payments at the Bank, if such a recurrence should be deemed necessary. The Bill before the House was a measure of justice to a great portion of the people. It was generally agreed, that the strictest faith should be kept with the national creditor, and that he should be placed on as good a footing as any other individual in the country. The national creditor received Bank notes at par; he ought to be placed in a situation in which he should be enabled to part with them at par. If in this point the landholder obtained an advantage, the national creditor must sustain an injury. He contended that there was no depreciation whatever. As to increased price of corn, that was attributable to the increase of population and consumption. But with respect to many articles of home produce and manufacture, such as wool, iron, copper, lead, &c. of these some had been reduced, while others were stationary: The noble lord opposite, after a great deal of elaborate disquisition, had arrived at this profound observation, namely, that if the notes of the Bank of England were to be increased to the amount of the assignats of France, they would become equally depreciated! This was indisputable: but was there the least apprehension of such an event? The paper circulation of this country had not that tendency to excess which had been so injurious to other countries. While the issue was only about 23 millions, and the revenue amounted to between 70 and 80 millions, there could be no just ground for fearing a ruinous excess. As to the resumption of cash payments by the Bank, he confessed himself wholly at a loss to understand how, in the present state of exchange with foreign countries, that could take place without the most dangerous consequences. A great deal had been said about profusion in the national expenditure. What profusion? what measure of expence had been adopted with any other view but the conviction of its being wise and politic? If there were any of a different description let them be pointed out. The policy might be erroneous, but no one was justified in terming it profusion. He said this because it was of the utmost importance that the public should not be induced, by any misrepresentation of such a nature, to withdraw their confidence from government. It was true that the issue of Bank paper might be reduced, by reducing the public expenditure, but this reduction must be effected, if effected at all, by a complete change of system; by withdrawing our troops from the peninsula, from Sicily, &c. and by an abandonment of all those plans to which the government had hitherto looked for ultimate success and security. For his part, convinced as he was that the exertions made by Great Britain were indispensable in the present critical situation of Europe, he was firmly persuaded that whatever might be the inconveniences attendant on the present state of the currency of the country, those inconveniences were trifling as compared with the evils which must result from an abandonment of those efforts which the country was making in the common cause.

Earl Grey protested against the proposed measure, as fraught with general calamity. The noble lord who had just spoken talked of the faith due to the national creditor. That faith no one would wish more strictly to observe than himself; but what would the national creditor gain by the present Bill? Would it give to bank notes an increased value? would not its only effect be to place landholders in the same distressing situation? For his part (notwithstanding what had fallen from the noble and learned lord on the woolsack) he never would believe, until it should be declared by the twelve Judges, that the payment by a tenant into a court, of bank notes, would shelter him from a distress, when the law distinctly declared that it should be paid "in good and lawful money of the realm." Satisfied as he was, that the reverse was the case, he put it to the House to consider what would be the situation of the unfortunate tenant, after the passing of the Bill. From that period it would be illegal and impracticable for him to purchase guineas, and yet with guineas alone would his landlord be paid. Could any thing be conceived more likely to create the greatest calamities? It was to incur all the evils of making bank notes a legal tender, without securing any of the advantages which might result from such a step. The present measure would have the effect, not of stopping, but of aggravating and increasing the evil. The law was to be limited in its operation to Great Britain, and was not to extend to Ireland. Why was this? Had it never been heard that the rent of lands in that part of the kingdom had been demanded by the landlord in gold? Was it known that this was common in the North of Ireland? If this was an evil, how came it that a remedy was more necessary here than there? Why were the people in Ireland to be more exposed to such demands than the landholders in England? To this he believed no better answer could be given than that furnished by the old story of a person who was accused of cruelty in putting lobsters into cold water, and then boiling them to death. The reason given to justify

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this practice was, "they were used to it;" and this he conceived, was all that could be said for thus neglecting the people of Ireland. He was astonished to hear the noble lord opposite contend that bank paper was not depreciated, and thought the arguments he had urged were far from proving what they were intended to prove; and the arguments he had made use of to shew that the Orders in Council had done good, were only to be derived from the present distress of the country. The only remedy which could be supplied to the evils complained of, and those which would follow the adoption of the measure proposed, and those measures to which it must lead, was a return to payments in specie. He reminded their lordships of the assignats in France; and then advertng to the affairs of the peninsula, declared that though he had concurred in the vote of thanks to lord Wellington, as he had really done more than he had expected he would be able to do, yet still it was his firm opinion, if we made ourselves principals in the war, and attempted to contend with the whole military power of France on the continent, the consequences would be most ruinous to this country. He was surprised at the statement which had been made of the prosperous state of our affairs, and regarded it as a delusion, which, if given into, would render it impossible for us to survive our present difficulties. If the bill before the House were carried, it would go to make the bank note a legal tender, and that must lead to its farther depreciation. He was anxious to give the supporters of the measure a timely warning before they proceeded too far, as he was confident no victory would gratify our enemy so much, or so strongly prove the complete success of his endeavours to injure this country, as the passing of an act subversive of the ancient rights of the constitution.

*The Earl of Lauderdale* thought it would be unbecoming to pass the bill, under all the circumstances of the case, without having first the opinions of the judges. He would therefore move as an amendment, that after the word "That," words should be inserted summoning the judges to attend that House to-morrow.

*Lord Grenville* spoke in favour of the amendment, as after what had fallen from the noble and learned lord in the course of debate, their opinions were necessary to explain the bill.

*The Lord Chancellor*, in explanation, repeated that the law of the country would remain the same after the passing of the act as at present in cases of execution, and said that the landlord who took a note must take it for the sum specified in it and when distraining must submit to have such a note so offered to him.

*The Amendment was negatived without a division. The question was next put on the third reading of the Bill. On this a division took place, when the numbers were: Contents 53.—Non Contents 16.—Majority 27—The Bill was then read a third time and passed.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 9 July 1811 → Commons Sitting**GOLD COIN AND BANK NOTE BILL.***HC Deb 09 July 1811 vol 20 cc883-907*

*The Chancellor of the Exchequer* said, before he moved the first reading of the Bill brought from the Lords, he wished to make a few observations respecting it, both as to its provisions, and to the circumstances by which he was induced to give it his support. It was with a sentiment of deep regret that he could even come to parliament for the purpose of recommending such a Bill, but this sentiment became much stronger from a consideration of the advanced period of the session, and the limited attendance that could be expected on a discussion of such peculiar importance. The regret that he felt in the first place was founded on the recollection that for the last fourteen years the paper of the Bank of England had been able to uphold itself in public estimation. During those fourteen years, trials and exertions had been undergone by the country of the severest and most extensive nature, difficulties of unexampled magnitude had been encountered, and yet the circulating paper had maintained its credit. Through this long period of danger and of exertion, while the military operations of the country abroad were carried on upon a scale the most extensive, bank notes had retained their current value, and the prosperity and strength of the, country, had flourished without diminution or decay. It was, then, not our, great and glorious expeditions, it was not our extended and powerful establishments, it was not the continued and unabated exertions of the country against a foreign enemy, and in support of its liberties and its existence, that had created the necessity of having recourse to any measure of this description. An imperious necessity did, however, now exist for its adoption, and he begged leave to state in what manner that necessity had originated, and the reason why that necessity had only become recently apparent. This would serve to explain why ministers had not deemed it necessary to propose any similar Bill at an earlier period, and why they felt it their duty to the country to give it their support at the present late period of the session. A noble-man of high rank and great political distinction and large landed property, had thought it proper and advisable, after having hitherto received the rents of his estates in the ordinary currency of the country, to give a general notice to his tenants, that from the period of that notice, issued immediately before the usual period of half yearly payments, he would receive only gold or paper estimated by the price of gold in the market. This notice, whether intentionally or otherwise he did not presume to determine, was not declared, till the time when it was well known that Parliament was on the point of separating. He did not mean to insinuate that the noble lord was actuated with any other views than such as became his rank and station in society. He did not wish to attribute any improper motives in supposing him to be influenced by his own theories on the subject, and a desire of enforcing them by practical examples. The impression on his mind when he first heard of the circumstance, which was before it was mentioned in Parliament, was that it did not of itself call for any legislative interference to guard against any consequences which it might occasion. He was then persuaded, that a system which had so long existed, and under which the country had so long prospered, might safely be left to stand upon its own merits, and to support its character without the aid of any parliamentary enactment. He felt, indeed, that the conduct of the noble lord was certainly productive of some alarm, but not of a size or nature to alter his opinion, until he found to his surprize, that instead of being discountenanced and condemned by all those whose opinions would have been likely to have an effect on that noble lord, it was defended and extolled as just, and even as patriotic. He had conceived, that the noble lord, finding no encouragement from the opinions, any more than from the conduct of his friends, would have at length seen the propriety of desisting from his purpose. It was probable, he thought, that when the noble lord reflected that those whose conduct had previously resembled his own, were exclusively pedlars, and Jews, and smugglers, he would not persevere. When he found, however, to his astonishment that he was deceived in this expectation, that the direct contrary was the case, that the noble lord's friends, his advocates, and his panegyrists, were among those who had a great lead and influence, although not so great perhaps as they imagined; then it was that he felt convinced of the expediency, and of the necessity of taking some step before the prorogation of Parliament, to prevent the effect which such doctrines and examples, proceeding from such high

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quarters, might produce on the community at large. No doubt the noble lord himself thought he was acting a most admirable part, and one that reflected on him the highest credit, but at the same time he would declare that he could conceive no act whatever, that in proportion to the limited sphere of an individual was calculated to produce such formidable effects against the interests of society, as that of the noble lord which had imposed on them the necessity of adopting the present Bill.—He had now stated the reasons which had induced ministers to decline pressing any measure of this description, and, he trusted, sufficiently proved the injustice of the reproaches which had been urged against them on this account. It had appeared to him impossible, that the old adherents of Mr. Pitt, and those who had approved of the Restriction in 1797, could oppose a measure formed on the same principle, and rendered necessary by similar causes of a more extended operation; or that the supporters of Mr. Fox, on the other hand, could disapprove of a Bill, the professed object of which was to prevent what they so much deprecated, the establishment of two prices. Those who had maintained the opinions of the Bullion Committee, and in particular he wished to allude to the hon. and learned member who was the chairman of that Committee, and had consequently held forth the expediency of suffering the intervention of two years before the period of resuming cash payments, ought surely to come forward in aid of the Bank in the mean time. He was aware that it had been asserted from high authority, and asserted with great confidence, that at no antecedent period was the gold more plentiful or cheaper than it was at present. This was certainly at variance with all that had been hitherto heard, and notwithstanding the assertion came from men who imagined that they enjoyed and monopolized all the talent and statesman-like knowledge of the country, he had no hesitation to say it was most preposterous and absurd. He should have thought it the duty of those who had been instrumental in causing the original restriction, not to attempt to depreciate the paper, which, if it was altered in its nature, had been altered by themselves. After all that had been said by many who appeared to wish to oppress and stigmatise all who refused to admit their superior wisdom, and to idolize their superior talents, could any thing be more manifestly unjust, than that a person having 6,000*l.* in the funds, and renting a farm of 300*l.* per annum, should be obliged to receive the interest of the former in paper, and pay the latter in gold at its present excessive price. It would be highly desirable, he readily agreed, to avoid making bank notes a legal tender; but if, from the state of the country, from any accidental alarm, or other causes, it might no longer be desirable, he was prepared to say that it might become a proper and expedient measure. In the year 1797, Mr. Pitt had himself entertained great doubts as to the policy of their making the notes legal tender; and those doubts were, he believed, chiefly removed from his mind by the meeting of the merchants, and the universal disposition displayed to take the notes without any such legal enactment. He saw in his place an hon. alderman (Combe), who had then inquired if it was the intention of the Chancellor of the Exchequer to propose the legal tender between individuals as well as between government and the subject, to which he answered, that he believed it to be unnecessary. When interrogated as to the probability of its becoming necessary, he replied that it was impossible to declare; Mr. Fox then wished to know his opinion respecting the tendency of the measure to create that effect, to which Mr. Pitt answered, that he had no opinion (Hear! hear!) He might quote sir F. Baring, no mean authority, on a question of this kind, in confirmation of the opinion that the policy commenced in the year 1797, with respect to the issues of the bank, must necessarily terminate in making bank notes a legal tender. Still, however, it was a point to which he should very unwillingly accede, and which he confidently hoped would be found an unnecessary measure, both from the injustice of the proceeding, which must lead to it, and the odium that had already attached to the conduct which he had before referred to. The comparison instituted between the paper currency of this country and the assignats in France, at least admitted of this consolation, that when the restriction was originally proposed, the same sort of observation was made, the same gloomy predictions uttered, and the same confident assertions of our being not on the verge, but in the very gulph of ruin. We had, however, since passed fourteen years, and during the whole period had increased in external strength, in a ratio equal to our internal prosperity. Invasion was then declared to be a less evil than such an attack on the financial credit of the empire, yet invasion had been since prevented, and the financial credit of the empire sustained. But could any men, except for the purpose of raising an outcry, or realizing the mischief which they affected to deplore, sincerely mean to say, that the paper of the bank of England bore any resemblance whatever to the French assignats? The whole amount of the bank issues had never exceeded 25,000,000 and they were at present not more than 23,000,000, leaving to the whole supply

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of the national circulation only an addition of 13,000,000 upon the amount in 1797, previous to the restriction. In one year France issued not less than 50,000,000, in the following 25,000,000 more, and in the course of five years, not less than a thousand millions. Here was a sum far exceeding our national debt, while our issues had never exceeded one third of our annual revenue. The present Bill was intended to guard only against an improper and injurious alarm; and for this purpose it simply took away the process of distress for rent upon a proffered payment in bank notes. This was proposed by an hon. gentleman in 1797, but opposed by Mr. Pitt, on the ground that no reason existed in the feeling or disposition of the country to require it. Mr. Fox, however, even then supported it.—Much had been said respecting Ireland, and the inconsistency of not extending this Bill to that country. The reason, however, simply was that the cause and object of the Bill were new in this country, but not so in Ireland, where two prices had in fact prevailed before the restriction on the bank took place. He was ready to allow, also, that it was unadvisable to interfere in contracts between man and man; but the act of 1797 had already altered that sort of relation, and we were in a situation in which it was notorious that the public creditor could receive no-thing but paper. Under these views, and upon these considerations, he moved that the Bill be read a first time.

*Mr. Abercromby* said, that although it was unusual to enter at large into any discussion upon the first reading of a Bill, yet as the right hon. gentleman had given so ample a statement, and as he was desirous of leaving the debate on the usual stage, the second reading, to his hon. friends, who would enter fully into the question, he trusted he might be permitted to make a few observations in the present instance. The right hon. gentleman, in support of a Bill which he could only consider in itself as a Bill calling on that House to be a party in committing a gross fraud upon the public; as a Bill, threatening in its consequences ruin to the established forms and institutions of the country, set out with an attack on the conduct of a noble lord (King) whom he was proud to call his noble friend, because he knew his private worth, and his incapacity to do any thing inconsistent with public virtue. He begged leave to ask the right hon. gentleman whether, before he heard of the intention of the noble lord, he was ignorant that Bank notes were depreciated 20 per cent.? and if he was not thus ignorant, what ought the House to think of a minister, who, perfectly sensible of what it was the interest of the land owner to do, could have intended parliament to separate on the supposition that the land owner would not choose to prosecute his evident interest, and his legal right? Was he ignorant of the law, and did he presume that by virtue of his office, he could oppress and intimidate any individual, who, during the recess, might venture to act upon that interest? Sensible that such conduct in individuals afforded a contradiction to all their arguments, which was plain and palpable to the understandings and business of all men, they seemed to have relied on their own discretionary powers, greater than the law itself, to put down and extinguish every such attempt among individuals. Now, indeed, when this design could be no longer entertained, the minister came down to the House with a proposition for violating at once all subsisting contracts made antecedent to the depreciation, and to alter the whole system of our law for the preservation of the value of property. He was willing to do justice to the candour of the right hon. gentleman, who certainly had this night, with a singular frankness, professed his conversion to the code of Robespierre. It was now no longer a secret, that in the opinion of his Majesty's government, Bank notes might eventually become a legal tender, as they would by this Bill immediately become a legal equivalent. What inducement any longer existed upon the Bank to restrain its issues? They now saw that parliament was pledged to support them, and that the law might soon protect them in any extent of issue. The right hon. gentleman seemed to think it strange that men should defend their property; but such a defence, when aided by the sanction of the law, did not appear to him to be mean, or unworthy of any person, more especially if that person was one who had watched the progress of the depreciation, and felt it to be his duty to guard himself and his family from its effects. The right hon. gentleman seemed to have forgotten that the paper currencies of the continent had been all issued on the credit of the government of the respective states. But what interest, he would ask, had the people of this country in the profits and bonuses of the Bank? That the present state of circulation was necessary to support the system of government, was precisely what was urged by the government of France in justification of the assignats, and it was an argument which completely overlooked every principle of public honour and national faith. It was idle and fallacious to represent the stockholder's interest to be connected with a fall in the value of paper, and that he could derive any benefit from the increasing prices of commodities and the decreasing value of his property, because landed

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property was subject to the same sort and degree of loss. The right hon. gentleman had seemed to describe himself as the only legitimate representative of Mr. Pitt. He had never before heard that distinguished person, whose great qualities all admired, however destructive they might deem his measures to the public interest, accused of any design to get rid of the national debt in the manner by which he certainly might have succeeded in that object—by making Bank notes a legal tender. The exception of Ireland, and the limiting the duration of the Bill, were only fresh proofs of the impropriety and danger of the expedient. How could foreigners be expected any longer to trust their property in our funds when the returns were annually diminished? Pregnant as the Bill was with such extensive consequences, he called on all who valued not merely the interests, but the character, the credit, and the faith, of the country, of government, and of parliament, to pause before they agreed to a measure that was nothing less than an outrageous invasion of the most sacred right" of property, and a plain avowal that the circulating medium of the country could not support itself without the aid and interference of the law.

Lord Archibald Hamilton announced it as his determination to oppose the Bill in every stage. He complained of the absurd provisions made by one of its clauses which went to exclude Ireland from the pretended benefits of the Bill, though the evil it professed to remedy existed to so much greater an extent in that country than in any other part of the united kingdom.

Mr. Dent would not oppose the first reading of the Bill, as he did not object to its introduction to the House, although in its passage through, there were parts of it which he might feel it his duty strongly to object to.

Mr. Whitbread expressed his surprise, that after the very able speech of his hon. and learned friend, none of the right honourable gentlemen opposite should have thought it necessary to say something in answer to the objections which had been so strongly urged against their own measure—for as such he should consider it. He thought that the right honourable the Chancellor of the Exchequer had indulged in observations which were by no means warranted by the conduct of the noble lord upon whom they were intended to bear so hard. That noble lord had done nothing more than he was justified in doing, both in law and in equity. He thought, too, that the insinuations which were so invidiously thrown out by the right hon. gentleman against another noble lord (Grenville) were equally inapplicable, and, considering the quarter whence they came, peculiarly unfortunate. The right hon. gentleman had accused that noble lord of affecting the monopoly of all the talents of the country. He would not stop seriously to refute so ridiculous a charge; but when he accused that noble lord of exacting the submission due from inferior to abler statesmen, he was charging him with a crime of which that right hon. gentleman had not long ago vainly tempted that noble lord to be guilty. The right hon. gentleman had himself acknowledged lord Grenville to be what he now accused him of falsely aspiring to be. He had knelt to that noble lord—he had bowed to his acknowledged superiority, and avowed himself willing to go below him, and act under that noble lord, as first lord of the treasury. The accusation therefore, groundless as it undoubtedly was, was still more unfortunate as coming from the right hon. gentleman, who had himself given his personal testimony, that whether lord Grenville had any such pretensions to such superiority or not, that still, in the opinion of the right hon. gentleman, they were well founded. It had been said, or rather insinuated, that in the projection of the restriction act, Mr. Pitt had some such measure as this, or one still stronger—going even so far as to make Bank notes a legal tender—that he had then some such measure in contemplation. He could not receive the doubtful insinuations of the right hon. gentleman as greater authority than the decided testimony of lord Grenville, the bosom-friend and counsellor of Mr. Pitt. That noble lord had declared his belief that Mr. Pitt had never adopted the measure of restriction but as a temporary expedient; and with a magnanimity that, in his opinion, did that noble lord immortal honour, he had expressed his regret for having supported the first extension of the Bill, when it was about to expire; and subsequently he gave the proposal for the second extension of the restriction act, an energetic though ineffectual opposition. The noble lord had never approved of it originally, but as a mere temporary expedient, and now that it was meant to be made permanent, he looked upon it as a fatal measure. And what were they now going to do in passing the present Bill—to take a step which must inevitably lead to another; if they passed this Bill, what would be the next step? Why, to make Bank-notes a legal tender, and when Bank-notes were once a legal tender, they must then

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impose a maximum on prices. And what, he asked, was all this but treading in the foot-steps of France, tracing step by step those very measures so strongly condemned by lord Mornington (now marquis of Wellesley) in his speech in 1794, at the time when Mr. Pitt had declared France to be on the verge, if not already in the gulph of national bankruptcy; and was it to be expected that the same steps pursued under the same circumstances, would not lead to the same dreadful results in both countries? He could not help looking at the mode in which this Bill originated as something singular. He would suppose that a member of that House who had been held up by ministers as a land-mark to be avoided with respect to the dangerous turn of his political views and sentiments, after having been resisted by that government in every political measure he had supported; that after such long and uniform habits of difference that same government should find their eyes suddenly opened by a measure coming from that obnoxious quarter, and that after opposing it, they should in two days after, come down and join in the support of it—whether all this was the result of ignorance or rashness, or both together, he left to the right hon. Gentlemen to explain—The hon. gentleman again adverted to the observations which had been thrown out against lord King—the word 'extorted' had been used, not by the right hon. gentleman, but yet it had been used, and indirectly applied to the conduct of lord King: that noble lord had done nothing which his own motives could not justify—from his general knowledge of that noble lord, a knowledge of which he was proud, he believed him to be a strictly honest man, and utterly incapable of the motives that had been imputed to him. Was this Bill directed against lord King? No, say gentlemen, but its object is to support Bank-paper—support Bank-paper! They might as well screw up the barometer and call it fine weather. But where was the hardship or injustice of lord King's conduct? Bank-paper was either depreciated, or it was not; if it was not, where was the hardship, and if it was, where was the injustice: He would ask those gentlemen who were so loud in their censures of his conduct, if they had any lands out of lease, and if, after the passing of this Bill, they would renew? such leases on the old term?—He next adverted to that provision of the Bill, confining its operation to Great Britain solely, and asked where was the justice of the Imperial Parliament in Ireland, enacting, that a man should be transported for an act, which, if he had done in England, would have subjected him to fine and imprisonment only, and which, if done in Ireland, would have open no offence at all? Or were they weak enough to suppose, that lord King would desist in consequence of this act? Something like an insinuation had crept abroad that the courts of law might in their construction of the law of the land open a door of relief to the tenant against the just and legal demands of the land-holder. Good God! in what times did we live? What must be the awful situation of the country when such shameful subterfuges could be thought of—when in order to force a depreciated paper currency, men would take refuge in the hope that the tribunals of justice would resort to chicane, to expound the laws against themselves! The right hon. gentleman ought to have known that agriculture was the basis of all national prosperity; let him well consider what would be the immediate practical effects of this bill in restricting the grant of leases. Suppose when a man came into the market with his commodity, he should say, 'I choose gold, and refuse to take paper;' would not this establish two prices, and would not the only remedy then be, the establishment of a maximum? and would not this be the fulfilment of all the prophecies of 1797, though the right hon. gentleman had asked with such ignorant exultation, if any of those predictions were now likely to be verified? At that late period of the session, when so many gentlemen had re-turned to their summer avocations, after what had already passed in that House upon the question, he had little hope of effectual resistance to the present bill. He understood that it was the intention of the right hon. gentleman to fix the second reading for Monday next, but as that was the day on which most of the landholders in that House would probably be occupied with the business of the quarter sessions then commencing, he thought it might be more advisable to fix the second reading either for some day this week before they left town, or what might be more convenient, for Monday sen'night. Before he sat down he should move that the clerk do read the third Resolution of the Committee on the Bullion Report, in which Resolution the Committee stated it as their opinion that paper and coin were in equal public estimation. Was that the present opinion of the House? Did they still think that the Bank-note was not depreciated? If so, then all the mischief which usually arose from unnecessary legislative regulations was attributable to ministers for their adoption of the bill before the House. Let the House not forget, and let the country, from one end of it to the other, be informed of the fact that the right hon. gentleman opposite had declared, that the existing state of things was such as might lead to the necessity of making Bank notes a legal tender. After they had

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heard this, let the public read lord Mornington's speech, in which he described" the progress and the fate of the assignats of France; and let them recollect, that the same lord Mornington (now marquis Wellesley) was one of the leading members of the existing administration, an administration by which it was proposed to imitate the first and second steps of the French financial ministers of former days. If the present system were pursued, the Bank might and must alternately make tons of paper, which would be worth merely the value of the paper. Lord King had, most unwisely, most unjustly, most detrimentally to the general good, been called an extortioner. He was no such thing. His wish was solely to preserve his rights. If he had been an extortioner, he would have extended his notice to all his tenantry, instead of confining it to that portion to which he had confined it.—Having no faith whatever in the nostrum now proposed to remedy the evils of the state, he should oppose even the first reading of the bill, as he would oppose the opening of Pandora's box, if it were still to be opened, and with that view he should take the sense of the House on the question. In the first place, however, he moved that the clerk read the third Resolution of the Committee on the Bullion Report,—The Resolution was accordingly read as follows: "Resolved, That the Promissory Notes of the said company have hitherto been, and are at this time, held in public estimation to be equivalent to the legal coin of the realm, and generally accepted as such in ail pecuniary transactions to which such coin is lawfully applicable."

*Mr. A. Baring* said, that those who had opposed the present Bill, seemed to look upon it merely in the light of an abstract question; but the question was not whether or not, generally speaking, this was a desirable Bill, but whether the situation of the country was such as to render such a measure necessary. What would they propose as a remedy for the present difficulties? It was not enough to state that the country would be in an unfortunate situation on account of the forced paper circulation; because until parliament should find an adequate remedy for the evil, that situation was absolutely necessary. The situation in which we were now placed, was no other than that in which we had uniformly been ever since the year 1797. The circulation of the country rested on no other security but a combination of wealthy individuals in the country; and the general good faith among individuals held the place of compulsion. He would not say whether lord King was blameable or not in agitating the present question; but this he would say, that nothing could be more honourable to the country at large than that no person, under any temptation, had yet ventured to refuse the notes of the Bank of England. This, indeed, shewed a high spirit of patriotism in the country at large. But if the country was aware of any individual of large landed property refusing to take those notes at their established value, the situation of things was altered. His own opinion was, that Bank of England notes ought to be made a legal tender at once. He thought the simple legal tender would be more efficient than the provisions of the present Bill; but if he hesitated as to this measure at present, it was because he thought that preparatory to it some security should be taken by parliament, that the Bank issues should not exceed a certain quantity, that the country might have something to look to. He did not believe that there was a disposition in the Bank to over-issue; he believed that their disposition lay the other way; but he thought it was not proper to leave this subject to their discretion, and that some limitation should take place by authority of that House, that the public might not be ex-posed to suffer from the mere will of any set of men.—Another thing which, he thought, ought to take place preparatory to the legal tender, which if not introduced in this, ought to be introduced in the next session of parliament, was, that some pledge should be given by that House respecting the expenditure of the country, because a limitation of the issue of paper would have a tendency to embarrass the government, if they continued to act upon their present system. There were therefore, two points, which, he thought, ought to be attended to first, that proper security should be taken against the over-issues of the Bank; and, secondly, that some measures should be taken to prevent the contraction of the issues from obstructing the wheels of government. When he talked of the limitation of the issues, he did not mean to say that they ought to be less than the present amount, but that they ought to be limited not to exceed a certain amount. The paper currency of the country was essentially connected with the public debt. The profuse expenditure of the country which had been going on both before and since the restriction, depended upon the restriction, and must be put a stop to if the restriction was to be put an end to. When he said this, he could not see any ground for the despondency which had gone abroad respecting the resources of the country, and that the public debt was a clog to the country. He was of a totally different opinion, and he thought that without the public debt the country could not maintain any thing like the forces which it at present maintained. The deficiency of our finances did not exceed 20 or 21 million, and after deducting what was

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covered by the Sinking Fund, we had no occasion to borrow more than 10 million. Now, if we could only retrench five millions from our present expenditure, and raise an additional five million of taxes, the remainder of the deficiency would be covered by the Sinking Fund, and the future increase of the Sinking Fund might be applied towards a reduction of the national debt. Were this system adopted, and persevered in with constancy for any length of time, it would give the country a new degree of confidence. It was true that nothing but a sense of the present danger, and of the ruin which was hanging over the country, would induce the people to agree to such an increase of their burdens; but when he considered that in one year lord Sidmouth laid on new taxes to the amount of 12 million, he thought that this sum of 10 million might be raised, in some way or other, by retrenchment and new taxes. This Bill, he thought, would preserve the subject from all actions and ejections, and so forth; but still, however, he was convinced that something of a more permanent nature ought to be resorted to.

Mr. Tierney said, that after hearing the speech of the hon. gent. who had just sat down, it was impossible for him to give a silent vote on the present occasion. More monstrous doctrine he had never heard in that House than the doctrine which had just fallen from the hon. gent. He pitied the members who had left the House two months ago, after they had been told by the Chancellor of the Exchequer that the present question had been then set at rest. He told them then, that the intrinsic value of Bank notes was not equal to their nominal value; and this the right hon. gent. did not choose to dispute; but he solved the difficulty by stating, that Bank notes were equal to guineas in the public estimation. After having reported this to their constituents, it was rather unfortunate that one of the first things they should hear of was, that Bank notes were to be made a legal tender. And who were the advocates for this measure? Its advocates were two of the most suspicious characters in the world—the Chancellor of the Exchequer and a Bank Director.—(Hear, hear!) Much had been said about sounding an alarm; but no person could give occasion to a more well founded alarm than the gentleman who had just sat down. When he heard such monstrous doctrines, he thought the only safety for the country was to take the alarm, that they might save their property from destruction. The hon. gent. had said that the Bank had no interest in the present state of things. He believed, however, that there was an understanding between the Bank Directors and the Chancellor of the Exchequer on this subject; and he believed that even if such men as lord Stanhope and lord King had never lived they would have fallen on this plan, because it had been avowed by the right hon. gent. over the way, that such a plan was in Mr. Pitt's mind. He did not believe that Mr. Pitt was of opinion that a compulsory tender would be proper. He acquitted Mr. Pitt of ever entertaining any such opinion, whatever hostility he might have shewn to his measures. But the pre-sent Chancellor of the Exchequer saw the matter in a different light. He saw no other remedy, but this measure—and so said the hon. Bank Director. But it seem-ed there was to be a bargain between the high contracting parties. You who are in the government, are not to be so profuse in your expenditure, and we the Bank Directors will furnish you with our paper; but this will require an act of parliament. However, this would be merely a nominal contract, for the Chancellor of the Exchequer would never be tied down to a certain sum in his expenditure, but would always find some means or other of going beyond his limitation. The hon. gent. told ministers that there would be no injury, because there would be no increase of the national debt. The system of the Chancellor of the Exchequer was to eat up the War taxes, so that there was a necessity of recurring to a further loan. But now we must either raise five millions, or make the Bank Note a legal tender. All the rest seemed now to be entirely thrown aside—to be set at rest. We must not broach any more any of the doctrines of depreciation of currency, and of the difference between the market and mint price of gold. We must not say any thing of the impolicy of the Orders in Council. All these questions were now entirely set at rest. The only thing now necessary to the salvation of the country, was to make Bank Notes a legal tender. For his part, he thought such a measure would be the destruction of the country; for no country could subsist with a compulsory paper currency. The gentlemen opposite now stated, with a candour for which he gave them credit, that the legal tender was the only safe measure to be adopted. A great deal had been said about Bank deposits, by a person who entertained a very curious idea of Bank deposits, and who said that a Bank deposit was nothing more than a paper deposit. He could not understand how more respect would be paid to a Bank note, because the legislature should say it was worth twenty shillings. Ought we not first to satisfy ourselves that it was really worth that sum. They had determined already what its value was in the public estimation; but would it not be proper, before passing the bill, to go into a Committee

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to inquire into this circumstance. They had not before pronounced their own opinion on the subject, but only the opinion of the public. In what, he would ask, did that worth consist? It could only comprehend its convertibility into cash. He could understand what was meant if the value was deposited; because that might be said to be done from a wish to prevent exportation; but on the present system what security had they that the Bank-note was worth twenty pence. He would tell the Bank, that from the moment this Bill passed, he had a right to inquire into their constructions; that they were no longer a private company; that they had changed their character; that they were amenable to parliament for every farthing they had in the world; and that the House would not discharge its duty if it did not inquire into their affairs. It would be said, perhaps, that he was encouraging doubts as to the credit of the Bank; but he was forced by themselves to act as he did. They had laid out a great deal of money on the very worst species of security—government security. In the account which the Bank gave of their assets, a certain proportion was said to consist in bullion and specie, and another proportion in discounts and exchequer-bills; but they took care to make such a return on this last particular, as to leave the public in the dark as to the proportion between the discounts and the part invested in government securities. The truth was, that the Bank was neither more nor less than the vehicle through which the government of the country circulated their own paper.—How did he know, too, who was solvent at present? The country had been placed in such jeopardy by the measures of the right hon. gent., that no man knew at present who was solvent and who was not solvent. The Bank of England had the price of most of the government securities in their own hands; and he would take as an instance to prove this, the bills which had been issued the other day by the Chancellor of the Exchequer for the relief of the manufacturers, which were materially affected by the Bank coming forward to purchase.—Reverting to the subject of a legal tender, he would ask, if it was possible to compel butchers and bakers, for example, to take the Bank-notes at more than their real value? This could never be. They would persist in making a distinction between that which bore a value in every part of the world, and that which was tainted from the beginning. He could not see how the Bill could be a remedy for similar cases to those of De Yonge; far it was impossible to enact heavier penalties against the exportation of coin than the present laws; and yet it was impossible to take up a newspaper without hearing of "what were termed shiploads of guineas exported, which had eluded the dexterity of government. He had been told the other day by a gentleman lately returned from France, that he had seen 1500 guineas taken out from a quarter of an ox, which was hanging from a ship. It was impossible to guard by any means against such an exportation.—The right hon. gent. next called the attention of the House to the melancholy situation in which the country stood, when the exercise of his right by one man out of fifteen million, could have forced the minister to have recourse to a legislative act. Was there any stronger symptom of a system being on the verge of destruction? He objected to the second reading of the Bill on Monday next, as in that week country gentlemen would be engaged at the quarter sessions, and it was important that they should attend, for they might place even this point of distress in a light of which he was not aware. Adverting to the immense boon given to the Bank by this Bill, he stated that he would at any time before have been glad to shake hands with the Bank Directors, but now he must fall on his knees to them—they would be such great men. He concluded by declaring that he would propose a Call of the House and for the appointment of a Committee to inquire into the effects of the Restriction. On the former motion he would divide the House, but he would propose the latter for the purpose of having it entered on the Journals.

*Mr. Baring*, in explanation, disclaimed any intention of wishing to be considered as giving any other opinion than that of a private and individual member.

*Mr. Manning* also protested against any such inference being drawn from what he said; and, in answer to the charge against the Bank of a wanton and extravagant issue of notes, stated that instead of 23 millions, as returned to the House, the amount of notes outstanding on Saturday last did not exceed 22 millions. The public owed to the Bank, in the amount of its capital and in loans subsequently advanced, about 19½ millions, which was little short of their issues. He begged of gentlemen to consider this, when they talked about the solvency of the Bank. Mr. Pitt on this ground had been ready to give parliamentary security for the notes. The public had a right to know the amount of the Bank issues, and there was no wish for concealment on that head. No less than thirty-six returns had been made to the

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House of the amount of these issues. They had a right to know that their security was good, and he assured the House that the surplus assets in the Bank, independent of its claims on the public, had not diminished since 1797. It would be with extreme regret that he would resort to the measure of making Bank-notes a legal tender—and he regretted that there should be any necessity for this Bill. The noble lord who had given rise to it had done much mischief, and would do himself and his family no good by his conduct. It was in reality like applying a razor to his own throat. But since this had happened, the Bill was necessary—for if the landlord demanded payment in gold from his tenant, what was to hinder the clergyman from demanding his tythes in the same manner? What was to hinder the holder of a bill of exchange also from insisting upon payment in coin? It would be impossible to carry on the most common transactions of the day, if such an example were to be followed. What would be the situation of bankers in such a case? From the manner in which the noble lord's conduct had been approved and cheered (hear, hear!)—yes, he said, approved and cheered, something must be done. Legal rights ought not always to be exercised—and if the noble lord should still persevere in proceeding with the utmost rigour, he would perhaps find difficulties in the courts, which would prevent any unpleasant effects to the tenant who tendered Bank-notes before the next session of parliament. He gave a reluctant consent to this Bill; but denied that the Bank directors wished to make their notes a legal tender and he also denied that there was any desire on the part of the Bank to connect itself with government, or with any particular minister more than another; and as a proof of this latter circumstance, stated that the Bank had made larger advances while Mr. Fox was in administration, than at any former period.

*Mr. Bankes* said, that for the last 14 years they had always been liable to such a proceeding as that adopted by the noble lord, at the caprice of any individual, and the wonder was, perhaps, that they had gone so long without some such inconvenience occurring; and yet they might have gone on longer had it not been for a want of moderation in the bank in issuing their notes. For the present unfortunate state of things, there was, in his opinion, no certain cure, except in regulating those issues so as to enable the bank to resume payments in cash. But he would not restrict them peremptorily to the period of two years. Much would be done if it were laid down that it was the duty of the bank to look towards such a resumption, and to do all they conveniently could to limit their paper so as to bring it to an equality with coin, when payment in cash might be safely resumed. This was the more necessary, because some alarming circumstances had appeared in the course of these discussions relative to the conduct of the directors who had applied for the restriction in 1797. He hoped on the second reading of the Bill, that it would be distinctly stated what the law really was on this subject. The hon. gentleman who spoke last was, perhaps, not so good an authority on a point of law as on many other points, but he said that he trusted the law would prevent any unpleasant effects to the tenant tendering bank notes, till the meeting of the next session of parliament. If this was so, then there really was no occasion for the present Bill, but it was most important that this point should be clearly and distinctly explained.—Another point which would require consideration was, the situation in which Ireland would be placed with regard to this country. This measure was not to be extended to Ireland, because the demand for payment in coin had long prevailed there—the circumstance which was here considered as the extreme grievance to be prevented. But there was no law to prohibit the exportation of guineas to Ireland; and if they might be legally sold there for a premium, thither they would naturally be carried, so that one part of the Bill appeared to counteract the other. He then expressed his astonishment that a gentleman of such authority as his honourable friend near him (*Mr. Baring*) should have maintained such a monstrous and extravagant doctrine, as that the national debt was a benefit to the country and not a burthen; and that the country might make as great if not greater exertions with this millstone about its neck than without it. He thought the writings of *Dr. Smith* had put an end to such quibbling on the subject of finance; certainly he never thought to have heard such assertions from one of his hon. friend's knowledge and experience. The debt was a thing which we ought to fight against: and indeed his hon. friend himself was against its increase, for he had pointed out a method to prevent that increase, namely, that the Chancellor of the Exchequer should confine himself within a certain limited expenditure. The only objection was, that no one could well expect to see such a remedy applied. Every Chancellor of the Exchequer, no doubt, wished to keep down the expenditure as much as he could, but then he had important projects to execute which were expensive; and there always had been a facility in this country of borrowing money, and thus the debt had grown. From all the arguments he had heard on this subject, he was not

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certain whether any remedy at all was required against the effects of the proceeding of the noble lord, who had given the notice to his tenants; and if a remedy were necessary, he was not sure that this was the proper one. But at all events it was of the last importance, that they should be fully and clearly satisfied how the law really stood, and he trusted that an explanation on that head would be given. On a subject of this consequence, he thought a call of the House desirable, and would vote for it. He did not, however, think the conduct of the noble lord, who had been the cause of this proposed measure, worthy of approbation. He regretted very much that such a proceeding had been resorted to in the first instance by a great landed proprietor. There were circumstances in which *summum jus* was *'summa injuria.'* He would reserve what he had further to say until the second reading of the bill.

*Sir F. Burdett* would not have trespassed on the time of the House in the present stage of the proceeding, were it not for the unjust attacks which had been made on a noble lord for doing no more than he was entitled to, and which justice to his own family required him to do. How could it be pretended that a landlord was not entitled to demand his rent to be paid without depreciation, at the very time when the tenant was selling the produce of his farm with reference to this very depreciation in the paper currency of the kingdom? He recollected the language, which, at the commencement of the French Revolution, was held by gentlemen on the other side of the House with regard to the French assignats. Their tone, however, was now completely changed, and was to be compared to nothing but what they then attributed to Robespierre and his associates, from which the down-fall of the credit of France was prognosticated. He trusted, however, that the present measure would have this good effect; it would make gentlemen at length feel in what situation they stood. Sugar-planters and West India planters associated for their own interests on every occasion when they supposed them to be in danger. The landed interest alone seemed insensible to the dangers which threatened them, and to the advantage which was at all times taken of their remissness. He trusted at length they would be awakened, and would not wait for the period when every man in England would find that, with his pockets full of paper, he was without the means of support. This languor, in such a situation, seemed to say, that no remedy could be applied, and reminded him of a line in an Italian poet, which was said to be inscribed over the gates of Hell—"Who enters here leaves hope behind." So, in the present instance, hope seemed extinct; and while the evil was deplored, it seemed to be the opinion of many, that no more could be done. We had now approached to this point without being able to find out a remedy for the evil which menaced us. The noble lord who had warned us of our danger was, in his opinion, entitled to our best thanks, in the same way as he must be esteemed our friend who prevented us from leaping over while we had only a step to take before we fell into the gulph of perdition. Without a speedy remedy, we must quickly expect to see a paper price and a money price, and the evil must continue to increase till Bank notes became like the assignats in France. How was the Bank to get gold? An honourable Director had told the House that the Bank was solvent. Could it pay the demands upon it in money? No; he admitted it could not; but it could pay you, in other paper. This was not to pay its creditors, but only to contract with them a debt of another kind. There was but one possible remedy, and that was to diminish the paper circulation. This the immense expenditure of the country rendered next to impossible; and no remedy seemed at all to present itself. The remedy proposed did not appear at all calculated to make things better. Suppose the landlord to take the circuitous mode of proceeding by action till he obtains judgment and the sheriff sells, may not the landlord still say that he will not take less than the actual value, while, on the other hand, the sheriff says that he cannot sell for more than to the amount of the Bank paper? In this way must it not still go to the courts to determine the question of right? We could only expect to go on, from one evil to another, and a greater. Was it for the landholder of England, however, to be made the scape goat and the victim to this destructive system, which could only be propped up for a season, but could not be effectually supported? Gentlemen opposite seemed to think that sufficient unto the day was the evil thereof. The right hon. gentleman seemed even to hold out threats against the landed proprietors. He did not know whether gentlemen were disposed to put up with this. He was satisfied that in that House the right hon. gentleman could carry any measure he proposed; but did not this furnish a further proof of the inadequate representation in that House? Did the right hon. gentleman suppose that this evil would stop short of the fixing a maximum of price? He was satisfied it would not. It might, indeed, seem to be equally dangerous to return as to go over; but there could be no doubt that the path in which

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we now were must lead to ruin. It must end in destruction; he did not say in the destruction of the people of the country, for a brave and free people were immortal; but it must end in the ruin of the established system.

*Mr. Creevey*, observing that there were about 40 members of the corporation of the Bank of England who had seats in that House, and being of opinion that they were not fit persons to legislate on the subject of the present Bill, and that 100 in the absence of the country gentlemen, while at the same time he was anxious to put on record a comparison of the nature of the interests of those gentlemen, and of the noble lord who had been so grossly calumniated in the present question, gave notice that he should, previous to the second reading of the Bill, submit to the House how far the persons alluded to were fit and proper persons to be allowed to vote on such an occasion.

*Sir C. Burrell* most perfectly accorded in the view taken of the subject by the Chancellor of the Exchequer. He considered the whole honour of the measure to be due to lord Stanhope. He did not wish to speak disrespectfully of lord King; but when his leases expired, he thought that noble lord would find some difficulty in getting the same respectable tenants again. He had found no difficulty in posing bank notes, except that which was felt from the want of small change; and if he had to receive 100,000l. he should be happy to get it in bank of Eng-land notes.

*The Chancellor of the Exchequer* did not intend to notice the whole of the arguments made use of by gentlemen opposite, but he felt it necessary to explain some points of his speech, which had been commented on in the course of the debate. With respect to what he had said on the subject of the limitation of the act as to time, he should be sorry if the House were to separate with an idea that he wished it to be understood that the measure was wholly to terminate on the 24th of March. He had pointed to the manner in which the act was framed, to shew that it must again, come under the consideration of parliament early in the next session, and not to insinuate that there was a probability that at the period named, all necessity for such a measure would be at an end. An hon. gent. had asked him what he would do with respect to the mode of enforcing the Bill? On this subject he had to observe, that on such a Bill coming from the Lords without any penal clause, it by no mean followed, that no such provision was to be made, as a clause of that description could not originate in the other House. It was his intention to propose one in a future stage of the Bill.— He then proceeded to vindicate what he had advanced on the subject of lord King's conduct, and defended himself from the charge of having thrown any unjust aspersion on the character of that noble lord. When he used the expression of "pedlaring and smuggling," he had merely said, "that he did not believe that in any case but in transactions of that description, any person could be found to have adopted the mode of proceeding recommended by the noble lord." The change of opinion which had been spoken of, had only occurred when it was found that there was a large party disposed to encourage, countenance, and patronize such conduct, though no one had avowed an intention of following it. When that was found to be the case, the measure was thought to be necessary to guard against interested persons taking advantage of the opportunity afforded and encouraged by the applause bestowed on the noble lord.

*The House then divided.*

For the first reading 64

Against it 19

Majority —45

*The Chancellor of the Exchequer* moved that the Bill be read a second time on Monday.

*Mr. Tierney* moved as an Amendment, "That the House be called over on Monday se'nnight.

*The Chancellor of the Exchequer* thought the motion unnecessary, and took an opportunity of explaining what had fallen from him early in the evening on the subject of making bank paper a legal tender. He had said if the present measure did not succeed, (and it might not if a combination were formed against it) the same necessity which had

imposed this, might drive him to the measure of which he had spoken. He hoped this would prove effectual, but at the same time, if it did not, justice might require that they should go further, and make bank paper a legal tender.

*Mr. Whitbread* said, the right hon. gent. in objecting to the motion, seemed to think that what fell from a person of his eminence in debate, was not enough to render it necessary to take any particular step, and justify the enforcing of the proposed call of the House. He could however recall to his memory one instance in which Mr. Pitt had taken such a step on such an occasion. In consequence of some opinion expressed by Mr. Fox, Mr. Pitt thought it right to persuade the House to stop in their proceedings, and come to a decision on that opinion before they did any thing else. What was the origin of the present Bill? When it was brought in by lord Stanhope it was thought unnecessary, but in consequence of what had come out in debate, ministers had changed their opinion. The right hon. gentleman had now, in the course of debate, said that on the subject of making Bank-paper 3 legal tender, which called for the most serious consideration, and therefore he thought the House ought to be called over.

A division took place, when the numbers were—For the Motion 20; Against it 63; Majority 43.

Some conversation next took place, on the motion of Mr. Tierney, for the appointment of a Committee of Secrecy, to inquire into the effects of the Orders in Council of the 27th of February, 1797. After a short discussion the House again divided,

For the Motion 17

Against it 62

Majority —45



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Earl Stanhope said he felt it his duty to bring forward some further propositions respecting this important subject. What he had proposed already, what their lordships had clone in consequence, and what, he trusted, the House of Commons would do before the close of the session, was by no means sufficient for the attainment of the object he had in view. This would be found so, The Bill which he had proposed, he, from the beginning, had expressed his wish to be understood so, was only an incipient, an introductory measure, and something farther was essentially necessary to follow upon it. In effect, if he might be allowed to speak figuratively, what he had proposed was no more than a palliative remedy—a plaister for the wound; nay, a plaister merely calculated to keep the wasps and flies from the wound until the next session of parliament. What he proposed now, was a number of propositions, which he wished the House would order to be printed, in order that they might be generally known and considered, not only by their lordships but by the public at large. This he meant as the foundation of a general and comprehensive system, for securing an efficient and never-failing circulating medium to the country, which was so necessary under its present circumstances, when, from various causes, it was impracticable to use what were technically called the precious metals, as such. Under the present system, it would be in the highest degree unjust to render the Bank notes a legal tender. He meant generally, as individuals might easily be placed in circumstances, with reference to the possibility of a fictitious or forged note being passed upon him, that whether they refused or accepted the tendered note, they might be equally losers. With respect to the public creditors, they might safely be rendered a legal tender, because their payments coming directly from the Bank, there was no fear of forgery. But the system which he proposed to substitute, and which it would be found ere long necessary to adopt, or something like it, was such as would do away all apprehensions of the kind. The system, as recommended by his Resolutions, was, to constitute branches from the Bank of England, in the different counties, so that they might pervade the whole—that books of credit should be opened at various certain place, where notes to any amount, or for very small sums, should be received from individuals, at their pleasure, and an equivalent credit given to them in the Bank Books so distributed, for the money lodged—that the power of transfer should be allowed from county to county, or from place to place. This was a system which would preclude the necessity of regarding gold, silver or even copper, as the fixed and invariable circulating medium—a system, which recent and long continued experience had proved to be utterly impracticable, on account of their fluctuation in price and occasional scarcity. It would fender forgeries impossible, and put it out of the power of invasions, insurrections, or domestic violence from producing any fatal or dangerous effect. In this view, it was proposed, that triplicates should be made of the entries of credit; one for account of the individual party; a second for the general Bank in London; and a third for conservation in the Tower. Under such a system, it would not be necessary to limit the issues of the Bank, as suggested by his friend, a noble marquis then absent, to their present amount. They might be allowed a much larger circulation. All this proceeded on the conviction of their solvency, which they would be afforded frequent opportunities of proving. And for the farther satisfaction of parliament and the country, the government and company should be required to lay before both Houses, at an early period in each session, an exact account of the numbers in circulation. Under such a system, a plan might be adopted to prevent forgeries as to the notes themselves. A practice, which the present wretched engravings of those instruments only tended to encourage: and which the directors seemed to adopt from a principle of mistaken economy. The noble earl then read his Resolutions as follow:

1. "That an internal circulating medium, which shall be a legal measure of the relative value of different commodities and things, is essential for transacting the private affairs of individuals, and the public concerns of the state, and for

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enabling debtors to make to each of their respective creditors a legal tender in satisfaction of his or her just demands, without any unjust loss to any debtor on that account.

2. "That it is most highly expedient that such internal circulating medium and legal measure of the relative value of different commodities and things, be so contrived as not to be unsteady, fluctuating, and variable; but to be fixed and invariable, so far as the nature of things can possibly admit.

3. "That two or more circulating mediums, which, under any given circumstances whatsoever, can vary considerably in their relative value when compared to each other, cannot, under such given circumstances, exist together, so as to form together a fixed, invariable, and proper circulating medium, and a proper legal measure of the relative value of different commodities and things.

4. "That it is, therefore, highly expedient, that whenever (for the sake of more convenience) different internal circulating mediums shall be by law either established or allowed, some one only of them be made the permanent legal standard measure of the relative value of different commodities and things.

5. "That it is therefore expedient that such permanent legal standard measure as aforesaid be so contrived as to be divisible into such parts as may bear to each other any requirable proportion, in order not only that all round sums, but likewise that all fractional sums whatsoever, may be paid and satisfied by means thereof.

6. "That it is moreover expedient that such permanent legal standard measure, and circulating medium as aforesaid, be so contrived as to be easily, rapidly, and safely transferable, without expense, from, any one person to any other person, and from any one part of the country to another, either for the use and benefit of the same individual, or of any other individual, free from any depreciation, defalcation, or discount, and free from any loss by forgery, or by wear and tear, and also free from any danger of loss that might arise from housebreakers, highway robbers, mobs, insurrections, or even from foreign invasion in any particular district, and likewise free from any loss that might arise from the accidental or intentional destruction of any dwelling-house, banking-house, or other building, by fire or otherwise; and, moreover, free from any loss of interest on any quantity, however considerable, of circulating medium, which shall or may hereafter exist, and be transferable in any of the various ways above-mentioned, and (above all things) free from being affected by the course of all or any of the foreign exchanges.

7. "That neither gold nor silver ever did possess, or ever can possess, the various important and requisite qualities which are above particularly specified; and that, not only each of those precious metals (technically so called), but likewise every one of the other articles of merchandize, by means of which British debts to foreign nations can be discharged, is (from the irremediable fluctuability of their value, arising from the necessary fluctuability of the course of foreign exchanges) an improper and an unfit legal standard to serve as a fixed, invariable, and permanent measure of the relative value of different commodities and things within the country itself, which is the grand and essential end and object of an internal circulating medium, whether the same be imperiously wanted for the use of individuals within this realm, in order for them to purchase from each other, either the objects of luxury, or even the necessities of life, or whether such internal circulating medium be required for the indispensable services of the state.

8. "That the want of gold in circulation, in this country at present, prevent bankers and other persons, who may have large payments to make, from making, in any such case, any legal tender to the amount of the sum of money so due and payable, and in discharge thereof; and that the same is a grievance of such an immense magnitude, that it requires a wise, speedy, radical, and efficacious remedy, which shall completely prevent the possibility of this nation being ever again deprived of its proper internal circulating medium either from the circumstances of the balance of payments, in respect to foreign countries, being at any time against us, which must ever of necessity tend to cause our gold to be exported, in order to adjust such balance, or from the circumstance of any temporary alarm which may always cause our gold to be hoarded; or from any other circumstance or combination of circumstances; and that

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parliament should take into its most serious consideration this important subject, and should adopt such measures as shall effectually prevent the return of so intolerable an evil.

9. "That it would be an act of the most manifest injustice, and an act likewise highly impolitic and rash, if parliament were to make, by law, either bank notes or any other paper circulating medium, a general legal tender, on account of this obvious circumstance, viz. that the person to whom such a tender may be made, may not be certain that such note or other paper circulating medium, is not forged.

10. "That for the various weighty reasons aforesaid, it is highly expedient, that a permanent mode of making payments be established, by means of which mode, legal tenders, even to the largest amount, may be made, without gold, as gold ought never again to be relied upon for that legal and necessary purpose, on account of the impossibility of procuring gold at all times in sufficient quantity; and by means of which same mode, legal tenders for fractional sums may be made, without either silver or copper, and by means of which same mode also, legal tenders may be made in all countries, without tendering in payment either Bank notes, or any other kind of circulating paper whatever.

11. "That, in order to satisfy the public respecting the solvency of the Bank of England, and to prevent all future apprehensions upon that important subject, it is expedient, that the governor and company of the Bank of England be by law-compelled to lay before both Houses of Parliament in the first week of every session of Parliament, a full, clear, luminous, and satisfactory account of the state of their affairs, and that a maximum be always fixed by law with respect to the number and value of the notes, which may be issued by the said governor and company, and which may at any one time be out in circulation.

12. "That it is expedient, that the Bank of England shall establish various branches throughout the whole country, and in many parts of the metropolis, and shall cause books to be opened in each of those places; and that persons possessed of Bank notes shall be entitled, upon depositing such notes, to have a credit in the Bank book at the place where such deposit is made, equal to the value in pounds sterling, which is specified in such notes to be payable to the bearer on demand; and that every person, having such credit so entered to his account in any one place as aforesaid, shall be entitled to transfer the whole of such sum so accredited, or any part thereof, either to his own account or to that of any other person at any place where any such book is opened.

13. "That, for the perfect security of all persons who shall at any time become possessed of any such credit as aforesaid, it is expedient that triplicate corresponding entries be made, the first of which shall be on the Bank book at such place, the second of which shall be delivered to the person who shall have brought the Bank notes as a certificate of the proper entry having been made, and the third of which shall be forthwith transmitted to the original Bank of England in London, in order to be by them filed and daily transmitted to the Tower of London, for safe custody, after such last mentioned triplicate shall have been duly recorded in the books at the Bank of England itself, and that every transfer be made in like manner.

14. "That, as under proper regulations in detail, such book entries and such book transfers cannot ever be forged, it would be highly expedient that the law should authorise legal tenders to be made, by tendering such a book transfer as aforesaid of the sum due in such form and manner as shall hereafter be prescribed by law."

*The Earl of Lauderdale* strongly objected to their lordships adopting any proceeding whatever, in the present instance, with regard to the propositions of his noble friend. He should rather think what his noble friend meant was, that what he now said should be regarded as a species of notice of his intention to submit such propositions on some future day, than as expressive of his desire to obtain a vote of the House on topics of such extent, importance, and magnitude, without any previous notice being given, in the present circumstances of the session, or in an attendance so extremely thin as the present. For his part, he could not agree in acceding to any propositions which involved the supposition of the insolvency of the Bank of England. This was a consideration which he, and those with whom he acted, in all the

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discussions which had taken place on the subject, had never called in question, however they might differ in sentiment as to the restrictions upon the Bank. Neither could he accede to any proposition for the legislature giving its sanction to a principle which militated against that of the precious metals being the preferable circulating medium. These were points of weighty importance, not to be lightly agitated, and still less lightly decided upon. What struck him as the most advisable way of proceeding at present was, to move to adjourn the debate to a future day, he should suggest Tuesday.

*Earl Stanhope*, in explanation, deprecated the idea of any thing being advanced in the Resolutions which went to infer a want of solvency on the part of the Bank; on the contrary, the whole of his proposed system went upon the principle that the Bank was amply solvent, and the effect of what he proposed would be to augment and establish its solidity; and the more to evince that such was his conviction, he was ready to strike out those words from the Resolution which possibly gave rise to the idea. He requested his noble friend to recollect he had offered no motion upon the subject, tending to imply the sanction of the House. He trusted, that whenever this important subject should come to be discussed, it would be considered more in the spirit of a deliberative than a debating assembly. As to the proposed mode he had no objection; and moved, accordingly, that the Lords be summoned for Tuesday next.—The debate arising on the above was then ordered to be adjourned till Tuesday, and their lordships to be summoned for that day.

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 15 July 1811 → Commons Sitting**GOLD COIN AND BANK NOTE BILL.***HC Deb 15 July 1811 vol 20 cc914-80**The order of the day having been read for the second reading of this Bill,*

*Mr. Eden* said, that after the many able and eloquent speeches which had been made on this subject, he should not trouble the House at any considerable length; but he felt it impossible to refrain from expressing his repugnance to the tendency and principles of the measure under consideration. If the Bill possessed any merit, it was in being totally inadequate to the object which the supporters of it had in view, namely, to sustain a paper currency which was not exchangeable into any thing of intrinsic value. If parliament consented to this first proposition, they must proceed to measures of a still more injurious nature. They must be compelled ultimately to adopt the maximum, and to make Bank of England notes run the full career of French assignats. The effect of that clause which prevented the provisions of the Bill from extending to Ireland, would be to give to every guinea in Great Britain a free and unincumbered passage to that country. He warmly defended the conduct of the noble lord oh whose requisition to his tenantry the present measure affected to be founded. It had been asked, whether that noble lord fulfilled his own contracts on the same terms as those which he exacted from others? He had the means of knowing that he did. The noble lord had that very year paid 1,200l. in Banknotes, as the equivalent for an annuity of 1,000l. secured on his estates. It had been intimated that obstacles might be thrown in the way of those who sought in courts of law to recover that which was their fair right: he could not believe this. It was the business of the judges to administer the law; and although some delays might be occasioned, yet judgment must be given, and the lawful money of the realm must be ultimately paid in the fulfilment of all contracts to that effect. This could be done only in two ways, either by the tenant's buying bullion and sending it to the mint to be coined into guineas, or by his selling his corn for guineas only. In either case, two prices, a gold price and a paper price, would be produced, and thus lord King's object would be gained. (Hear, hear!) He was not pretending to enter into lord King's motives, he was only showing the inadequacy of the Bill, to effect the objects for which it was framed. He repeated the eloquent passage in Burke's reflections on the French Revolution, "that our paper was all powerful on the Royal Exchange, because it was impotent in Westminster-hall;" and earnestly entreated the House to consider the expediency of endeavouring to bring the circulation of the country back to a state in which such an observation could be made with truth. The obvious remedy, he thought, was to restrain the issues of the Bank of England, to prevent the too frequent recurrence of mutual accommodations between the Bank and the government, and to adopt a resolution evincing the sense which parliament entertained of the existing evils, and their determination to compel the Bank as speedily as possible to resume cash payments. He extolled the conduct of an hon. and learned friend of his, then absent (Mr. Horner) and those who acted with him, for the manner in which they had originally brought the subject under the consideration of the public. They had shown the evil and had pointed out the cure. The hon. gent, concluded by declaring his determination, when the Bill should be in the Committee, to propose a clause by which the Bank should be restricted from issuing a larger number of notes than that at present in circulation.

*Mr. Herbert* commented with some warmth upon the extraordinary auspices under which the present Bill had been introduced to the House, and the equally as extraordinary manner in which it had been at first resisted, and finally supported by his Majesty's ministers: a compulsory law to support public credit, was one which was enough in itself to excite very general alarm; the fickle conduct of his Majesty's government in first opposing, and then suddenly giving all their aid in forwarding this measure, was enough almost to excuse the suspicions which had by some persons been so unwarrantably indulged in respecting all public men. The right hon. the Chancellor of the Exchequer had told them, that if that Bill failed in doing what he expected it would do, that it would then be necessary to make

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Bank notes a legal tender. Those, therefore, who did not expect any thing from this measure, were to argue it with a reference to that Bill, which they were told would follow after it. It was certainly but just, that if we compel the public creditor to take that paper, we ought to protect him from the loss arising out of its depreciation; but it was necessary to shew that this Bill could so protect the public creditor, before they could prove that it was necessary. He did not think that it would have any such effect; but of this he was certain, that if they were sincere in their wish to protect the public creditor from the injustice complained of, they might remove the measure that created that injustice. In alluding to the conduct of a noble lord (King), the right hon. the Chancellor of the Exchequer had said that certain gentlemen, who had originally opposed the Restriction act, had done so, because they apprehended that it would create a double price, and yet these same persons approved of the conduct of lord King, though so much more likely, if generally instituted, to produce that effect. To this, he would answer that lord King's conduct could have no such possible tendency, and that with respect to the apprehensions of a double price being the ultimate result of the Restriction act, they had been proved by the event to have been but too well founded. The result of that act had verified all the predictions which had been made by those who opposed it. There was, in fact, a double price, though it could not be proved conclusively from the habits of the small retailers who bought to sell again. So that it was not trying the question fairly to I put the case they had so often heard of, that one man would get as much in a shop for a pound note and a shilling, as another would for his guinea. He who was immediately affected by the depreciation of paper, was the man who lived on an income arising out of a fixed capital—and in this point of view, considering how necessary it was to call the attention of the public to the true state of the question, he thought the conduct of lord King highly patriotic and laudable, in bringing home the question in such a way that it must be met, that it could not any longer be evaded. But what effects could be expected from even the bold measure of making paper a legal tender. There was, he contended, no injustice in the demand of lord King, if made on his tenantry. But what would this do, but transfer the injustice supposed to be suffered by the tenant, in that case, really to the landlord. But how could such a law be made effectual? Suppose such a law in force, could it prevent a landholder front saying—there is my land, give me 300l. in gold coin, and it is yours; or if you will pay me in paper, I will not take less than 360l. in fact, they might as well expect, by the mere sound of their voice, to stop the descent of a stone falling to the ground by its own gravity, if, however, it could not do what it was intended to do, it would still, he feared, do more than enough—it would have the effect of defrauding all those who had old leases—old mortgages and annuitants, of a great portion of their just rights; they might defraud them, but still they could not stop depreciation—they could not prevent a tradesman from saying, you may have this article for a guinea, but if I am to book it, I will enter it at a higher price. There had been a great displeasure evinced by some, at instituting any comparison between Bank paper and assignats; but for his party, as far as related to the principle of the question before them, he saw not the slightest difference.

*Mr. Calcraft* reprobated the comparison of Bank of England paper with French assignats. At one period there were no less than 130 millions sterling of assignats in circulation in France. The whole of the Bank of England notes at present in circulation in this country did not exceed twenty-three millions. What just comparison could therefore be made between the two descriptions of paper? This language shewed to what a length the heat of controversy would carry the best informed and best intentioned individuals. Honourable gentlemen ought to recollect, how-ever, that representations of the nature to which he had alluded were immediately spread through the country, and must necessarily produce impressions of the most unfavourable nature, both with respect to the present time, and to futurity. He spoke on this subject with great pain, because he differed upon it so materially from those hon. friends with whom he had usually the satisfaction of acting. He had differed from them in a similar manner on the Bullion question. But he confessed that he did not think he should do his duty unless he explained the reasons which would induce him to give the decided vote, which it was his intention to give in support of the present Bill. When this measure was first agitated, it appeared to him to be uncalled for, but he afterwards became persuaded of its absolute necessity. He really was not aware of the strength of the objections against it. What did the Bill propose to do? With respect to the tenantry of the country, only that which no individual but lord King had abstained from doing, or had questioned the propriety of doing since the measure of 1797. It was said to be unnecessary, because it was probable that no one would follow the noble lord's example. This might be. But he for one would rather incur the charge of superabundant caution on

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such a subject; he would rather pass a law which should never require to be put in force, than leave the country exposed to all the confusion and oppression which must ensue, if such a mistaken and mischievous example were by possibility to be followed. Again, he would ask, what was the Bill to do? It was to declare that a guinea should not be taken for more than 21, and a pound note for less than 20 shillings. Was not that the case at present? In any shop were not a guinea, and a pound note, with a shilling, equivalent? It his hon. friends would forget their theoretical opinions, they would be aware that this was the case. He had always found it so. He had sometimes to buy, and sometimes to sell; in the former instance, he always procured its full value for a Bank of England note; and in the latter instance, he was always glad to receive a pound note for twenty shillings. Some hon. gentlemen stated the depreciation of Bank paper to be 15 per cent.; others 18; others 20. This very uncertainly shewed the non-existence of the thing itself. He had closely attended to their arguments, and he had never found that they assumed a tangible shape; it was true that the price of meat, and other articles, had increased; but when it was considered that there was an annual revenue of eighty millions raised in the country, that increase of price could not fairly be attributed to any depreciation of currency. The prevalence of luxury, the increase of population, and the enhanced price of labour, co-operated with the enormous revenue in producing this effect; and therefore, although money, in any shape, would not procure so much of a commodity as it might have done some years ago, yet that was no proof whatever of the depreciation of paper. The depreciation, as it was termed, was by *sortie* attributed to the over-issue of paper by the Bank of England. This was a most extraordinary supposition. The amount of Bank notes at present in circulation was 23 millions. When the circulation of the country was composed of gold and paper, that circulation consisted of 25 millions of the former, and 10 millions of the latter, making in the whole a circulation of 35 millions. How, therefore, could it be justly contended that a circulation so diminished in comparison as the existing circulation was an over issue? And with respect to the comparison of Bank of England notes with the French assignats of former days, did hon. gentlemen recollect, that if a Frenchman held too many of those assignats, he did not know what to do with them, while, on the other hand, the whole of the paper issued by the Bank of England reverted to the Exchequer four times in the year? The French assignats were a forced circulation—they were issued to supply the deficiency in the revenue. Was that the case with the paper issued by the Bank of England? The Bank directors did not force, they only fed the circulation. They never issued paper but in exchange for good bills, or government security. In his opinion, the Bank had acted most correctly and judiciously; but even when in any instance the issues had been at all excessive, the evil corrected itself. A proof of this occurred during the commercial failures of last year, to relieve which the Bank increased their issues to 25 millions; but in the course of two or three months, namely, from December to February, the relief being afforded it returned to its regular limit. The issues of the Bank were paid for by those who received them. The Bank did not throw their paper at peoples heads, or stuff it down their pockets. Every one who received it on security paid five per cent. for the accommodation: and no man would pay five per cent. for that which was not a desirable acquisition. For his part, he should be as happy as any one to see the country again in possession of a mixed circulation of gold and paper. But, when he recollected that in 1797, the legislature thought fit to enact the Bank Restriction Bill—when he found that for 12 years after that enactment, the exchanges with foreign countries were in favour of Great Britain, and that if any inconveniences were felt from the supposed depreciation of paper, they were at least not complained of—when he observed that it was only during the two last years, in consequence of the injury which our trade suffered, that the balance of payments with foreign countries, and ultimately the exchanges became against us—and then, when he heard gentlemen declaring that bank paper was depreciated in consequence of the restriction on cash payments at the Bank, and advising that that restriction should be immediately abolished, he confessed himself wholly at a loss to conceive the grounds on which such a declaration and such advice were founded. As to returning at the present moment to a mixed circulation of gold and paper, it was impossible. It would be impossible for the Bank either from the stock of gold which they might already have in their coffers, or from that which it would be in their power to procure from the continent, to maintain such a circulation. It was said, that there was plenty of gold in Europe—but as this country had no free commercial intercourse with the continent of Europe, how was that gold to be procured? What could be given for it? We could not buy gold with gold—that would be useless. We could not buy gold with notes, for notes were for domestic circulation alone. The principal articles of trade in which this country dealt were

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cloth, coffee, and sugar. But whither could we send these articles? To what port on the continent could they be; assigned? Every body knew the difficulties under which our trade laboured, and the impossibility of consigning to the continent such a quantity of goods of British manufacture, or of articles of British produce, as would procure in return a large quantity of gold. Had not an hon. friend of his (Mr. A. Baring) who was well versed in these matters, said that, if he were required to procure from the continent ten thousand pounds worth of gold, he should not know how to set about it? What was to be done? Why, the country must continue to be content with that species of circulation with which it had already been content for 14 years, and by the aid of which its internal prosperity, at least, had been promoted in an unexampled degree. It was on this principle, and with this feeling that the bullion discussion terminated. But a new question had arisen. A noble lord (of whom he by no means intended to speak disrespectfully) had declared that he must have gold from his tenants in payment of their rents; and this he had declared at a period when there was no gold in the country, and when for fourteen years all the internal transactions of the country had been satisfactorily carried on by a paper currency! The, noble lord's leases had been granted since the passing of the Bank restriction bill. He would ask any man who heard him, and who had granted a lease since the enactment of that measure, whether he had ever expected the rent under such a lease to be paid in any thing but paper? Certainly not. But what was to be done? Why, the tenantry of the country must be protected. They must be defended from the liability of having their goods taken out of their houses because they did not pay that which they could not get to pay with. And were landlords to be allowed to distrain for rent if their tenants did not pay in gold, what would they procure by such distraining but paper? In this state of things, it was the duty of parliament to protect those who demanded, and who deserved their protection. He was persuaded, that he never should regret the vote which it was his intention to give on the present occasion. He was never more satisfied with any vote which he had given in his life, than with that which he had felt it his duty to give on the bullion question, although in that, as in the present instance, his sentiments were in direct opposition to those of many of his hon. friends. He begged those hon. friends to consider what might be the effect of leaving the whole tenantry of Great Britain in the state of uncertainty in which they at present stood. Even suppose a landlord could extract guineas from his tenant, what would he do with them? he must either melt them or export them. He must send them either to the crucible or to the coast. The House had heard, indeed, that the Irish market would be open. That might be. But even in that case he did not think that an English gentleman would be well employed in extracting gold from his tenants at a loss to them of 20 or 25 per cent. in order to send it over to Ireland, from whence it might return to serve as a fresh; means of oppression to fresh landlords. With respect to the noble lord, in whose intimation to his tenantry this measure originated, he could not but consider that the intimation must have proceeded from the pride of authorship. The noble lord had formerly written a great deal on the probable depreciation of paper. After five or six years, finding that things went on as smoothly as ever, he had probably exclaimed, "How unfortunate that I cannot get practical illustration of the depreciation of these abominable Bank notes? I will even risk an example myself; not (or the sake of what I may gain by it, but to establish my credit as a writer." He had no doubt of the many excellent qualities which lord King possessed; but he was persuaded, that in the present instance he had forgotten the noble lord in the author.

Mr. Brougham, adverting to the recommendation by his hon. friend who had just spoken, to other hon. gentlemen to forget their theories, and to consider the subject singly and practically, lamented that his hon. friend had not followed up his own principle, and had not applied his excellent understanding solely to the Bill before the House. Instead of that, his hon. friend had indulged in details on the general subject; a subject out of which the present measure arose, as the presumed necessity for it was unquestionably occasioned by the rejection of the Resolution" of the Bullion Committee, but which, in any other point of view, was not only unconnected with the consideration of the present Bill, but in some degree foreign to it. His hon. friend had furnished answers to his own arguments. For instance, he had told the House (and the whole of his speech was erected on that foundation) that Bank notes were not depreciated; for that guineas and notes had equal power in the procuring of the various commodities of life; and he then urged the necessity of parliament's doing that by the present Bill, which, if his premises were true, was already done to their hands — In what he should do himself the honour of submitting to the House, it was his intention to restrain himself to the specific measure before them, and to confine his observations to that novel and portentous attempt at legislation, by which it

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was endeavoured to introduce ideas (for he could not call them principles) that had never before been thought of in parliament, ideas more wild and chimerical than any with which the maddest visionaries of France, amidst all their extravagant and impracticable speculations, had tormented that unhappy country. The present was a Bill to legalise injustice; to enable one of the parties in a contract to escape the obligation into which he had entered, and to defraud the other party. He availed himself of the earliest opportunity of entering his feeble protest against such a measure. He opposed its principle, a principle so radically bad, that it was impossible for any change which might take place in the Committee (unless, indeed, that change were to go to the omission of the whole Bill, for the purpose of substituting something of a nature directly opposite), to render the Bill in any degree tolerable. With respect to the origin of the measure, he had nothing to do with that. He did not believe it to have been such as the House had heard that it was. He believed it was a mere pretence to say that this Bill was occasioned by lord King's intimation to his tenantry. Let the House recollect the history of the Bill. Let them recollect that, although introduced on the affected ground to which he had alluded, it originally possessed no provision applicable to the case which it professed to meet, but was distinctly directed against that deficiency in the law (a deficiency which he trusted would long exist), that occasioned the acquittal of De Yonge and Wright; it was calculated to force the circulation of paper, and to make that law which the Judges of England in the cases that he had just mentioned, had declared was not law already. Subsequently and incidentally came that clause, the provision against the distraining for rent, by which it was attempted to defeat the just object of lord King and of those who might be induced to imitate him. His first objection to the Bill was, that it would be ineffectual in securing the object which the supporters of it pretended to have in view. It would be strong only in mischief. It would interfere with private contracts; and it would enable a fraudulent debtor to be unjust to his creditor. As had already been said by an hon. friend of his, any person who wished to make a profit by the sale of guineas might do so, with as much facility if the Bill passed as he could at present; for all he would have to do would be to export these guineas to Ireland, then to sell them for bills, for which he would afterwards receive their specified value. And even if the clause were omitted by which the extension of the provisions of the Bill to Ireland was prevented, still the Bill would be inefficient. For what would it do, but take from lord King, or any other landlord who might be disposed to follow his example, merely one of the means which he had in his power to secure himself from fraud? As to the noble lord in question, his character had nothing to do with the question; but he would not abstain from expressing, not in that noble lord's presence, but in the face of those by whom he was censured, his high admiration of his lordship's talents and qualities. But this feeling had not any thing to do with the discussion of the subject, and laying it wholly aside, therefore, he should proceed to the discussion without any partiality of that nature. He repeated what would the clause of the Bill before the House do but simply prevent a landlord from distraining for rent, should his tenant refuse to pay him, according to his contract, "in the good and lawful money of the realm? Every other mode of proceeding was left to the landlord. He might still, on the non-payment of his rent for half a year, in conformity to the terms of his lease, eject his tenant; he must subsequently obtain judgment; he would then recover the lease which he had granted; and would not that be a sufficient power in his hands? Would not that make it compulsory on the tenant to pay in the fair and just manner which his landlord might prescribe? And what would be the case with other debtors? They would be in the same situation as tenants, and yet the Bill did not propose to relieve them. It did not propose to relieve the trader who had borrowed the funds by which his commercial speculations were sustained. It did not propose to relieve the annuitant, the widow, the orphan: in fact, it could not relieve any of these. When a creditor, proceeding at law, in the event of his debtor refusing to pay in the lawful money of the realm, obtained judgment, which he must eventually do, he had it in his power, and would have it in his power, to arrest that debtor, unless he paid either in gold or in notes estimated at a rate which would render them equivalent to gold. It was true that vague insinuations, insinuations which he trusted were wholly without foundation—had been uttered that there were certain persons holding high situations in the country, who hinted at the practicability of delaying legal proceedings, who spoke of the possibility of malpractices in our courts of justice, and who even went so far as to say, that when all the chicanery and quirks of the courts of common law were exhausted, a court of equity might step in and interpose its authority to the due execution of justice. Such a libel on the high individuals to whom he alluded, so flagrant a supposition, or one so hurtful to the feelings of any man who felt pride in calling himself an Englishman,

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could in vain be searched for but in the most corrupt time of the British history. If a debtor was to be thus relieved, if such an infraction of private faith was to be carried into effect, in God's name let it be done at once by an act of the legislature. Badly as he thought of the Bill before the House, much as he should deplore the enactment of a law by which injustice would be legalized, he should still more deplore, if it were possible that such a circumstance could occur, any attempt made by a Judge to violate the law, and to assist in cementing that unnatural union which had so long existed between the Treasury and Thread needle-street. The idea made him shudder; and he fervently hoped that no set of men in this country would ever have such a "consolation," as it had been termed. He was convinced that the exalted characters to whom he alluded had been shamefully traduced in the very supposition that it was possible they could so comfort themselves. If they had been so disposed to truckle to the base association that he had described, the country would not be now exulting in that decision, which had pronounced De Yonge and Wright innocent. Let not the framers or supporters of the bill trust to Westminster Hall for extrication from their difficulties. Let them not trust to courts of law, or to courts of equity. The former would not, the latter dare not assist them. They must have recourse to some other mode of proceeding; and what proceeding remained to them, but to make Bank notes a legal tender, he knew not. By having recourse to this expedient, they would enable every man who had entered into a contract to get off by doing something very different from that which he had engaged to do, namely, by paying in paper the sum which he had engaged to pay in gold, all debtors would so get off. Among others, the public creditor, who receiving from the Treasury a certain sum in paper as the payment of his loan to government, would no longer be liable to pay his creditor in gold, but would be enabled to visit on his creditor the injustice which he had experienced in his own person. If he possessed 6,000l. in the 5 per cents (the case supposed by his hon. friend) and rented a house at 300l. a year, he might certainly receive 300l. from government with one hand, and pay to his landlord with the other. But suppose his lease were expired, or suppose he had any fresh bargain to conclude, did his hon. friend suppose that this public creditor would be placed in a better situation by bank notes having been made a legal tender? The I morning after they had been so made a legal tender, would not the butcher and the baker raise their prices upon him? Would not his landlord, if his lease were expired, raise his rent? Would not all these people reply to his remonstrances, "No, no, you are protected by act of parliament; you may pay us in Banknotes at a depreciated value, and it is compulsory on us to receive them; you must' give us an higher price than when we had an option on the subject?" Would not this be the language held to the unfortunate public creditor? How, therefore, would he be protected? Individuals who were employed in industrious occupations might thus relieve themselves from the evil of the measure, which would press with accumulated weight on those who had not the means of exertion—on the small annuitant—on the aged—on the widow—on the orphan. These having received their pittances in a depreciated currency, must be compelled to purchase articles raised in price in proportion to that depreciation. The present Bill as it stood could by possibility only affect past contracts. A clause should therefore be introduced to render it applicable to future contracts. There were great precedents for such a proceeding. There was the law of usury, and there was the example of France. Nevertheless it would be useless, for what would be the consequence? No contracts would be entered into. No leases would be granted. Parliament must then go one step further. It would be the last step; but it would be so like the former steps, that they would probably feel no difficulty in taking it. They must enact the law of the maximum. By that alone could they effect the object which they had in view. Whether any minister would be found bold enough to assert or any man blind enough to believe, that by a maximum Great Britain, more than any other nation that had adopted such a measure, could escape famine and confusion; famine which no bounty of Providence could relieve, and confusion which no accumulation of armies could subdue.—Whether, he repeated, any man would be bold and blind enough to recommend a proceeding which must necessarily be followed by such direful consequences, he should be better able to say with certainty, when he should hear some one of the defenders of the Bill argue in its support. If any such attempt were really to be made, he trusted that the immediate, and the signal ruin of the author of it, would prevent the not less certain and utter, though perhaps the less immediate ruin of the landlord. Twenty-two years from that very day had commenced those events in a neighbouring country, which in their consequences had proved so fatal to liberty. Those events had commenced with an insidious and pretended solicitude for the tenantry of that unhappy country. War had been declared against the palace, and peace promised to the cottage. The palace had

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indeed been razed, but into the cottage had been introduced, not peace, but the scourge of military conscription. If any thing could awaken, on the anniversary of such an event, the feelings of horror and detestation which the lapse of time had nearly lulled to sleep, it would be the no less insidious, and the no less pretended solicitude for the lower orders, which was manifested on the present occasion. He besought the House to consider whether, in the history of that dreadful revolution to which he had alluded, there was one enormity in the black catalogue of crimes so revolting to English justice and English feeling, as the disregard of the rights of private property, the interference with the contracts of individuals, the establishment of a compulsory currency, and the denunciations of vengeance against those who refused to accept it? It was such proceedings as these that excited horror and detestation in all good minds; and yet it was such proceedings as these that a commercial country like Great Britain was called upon to imitate! He said a commercial country, not because he thought that if Great Britain were not a commercial country, the example of France would be less inapplicable to her; but because if, even in France, the evils of interference with private property were so sensibly felt, how infinitely more intolerable would they be, and how much more ought we to dread the introduction of any semblance of that interference in this great manufacturing and mercantile country, the resources of which depended so vitally upon the preservation of good faith between man and man? "But," said the right hon. gentleman opposite, in a triumphant tone, "what then is the remedy which you propose for the existing evils?" In the first place, he must protest against such a question. If a public measure were proposed for his adoption, and in the due exercise of his judgment he should be persuaded that it would be fatal to the public, would it be necessary that he should hold his peace, and abstain from expressing his opinion of such a measure until he had something to propose as a substitute? If he saw poison offered to an invalid under the name of a cure, was he not to interfere and proclaim the deleterious quality of the affected remedy, because he happened to have no beneficial drugs of his own to administer? He did not feel himself called upon to declare what in his opinion would be the best course to pursue; at the same time he had no objection to do so. He had no hesitation in describing the substitute which he would recommend for the proposed measure. This substitute was neither more nor less than to place the country precisely in the state which it was the object of the Bill to prevent. He meant to induce the establishment of two prices for commodities; a money price and a paper price; the relation of which should not be fixed by law (God forbid that it should be so!) but should vary, in conformity to circumstances; rising, or falling, in proportion to the comparative scarcity of the one article, and abundance of the other. Than this proportion nothing could be more simple, nothing more effectual. It would render all pecuniary transactions so clear and intelligible, that any one who could count two and two, would be enabled to comprehend them; and to estimate the fair proportion between the two descriptions of payment. It would be in vain for him to run over all the advantages which the adoption of such a proceeding would afford. But, in the first place it would be said, that this double price was the very evil which the measure of 1797 was calculated and intended to avert. True, and he was ready to admit that before the currency of the country was diseased to its present state, such an occurrence might fairly have been termed a disease. But under the present circumstances, and now that the Bank restriction had passed, it would be the only effectual remedy, however the necessity of applying a remedy so powerful might be lamented. In the first place, were such a state of things established there would be no difficulty in procuring gold. He did not mean to disturb the repose of any of the Resolutions to which the House had been persuaded to come on the Report of the Bullion Committee; that subject had been "set at rest," as the right hon. gentleman opposite called it. A guinea could be exchanged for its real value in paper, namely, 26 or 27s. the consequence would be, that as often as guineas were wanted they would be bad. It would not be necessary that a man should go about with notes in one pocket and guineas in another. For many purposes notes would have the preference to guineas; but what he intended to say was, that were two prices established, if it were at any time necessary to have guineas, they might be obtained as easily as they had been obtained by De Yonge or Wright or others, who had recently been trafficking, as it was generally supposed illegally, but as it turned out, without any violation of the law. We might procure gold by the same means by which we at present procured wine—aye, the wines of France, where the restrictions on commerce with this; country were most rigidly enforced. The right hon. gentleman opposite seemed to smile at this, but nothing was more evident. Certainly gold could not be obtained for nothing, nor could it be obtained for bank notes. But he repeated (for he would not abandon his illustration, notwithstanding the amusing merriment of the right hon.

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gentleman,) it might be obtained in the way in which French wines were at present obtained. How was that? By sending over commodities, and bills of exchange arising out of commercial transactions. The same means would procure gold as well as wine: with this advantage, that the one article could more easily be concealed from the vigilance of the custom-house officer than the other. When to this was added the consideration of the Spanish colonies, to say that gold could not be procured in considerable quantities, if required, was to treat like a child the person to whom the assertion was made. Another advantage which must result from the establishment of two prices would be, that it would prove a constant and unerring test of the depreciation of paper. In this point of view it would be advantageous to all parties. It would be advantageous to the bank directors. It would be advantageous to government. It would be the very pulse by which the true state of the circulation would be estimated. Suppose the pound notes were found to exchange for sixteen shillings, then for fifteen shillings and ten-pence, then for fifteen shillings and eight-pence, and thus to be gradually depreciating, the evil would not be permitted to go very far; the bank would diminish their issues, and the paper would get up again. When the pound notes rose to nineteen shillings, parliament having certain access to the knowledge of this fact, might repeal the 37th of the king, and enable the bank to pay in specie. He confessed that he should like to see that great corporation in such a situation. They affected to have it believed that the restriction on their payments in cash was compulsory on them, and that they should have enjoyed doing so very much, if the legislature would have permitted them? They would have it believed that the restraint upon the satisfying the just demands of their creditors was a violence to their gentle natures! If the pound note were at nineteen shillings, and the bank restriction bill were repealed, he should be curious to see whether or not the bank would manifest any anxiety to satisfy these just demands. Certainly, if paper was to be at par with cash, then even the bank would feel no difficulty on the subject, and the circulation of the country would be restored to the health which it enjoyed before that ill-advised, and he feared illfated measure, the restriction. The project he wished to submit to them was this: That the overplus of the profits of the, bank company, above that which was necessary to pay their dividends at present, should be put by, and not allowed to increase their dividends, and raise the price of bank stock from 230l. to 270l. to 280l. to 290l. or to 300l. He would have the overplus of their profits put by to form a separate fund, to be placed under the care of persons appointed by parliament. This fund he would have shut up from the company, but as soon as they were willing to resume payments in specie, it should be thrown open to them, and then he should be glad to see the price of bank stock rise from 230l. to 500l. or 1,000l. if it were possible, after settling their debts and paying their notes in cash.—Having said thus much of the remedy which he felt it to be his duty to recommend, he would now advert to that remedy which he feared would one, and no very distant day, be proposed to the House with a much better chance of success by the right hon. gent. opposite. It flowed so directly from the principles avowed by that right hon. gent., that he marvelled it had not been already brought before them, and laid his account in its speedy annunciation. They had been told that the bank note was not depreciated, that the guinea for circulation bore no premium, and that the price of provisions were increasing but in a natural way. That which some persons viewed as a depreciation of bank paper, they had been told was neither more nor less than that state of things naturally growing out of the public expenditure under existing circumstances. He would not stop to inquire into the fact of the depreciation, but leave it altogether to those who contended there were no grounds for such an assertion. Giving up this, however, it followed, if the arguments made use of by the friends to the present system were good, that there was a way to relieve the country with ease and with speed from its present embarrassments. Let them take 2 or 300 millions from the national debt. Let them fearlessly apply the sponge at once. Twelve or fifteen millions a year, would thus be taken off the taxes. Such a measure, it was true, would affect the property of the public creditor; but if the public creditor no longer did take a full hundred pound for his dividend—say, such a change were made, that instead of 100l. he received but 50l. still, if the reasoning they had heard was correct, he would not be injured by the new arrangement. If there were any truth in the arguments advanced, to account for the present high prices, it followed that those prices must fall when such an alteration were made, and the public creditor could not be injured, if he could command as much with the 50l. he received as he formerly could with the 100l. he was in the habit of taking as his dividend. If it would press thus lightly on the public creditor how would such a proceeding affect the rest of the community? They must experience a very great benefit from such a measure. They would not only be bettered so

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much as they were relieved by the reductions of the taxes, (which alone must be great, as their incomes would not be affected like the income of the public creditor) but they would also be benefited by the fall of the prices of all commodities, which must follow the measure, if there were one iota of truth in that which had been advanced by those who contended there was no depreciation of the Bank of England paper. It remained for the gentlemen opposite to say why they did not accept this challenge, and adopt such a measure as that which he had described. It was for them to give their reasons for declining it, but he (Mr. Brougham) had a right to call upon them to go into the question, and to relieve the country from the embarrassment of its currency, by acting on their own principles. If they did not do this, he had a right to say they did not believe that which they themselves had advanced, or that they were a set of theorists, who were afraid of acting in conformity with their own doctrine. He did not think it would be expedient, this session, nor did he think the Chancellor of the Exchequer, bold as he had been said to be, and great as was his fortitude in calmly regarding the distresses of others—he did not think that he would soon rise to propose a measure, which even the arrogant mind of his predecessor shrank from—a measure for opposing the legitimate claims of the public creditor. They had not only the example of France before them, but also that of other countries, which bore a still greater resemblance to that situation in which this country would be placed if the Bill before the House were passed into a law. They had the history of the coinage of other countries. That of the states of Germany would be found not inapplicable to us, and more especially the history of what had taken place in Prussia would come home to our case. The king of that country being engaged in an expensive war, and not wishing or caring to square his expenditure by his means, notwithstanding all he gained by seizing on Po- land, (an action which, for atrocity, was not second even to our Danish expedition), had been placed in a situation of pecuniary embarrassment. Thus circumstanced, having no bank to fly to, Frederick was under the necessity of having recourse to a measure somewhat similar to that at present contemplated by the English government. There were two ways of making money pass for more than it was actually worth; the one by raising its denomination, the other by debasing its standard. The latter was the expedient to which Frederick resorted. He debased the standard, and, by doing this, he presently extricated himself from many of his embarrassments, and was enabled to discharge many of his debts. So far all was very well. Things did not, however, continue long in this state of prosperity. By degrees, that which passed for a shilling, instead of appearing white, began to disclose some shades of grey. From grey it made a transition to brown, and last of ail the copper itself made its appearance. It was then found necessary to issue a proclamation to over-rule the opposition of the people, and make this base money a legal tender. The consequence was, in all future contracts, as the law of maximum was not introduced, the prices of all commodities were enhanced in proportion as the money was debased. Such would be the situation in which this country would probably stand after the adoption of the measure then under discussion. The plan of Frederick liad an advantage over this project. It was not discovered till about a year and a half after it was resorted to, and it was of some efficacy for two or three years. The measure to be adopted here would have no such advantage, as it was seen through at once. His differed from ours very materially. The one was a case of open fraud, the other resembled privately stealing. Such a system of policy had ever been considered as the most fraudulent that could be adopted; and was this the sentiment now to be inculcated in tills country, where such profligacy of principle had never been tolerated before? On this occasion he felt not only for the public and the parliament, but for the character of the law itself, which he considered as in danger from such an erroneous policy. He trusted the warning which had been given to ministers would have its proper effect, and that they would not go farther than the brink on which they then stood; but if no warning could deter them from rashly proceeding—if no representation of the danger could check, and no admonition restrain them in their course—with deep melancholy, he should augur ill to this country, and see much to fear from so ominous a commencement of a new reign.

*Mr. Milne* observed, that the hon. gent, had gone into so much general matter, and filled his speech with so many reproaches against ministers, with so many alledged charges against judges, together with a plan for winding up the national debt at one stroke, that it would be wandering from the question to pretend to follow him. Before the decision of the judges in the cases of De Yonge and Wright, it had been imagined that the traffic in guineas was illegal, in the manner it had been carried on by those persons. But as the judges had decided that such a traffic was not illegal, he presumed the object of the present Bill was to supply the defect. He approved of it, as it shewed that the government

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was resolved to try all milder measures, before they resorted to the compulsory one of making Bank notes a legal tender. While they received these notes in payment of taxes, they were resolved not to allow any individuals to take them at a depreciated rate. And, as to the high price of bullion, that was the consequence, not of depreciation, but of the embarrassed state of the country. If they did not at once resort to the legal tender, it was only because they imagined the evil would stop here. If the example of the noble lord who had demanded his rents in gold were followed, the legal tender must be adopted. When suspicion was abroad—when the tenantry and yeomanry were to be imprisoned—in that convulsed state of things, this measure must be resorted to. The Bill he thought highly useful, even in its present shape, but still it might, in some respects, be altered and modified with advantage. There were two cases upon which it was intended to operate; first, upon bargains and sales, which were completed at once; and next upon standing contracts. He understood that a case had happened, where a man bought some land from another for 400*l.* and paid down 100*l.* of the price. When the purchaser had built upon the premises, and otherwise improved them, the vendor demanded the other 300*l.* in cash. This was most unjust, and such frauds ought to be prevented. He should propose, therefore, that there should be a provision in the Bill, requiring that those who intended to demand guineas in payment, in any bargain should give public notice beforehand of their intention. As to the case of a subsisting; lease, there might be more difficulty in finding a remedy against undue demands: but he had two remarks to make on that part of the subject—first, that whatever rule the noble lord adopted, with regard to others, he ought not to object to its being applied to himself; and secondly, that the state was as entire and perfect as the persons of whom it was composed. It followed that the payments of the noble lord to the state ought to be made in the same way as he himself exacted payments from others. Upon the noble lord's own scheme, he, in nine taxes out of ten, did not contribute fairly to the public. He was aware that the Bank notes had been made a legal tender to the tax gatherer, but it had never been in the contemplation of Mr. Pitt or of the legislature, that the revenue should be deteriorated. As the Property tax was imposed *ad valorem*, the contribution there would be fair enough; but in Assessed taxes, in Excise and Customs, the noble lord upon his own plan did not contribute fairly. How did he pay for his servants, his horses and carriages? How did he pay the duties upon the chief articles of consumption, his salt, his coals and candles? How did he pay his wine and malt duties? In a depreciated currency. And upon what ground could he claim an advantage which he refused to others? None of these taxes were paid according to a fair proportion upon the noble lord's own scheme. Where, then, would be the injustice with regard to the noble lord, if the Chancellor of the Exchequer were to calculate the depreciation of the taxes, and compel his lordship to contribute according to the real value? He should like, therefore, to see an enactment compelling every landlord who demanded his rent in guineas, to pay his taxes in guineas. Taxes amounting at present to 40 millions might by this means be raised to 50 millions; and he would ask those who were loudest in praise of the noble lord's conduct, whether, if this expedient were adopted, there would not speedily be an end to the cry of depreciation? He should be glad then, that every landlord demanding guineas should be obliged to pay to the state in guineas. The noble lord himself could not object to this plan, and it would be as easy in practice as just in principle. It would be safe and satisfactory, however, at first to try it upon a small scale. Suppose it were enacted in the first place, that the assessed taxes should be paid in gold. He really wished to have some enactment of this kind, for every thing was to be tried before the Bank notes were made a legal tender; and this plan was highly equitable, and easy of execution. This, he apprehended, would prevent persons joining, in any great numbers, in this act of suicide. Why was it that the wealth of the noble lord gave him more consideration in society, than equal wealth would do in Poland, and many other countries? The greater security of property in this country. The landed property here was not only free from spoliation, to which it was subjected in other countries, but had been peculiarly favoured in comparison with other kinds of property, even in this country. The landholder had a great advantage over the annuitant—the West India proprietor—the merchant and manufacturer, upon whose exertions the value of land itself in a considerable degree depended. He was grateful for the advantage he had enjoyed, and thought that a land-owner ought to be the last to sit down and make a cold calculation about depreciation. He did not mean to insinuate that the noble lord had been actuated by any improper motive; he understood that his heart was as excellent as his attainments were high; but he had been the means of stirring up a most mischievous question; and from his high character it was to be feared that his example would have the greater effect. Did the noble lord think that he was acting

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for his own interest? If he did, he was mistaken; for the interests of every description of persons of property in this country were so intimately connected, that no one could injure one species of property to any great extent without injuring the rest. The noble lord was like the flying philosopher in Johnson's *Rasselas*, who, after spending his whole life in studying the laws of motion, and the wings of birds, at length made wings for himself, and, attempting to fly, was in one instant precipitated to the bottom. The observation of an older philosopher, one of the wise men of Greece, that an injury to one of the lowest members of the community was an injury to the state, deserved the attention of the noble lord and others. Injustice to the tenantry of the country would be an injury to the public interests; and the House could not in equity and sound policy refuse to protect them. The Bill had his complete approbation.

Sir T. Turton stated that he had objected to the resolutions of the Bullion Committee; first, because he was averse to the specification of any particular time for the resumption of cash payments by the Bank, and next, because he did not believe that Bank notes were depreciated. Upon the same ground he opposed this Bill, for if it passed, the public would immediately think that there was no doubt but that the notes were actually depreciated. He was convinced the motives of the noble lord who had been the cause of this measure, were good; but the effect of his example, if imitated, would be dangerous. The notice was the most extraordinary he had ever seen; it assumed the fact that a depreciation had taken place. But the noble lord had no right to take that for granted. What was depreciation? Depreciation, he apprehended, existed wherever the real value of the circulating medium was less in common estimation than its nominal value. If in the common transactions of life, a Bank note was reckoned less valuable than 20s. he should allow that there was a depreciation. But as to the high price of bullion, he thought that no proof whatever. Gold, like other commodities, would be high or low in price according as it was in greater or less abundance. Suppose wheat were at 80s. a quarter, and barley at 40s. two quarters of barley would at this rate purchase one of wheat. But suppose that from a scarcity of wheat the article rose in price, two quarters of barley would no longer purchase one of wheat; not because the barley had depreciated, but because the wheat had risen in price. The idea of ministers at first was, that this project of the noble lord would not be imitated; but when they found his conduct was defended by other persons of the highest consideration, they thought it necessary to pass this Bill. But had any of those persons actually imitated the example? In his opinion the ministers should have done nothing. The noble lord would restrain; but what would he get from the sheriff? Why, Bank notes, for gold was not to be had. Some said there was no difficulty in procuring bullion, which might easily be converted to guineas. This would be rather a difficult operation for farmers living the distance of 150 miles from London; but then it was said they might refuse to sell their commodities for any thing else than gold; then they could not sell them at all. When they saw 14 millions in specie going out of the country for corn and for our army in Portugal, could there be a doubt of the scarcity of gold? Gold, it was said, might be had from France as easily as claret; but how was the claret paid for? With guineas. And how must the gold be paid for? With guineas. He saw no great advantage in an operation of that kind. He knew too well the liberality of mind which belonged to the noble lord, to think that he would proceed to extremities; but if he did, his example would not be so seductive as to be generally followed. The tenant would be protected by public opinion—and there the matter ought to have been left; but if the ministers did any thing at all, they ought to make the Bank notes a legal tender at once, for the present Bill did not afford them protection. The effect of the present measure would be, to make people see danger where they were not conscious that any danger formerly existed; and also to establish two prices. With the view he had of the measure, he should have been of the same opinion, had he been in the House in the year 1797. Till an inconvenience arose, he saw no occasion to provide a remedy for it. The present measure, to his conception of it, would produce consequences as injurious as could well be imagined. He was sorry ministers had not allowed matters to take their course, and suffered the noble lord to have tried the plan he proposed, a plan which he was persuaded he would not have persevered in, but which, if he had attempted to go on with it, would have been found impracticable. The Bank of England, in his opinion, was perfectly solvent; and the only effect of the present measure would be to bring them into jeopardy, if not to involve them in ruin. If Bank notes were once made a legal tender, then they would be like the French assignats, and might be increased to 100 millions, or more.

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*Mr. Rose* understood the hon. baronet to oppose the Bill, from an idea that it was unnecessary, as he conceived it to be very unlikely that the example of the noble lord would be followed to any extent. Now, after what they had heard in defence of the principle and of the practice of that which the noble lord was about to do, he thought it was rather too much to suppose it certain that his lordship's example would in no case have been followed. He had the greatest respect for lord King, and he thought every one must admire his talents After reading his late publications. The example, however, which his lordship had set, he conceived to be of a most dangerous tendency; and the Bill before the House, far from having any thing in it that could cause those inconveniences to arise which some gentlemen anticipated, was in his opinion, likely to prove highly beneficial to the country. Its first fruits, he conceived, would be seen in its relieving the tenant from the harsh treatment of his landlord. He did not wish to impute harsh conduct to lord King, but it was not improbable that his example had been followed by persons who were actuated by less honourable motives, who, encouraged by the applause with which that conduct had been greeted, might have taken that opportunity to oppress those in their power, expecting to meet with the same countenance. The hon. and learned gentleman, in speaking of tenants, had expressed himself in a very extraordinary manner, calling them fraudulent debtors, and contending that it was but just that they should be called upon to pay their landlords in cash, as they were supposed to have regulated the prices of the produce of their land, by a reference to the alleged depreciation of Bank paper. In his opinion, the man who granted a lease at 100*l.* per annum, and then a few years after called upon a tenant to pay 120*l.* on such ground, was guilty of oppression. With such oppressions he by no means meant to charge the noble lord. The hon. and learned gentleman had said, the remedy was quite easy, and had taken occasion to make some observations on the courage displayed by ministers. He hoped ministers would always have sufficient courage firmly to oppose the designs of our implacable enemy. His efforts to ruin this country had thus far proved abortive. We had foiled him in arms; and now, finding us as resistless on land, as he had proved us on the ocean, ail his energies were directed against our finances. He had for this purpose had recourse to measures which had never been resorted to in any former war. Not only had he exerted his utmost influence to shut us out of all the ports of the continent, but he had burnt and confiscated our merchandise wherever he could find it, and to injure our credit, prevented the payment of bills on this country, when the parties concerned were desirous of paying them, and returned them to the drawers. With respect to what the hon. and learned gentleman had said, as to the possibility of getting a supply of gold in the same way as we got a supply of wine, he contended that it by no means followed, because a cask of wine could be procured, that a cask of gold was to be had with equal ease. The tyrannic system adopted by Buonaparté would not even suffer the commercial debts of merchants to be paid. But the hon. and learned gentleman said there was plenty of gold to be got in America, and the mines of Spain and Portugal were open to us. How was it to be got? Would they give it to us? If not, how did the hon. and learned gentleman think we could obtain it, when he had been told that the markets of Spanish America were so completely supplied with British produce, that they would not take a single bale of goods from us, and could not be expected to afford a mart for our merchandise for some time. How could the hon. and learned gentleman think we could get gold from that quarter, under such circumstances? Did he suppose they would give it to us, or did he wish us to commit an act of piracy, and seize it by force? If, however, it could be gained, what advantage would be derived to this country? He would suppose for a moment that it could be gained; if 5,000 ton of gold were now imported into England, coined, and put into circulation, while gold continued at its present high price, we should still be in our present condition, as not a guinea would remain in circulation. The guineas would vanish as fast as they were issued from the Mint, be melted down, and again exported as bullion. What benefit, then, could result from thus procuring gold, even if it were practicable? The hon. and learned gentleman, while censuring the present circulating medium, had not said what he would wish substituted for cash in the absence of bullion. Would he have no circulating medium? Notwithstanding the increase of our commerce, there was a smaller quantity in Circulation now, than there was twelve years ago. In 1798, it amounted to 50,000,000*l.*; 40,000,000*l.* in gold, and 10,000,000*l.* in notes. It was not easy to say what was the exact amount of the gold in circulation now, but he thought he must be a sanguine man indeed who could suppose it to exceed 5,000,000*l.*; and reckoning; the amount of our paper circulation at thirty millions, still it would be seen there was a considerable diminution. Under the present circumstances, for the Bank to resume cash payments was utterly impossible. They could not do it. They could not get

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the gold to pay, and if they could, it would be useless, as there would be no more left in circulation than there was amongst us at present till the price of gold was lower, that it might be brought into this country in large quantities, which could only be caused by a change in the circumstances of the continent, it was proper to continue the Bank Restriction Act in force. With respect to what had been said as to the increase of prices, he had it from gentlemen on whose information he could depend, that the prices in France and Italy kept pace with those of England, and that the depreciation of money in France was greater than in England. The prices all over Europe did not materially differ in their advance from the prices in England, and this he took as an argument to prove that farmers and others did not charge for their produce as was supposed with a reference to the alleged depreciation of Bank paper. With respect to what had been said of the property of the public creditors, he knew of nothing which could be more revolting to the feelings of parliament than to interfere with that. The Bank notes and assignats he asserted to be as totally different from each other, as any two things in nature possibly could. As to the learned gentleman's plan for forming a new fund with the profits of the Bank Company, if he could be sure that this could be properly done, he should have no objection to it. He wished to see payments in cash resumed, but under existing circumstances, unless gold could be brought into the country (as some seemed to think it could) by a sort of witchcraft, it was impossible for the present.

*Mr. Brougham* explained, that he referred to the striking off two thirds of the debt due to the public creditor, not as a proposition of his own, but as the grossest, most fatal, and most unjust of all expedients, but yet as one likely to result from the measures, the perseverance in which was recommended on the other side.

*Lord Folkestone* said he was at a loss how to judge of the present measure, as among the variety of persons who approved of it, there were not two who did so on the same grounds; on the contrary, every second person who supported it, did so on grounds exactly opposite to the person who preceded him. All of them agreed, however, in the abuse of lord King. It became the duty, therefore, of those who differed from them on this head, though it was by no means a fit subject of debate, to stand up and vindicate the noble lord. Gentlemen had talked of Jews and pedlars; of oppressed tenants; and even of dishonest landlords. Before gentlemen talked in this stile, however, they should first have made themselves masters of the subject. The noble lord did not require gold, but such an amount of paper as would be sufficient to purchase that which he had stipulated to receive. In his leases, the noble lord stipulated that his rents should be paid in good and lawful money of the realm, which Bank paper could not be in the eye of the law, till the right hon. the Chancellor of the Exchequer should come forward with the second measure which he had given the House reason to expect—namely, till he should make Bank notes a legal tender. Was it not known that every person made any thing he had to sell dearer and dearer, in proportion to the depreciation of paper. Neither in law nor in justice, therefore, was the noble lord entitled to be loaded with this abuse. In one part of the country there had been a practice of taking payment of rents in gold, and he saw nothing unbecoming in the noble lord's here demanding it in gold, at least, in something which should not be depreciated. An hon. gentleman opposite (*Mr. Milnes*), however, would represent that the noble lord had not only acted in an unbecoming manner to his tenant, but that he had even cheated government. It was proper, however, that that hon. gentleman should know, that by the very Bank Restriction act. Bank notes were made a good tender for taxes.—The noble lord said he should not proceed to examine the budget of the hon. gentleman farther than this, that it was inapplicable in point of law; With respect to the law itself, it seemed totally ineffectual. It was intended to remedy any idea of harsh treatment by a landlord towards his tenants: but was it calculated to attain the object? It only took from the landlord one remedy; namely, the proceeding by distress, a clause to which he did not object; but still the landlord might proceed to judgment, and make the tenant ultimately pay in good and lawful money of Great Britain. Lord Alvanley had been decidedly of this opinion: and having heard it doubted, he hoped the House would hear some of the gentlemen of the long robe on this point. The present measure was objectionable, in as far as it was an extension of the act of Edward 6, which, after grievous vexation practised on a poor Jew, who was supposed to have violated the enactments of the act, had been decided by an unanimous opinion of the twelve judges not to be binding, and to be inapplicable to the case.—The noble lord proceeded to take a view of the state of things at the time of the passing of the act of Edward 6, and now. Then, the gold and silver coin of the country was greatly deteriorated, so much so, that persons would not bring their commodities to market.

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Proclamations were accordingly issued, fixing the rates and prices of every commodity, and also prohibiting the exchanges of gold and silver for more or less than the rate at which they were made current. This he stated from the late lord Liverpool's Letter on Coins; and he warned the House to pause before they did any thing which might render it necessary for them to fix a maximum of prices. He begged them to consider that they were laying the foundation stone of a system which might involve the country in ruin. He entreated them to open their eyes in time to the mischiefs of this proposition, and not to entail on the country calamities similar to those which ensued in the time of Edward 6. It had been roundly asserted by gentlemen on the other side, that there was no depreciation of Bank paper. The high rate of exchange against this country; the high price of bullion; and even the fact of lord King's having demanded his rents in good and lawful money, were circumstances that proved depreciation. But if paper was not depreciated, and if this was only a device of the noble lord's to prove that his ideas on the subject of political economy were correct, why fear that his example should be followed? Or why pass this law? First, the Bill now nursed and fostered by ministers, was objected to, and the letter of that noble lord was represented as foolish, and even odious; the noble lord's notion was conceived as merely theoretical, and it was declared that nobody would follow his example. If ministers were still of this mind, why pass the present Bill? If, on the other hand, they now admitted that others were likely to follow the example of lord King, then did they equally admit that Bank paper was depreciated.—The noble lord proceeded to shew that there were two kinds of depreciation of paper currency; the one arising from excessive issue; the other from want of confidence; which, if suffered to go on, would run a race against each other, till the country would be brought to ruin, unless the system was changed. The best remedy which could be used was the fixing of two prices, a paper price and a money price. By this the public creditor would be in part a sufferer; but he confessed he did not regard the public creditor so much as some gentlemen did. The public creditor took the larger premium, and, of course, was entitled to the lesser security. The interests of the landlord were those most connected with the interests of the country, and therefore the most to be regarded. On the existence of two prices there was no doubt but gold would make its appearance. In every country there always was as much currency as was necessary. He objected to the present measure, too, because it was not a complete measure, but only a part of the system which the proposer of the measure had in view. He recollected a period when the noble earl was as anxious about guineas as he was now about notes. He had then discovered a nostrum to prevent guineas from being clipped, melted, and what not, and having prevailed on the late Mr. Pitt to allow him to have a guinea prepared at the Mint agreeably to his own plan, when the guinea was rounded off" and finished, the officer of the Mint desired his lordship to look at the guinea, and see if it was exactly as he wished it. His lordship, on examining it, declared, yes! that was every thing that could be desired, and there was a guinea which he defied any one to melt or sweat, or in any measure to deteriorate. The officer, who understood the nature of the composition, so contrived it, at the moment, that this all-perfect guinea should drop upon a stone, when, lo! it broke in two! In the like manner, he had no doubt but the secure mode which the noble earl had in contemplation for making Bank notes a legal tender would be found equally perfect and equally valuable. The measure now proposed, was an ex post facto law, and like all such laws was unjust and injurious. It should, therefore, have his decided opposition.

*Lord Castlereagh* rose and said:

Sir; not having been present when this Bill was discussed on the first reading, and as I may not have it in my power to attend its future stages, I am desirous of taking this opportunity of delivering my sentiments upon a measure, the principle of which may again, at no distant period, occupy the attention of parliament, not only as applying to Great Britain, but to Ireland.

In arguing this question, I shall endeavour to conform to the suggestion of an honourable and learned member (Mr. Brougham), by confining myself to the immediate subject of the bill itself, abstaining as much as possible from a renewal of those general discussions on the state of our currency, which have so recently taken place. The view I take of this measure must necessarily be founded on the principles I then endeavoured to maintain, and, in founding myself upon those principles, I cannot expect that I shall work conviction on the minds of those, to whom I have been

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hitherto opposed; but as my object is rather to consider, with the House at large what, course it is fitting parliament should now take, and as I shall have occasion to assume but little in argument, which does not rest upon the collective judgment of the House already expressed, either legislatively, or by its resolutions, I think I shall best consult the convenience of the House by pursuing this course.

I shall begin by drawing the attention of the House to the state of the law as it now stands between debtor and creditor, including the case as between landlord and tenant, for which the present bill goes to make a special provision. It is quite clear, the standard coin of the realm being the only legal tender, that, whether for rent, or for any other legal demand, the creditor is not bound to accept bank-notes, in satisfaction of his debt; and that, unless the debtor can procure coin, with the single exception of the protection against arrest by mesne process, afforded by the act of 1797, the creditor remains in full possession of all his legal remedies against the goods and property of his debtor, and ultimately against his person.

Under these powers it is competent for a landlord to distrain for rent, and to cause the goods of his tenant to be sold. It is also competent for him; in case of non-payment of rent due, to bring an ejectment for the recovery of the possession. In the case of a simple debtor, although the person of the debtor has obtained a qualified protection against a summary arrest, the process against the property may be proceeded in to execution, and the whole be consigned to the sheriff for sale, if the plaintiff shall not prefer imprisoning the person of the defendant, till the debt is discharged. But here a new difficulty occurs: when the sale takes place, is the sheriff to make sale of the property for coin only, or is he to take bank-notes, as has been hitherto practised? In the former case, it is obvious, a sale, for any thing like value, in the present scarcity of guineas, is impracticable. To proceed to sell by auction under such circumstances, would be, in truth, to give the property almost for nothing, to the person who accidentally had, at the moment, the means of collecting coin to bid for the goods; in the latter case, the sheriff would be no more capable, after the sale was effected, of satisfying the creditor with the proceeds, thus taken in Bank notes, than the debtor, the owner of the goods, originally was.

The sheriff, under these circumstances, acting at his peril, and liable to action if he errs, must consider what directions the court would give on the trial of such an action. A court of common law, I apprehend, as the law now stands, could neither take upon itself to defeat the remedy of the creditor, to compel payment of his debt in the lawful coin of the realm, by holding a payment in Bank-notes, for goods sold by a sheriff, to be a legal payment: nor could it prevent a sheriff, who should think fit to refuse any other medium of payment than coin, however ruinous to the property of the debtor. Neither could the owner of goods distrained, as I conceive, bring an action for excessive distress taken, if the property sold, whatever might be its value, did not produce more in coin, upon the sale, than the amount of rent actually due; and in the latter case, the sale rests, in the first instance at least, with the person distraining, or his bailiff. What relief a court of equity could give, under all the circumstances, it is not for me to venture to pronounce; but I am sure relief, in such a case, the subject is entitled to receive, and further, that his just claim is to receive relief, not circuitously, and by an expensive or dubious process in chancery, but that his protection should be clear decisive, and direct.

In any ordinary case of public difficulty, in its nature constituting a clear impediment to the sale of properly for any thing approaching to its true value, to enforce a sale would be inconsistent with justice. In cases of foreclosure of mortgage in time of war, this principle has been already recognized: but the present case does not depend simply upon general grounds of equity; it arises out of an express provision of law, prohibiting the Bank from fulfilling its engagement with the holders of Bank notes; and the question is, whether the arm of the law shall be directed against the debtor, to compel him to perform that, which an act of the legislature, enacted for the wisest purposes, and for the general good, has rendered it impracticable for him to perform.

If such is the law of the case, and that the debtor holds his property, under the impossibility of turning his notes into gold, and even his personal liberty at the mercy of his creditor, I may venture to appeal to those who now countenance

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lord King's demand to be paid in coin, whether they believe, that such a system was contemplated when the Suspension Act passed in 1797, as one which could be acquiesced in, if attempted to be enforced. Upon what ground was it that Mr. Pitt resisted the late sir Francis Baring's suggestion of at once making Bank notes a legal tender? Upon what grounds did he resist the precise proposition which the present Bill contains, when moved by a Worthy alderman (Combe) and supported by Mr. Fox, but on the ground of both being, as things then stood, unnecessary? That Mr. Pitt's judgment was not very erroneous in so deciding, the uninterrupted experience of fourteen years sufficiently proves; during which extended period, not a single instance has occurred, in Great Britain, notwithstanding the price of gold has been at times much beyond the Mint price (in 1801 as high as 4l. 6s.), of any creditor, landlord or other, refusing to accept notes of the Bank of England, at par, in payment of a debt.

It was the policy of Parliament, at that time, to avoid, if possible, any enactment on this delicate point; they trusted that the universal conviction, which pervaded ail mankind, of the solidity of the security on which Bank notes were issued, as well as of the importance, for the interest of all, that their credit should be upheld, would insure their being invariably received at par. It was one of those occasions, on which a conventional acquiescence that they were to be received as cash, seemed to leave nothing for Parliament to do, at least in the first instance. They wisely preferred, on such an occasion, the protective influence of a moral principle to a premature attempt, by enactment of law, to provide for difficulties, which it was hoped never would occur; under the security of such a principle, the country has lived and prospered since the Bank Restriction Act passed. My lord King has been the first person to emancipate himself from its influence, and to introduce a practice, to say the least, perfectly novel in Great Britain.—It is not for me to impeach the motives of any individual, availing himself of rights, which the laws of his country furnish him with the means of asserting. I am bound to suppose, from the character and endowments of the noble lord, that he acts from an honest conviction, that he is claiming from his tenant, what he thinks not merely lawful, but strictly just. Denying however, as I do, the justice of the claim, and believing that Parliament never did, nor could intend to suffer the law so to stand, except under an expectation, that, during the continuance of the Suspension Act, it would not be put in force, I consider that, in consequence of this exercise of an extreme legal right on his lordship's part, the duty of rendering their former measure consistent in point of justice with itself, has devolved upon the legislature; a task, from the performance of which, however painful, and in some respects difficult in the execution, I trust Parliament will not shrink.

But it is said, will you interfere between my lord King and his tenant in matter of contract, and by an ex post facto law disturb and alter the rights of the parties? I cannot consider the proposed relief as an ex post facto law. I consider it rather as declaratory of the true intent and purpose of the act of 1797; and I deny, in any equitable view of the contract subsisting between lord King and his tenant, that it can be enforced in the manner proposed by his lordship.

I will take the two cases his lordship puts, of leases granted by him prior, and subsequent to the passing of the Bank Restriction Act in 1797; and I will suppose the usual covenant, binding the tenants to pay the rent reserved in the lawful coin of the realm, to be found in both. I will, on the case thus stated, put it to any fair man to say, notwithstanding the letter of the bond, whether, when the bargain was made, the fair understanding between the parties was not, that payment would be accepted in Bank notes? It is true, in the former period. Bank notes were convertible into cash, but it is not the tenant's fault that they have not continued to be so convertible; but, in the latter period, it was distinctly foreseen when the lease was signed, that, so long as the restriction on the Bank continued, the notes of the Bank of England would not be convertible into cash upon demand. Upon this state of facts the parties treated, and the scale of rent was agreed on. Now I deny, that it was any part of the understanding, that the tenant, in the former case, was to pay, or could pay, such a rent in guineas, supposing a case so perfectly new and unforeseen as that which has really occurred, to happen; and still less in the latter case, where the rent was fixed, the prohibition on the Bank being then in existence, and no intimation given to the tenant of any intended departure from the established practice of accepting Bank notes in discharge of the rent at par.

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If the grounds on which the landlord considers that his interests have been affected, had originated in any act for which his tenant could be deemed responsible, or if it had grown out of the ordinary course of events, which the parties to the contract might be bound to advert to, in making their bargain, I can understand the claim to compel the tenant to submit to a new mode of payment, so infinitely disadvantageous; but, when the tenant has done nothing, and parliament every thing (parliament having acted for the public good, upon which it is the province of parliament exclusively to decide), I do not see upon what principle of justice, one party can expect to receive his full share in the advantage resulting from a measure of general policy, throwing all the inconveniences of it upon the other party to the contract.

But let us see how far the sense of parliament has been already declared upon this principle, not merely in the speeches of individuals, but on the face of the Restriction act itself. That act expressly provides that the notes of the Bank of England shall be received as cash in all revenue payments, thereby constituting them a legal tender in all debts from the subject to the State. It may be said, that, for the state to lend this aid to the credit of Bank paper, might be a very wise expedient, that it operated as an indulgence, which, where the debt was due to the state, the state was competent to confer, and that no contract was violated, or individual right thereby injured; but what was the provision made by law with respect to the dividends payable to the public creditor? It is true no express enactment declared that Bank-notes should constitute a legal tender in such payments, but no exception was made in favour of the public creditor in the prohibition against cash payments, and, in point of fact, he has had no other option since that Bill passed, but to accept Bank-notes at par, or to remain unpaid. Here then was a matter of contract of the most sacred description, between the public and individuals, upon which the law declared, that payment in coin should not be demandable during the continuance of the Bank Restriction act. Can it be contended that the legislature meant in matters of contract, that one law should prevail between the public and the individual, and another between private persons and that the public was to receive an indulgence from their creditors in the nature of their payment, which the individual debtor had no claim to expect from his creditor? I am aware it has been argued, that, supposing an act of national bankruptcy to have already been committed towards the public creditor, that can form no motive or justification for authorising a similar violation of contract between man and man. I shall hereafter have to deny, that any such failure in the equitable discharge of its engagements can be imputed to the state. I am confident, that the framers of the law did not so interpret its Operations; and if, from the necessity of the case, the legislature felt itself compelled to take from the public creditor the means of receiving coin in satisfaction of his demand, is there any imaginable principle of equity, upon which it could mean to compel individuals to do that, which the state was unable to perform? or, to state the fact more truly, that having, for the general interest, prohibited the Bank from fulfilling the letter of its contract, in respect to cash payments, with the holders of its notes, it should mean to compel the holders of those notes to fulfil the letter of their engagements with respect to cash payments towards their creditors?

The declared ground on which the legislature passed the Restriction act was, to protect public and private credit against the calamity of the Bank being obliged to discontinue its functions; involving as the necessary and immediate consequence of such discontinuance, the ruin of all private banks, and the extinction of the entire circulating medium of the country, so far as it rested on banking credit. Parliament was morally justified in passing that law, first from a conviction, that, whatever the evils of such a temporary interruption to the legitimate money system of the country were, they wore upon the whole less than the evils to be apprehended if things were allowed to take their course: and secondly, from there being no reason to presume, that Bank-paper, so long as its issues continued to be regulated upon the principles which had hitherto governed the conduct of the Bank of England, would, as a medium of circulation, lose any part of its value, compared with the commodities generally of the country.

I do not mean to renew the argument on depreciation in detail, but I must here re-assert, as my deliberate judgment, trying the fact upon the only sound principles upon which it can be examined, that, at this day, the notes of the Bank of England are not depreciated, under any fair sense which can be affixed to that term. I admit they are not convertible as formerly at pleasure into coin, nor can they purchase, in the market, the same quantity of standard gold; but this, as

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I conceive, arises solely from causes affecting the value of gold, both in its coined and uncoined state. With the exception of the precious metals. Bank-notes have the same powers of purchasing all other commodities, which they would have had at this day, if no necessity for shutting up the guineas in the Bank, or for sending gold abroad in unusual quantities, had ever occurred.

Such, at least, is my belief. Such I wish to be understood by the noble lord (Folkestone), is the sense, in which I deny that Bank notes are now depreciated. Upon that conviction my conduct, as a member of parliament, must be guided, and under it, I do not consider that any injustice or act of bankruptcy has been committed towards the public creditor, by affording him no other option in payment of his dividends, than Bank notes at par: and I am further prepared to contend, that any person, who in the present state of things endeavours to avail himself of the letter of his contract, to force payment in cash, adopts a course of conduct altogether inconsistent with its spirit and equity, and assumes to himself not only an undue advantage over his creditor (both being in duty bound to bear their fair share of the inconveniences arising from the contest in which we are engaged), but that he is taking to himself, under the colour of law, an advantage beyond what could have accrued to him, had the currency of the country remained undisturbed.

That my lord King does not mean to submit to his fair share of the inconveniences of the limes is obvious, from the principle of his claim being, that his tenant should put him, at whatever expense to himself, precisely in the same situation in which he would have stood, as to the medium of payment, if no Restriction act had passed, and the tenant had nothing to do but to present his notes at the Bank to have them converted into coin. Now what are the tenant's means at present of procuring guineas to pay his rent? Can he procure them in exchange for the produce of his farm, without selling that produce at an enormous loss? Can he procure them in exchange for Bank notes, without giving a premium, and violating the law as it has always been understood to stand, till the late judgment in *De Yonge's* case, and as it will stand hereafter if the present Bill shall receive the sanction of the legislature? But supposing the purchase of gold at a premium not to be illegal, with so much coin shut up in the Bank, so much in the last ten years melted and exported, to what a price must not guineas rise if all tenants upon lease are compellable to pay in coin? If the local practice of paying rent in gold, a practice in late years confined to the north of Ireland, has had the effect, in the present scarcity of coin, to raise the premium upon guineas as high as 15 per cent. to what height must it not rise, if the competition for the limited supply of coin now in circulation, were to become general throughout the empire?

But it is said the noble lord does not insist upon an actual payment in guineas; such a demand, in the present absence of coin, it is admitted, would be oppressive: he gives his tenants the option of paying in foreign coin, or standard gold, the weight to be the same as if the payment was to be made in guineas; or the rent will be accepted in Bank notes, the tenant paying the additional sum requisite to purchase the amount of gold at the market price of the day which the guineas would weigh. The first observation which occurs upon this is, that the relief thus held out is wholly arbitrary in its principle, and, as I shall contend, most unjust in the nature of the criterion by which it is measured. It is arbitrary, inasmuch as it is discretionary, whether it shall or shall not be afforded; and I must be permitted to observe, that it is not a very pleasant situation for a tenant to stand in, nor a very seemly one for the law to permit him to be placed in, that it should depend upon the indulgence or forbearance of his landlord, whether he shall be confined in a gaol, or his property be dissipated, to procure guineas, the law having deprived him of his accustomed means of procuring them from the Bank. Lord. King, from liberality to his tenant, from a sense of the oppressive consequences of an unqualified demand of coin, may extend to him this, as I shall hereafter contend, most inequitable species of relief; but what security have we, watching over the interests of all the subjects of the realm, that the process, by which the noble lord is enabled to dictate such terms, as he thinks reasonable, to his tenant, may not, in the hands of a less liberal, perhaps of an oppressive, an avaricious or a vindictive landlord, be made the instrument of consigning many honest tenants to a prison, whilst others may have their property sacrificed by improvident sales, or be deprived, by ejections, of subsisting interests in beneficial leases.

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To leave the tenantry of the country under the lash of such a principle of law, if it is the purpose of any individual in the community to call it into activity, I venture to assert, would be wholly inconsistent with the protection which the subject is entitled to claim at our hands. I might doubt, when this Bill was first introduced into the other House of Parliament, whether the necessity for taking any legislative measure upon the subject, was sufficiently made out; but, when the noble lord candidly and honourably avowed and justified, in his place in parliament, his intended enforcement of the notice he had given; and when the probability of an example from a quarter so respectable being followed by others, justified as it had been in argument, was weighed, I own I could no longer doubt that it became parliament, before it separated, if not to supply a complete remedy against every possible misapplication of the law to compel payments of such a nature, to provide some measure, which might at least protect the tenant during the recess, and mark the disposition of parliament, if the protection should hereafter be persevered in, to meet it with corresponding correctives: the equitable claim of the tenant and all other debtors being, in my judgment, distinctly this, that so long as the law shall continue to prevent the Bank of England from paying their notes in cash, so long ought the legislature, by special enactment, to interpose and stay process, either against the person or property of debtors, who shall tender Bank notes to their creditors in satisfaction of their demands.

But to return to the injustice of the arrangement itself: I will assume, for the sake of argument with lord King, that, in a lease granted before the year 1797, the landlord's interest has been disturbed by late events to his prejudice, and to the advantage of his tenant, and that he is equitably entitled to some indemnity (the reality of which case I beg I may not be understood however to admit), I still must contend, that the principle upon which my lord King has laid claim to measure the extent of the indemnity, is an unjust one. His lordship assumes its equity, as it is no more than requiring a specific performance of the covenant, with certain voluntary relaxations of it on his part, for the accommodation of the tenant; but I contend, that the equity of enforcing the specific performance of such a covenant ceased with the first enactment of the restriction act, and that the conditions on which it is now proposed to be relaxed, subject the tenant to an increase of rent, not to be regulated upon any fairly ascertained change of value in the Bank paper of the country, for which alone the farmer sells his produce, but which is to be governed, either by the price of guineas, which must rise in proportion to their scarcity, were even the purchase of them permitted by law; or by the price of gold, which has been raised 20 per cent. by the disturbed state of our intercourse with the Continent, and may be indefinitely raised. If such a criterion is to be admitted to regulate the additional payment to be made in notes, what tenant can foresee what rent he may not be called on to pay? All he knows is, that it is not a fixed and determinate amount of the prevailing currency of the country, but that it depends on the extent of our expenditure abroad, the balance of commercial payments, and the state of the exchanges, which must always govern the price of gold, whether the additional amount of rent, which he is subject to (if he is indulged with the permission to pay in banknotes at all.) shall be 20, 30, 50, or 100 per cent. beyond the rent specified in his lease; for who can say, in the present obstructed state of our intercourse with the Continent, when freedom of circulation is at an end, to what extent the price of that article may not rise, namely gold, which is the only commodity, which when it has evaded the vigilance of the enemy, and reached the Continent, can expect, as an article of property, effectually to secrete itself, and to escape being either confiscated or burnt.

Can it be contended for a moment, that it should depend on the caprice or power of the enemy, or upon the extent of military expenditure, which his own government may think fit to carry on abroad, whether a tenant, holding lands upon lease, shall pay more or less rent? yet such must be the result, if the principle contended for by lord King is admitted. I would put the issue of the whole argument upon this simple question, and allow the noble lord to answer it himself, whether if his tenant had been apprized, previously to his signing the lease, that such a state of things would have arisen, within the period of the contract; that it might continue for an indefinite length of time; that in such case, bank-notes would not be accepted in discharge of the rent agreed upon; but that he must either find guineas, when the Bank was prohibited from issuing coin; or pay an increased rent in notes equivalent to whatever increased price gold might rise to, under the operation of the Berlin and Milan decrees, and the expense of the war in the Peninsula;

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whether, upon such a statement, the tenant would have signed the lease at the rent then agreed on, making his person and pro perty liable for the fulfilment of so indefinite, and perhaps so ruinous a bargain?

But I contend for it, if lord King's rent were paid in gold, as he proposes, or in notes with the additional sum calculated according to the market price of gold, that he would obtain an undue advantage, proportioned to the excessive price which gold now bears. He may say, that the rent agreed on was a rent in gold; nominally it was, but not in practice, as understood between the parties; but even as a rent in gold, it was a rent in coin not saleable nor exportable, instead of a rent in Portugal gold coin, or standard gold, as proposed by his lordship's notice, both of which are exportable, and sell in the market at four shillings an ounce higher than the gold, which cannot be sworn off for exportation; so that, even in this light, the demand is unreasonable; the augmentation of rent thus imposed may not be beyond the power of the tenant to pay, his bargain having become a profitable one, from the lapse of his term: but this progressive benefit the landlord can have no pretence to share; we must presume it was purchased in the original terms agreed on. The tenant's bargain cannot be proved to be a better one now, regard being had to the prices obtained for produce, than it was in the year 1808; yet then there was nothing in the state of the exchanges nor price of gold, which enabled my lord King to assume, that bank-notes were depreciated, or to demand, upon the principle of his notice, an increased rent if paid in notes. Is it then reasonable, if no peculiar profit has accrued to the tenant in the last two years, that he should be liable, holding under a lease, to an increase of 20 per cent. on his rent, with a chance of being still further raised, merely because an adverse exchange, arising from commerce obstructed and an immense foreign expenditure on the part of government, has thrown up the price of gold in the market of Great Britain to an unusual height, from which the farmer, having none to dispose of, receives not the smallest advantage?

But it is represented, in justification of the arrangement prescribed in lord King's notice, taking the average of wheat between 1780 and 1797, that it then required 18 quarters of wheat to pay a rent equal in value to a pound weight of gold, which, at the price of the day, viz. the Mint price, amounted to 44½ guineas; that on a similar average, between 1782 and 1806, 14½ quarters would pay the same rent, at the then medium price of gold, viz. 4l. 2s. per ounce; but that, during the last five years, according to the average puce of wheat taken at 85s., and gold at 4l. 7s. per ounce, the same rent might have been paid by something less than 14 quarters.

The first observation which occurs upon this statement is, that lord King's bargain with his tenant was for a money, and not a corn rent; a distinction highly material to be taken, as the former throws all the effects of increased expence of cultivation upon the landlord, the latter upon the tenant; a given sum of money, receivable annually in rent, will purchase less of other articles, in proportion as their price is raised by additional taxes, and other expences affecting their reproduction; whereas a given quantity of corn ought to sell for what will cover all the new expences attending its growth in rent, tithe, taxes, &c. in addition to its former price. Now if the additional charge under which wheat is grown in Great Britain, since the commencement of the period referred to, viz. from 1786, including the improved mode of living adopted by our farmers, an incident which must influence price, is considered, it will pretty sufficiently account for the increased value of wheat, without imputing it to a depreciation in Bank notes. Indeed, the case disproves itself; for all the facts upon which the reasoning is founded, existed in full force in the year 1809, when gold was only 4l. per ounce, and when, according to the new theory, Bank paper was not depreciated, being at par, or nearly so, with gold, as measured by the Mint price. Besides, it may deserve notice, that during the period of comparison, not only the scale at which foreign corn is importable, has twice been raised, but the grain imported in the two later periods of comparison, viz. from 1802 to the present time, has been imported, under all the accumulated charges of war freights, and consequently has not had the same influence in keeping down the prices of grain in Great Britain, as the foreign corn imported between 1786 and 1797 had, when we were either at peace generally, or in amity with those Slates, from whence our supply of grain is usually drawn.

There is only one other view of this subject I am desirous of taking, before I dismiss this branch of the argument. Lord King seems to think his own case a hard one, and he charges his misfortunes against the Restriction Act; but let us see

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in what situation his lordship and his tenant would have stood reciprocally, if that act had never passed, and matters had been allowed to take their course, it must be in some measure matter of opinion, what would have happened had the legislature not interposed in 1797. Lord King may see it in a different light, but my conviction is, that public and private credit would have been, for the time at least, destroyed, by the Bank of England, and consequently all private banks, being obliged to discontinue their functions. I do not therefore infer, that we should have been left without a circulating medium; I have no doubt we should have had one, and that our currency would have been composed of the precious metals almost exclusively; but we should have been reduced very much to the predicament in which France now is, possessing, it is true, a metallic currency, but destitute of those means of active circulation, growing out of individual and public confidence, which can alone sustain with effect the industry and exertions of a great, commercial, manufacturing, and warlike nation.

In such a state of things what would have happened to my lord King, and his tenant? Supposing the rent agreed upon previous to the events which led to the passing of the restriction law to have been a rack rent, a rent upon full value, which upon a tenure of such an extent, in justice to the landlord it ought to have been, is it possible to suppose, that such a bargain could have stood, if the banking system of the country had been broken down? The immediate consequences of such a convulsion, had it been suffered to realize itself, must have been, that lord King, for his own sake, would have lowered his rent, perhaps one half; what then would have been the situation of his tenant? he would have found himself cultivating at a reduced rent; and although, in common with every other member of the community, he must have suffered from the general distress, he would at least have found no difficulty in preserving his lease, by paying his rent in the standard coin of the realm, as coin would then have been the medium in circulation, and consequently the currency receivable at market in payment for produce. Obligated to accept a reduced rent, I cannot persuade myself that lord King would have stood in a better situation at this day, than he now does, whatever his tenant might, should he be obliged to submit to this new mode of payment; by which the noble lord appears to claim the advantage of both systems, of the one which would have destroyed, and of the other which has preserved the Bank; whilst he expects his tenant to abide by the inconveniences of both; that is, to pay an amount of rent, with reference to the latter state of things, in a description of currency, only to be found in general circulation in the former.

I have been induced thus to dwell upon the principle of lord King's notice, but cause in truth the Bill originates in that document. It is impossible to argue the question, as affecting the public, without bringing forward the noble lord's name, and discussing the demand made as his measure. I have done so, I trust, without personal disrespect. My object has been, without reflecting on the noble lord's intentions, to argue fairly, whilst I protest strongly, against the course his lordship has pursued in the instance before us.

With respect to the enactments of the Bill, they are principally open to objection, as an imperfect remedy to the case to be provided for; they protect the tenant against summary distress, but they leave him exposed to all the other legal remedies, with which the law arms a creditor against the person and property of his debtor; but I look upon the Bill as a legislative declaration on the principle of the question, the import of which cannot be mistaken, and it has my approbation as such. I trust it may be unnecessary to go further; but if it should, parliament, I hope, will not hesitate in performing the duty, which may in that case be cast upon it.

With respect to the other provisions of the Bill, namely, those which render it a misdemeanor to receive more for a guinea, or less for a Bank-note, than their standard and accustomed value, I consider them as of very subordinate importance to the clause we have been hitherto considering. So far as the clause prohibiting Bank-notes from being received at less than the sum for which they were issued, may render it illegal to claim, or accept them in discharge of a debt to a greater amount, that is, at a value inferior to their nominal value, it meets precisely the case to be provided for, and it puts the creditor in the situation I wish to see him placed in, that is, that he shall be obliged to accept the notes of the Bank of England at par, or not at all, whilst the Bank restriction act lasts. The other prohibition against purchasing the coin of the realm at more than its legal value, is of less consequence, but may be of some use, as

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tending to discourage a traffic in guineas, a practice novel at least in this part of the empire, not requisite if creditors are protected from the species of demand, against which I have been contending, and which is principally carried on by persons, who make a trade of melting, and exporting our standard coin, a practice which law cannot prevent, but which it may be expedient, as far as possible, by penalty, to check and counteract.

The object of the Bill is not by law to attempt to give to a guinea, or a Bank note, a compulsory value; no law could have this effect; and it would be unjust, if it were possible that it should. In all prospective bargains, where the parties know what is to be the medium of payment, whether guineas or Bank-notes, no law can, or ought to restrain them from framing the price of the commodity sold, with reference to their opinion of the real value of the currency to be received, whether it be a value depending upon credit, or the intrinsic value of the medium itself. The intention is to deprive creditors, during the interval of cash payments being suspended at the Bank, of the power legally to compel debtors to pay them Banknotes, at less than they are actually worth IF the process of the law, which was framed to compel payments in standard coin, when coin could be procured, is now to be used, as an instrument to impose arbitrary conditions of payment, when coin cannot be procured, Bank notes may become depreciated in public estimation. If they pass, as in justice they ought to do, in the eye of the law, at par between man and man, they are not likely to stand depreciated in the daily transactions of life. Every man in the community ought to have a common interest in upholding their credit, which will not be the case, if creditors are allowed to dictate the rate at which they alone will consent to receive them. With these views, I am disposed to support these clauses, as regulations salutary in themselves, in aid of the main object, which, I must again repeat, is, that the paper of the Bank of England shall not be exacted, under colour of law, as a depreciated medium in payment of debts; being myself convinced, that it is of a value which entitles it, both in equity and in justice, to be accepted at par.

I shall not detain the House by combating the assertions brought forward, that the present system must lead to a maximum, and that the fact of depreciation is confirmed by the existence already of two prices, a gold and a paper price. It is enough to remark, that the measure of a maximum can never be a rational relief even in the most undisguised and extravagant state of depreciation to which paper-currencies (wholly dissimilar, be it remembered, to ours) have ever been reduced. No human tyranny could render a law of maximum other than an expedient to starve a community, and to aggravate both public and private distress. It would be a waste of lime to contend against the applicability of such a system to a currency such as we possess, the solidity of which no man doubts, and which preserves its value, at this moment, compared with all other commodities except bullion, as steadily as it did in the year 1809, when the present excessive price of gold took its rise; and as to the question of two prices, if the fact of such a practice prevailing was proved, still I should deny, that this necessarily established the fact of depreciation: on the contrary, I should contend, that this must happen, whenever a difference of value takes place for any length of time between bullion and Bank paper, as the price of bullion will sooner or later, through fraudulent operations on the coin, affect, to a degree, the value of guineas; but, as I maintain, that this disparity of value may as well arise from the value of guineas being raised, either from the cause I have now referred to, or from their scarcity, as from the value of Bank paper being depressed; and as every test at this moment conspires to prove, that gold has greatly risen, and none, when fairly examined, except the comparison with gold itself, suggests that Bank-notes have fallen; were even two prices as universal here, as they have been in the North of Ireland for years, I should still say, that the depreciation of Bank-notes, in the practical or ordinary sense of that expression, was by no means the necessary consequence; and that depreciation could not be truly imputed to the paper of the Bank of England at the present moment.

Having argued against the mode of payment insisted on by ray lord King, and, as I trust, established its injustice, it may be asked how it comes that a system, which is unjust in Great Britain, should be tolerated in Ireland, and why, when parliament is legislating upon this subject, Ireland should be specially excepted out of the Bill? The question is a fair one, and I shall endeavour to assign satisfactory reasons, for not at present extending the measure to Ireland, more especially at this late period of the session, and in the absence of the members from that part of the United kingdom.

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When it is stated, that the practice, which it is intended by this Bill to prohibit in Great Britain, has long prevailed in Ireland, it is material to distinguish between the practice of Ireland generally, and of a few of the Northern counties, perhaps not more than four or five in number. In all other parts of Ireland, the rents have been invariably paid in Bank-notes, and I have never heard an instance of any landlord refusing to receive them at par. The practice in the Northern counties, where the rents are paid in coin, is very distinguishable from lord King's case. In those counties, no other medium than coin has ever been taken for rent. Guineas have been uniformly the medium of payment between landlord and tenant, both before and since the Bank Restriction Act; and guineas have, at all times, borne a premium in the North of Ireland. The only new feature in the Irish case is the increased amount of the premium requisite to procure guineas. In November last, when I left Ireland, it did not exceed from 2 to 3 per cent. It has since risen as high as 15 per cent., but has latterly fallen considerably; whereas, in Great Britain, the uniform practice has been, to pay rents not in coin, but in Bank paper; and no instance has occurred, till the present, of its being refused to be accepted at par.

The Irish landlords appear then to have a much stronger claim in equity, to adhere to a practice long established between them and their tenantry, and which has been therefore no surprise upon the Litter, than my lord King has to introduce at this moment, a novel mode of payment under a dormant stipulation in a lease; and it is not a little remarkable, that the same set of circumstances which have determined lord King to adopt, for the first time, the Irish practice, should have induced the landlords in Ireland, if not to abandon, at least materially to relax theirs; for they not only have very generally, far the accommodation of their tenantry, consented to accept their rents in Bank-notes; but they have accepted them on terms much more favourable to their tenantry, than a rate calculated on the premium of the day for guineas. A premium, it is true, has generally been required, seldom however higher than from 2½ to 5 per cent.; but nothing approaching to the scale of lord King's demand has been adopted as a general practice in any part of Ireland.

Whilst I contend that the practice at this moment in the north of Ireland, between landlord and tenant, is one of much greater indulgence to the tenantry, than the rule lord King is inclined to lay down; and whilst I consider that the state of things in that portion of the United Kingdom, growing out of a long established usage, which has of late been accommodating itself to the convenience of the parties, rather than taking any novel shape of disadvantage to the tenants, do not constitute a case of such pressing inconvenience, as should induce parliament in the absence of the Irish members, to enter upon the consideration of a question of so local a nature; I am at the same time free to confess, that, if the practice in the north of Ireland should not take some more settled shape, before the next session of parliament; and if the difficulty of procuring coin should continue to be as great as it has latterly been, it may become necessary to apply a legislative corrective to the evil; for an evil it must be admitted to be of the greatest magnitude, that between the landlords and tenantry of a country, no fixed rate of payment should prevail; but that it should be at the discretion of each particular landlord to decide, whether his tenant is to pay him, as an inducement to accept bank-notes, the full premium at which guineas are bought and sold, which has been as high as 15 per cent. and may be still higher; or whether he is to pay at an inferior rate, and what; for however cash payments, in those particular counties, may rest upon ancient and uninterrupted usage, yet it must be admitted, that it has become a very new question in practice between the parties; and it is impossible not to foresee, that great public inconvenience and discontent is likely to be produced, by the unequal measure of indulgence different landlords may think fit to deal out to their tenantry under such circumstances.

I have before observed that a premium on guineas has always prevailed in the north of Ireland, even before the Bank Restriction Act took place. There being at that time no private banks issuing notes in that part of the kingdom, whose business led them to hold cash at the requisition of their Holders of their paper, the usual mode by which dealers, who came from a distance to purchase linens, or other commodities with bank-notes, or credits upon Dublin, obtained any considerable supply of guineas, was by applying to the the agents of men of property, who supplied them with what they required at a premium, varying according to the supply and demand in different parts of the country. The same

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practice prevailed, under the authority of government, in the payment of the army. The paymasters of regiments procured gold, by similar means, to issue the subsistence to the troops; and were directed to charge the premium paid for guineas in their contingent accounts with government. So established was this practice, that I recollect when Mr. Pelham (now earl of Chichester) was chief secretary in Ireland, for the purpose of introducing greater economy into the charge of converting Bank-notes into the guineas requisite for the army, that district paymasters were appointed to superintend this branch of the public service.

it may be said, why then prohibit by law a practice in England, which has so long prevailed without inconvenience in Ireland? and the hon. and learned member (Mr. Brougham) has recommended, that coin, like all other commodities, should be suffered to find its own level, and he has argued, that this would operate advantageously in bringing back coin, and in keeping it in circulation. Perhaps no serious inconvenience would arise from such a practice prevailing, so far as ready money dealings are concerned! but when the question is, what the law can injustice enforce in satisfaction of a debt, the practical objection to the hon. member's suggestion shows itself; it by no means follows, that a system which may have prevailed in a corner of the empire for a length of time, without any serious inconvenience, may not, if suddenly extended to the whole empire, be productive both of mischief and calamity: but it is not true, to suppose, that no inconvenience has been experienced with respect to a circulating medium regulated upon such principles, even in the limited portion of Ireland where it has prevailed. From the scarcity of guineas, and their consequent high price (coin being the only medium in which transactions were conducted), the inconvenience became so great, that, by general consent, bank-notes became the prevailing currency in ordinary dealings, and it is only in discharge of rents, that payment in guineas has been latterly required. Even on this reduced scale, of demand for guineas, considerable difficulty has occurred in procuring the necessary supply, and the premium has at times become excessively high; how great then must be the difficulty, and the premium, if the demand for coin as a medium indispensable to the payment of rent, should be extended over the whole empire; and what an unjust scale would such a competition for guineas afford for regulating an increased payment of rent in notes! nothing could be more accidental, fluctuating and oppressive, than such a standard; unless it was the price of gold itself, when the continental exchanges are under the controul of the enemy, and when all freedom of circulation is at an end.

I admit the principle contended for by the learned member, that such a premium has a tendency to preserve guineas in circulation, and to counteract the profit which leads to their being melted and exported; but, for the reasons already stated, it never can be recognised as a just measure to regulate the rate or value, at which another currency shall be received in liquidation of a debt. As a new regulation in this country, I am not aware of any benefit which could result from it, possessing, as we do, a currency adequate to all our internal wants, and, in my judgment, neither depreciated, nor liable to depreciation, so long as its issue is regulated upon those principles which have hitherto governed the conduct of the bank of England.

In Ireland I can conceive such a practice may have had salutary effects. It has tended to preserve, to a considerable degree, a metallic currency in circulation, in a country whose national bank did not possess the same proportionable capital as the Bank of England; and in which private capital does not yet much abound for the establishment of private banks. It was, under such circumstances, advantageous, that the transition to a circulation, in which Bank-notes were to preponderate, should be gradual; that the efforts of credit to supply the demand for currency should be made with circumspection, both on the side of the issuers and receivers of notes; and above all, it required time to reconcile and to accustom a population, habituated exclusively to coin, to the use of notes, to judge of their reality, of their preservation, and of the steps they were to take when the notes were worn out to have them renewed. That transition has been silently, taking place, and I am induced to believe, is so far matured, that no shock to credit or industry need now be apprehended in Ireland, from any regulations which parliament in its wisdom may deem necessary to adopt for the administration of justice between man and man.

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The House will, I am sure, excuse my having detained them so long on the question as applied to Ireland. The exclusion of that country from the provisions of the act appeared to me to require to be examined; and I was the more desirous of offering some general remarks on the peculiar state of the currency in that part of the United kingdom, from the misconception which has prevailed with respect to it, more especially observable in the Report of the Committee in 1804 on the exchange between Great Britain and Ireland.

With respect to the extent of the Bank issues, and particularly whether some limit to their amount ought not to make a part of the present bill, as a security against depreciation arising from excessive issues, I certainly am one of those who admit that mischief might arise from a disposition in the Bank improvidently to extend their circulation of notes; at the same time, I must say, that the facility of committing such an abuse, as well as the temptation to do so, so far as the motive of personal interest can be supposed to influence the conduct of the bank directors, has been most unreasonably exaggerated in argument. I am also ready to admit, that, in proportion as the system founded on the bank restriction act is protracted in point of time, and fortified by provisions, such as the present bill contains, it becomes more strongly, not only the right, but the duty of parliament, to impose such restraints upon the Bank as may appear calculated to protect the community at large against any improper employment of the discretion, which is now exercised by the bank. It is not therefore under any doubt of what the right, as well as the duty of the House is, nor yet of the principle, that a due caution on the part of the bank is necessary to be observed, with respect to the amount of their notes in circulation, that induces me, more than to doubt the expediency of such a regulation. I am conscious much depends on a sound exercise of that discretion, but I know of no better security for its due exercise, than that it should remain under the superintending eye of parliament, in the hands which have hitherto administered it, with so much fidelity and advantage to the public. I see great objection in principle to any absolutely fixed limit. To name as the extreme amount a larger sum than that now in circulation, might seem to countenance an issue to that precise extent. To confine them within their present amount, incurs the risk, that, if the demand for circulating medium should increase with the growing prosperity of the country, the supply will be thrown into other and less safe channels; and if there is no precise limit which parliament can fix and adhere to, and that there can be none is obvious from the very nature of a circulating medium, which ought to fluctuate in amount with the extent of transactions to which it is applied, of all courses let us not expose ourselves to be called on to sit in judgment, from time to time, upon the quantum of issue required, which must be the case if this limitation is to be relaxed, from time to time, upon a case to be made out before parliament, by the bank, of its necessity.

It is not surprising that a considerable degree of jealousy should prevail with respect to the exercise of such a power in any hands; I am inclined to believe, that much of the feeling excited on what is called the bullion question, has originated in a disinclination, not the most enlightened, which mankind have in general to observe a corporate body, such as the bank of England, amassing unusual gains, even though growing out of an exercise of their credit, which contributes to the accommodation of every individual in the community. But what I can least understand, is, that any man should condescend so far in controversy, as to attempt to draw a parallel between the assignats of France, and the notes of the Bank of England: between a paper issued by a bankrupt government, upon no other alleged security at the time than the national domains of France, which standing on a revolutionary title, Sold almost for nothing; between a paper forcibly issued to pay debts, and to carry on the current services of a stale, and one issued by a private corporation with a view to their own immediate profit, and on what they deem solid and indisputable security; between a paper forced upon its subjects by a government which has no other means of payment; and a paper never issued, except at the instance of persons, ready to deposit value, and consenting to pay 5 per cent. for the temporary use of it. To infer that a paper circulation, founded on such principles, must follow the course of French assignats, and the other forced currencies we have witnessed in modern times, does appear to me such a substitution of clamour and assertion in the place of sober sense, as hardly to deserve notice.

At the same time I cannot wonder, that men of reflecting minds should hesitate, upon the practicability of a currency resting for any length of time with undiminished credit, upon any other than a metallic basis, which shall afford to

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every man the facility of possessing coin whenever he prefers it to bank paper. I admit the present is the first instance in the history of the world of such a system being realized; and I know of no other country in which it could have been attempted with any prospect of success; but happily the principles of private and public integrity are so deeply rooted in all our money transactions, and the discretion with which the Bank conducts its affairs, and its unparalleled wealth, are both so universally known and confided in, as to render inferences drawn from other countries inapplicable to this. I must therefore protest against an assumption of impracticability drawn from such premises. The experience of fourteen years is a tolerably decisive proof the other way; and I think it is quite impossible to point out, in our present situation, any thing which indicates that the credit of the country, administered upon this system, is not, at this day, as high at home and abroad, and as effective, to all the purposes of national industry, and of national exertion, as it was at any former period; and I would counsel those, who are disposed to set limits to the operations of credit, to reflect, that many of the principles upon which they argue against the existing system, might prove as fatal to a mixed circulation, as to the one which now, as a temporary expedient, prevails; both exist only by public confidence: and it is a question only of degree, how long either shall survive such doctrines of distrust, if unhappily they could be implanted in the public mind.

But it is denied that this system does answer the same end, even for purposes of internal circulation, as our mixed currency did; and it is said, look at the situation of annuitants and persons with fixed incomes of all descriptions, how reduced relatively in situation! What my lord King says is, put me back into the situation I stood in before the restriction act passed in 1797, and let me have a currency, which will produce to me, what that for which I bargained then did. Now let us separate this question into the two propositions of which it consists. I cannot undertake to relieve lord King, nor is it just he should be relieved from the mortgage on his property, which has taken place since 1797, the result of fourteen years of progressive taxation. The taxes have been nearly trebled in amount during that period. These taxes were intended to attach both directly and indirectly upon fixed incomes; and it is obvious, supposing even the currency had remained unchanged, that the power of purchasing with a certain amount of income must be very dissimilar at the present day. If then much of this alleged grievance arises from increased taxation, and other increased charges affecting the price of commodities, better proofs must be furnished to me, than any I have yet heard, before I can allow that any part of the evil can be fairly charged upon the particular species of currency in use at the present moment. That fixed incomes are deteriorated in value since the year 1797, is admitted; but what remains to be proved is, that a fixed income would have gone further at this day, if the necessity for the restriction act had never occurred, and if the Bank had continued uninterruptedly to pay their notes on demand in cash.

As throwing some light on this question, we know distinctly that internal prices have not been sensibly advanced since the beginning of 1809, when the present excessive rise upon gold, and fall of the foreign exchanges, took place; and antecedent to which appearances, it could not be alleged that Bank-notes were in any sense depreciated. We have then conclusive evidence, that fixed incomes suffered to the extent they are now impaired, when Bank-notes and bullion were at par with each other, and that they have not been further affected since Bank-notes have ceased to bear their accustomed relation with the precious metals. We further know, that in France, where coin alone circulates (with the exception of the small quantity of notes issued by the Bank at Paris), a corresponding rise in the price of commodities has taken place, very probably from the same cause, the pressure of taxation, which is very heavy in France at the present moment. The French government, in an official document, viz. the speech of Mr. Daru, "Intendant de l'Empereur," in January 1810, when proposing to the legislative body to annex certain national domains to the crown, stated, that the real value of money had fallen since the year 1791, in France, to such a degree, that the same income did not then represent more than two thirds of what it had been worth at the period referred to. This is further corroborated by a report of the Agricultural Society at Paris in 1805. Where then is the proof, that the deterioration of fixed incomes is a hardship peculiar to Great Britain, or to the particular nature of our currency? Annuitants and all possessors of fixed incomes may repine, when they compare their lot in society with the proprietors of land, and others deriving their subsistence from their industry, who can indemnify themselves by an advance of price upon their land or labour; but this is no grievance, it is in the nature of things it should be so; and when capital is invested, the

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original cost of the land or annuity is regulated accordingly. That the active member of the society should preserve his station better than the inactive, is no hardship. It is open to every man who possesses a fixed income, to be active if he thinks fit. The lot of women and children, dependent on small annuities, may be more severe, so far as it is their misfortune, and not their fault, that they are inactive. Such persons are much to be commiserated; but this is an evil incident to human society, and establishes nothing against the currency.

Upon the whole of this case, I am for the Bill. The only solid argument I have heard against it is, that it does not go far enough: this is a defect which can be cured in another session, if it should be found necessary; it goes at least a certain length to counteract an existing danger, which, though circumscribed as yet in its operation, had, I think, assumed a shape and character which would have made it unsafe for parliament to separate without evincing a determination to provide against its extension.

Upon the question itself, however strongly my mind is impressed with the injustice of the principle upon which his demand rests, lord King no doubt is influenced by a conviction not less sincere, that the course he has pursued is perfectly defensible; and under that conviction, as an individual, his lordship is morally justified towards his tenant in what he has done; but giving his lordship full credit for the purity of his motives, I cannot applaud the discretion which, in the midst of war, when no man, whatever his view of the original policy of the Bank restriction act might be, can now see his way to the early resumption of cash payments, has induced his lordship, as a peer of parliament, and a considerable landed proprietor, to hazard a measure, which, if generally acted upon, must have inflicted so severe a wound upon the public credit of the country. As the question has arisen, parliament sitting, I feel no uneasiness on the subject. The discussion which has taken place will dissipate alarm; and as nothing in this empire can long survive, which will not bear the test of free, or even adverse inquiry, I have no doubt the credit of the paper of the Bank of England, so far from being impaired by any thing which has passed, in the late severe ordeal of controversy, to which it has been submitted, will, on the contrary, the more the principles upon which it is issued are developed, stand the higher in the public estimation; and the period I trust is not remote, when the transient apprehensions of patriotism at home will be quieted upon this point, and when the enemy will be made to feel, in the unabated energy of our exertions in carrying on the war, the mighty difference which exists between a currency, such as we possess, and those forced currencies with which he has ignorantly been led to compare it.

In the mean time, let us take care that the law shall not be made an instrument of personal injustice, which it would be, if, when the tenantry of the country, having sold the produce of their farms for Bank of England notes, and having contracts equally binding with the Bank as with their landlords relative to cash payments, the law should interpose, and say to persons so circumstanced, the Bank shall not fulfil its contract with you, but you shall fulfil your contract with your landlord. The law cannot countenance so obvious an injustice; it must dispose of these kindred engagements upon one and the same principle, and refuse, during the continuance of the Bank restriction act, to compel persons, tendering Bank-notes, to make their payments in a currency which, under the authority of law, and for the public good, has ceased for a time to be the prevailing currency of the realm.

Mr. H. Thornton said he agreed in one of the concluding observations of the noble lord, that any attempt to limit the issue of paper of the Bank of England, would not be right. He agreed also that it was not fair to compare the paper of this country with that of France. The hon. gentleman said he was of opinion the bill did not stand on the mere act of lord King; the discussions which it had undergone in parliament, and the opinions which had been there given, gave it a most important feature. In various cases persons had demanded cash for the debts due to them. In one instance a country bank had been prosecuted for a small sum, which the proprietors refused to pay in gold, and the judges cast them in the debt and costs, which they were compelled to pay. Every country banker was liable to the same form of proceeding for all the Bank notes he might issue under five pounds. The effect which might have been produced upon country banks but for this bill was incalculable, for when tenants applied to the banker for gold, he might be unable to pay, and so it would run on through all ranks and gradations, each person demanding of the other payment in gold, and

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perhaps all unable to comply with the demand. The sudden demand for gold would, of course, have the effect of rising the price, as in the demand for wool some years since; it was fair, then to anticipate the evils which would naturally follow from the trade in gold. He should support the bill on the ground of necessity, but he could not think it was desirable to carry it into a permanent system. The bill of 1797 was necessary, and as far as it went an admirable one for its purposes. It would not be proper, in the event merely of alarm or invasion, to allow the conversion of paper into gold, and, there fore, as in 1797, it was highly expedient to provide against that evil, not departing from the system of 1797, as a temporary measure. He should have given his consent with reluctance to the bill, had he not heard from the Bank directors, that the issues of paper were restricted, and consequently that the circulation of that species of medium did not amount to more than when the Bank Restriction act passed. Adverting to the issues from the Bank of Paris, he observed, that the restriction on that bank conduced to the restoration of the value of their notes. He must object to that part of the bill which provided for the non-exchange of gold, except that metal should at the time be at par. He thought the operation of the bill should in that case have a retrospective, and not a prospective view. In looking at the value of exchange, and the difference in them, he conceived if the exportation of our commodities were in a great measure restricted, and the importation of those of the Ruler of France forbid, we might by other means obtain such an article (or in fact, gold) in return for our exports, as should compensate. Much had been said on the subject of the depreciation of the paper of the Bank of England, but he wished that gentlemen, when they were so anxious to mark that supposed depreciation, would shew at what period it began.

*Mr. Marryatt* conceived that the bill contained extraordinary provisions, and had been introduced under extraordinary circumstances, in order that ministers might thereby read a recantation of the doctrines they had introduced under the resolutions grafted on the report of the Bullion Committee. The bill went to falsify all those resolutions, namely, That Bank notes were equivalent in value to the current coin of the realm. So far from that being the case, he thought that the ground of bringing the bill in was, that tenants would, if the law was not declared otherwise, be compelled to purchase guineas at the rate of 27s. each, to pay their landlords. It was not a little curious to remark, that the supporters of the bill admitted that the depreciation of paper was so alarming that it was necessary to have recourse to legislative interference. Among the extraordinary novelties which this bill introduced, might be enumerated the clause excepting Ireland from its operation. He could not divine why it was necessary to legislate for an evil where it was not proved to exist, and to refuse to legislate for the same evil where it did actually exist. He, however, could not conceive on what principle the tenantry of Ireland were to be exposed to all the hardships and difficulties which would surround them, and yet the people of England were to be protected from those hardships. He denied, as had been asserted, that the commercial interests were more affected than the landed interest. But the most extraordinary of all the provisions (as might be gathered from the declaration of the right hon. gentleman) was the intention of making Bank notes a legal tender. That this bill was to be a sort of preliminary step to that object could not be doubted. The support of ministers would not have been given to the measure if the fortunes of the empire were not to be staked upon its success.

*Mr. J. Smith* condemned the plan of the noble lord (King,) as leading to the most fatal consequences. If every man of great landed property were to demand guineas for their rent, would the farmer be enabled to pay them in that coin? would he not rather say, if a depreciation of 18 or 20 per cent had taken place, and the landlord should demand 120l. for 100l. rent; "no, I paid you last year 100l. and I have no advantage this year which allows me to pay you 120l. therefore I cannot." Such conduct on the part of the noble lord, if followed, would lead to practical evils, especially among country bankers. If a country banker did not on demand pay his notes under 5l. in gold, he was liable to have a distress issued by the next magistrate within ten days after his refusal, the consequence of such proceeding would be the total destruction of all country banks; he thought ministers were entitled to the thanks of the country, for having brought the bill forward, or at least given it their support.

*Mr. Bankes* was not disposed to return the right hon. the Chancellor of the Exchequer his thanks for the Bill; on the contrary he thought it most unfortunate. The conduct of lord King, which led to its introduction, he had heard panegyricised and extolled, but he believed, much as that conduct had been applauded by certain persons, there was not

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a respectable landlord in the country who would follow his example. Parliament, in his opinion, ought to have trusted to the confidence and honour of the country, and have rejected it altogether. The hon. gent, conceived that the House ought to be in possession of the best legal authorities in the land, as to the question whether the Sheriff's officer would be liable, in case of hurry and confusion, or what redress the tenant would obtain in a court of equity. In his opinion the only radical cure that could be resorted to, was, that of a limitation of the paper currency, which would be the means of extricating the country out of the embarrassing situation into which it was plunged.

*The Chancellor of the Exchequer* would not detain the House at that late hour of the night with any detailed discussion of the Bill before them, but would endeavour to confine himself to a few observations upon what had fallen from some of the hon. gentlemen opposite to him. However, in some points of view which his hon. friend (Mr. Banks) who spoke last, seemed to differ from him in his consideration of the measure, yet respecting the principle of it, he did not differ in opinion from his hon. friend. What was most to be apprehended was an imitation of the conduct of the noble lord which had given occasion to the Bill: a conduct upon which such studied and profuse panegyric had been heaped, that it was no wonder it should invite and encourage imitation, though he by he means imagined that his hon. friend would be among those who could be tempted by the example, or who would recommend the imitation of it to others. There were those, however, who appeared so enamoured of the conduct of the noble lord, who extolled it with such loud cheerings, and such extravagance of praise, that it was evident that it was not only in theory, but in heart, they espoused the conduct and the example held out by that noble lord. When, however, the consequences with which the imitation of that conduct might be attended, were seriously considered, he would not hesitate to characterise that conduct in the effects to which it might give rise, as a conduct as improper, as dangerous, and as mischievous as any of which any individual could be capable towards his country and the community. He was at a loss to conceive that those persons by whom that conduct had been so highly praised, could be sincere in the panegyrics they bestowed upon it; or could even seriously think of advising or encouraging the imitation of any conduct which must prove so prejudicial to the country at large, and so oppressive in particular to the tenantry; for surely they should first have examined the propriety of such conduct, before they held it up as an object of praise and admiration, as a proof of patriotism so commendable in itself, and so worthy the imitation of those who could aspire to emulate so glorious an example. He had already observed, and he would now repeat it, that he did not at first consider the example of such a conduct as very dangerous, because he did not then apprehend that it would be acted upon to any extent: yet when he began to contemplate the danger which might arise while parliament was not sitting, from an example which had been so emphatically eulogised, as to make it solicit and tempt imitation then, and not till then, did he feel the expediency and propriety of adopting some counteracting measure, before the session of parliament finally closed. For what, among others, might be its consequences—the country bankers might first be applied to, and not being able to pay in specie, they would be obliged to shut up shop. What disorder, distress, and confusion this would produce all over the country, it was more easy to conceive than to devise a remedy against; but it might be among the first advantages and blessings that might result from this praiseworthy conduct, this patriotic experiment. The conduct of lord King was defended by an hon. and learned gentleman on the ground that it was meant only; as a practical experiment of two prices, as a proof at least that there actually existed two prices. It was not gold that the noble lord wanted; it was not his own individual interest and emolument he was anxious to promote; no—his sole object was to establish his theory of two prices. What a strange defence of the noble lord's conduct! Nor did the learned and hon. gentleman confine himself to the law and equity of lord King, or to how lord King would act himself in this respect; but he proceeded also to shew how others might act on the same rule. But the House would consider how the noble lord limited his law—how he intended to act agreeably to contract. At the period of some of these contracts was the current coin more or less than it was now? The contract was made according to the current coin of the day; and the current coin was then only equivalent to paper; why should not paper be equivalent to coin in respect to such contracts? Was not one as much justified in law as the other? This was a question to settle, and parliament, he thought, should not separate before something was done to settle it. The hon. and learned gent, had thought proper to represent him (the Chancellor of the Exchequer) as one of the most lucky men that had ever held the situation in which he bad now the honour to be placed. By mere good fortune every thing turned out just as he could wish. He had in contemplation the measure now

before the House; but he was puzzled how to bring it forward. But as his good fortune would have it, lord King came forward, with his late notice, and relieved him from the perplexity. Such, no doubt, was his familiarity with lord King, and such his influence over that noble lord, that he consulted with him how he should act, and prevailed upon him to adopt such a line of conduct as would seem to call for and justify the present Bill! Nor did his good fortune stop here. He next consulted with lord Stanhope, and that noble lord, it would seem, also conspired with him, and came forward with the Bill in the other House. But at first, he and his colleagues did not consider the Bill as necessary, not imaging that the example of lord King in this respect would be followed to any extent;—but his good fortune was conspicuous again; for lords Grenville and Grey so be-praised lord King for the line of conduct he had adopted, that he, (Mr. Perceval), now perceived all the danger of the example set by lord King, which decided him in adopting lord Stanhope's Bill! And here he must also have conspired with lords Grenville and Grey, and prompted them also to adopt a language which justified him in supporting a measure, which he had in contemplation and at heart, though he had opposed it in the first instance. These certainly were singular instances of good fortune; but the idea he must think was confined to the hon. and learned gent, and he would leave him to enjoy it without a rival. But as the gentlemen opposite him contended for the existence of the evil, which they called a depreciation of the notes of the bank, they accordingly felt called upon to propose some remedy. One proposed the remedy of two prices; another the purchase of gold, even from France; another the diminution of the national debt, and so forth. It was evident that the practical experiment of the two prices was held out in terrorem. As to the purchase of gold, how, and by what means was it to be purchased? Not by Bank notes. Was it then to be purchased by our colonial produce, or by our manufactures? But if these were to be offered to France, would she not propose to us to take her brandy and claret in exchange? Would she part with her gold in exchange for these commodities? Surely not. It had been confessed, even by those gentlemen who opposed the bill, that gold had sometimes, and under certain circumstances, an artificial, an unnatural price. If they admitted that, then they admitted the principle of those who supported the present measure; they differed from them only in the application of that principle. If the price of gold was artificial and unnatural, then it could not continue at that price. If trade became open, that artificial price would cease. But certain political circumstances might for a time put embarrassments and limits on trade: and therefore, as long as they lasted gold might rise more or less to that artificial and unnatural price. It had likewise been much insisted on that by limiting the issue of Bank paper you would lower the price of gold. This he had on a former occasion contended, and would now again contend, would not be the case; but even if to any degree it could not have that tendency, still it would be unwise to limit that issue, for by limiting it, you would risk ruining the country; for you would then cramp or suspend all those exertions on which rested the hopes of the country, and all the means by which its resources could be replenished and revived. It would diminish our trade, and dry up the chief sources of our strength. In the same manner as an artificial value might be given to gold, so also might an artificial depreciation be occasioned in paper. He would ever contend that the Bank of England paper had suffered no real depreciation. Such conduct, indeed, as that of lord King, and of those who would recommend the imitation of it, had a tendency to produce that sort of artificial depreciation of the Bank paper, and therefore such a conduct should be rejected, and a legislative measure, something of the nature of the present bill, resorted to, in order to counteract the mischievous effects of such an example.—As to the measure of making Bank notes a legal tender, he hoped it would not be necessary; he trusted that the seasonable adoption of the present bill would prevent it. The same argument was urged against the measure of 1797, and the making Bank notes a legal tender was then considered as the necessary consequences of that measure, yet fourteen years had since elapsed. The Bank notes had not yet been made a legal tender, though it was asserted that such must be the immediate consequence of a restriction on the cash payments of the Bank. Indeed, it was difficult to conceive how, with any colour of candour and consistency, the present bill could be opposed by those who advised and supported the measure of 1797.—As to the legal questions started in the course of the debate, he should not be very forward to give an opinion. It had been asked to what would recourse be had in case of distress for rent. He should only say, that the provisions of the present bill were in this respect nearly the same as in that of 1797; and in the whole course; of the time that had since elapsed, only one insignificant case occurred for a decision of that question. Neither would he say how the courts of equity, would act and decide in such cases. The debt for rent might, he would suppose, be paid into court; and even were it so

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paid in gold, the court would pay the money into the Bank, and when the case was decided, and the money called for, the Bank would pay it in paper, and not in gold. Besides other processes than that of distress might be resorted to. There might be some delay in the sentences of the law; but it should be recollected that the present was only intended as a temporary measure; and therefore any inconvenience that might arise from it, must also be only temporary.

Mr. Tierney said, that the right hon. gent, had been extremely comical upon one of the most serious subjects that ever came before the House. He had joked upon his conspiracy with lord King, and he had joked, also upon his secret intrigue with lord Stanhope, and he had, then joked upon his secret consultations with lords Grey and Grenville; but here the joke was against the right hon. gent; because it Could not be forgotten, that if lords Grey and Grenville had been willing, the right hon. gent, would have been very glad to have entered into consultation with them.—In alluding to lord King, he paid him every tribute of praise; but had he been in lord King's place, he confessed he should not have taken the step that noble lord had done. (Hear!) He wished to be perfectly, understood, in saying this, as not meaning the most distant censure on lord King, whom he believed incapable of an unworthy act. He contended that this measure was, to all intents and purposes,; making Bank notes a legal tender. What said the bill? You shall not take a guinea for more than twenty one shillings, and you shall not take a Bank note for less. Guineas: you, cannot get, therefore you must take notes, and yet this was not making them a legal tender. The passing of this bill declared to the world that the Bank of England could not goon without support. After the passing of this Bill, Bank notes would not be the notes of the Bank of England but of parliament. The Bank had been spoken of as a body of independent merchants trading on their Own capital, but it was now well known and generally understood, that the Bank of England was, to a certain extent, a mere instrument in the hands of the Chan cellor of the Exchequer. He should trouble the House no further, but conclude with avowing it as his solemn opinion, that the present measure was pregnant with the most mischievous consequences to the) country.

Mr. Creevey said he should postpone his Resolution to another stage of the Bill, as pressing it at that late hour might be productive of inconvenience. (Hear!)

*The House then divided. For the second reading, 133.—Against it, 35.—Majority for the Bill, 98.*

*On the motion for committing the Bill tomorrow,*

Lord Folkestone , after some observations on the necessity which would be imposed on parliament before the prorogation, to adopt measures for the relief of the suffering manufacturers in various parts of the kingdom, particularly at Nottingham moved as an amendment, that the Bill be committed on that day se'nnight. The amendment was negatived without a division, and the original motion was put and carried.

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Earl Stanhope moved the order of the day for resuming the adjourned debate on his Resolutions relative to a proposed Circulating Medium. [See p. 908.] His lordship observed, that he should be trespassing on their lordships' patience, and insulting their understandings, if he were to adduce any argument to shew the importance of the subject, as without a circulating medium the taxes could not be paid, the public creditor could not be paid, nor could our army or navy receive any pay. He was perfectly aware that the Bill which had passed that House would not of itself be sufficient; and that if that Bill passed into a law, there would be a necessity, as the law would then stand, for further measures, with the view of establishing a fit and proper Circulating Medium. He admitted, that that Bill was only a coat for a humpy; and that it was adapted to a distorted state of things. He had brought it forward as an immediate remedy for a pressing evil, but without having any idea that that alone would be sufficient. By that Bill, under the clause very properly, added to it by the noble lords on the other side, landlords insisting upon their rent in gold could not distrain upon their tenants—so far was undoubtedly proper. But then other remedies were still left to them, a landlord insisting upon his rent in gold, might say to his tenant who urged the impossibility of procuring gold, "then you must turn out." The tenant might urge his compliance with all the terms of his covenants, and his having laid out a large sum of money on his landlord's property, but still the landlord might say—"If you don't pay me in gold you must turn out." He did not know how far a court of equity might interfere in such a case; there was an instance in the last war in which the court of chancery had refused to allow a mortgagee, under the circumstances of the times, to foreclose a mortgage. Whether this was right or not he did not pretend to say;—suppose, however, the tenant should endeavour to procure gold for any part of his stock; suppose he should bring malt or hops for instance, to a brewer, take any brewer in a large way or a little way,—brewer Whitbread for instance,—he tells Mr. Whitbread he has brought some excellent malt or hops, but he must have gold;—but, says Mr. Whitbread, I can't get gold for you—take Bank notes now, and I must see and procure gold for you next time. Then Mr. Whitbread goes to his friend the publican who buys his beer, and tells him, he must have gold;—I can't get gold, says the publican, you must take Bank-notes now, and I must see what I can do. What, if Mr. Whitbread still insists upon gold, why, the publican will take down "Whitbread's intire," and put up "Meux's intire," or "Calvert's intire," or any other intire. How now, says Mr. Whitbread, we have always agreed very well together, why should you leave off taking my beer? Why, then if the publican is to find gold, what is he to do? He says to his customers whom he serves with pots and pints of beer, and chalks it up, "you must pay me in gold." What would be the consequence of all this? Beer, and meat, and bread, and every necessary of life would rise to an enormous price. To those who supported this gold system, and who thought it popular, he would say, Call your county meetings, call one in Kent, and I will be there; and if you are not satisfied with the number of hands held up against you, call for a division; let those who are against you, go to the right side of the street, and those who support you go to the left, and then you will see the paucity of their numbers; or call a meeting in Westminster, and put the question in Palace-yard, whether they would have bread and meat and beer dear or cheap, and see what the decision would be. There were some who, like parrots and magpies, could say nothing but "Gold, gold, gold." To believe gold necessary to a circulating medium was an idea only fit for Hottentots. To think a circulating medium of gold necessary was only shewing that we were just at the commencement of civilization, or rather on the verge of barbarism. A noble friend of his on a former night had found it difficult to conceive the abstract idea of a pound sterling. He however (lord Stanhope) could see no difficulty in fixing a standard which should not be liable, like gold, to variation and fluctuation. If he wanted to measure that House, he would of course take for the purpose some certain and definite measure, and not a thermometer, which would expand in his hand. So with respect to the pound sterling, fixing its value at the tune of passing the act, it might remain a permanent standard, fixed and invariable, and which would be a certain and definite measure of value. It had been said, that plenty of gold was to be

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had, but how were we to get it if the balance of payments was against us; and how were we to keep it when we had got it? Would it not, under such circumstances, go out of the country as fast as it came into it? Conceiving it then to be impossible to procure gold; and that if it could be procured it was not a fit substance for a circulating medium, from its fluctuation in value, he thought it time to look to some other resource as a circulating medium; and if the system of Bank entries, which he proposed, was adopted, the difficulties we had encountered would be a fortunate circumstance, in leading us at last to a sound and permanent system. To make Bank-notes a legal tender he had a decided objection, from the impossibility, in transactions between individuals, of knowing whether they were forged or not. A man, after accepting a Bank-note for a debt, might; on taking it to the Bank, be told that it was forged—they would keep the note, and he would get nothing for his debt. The security of the public creditor was, that he was certain the Bank notes he received were not forged, because he received them at the Bank of England. Under the system he proposed, a similar security would exist, as every person wanting to make a tender must deposit his Bank notes at one of the branches of the Bank, where it would be immediately discovered whether they were forged or not, and where he would have credit given him for the sum deposited, which entry of credit he might transfer to another, and which might be safely made a legal tender because there would be no possibility of forgery. These Bank entries might, he contended, be rendered a circulating medium fit for every purpose for which a circulating medium could be required, would be secure from all risk and danger of loss from invasion, insurrection, robbery, or accident, and the system might be carried into effect with the greatest facility. His lordship read a letter he had received, to shew, that a similar system was already practised by a country banker, and concluded by moving that the Resolutions be printed.

*The Earl of Liverpool* did not wish to enter now into the discussion of the subject adverted to by the noble earl, but would only generally observe, that he had always considered it a safer and a better course to derive principles from experience, than to lay down speculative principles to act upon, and to try whether those principles would operate to produce the good expected from them. With respect to this second child offered by the noble earl for adoption, he should merely now say that he did not object to the printing of the Resolutions, but at the same time he wished expressly to guard himself from the supposition that he there by approved of them. He assented to the printing of them as a matter of convenience, that they might be better understood by their lordships; wishing it, however, to be distinctly understood, that he did not by that vote mean to express any opinion upon the subject matter of the Resolutions.

*The Earl of Lauderdale* said it was highly satisfactory to him to hear the noble earl on the other side decline to adopt this second child of his noble friend, but he still thought that to vote the printing of these Resolutions would be giving a sanction to them which the House ought to pause long before they agreed to. He could not but consider some parts of his noble friend's speech as inflammatory and mischievous, although undoubtedly not intended to be so. When his noble friend talked of calling a meeting in Westminster, and putting a question, whether they would have dear or cheap bread, what would it be but raising a clamour upon a subject which those who were called upon to decide did not understand? When men's minds were agitated as they now were by this subject, he could not think that his noble friend's Resolutions, or his speech were calculated to do any good. He had heard, with feelings of pain and regret, those parts of his noble friend's speech, in which he had so strongly urged the absurdity of having gold as a circulating medium, recollecting that the very same arguments were used in Paris, at the time of the Revolution, when gold was equally said to be unnecessary, and when it was said, "Let the dirt return to the earth from whence it came." These very same arguments which led to the forced currency and consequent depreciation of assignats, and all the dreadful consequences which followed! Could any thing be more mischievous than for his noble friend to state, that if we returned to a cash circulation, the taxes could not be paid, that the public creditor could not be paid, or that the army and navy must be disbanded for want of pay. On the contrary, it was impossible that a sound and healthy circulation could be restored without resuming payments in gold. The convenience of a paper circulation was always admitted, but it could only be received as part of a healthy circulation when convertible at pleasure into cash. The effect of his noble friend's propositions would be to make Bank notes a legal tender under another form, it would alter the nature of all pre-existing contracts, and must produce an enormous rise in the price of all commodities. The natural

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consequence must be a maximum. What also was to prevent the Bank entries from being depreciated in the same manner as the Bank notes were? It was impossible to prevent this depreciation whilst the present system continued. He could bring evidence to prove at their lordships' bar, if the subject was gone into, that 3 per cent. consols had been bought at 57 for gold, and at 64 for paper. It was also notorious, that there "ere shops in this metropolis where two prices were regularly noted in gold and in paper. He was old fashioned enough to believe that gold was necessary to a sound and healthy circulation; and he thought the House ought not to give currency to the doctrines contained in the resolutions of his noble friend, by ordering them to be printed.

Earl Stanhope , in explanation, said he had not alledged that the taxes, the public Creditor, the army and navy, could not be paid without gold, but without a circulating medium. His noble friend, who had made one of the best speeches upon the Roxburgh case, had made as bad a speech now as his speech was good then. As to a meeting in Palace-yard, he really believed that there were many persons amongst the inhabitants of Westminster who understood this subject quite as well as his noble friend.

*The Earl of Lauderdale* observed, that the subject might be discussed any where, it depended upon the manner in which it was treated.

*The Resolutions were ordered to be printed.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 17 July 1811 → Commons Sitting**MOTION FOR DISALLOWING THE VOTES OF THE BANK DIRECTORS UPON THE GOLD COIN BILL.***HC Deb 17 July 1811 vol 20 cc1001-12*

Mr. Creevey rose, for the purpose of submitting to the House a Re-resolution for disallowing the votes of certain members in the further stages of the Gold coin Bill. Previous to which, he desired the clerk might read the extract from the Journals respecting the Loyalty Loan of 1797.—[The clerk accordingly read the extract, which consisted of a motion for disallowing the votes of George Rose and William Huskisson, esqrs on the loyalty loan bill, they being interested as subscribers. Those gentlemen having been heard, and stated that they declined any interest, withdrew, and the House rejected the motion]. The hon. gent. observed, that he did not object to any thing done on that occasion, because the two members were allowed to vote; the real state of the case was, that Mr. Pitt had given them bonuses on the loan of that day, and they, upon the objection to their votes being taken, stated that they had parted with their interest, and therefore the House allowed them to vote on the bill. The case was different with another hon. member, he did not know whether he was now a member of the House or not, but his name was Manning. On, that occasion Mr. Manning stated how he was situated, that he held some of the loan, and took, the advice of the then Speaker how he was to act. The Speaker decided, that if he possessed any interest in the loan, that was a disqualification for voting, and Mr. Manning accordingly withdrew and did not vote. The other case was that of a bill for incorporating a bread company, consisting of fifty pound shares. Some of the members were part of that community, and the Speaker decided, that they bearing an interest, were not entitled to vote. These were cases which were in point with the present. He held in his hand a list of Bank proprietors, in number 45, who, as he should contend, possessing from their situations an interest in the present bill for legalising the tender of Bank notes, were consequently disqualified, and ought not to vote. In order to shew the interest these forty-five persons had, it was only necessary for him to refer to the act of 1797, restricting the issue of gold by the Bank of England. By this act the company were restrained by law from paying their legal creditors in cash, in consequence of which, having before the period of passing the act issued notes to the amount of eleven millions, and supposing that sum to be for their capital, they did, after the passing of the act, increase their issues to twenty-one millions. The effect of the act was this, that there accrued to them a great increase of interest—that in the way of bonus they had in the 14 years subsequent to 1797, divided among themselves the enormous sum of six millions sterling; that they had increased their dividends from seven to ten per cent, and that the rise in the price of their stock was almost unparalleled, it being at that time only 11 8, and now 230. All these benefits had been produced by the bill of 1797, and he would ask, what greater interest could they have than in their being invested with the power of coining? Could the case before alluded to be put in comparison with this power? Would it be contended by any one that it was right for the House to permit them to double their fortunes? With respect to the interest which these persons might have in the bill, if he were to say that these notes were depreciated, he might be liable to the same observation which a right hon. gent. had applied to his noble friend (lord King) and be called a jew and a pedlar. It was quite sufficient for his purpose, without stating any such opinion, or noticing the unfortunate cases of Mr. and Mrs. De Yonge, prosecuted for selling guineas, to state that those cases, and the conduct of his noble friend in demanding guineas for his rents, produced this bill making bank notes a legal tender. The operation of the bill was to grease the wheels of the Bank, and to set them, as in 1797, a coining again. They might, when the Bill passed, turn their rags into paper, give them a nominal value, whatever value they chose, and no one dared refuse to take them as coin, and then would follow a further increase of dividends and bonuses, and a note might, perhaps, eventually be sold for two-pence, which passed now for twenty shillings. Under these circumstances, those members composing the list he held in his hand, ought not to be allowed to vote. Some of them, without mentioning their names, were Bank directors; others were proprietors only; when he approached the Bank directors it was with the greatest awe, for he knew they were the greatest persons in the country, greater even in

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point of power than their brother directors in Leadenhall-street. He was aware that in naming them, he might render himself open to be assailed with harsh names, but still they possessed great powers; for the legislature protected them against paying their creditors, and they in return furnished the government with aids for carrying on the war.; in fact, the government might be said to be composed of three estates—the King, the Bank of England, and the East India company; and they would go on just as well if the ministers, as in the East India direction, were to change with the Bank directors, and go out by rotation; for the right hon. the Chancellor of the Exchequer, admirable as he was in his speeches, would, if he were to change seats with the gentlemen under the gallery, have his paper then as much admired as his speeches ever had been. It had been said on a former night, by an hon. friend of his, a Bank director, that he could not have arty influence or interest, for he possessed only 2,000l. stock, but he never saw any commercial man who could not get accommodated at the Bank, to the extent, as in a late case, if wanted, of 200,000l. He should like to know what sort of a figure his noble friend lord King would cut, were he to go there and ask for accommodation. The hon. gent. then referred to the list, and observed, that he would take the first name, which was the right hon. George, lord Arden; now looking over the Report of the Committee appointed to inquire into sinecure places, he found that lord Arden held the offices of a lord of the Bed Chamber, Register of the court of Appeals, and Register of the high court of Admiralty. When called before the Committee, and questioned as to the amount of his fees, the noble lord refused to answer; and it was not until his deputy, Mr. Jenner, was examined, that any information could be gained. It then appeared, that the fees which the noble lord received amounted to twelve thousand pounds per annum; that for the last ten years, the public money) remaining in his hands amounted to 200,000l. on the average yearly. Now, the right hon. gent. had called his noble friend and some others "Jews and pedlars;" might not the same appellation be liable to fail upon lord Arden? might he not have laid out in Bank stock the 200,000l.—(Cries of Order, order! (Why when the right hon. gent. was talking of lord King, who was only making the best use of his own property, which he had the right of doing, he was complimented with the title of Jew, and was it unreasonable to suppose that lord Arden could not be as gallant a defender of his property as my lord King? If the right hon. gent., by the term "Jew" meant a vigilant guardian, it might be fairly said, from what was to be found in the Report of the Committee, that the lord of the Bed Chamber, and the Bank proprietor had as firm an attachment to his own interests as my lord King. The honourable gentleman then moved "That it appears to this House that in consequence of an act passed in the 37th year of his Majesty, for protecting the Bank of England from payment of its lawful creditors in specie, the profits of that corporation have increased to an enormous degree; that besides increasing the dividend upon their capital stock from 7 to 10 percent. they have at different times divided amongst themselves, in the way of bonus, upwards of six millions of money, being more than one half of their capital stock; and that in addition to such profits, their capital stock has, by the advantages of increased issues of their paper, and non-payment of their creditors, been increased from 118l. per hundred to 236l.; that, under such circumstances a Bill is now pending in this House, giving a legal value in the coin of this realm to the notes to be issued by such Bank, However indefinite such issues may be, and protected as the Bank still is from payment of its creditors by means whereof the issues of notes, and the profits of the Bank may be even still further and greatly increased; that various members of this House are members, likewise, of the said corporation of the Bank, and proprietors of Bank stock; and that this House is of opinion such members have a direct interest in passing this bill into a law, and that their votes in favour of the same ought to be disallowed."

*Mr. Maninng*, being particularly alluded to by the hon. gent., hoped he should be excused in troubling the House. The hon. gent. had by name referred to him as the member who in 1797 applied to the Speaker for advice. The fact was so, and he had no intention of correcting it. There was not, however, the least similitude between the two cases. In 1797 on the proposal of the then Chancellor of the Exchequer, Mr. Pitt, a bonus was granted to the subscribers to the loyalty loan. Feeling that if he had given his vote for the Bill, he should have been voting 1,000l. perhaps, into his own pocket, he was anxious, before he came to the vote, to satisfy his mind, and to do justice as a member of parliament, and upon the opinion being given by the Speaker, he did not vote. With respect to the present Bill, the hon. gent. had not stated any ground of distinct interest to disqualify him from voting, and he must deny the existence either in Bank director or Bank proprietor. They would not be benefited by the passing of the bill one half-crown. It had been said,

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that the bank directors had brought in the bill; they had not had any communication with the noble earl who brought it in—had neither solicited, desired, nor supported it. He could put it to the House whether this bill, as in the case of the loyalty loan, involved any pecuniary interest. If it did, he should, as he did then, withdraw, but having no such bearing, he conceived that no proprietor ought to be excluded from voting. On the division upon the last reading, the numbers were 113 to 35, therefore, he would gain nothing by his motion; for if the whole of the Bank directors were to be left out, still there would be above 100 members of parliament, remaining, to give their free, cool, and deliberate judgments on it. On these members no such imputation as interest would rest; as well might objections have been taken to the votes of certain members upon the distillery bill now before the House. The hon. gent. ought to have challenged the votes of the member for Norfolk, of the member for Cumberland, and, in short, of all the agricultural interest, for they were certainly mainly interested in that question. It was: not however, necessary to follow the hon. gent. in all the questions which he had so irrelevantly introduced: there was no evidence to prove that the bank had divided six millions, nor was he bound to say whether the profits of the company had been more or less; but he would ask the House, whether any company, holding a charter from government, for which they paid a large price, was to sit still with their hands behind them, and, unlike other companies, neglect to increase their profits fairly and honestly. Other companies' stock had increased in value: for instance, the Royal Exchange assurance from 77 to nearly 300 percent. The Grand Junction Canal was another instance. It was not exactly fair in the hon. gent. to travel into another place, and bring forward the name of a noble lord, whom he had the honour to call his friend, and state that he had public monies in his hands which he might have invested in the bank. His surprise was so great that he was about to have risen to order, but the House seemed to feel the impropriety, and expressed their opinion. Both in the case of lord King and lord Arden it was improper to mention their names, as neither could answer for himself, not being members of that House. He should object to the motion, and in voting on the Bill exercise his own judgment, until he was reminded by the House that he was doing wrong. He should continue to pursue that line of conduct which his conscience told him was correct, not deterred by any thing the hon. gent. could say, but exercising his abilities for the interest of the country.

Mr. Dent did not think there was a gentleman in the House could be influenced in the vote he should give; if there were any such, it was the duty of his hon. friend to point them out. He thought my lord Arden had been dragged in head and heels for the purpose of being abused. Instead of taking the name of my lord Arden, his hon. friend might have taken the first on the list, and there he would have found the name of the Speaker; and the noble lord was introduced because his hon. friend was aware that the right hon. the Chancellor of the Exchequer had too much of dignity, too much of feeling, to answer the observation, and therefore he thought himself secure, and that he should go scot free. With respect to the statement of the profits of the bank, that he did not think correct, and stated a history of the bank from their first formation, in 1696, to shew that they had always kept up a close connection with the government.

Mr. Long was satisfied that every gentleman in the House would see the motive which induced the hon. gent. to select the name of lord Arden. It was invidiously introduced—[Mr. Creevey denied that he had so introduced it;] The manner, the time, and the observations, were too glaring not to convince the House of the motives of the hon. gentleman. He had no doubt, but that if his name had begun with a instead of an A, and that therefore he had been at the bottom instead of the top of the list, he would have been equally Selected. If the noble lord had not himself answered the questions put to him, he had, however immediately referred to his deputy, who knew better than he did; and this deputy did give the Committee as much satisfaction as they could desire with respect to the amount of lord Arden's emoluments. There was a prodigious difference between the case of the loyalty loan, where the decision of the question put 500l. into the pockets of every subscriber to the amount of 10,000l. and the present question, where, if there was any interest, it was the most minute that could well be conceived. A number of members in that House had a much greater and more direct interest upon the Distillery' question, and it might be as well contended that no member should vote upon a Canal Bill, who had any property in another canal which might be at all affected by it. The gentlemen who opposed the bill seemed a little inconsistent in this particular, that while they contended that it would

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accelerate the depreciation, they still spoke of it as supporting the Bank. He thought it unfair for them to use the argument in this manner on both sides.

*Mr. W. Smith* could not help observing, that however just might be the disapprobation expressed of any allusion to the motives of one noble lord, the sentiment was equally applicable to the censure passed upon the conduct of another. With respect to the objects of his hon. friend who had brought forward this motion, he had not the smallest doubt of the purity of his views, although he did not think he had fully succeeded in proving the direct pecuniary interest of the Bank proprietors if the present bill, and if any indirect interest was permitted to operate as an exclusion, it would on many occasions cut off half the votes of the House. The question, however, now was quite distinct in its nature; it was a question between the interests of a monopolizing company (he did not mean to speak invidiously) and the interests of the public. Now, he had never heard of a corporation of barley growers, or of a corporation of West India planters, or of any act of parliament, to defend them against the lawful demands of their creditors. If in 1797 a motion similar to the present had been made, he could not believe that it would have been resisted, it being then clearly the direct interest of the proprietors that the restriction should take place. He did not assert that they first suggested or brought that measure forward, or that any censure ought to be passed upon them for their conduct on that occasion. Their evident and immediate interest in the question ought, however, he conceived, to have prevented them from publicly voting in favour of it. The right hon. gentleman had said, every holder of a Bank of England note might, by the same rule, be excluded from dividing; but he surely forgot, not only the very small and temporary interest thus held, but also that every holder of a note did not thereby enjoy the profits or the privileges of a Bank of England corporator. It had been said, that there was no regular or authentic proof before the House of the Bank having acquired any extraordinary profits by means of the suspension of cash payments; but if there was no such proof, there was certainly the very strongest presumption, as he was himself prepared to shew. Previous to the year 1797, the dividend on Bank stock remained for a number of years at 7 per cent. His hon. friend had estimated the whole profits of the last six years at 6,000,000*l*. He held a paper in his hand, which shewed, that during the fourteen years since the suspension, the Bank had divided 32*l*. 7*s*. percent, in bonuses. Their dividend had increased first to 10, and subsequently to 11 percent. Instead of 7, as before the act of restriction, the dividend had been at the average of 10½ per cent. This was matter of fact. The whole increase of profit was therefore 50 percent. within the 14 years; and a person holding stock in 1797 might have continued his ordinary expenditure, and without risk or labour, have doubled his capital in that period. Other companies, such as the Royal Exchange and Grand Junction Canal, had made great profits, but they had not made them through the medium of any legislative act to exempt them from the payment of their debts. If these companies had possessed this privilege, what would have been so likely to raise these profits to a much greater height? If the interest, then, of Bank proprietors was thus presumptive, and thus plain, was it not a strong argument against the propriety of their voting on a bill which was to give a value to their notes that was not derived from, or supported by, their own intrinsic credit? From whatever cause this bill originated, it was his fixed opinion that there could not be a measure devised more sure of giving a stab to the credit of the Bank. He did not affect to praise the conduct of lord King, although he was sure his motives were good, but he was convinced of the truth of the maxim, that where power begins confidence ends. It was upon these general grounds, and on principles universal in their application, that it was his decided belief that the directors could not better consult their own interest, than in either moving that the clause of the Bill now pending, and enacting, that their notes should not be received under their nominal value, be omitted, or in abstaining from giving their votes in favour of the measure.

*Mr. Bankes* denied, that in 1797 the proprietors of Bank stock ought not to have voted on the Restriction Bill. That measure had not been brought forward for their benefit; although it had eventually turned out to be advantageous to them, it was a question of general interest, and as such, the proprietors of Bank stock were as fully entitled to vote upon it as any other members of parliament. His opinions were the same on the present occasion. On the principle maintained by the hon. mover, the possessor of landed property ought not to be permitted to give his vote on the present Bill, for such an individual was much more deeply interested in the question than the most extensive proprietor of Bank stock in existence.

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*Mr. Abercromby* thought that as the measure of 1797, restricting the cash payments of the Bank, was of great service to the proprietors, they should not have been permitted to vote on it; and the same argument applied to the present case. Bank notes, which, it was said, had suffered an artificial depreciation, would, under the Bill lately introduced, be taken for their nominal value. Of course every stockholder had an interest in the authority of parliament being pledged, as it would be, if the Bill passed. He hoped the House would decide against permitting the votes of the directors to be taken, not from any hostile feeling against the Bank, for, if he could indulge in such a feeling, his utmost wishes, he was convinced, would be fulfilled by enacting the Bill then before them. He was an enemy to monopolies of every description; and he would leave to the hon. gentleman opposite the monopoly of making personal attacks. But he could not help remarking the feeling which was manifested when the brother of the Chancellor of the Exchequer was mentioned. The noble lord (King) when he was censured, was not present to defend himself any more than the other noble person. But there was this distinction between the two cases, that the conduct of lord King was in reference to his private concerns, while that of lord Arden, took place before a Committee of the House. Yet, because his hon. friend had taken that name which stood at the top of the paper, a feeling of indignation appeared to be raised.

*The Chancellor of the Exchequer* said, it seemed from the explanation given of the introduction of the noble lord into the discussion, that nothing invidious was meant. He was merely selected as standing first on the list, and not at all as being brother to the person opposed to the hon. gentleman. The noble lord might certainly have been brought forward as a Bank-Proprietor, but why he should be mentioned as a person who had been examined by a Committee of that House, he was at a loss to conceive. With respect to the mention of lord King, he really thought, from the nature of the question, it was impossible the debate could have gone on without referring to him; for the whole argument turned on the propriety of permitting or preventing him from pursuing a certain line of conduct. He did not think the same necessity existed for mentioning lord Arden. The hon. gentleman had, however, introduced him; whether in a complimentary manner, or otherwise, he could not say; and perhaps, it was no great matter which. He denied, that he had ever called lord King a Jew or a pedlar. As he had said was, that the noble lord was the first person in his exalted situation, who had acted on that principle, which none but Jews and pedlars had before recognised. With respect to the general question, he agreed with his right hon. friend, that every member who possessed Bank notes was as much interested as the proprietors and directors: for, if the Bank note was considered as only worth 16s. now, but that the passing of the Bill would raise it to 20s. there certainly must be an interest.

*Mr. Hibbert* opposed the measure. He considered it as one of general interest, and would think it hard to exclude any particular class of men from giving their votes upon it. As a merchant of thirty years standing, he gave his tribute of applause to the conduct of the Bank. Whether granting or refusing accommodation required of them, he had never during all that period heard their conduct arraigned. He adverted to the conduct of lord King, in considering which, he thought they ought never to lose sight of his declared opinions, but always measure his actions with a reference to them: seeing no chance of a change of system, and holding that the depreciation of notes would go on most rapidly, he had, as it were in despair, endeavoured to arrest them in that course.

*Mr. Creevey* shortly replied. He did not think any apology required for any thing he had said with respect to lord Arden. He had found him at the head of the the of stockholders, interested to the amount of 200,000l. and a strong advocate for the preservation of his fees. Under these circumstances he had reminded his right hon. brother, the Chancellor of the Exchequer, that, before he called lord King a Jew, he should look at the conduct of his noble relative, between which and that of lord King there was a perfect similarity. He insisted that there was a similarity, and confessed that when he made this discovery, he was very glad to find it applied to the right hon. gentleman's brother. The right hon. gentleman had said, he did not know whether he spoke ironically or no, but that it was of little consequence. To this he could only say, that he did not undertake a competition in jokes with the Chancellor of the Exchequer. With respect to his motion, he still adhered to the opinions he had delivered.

## EXHIBIT 19

*The Speaker*, before putting the question, observed, that, after a debate of this kind, it might be expected by the House, that he should give an opinion upon the subject. The question was of a mixed nature, involving law and fact. On the former only would it be becoming for him, or, perhaps, would the House permit him to speak. The rule was very plain. If they opened their Journals, they would find it established 200 years ago, and then spoken of as an ancient practice, that a personal interest in a question disqualified a member from voting. But this interest, it should be further understood, must be a direct pecuniary interest, and separately belonging to the persons whose votes were questioned, and not in common with the rest of his Majesty's subjects, or on a matter of state policy. So it was, that on a canal bill, a person whose name was down as a subscriber, could not vote. On the; same principle, the question raised on the Loyalty Loan was rightly decided; for that was neither more nor less than to give a certain pecuniary remuneration to persons who had sustained a loss. It was equally clear, that the House had done well on questions of taxation or colonial policy, which were held not to disqualify any votes. Such was the law on the subject. How far the fact applied to the present case it was for the House to decide.

*The question was then put, and negatived without a division.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 17 July 1811 → Commons Sitting**GOLD COIN AND BANK NOTE BILL.***HC Deb 17 July 1811 vol 20 cc1013-7**The Chancellor of the Exchequer moved the order of the day for the House going into a Committee on this Bill.*

*Mr. Bankes* took the opportunity of directing their attention to a matter connected with this subject. He alluded to the new three shilling tokens, issued by the Bank. He thought it wise to have a metallic small change; but considering the character, honour, and prosperity of a country to be most intimately connected with the arts, he could not help reprobating, in the strongest terms, the paltry, wretched, and clumsy manner in which these coins were executed. The French coinage was, at this moment, infinitely superior to ours; and in the world there was nothing so bad as these tokens, with the exception of the king of Sardinia's coinage. He expressed his hope that this subject would, hereafter, be attended to, and the country not be disgraced by such slovenly impressions of the King's head on the current coin.

*Mr. Dent* did not object to the Speaker leaving the chair, but took occasion to state his opinion, that a resolution of the merchants to receive and pay Bank notes at their nominal value, as was done on the 26th of September, 1745, would have been sufficient to remedy the threatened evil, and have completely superseded the necessity of this Bill. As a temporary measure only, he gave it his support'.

*Mr. Brougham* entertained such an insuperable objection to the principle of the Bill, that he was persuaded no modification of that principle in a Committee would render it an expedient, or even a harmless measure. He would avail himself of the present opportunity to ask some few questions respecting the non-descript currency that had recently been issued by the Bank. He understood that it had been coined at the national mint. Was that the fact? If so, by whom was the expence defrayed The nominal value of these tokens was three shillings. What was their real value? Certainly they were not worth three shillings. How were they debased? Was it by the introduction of alloy, or by the diminution of weight? Why not affix two, shillings and sixpence to them as the nominal price, and then procure an Act of parliament to make them pass for three shillings? This would be to put them on a footing with the notes., It was well known that there had been a great want of change all over the kingdom, and no where more than in the metropolis. Bankers had been obliged to go into the market for it. The undepreciated Bank note of one pound could not, it seemed, be exchanged for twenty even of the base and depreciated shillings current. A hundred and four of these pound notes had been frequently given for a hundred pounds worth of silver. Had this circumstance been adverted to in the late Bank issue? If not, if the tokens had been made too large, they also would soon be sold at a premium. The Bill before the House was defective in every respect. It was so constructed, notwithstanding all the attention given to it by the crown lawyers, that it would make the punishment of the crime which it enacted, different in England and Scotland. In England it would be a misdemeanor, subjecting the offender to fine and imprisonment; in Scotland it might be a misdemeanor, which the judge might punish at his own discretion, with fine, imprisonment, or transportation. To shew that this was a discretion which ought not to be trusted to the Scots Courts, he instanced the case of a barrister of the most respectable character and most eminent talents, who, having been convicted in Scotland of the misdemeanor of lending Paine's Rights of Man to a friend, was sentenced by the judge to fourteen years transportation to Mew South Wales.

*Mr. Manning*, in reply to some of the questions of the hon. gentleman, stated that the three shilling Bank token weighed nine pennyweights and eleven grains; and that at the present price of silver, it was worth two shillings and nine-pence halfpenny. These tokens had been issued by the Bank, solely for the convenience of the public. It had been said in another place, and by a high authority, that the Bank had made great sums by their issues of coin. Now, what was the fact? Four millions of dollars had been issued since 1804. When the Bank raised their nominal value to five

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shillings and sixpence, there might be three millions in circulation (one million having probably been melted), in which there would therefore be a loss of 75,000*l*. The price of silver of late years had been so high that it was impossible to coin the currency of the realm, and the Bank had stepped forward to lessen the consequent inconvenience. They had already liberally supplied the bankers in the metropolis with these tokens; and it was their intention, as soon as possible, to send down large quantities to the various commercial towns in the country. In one week they issued 35,000*l*. worth, which was half as much as the whole silver coinage of the present reign.

*Mr. Rose* thought it but justice to the Bank to state, that they had lent themselves to the public service with considerable loss and inconvenience to themselves. Every body was aware that the silver coinage of the country had nearly disappeared. Under the present circumstances a new coinage was impracticable. If government were, at the present moment, to coin a number of shillings and sixpences, they would not be current a week.—(Hear, hear, from the opposition benches.) How would the hon. gentlemen correct this evil? He had heard gentlemen talk very flippantly of obtaining bullion as easily as claret. But with what would they purchase it? it was impracticable to procure it, and in this state what was to be done? Would they reduce the intrinsic value of the coin of the realm? The propriety of doing this had been discussed a century ago. It had been advocated by Mr. Lowndes, and resisted by Mr. Locke and others. The latter triumphed; a silver coinage of full value, which occasioned to the country a loss of two millions and a half, was issued, and it instantly disappeared. With respect to the execution of the Bank tokens lately issued, it could not have been better, but by a delay that must have been injurious. The Committee of the privy council on coins had called 30 or 40 merchants and bankers together, and had asked them whether it would be advisable to prevail on the Bank to issue these tokens? They answered unanimously in the affirmative. Application was in consequence made to the Bank, and they instantly complied.

*Mr. P. Moore* said, that the state of the country did not call for this measure, there was no parliamentary grounds shewn for it, and no necessity attempted to be asserted in the Bill. There was specie enough in the country, as might be shewn from the reports of the Bank directors themselves, if measures of confidence were adopted to call it into circulation. The Bill went to shake the best securities, and to alter all the valuable standards of the kingdom. The present was a measure brought forward, he conceived, not so much because the corporation of the Bank were bankers, but because they were the agents of the government. If they went on to improve the advantages of their situation, in which this Bill would place them, as they had done since the year 1797, they must in the course of time possess all the property in the kingdom without paying for it. The hon. gentleman said he shortly gave these sentiments against the impending mischief, lest he should not have another opportunity.

*Mr. Vansittart*, adverting to the difficulty of getting silver for notes, as described by an hon. and learned gentleman, said that he had seen even a hard guinea given for 20 shillings.

*Lord Folkestone* suggested the expediency of dividing the bill into two Bills.

*The Speaker* observed, that the proper time for such a proposition would be after the disposal of the present question.

*The House then divided, when the numbers were,*

For going into a Committee 75

Against it 11

Majority —64

*The several Clauses of the Bill were then read in the Committee, and some discussion took place on the particular clauses, and the general principles of the Bill, in which the Chancellor of the Exchequer, Mr. H. Thornton, Mr. W. Smith, and Mr. Tierney, took a part.*

## EXHIBIT 20

Mr. H. Thornton stated, that the object of the Bill would not be effectual, as paper might first be sold for commodities, and gold bought with these commodities, in such a way as to have no difference in effect from the practice struck at in the Bill.

Mr. W. Smith reprobated the idea of making Bank notes a legal tender, a thing the legislature, though they might have the power, had not the right to do. He referred to a work of Thomas Paine, a man whose assertions in general ought to be taken, not with grains, but with ounces of allowance, but who had, in a certain pamphlet, uttered many things extremely worthy of notice relative to the national debt of the country. He approved of the remedy of double prices proposed by an hon. and learned gentleman (Mr. Brougham), and referred to the cases of America and France.

Mr. Tierney thought, if the object of the Bill was not to send all the remaining gold of the country as fast as possible to Ireland, he could see no reason for not extending the Bill to that country.

*The Chancellor of the Exchequer* thought it would be improper, at the end of at. Ses- sion, to introduce an alteration with regard to practices in Ireland, which had subsisted previous to 1797, though some inconvenience might be felt.

*After the different Clauses had been gone through, the Report was ordered to be brought up to-morrow.*

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 19 July 1811 → Commons Sitting**MR. BROUGHAM'S RESOLUTIONS RESPECTING BANK NOTES AND COIN.***HC Deb 19 July 1811 vol 20 cc1107-10*

Mr. Brougham said, that before he had been instructed, from the authority of the Chair, that it was irregular, he had intended to move his Resolutions as an amendment to the question of the third reading of the Gold Coin Bill. In now moving them, for the purpose of having them entered on the Journals, he did it, not with the object of creating a debate, although he knew that many gentlemen near him were not indisposed for it, even at that late hour of the night. His Resolutions' would contain a censure on the conduct of the Bank Directors; which he conceived they had too well merited. Notwithstanding the sneer of an hon. Bank director, on a similar observation of his, a sneer that seemed to meet with so favourable a reception from the right hon. the Chancellor of the Exchequer, he had to state that he still felt as much distrust as ever in power,—and not only in power, but also in monopoly. But where power and monopoly were united, and when it was shewn that they were working together for a common end, he conceived a case was made out sufficient to excite the jealousy and vigilance of every man who professed or felt a regard for the constitution. He was the more strongly impressed with the necessity of this censure, on hearing, not a little to his surprise, the high tone lately assumed by an hon. Bank director, a tone as little as possible warranted by the conduct of that corporation, of which he was a member. When he heard it said that the mere possession of the qualifying sum of 2,000l. was not a consideration capable of influencing any director or proprietor of stock in the vote, which, as a member of parliament, he might give on this Bill; and when he found that under this language it was designed to conceal that extensive interest which was derived to every trader, and to every trading company in the power of accommodating others by advances; when he found that it was openly contended that on a Bill which was to sanction an unlimited issue of paper on the part of a commercial company, that company had no direct interest in the decision of the question, he felt a degree of alarm that strengthened his conviction of the propriety of his Resolutions. When he saw, too, that however excessive those issues, the government was ever prompt to lend their support and countenance to the abuse, he could have no doubt of the justness of the censure. He would, not longer detain the House, but move his first Resolution.—The hon. and learned gentleman then moved the first of the following set of Resolutions:

"1. That by the law and constitution of these realms, it is the undoubted right of every man to sell, or otherwise dispose of his property for whatever he deems to be its value, or whatever consideration he chuses to accept. And that every man possessed of a Bank note, or other security for the payment of money, has an undoubted right to give it away for nothing, or in exchange for whatever sum of money he pleases; or if he cannot obtain what he demands, to retain possession of it.

"2. That any statute, having for its object to restrain this right, would be contrary to the principles of the British constitution, and a flagrant violation of the most sacred rights of property, and the ancient and inalienable liberties of the people.

"3. That any statute, having for its object to prevent the Bank, or other paper currency of the country from being exchanged against the lawful money of the realm below a certain rate, would, if it could be carried into effect, cause the lawful money of the realm to disappear, and would, in proportion to its efficacy, preclude the application of the most appropriate remedies for the present derangement in the circulation of the country.

"4. That the free exchange of the lawful money of the realm with the paper currency on such terms as, the holders of each may think proper to settle among themselves, is not only the undoubted right of the subject, but affords the best means of restoring the circulation of the country to its sound and natural state, by establishing two prices for all commodities, whensoever the one currency is from any causes depreciated below the other.

**EXHIBIT 21**



"5. That no law whatsoever can alter the real value of the paper currency in relation to the lawful money of the realm-, nor alter the real value of either kind of currency, in relation to all other commodities; and that any attempt to fix the rates at which paper and coin shall pass current, must, in proportion to its success interfere with the just and legal execution of all contracts already existing, without the possibility of affecting the terms upon which contracts shall be made in time to come.

"6. That it is the bounden duty of the Commons House of Parliament, as the guardians of the rights of the people, to discountenance and resist a scheme which has for its immediate objects the establishment of a maximum in the money trade of the realm, and the dissolution of the obligations already contracted by numerous classes of the community, but which has for its groundwork principles leading to an universal law of maximum, and the infraction of every existing contract for the payment of money; and that a Bill touching the gold coin which has lately been brought from the Lord?, has all the said objects, and proceeds upon the said principles."

*Mr. A. Baring* said, he did not mean to argue either for or against what seemed to him to be a self-evident proposition. He wished merely to explain that he conceived the hon. and learned gent, to be one of the last from whom a reproof of using too high a tone in debate, came with any grace (a loud cry of hear! from Mr. Perceval and his friends). He trusted at the same time, that he should always hold a sufficiently high tone to do justice in, that House to any character which might belong to him out of it.

*Sir F. Burdett* explained, that in what he had said of the directors, he had not dealt in insinuation, but had merely observed that it was unfair in them to represent themselves as under no other influence than the 2,000l. stock, and then to say that that influence was nothing.

*The Chancellor of the Exchequer* said, there was one part of the hon. and learned gent.'s Resolutions, which he believed few would be disposed to think was not the perfect right of every man, that of giving away his property. He begged also to say, that he did not think the Bill would add to any such disposition.

*The first Resolution was then negatived, and on moving his second,*

*Mr. Brougham* said, he had no wish to spoil the jokes of the right hon. gent, but would remind him that the Bill itself positively prohibited any person from giving his Bank note for less than it was worth.

*The Chancellor of the Exchequer* did not think the bestowing money for charitable purposes could be called throwing it away. The hon. and learned gent, had not fairly interpreted his last observation, and might have recollected, that Swift had pronounced nothing to be more arbitrary, than for a man to make himself ridiculous, and then be angry at others for laughing.

*Mr. Brougham* replied, that he perfectly agreed in the doctrine of dean Swift; and it was under its influence, that when he heard the right hon. gent, enter into a discussion of the expediency of preventing the keepers of turnpikes from collecting silver, or becoming petty traders in silver bullion, he had not been able to keep his countenance.

*The remaining Resolutions were then put and negatived.*

## EXHIBIT 21

Search HelpHANSARD 1803–2005 → 1810s → 1811 → July 1811 → 22 July 1811 → Lords Sitting**GOLD COIN AND BANK NOTE BILL.—***HL Deb 22 July 1811 vol 20 cc1110-5*

*The Earl of Liverpool* moved the order of the day for taking into consideration the Amendments made by the Commons to this Bill; and they having been read and agreed to, his lordship moved, that a message be sent to the Commons, informing them that the House had agreed to the said Amendments.

*The Earl of Lauderdale* then rose, and took a review of the circumstances under which this Bill had originated, and the whole subject connected with it. His lordship attributed the adoption of the Bill by ministers, not to the notice given by lord King, but to the decision of the Judges in the case of *De Yonge*, and was of opinion that the real object of the Bill, as altered by ministers, was to give redress (if he might use the term upon this subject) against the decision of the Judges. The question as to the depreciation of Bank-notes, was one which certainly required the most deliberate investigation, and perhaps was a subject which rather "ought to be written upon than debated. There were, however, certain facts, which it was quite impossible to controvert, and which must, in his opinion, clearly demonstrate the depreciation. The gold coin of the country was not admissible in circulation, except it was of the standard weight and fineness. Five pennyweights eleven grains was the standard weight of the guinea, and it was gold of this standard weight that Bank notes promised to pay, or fractional parts in silver, of a fixed standard, if, therefore, the Bank note was convertible into gold, and the price of gold rose, the value of the Bank note must rise in the same proportion. If a Bank note promised to pay a yard of cloth of a certain breadth and fineness, and there was no difficulty in procuring the yard of cloth to discharge the note, if the price of the cloth rose, the value of the note would rise also. But if the cloth could not be produced in discharge of the note, then the note would become depreciated so, if the gold was not forth-coming to pay the note, the latter must also become depreciated. The price of gold having risen above the expressed value of the note, was complete evidence of the depreciation of the latter. The Bank note was of no value in itself but only of value from its representing a certain quantity of gold. It was impossible in any other manner to affix a value to it. Those who argued on the other side had a notion that the Bank notes represented certain commercial transactions, and that they were issued upon the credit of certain commodities. But if this were the case, the Bank note issued upon the security of any one commodity would fluctuate in value, according as the price of that commodity rose or fell. How, then, was any one to ascertain the value of Bank-notes from the value of all the commodities upon the security of which they were issued? This was beyond the reach of any one. The only criterion of the value of the Bank-note must be the sum in gold or silver of standard weight and fineness, into which it was convertible. It was in vain to setup any other criterion of value, for by none other could the value of the Bank-note be kept up, or the note be prevented from becoming depreciated. What, then, was the object of the Bill? It was nugatory as to preventing the landlord from insisting on his rents in gold, as it left him all his legal remedies except that of distress. The object of the Bill, then, was to force the circulation of a depreciated currency at a nominal value. It had been said, that the arguments applicable to a paper currency issued by the authority of government were inapplicable to notes issued by a private Company. But where was the security? The directors had a duty which they owed to their constituents, the proprietary, paramount to any interest of the public; and if a profit was to be derived to the proprietors from an additional issue of Bank-notes, it would be no excuse on the part of the Bank Directors for not doing so to state to their constituents, the proprietors, that the interests of the public required it should not be done. Their lordships had only "to look, in point of fact, to the documents on their table, to prove that the issue of Bank notes had been increased without reason. It would be seen that the amount of Bank notes in circulation, which in 1808 was £17,540,000. had increased in 1811 to £23,420,000. making a difference of £5,880,000. in three years. It had been said, that the increase of mercantile transactions required this increase of circulating medium; but it was well known that if there was an increase of transactions there was an increase of credit, and that a less amount of circulating medium was, in fact,

**EXHIBIT 22**

required. So far, however, from there being an increase of mercantile transactions, he had been informed by several commercial men, that there never was a greater diminution of mercantile transactions than within the last six months.—The noble earl then entered into a calculation to shew that the increase of Country Bank notes, against a further increase of which the security was taken away by the present bill, had within the last three years, amounted to a sum which, added to the 5,880,000*l.* increase of Bank of England notes, made up a sum of 14,000,000*l.* When such an excessive issue of paper had taken place, and when there was no security against a still further excess, it was quite impossible for any legislative measure to prevent its depreciation; and to attempt to force the circulation of this depreciated currency at its nominal rate of value, was pregnant with the most fatal consequences. This nevertheless, was the real object of the Bill, however it might profess to relieve the tenant from any supposed attempt at extortion on the part of the landlord. It did not, in fact, relieve the tenant, there was merely a hint to lord King; but the real object was to attempt to keep up the nominal value of the paper currency, and the only effect of which must be to reduce the value to be paid on all contracts to such a sum as the directors of the Bank of England, in conjunction with the country bankers, should please to reduce it to by the excessive issues, and consequent still further depreciation of their notes. The Bill would, at the same time, be productive of a serious evil to bankers. It was well known that they were now obliged to give a premium for silver, in order to obtain change to pay the fractional sums in checks drawn upon them by their customers. This they were forbidden to do by this Bill, under penalty of the pillory; and without being enabled to do it, how were they to carry on their trade? how were they to procure change to pay the fractional parts of checks? If, however, this Bill was considered so good a Bill by those who supported it, why was it not extended to Ireland? Why were the landlords in Ireland to be allowed to insist on their rents in gold, which the landlords in Great Britain were forbidden to do, unless upon the most vicious principle in legislation, that the crime, as it was now to be called, was so frequent in Ireland, that it was in vain to attempt to check it; and that it having only just commenced in England, it was to be met by a legislative enactment? In every point of view in which the Bill could be considered, it appeared to be nugatory with respect to its professed object, and most pernicious in its real one; that of attempting to force the circulation at a nominal value of a paper currency which was clearly proved to be depreciated, against the further depreciation of which there was no security, and in which there was proved to be an excess of issue of *M* millions, within the last 3 years—an issue which had no parallel in the history of any country, with the exception of the French assignats.—He was aware that it might be very difficult to say how we were to retrace our steps in order to retrieve the mischief arising from the present state of the circulation. He however thought, that by proper management the Bank might be enabled, without risk, to pay in specie in a much shorter time than was generally supposed. But it was absolutely necessary that some steps should be taken to restore that sound and healthy state of circulation, without which the credit of the country could not long be maintained, and to place the paper currency of the country upon its only sure and certain basis, that of gold.

*The Earl of Liverpool* could not allow the question to pass without observing upon some of the statements of the noble lord. The value of the gold coin of this country was not to be estimated according to its weight in gold, but according to the value fixed upon it by the reigning sovereign of the country. The value of bank notes, as for every purpose of internal negociation, he contended, was by the general consent of the country declared not to be depreciated. There were no persons out of that House who had expressed their opinion, that the conduct of the noble lord who had given rise to this Bill, was so far proper that they themselves would wish to follow his example; and their not following it was a proof that they did not think any depreciation of our Bank paper had taken place.

*The Earl of Lauderdale*, in explanation, thought it was not fair to judge what the opinions of noble lords, or of any other persons, must be, from their following or not following the example of lord King. If every person who agreed that there was a depreciation of paper were to follow the line of conduct suggested by his noble friend (lord King), he suspected the noble Secretary of State would find the present Bill a less effectual measure than he now supposed it. The noble lord was bound to take them as they preached, not as they practised.

## EXHIBIT 22

*Earl Stanhope* strongly supported the opinions he had formerly delivered, and in which he was happy to find the noble Secretary of State concurred, as to the cause of the value affixed to the current coin of the country. It was only by violating the law, which prohibited the turning guineas into bullion, that the value of a guinea could be raised above that conferred on it by the proclamation of the King, or the act of the legislature. Why noble lords and others had not followed the example of the noble lord (King) he could easily explain. They did not wish to expose themselves to the execration of the country. The noble earl had said this Bill was meant as a hint to lord King. Certainly he did mean it as a hint to his lordship, and to all who should act like him. He did not know whether the noble earl had ever studied at Oxford. Those who were acquainted with the University of Oxford, must have heard of John King's 'broad hint.' It was this: that when a person had been warned that his company was disagreeable, and that his further presence, therefore, was dispensed with, and he failed to take the hint, that then he should be kicked down stairs. He had now given lord King the hint; and, if his lordship did not chuse to take it, he should move, next session, to give him John King's broad hint.

*The Lord Chancellor* begged to remind the House, that, having already agreed to the Amendments made by the Commons on the Bill, the question now was, whether a message should be sent to the Commons, stating that they had agreed to those Amendments.—The question was then put and agreed to.

[Search Help](#)[HANSARD 1803–2005](#) → [1810s](#) → [1811](#) → [July 1811](#) → [22 July 1811](#) → [Lords Sitting](#)**COPY OF THE GOLD COIN AND BANK NOTE BILL; COMMONLY CALLED LORD STANHOPE'S BILL.***HL Deb 22 July 1811 vol 20 cc1115-6*

*The following is a Copy of this Bill, as it passed both Houses:*

*"An Act for making more effectual provision for preventing the current Gold Coin of the Realm from being paid or accepted for a greater value than the current value of such coin; for preventing any Note or Bill of the Governor and Company of the Bank of England from being received for any smaller sum than the sum there in specified; and for staying proceedings upon any distress by tender of such notes.*

*Whereas it is expedient to enact as is hereinafter provided: Be it enacted by the King's most excellent Majesty, by and with the advice and consent of the Lords spiritual and temporal, and Commons, in this present parliament assembled, and by the authority of the same, That, from and after the passing of this act, no person, shall receive or pay for any gold coin lawfully current within the realm, any more in value, benefit, profit, or advantage, than the true lawful value of such coin, whether such value, benefit, profit, or advantage, be paid, made or taken in lawful money, or in any note or notes, bill or bills of the governor and company of the bank of England, or in any silver token or tokens issued by the said governor and company, or by any or all of the said means wholly or partly, or by any other means, device, shift, or contrivance whatsoever; and every person who shall offend herein shall be deemed and adjudged guilty of a misdemeanor.*

*II. "And be it further enacted, by the authority aforesaid. That no person shall by any means, device, shift or contrivance whatsoever, receive or pay any note or notes, bill or bills of the governor and company of the bank of England, for less than the amount of lawful money expressed therein, and to be thereby made payable, except only lawful discount on such note or bill as shall not be expressed to be payable on demand; and every person who shall offend herein shall be deemed and adjudged guilty of a misdemeanor.*

*III. "And be it enacted, by the authority aforesaid. That in case any person shall proceed by distress or pouncing to recover from any tenant or other person liable to such distress or pouncing, any rent or sum of money due from such tenant or other person, it shall be lawful for such tenant or other person, in every such case to tender notes of the governor and company of the bank of England, expressed to be payable on demand, to the amount of such rent or sum so due, either alone or together with a sufficient sum of lawful money, to the person on whose behalf such distress or pouncing is made, or to the officer or person making such distress or pouncing on his behalf; and in case such tender shall be accepted, or in case such tender shall be made and refused, the goods taken in such distress or pouncing shall be forthwith returned to the party distrained upon, or against whom such pouncing shall have been used, unless the party distraining or pouncing and refusing to accept such tender shall insist that a greater sum is due than the sum so tendered, and in such case the parties shall proceed as usual in such cases; but if it shall appear that no more was due than the sum so tendered, then the party who tendered such sum shall be entitled to the costs of all subsequent proceedings: Provided always, that the person to whom such rent or sum of money is due shall have and be intitled to all such other remedies for the recovery thereof, exclusive of distress or pouncing, as such person had or was intitled to at the time of making such distress or pouncing, if such person shall not think proper to accept such tender so made as aforesaid; Provided also, that nothing here in contained shall affect the right of any tenant, or other such person as aforesaid having right to replevy or recover the goods so taken in distress or pouncing, in case without making such tender as aforesaid, he shall so think fit.*

**EXHIBIT 23**

*IV. "Provided always, and be it enacted That every person who shall commit in Scotland any offence against this act, which by the provisions thereof is constituted a misdemeanor, shall be liable to be punished by fine and imprisonment, or by one or the other of the said punishments as the judge or judges before whom such offender shall be tried and convicted may direct.*

*V. Provided always. That nothing in this act contained shall extend to Ireland*

*VI. "Provided always, and be it further enacted. That this act shall continue and be in force to and until the 25th day of March 1812, and no longer."*

Search HelpHANSARD 1803–2005 → 1810s → 1812 → February 1812 → 14 February 1812 → Commons Sitting**FUNDING EXCHEQUER BILLS.***HC Deb 14 February 1812 vol 21 cc804-7**The House having resolved itself into a Committee of Ways and Means;*

*The Chancellor of the Exchequer* said, he had given notice yesterday of his intention to move in the committee a Resolution for funding Exchequer Bills in the Navy 5 per cents. It was not, he conceived, necessary to enter into any detailed view, and he should therefore proceed to state the terms to the House. The first proposition was, that for every 100l; of Exchequer bills dated between the 1st of March, 1811, and the 14th of February, 1812, funded in the Navy 5 per cents. the person so funding them, should receive 108l. in the 5 per cents. the interest on the bills to be paid up to the 9th of March, inclusive. The calculation was taken on the 7th of February, the day on which he first sent the notice to the city, at which period the 5 per cents. were at 94, which would give the acceptor 101l. 10s. 3d. for every 100l. funded, besides a bonus of the interest, up to the 9th of March, of 7s. 8d. on each 100l. making, on the whole, 11. 17s. 11d. per cent. bonus. The 5 per cents. were consequently depressed in some measure since the proposition had been originally made. They were this day reduced to 93½th, at which price the bonus experienced by the funding would be 17s. 7d. instead of 11. 17s. 11d. which, however, he thought sufficient profit to induce the holders of Exchequer Bills to the amount of fourteen millions to fund. The state of the fund, as he had already observed, was not so favourable as at the time when the offer was made, but there were various contingent benefits to which the House might look on the following year, especially in the event of peace. It was his intention likewise to propose, that the amount of Exchequer Bills to be so funded should not exceed 14,000,000l. He hoped, notwithstanding the present depression, that no considerable disappointment would take place, and that if not the entire, a considerable proportion of that amount would be funded in the 5 per cents. He had reserved to himself, in case of failure, the power of creating 5 per cents. to meet the deficiency by the loan to be raised for the service of the present year. The right hon. gentleman concluded with moving the following Resolutions:

"That every person interested in or entitled unto any Exchequer Bill or Bills, dated between the 1st of March 1811 and the 14th of Feb. 1812, who shall carry the same to the office of the Paymasters of Exchequer Bills between the 22d and 29th of Feb. 1812, both inclusive, (unless a sum amounting to 14 millions sterling, principal money of the said Bills, shall be sooner subscribed), shall be paid the interest that shall become due thereon, respectively, to the 9th of March 1812, inclusive, and shall have, in exchange for such Bill or Bills, a certificate or certificates to the governor and company of the Bank of England, expressing the principal sum contained in such Bill or Bills, which certificate or certificates shall entitle such person or persons, for every 100l. principal money contained therein, to 108l. capital stock in annuities, after the rate of 5l. per cent. per ann., to be added to and made one joint stock with the 5l. per cent. annuities, created by acts made in the 24th, 25th, 34th, 35th, 36th, 37th, 48th, 49th, 50th, and 51st years of his present Majesty, and the interest to commence from the 5th of January 1812, which said annuities are to be redeemable at the same time, and in like manner, as the said annuities already established are now redeemable by parliament, and to be charged upon and made payable out of the consolidated fund of Great Britain.

"That the amount of Exchequer Bills which may be so exchanged shall not exceed, in the whole, the principal sum of 14 millions sterling."

*Sir T. Turton* said, he was quite at a loss to suppose how the right hon. gentleman could expect to add the sum of 14 million to a fund which must have experienced a great depression. He approved of the principle of dividing as much as possible the sums to be raised among the different funds. If the right hon. gentleman's object could be accomplished, he saw no objection to it, but he must put out of his calculation entirely, any advantages likely to result

**EXHIBIT 24**

from a state of peace: to that state, however desirable, they must look with little hope, after the declaration of an eloquent statesman, that "war was now the element in which we must live and move." The consequence of the present proposition, he believed, would be, that the stock would become a heavy stock. But after all, he would ask, what a loan were they to expect this year? For this was but the commencement, the prelude to the grand drama to which we were still to look.

*Mr. Baring* admitted the *prima facie* policy of funding in a stock, of which the capital subscribed in the case of the stock being paid off, was not subject to any extraordinary variation. It was obvious, that the immediate difference in the two modes of funding was considerable. He was of opinion, however, that the market would not be able to meet so large an accession; and he believed that the previous knowledge of the right hon. gentleman's intention to fund in the 5 per cents. had contributed to their depression,

*Mr. H. Smith*, from all he could learn, did not think the right hon. gentleman would be able to fund the Exchequer Bills this year to the amount proposed, and therefore he thought it better not to attempt it. He was also apprehensive that the system might be carried too far.

*The Chancellor of the Exchequer* said, there was hardly an argument resorted to by the hon. baronet, on the present occasion, which he did not urge against the proposition of the former year. He appeared to think that there was some difference between the notices of both years to the city, but he would state that, in point of fact, there was none. It was true, there was a greater depreciation in the present, but the excess proposed above the former did not amount to more than 2,000,000*l*. The hon. baronet might say that he did not succeed in his proposition last year. It was true he did not obtain the entire sum immediately, but he made up the deficiency only by enlarging the time. The hon. gentleman who spoke next, gave reason to suppose that the calculation had varied since the valuation was made; but he believed, that since the offer went into the city, no diminution had taken place in the value of Exchequer Bills. The other hon. gentleman feared that the principle might be carried too far. He allowed that it might; but the question was, whether it was so in this instance? It would be found, that if the 5 per cents. were depressed, the 3 per cents. were depressed also, and that the 5 per cents. had kept up their relative value, notwithstanding the operation of the sinking fund on the 3 per cents. which never operated on the 5 per cents. The fair and competent way to compare them, he thought, was to take them at a period before the present measure was in contemplation, in which case they would find that his statement was correct, and that the present comparative state of those funds afforded no ground for assuming that the measure was carried to an extreme. His impression was, that it was doing material service to the general state of the fund, to divide the loan into different parts and different periods. It was giving encouragement to those who funded Exchequer Bills, and encreasing the credit of those Bills themselves. It was natural to wish that the field should be extended as much as possible, and in that view he was sure the House and the country agreed. He was confident that this plan held forth greater advantage to the holder of Exchequer Bills than he could obtain by disposing of them in any other way. He had never stated positively that the whole would be obtained, but he hoped it would, and if not, at least he expected that it would be realized to a great extent.

*The Resolutions were then agreed to.*



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## **BANKERS' EMBEZZLEMENT BILL.**

*HC Deb 09 March 1812 vol 21 cc1214-5*

*On the question for the second reading of the Bankers' Embezzlement Bill.*

*Mr. Morris* rose with a wish to add a few observations to those which he had already made on the first introduction of the Bill. He felt that the measure was not such as the House ought to adopt. It went to effect, by penal enactments, what every individual, with an ordinary degree of circumspection was able to do for himself, by using proper caution in the choice of his agents and attorneys. He believed that the original intention of the framer of the Bill had been to make the offence of embezzling securities a felony, but that he had been deterred from going to that length by the consideration, that in that case the civil claim would merge in the criminal prosecution. But he did not see how the case was much mended by making the offence a misdemeanour. The same objection as to civil redress still applied, in all cases, in equity; for in those courts parties obtained confession of trust, by answers on oath; and, as it was the pride of the English jurisprudence that no man could be compelled in any court to criminate himself, should the Bill pass in its present state, no party could be compelled to give an answer to a Bill for misapplication of trust. In this they would have even the protection of the courts.

*Mr. Wilson* agreed in the principles laid down by his hon. and learned friend, but thought it possible to obviate his objections. He himself intended, should the Bill be suffered to go to a committee, to move for a clause limiting the power of prosecution to six months, or twelve months, after the commitment of the offence. This, he conceived, would put equity suits totally out of the question.

*Mr. H. Smith* maintained, that the Bill would defeat the very object which the framers of it had in view.

*Mr. Drummond* supported the second reading, on the principle, that the magnitude of the evil having been generally acknowledged, the rejection of the Bill, in the present instance; would amount to a confession, that the House could find no remedy to it. The Bill, in its present state, might be imperfect, but it might be improved in a committee. For instance, the inconveniencies apprehended as to Chancery suits, and which he thought greatly exaggerated, might be totally done away. In short, he did not see how the House could refuse going into a committee on a measure, intended to remedy an evil so generally felt.

*The Bill was then read a second time, and a motion made, that it be committed to-morrow.*

*Mr. Morris* did not wish to divide the House, but hoped that some further delay would be granted. From consultations he had held with some friends of the learned profession, he was desirous to have as full an attendance as possible on the committee, and hoped that this Bill would not pass as a common enclosure or private Bill.

*The commitment of the Bill was then fixed for Friday se'nnight.*

Search HelpHANSARD 1803–2005 → 1810s → 1812 → March 1812 → 17 March 1812 → Commons Sitting**GOLD COIN AND BANK NOTE AMENDMENT BILL.***HC Deb 17 March 1812 vol 22 cc4-12*

*The Chancellor of the Exchequer* rose for the purpose of moving, that the act of last session, making Bank Notes a legal tender, in certain cases, be continued under certain amendments, and that its provisions be extended to Ireland. It was not necessary, he observed, in this stage of the proceeding, to make many observations, but looking back to the discussion that took place last session when he introduced a similar measure, he was aware that the Bill (if the House permitted him to bring it in), would not pass without occasioning very considerable discussions. He would shortly slate the course which he would propose the House to adopt on the present occasion. He had no intention whatever of hurrying the Bill through the House, as many gentlemen members for Ireland were at present necessarily engaged in that kingdom, and from the nature of their engagements at the different assizes would not be enabled to attend the discussions for some time; he should therefore propose to read the Bill a first and second time before the holidays, to have it printed, and then to appoint some day after the recess for the commitment of it, in order that gentlemen from Ireland might be present at the discussion of the various provisions. He would now barely state the nature of the circumstances which induced him to recommend the continuance of the measure. He did not intend to make any other alteration in the provisions, further than extending the operation of the Bill to Ireland, and providing that payments of Bank notes into court, out of court, and in process of law, should be deemed legal payments. Since the passing of the last Bill, he had ascertained that in the courts of King's bench. Common Pleas, and Exchequer, there had been but three actions brought on the question of legality of tender. One was an action of replevin tried before lord Ellenborough, where a tender in Bank notes was proved; but in the present state of the law that was deemed not a sufficient answer to the action. The other was an action of my lord King against one of his tenants for the small sum of 45l. the object of which was evidently merely to try the question: the money was paid into court and the proceedings were stayed, the noble lord having previously given notice that he would not receive notes as legal tender. The other was also an action for a small sum which was paid into court, and no subsequent proceedings took place. These were the only cases which he had been able to find upon record. According to the provisions of the Bill, it did not occasion any impediment to prosecutions if the public had been inclined to quarrel with it, therefore he was justified in saying that there was no great disposition to resist the measure, nor did the public feel much oppression from it, because if they felt aggrieved, actions in many instances would have been brought. The circumstance of so few being instituted, shewed that the public were not anxious to procure money in payment of their demands. He was, of course, confirmed in the opinion he had expressed when the matter was last before the House, that hostility to the measure was not a sentiment generally prevalent in the country, and that there were but few who would be inclined to follow the example of the noble lord (King). It might be said, if the evil was of so very limited an extent, there was no need of a remedy. In this he could not concur; for if men once found that they could, by oppression against their neighbours, promote their own advantage, there were, he was afraid, many who, if not restrained by law, would not scruple to do so; but the rarity of the attempt to commit an evil afforded consolation when a remedy was sought to be provided against it: and the present measure was only giving security to that species of payment which the great body of the people were evidently willing to receive. With these few observations he should content himself, and move, "That leave be given to bring in a Bill to continue and amend an act of the last session of parliament, for making more effectual provision for preventing the current gold coin of the realm from being paid or accepted for a greater value than the current value of such coin, for preventing any note or bill of the governor and company of the Bank of England from being received for any smaller sum than the sum thereat; specified, and for staying proceedings upon a distress by tender of such notes, and to extend the same to Ireland."

**EXHIBIT 26**

*Lord Folkestone* said he was unable, even in that early stage of the business, to avoid expressing his astonishment at the very flippant manner in which the right hon. gentleman had introduced and argued the present motion, when the question was actually neither more nor less than that of making bank-notes a legal tender. The language of the right hon. gentleman when the Bill was originally brought forward, towards the close of last session, and on the spur of a pretended occasion, was very different. He then said it was merely an experiment called for to meet a particular exigency, and it was generally understood that the Bill was not intended to be renewed, until at least it had been duly examined in all its various bearings. Yet within nine days before the expiration of that Bill, the right hon. gentleman came down to propose not only its revival but an additional provision, which it was obvious, would have exactly the same effect as making Bank-notes a legal tender. Besides this, there were other circumstances that had passed this night, which ought, in his opinion, to determine the House to pause before they gave leave to bring in this Bill. The noble lord opposite (*Castlereagh*) had last year objected particularly to the extending of this Bill to Ireland, because bargains in the north of that country being made for payment in gold, it would have the effect of defrauding the creditors. It would consequently be well to consider whether the present petitioners from Belfast, who complained of a loss of 25 per cent. on the payments in gold, were debtors or creditors—tenants or landlords? Whether they meant to relieve themselves from their obligations by a cheaper mode of payment, or whether they were impelled by generosity to relieve those who were indebted to them? It seemed that all contracts for lands in Ireland had been made for payment of the rent in gold; and now, if these petitioners were tenants, it would shew clearly they were desirous to pay in a medium of less value than gold. He thought the House would be wary how they admitted this: if the contract was made expressly for a gold payment, which had, as he was informed, long been the custom in Ireland, forcing the party who had a right in virtue of his contract to receive gold only, to accept of paper in its stead, would be highly unjust, and was a good argument against the Bill being extended. One of the main reasons adduced in favour of the Bill of last session was, the increased and increasing price of gold. Now if he was rightly informed, gold was diminishing in price, and therefore the attempt to continue the Bill only shewed that ministers were determined to have such a Bill in all cases, and at any rate. Though the price of gold was now actually diminished, it was however by no means in consequence of the Bill of last session, because gold rose in price for some months after it passed, and the greatest distress was experienced in the western parts of England, particularly for want of silver to carry on the common concerns of trade; and in most towns the inhabitants were under the necessity of issuing out tokens of their own, to avoid a total stagnation of the most ordinary business. Another reason against renewing the Bill, was, that it had failed in one of its principal objects, viz. that of preventing more than one-and-twenty-shillings being given for a guinea. The Bill only provided against giving more than a Banknote and a shilling for a guinea; but by changing the Bank of England for country bank-notes, you might add as many shillings to those as you pleased, and could not be hurt for it; so that it was daily and hourly evaded with impunity. As a proof of this, there had only one conviction taken place since passing the Act, and that was of a man seduced into the transaction by a police-officer sent on purpose to trepan him into the fact. The provisions of the Act had not been accomplished, nor would be accomplished: and he hoped, therefore, the House would exercise its discretion, before it gave a sanction to the renewal of such a Bill. As to the new clause proposed by the right hon. gentleman, and which went not only materially to alter the Bill, but also to substitute a fictitious circulating medium, as a legal tender for payment, in lieu of the standard coin of the realm, he conjured the House to pause before they consented to entertain a proposition so ruinous to the credit and to the vital interests of the country.

*Lord Castlereagh* was not disposed at present to go into any arguments on the Bill, as frequent opportunities would hereafter occur for the discussion of its merits. He should only notice that the noble lord seemed to adhere to the opinions entertained by him last session, and to press his opposition before the Bill was brought in. He wished to correct him in two points, in which he appeared to be under misapprehension with respect to what he (*lord C.*) and his right hon. friend had stated. The reason which he had for not extending the measure to Ireland last session, was on account of the absence of many Irish members, and not from any view that it would not be desirable for that country. He had stated that it was his opinion that the circumstances of Ireland, in a certain degree, varied from those of England, so as to exclude at that time its introduction. As to the supposed pledge of his right hon. friend, he

apprehended, that he had stated quite the reverse of what the noble lord had imputed to him; for his right hon. friend had stated, that if nothing short of making Bank notes a legal tender would serve to correct the evil, a remedy to that extent must be applied. He thought, that so long as the Bank of England were prohibited by law from paying their notes in gold, the legislature owed it to the subject to protect him against any demands which were not under these circumstances equitable; because, by not affording that protection, great injustice might be done to the subjects of the realm. In that opinion his right hon. friend had coincided. With respect to the practice in Belfast and its vicinity, the noble lord was misinformed, for the practice was the reverse of what he had stated; contracts were made there to pay in pounds sterling, and not in gold. Guineas had ceased to be the circulating medium, and therefore the subject could not pay his debts in gold; and ought to be protected by law from being called upon to do that which it was totally out of his power to effect.

*Lord Folkestone* explained, that he had a clear recollection on both the points, in which the noble lord had supposed him to be in error.

*Mr. Tierney* would not oppose the motion for leave to bring in the Bill, but observed that it was very evident from the speech of the right hon. gentleman him self, that the country was already in the situation which had been predicted last session, namely, in a situation of moving from bad to worse. He asked in what respect did this measure fall short of making Bank notes a legal tender? The answer was, that they were to be legal tenders only in a court of justice. But what law was there which could compel any man to part with his goods or property contrary to his inclination? The fact was, that this Bill went to affect immediately all interests and every class of society. If he were to buy 1,000l. worth of plate, would he not be perfectly secure in paying for the commodity in Bank notes? If the silversmith brought an action in a court of law, the payment into court of 1,000l. in Bank notes would be an acquittal of the defendant. And how then could this Bill be said not to go the full length of making these notes a legal tender? He implored the House to consider well this subject before they came to a decision upon it. Unless he could himself perceive an altered disposition in the House, he should deem all endeavour at argument superfluous and unnecessary, for, after the protracted and lucid discussion which the measure of last session had undergone, after the able report which had been presented by the committee on the subject, nothing could be expected from opposition but obloquy, and the man who stood forward against the Bill would be accused of a wish to subvert public credit. At the same time, he had that opinion of the right hon. gentleman's good sense as to believe, that he had experienced no small degree of pain in coming to a resolution to submit such a proposition to the House. He knew indeed that the right hon. gentleman dared not meddle with the Bank.—He knew that the government had proceeded so far, that the Bank had become its masters, and the masters of the finance of the country.—It remained therefore for that House to resume its character and exercise its duties, by shewing to the Bank that at least parliament was above them, and was determined to protect the credit of the country. He could not see in what manner it would fall short of a direct fraud, to compel the subject to take in payment for goods of real value a paper, the value of which it was impossible for him to ascertain. There had been much talk of the French assignats, but in one point of view their forced circulation was less atrocious than that of Bank-notes, inasmuch as the assignats were grounded on some sort of pledged security, on national domains, the property of the state. [Here the Chancellor of the Exchequer smiled.]—The right hon. gentleman smiled at his venturing to contrast the enormous issues of the French government with those of the Bank of England; but he was prepared to contend that the French did at least seek to save appearances, which was more than the right hon. gentleman thought it worth his care to do. This new manifestation of his views and intentions, ought to make every man of property pause before he any longer placed his confidence in parliament, which was now about to sanction a measure that must necessarily prove a mortal blow to the credit of the Bank itself. The Bank had now no other interest than the interests of their own monopoly to attend to. The time once was when their corporate interests went hand in hand with the commercial and financial interests of the country; but they had now become distinct and separate, and no other security remained for the public but the forbearance of the Bank. He meant no reflection whatever on the individual characters of the directors—with many of them he had lived in habits of personal confidence; for some of whom he had the highest personal esteem. But as a corporate body their conduct had no claim on his respect—they

had in that capacity deserved no confidence, except the confidence of the right hon. gentleman, whom they were always prepared to accommodate. He knew of nothing that they had done for the promotion of the public interests, but he knew of much for the gratification of their own thirst and eagerness of gain. It was now incumbent on them to shew what they had hitherto pertinaciously concealed—he meant the real amount of their profits since the suspension of cash payments. As soon as the immediate question should be disposed of, he would take the liberty of moving for this account, as well as for a committee to inquire into the state of the affairs of the Bank. This might serve to shew that there were some who did not shrink from doing their duty on this occasion, and who wished to warn the House upon the new and perilous crisis to which they were arriving. He would at least not be one of those to lead the people of this country ad ignotum per ignota to a situation in which the establishment of a legal tender would leave no other security than the gold and silver in the actual possession of the Bank. He did not mean to say that for every note that was issued a corresponding sum should be kept in its coffers, but when he saw the directors and the right hon. gentleman in league together to give a forced currency to Bank notes, he had a right to satisfy himself about the intrinsic value of those notes. He recollected that one of the governors of the Bank had last session represented himself as entertaining considerable objections to the measure of a legal tender, and he should be now happy to learn that the hon. gentleman remained unaltered in his opinion. He was aware that by the employment of certain arts, and by certain means, almost the whole of the commercial interest had been taught to believe, that their prosperity was essentially connected with the present system of Bank issues. He knew that all this might be urged again, and that he might easily be described as a person who wished to destroy the credit of the country. He should, however, have no recourse to argument on the present question, because he believed that all argument upon it had been exhausted last session by several of his friends about him, and particularly by one hon. and learned gentleman whom he did not then see in his place (Mr. Horner). "Let the right hon. gentleman then," said Mr. Tierney, take all the responsibility of this proceeding to himself, he is known to plume himself upon his stoutness, and his contempt of majorities or minorities, and he has this day given a pretty good earnest of it. I believe that no other minister would have dared to come down to this House and propose to make the promissory notes of a corporate commercial body a legal tender. Let the right hon. gentleman then continue to advise only with his faithful directors, I shall give him no further opposition, because I believe it to be utterly useless. I shall therefore conclude by declaring before God, that I speak not from the influence of party views when I lay my hand upon my heart, and express it as the settled conviction of my mind, that the measure now proposed will operate to blast for ever the credit of the Bank, and the financial security of the country, and I sit down solemnly protesting against it accordingly."

*Lord Castlereagh* said, in explanation, that there was a substantial distinction between compelling the acceptance of notes as a legal tender, and making them a legal tender into court.

*Mr. Whitbread* ridiculed the distinction drawn by the noble lord, which, he contended, amounted to nothing.

*The Chancellor of the Exchequer* had never supposed that the opposition made by the right hon. gentleman, or those who acted with him, was for the purpose of destroying the credit of the country, but he had conceived that the enlightened policy, as it was called, proposed by them would, if adopted, have proved ruinous and ineffectual.—With respect to the charge of stoutness and disregard of being in a majority or a minority, made against him by the right hon. gentleman, he could assure him that he was far from feeling so indifferent as he was represented to be, on that point. In the measures he proposed, he was actuated by a strong conviction of their being such as were approved of by the great majority of the feeling and sense of live country as well as of parliament; and the right hon. gentleman himself had been obliged to confess that he was aware the measure was so popular, while he protested against it, that he knew it was in vain for him to oppose it, though he attributed this popularity to the impositions practised on the country by artful and designing men. It was rather a singular way of supporting his argument, for the right hon. gentleman to confess that the entire mercantile body of the country was against him. He really conceived that they were as likely to form a true estimate of their own interests as the right hon. gentleman. He no doubt felt some pain in proposing this measure, but he must be a hardy politician, indeed, who in the present circumstances of the world

## EXHIBIT 26

would do any thing to endanger the credit of the Bank. As to the mode of endangering it, he knew that he differed widely from the right hon. gentleman. He believed it to be perfectly impossible, at present, whatever it might be at other periods, to fix any precise limit to the issues of the Bank, without producing serious occasional inconvenience to the public service. With respect to the disposition of the right hon. gentleman not to oppose this measure, he would be extremely happy to see this disposition exerted on other occasions, and extended to all questions relative to the policy of the present administration.

Mr. Tierney said, that the right hon. gentleman was mistaken in supposing, that he would not oppose any measure brought forward by him; he would give no such pledge, as he never saw any gentleman whom he was so much inclined to oppose.

*The House then divided, when there appeared—*

For the Motion 73

Against it 26

Majority —47

*Leave was accordingly given to bring in the Bill.*

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## BANK OF ENGLAND NOTES.

*HL Deb 24 March 1812 vol 22 cc148-9*

*Earl Grey* said, that a measure was then in progress through the other House of Parliament, which embraced a subject of the utmost importance to the country. From all that he had heard on the subject, he could view the measure in no other light than as a Bill for making Bank-notes a legal tender. In his opinion, therefore, prior to any discussion on the Bill, some information should be laid before the House, to shew how far, in the event of the measure having the effect he stated, the public could receive it, without some sufficient security being given—to point out how far the country could rely on that which was proposed to be introduced as a valid security. He should, therefore, feel it his duty to move for an account of the number of notes which had been presented at the Bank, for payment, within a specific time, and refused, on the ground of their being forgeries. If no objection were made to the production of this paper, he would move for it tomorrow. If, however, any opposition were likely to be manifested, he would postpone it till after the holidays.

*The Earl of Liverpool* observed, that he would, at present, say nothing more about the Bill to which the noble earl had adverted, than that he was entirely mistaken as to its principle. When the measure was regularly before them, he should be ready to state his opinion fully. With respect to the account for which the noble earl expressed his intention of moving, he was desirous, before such a motion was submitted to the House, to know, whether any objection against producing it, existed in the quarter from whence it must be derived; and, if any, what the nature of that objection was. That he might procure satisfaction on those points, he wished a short delay to take place. Probably, he should have an opportunity tomorrow, of acquiring that information; and, if so, he would communicate the result to the noble earl.

Search HelpHANSARD 1803–2005 → 1810s → 1812 → March 1812 → 26 March 1812 → Commons Sitting**GOLD COIN AND BANK NOTE AMENDMENT BILL.***HC Deb 26 March 1812 vol 22 cc196-212**On the motion for the second reading of this Bill,*

*Mr. Morris* , entertaining the same objections he had always professed to the measure in contemplation, which objections were still strengthened by the new clauses added to the Bill, could not forbear enforcing them again, even in that early stage of the measure. The Bill, as it stood, went to give to the paper of a company, the same currency as to the coin of the realm, and to make those notes a legal tender in every instance, without providing any additional security against forgery, or against any excessive issue which might, and would still further depress them. The system of paper circulation was not new, it had been at some period or other attempted by most nations in Europe, and its invariable consequence had been to entail bankruptcy on government, and ruin and misery on thousands of innocent individuals. The same effects might be expected, or at least apprehended, in this country, from the Bill then before the House; and it was the bounden duty of the representatives of the people to pause and consider, whether or not the present paper currency meant to be established was so far different from all others, as to avert the apprehension of those evils which experience had taught us to expect. He was not, however, so sanguine as to hope, that the provisions of the present Bill could answer that purpose. He saw no additional security against forgery, and while he was willing to do ample justice to the ingenuity of the means by which the Bank had contrived to protect themselves, he must observe, at the same time, that as those means were secret, that very secrecy, far from affording any additional security to the individual, only increased his perplexity. He could speak from personal observation as to the effects of forgery on a paper circulation; he had seen in France in the time of assignats, bureaux de verification erected at the corner of every street, where the trembling tradesman was forced to bring paper for inspection before he could think himself safe in delivering his goods. The same effects might be expected in this country, from the increase of forgery; for the loss to the individual was not the greatest evil to be expected from it, and the effect it produced on the public mind, tended to depress the forced circulation tenfold. Against that evil, of momentous magnitude, the public had no means whatever of guarding themselves, even the endorsing of Bank notes was but a futile resource: and, in fact, no man, whatever might be his education, could be said to possess really the means of distinguishing a genuine from a forged Bank note. Adverting to the second point to which he had alluded, the security against an excessive issue, he thought that the Bill was equally deficient in that respect. To the directors of the Bank he gave full credit for ability and integrity. He was sure they were incapable of abusing the trust reposed in them; but the power with which they were thus invested was too great for them to wield; and they had not sufficient means of restraining the issue of their paper money within due bounds. From the view he had been able to take of this subject, he thought it would have been much better to let things remain as they were; at the same time, he lamented that the Report of the Bullion Committee, which he admired as much as any one, had not adverted to the state of the law as it then stood. He had already suggested the propriety of going into a Committee, to sift that matter to the bottom; and should such a measure be adopted, it might, perhaps, be thought advisable to raise the nominal price of gold coin, in the same proportion as bank-notes had been depreciated in comparison to it; there could be then no inconvenience in the Bank resuming its payments in specie. The measure was not so novel as might be expected at first sight; we had, in fact, already raised the price of coin by the issue of tokens, at a rate above their intrinsic value, and although they were not the standard coin of the realm, still they were received in exchange of those notes which were to be made legal tenders, and accepted in payment by creditors. The hon. and learned gentleman then alluded to the misfortunes brought on this country at former periods by the depreciation of the circulating medium, for which no remedy could be found but in a recurrence to the old principles. If the present Bill was ultimately to be adopted, he trusted that such provisions would be added as to protect the individual from loss, while it secured the regular service of government; but he should think

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that the only remedy to the impending evils would be found in the collected wisdom of the House assembled in a Committee.

Lord A. Hamilton read the third and fourth Resolutions of the Bullion Committee. By the third the Committee had declared, "that bank notes were to be considered as promissory notes for payment in gold." The fourth assumed, that, "in consequence they were held in estimation equal to the current coin of the realm." The noble lord argued that it was the height of inconsistency to proceed with the present Bill, with those Resolutions (diametrically opposite to its principles) standing on the Journals of the House, especially as it was intended to extend the Bill to Ireland.

Sir John Newport deprecated the idea of extending the Bill to Ireland, and conceived that the House was travelling the high road to ruin, which had been invariably the case with all countries in which a paper currency had been forced on the people. He begged the House to consider, besides, the grounds on which the measure was to be extended to Ireland. It was simply on a petition presented by a noble lord, without his having condescended to inform the House whether the petition was signed by landlords or by tenants—that was, whether it was signed by men who were willing to abandon some of the advantages they actually had by contract; or by men willing at any rate to acquit themselves of their debts at a cheaper rate. The Bill passed last session went far enough to alarm all men interested in the welfare of the country, but the present went far beyond it. It went, as it respected Ireland, to break a solemn covenant between landlord and tenant, by which the former was to be paid in gold, no matter at what price it was to be procured. He thought that this was a step too bold to be taken at once; and before the imperial parliament could think, under such circumstances, of extending the Bill to Ireland, they should have petitions from every part of that country, and know especially if landlords agreed to it. In another instance, Ireland, should the Bill extend to that country, was treated with evident neglect. He believed that the bank of Ireland was as solvent as any bank—as much so as the bank of England itself, and he could say no more in its favour. Yet, when it was intended to restrict the bank of England from paying in specie, it was thought necessary first to institute an inquiry as to its means of solvability. But, the same precautions were deemed useless when the Bill was to apply to Ireland. These were the grounds on which he objected to the Bill being extended to Ireland, especially in the thin state of the House; and in the absence of Irish members. He might add, that it had proved perfectly useless in this country, it being found impossible, as it always would be, to prevent the traffic in gold coin, or to keep paper in any country above a certain level, regulated by a variety of uncontrollable circumstances.

Mr. D. Giddy allowed the full weight of the principles laid down by his hon. friend (Mr. Morris); he saw that the measure proposed was attended with great difficulties; he might say, that it was dangerous, and wished that another had been proposed in its stead; yet, in the present circumstances, knowing it was desired by the public, he would not oppose it.

Mr. H. Thornton hoped that, before the Bill should pass, the gentlemen from Ireland, then absent, would come fully prepared to discuss its merit as affecting their country, in the way alluded to by the right hon. baronet. The nature of the Bill itself had been greatly changed by its extension to the sister-country. He was one of those who thought last session that the Bill would be incomplete if it did not extend to Ireland; but at the same time he had expressed a positive wish for full information, before that step should be taken. It had appeared since, that a practice existed in Ireland of receiving gold in payment of contracts, at a difference in price from the paper circulating medium. The difference was stated by some at 22 or 25 percent, against paper. It followed of course, that the landlords and other holders of such contracts, would be injured by the Bill in that very proportion. This was a step perfectly novel in legislature; and should the Bill pass, it would turn out that a man, a tenant for instance, now bound to pay 122l. by virtue of a special contract, would be authorised by parliament to pay only 100l. Indeed the measure was one of such manifest injustice, that he thought government must have had some secret and powerful motive to propose it. Probably they meant to destroy altogether the standard on which people were enabled to judge of the depreciation of paper currency, which standard was kept up by the price of gold coin in Ireland, A standard more imperfect would still

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exist, was true, in the course of foreign exchanges; but this was not within the reach of every one; and by keeping from the view of the people the true standard of value to which they had been long accustomed; ministers would be able to carry their system of delusion to almost any length. It was as necessary to the welfare of society to keep always in view the standard of marketable value as well as any other; as for instance, the standards of weight, length, and capacity for the sale of goods; and by taking away the standard of gold coin for marketable value, no scale would be left on which prospective bargains or contracts could possibly be executed. Notwithstanding all these weighty objections, he was willing to let the bill go into a Committee, in hopes that they might be discussed with better effect, but without pledging himself any further. He hoped above all things that in the Committee another standard of marketable value would be recognised besides paper currency.

*Lord Castlereagh* did not think it necessary to enter at large, for the present, on the merits of the Bill. He admired the ingenuity of the hon. gentleman who had just sat down, but his arguments did not carry conviction, because he always fell short of the object in view; he pointed out evils, which he magnified, but never suggested a remedy. The noble lord did not see that the extension of the measure to Ireland was attended with such insuperable difficulties, as to deter parliament from completing a system deemed necessary for the prosperity of the empire. He should deceive the House, were he to deny that difficulties existed; but they were not of the nature represented. He must, for instance, contradict the idea which seemed to have been entertained, that a double price for goods, the one in gold coin and the other in paper, existed all over Ireland. It was said, indeed, that the traffic in guineas was pretty general throughout that country, as it was in England. This could not be denied. But there were not generally two prices stipulated in a contract; the practice, on the contrary, was, in that respect, the same as in this country. The question, therefore, as to payments in gold stipulated by contract in Ireland, was reduced to three or four counties, which stood as an anomaly, and in which the practice of stipulating for payments in gold had long subsisted. But, even in that case, the question had been very much narrowed of late; for within eight, or seven years at least, bargains had uniformly been made for payment in notes. There remained only rents, for which, according to the old system, payment was to be made in gold. In this the only difficulty existed; and whatever measure the House thought fit to adopt, the noble lord was sure that it must be attended with some sacrifice of individual interest. As to the signatures to the Petition he had presented to the House, and which had been so often alluded to, he could assure the House, that some of the gentlemen who had signed, were connected with the first landed interest in the neighbourhood of Belfast; others were not so, they were not landlords, but he could take upon himself to say, that all were actuated by the same motives—the interest of their country; nor could their tardy application to the legislature for a redress of that grievance, be considered as proof that it was not severely felt. At first, gold coin could be procured at a premium of about two per cent, perhaps through the means of the landlord's agent himself; and this might be considered by the tenants as a *douceur*, to which, under all circumstances, they were willing to submit. But, now, from the operation of foreign exchanges, and, as he would urge the matter to the House, from an act of parliament itself, preventing the bank of England from making payments in gold, tenants could not procure guineas but with the utmost difficulty, at the rate of 25 per cent. It would be for the House to consider, whether or not the enormous loss of 25 per cent. now sustained by the tenants, was in contemplation of their original contract, when they consented to pay a small *douceur* to the landlord or his agent, and whether or not they were exposed to that unforeseen loss by circumstances over which they had any controul. To a loss of 2 per cent. they might have cheerfully consented, but the enormous discount which they were now obliged to pay, was a grievance entitled to some consideration. He would not take upon himself to say what measures should be adopted in such circumstances; he only wished to enforce on the House the propriety and necessity of applying the same measures to Ireland as to the other parts of the empire. They should not lose themselves in minute details about localities, but proceed on the broad basis of the general interests of the united kingdoms. Several gentlemen had, like himself, expressed a wish last year, that the measure then intended for England should also extend to Ireland. He did not conceive, that the peculiar situation of three or four counties could operate as a bar to the wish then expressed, and which he considered as consonant with the prosperity of these realms.

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Mr. W. Smith was against the Bill, even in this stage, as he did not think it capable of amendment in a Committee. It was another step in that system which, if they argued from analogy to all the other nations in which history informed them similar courses had been pursued, they must be convinced could only terminate in the utter ruin of the country. It was said that the measure was popular; but he denied the capability of the persons out of doors to form a proper judgment on a subject, which was not fairly presented to their understandings. And it was for the wisdom of that House to correct the errors into which those who did not look so deeply into the matter might and must fall. Not as would seem to be the opinion of his hon. friend (Mr. D. Giddy) who would agree to a measure which he was convinced was not right, because the people liked it; as if, 'Sipopolus vult decipi, decipiat.' He was astonished that his hon. friend could lend himself to so ruinous a deception. There were one or two objections to the present Bill, which struck him as so weighty, that he was surprised it could have been at all entertained by the House or the country. It went, to all intents and purposes, to make bank notes a legal tender; for the only difference was, if a man could afford to wait 'ad Græcas Calendas,' that was, till the Bank returned, to payments in specie, which the present measure would lead to the protraction of for ever. His sincere and perfect belief was, that it would end in national bankruptcy. For all history shewed them that such had been the tendency of similar practices in other nations, and did not afford them one solitary instance to the contrary. To add to this moral certainty of the result, our national debt had increased, and was increasing, and with that increase the advance of the price of all commodities. They were told, if this step was insufficient, they must take another; and what must that step be?—to make bank notes at once a legal tender. And should this also fail in effect, what remained to be done? They must compel all persons to bring their commodities to market at fixed prices, or they must return to the point from which they had unfortunately departed some years ago, and they must return to it against the increased difficulties which would be thrown in their way, if they agreed to the present measure. He laid no stress on the confined issue of bank notes, as there was no criterion to judge by, whether that issue was too great or not; neither did he think this matter ought to be left to the discretion of the bank directors, however respectable they were. The measure was prospective: and they could not answer for directors 30 years hence, in whom government might be as much mistaken, as they had been in those in whom they reposed trust at the period of the South Sea Bubble. With the same capital they had when they issued 12 or 13 millions, they now issued double that amount—and had, consequently, a double profit, while the risk lay with the country. They might proceed to issue 40 millions—and still the country be obliged to take these notes, without their being guaranteed by the government. But if government did not guarantee these notes, they had no right to make them a legal tender. Between individuals, such an act would be almost a fraud; and in a government, it was an egregious act of unjust violence. Was the system of "I promise to pay" to be carried on for ever? When would this end, and what would be the consequences? If the Bank got into any intermediate difficulties, and was not able to pay in specie, the government must allow it to go on longer paying in paper; the end must be bankruptcy.—With respect to Ireland, there was one circumstance which must strike every one in regard to the extension of the measure to that country. Whatever measure they might adopt after the enquiry they had had, as to guaranteeing the bank of England, would any man say, that the House had on its table sufficient information as to the bank of Ireland, or sufficient parliamentary grounds to warrant them in guaranteeing its issues? If they did not, why tell the people of that country that they must and should take their notes? If they did not, had they any documents to justify themselves in undertaking this responsibility? As the measure was unique and isolated in itself, so was the mode in which it was conducted in the House. It reminded him of the sentence in Shakespeare—"Things ill-begun make strong themselves by ill." There had only been three prosecutions last year connected with this subject, and to compel payments in specie; and he maintained that this was no inconvenience to warrant a step of that fatal tendency they were now called upon to take. He therefore opposed the second reading of the Bill.

Mr. Wellesley Pole would not go into the general question, but confine himself to that part of it which regarded Ireland. He collected from all sides, that it was not disputed that the measure of last session met with general approbation, and was looked at by the country with a very favourable eye. If this were true, and it was a measure resorted to for the protection of the subject, was it not natural to desire it to be extended to Ireland? The only reason why it had not been extended to that country last session, had been justly stated by his noble friend (lord Castlereagh).

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It arose from the anomaly existing in that country, which rendered it necessary to allow time for investigation, and for learning the actual state of the case. This anomaly, in having two prices, one for gold and the other for paper, did not, however, extend so far as was supposed. It was confined, as the noble lord had stated, to part of one province out of the four into which Ireland was divided. His noble friend had also fairly explained the nature of the difference arising out of the two per cent. formerly paid for the purchase of guineas by the tenant; but the original cause might not, perhaps, be so generally known. If arose from the weavers having, for some reason or other, refused, soon after the establishment of the bank of Ireland, to take their notes in payment for webs. This rendered it necessary for landlords to guard themselves by the adoption of the practice in question, and the traffic in guineas had gone on till the price of gold became so much higher, in comparison with paper, that the evil remedied itself, and the practice was altogether abolished, except what remained between landlords and tenants. The exaction of gold for rent had, of late, become so crying an evil, that if it had not been for the measure of last session, and the prospect held out that it would soon be extended to Ireland, they would have heard such a cry from the North, to protect the tenant against the landlord, that no government could resist it. In what condition, he asked, would they be, if they (the Irish tenantry) were exposed to the caprice of any avaricious landlord, while they protected the people here? It would be said, in Ireland, that when one solitary instance of a landlord's wishing to exact this mode of payment occurred, the legislature, as it were, by acclamation, hastened to extend their protection, while they left the people of Ireland to suffer, as they now did, in many parts of the north. He would not now enquire, whether the measure was right and politic for England; but if it was thought right and politic in this country, he demanded it equally for Ireland. He did not wish to disguise the fact, that it would be an inconvenience on landlords, who had let their lands to be paid in gold, and he would be ready to lend himself to any remedy that might be proposed to accommodate the interests of this class, who were, however, only an exception to the general rule. The inconvenience, too, it ought to be recollected, would be nothing, when compared with the evils remedied. He had understood an hon. gentleman, to insinuate some suspicion of the solvency of the bank of Ireland.—(A general cry of No! no!) Was it so or not?—(Mr. Smith signified that it was not.) Then he would not press the subject, but conclude, by saying, that he would be as ready to guarantee the bank of Ireland as the bank of England. There did not exist the slightest suspicion against it; and, he was sure, the honourable men who conducted its direction, would, at all times, be ready and willing to submit to the strictest examination and scrutiny the government or the House should think proper to institute.

*Mr. Giles* shortly opposed the second reading of the Bill, on the ground of its making bank notes circuitously a legal tender. Mr. Burke had said that these notes were of value on the Royal Exchange, because they were of no value in Westminster-hall; but this measure went to reverse the case, and make them of more value in Westminster-hall than any where else. He conceived it would be much better to make them a legal tender at once between man and man, than through the intervention of courts of law and attorneys.

*The Chancellor of the Exchequer* maintained that the measure was calculated for the protection of the liberty of the subject, who, but for this Bill, was in his person liable to the payment of a debt in gold, which, so long as the Bank restrictions continued, it was not in his power to obtain. The emptiness of the House had been frequently alluded to in the course of the evening. He ascribed it to an understanding which had gone forth, that it would be most proper to debate the question, with regard to its extension to Ireland, after the recess. The hon. and learned gentleman who opened this discussion, had confessed that it was quite impossible to leave the currency of the country as it now was—of course he could not oppose their going into a Committee on the subject, to see what currency was possible to be made. They had also heard a great many general arguments, fending to prove, that by the system now pursued, the country was in the high road to ruin. This mode of reasoning was not only applied to the present Bill, but had been applied to every circumstance and occasion since the period when the Bank restrictions were imposed. Yet those prophecies had turned out to be false and groundless, which he hoped would be equally the fate of the predictions now poured out upon them. He could not help being surprised at his hon. friend's (Mr. Thornton) notion of the beneficial effects to be derived by Ireland from keeping up a practical standard, by double prices, of the relative values of gold and paper currency. He could not think such a standard so desirable, as that it should be maintained to the great injury

of the country. And, after all, what kind of a standard was it? One unsettled and fluctuating, from 5 to 20 per cent. at the pleasure of the landlord in this or the other field—on this or on the other side of the hedge. Much had been said of the examples afforded by the history of nations, of the fatal and ruinous tendency of all such systems as that now embraced in England. But he contended, that there never had existed an instance in point; and he defied any gentleman from those histories to show him a case, in which the paper currency of any other country bore the slightest analogy or resemblance to that of Britain. It was absurd and most ridiculous to compare them together, or bank notes to the assignats of France. These assignats, within two years after their first issue, had exceeded, by a hundred-fold, all the issues of the bank of England during a long period of years. They had, therefore, the experience of a number of years, from 1797, when the restrictions were imposed, to convince them, that there was not the slightest danger of an excessive circulation to ruin the country.—"But," said an hon. gentleman (Mr. Smith), "after this measure is passed, and thirty years hence, when you may not have such provident and honourable directors of the Bank as at present, the evil will increase." Why could not parliament, as they had done, continue to superintend the issues of the Bank? During the last year, they knew the fact to be, that, so far from an increase, a diminution in the circulation had taken place, and they had no reason whatever to fear any danger from the sudden inundation of the country with bank paper during the recess. There was no danger of directors, heretofore so prudent, running all at once into a directly opposite line; there was no hazard of an indefinite issue to ruin the country in the manner described in the histories referred to. The whole of the issues here amounted to about one-third of the annual revenue of the country paid into the Exchequer.—Had they an instance like this in any history of any other nation, where, if he might use the expression, the paper currency was thrice, in the course of one year, disgorged to the government? But all this train of argument appeared to be mere idle declamation, and nothing could possibly be more absurd than to make these comparisons between things utterly dissimilar. He trusted the House and the country would therefore agree with him, that something of the kind now proposed was absolutely necessary for the protection of the subject. In framing the measure, they would, of course, direct their attention as much as possible to the prevention of evils arising from forgeries, and to save the people from being liable to receive them in payments. It appeared, from the account laid on the table, that this evil had not grown to an enormous magnitude, in comparison with the vast sum of 23 millions in circulation. The forgeries amounted, during the last eleven years, to about 9 or 10,000*l.* a year, including a number of foreign notes rejected at the Bank; and this was perhaps not more than a circulation to a similar extent in gold and silver would suffer. From the vast foreign expenditure in which the nation was engaged, they were, no doubt, in difficulty, which it was the object of this measure to meet in what appeared to be the most advisable way.—But if they took the advice of gentlemen on the opposite side of the House, and called on the Bank to resume its payments in specie, then indeed, it might justly be said, that they were throwing widely and directly open the door to national ruin and bankruptcy. It was their duty to make the best selection they could for the country, and not reject a measure merely because theoretical objections could be urged against its perfect expediency, while it was allowed, on all hands, that some step was necessary, and no other, at all feasible, was suggested.

*Mr. Ponsonby* said, he had no intention of going at large into the question now, but as he had been absent during the discussions it underwent last session, and had no opportunity of delivering his sentiments at that period, he was anxious in a few words to express his firm conviction, that so far from this measure being calculated to promote the permanent interests of the country, it was calculated to bring the country to ruin. The right hon. gentleman opposite, had said that the predictions made on former occasions, when this system began," and at various points of its course, of the progress to ruin in which it would involve the country, had never been fulfilled. At the time when the Bank restrictions commenced in 1797, many persons had indeed spoken in very strong terms, as men were apt to do, of the utter ruin attendant on such a course. For his part he had never used this strong language—but there were many intermediate stages between the injury and titter ruin of a country. In his opinion, all the predictions since 1797, in opposition to that of the right hon. gentleman, had been substantially fulfilled. The supporters of the measure had declared their belief, that the Bank would soon open again, and resume its payments in specie. This had been denied, and the contrary affirmed, viz. That the Bank would never pay in gold so long as this law lasted. Which of these predictions had been verified? Some years ago, when the price of gold rose so high, and the course of exchange

became so unfavourable, owing to the excessive issue of paper, it was said, on the one hand, that this mischief would be still worse; which, on the other hand, was denied. Whose prediction, in this case, he would again ask the right hon. gentleman, had been proved right? Their difficulties had increased. They were in a worse condition last year than ever they had been before. How, then, were their predictions falsified? The right hon. gentleman had told them, that no issues in other countries had ever resembled those of this. He agreed with him on this point—none had ever exactly resembled It was therefore, that the progress of the mischief had been and would be slower in this country than in any other. But its progress was, nevertheless, inevitable, and in the nature of things. It was true, if our foreign expenditure was much decreased—if our issues from the Bank were more provident and wise than they had been, the evil might be deferred; it might even disappear; but then, it must be a cessation of that system which the right hon. gentleman held to be necessary for the safety of the country. But though there was no exact resemblance between the paper currency of other countries, and that of Britain, there was, in many points, an agreement. There was an agreement in principle. The excessive issues from the Bank had rendered that company unable to fulfil its engagements to government and to the country. The Bank was, thereupon, compelled to put paper into issue to such a degree, as in its connection with government, caused that paper to become a government paper, and a forced government paper too!—It had nothing to pay its dividends with, but this forced government paper. The good sense of the country, the attention of parliament, and the good management of the directors of the Bank, might also add to those causes, which would retard the progress of the evil that had been predicted; but still, in principle, it resembled other countries, and the consequences were unavoidable. With regard to the extension of the measure to Ireland, there were one or two circumstances to which he begged leave to call the attention of the House. Ireland being much poorer than this country, and having a less capital, it might be supposed that when the bank of England could no longer make its payments in gold, the bank of Ireland must have been in a similar state. But the direct reverse was, to his own knowledge, the fact; At the time the bank of England suspended its payments in specie, the bank of Ireland was as competent, ready, and willing to pay in gold as it had ever been.—When the intimation was received from the government in this country to stop these payments, the surprise was as great as had ever been excited. This he considered as one of the most just criterions by which to try the real state of the bank of England at that time and since. The right hon. gentleman had endeavoured to throw a ridicule upon an hon. gentleman for his opinion on the value of the practical standard existing in Ireland, to ascertain the real state of the depreciation of the paper currency. But the right hon. gentleman was altogether in error in supposing, that this standard varied from 5 to 20 per cent. on either side of a hedge, according to the pleasure or caprice of this or that landlord. That was not the case; and the rate per cent. never depended upon the will of any landlord. The capital of the country was the standard. In Dublin the buying and selling of gold was as common as that of broad cloth, or any other article. Much of it was bought for England, from whence a considerable proportion of it was, he believed, exported, and a considerable portion of it hoarded. Though he hoped he would be acquitted of being guilty of much egotism in that House, or of being apt to speak of himself, he would briefly state a circumstance of which he had been an eye-witness, to shew that it was this traffic which formed the standard, and not the fancy of landlords, as imagined by the right hon. gentleman. On the day he sailed for London, he went into one of these shops in which gold is purchased and sold in Dublin, and while there, a country woman came in to dispose of 11 or 12 guineas. She asked what was the premium, and was informed 5s. 6d. on each guinea, with, which being satisfied, she received that sum in bank of Ireland notes, and the fractional parts in tokens. The person of the shop having gone out, another stated to him (Mr. P.) that the woman had been paid too little, as the premium ought to have been 6s. on each guinea. On the return of the shop-keeper, he had exchanged with him bank of Ireland notes for those of the bank of England, at the ordinary rate of exchange, which at that time amounted to about one penny, or three-halfpence in the pound. This was a decided proof of the depreciation of paper, in comparison with gold, and that the rate of that depreciation was as well ascertained in Ireland as the price of meat or bread. His advice, then, was—to let the thing take its own course with the two prices. The Bill, if he understood it right, went to enact, that if a debtor was sued, and paid the amount in Bank-notes into court, the creditor was compelled to receive them and pay costs. But suppose A owed B 100l. on bond, and was desirous to pay the money and get rid of the interest, A could not force B to receive the payment in 100l. Bank-notes; and must continue to remain B's debtor, and pay him interest. This seemed to him to

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be a great absurdity. It was said, the measure was necessary;—he knew not the circumstances that made it so: it had not been called for by Ireland, save in one Petition from Belfast, presented by the noble lord, and he was convinced if that was looked into, that the signatures would be found to be more connected with the commercial than the landed interests. It had also been said; that there were oppressive landlords—he did not doubt but there might be persons of this description, but he could not think this a sufficient reason for forcing the currency of a country out of its natural state. There would be many inconveniencies in applying the measure to Ireland, as the circumstances of that country were very different from this. English gentlemen were not aware of the great difference that existed. In England, for instance, there were few perpetual leases, but in Ireland there were a great many. Numbers of gentlemen found their lands let for 900 or 999 years, and to compel them who had so little revenue out of their property, to receive it in depreciated paper, would be to subject them to great loss, and indeed to leave them scarcely any thing. Upon this class of private gentlemen, therefore, the hardship would be very great; for their situation did not at all resemble that of landlords in this country, whose leases were only for a few years, and who at every new bargain had a remedy in their own hands. The matter, as it affected Ireland, would be found, when they came to the committee, to be most complex and difficult, and the injustice to certain individuals greater than persons in this country could have any notion. He would give his negative to the second reading of this Bill, because he opposed it in principle, and this was the proper stage for that opposition. It was said to be popular, whether truly or not, he could not say. If popular here, however, he might assert, it would not be popular in Ireland; and he was convinced its popularity in this country arose from its nature and tendency not being understood. In his opinion, it was a most pernicious measure, and he would reserve to himself the right of contending against it hereafter, when it was subjected to more mature discussion.

*Mr. Marryatt* thought that the measure would be a great oppression to the landlords of Ireland.—He had heard from hon. gentlemen it was not making Bank-notes legal tenders. He would contend that it had the effect, that of carrying out of the country all its coin. The Bank had told them that a dollar was worth 5s. 6d. No man was more aware of the use of paper credit than he was, but he wished it to be so restricted as to have a full security.

*The House divided. Ayes 61; Noes 16. Majority 45.*

#### List of the Minority.

Babington, T.	Moore, P.
Busk, W.	Newport, Sir J.
Colbourn, R.	Ponsonby, G.
Combe, H. C.	Romilly, Sir S.
Folkestone, Lord	Westerne, C. C.
Giles, D.	Whitbread, S.
Johnstone, G.	TELLERS.
Langton, G.	Morris, E.
Marryatt, J.	Smith, w.
Martin, N.	

*Adjourned to Tuesday, the 7th of April.*

[Search Help](#)[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [8 April 1812](#) → [Lords Sitting](#)**BANK OF ENGLAND.***HL Deb 08 April 1812 vol 22 c235*

*The Earl of Lauderdale*, after adverting to the Bill now in progress in the House of Commons, relative to Bank notes, also gave notice of his intention to move for information which he considered of the utmost importance with a view to that Bill, in order to ascertain the profits made by the Bank of England since 1797, by those measures which had brought distress on the rest of the country. His object was to have an account of the price of Bank Stock in 1797, and the average price in every half year since; the increase of dividends to the proprietors of Bank Stock during the same period; and the amount of bonusses granted to the same proprietors, during the same period. He believed it would be found, that the Bank of England had derived additional, profit of 15 or 16 millions by these measures, by the operation of which the rest of the country had been so much distressed.



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## BANK OF ENGLAND.

*HL Deb 09 April 1812 vol 22 cc247-8*

*The Earl of Lauderdale* said, if any objection were made to the motion of which he had yesterday given notice, he would abstain from submitting it to the House at present. But he thought it was fitting their lordships should know what was the direct benefit the public had given to the Bank by the restriction of cash payments; what were the causes which rendered it so difficult to procure money for the public service; and by what means the measures of parliament had thrown an immense sum of money into the pockets of the directors. To elucidate these points he would move, 1. For the average prices of Bank stock, half yearly, from the 5th July, 1797, to the 31st December, 1811.—2. For the rates of dividends, for a like period; with a statement of the amount of increase since 1797; and the time at which the increase took place; and, 3. For the amount of sums paid to the proprietors of Bank stock, over their dividends, since July, 1797; with the amount of each bonus and its date. He could see no objection to this motion. It might indeed be said, that all this information could be gained without bringing the matter before their lordships. He had himself made some calculations, but he knew not whether they were accurate. If they were, then the accounts he would move for would show, that while the people in general were suffering, the Bank proprietors had put nearly 17 millions into their pockets. He thought it was important this should be known, before they discussed a Bill which would nearly go to make Bank-notes a legal tender. In his opinion, there was not a more proper mode of taxation, than to take away part of their wealth from those persons who had profited by the public distress.

On the suggestion of the earl of Liverpool, lord Lauderdale postponed his motion till Tuesday, observing, that when he brought it forward, he would move for similar accounts from the bank of Ireland.

*Earl Grey* said, he understood no opposition would be given to producing an account of the total nominal amount of banknotes rejected as forgeries at the bank of England, from 1797 to the present time, but that an objection would be made to specifying the number and description of such notes; he should therefore, on Tuesday next, propose his motion in an amended state.

Search HelpHANSARD 1803–2005 → 1810s → 1812 → April 1812 → 10 April 1812 → Commons Sitting**GOLD COIN AND BANK NOTE AMENDMENT BILL.***HC Deb 10 April 1812 vol 22 cc279-95**On the question that the House do resolve itself into a Committee on this Bill,*

*Mr. Parnell* said, that he rose for the purpose of moving, as an amendment, that the further proceedings in this Bill should be postponed to this day fortnight, for the purpose of appointing a select committee to enquire into the state of the currency in Ireland, as the Bill related so much to that country, that every information should be obtained upon its probable effect upon the interests of the different classes there. He would endeavour, with the permission of the House, to put them in possession of the situation in which the paper currency of Ireland was placed. In the year 1804, a Committee had been appointed to enquire into the state of the bank paper here and in Ireland, and it appeared from their report, that the value of the paper issued by the bank of Ireland, in 1797, that the issues had not exceeded 6 or 700,000*l.* and the exchange between London and Dublin was at 5½ and 6¾ after that, in 1804, the issues had increased to 2,986,000*l.* and the exchange to 18. In Belfast, the exchange was in their favour, and a person wanting a guinea was forced to give two shillings for it, which was necessarily owing to the depreciation of paper. It appeared, then, that the Irish bank paper was in a progressive state of depreciation, and for this assumption he had very high and great authority, and that of a description which most of the gentlemen opposite would not be disposed to dispute, for the facts on which he assumed the depreciation of Irish paper, were to be found in the report of that Committee, which was composed of Mr. Pitt, lord Castlereagh, Mr. Yorke, Mr. Rose, Mr. Long, Mr. Vansittart, Mr. Manning, sir John Sinclair, Mr. Thornton, and others. When he had such authority, it could not be denied that he was correct in his statement. But in addition to this, he had also to refer to the opinion of an hon. member (the member for Old Sarum) who acknowledged that the paper in Ireland was depreciated, the reason of which was, the discount upon the country. Before the House agreed to make the paper of Ireland a legal tender, it ought to be shewn that the paper, which was depreciated in that country in 1804 (according to the report of the Committee) was not now in that state, but in such a one as authorised the House to make it a legal tender. He conceived that it was impossible to make out that case; but if the enquiry which he proposed was instituted, the result would be, that the bank paper of Ireland was more depreciated now than it had been in 1804, and this fact would appear from an examination into the state of the exchange, and into the value of the paper, compared to the discount. If the exchange between London and Dublin was at 18 per cent. when the Committee in 1804 had ascertained that a one pound note and a shilling would purchase a guinea in Ireland, yet the exchange would now be at 25 per cent. and upwards, instead of 18. If the Committee in 1804 had compared the exchange with Hamburgh, they would have found that it was 18 per cent. against Dublin, to the correspondent in London; and if they had made a late estimate, it would be 25 per cent. against Dublin; therefore the depreciation was greater than in 1804. Next, as to the value of paper, with respect to discount, or of paper on exchange, with gold, the result would be the same. It was perfectly justifiable to assume, that this Bill made paper a legal tender, though it was not set out to be so; for as the prices would be always regulated by the value of the currency, the only case where notes, being made a legal tender, would be of consequence, was in, old contracts, which would be materially affected. He therefore wished for a delay, to ascertain whether the facts he had stated were correct or not; for the House, under such circumstances, could not accede to the proposition of the right hon. gentleman. In a matter where the interests of Ireland were so deeply concerned, they should not come to a decision without giving an opportunity to protect its interests in the matter now before them. But it was argued that the Bill was effectual in this country, and therefore that it ought to be extended to Ireland; but when gentlemen made use of this argument, they must be ignorant of the different situations in which the landlord was placed in that country. Here the leases were for twenty-one years, or a shorter term, and the landlord was sure of a remedy; but in Ireland, where land was held under leases for long terms, of which three lives was the shortest, the state of things was very different, and the landlord

suffered in proportion to the depreciation, without any chance of being able to put himself in a just situation afterwards. Besides, the usage here had been to receive bank-notes since the restriction; but it was not so in Ireland, where the national bank itself had not been established until the year 1783, only 14 years before the restriction of payment in specie in this country.—It was not, at the time leases were made in Ireland, the custom for tenants to pay their rents in paper; but if they were now to be authorised by law, so to do, the effect of such a measure on the landlords would be infinitely worse than the Income Tax in this country, as it would diminish their revenue by one-fourth, without adding the least degree to the resources of the state. The hon. gentleman could not conceive, besides, the necessity or even the utility of extending to Ireland the provisions of a Bill, which was intended to prevent a double marketable price for goods in this country, when it was universally acknowledged that such a double price actually existed in Ireland. The hon. gentleman then adverted to the occasional depreciations which had taken place in respect to the bank of Ireland paper, notwithstanding the high degree of confidence it had always enjoyed. The bank of England enjoyed the same credit, but the issue of their paper was under the controul of parliament, which was not the case in Ireland. In that country there was no check whatever to the issue of that very bank paper already depreciated, and which this Bill was to force on the people as a legal tender. In such circumstances, he maintained, that the only effect of the Bill would be to take the money out of the pockets of the landlords and other creditors, to put it in that of tenants and debtors. It would not raise public credit, as had been asserted, but hurry down its rapid decline, till we were brought within the verge of bankruptcy. Notwithstanding all those strong objections to the measure then under consideration, the hon. gentleman would not vote for its absolute rejection at present; he wanted only for delay, to enquire into the circumstances which might render it advisable to extend the provisions of the Bill to Ireland; and he would in consequence move, "That the Bill be committed this day fortnight,"

Mr. George Johnstone observed, that the matter under discussion was no longer susceptible of that variation of opinion by which its examination was distinguished last year. The question, whether depreciation did or did not exist, was now at rest: time, which solved every thing, had solved that; and no one would now deny that it did exist. The fact had been with much candour admitted by the right hon. the Chancellor of the Exchequer, and if it needed proof he would ask whether, of any commodities, more might not be purchased for one hundred guineas than for one hundred and five pounds. The silver tokens too, which the Bank had issued, were another proof. These tokens professed to be worth three shillings each, while in fact they contained no more silver than what was contained in half a crown: The same quantity of silver that used to be put out for fifty shillings was now put out for three pounds; and that he thought a sufficient proof of depreciation. Perhaps it would be said, that the half crown, worn and defaced as it was, did not contain more silver in proportion, than what was contained in a Bank three shilling token. This he would admit; but then it should be remembered that 24 of those half crowns were exchangeable for 60 shillings in gold. Looking at these circumstances, therefore, no one could deny the fact of depreciation, and that fact being granted, what did the Bill then before the House propose to do? that which Adam Smith, Hume, and lord Liverpool had stigmatized as an act of fraud, when done by any government whatever; namely, to force creditors to receive in payment a depreciated currency. By its operation the state proposed to pay its own creditors, in a paper professing to be worth twenty shillings, when in fact it was only worth sixteen; while individual creditors would be placed in a similar situation. Yet he could be content to accede even to such a measure, if by its adoption the country could afterwards return to a metallic currency. This, however, there was no prospect of, for he saw nothing in the constitution of the bank of England, which should exempt it from the fate which had attended all banks that had been so closely connected with the government of the country. To shew what this fate had uniformly been, he would go into a history of all banks. He was aware the proposition sounded formidably, but he would do it with every possible conciseness. He then discussed, at some length, the history of the principal banks in Europe, from the first institution of the bank of Venice to the present day, drawing this inference, that banks of deposit were extremely beneficial wherever they were established, and that they had always remained perfect and entire where the state had not interfered; but that where the state had interfered they invariably fell, first into discredit, and then into ruin. The same had been the case with respect to banks of circulation, as a proof of which he referred to those of Austria, France, Prussia, &c. all of them ruined by their connection with the government, because what government borrowed it never paid. He did not wish to be understood

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literally, but his meaning was, that government commonly paid one loan by borrowing another, like individuals who took up one bill by getting another discounted. So dangerous, indeed, did he consider the connection between the state and the Bank, that he should have little fear about passing the Bill, if he could but see the one separated from the other. Were that the case, and if the Bank were left to itself, he believed it would soon diminish its issues until notes were worth what they represented. Those Banks he contended, which had not been intermeddled with, such as Amsterdam and Hamburgh, had maintained their credit until ruined by an overwhelming force. Adverting to the Banks in America, while America was a colony of England, he shewed, that although those establishments were under the controul of Parliament, they had been so profuse of their paper, and it had been depreciated to such a degree, that two acts of parliament were passed under queen Anne, to relieve the creditors defrauded by such depreciation. He read extracts from those acts, and maintained that the principles of the present Bill were in direct contradiction to those statutes. He knew that it was said on the other side, that there was no excessive issue of bank of England paper—this, however, he positively denied. The Bank directors were forced to it, by the large portion of their capital they had advanced to government. To the transactions of the bank of England with government, he attributed the partial distress under which it had sometimes laboured. The only way, he maintained, to raise the credit of our paper currency, was to pay to the Bank part of the money due to them by the country—that part, at least, the 3 millions, which had been borrowed under the sanction of parliament. He was sure the country, even in the present circumstances, was able to afford it; and, at any rate, money would be more beneficially employed in that way, than in supplies to Portugal and Sicily, employed for no other purpose that he could see, but to enjoy the miserable pantomime of making and unmaking kings. He would not, however, attach to ministers the exclusive blame the present system deserved: they had been, like their predecessors, imperceptibly drawn into it—like the individual in distress, who catches at any thing to avoid impending ruin; but any man who could divest himself of national partiality must see, that bankruptcy would inevitably be the consequence of the present system in England, as it had been in every other country. Adverting to the allowance to the officers of the Irish militia of Property tax on their pay, he observed that the time would soon come when the annual deduction of property tax would be made from the pay of the officers of our army and navy; and he could see no reason why English officers should not receive the same allowance as the Irish. The depreciation could not go on much farther, and government were only deceiving themselves, if they thought that they received any real advantage from the continuance of the present system. They would soon have the same claim to listen to in every department, which had been allowed to the Irish militia officers. The first thing to be done, was to pay to the Bank the money due to them by the country. Surely this could not be beyond our means. We ought to refrain from passing the present Bill, and allow the existing law to have its due operation. The act of the 37th of the King allowed country bankers to issue one and two pound notes; but at the same time allowed the holders of them to enforce prompt payment, by an attachment of the goods and chattels of those bankers. Were they now to be let loose from the operation of this law? They had no claim under the Restriction Act for this allowance; to issue small notes under such a condition, took place after the passing of that act. At all events he could see no reason for extending the Bill to Ireland. Neither ought it to be extended to Scotland. In England all private bankers might be said to be implicated with the bank of England, excepting with respect to one and two pound notes; but it was not so in Scotland, which had a distinct circulation of its own, and consequently ought to be kept out of this arrangement. This would serve as a warning to England, and would hold up a mirror to enable us to see the extent of our own shame and disgrace.

Sir J. Newport would not follow the wide range of argument adopted by the hon. gentleman who had just sat down, but would adopt the same line as his hon. friend (Mr. Parnell,) and consider the subject of the present Bill solely as it affected Ireland. Like him, he would ask the House to give some time for enquiry, in order to ascertain how far it might be advisable to extend the measure to Ireland. At present, the only ground which the House had to proceed upon, was a single petition, presented by a noble lord, from a corner of Ireland, and signed by fourscore individuals whose secret motives the House had no means of ascertaining. He had no doubt of the respectability of many of the petitioners, some of whom were known to him; but still the House did not know whether they were landlords or tenants, or whether or not they were mostly attached to the mercantile interest, and paid much more than they received in rents. On such light and uncertain grounds, he thought that the House could not possibly consent to a measure,

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which would be as revolutionary in Ireland, in respect to property, as any ever devised in France by Robespierre. In support of that assertion, he quoted a case alluded to by an hon. friend of his, in which the measure in contemplation would, on a small estate of 1,600l. a year make a difference of 300l. in favour of the tenant; and he appealed to the sense, of the House, whether such a measure was not revolutionary, in the strict sense of the word, in respect to property. Gentlemen would be more sensible of this, if they were aware of the long tenures by which lands were held in Ireland, and which from the change of the times, left the landlord but a small share of his property, yet this small share was still to be further reduced by a depreciated circulating medium. It was true, that in many instances fines had been received in consideration of long leases; but this did not alter the nature of the original contract, nor could it operate as an argument to reduce that part of the rent which the landlord had reserved for himself. The depreciation of Irish bank paper had begun before the great rise in the price of the bullion, according to the report of the select committee on Irish currency, of which Mr. Pitt, Mr. Foster and Mr. Rose were members. In the depreciation of bank of Ireland paper which had formerly taken place, the landlords had their option and their remedy. But this would not be the case under the present Bill, nor were the circumstances the same; for the bank of Ireland was not then restrained from paying its notes in specie, and gold could be procured. As soon, however, as the measure had been thought advisable in this country, Ireland had been compelled to follow the example, he supposed on the ground that what was good for England must be good for Ireland also. The restrictions from paying in specie had been thus forced on the bank of Ireland against the opinion of the directors; and it was, he supposed, in consequence of that compulsion, that no enquiry had been previously instituted into the state of their affairs. Certain it was, that to this day the House knew nothing of the affairs of that Bank, whose paper they were going to force on the population of Ireland. Was this doing justice to that country? He believed that the bank of Ireland was perfectly safe, and that their affairs were in a prosperous state; but he knew nothing of it as a legislator, and as such he could not act on belief. He next adverted to a resolution which stood in the Journals of the House, importing that Bank-notes were held in equal estimation to gold, and maintained, that for consistency's sake that clause should have been expunged, previous to the introduction of a Bill which affirmed directly the contrary, and went to provide a remedy for the inconveniency resulting from the depreciation of those very Banknotes. It had been stated to the House by a right hon. gentleman, that bank of Ireland paper was now at a regular discount, and that a guinea was currently at a premium of five shillings and sixpence; who could tell what further depreciation might take place in a short time, and what further losses this Bill might entail on the holders of ancient contracts? But those considerations had escaped the noble lord who had presented the petition alluded to. Perhaps, too, he had been actuated by motives far different to those alleged; and at the eve of an election he might have wished to enlist under his banners a large body of tenantry, who had before received his advances with abhorrence. He would ask, on what grounds the House could deny the enquiry which had been demanded? An enquiry had taken place into the affairs of the bank of England, before its paper had been forced on the people of this country; how could they in justice refuse the same security to Ireland, and how could they continue to be styled the Imperial Parliament, when the interests of such a large portion of the empire as Ireland were constantly neglected?

*Lord Castlereagh* denied that the present measure rested merely on the petition which he had had the honour to present; but it appeared to him, that the hon. baronet had been extremely parsimonious in his arguments, and had laid no grounds whatever before the House for delaying the measure. He was glad to hear that the hon. baronet had himself no doubt of the solvency of the bank of Ireland; and as Irish bank restriction had hitherto been enacted *pari passu*, with the restrictions of the bank of England, and without any enquiry, he thought that there was no occasion for any in the present instance. The hon. baronet had stated that the House were yet without any information on their Journals, of the solvency of the bank of Ireland. This was an accusation against parliament; it was an accusation against the right hon. baronet himself, for having allowed the bank of Ireland to go on under the restrictions, without being assured of their solvency; for the right hon. baronet, though not a party to the restrictions, was yet accessory to the subsequent continuance. The right hon. baronet had stated the whole of Ireland as in a different situation from England; and seemed, in the eagerness of his speech, to have forgotten, that it was in fact in only three or four counties of the north of Ireland, that the custom of taking in gold prevailed, and that seven-eighths of the people would be unaffected by the proposed measure. It appeared to him that it was a most intolerable hardship upon the tenant to require him to lose 20

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or 25 per cent. in order to procure gold to satisfy his contract. As to the report of the committee on Irish currency, however highly he respected many members of it, yet he differed from them at the time in their conclusions; and his opinion was since confirmed by events. At the lime of their report, the exchange was very unfavourable to Ireland, being about 10 or 11 per cent. They attributed this to the depreciation of paper, and were of opinion that it must continue unfavourable. Nevertheless a very short time after they had published their report, the exchange rote to par, from circumstances totally unconnected with what some called the depreciation of paper, but which he should always call the premium upon gold; and from that time the exchange had continued steadily about par. The petition which he had presented, not with standing the insinuation of the right hon. baronet, he could assure the House had been signed by men of the highest respectability, and was meant to apprise parliament of the existence of evils; and not to direct their opinion. In short he had heard no real arguments against the Bill, nor against the statements he had formerly made to the House.

*Mr. Ponsonby* thought that his right hon. friend (sir J. Newport) did not merit the taunt of the noble lord, of not having used arguments applicable to the question, the fact being that his right hon. friend had spoken directly to the question, which was, whether a delay should be granted to enquire into the case of Ireland? while the noble lord had spoken to any thing else, and to the general principle of the Bill. The real question before the House was, whether they were justified in extending this measure to Ireland? The noble lord said that gold had risen in price, and that it was not paper that was depreciated; but if this was the case, it seemed to him most extraordinary, that notwithstanding the increase of gold in the European world within these late years, it should, in proportion to its greater abundance, become dearer, which was exactly the reverse of the case with regard to every other commodity. As for the return of the exchange in Ireland to par, as noticed by the noble lord, he would remind him that there were two ways in which things might meet: they might come together by the one thing standing still till the other came up to it, or they might come together, by both walking to a meeting. Was it then that the bank of Ireland paper had risen, which caused this coming to par after the depreciation?—No; but the bank of England paper had fallen and sunk to what the bank of Ireland paper was before.—The noble lord had also told them that this Bill would make no alteration, except in three or four counties in Ireland, and that seven-eighths of the country would be unaffected by it. If so, it was strange that these seven-eighths of the people had not sent in representations and petitions to them last year, praying for an extension of the measure then passing through parliament. But he contended, on the contrary, that it made a great and general alteration in the country; much more than the gentlemen of England were perhaps aware of. For the tenure of land in Ireland was very different from what it was in this country. Here the greater part of the soil was not let on lease, and much of the remainder on leases of from 7 to 14 years. In Ireland much of the soil was let for ever, or for terms of 99 years; and the common leases, till within these 20 years, were at the shortest for a term of three lives or 31 years. Therefore, to suppose, that this measure was to afford relief to poor persons, or tenants at rack rent, was a misconception. The contrary was the fact; and, in many cases, the interest of the tenant in the land was more valuable, and could be sold for more money at market than the interest of the landlord. As for the hardship of calling on tenants to pay this great premium for gold, in order to fulfil their contracts, it should be remembered, that it was only an increased nominal value which they paid. But was it in nature to be supposed, that it would be the general practice of landlords to call on their tenants, in a manner to distress them, and ultimately render them unable to pay at all? This could not be imagined; and, on the other hand, ought not the landlord to have the real value for which he originally let his land? Suppose for instance, the depreciation went on, as, from all experience they were bound to believe it must do, what would be the situation of the landlord? He would ultimately be reduced, comparatively speaking, to starvation, while his tenant would enjoy a profitable estate. This, then, was the question, whether they were prepared to extend a measure of such sort to Ireland, without its being called for by that country, and without previous enquiry? If the sense of the House should decide on this, at least the period of the operation of the Bill ought to be limited. They ought to be aware, that they were setting aside specific contracts made for gold, and, if they did this, why were they not to deal out an equal measure to this country, and interfere with those bargains, by which the tenant was bound to pay part of his rent in grain? The sense of justice in the House was too strong, not to administer to both countries the law in the same manner. On these grounds, he was in favour of the amendment. Much had been said of the bank of

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Ireland. He believed it to be in as good a state as any body of the same kind, and with as good pretensions to character, as it never had entered into engagements which it was not able to fulfil. But still he deemed enquiry necessary, in order to be able to make the measure bear less hard on individuals.

*Mr. Wellesley Pole* expressed himself happy to have heard the right hon. baronet (sir J. Newport), and the right hon. gentleman (Mr. Ponsonby) deliver their opinions on this subject, as it would thence be seen how they valued the interests of the tenantry of Ireland. Under the pretence of delay, for the sake of enquiry into the solvency of the Bank, which they all declared to be solvent, the whole of their arguments went to shew that the measure was not necessary to, and ought not to be extended to Ireland. They contended that the tenant in that country should be left without the guard against the demands of the landlord, which the legislature had thought necessary in England, and that it was the landlord who wanted protection.—But it was a gross fallacy to put upon the House that because no other petitions had come before them, the people of Ireland were not desirous of the extension of this measure. The greatest alarm had prevailed among the monied men and tenantry last session, when it was known that the Bill was not to be extended to Ireland, and application had been made to government on the subject. He firmly believed of the present Bill, that the greatest ferment and dissatisfaction would be excited if it were not extended to Ireland, and not if it were extended, as argued by the right hon. baronet. He agreed with the gentlemen on the other side as to the difference of the land tenures in the two countries; but he drew a different conclusion from that fact: for, what would be the situation of the seven-eighths of Ireland, in which now, as was confessed on all sides, gold and notes were received indiscriminately, if the law was not extended? The right hon. baronet and right hon. gentleman spoke with great feeling about the landlords, who, in common with the tenants over this part of the country, had all their dealings in paper equally as in gold; but they would subject the tenants to the liability of being called on for 5s. 6d. premium for every pound they had contracted to pay. He would suppose another case not very improbable:—sup-pose a tenant had last year fined down his rent from 500l. to 250l. a year, by the payment of a fair sum; if this law were not extended he would be left liable to an additional charge of one-fourth more, or 20 per cent. Did not the tenant, in these cases, stand in need of relief? and yet these were the tender mercies of these right hon. gentlemen towards them. All he asked for was, security to the tenantry in Ireland similar to that enjoyed by the tenantry in this country—but this the right hon. baronet called revolutionary. The right hon. gentleman talked of their not legislating equally towards the two countries, while, by a wonderful perversion of the understanding, he was objecting to their extending the benefit of the law from the one to the other, and not leaving the tenant in Ireland exposed to the ban of the landlord, from which in England they had rescued him.—With regard to the depreciation that had existed, in contradiction to the right hon. gentleman, he maintained, that while for four years after the period alluded to the paper in England had remained stationary in value—that of Ireland rose to par with it. The right hon. gentleman would also induce them to believe that all tenants in Ireland were rich, and therefore they ought to be left liable to be charged one-fourth more than their agreed rent. Had he forgot the forty shilling freeholders? Were they rich men, and would not they be the first, through the middle men who oppressed them, to feel the effects of the tenderness of the right hon. gentleman? He concluded by saying he had always approved of the measure, and as he thought it ought in justice to be extended to Ireland, he would not consent to any delay which would have the effect of precluding it.

*Mr. Ponsonby*, in explanation, said he had never called the law of last session a benefit to England, and therefore could not be represented as wishing to withhold that benefit from Ireland. He had never represented all the tenants in Ireland for three lives as rich, but only that some of those for 99 years, and for ever, had greater interests in their lands than the landlords. The right hon. gentleman might expect, by this measure, to acquire popularity—

Mr. Pole rose to order, and enquired of the Speaker if this was explanation?

*The Speaker* said, the right hon. gentleman professed to speak merely in explanation, and he though he had as yet done so.

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*Mr. Ponsonby* was glad that the chair considered him not out of order, though had he been so, and interrupted as being so by the hon. gentleman, he would not have been interrupted by one who had been very remarkable for his own punctilious adherence to order.

*Lord A. Hamilton* was in favour of the adjournment, and thought the gentlemen opposite had, in their arguments to-night, admitted what they had formerly denied—that paper was depreciated. In the same breath however that they argued that the Irish tenant, if this Bill did not pass, would be obliged to buy guineas at 26 shillings a piece to pay his rent, they contended that paper and gold were equivalent. He was asked if he would not give the same benefit to Ireland as to this country? But might not the same measure to persons in diametrically opposite conditions, be of a very different character; and was it not even confessed, that the effect of this Bill would be different on the northern part and in the other parts of Ireland. He objected to the measure altogether, as connected with a fallacious line of policy.

*Mr. Herbert* supported the Bill.

*The Chancellor of the Exchequer* admitted that there were parts of Ireland to which the Bill would not readily apply, but it applied to much the greater part of that country; and it would be most unjust to permit the Irish landlord to drag his tenant to prison for non-payment in coin, while the landlord enjoyed no such power in this part of the empire. He allowed there was some difference in the state of the countries, but as at least four-fifths of Ireland was acknowledged to be in the same state as England, and as the only dissimilarity existed in a few counties in the north, in the choice of difficulties before them he was of opinion that sound policy and justice required them to extend their protection to the major part. With regard to the principle of the measure, the House had been told, that it would lead us into the same gulph of calamity with other nations whose paper currency had gone to rain. Now, if such reasoning was correct, and such was the tendency of the Bill, we ought to have seen, at least, part of those dangers and calamities produced by the similar act of last year. During the operation of that act, if the reasoning of the gentlemen opposite was correct, the country ought to have seen a multiplication of paper, a rise in the price of bullion, and a regular depression of the foreign exchanges. But instead of all this, the very reverse was the case. The quantity of paper now in circulation was rather smaller than it was in last April. The exchanges were considerably improved, instead of growing systematically worse. In April of last year they were 30 per cent. below par; in July 25 percent then again 30, but now they were only at 14½. This improvement had not only taken place on the exchanges with Hamburgh, but also on those with Paris, which in this month were at 18½, while in April of last year they were at 25. Instead of gold having risen, it had considerably fallen in price; all which circumstances shewed, that there was a complete distinction between the paper of the bank of England, as connected with the dealings of this House with regard to it, and the paper currency of other nations, which had been held up as a warning to this country. He had also the satisfaction of stating, that notwithstanding the distresses of our manufactures in various parts of the kingdom, the home consumption of excisable articles had rather increased than diminished. In the year ending the 5th of April, 1812, the excise had produced 17,950,000*l.*, while last year the same branch of revenue was only 17,399,000*l.* This increase of 600,000*l.* might in part arise from some small additional taxation last year; but he believed he was justified in Stating, that 400,000*l.* of it arose from an increased consumption of excisable articles. It was true the branch of customs had suffered considerably; but he was now enabled to state, that the general produce of the taxes for the year ending the 5th of April, 1812, amounted to 61,333,000*l.* The revenue amounted to 62,136,000*l.* on the 5th of April, 1811; and the defalcation this year would not exceed between 8 and 900,000*l.* which, considering the falling-off in the customs, afforded by no means an unsatisfactory view of the finances of the country. This information he had thought it right to communicate, as calculated to afford considerable satisfaction to the House, and, to shew that, whatever theories might be advanced, they had here the practice before them to prove that, with the circulation as established by law, they could support the revenue as it was. If his hon. friend's theory about paying in gold was right, they would be in no better situation by adopting it; but if erroneous, they would find they had been trying an experiment very fatal to

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the country. He trusted the House would therefore agree with him that there was not the slightest ground for alarm, and that they would not permit the extension of so beneficial a measure as the one now proposed to be retarded.

*Mr. Thompson* said, he differed entirely from all the opinions of the hon. gentle-man (*Mr. Johnstone*). He had never known or heard of any bank that deserved to be compared to the bank of England, or whose credit had ever risen to any thing like an equality with the credit of the latter. He had heard much of depreciation arising from excess, but he confessed he saw no evidence of such excess. Gold indeed had risen in price as wheat had lately, from scarcity, and scarcity alone. The real wealth of a country, however did not consist in any amount of the precious metals, but in the amount of its effective labour, and if the export trade could but be re-opened, all our difficulties would disappear. The hon. gentleman had said, that the country bankers ought to be compelled to pay the twelve millions of small notes which they had issued, in cash; but it was rather hard to talk of forcing the country bankers to perform impossibilities. They had hitherto acted from a desire to accommodate, in the full confidence of the solvency and wealth of the Bank, and had first limited their issues far below the real amount of gold in their possession. He could not but be struck with the doleful tone in which the hon. member concluded. He had himself no such despondency, and considered the cases referred to as altogether inapplicable to such an institution as the Bank, and to the present condition and circumstances of the country. If the people were unanimous, he had no doubt but that we should weather the storm, and find a natural remedy for the difficulties that surrounded us. As to what had been said on the connection between government and the Bank, he was fully persuaded of the perfect independence of the Directors.

*Mr. D. Mogens* spoke against the measure, as belonging to a line of policy calculated to throw the country into a state of instability.

*Mr. Bankes* acknowledged that the principles of political economy were strongly against the Bill, while it was supported by reasons of immediate expediency. Where there was only a choice of difficulties, he would submit to that which appeared the more tolerable, and in that view should support the Bill going into a committee.

*Mr. James Stewart* thought if it did not extend to Ireland that it would tend to the oppression of that country; on which account he would give his full support to the measure.

*The House then divided on the question for going into a Committee:*

Ayes 87

Noes 27

Majority —60

List of the Minority.

Babington, T.	Lamb, W.
Busk, W.	Lyttelton, W. H.
Brougham, H.	Marryatt, J.
Bennet, hon. H.	Morris, R.
Canning, George	Newport, Sir J.
Colborne, R.	Osborne, Lord F.
Creevey, T.	Ponsonby, G.
Dickinson, W.	Power, R.
Eden, G.	Taylor, W.
French, Major	Tierney, G.

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Giles, D.	Thornton, H.
Grenfell, P.	Wynn, C. W.
Hutchinson, C. H.	TELLERS.
Johnstone, G.	Parnell, H.
Kemp, T.	Folkestone, Viscount

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Search HelpHANSARD 1803–2005 → 1810s → 1812 → April 1812 → 14 April 1812 → Lords Sitting**BANK OF ENGLAND.***HL Deb 14 April 1812 vol 22 cc321-5*

*Earl Grey* rose to bring forward the motion respecting which he had recently given notice. It would go, he observed, first, for an account of the total value of the notes refused in payment at the Bank since the year 1797, on the ground of their being forged, distinguishing the value of those in each respective year since that period. To this, he believed, no objection would be made. But the information he most wished for, and without which the anterior would be nugatory, was an account of the number of the notes so presented; this he thought more especially necessary, with a view to the discussion of the measure which would ere long come before that House. Such a statement alone, he said, would enable them to form a judgment how far individuals were likely to suffer in that way under the system, which that measure went to extend, and to continue. The noble earl then moved for an account of the value of the notes as above, from the year 1797 to the latest period the same could be made up, distinguishing the nominal value of the notes so presented in each year, &c. which was forthwith agreed to by the House. His lordship then moved for the production of an account of the number of notes so presented and returned.

*The Earl of Liverpool* observed, that to the first part of the noble earl's proposition he thought, under the present circumstances, and with reference to the Bill in its progress in that House, no rational objection could be made. It, besides, would furnish all the necessary or useful information desired, inasmuch as the specification of the value in each year would shew the progress as well as the extent of the evil. With regard to that under consideration, he certainly entertained no objections; it would also, on the noble earl's own ground, afford but little further information, except a distinction was made between the notes below and above the sum of 5l. One strong objection was, that it would afford information as to what description of notes forgeries might be the more easily made; every useful purpose would be answered by a specification of the actual number and total value of the notes refused in each year, and what was new proposed appeared to him at best to be unnecessary and superfluous.

*Earl Grey* thought, by what fell from the noble Secretary of State, he must have misapprehended the object of his motion; it went to shew what he allowed to be proper, the extent of the evil, and which, could not be satisfactorily shewn without an account of the number of instances in which the evil had taken place; it was not so much the amount as in the nature of the sum, and the multiplicity of instances in which the offence had been committed. It was said not to exceed 9,000l. as to nominal value, one year with another, but without a specification of the numbers, they could not tell whether forgeries were committed in nine instances of 1,000l. each, or in nine thousand instances of 1l. each. He had no objection to amend his motion as suggested, by calling for a distinction of the notes under and above 5l.; and as to the objection of the noble earl, that to publish the description of notes would be injurious, he thought it could not really be believed, that the practitioners in forgery wanted any information through the medium of that House. One great object should be the diminution of opportunities for the commission of the offence alluded to, as far as possible, for it made one's blood run cold to read the facts in the papers of the numbers brought to trial on such charges, and sent away with verdicts of Guilty—Death.

*The Earl of Liverpool* contended, that every useful purpose would be answered from the accounts already ordered. He was far from wishing to withhold any information really useful or necessary: the real question to be considered was, whether the evil complained of was progressively increasing or not, and that would fully appear by the accounts just ordered.

*The Earl of Lauderdale* contended, that the specification called for by his noble friend, was necessary to elucidate that part of a very important subject. The noble Secretary seemed to have forgot, that before 1797, notes of 1l. and 2l. were

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unknown in the country. The forgeries were said to be chiefly for those low sums, and it was proper they should know how far the evil arose from that system which the expected Bill went to enforce and to continue.

*Earl Stanhope* hoped their lordships would permit him to say a few words respecting the opinions just declared upon a very important subject. He believed it to be fact, that the greater proportion of the value of the forgeries had been in the small notes. He did not approve of the motion as then worded; it was liable to an objection urged by the noble Secretary, as to its tending to mislead. He saw no reason, however, why his noble friend should not call for a specification of all the classes of notes in which forgeries were committed. It was a topic to which he believed he had given ten times the attention given to it by all the members of parliament put together. He had suggested a mode which would go to prevent forgeries at home; but what was greatly to be feared was the effects of foreign forgery, when these notes should be put on a different footing; the forgeries would be extensive and systematical. Their lordships recollected the forgeries of the assignats. With regard to the Bill in its progress to that House, the great object with respect to it, and the subject of which it formed a part, was that the holder of the note should receive the value it was worth. Every thing that could, should be done to prevent forgery and its consequences; and also to render the person who held a note, certain that he would receive that which was its value. In that view, the fullest information should be afforded. One great means which led to the facility of forgery was the wretched style of executing notes; and it had been said to him, jocosely no doubt, that they ought not to hang those who forged, but the Bank directors for making the notes so liable to be forged.

*Earl Grey* amended his motion, in the way suggested by his noble friend; and the question being put thereon, their lordships divided.

For the motion 12

Against it 27

Majority — 15

*The Earl of Lauderdale* moved, that there be laid before the House a statement of the period at which the directors of the Bank of England gave up indemnifying the holders of forged notes.—On this pro-position some conversation took place.

*Lord Holland* expressed his surprise that ministers seemed unwilling to acquiesce in propositions of the kind, until they had consulted the Bank directors. The motion he thought necessary, and adverted to the period, as long subsequent to the restriction on the Bank. He noticed the circumstance of a forged note he had brought some years after that period, and which he had communicated to the Bank as connected with a system of forgery, said to be then going on. He was offered indemnification. But he could not avoid observing, that it was to the disgrace of the country that the example was set, not by individuals, but by the government itself, and it was to the shame of the country that the practice should be approved in the tribunals, on the ground of its being against the enemy of the country.

*The Earl of Liverpool* said, that with re-respect to any specific proceeding of the government of the country at the time adverted to by the noble baron, he certainly could not speak from any personal knowledge; but they all knew, that when the circumstance had been expressly referred to in that House—it was strongly denied and disclaimed by a noble baron (lord Grenville) then holding a high situation in the government, who denied that such a fact had ever taken place. With respect to the idea held by the noble baron, of his proneness to consult those whose interests were so immediately concerned, he had to state, he felt it incumbent on him, not only in the case of the bank of England, but of any other public body whose interests were deeply implicated, to endeavour to learn whether important objections were entertained, and where these were communicated, he always exercised his own judgment how far such constituted a fit ground for objection or argument in parliamentary discussion.

*The motion was then withdrawn.*

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## **BANK OF IRELAND.**

*HL Deb 01 May 1812 vol 22 cc1130-1*

*Lord Holland* rose to ask, whether it was the intention of the noble lord at the head of the Board of Trade, to lay any papers upon the table respecting the issue of notes by the bank of Ireland, those relative to the bank of England being already before the House, and the [Gold Coin Bill](#) which stood for a committee this night being now extended to Ireland?

*Earl Bathurst* said, he had no intention to lay any papers of that description upon the table, but noble lords on the other side might have moved for them two months ago, and he should not have objected to their production.

*Lord King* observed upon the necessity of having information on the subject before they came to the discussion, which was now for the first time extended to Ireland, where the sale of guineas, and the discount of Bank-notes, had been legalized.

*The Earl of Liverpool* had no objection to the production of information respecting the bank of Ireland, but could not consent to delay the Bill for the purpose of waiting for the information. The only reason for not extending the Bill to Ireland last session, was the absence "of the Irish members.

*The Earl of Lauderdale* contended on the contrary, that the difference in the situation of Ireland compared with this country had been distinctly stated, as the reason for not extending the Bill to that part of the United Kingdom.

*Lord Holland* concluded the conversation, by making a motion, for an account of notes issued by the bank of Ireland, which was agreed to.

Search HelpHANSARD 1803–2005 → 1810s → 1812 → May 1812 → 1 May 1812 → Lords Sitting**BANK OF ENGLAND.—CURRENCY OF THE COUNTRY.***HL Deb 01 May 1812 vol 22 cc1131-5*

*The Earl of Lauderdale* rose to bring forward the motion of which he had given notice, relative to the state of the Currency of the Country, &c; observing, that however important were the subjects of the Orders in Council and the East India Trade, yet in his mind they sunk to almost nothing in comparison with the consideration of the currency of the country, and the power given to the bank of England. It had heretofore been the prerogative of the crown to regulate the currency of the country, but now that prerogative was delegated to twenty-Four merchants, the directors of a banking company, who had the power of increasing or diminishing it at their pleasure a power, too, which was vested in men representing the body of proprietors of the bank of England, whose interests were at direct variance with those of the public. It was the interest of the Bank proprietors that the issue of Bank notes should be increased, because thereby their profits were increased, whilst it was the directly contrary interest of the public, that there should not be an excessive issue of Bank notes. It was true, that there appeared a trifling decrease of the amount of Bank notes, but if the amount of Silver Tokens issued by the Bank were taken into the account, it would appear that there was no decrease. It was not merely, however, the increase of bank of England notes that they had to consider, but the immense increase of notes throughout the country. The number of issuers of notes had, since 1797, been increased from 1250 to 1800, and the inconvenience resulting there from, was great beyond what their lordships had probably any idea of. Many of these country banks were situated in obscure villages, their notes being only payable there. When the notes of one of these banks invaded the circulating district of another bank, and were taken there, they were sent back in amount, and a draft on London given for the differences. This was the regular course; but the fact was, that many banking houses in the country were obliged to employ agents at the post-towns, to obtain payment of the notes of other banks which they had taken, and those agents were sometimes three weeks before they could obtain payment. Even this, however, was not the extent of the evil—paper tokens were issued in the country for small sums, so low as half a crown. The noble earl produced two of these half crown tokens, issued at Worcester—one of yellow paper, and the other red; and another issued at Fakenham, in Norfolk. Such a debased circulation as this had, he contended, never been witnessed in any country, without being the forerunner of some great change or revolution. With respect to the notes of the bank of England, they had formerly been issued, either to purchase bullion for discount, or to accommodate government. It would not now be contended that any were issued to purchase bullion. Let it then be considered what an enormous profit the Bank were making by the issue of their notes. Formerly they would not discount for any country bank who issued notes, but now every country banker, through his agent in town, might discount at the Bank, and thus be enabled to issue his own notes through the means of the discount obtained at the bank of England. Putting the case also of their discounting 1,000*l.* for a merchant, to enable him to pay duties at the customs, the notes passed into the hands of the receiver general of the customs, by whom they were deposited at the Bank; and thus the Bank had a profit of five per cent. on the money whilst deposited. It was, therefore, of essential importance that they should have information as to the state of the deposit accounts at the Bank. The noble earl, after recapitulating the evils which arose from the system of paper currency, concluded by moving for a Committee of the whole House, to enquire into the state of the metallic and paper currency throughout the country, the transactions of the bank of England since 1797, and other matters connected with the subject.

*Earl Bathurst* thought that all the requisite information upon this subject had already been laid before the House, and that it could be of no use to go into the enquiry proposed by the noble earl. As to the objection that the interest of the Bank proprietors and that of the public were at variance, he contended, that however it might be for the interest of the Bank proprietors for a short time to exceed the usual issue of Bank notes, yet that the evil of that excess would recoil upon them-selves, and that their well-understood interest in limiting the issue of Bank notes, was, in fact, the same as

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that of the public. As to the tokens issued by the Bank, he contended, that they could not be at all classed with Bank notes, they being merely issued for the purpose of small change.

*The Marquis of Lansdowne* expressed his concurrence in the propriety of the proposed enquiry. He supported the argument of his noble friend, that the Bank proprietors had an interest distinct from that of the public; and argued, that, by the proposed Bill, the prerogative of the crown, to stamp the currency of the realm, and limit or extend its quantity, was placed in the hands of the Bank directors. When he saw a body of twenty-four men invested with such authority; when he felt that they must be divided between their duty to the public and to the individuals whom they represented, he thought the motion ought to be agreed to. He was not one of those who thought that the former sound system of cash circulation could be suddenly reverted to without risking a dangerous convulsion; but he did think that every means ought to be adopted that they might gradually return to that sound and healthful system, and in this view he supported the motion of his noble friend, in order that they might have before them the requisite information to guide their conduct, particularly under the new relations between government and the Bank, by which the latter had the power of regulating the circulation at their pleasure—the controul of government being necessarily weakened by the large unfunded debt which they were only enabled to keep outstanding by the aid of the Bank circulation.

*Viscount Sidmouth* said, that whatever relation subsisted between the bank of England and the government at present, had existed since the year 1797; it was, therefore, rather singular, to introduce it now as a matter of novelty. The immense profits made by the proprietors of Bank stock had been frequently descanted upon. But on a fair examination of facts, it would be found, that, in 1799, they shared 7 per cent. interest and 10 per cent. bonus; but that, when the renewal of their charter took place in 1800, they commuted the bonus for a rise of 3 per cent interest, snaking in the whole 10 per cent which they still retained, being 7 per cent. less than the year preceding the renewal of their charter. He thought it unnecessary to go into an enquiry. It had been stated to their lordships, that Bank notes were intended to be made a legal tender; he denied that such a proposition was intended; it only went to give security against arrest, but did not apply to executions. If it was a measure to operate on any foreign warfare, he might, even in that instance, be of opinion that the Bill should be carried through the House, and that the country required it; for the least opposition to the measure might cause what their lordships, perhaps, might ever after regret.

*The Earl of Rosslyn* was at a loss to know what there was in the charter of the bank of England to prevent them from paying their lawful debts. He agreed that the proposed Bill did not go the length of making Bank notes a legal tender; but it had this effect—when a creditor sued a debtor, he might make his tender in Bank notes, which would be allowed by the court, and the creditor would be liable to the cost" of court. It ought to have been shewn by the noble lords, that the interest of the Bank and that of the public was the same; instead of which, they had proved them to be diametrically opposite. He would agree, that the Bank had a right to discount Exchequer bills; but the question was, whether the Bank had a right to go to such an extent as to cause a depreciation of bullion by issuing notes to their own advantage, without any new pledge to the public? They had been told of the watch government had over it: but instead of a guard, he would only call it a connivance, to answer their own purpose. Looking to Ireland, he thought it was in great danger, for the Bill would do away with all agreements which were made before this measure was contemplated. The noble lord on the woolsack was not ignorant, that, in Cumberland, the rent was paid in tithes, and wheat was, at this time, ten times the price it had been when the leases were granted. In Ireland, the landlord agreed for gold, and had a right to have his contract fulfilled; and were they to be frustrated by the Bank being subservient to the administration? It had been stated by the noble viscount, that in the year 1799, the Bank was richer than at any other period, on account of the proprietors having received a greater bonus. But he would ask his Majesty's ministers whether they would be willing to take the income tax of the Bank on the return they made that year? He was confident they would not; for the noble lord on the woolsack, instead of accepting of it for the minors to whom he was guardian, as lord chancellor, vested in the 3 per cents. Under every circumstance, he would give his decided vote for going into the enquiry.

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*The question was then put and negatived.*

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Search HelpHANSARD 1803–2005 → 1810s → 1812 → December 1812 → 8 December 1812 → Commons Sitting**GOLD COIN BILL.***HC Deb 08 December 1812 vol 24 cc224-41*

*The Chancellor of the Exchequer* moved the order of the day, for the second reading of the Bill to continue an Act of the last session of parliament, for making more effectual provision for preventing the current Gold Coin of the realm from being paid or accepted for a greater value than the current value of such coin; for preventing any note or bill of the governor and company of the Bank of England, or of the governor and company of the Bank of Ireland, from being received for any smaller sum than the sum therein specified; and for staying proceedings upon any distress by tender of such notes.

*Mr. Whitbread* moved, that the 2d and 3d of the Resolutions which, upon the 14th of May 1811, were reported from the Committee of the whole House, to whom it was referred to consider further of the Report which, upon the 8th of June 1810, was made from the Select Committee appointed to enquire into the high price of Gold Bullion, and which were then agreed to by the House.

The Resolutions were accordingly read, and are as follow:

"2. Resolved, That the Promissory Notes of the governor and company of the Bank of England, are engagements to pay certain sums of money in the legal coin of this kingdom; and that, for more than a century past, the said governor and company were at all times ready to discharge such Promissory Notes in legal coin of the realm, until restrained from so doing, on the 25th of February 1797, by an order of council, confirmed by act of parliament.

"3. Resolved, That the Promissory Notes of the said company have hitherto been, and are at this time, held in public estimation to be equivalent to the legal coin of the realm, and generally accepted as such in all pecuniary transactions to which such coin is lawfully applicable."

*Mr. Creevey* said, that it was impossible for him to allow this Bill to be read a second time without entering his protest against it, viewing it as he did, as a Bill of the greatest atrocity. (Cries of hear, and a laugh.) He repeated the term atrocity, for he knew of none which was more applicable to it. He was sure the House would be unwilling to enter into a lengthened discussion on the Bullion Question, but he only wished to state shortly his objections to this fatal Bill, which originated out of the Report of the Bullion Committee, who had been appointed for the purpose of inquiring into the causes of the high price of gold. That Committee stated that the market price was 4l. 10s. an ounce, while the standard price was 3l. 17s. 10d. and that the amount of the depreciation of the currency was 15 per cent. In consequence of this statement a distinguished member of the last parliament (*Mr. Horner*), who had also been chairman of the Bullion Committee, endeavoured to induce the House to adopt a series of resolutions, in which he proposed to bring back the currency to its proper standard, by constraining the Bank of England to resume payments in specie within two years; but, in the mean time the right hon. the Chancellor of the Exchequer proposed, as a nostrum, what had been read by the clerk, at the suggestion of his hon. friend, and which went to establish the monstrous proposition, that a pound note and a shilling were equal to one pound one in gold. Since that period, gold had been sold at 4l. 14s. an ounce, which was a depreciation of 20 per cent. A noble lord (*King*) then took a resolution to confute the doctrine held out in the resolutions by compelling his tenants to pay their rents in gold, when a law was passed to prevent it. This law was temporary" and had been once renewed, and would expire in February next; it, therefore, became necessary to know the price of gold at this period before they renewed the law. The right hon. gentleman had come to his resolutions when there was a depreciation of 20 percent, and he now came to renew the law when the price of gold in the market this day was 5l. 5s. an ounce, being a depreciation of 35 percent and yet the

right hon. gentleman gravely introduced the Bill, and seemed surprised that it should provoke any discussion. But did the right hon. gentleman really believe that paper and gold were of the same value, or that the law had succeeded in making them so? He could not think, so; but if this monstrous law was repealed, gold and paper would find their respective value, and no want of the former would remain. From what had been said the other evening relative to the offer of 27,000 guineas to government, it was likely that the eyes of the right hon. gentleman were opened a little to the difference between paper and gold.—He had lately accompanied a friend of his to a shop, for the purpose of disposing of some light guineas, and the price his friend was offered was 11.7s. 2d. for his light guineas. Would the right hon. gentleman, then, contend, that the owner of good guineas was not injured by the operation of this law, for if he took them to market he must lose seven shillings in the sale of them? What, then, must he do with his gold? If he hoarded it, it became unproductive; if he clipped it, he was subjected to the penalties of the Clipping Act; and if he came forward and demanded the fair value, the right hon. the Chancellor of the Exchequer would come down upon him with the terrors of fine and imprisonment. Was there ever then such a violation of the right of property? And what advantage resulted from it? Was the state benefited? only so far as it enabled them to pay their creditors in depreciated currency; but in all cases of public expenditure the state suffered as much as the private individual. As for all the great public creditors, they were in the same situation—they lost 35 per cent. or one third of their property. Thus the public, the annuitant, the public creditor were losing—and who were the gainers? He knew of none, except the Bank of England. The directors of that company were told in 1797, that they might defraud their creditors; and in 1811, they were again told, that they might go on in the same system. They exported coin, and as it disappeared paper became depreciated. What check was there, then, on the discretion of the Bank? These gentlemen, when examined before the Bullion Committee, had confessed, that in regulating their issues they never looked to the price of gold, or to the course of exchange, and that so long as a bill was brought to them with a good name at its back, they would issue to any extent. This was the theory of these gentlemen; what was their practice? They had divided six millions in bonuses, besides increasing their interest from seven to eleven per cent. The danger from depreciation being such on this account, besides the danger from a shock of public confidence, it became the House to take time for consideration, to reflect whether it would not be better for them to retrace their steps than to proceed. The time also at which the Bill was brought forward, was objectionable. Half the members were not present, and of those who were, a greater proportion were new than had ever been known before. As it was improper at such a time for the House to pledge itself to continue this act, and as it did not expire till the end of February, he should move that the Bill be read a second time on the 3d of February.

*Mr. Brand* said, he was extremely anxious to hear what the right hon. the Chancellor of the Exchequer had to say on the present occasion. The hon. gentleman then objected to two parts of the Bill; first, that which in pursuance of the ridiculous resolution of the Chancellor of the Exchequer, made the bank paper equal to gold; and second, to that part, which took from lessors the power of distraining for rent after tender made of Bank of England notes. The only effect of the first part would be to increase hoarding, or perjury and crime, and that of the second to reduce the lessors of lands to the same state with the public annuitants. One observation made by his hon. friend, he could not concur in. If the Bank of England were unconnected with government they would be able to answer all demands on them. He certainly was astonished at the little knowledge of the subject shown by the gentlemen of the Bank, who had been examined before the Bullion Committee, but he was assured that if they had not been swayed by government, but had been left to follow their own bias, they would have acted in a manner consistent with the welfare of the country. He concluded by saying, that he should be unwilling, that the Bill should be pressed through the House at any time, but especially at the present.

*The Chancellor of the Exchequer* said, he had no intention of preserving any disrespectful silence on a question of such great magnitude; but he had been desirous of hearing to what particular view of it the observations of members might be directed before he answered any general or partial objections. He was apprehensive, otherwise, of being drawn into a prolixity which might not only be tedious, but unnecessary, after the long and reiterated discussions which this subject had undergone. He now saw, that the favourite view taken was, the practical one, and to this,

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therefore, he should chiefly confine himself. The question of depreciation had been entertained, he wished the House to remember, at a period considerably earlier than the appointment of the Bullion Committee. In 1807 it had been argued in the other House of Parliament by lord King, and the same arguments then urged by him, were afterwards brought forward more amply by the Bullion Committee. In the year 1811 the same noble person had thought proper to adopt a proceeding which made it appear to parliament necessary to pass that act which it was the object of the present Bill to renew. It was not his desire to attribute to that noble individual any unworthy motive for this conduct; on the contrary, his persuasion was, that the noble lord was only desirous of confuting him (the Chancellor of the Exchequer) and of furnishing a practical example of the correctness of his own theory. They had also the evidence of a Mr. Monck on the same side of the question, who said he would not accept of Bank of England paper at the same rate of value as gold. The reason of which was obvious: Mr. Monck was a coiner of local tokens, and for his purposes, gold or silver was much more useful than paper. With regard to the practical question, he put it to any one of the Bullion Committee to say if it would be wise to cause the Bank to resume its payments in specie at this period; and if not, would it be expedient to pass a law, as they had formerly proposed, to fix the resumption of cash payments at any specific time, the circumstances of which they could not foresee? He had at that time pointed out to the satisfaction of the majority of the House, that similar rises in the price of the precious metals had taken place when there was no paper currency at all, and when there was a paper currency convertible into its nominal value in money. This proved that the rise did not depend on the depreciation of the paper currency. It was true, as asserted on the other side, that gold had advanced in price within the last year, and the argument they would draw from this was, that the circulation of paper had increased, and consequently its worth diminished. Now the case was not so, and this fact afforded another argument in confirmation of the fallacy of their reasoning. For his part, he found a sufficient cause for the rise of gold in the vast augmentation of our foreign expenditure: and still more in the total interruption of the supplies of the precious metals from South America, which in itself was sufficient to account for the advance upon those metals in the market. The circumstances of the present year were also somewhat remarkable. After the debates of last session the price of bullion remained for some time pretty steady; but of late it had risen suddenly to the extent stated by the hon. gentleman opposite. It had so risen on the opening of the intercourse with Russia, whence an excessive demand had occasioned a similar rise all over Europe. The nostrum of the Bullion Committee was to resume payments in cash; but where was it to be got? The mines of America were stopped, and the balance of trade was against us with every other country. It appeared then, that we must either have sacrificed our political prospects, withdrawn our army from the continent, and have surrendered the hopes of Europe, or we must, for the present, have continued the bank restrictions. Happily for our character, honour, and greatness, the latter alternative had been adopted.—The right hon. gentleman then went into a justification of his resolution recorded last session; and contended that the paper of the Bank of England was, for all legal purposes, equivalent to coin: though certainly not so to those who wished to melt it down, or make it the subject of foreign trade, which, however, was, and had long been, contrary to the laws of the land. Could it have been possible to enforce these penal laws vigilantly and perfectly, gold would have had no other value than paper of the same denomination, and the only difference between them was, that the one could be converted into bullion, the other could not. The anomaly of light guineas had been much animadverted on, but this was no new case; there were abundant instances in our history, of light guineas being more valuable than standard coin, long before the Bank restriction was ever thought of. The enormous profits of the Bank had also been dwelt upon: to this he would, bear testimony, that the Bank was an unwilling party to those measures whence the profits accrued, and which were forced, upon it by the government of the country. The Bank had ever evinced a desire to be released from these restrictions, and the preparations it made for resuming payments in specie were a sufficient proof of its readiness so to do, when it could be permitted consistently with the public good. The practical question now was, whether the period had arrived, when they could give up the safeguards that had been imposed for the preservation of our metallic currency, and to protect the public generally from individual vexation and oppression? All that the public wanted was to go on quietly with the currency they were used to; but this, it was in the power of any one to disturb, unless the present law was passed to protect debtors from the exaction of payments in a medium, which it was out of their power to obtain. The act had arisen out of the provocation of one individual, but for whom they might have been quiet yet,

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and the necessity for the law never have been raised. It was now indispensable to protect the subject from grievous oppression: and he submitted that there were stronger reasons for its continuance I than even for its being originally passed.

*Mr. Ponsonby* expressed his surprise at some of the positions of the right hon. the Chancellor of the Exchequer; and he was not less surprised at the conduct of the House, which, in direct contradiction to its own Resolution, had passed the present Bill, to prevent the effect of that inequality which the Resolution of the House went to deny. The Resolution asserted that bank notes and guineas were in equal public estimation, and perfectly equivalent; but if so, why did landlords demand payment of their rents in gold, and if the pretended equivalency did exist, why pass an act to force the landlord to receive paper? The right hon. the Chancellor of the Exchequer had told the House that bank notes were equivalent to gold, as applicable to all lawful purposes. Was the payment of rent a lawful purpose? And if paper was equal to gold, why pass a law to guard the tenant against the landlord's demand for gold? How the right hon. gentleman or the House could be persuaded to entertain such opinions, he could not divine; and yet the right hon. the Chancellor of the Exchequer continued to tell the House that an equivalency still existed. Did that equivalency exist when the bank note was at what he called a depreciation of 5 percent.? and did that equivalency remain unaltered, notwithstanding the depreciation had increased to 15, 20, and even 30 percent.? Could the right hon. gentleman find any one who would give him a guinea for a pound note and a shilling? Could he go into a market and purchase as much of a commodity with a pound note and a shilling, as with a guinea? If that equivalency still existed, why did we find such difficulty in obtaining guineas? Was any such difficulty experienced previously to the depreciation of paper? No; and the present difficulty was easily accounted for, because the Resolution of the House was not true. The right hon. gentleman referred the present scarcity and high price of gold, to the non-importation of bullion from America; but would this apply to England alone? Would it not affect France, and all Europe? Would the right hon. gentleman say that gold was as scarce and as dear in France? Would he assert that the paper circulating in that country was at a discount of 35 per cent.? He told the House that a bank note was equal to a guinea for all lawful purposes, but that it was not lawful to melt guineas; would the right hon. gentleman but in a bank note to prove its value? fire would prove the value of a guinea, when melted it was even more valuable than before, but burn a bank note, and it produced only ashes. He was informed that the Bank had given notice to the bankers in London, that they could no longer be supplied with tokens. If the bank-note had not depreciated, why was that specie commonly called change 80 scarce as to bear a premium in almost every country town in England, nay, he had been told, even in the metropolis? The right hon. gentleman told the House, that the Bill was levelled against lord King: he did not know the motives of the proposers of the Bill. But he believed the Bill was intended to support the Resolution of that House, which it in fact disapproved, and to protect the paper, which had lost its legitimate protection—the good opinion of the public. He had no doubt the right hon. gentleman intended to press the Bill; but he saw no reason to hurry on its consideration at this period. Before he concluded, he wished to ask the right hon. the Chancellor of the Exchequer what he paid for bills to remit to the continent; what premium he gave for such bills; what a hundred pounds cost the country, when remitted to the continent? [The Chancellor of the Exchequer signified his intention not to answer the question.] The right hon. gentleman repeated his question. He professed to be uninformed on the subject. He had never heard of any similar refusal. He plainly saw that the right hon. gentleman would not give time to new members to acquire information on the subject, but that he was determined to cram his obnoxious Bill down the throat of the House. Such conduct he considered as indecent and improper, and should therefore support the Amendment of his hon. friend.

*Mr. Manning* rose principally in consequence of an allusion made by the right hon. gentleman who spoke last to the insufficient issue of tokens by the Bank of England. It was true that the company had deemed it expedient to discontinue the issue of tokens to a certain extent to private bankers, from a fear that the supply would not be adequate to the demand: large as the sum might appear, it could be proved by incontrovertible testimony, that within the last fifteen months no less than nearly two millions sterling had been delivered from the Bank in tokens of 3s. and 1s. 6d. No opportunity had been lost of promoting their circulation, but its extent must of course be governed by the amount of the importations. With regard to the issue of bank paper, he hoped that the House would believe him when he

asserted, that as late as yesterday evening, it did not exceed twenty-two millions and a half. In July or August 1810, it would be remembered that the number of notes in circulation was about twenty-five millions sterling; but this, excess was occasioned by the failure of two large houses in London, which produced a considerable sensation in the country. Bankers in the various principal towns then made demands upon the Bank, to ensure themselves against the consequences of a run upon their firms; but within six months the greater part of three millions was returned to the Bank of England, without having been employed. It could not, therefore, with justice, be said, that the issue of bank-notes at this time was excessive, or that the high price of bullion had been occasioned by it. One hon. gentleman had contended, that the Bank indiscriminately discounted commercial paper by its notes. This assertion was by no means correct, as it was established by evidence before the House; the issue for this purpose was always much below the demand. The hon. gentleman then adverted to the evil consequences that would result to the country if this Bill were not passed; and disclaimed on the part of the Bank of England any desire to have their notes maintained by parliamentary authority, since the confidence reposed in the company by the country at large was fully adequate to their support.

Mr. H. Thornton, as a member of the Bullion Committee, whose conduct and report had been so severely stigmatized, felt it necessary to say a few words in defence of that body. It ought to have been recollected by the right hon. the Chancellor of the Exchequer that at the time the committee recommended to the House that the Bank should be compelled to renew cash payments in two years, the country was by no means in the situation in which it was now placed. Our commodities were not then excluded from the continent by that regular system which at present prevailed, and the balance of trade consequently on all articles was not so much against us. The main question with regard to the Bill now under consideration was, whether the issue of bank paper did or did not tend to influence the exchange? And thinking that it had that influence, he had voted that the cash payments should, at the end of two years, be renewed, with a view certainly, that if at the end of that period it was found from any causes impracticable, the time should be enlarged from year to year until the company had the means of calling in all their notes: at present every body would admit, that to compel the Bank to pay in specie would be a gross act of injustice. There were advantages belonging to a paper system, and even to an extended issue of notes. 1. It was a great convenience to merchants who could thus with ease obtain discount for their bills. 2. It was an equal facility to government in raising loans. 3. It laid a burden upon the shoulders of those who were best able to bear it, and diminished the weight that would otherwise be imposed upon the poor. It might also be a very serious question whether, supposing the Bank had always paid in specie, the legislature would not have been called upon to remedy inconveniencies resulting from that system, instead of passing Bills to amend errors belonging to the present, considering our relation with the continent of Europe. As matters now stood it was perfectly evident that Bank paper had depreciated 35 per cent. Where that depreciation would end it was impossible to divine, and the Chancellor of the Exchequer, by the Bill before the House, proposed no remedy to prevent its depreciation even to 100 per cent. Under these circumstances, the subject was to be viewed in a very serious and painful light, since its consequences might be so ruinous. Another point to be contemplated was the proposed abolition of local tokens, after the 25th of March. If such a measure were resorted to, what was to supply the deficiency? Small change for the common transactions of life was every where wanted, even with the aid of these local tokens; but when they were withdrawn, the governor of the Bank had admitted that that establishment had it not in its power to issue any silver to make good the loss that would be sustained in the districts where local tokens were in circulation.

Mr. Whitshed Keene said, he had supported the measure on former occasions, as the only means to resist the military despotism with which we were threatened. It was perhaps paying dear, but not too dear, for salvation. As long as the spirit of the constitution should survive, this little spot would continue to strive; but exertions were necessary, and considering the measure the Bill went to continue as one of those exertions, he would support it.

Lord Folkestone did not mean to discuss the principle of the Bill, but should suggest a course which he conceived it would be advisable to pursue. He thought that it would be the best way to suffer the Bill to pass, since ministers

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represented it to be of urgent necessity; but it would be better that it should be a short Bill renewing the present Bill for three or four months, so that after the recess the House might have full time to acquire the information necessary to the discussion of this important question in all its bearings. He thought the question of local tokens, which had been mentioned, was one which required much consideration. If the Course he had proposed should meet the views of the House, he hoped his hon. friend would have no objection to withdraw his amendment.

Mr. Huskisson expressed his regret, that he was prevented by indisposition from delivering his sentiments on the important question before the House.

Mr. Creevey wished to know, before the question was put, whether ministers would accede to the proposal of his noble friend, and agree to have the Bill passed for a short period?

Lord Castlereagh said, that several branches of the present question must remain for discussion on some future occasion, but he was not aware of any circumstances which could possibly happen within the limited period which had been mentioned that could tend to render the present measure unnecessary.

Mr. Whitbread was sincerely sorry for the cause which prevented the hon. gentleman, who was a great authority on these subjects, from delivering his sentiments on the present occasion, which appeared the regular period for discussing the principle of the Bill. He certainly thought that there was something in this Bill so inconsistent with the resolutions upon which it was founded, that he thought the right hon. the Chancellor of the Exchequer, and the House, should be somewhat ashamed of first resolving that gold and paper were equal in public estimation, and then passing a law to force the public to act as if they were really of equal value in their estimation. He certainly considered that the act which had been passed last session had done great violence to the property of landlords, whose estates had been let out on long leases. The effect of it was, that the landlord was to receive less, and the farmer to pay less, than what was contracted for, although the farmer was also to have all the advantages of the depreciation, by an increased price on every thing which his farm produced. The fact was, that when lord King issued that notice to his tenants, which had been so much canvassed, he required of his tenants either to pay him in gold according to the contract, or else in Bank-paper at a rate stated in the notice, which was less in fact, than he would be entitled to according to the fair value. A great deal had been said, by the right hon. the Chancellor of the Exchequer, about public estimation. The right hon. gentleman was a grave man, and delivered his opinions in a grave manner; yet nothing could be more ludicrous than his assertion, that in all transactions where men were not inclined to incur the penalties of the law, the bank note and guinea were of equal value. Let that right hon. gentleman go, if he could disguise himself sufficiently—as he had desired him (Mr. W.) to turn informer, though he would not himself inform about his friend the Jew—let him go into any shop, and he would find that a shop-keeper would give 5s., worth more of goods for a guinea than for a note and a shilling. In the estimation of such a person—in the estimation of the Jew,—and in the estimation of the buyer of light guineas mentioned by his hon. friend, it was clear that the two things were not reckoned equivalent. Some persons, indeed said, that bank notes were superior to guineas, because they could not be hoarded in the same manner, for instance, in an invasion, and thus check the means of purchasing necessities. This was true. People hoarded what was valuable, and what, if re-produced, would demand an equivalent; whereas in an invasion, Bank-notes, whether above ground, or below it, would be of equal value,—that was of no value at all. An hon. gentleman had argued as if this Bill had been the cause of our maintenance of the Spanish struggle, and had carried lord Wellington through the campaign: whereas, in fact, the Bill was not passed till the end of the year 1811, when it came, forced upon the unwilling ministers, from the other House, like a clap of thunder. But had it filled the military chest of lord Wellington? No! that chest was altogether empty, and lord Wellington had been forced, at Madrid, to make a loan of a few thousand dollars. The officers of his army (all except those of the very first rank) were so destitute, that they had not even one piece of metal for the common comforts and necessities of life. A material question had been asked, though the right hon. the Chancellor of the Exchequer had not thought proper to answer it; what price he gave for bills to remit abroad, and whether the premium did not make that very article disappear which was most wanted?

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Robespierre had prohibited certain articles from being sold above a certain price, which caused those articles to vanish entirely from the market. Tokens had been issued from the Bank, and they had disappeared in proportion as the depreciation overtook the currency. He should be glad to ask the Chancellor of the Exchequer, whether by connivance, or otherwise, the government bought guineas, while, at the same time, they were, by their attorney and solicitor, prosecuting, convicting, and punishing others for the same offence? The right hon. gentleman had been applied to, and refused to act in contravention of his own law; he nobly disdained the offer, but did he make any inquiries after the offender? The guard of the coach had been taken and convicted; and marked money and other means were employed for the detection of offenders; but a man came with a friend offering to commit a breach of law with the Chancellor of the Exchequer: and no enquiries were made; no marked guineas issued. Thus the only avenue being stopped for those guineas, they would be necessarily hoarded: but abolish the law, and gold would find its real value, and come in plenty to the market. In the mean time public credit would be ruined, for St. Paul's might as well stand without a foundation, as public credit without a metallic currency. The hon. gentleman concluded by saying that he should vote for the Amendment.

*The Chancellor of the Exchequer* denied most solemnly, as he had done on a former night, that agents were employed, either directly or indirectly, by government, to purchase guineas. The man alluded to, and who had offered 27,000 for sale, was not prosecuted, because it was supposed he had no criminal intentions. The last price paid by government for bills to the continent was 67 pence per milrea.

*Mr. Canning* was unwilling to allow the motion to go to a division without shortly stating the reasons that induced him to abstain from voting against a bill, the general principle of which was, without qualification, in direct opposition to all those long-established maxims of political economy, the soundness of which, until the last few years, no man in that House or in the country had ventured to question. Every measure brought before the legislature might be considered in two points of view; the one with reference to the general and abstract principle of right or expediency, the other with reference to any system already established, from which the measure might be said necessarily to emanate. It was in that last point of view, as proceeding from the principle adopted by the House after mature deliberation—a principle the adoption of which he had resisted to the best of his power—that he felt bound to acquiesce in the Bill. He had always contended, that the steps which had been subsequently taken must be the necessary consequences of the first step—that memorable resolution to which the right hon. the Chancellor of the Exchequer had persuaded the House to come, namely, that the paper currency and the gold coin of the realm were, in public estimation, of equal value. On that occasion he had taken the liberty of stating, that the principle of the resolution was proposed in spite of individual knowledge and public notoriety, and that it was adopted by the House of Commons of the united kingdom of Great Britain and Ireland at a moment when it was perfectly known, that in one part of that united kingdom at least, guineas were publicly sold at a premium. He had at that time foretold the inevitable consequence of passing such a resolution in the teeth of the fact; and accordingly it so happened, that that which in May was declared to be the operation of public opinion, was in July made to be the operation of the law; the pains and penalties of which were called in, to overcome the obstinacy Of those who were not to be persuaded into conviction. He had at that time told the right hon. gentleman, that in all cases in which an attempt was made to force public opinion by the authority of the legislature, recurrence must ultimately be had to legal means, land to the secular arm of power. He heartily wished that the question were now as open as it was before the adoption of the resolution to which he had alluded. The proposed measure might then be arrested. But he conceived that all the steps which had been since taken, were the natural and unavoidable successors of the original error. The Bill before the House was divided into two heads; the first, very justly securing to the public creditor, who was paid in paper, the power of making, in his turn, payment in paper operative on all who had demands on him. The other head related more immediately to the original resolution; it prohibited the purchase and sale of guineas at a price above their nominal value. Now, he confessed, that he did not think the latter part of the measure necessary or justifiable, otherwise than as it went to bear out the legislature in their original resolution; for he could not conceive nor had he ever heard described the inconvenience of allowing guineas, which, being no longer in circulation, were only pieces of bullion, to



find their level in the market like any other commodities, and not to be driven into hoards or out of the country. As to penal laws for preventing the exportation of any coin, when that coin could be disposed of abroad at a higher value than that at which it would pass at home, it was a subject on which all authorities agreed. It was the concurrent opinion of all writers on political economy—of all statesmen—of all financiers, that let such laws be as sanguinary as possible—let them be written in blood, they would be ineffective. The great Colbert had declared, that if a wall of brass were built round a country, the precious metals would find some think through which to escape, if it were the interest of any of the community that they should do so. Respecting the propriety of this part of the Bill, therefore, he entertained considerable doubts: with regard to the unfortunate necessity of the other part of the Bill, he had no doubt. But he wished particularly to guard himself from the supposition that he would vote in any stage of the Bill on the ground taken by the right hon. gentleman and another hon. member, namely, that the country must reconcile itself to the present onerous state of things, and must be content to build its future prosperity upon it, abandoning all hope of setting right that most important of subjects—the situation of our internal currency; and that, because the inconvenience to which we were exposed was partly natural and partly aggravated by the last parliament, we must be satisfied to consider it as indefinitely perpetuated. He confessed that he did not pretend to see a way out of the difficulties into which the country had been brought in this respect by the councils that he had opposed. On the contrary, he was of opinion, that during the last two years those difficulties had become so much more numerous and complicated that they were out of the reach of any sudden remedy. He would not, therefore, vote for the amendment, because it held out a hope, which, as he did not entertain, he would not appear to sanction—that in such a limited period as that to which the amendment referred, some remedy might be discovered for the existing evil. He trusted, however, that the operation of the Bill itself would be only for a limited period, and that during that period the attention of those to whom the consideration of the subject was a duty, would be turned to it with a view of providing, if not a remedy for the evils which had already been incurred, at least a preventive for those greater evils which a perseverance in the present system must necessarily occasion.

Mr. Butterworth read a letter from a friend in the country, in which the writer recommended strongly the passing of the Bill before the House, in order to save the people in his neighbourhood from the most serious loss, if not from ruin.

Mr. Alderman Atkins expressed his decided opinion, that the present state of our circulating medium was not owing to the conduct of ministers, or of any other set of men; but to the growing commerce of the country, which the whole metallic currency of the world would have been insufficient to supply; and he earnestly wished that this fact were distinctly understood throughout the country.

The House then divided:

For the Amendment 19

Against it 129

Majority ———110

List of the Minority.

Abercromby, Hon. J. Lewis, F.

Brand, Hon. T. Martin (Tewksbury).

Babington, T. North, D.

Bennet, Hon. H. G. Phillips, G.

Combe, H. Ponsonby, Rt. Hon. G.

Calvert, C. Vernon, G.

Fazakerley, N. Whitbread, S.

Grenfel, P. Westerne, C. C.

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Gordon, W.	TELLERS.
Hamilton, Lord A.	Lord Folkestone.
Lubbock, J.	Thos, Creevey.

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## **GOLD COIN BILL.**

*HC Deb 09 December 1812 vol 24 c243*

*On the motion for going into a Committee on this Bill,*

*Lord Folkestone* said, he wished it to be passed only for a few months, in order that the House might have time to give sufficient consideration to the measure. He was altogether against the renewal of this Bill, and thought what had passed in the debate last night sufficient to lead him to that opinion. Of all the speakers last night, the right hon. the Chancellor of the Exchequer was the only one who spoke in praise of the Bill. Whilst several who voted for it said that they did so not from any approbation of its principle, but under the influence of various temporary circumstances. He had many objections to the Bill, and said, that the legislature ought to pass laws for the prevention, not for the production and multiplication of crimes. This Bill increased the temptation to crime, drove all our gold and silver out of the market, and, by thus increasing their value as compared with Bank of England notes, promoted the buying and selling of guineas. The persons who had been punished under this Bill being mostly ignorant, and therefore unable to understand, or perhaps to read the act, had been seduced and entrapped. But why had not a late wholesale offender, the person who offered 27,000 guineas to the right hon. the Chancellor of the Exchequer, and who could not be ignorant of the provisions of the act, why had he not been brought to justice? It might be even said, that the right hon. the Chancellor of the Exchequer neglected his duty to the public (for gold was much wanted for the public service) in not accepting of the offer; for he had it in his power to pay for the sum in country bank notes, by which means he could have evaded the provisions of the Bill.

*The House then resolved into the Committee, and the several clauses were agreed to.*

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## MOTION FOR RESCINDING MR. VANSITTART'S RESOLUTION RESPECTING GOLD COIN.

*HC Deb 11 December 1812 vol 24 c278*

*Mr. Lushington appearing at the bar to present a Report,*

*Mr. Whitbread* conceiving the Report about to be presented to be that of the [Gold Coin Bill](#), thought proper, before it was presented, to submit a motion to the House. Having failed to make the right hon. the Chancellor of the Exchequer ashamed of the third Resolution inserted on the Journals in May last, declaring" That the promissory notes of the said company have hitherto been, and are at this time, held in public estimation to be equivalent to the legal coin of the realm, and generally accepted as such in all pecuniary transactions to which such coin is lawfully applicable," he thought it necessary, for the sake of truth and the character of the House, to propose that the resolution should be rescinded, which proposition he would submit without any debate.

*The Chancellor of the Exchequer said*, that as the hon. member expressed his intention to propose the rescinding of the Resolution alluded to, without any debate, he should, without any debate, support it. But at the same time he was ready, upon any day that might be appointed, to enter fully into any discussion upon this Resolution, and to justify its terms and character.

*Mr. Whitbread* declaring his desire to take the sense of the House upon this motion,

*The House accordingly divided: For the motion 26: Against it 63: Majority 37.*

List of the Minority.

Abercromby, Hon. J. Gurney, Hudson

Bankes, H. Grant, J. P.

Bennet, Hon. H G. Gordon, R.

Creevey, T. Hamilton, Lord A.

Calvert, C. Horne, W.

Canning, G. Huskisson, W.

Fitzroy, Lord J. Lubbock, J.

Foster, F. Mildmay Sir H.

## EXHIBIT 37

Search HelpHANSARD 1803–2005 → 1810s → 1812 → December 1812 → 11 December 1812 → Commons Sitting**GOLO COIN BILL.***HC Deb 11 December 1812 vol 24 cc278-94**The report of this Bill being brought up,*

Mr. Huskisson stated, that as his opinions on the subject then before the House were generally known, he would not tire their patience by going at great length into the question, in reference to the law of the land, and the principles of justice. He was disposed to think, that, out of the walls of that House, notwithstanding the assertions of his right hon. friend the Chancellor of the Exchequer, they would not be able to find anyone person who would agree in the Resolution which they had just affirmed, any more than they could, in the ordinary business of life, procure a guinea; all that description of coin having completely disappeared. If any person could doubt that there was a depreciation of the paper currency, he knew no better mode to convince him of the fact, than by drawing his attention to the Bill then on the table. His right hon. friend had argued, that the paper could not be depreciated, if three conditions were acceded to: first, that the coin of the realm should pass at a current rate, to be fixed by the sovereign authority of the state; second, that the paper currency should correspond with the denomination of the coin. These two principles were acted upon in all states. The first constituted the essence of money; the second was its representative. But his right hon. friend found a third condition necessary to prevent the depreciation of this representative, and which they were then labouring to effect by this law. To render the current coin and Bank paper equally valuable, a penalty must be inflicted on those who disposed of the former for more than the price attached to it by the sovereign authority, or who disposed of the latter for less than its nominal value; and then they came to this conclusion, that if the paper money was so depreciated, as that 1,000l. of it would not purchase a quartern loaf; yet if, by a penal law, its denomination was secured, no depreciation whatever could be allowed to exist! He had, however, the admission of the right hon. gentleman himself, that in Ireland the paper currency was depreciated; because the guineas in that country were disposed of at a premium. Now, this depreciation took place in the interval between the passing of this act in 1811, and their renewal of it in the last session, when it was first extended to Ireland. And could any person attempt to maintain, that this depreciation, which existed before the law was made applicable to Ireland, did not equally exist afterwards? Certainly, the act could not produce such an effect. As a proof that the paper currency was not in that sound state which some gentlemen contended for, he instanced the circumstance of the treasury having last year sent out a quantity of Bank-notes to Canada, to pay the at my and establishments in that country. His right hon. friend, he supposed, thought that these notes would be held in equal estimation with the public in Canada, as his Resolution set forth they possessed in! Great Britain. Whether the wrappers in which they were enveloped, had this celebrated Resolution engraved on them, he could not ascertain; but, when they arrived in Canada, what was their fate? These Canadians, whose loyalty and allegiance had been so deservedly praised by the Prince Regent, in his Speech at the commencement of the session, not being liable to any penalty for the act, at once set their own estimation on the notes, and disposed of them at a discount of about 30 percent. Now, he would ask, if the notes so transmitted then, were disposed of at a discount, could they, on being returned to this country, by the operation of the Bill then before them, be immediately restored to par? He supported the first part of this Bill, but he never was an advocate for the principles on which it was founded. Those principles had been carried to a very great length, by many individuals, in both Houses of Parliament, who seemed to think that the Bank restriction opened a new field and system of political finance. He could not view it in this light—his reason for entertaining this part of the Bill arose from a very different principle—it arose from a feeling of the necessity of the case, from the very alarming state in which the currency of the country now stood, occasioned by the measure of the Bank restriction being so long continued. The part to which he alluded was that, which to all practical purposes, rendered Bank-notes a legal tender; and perhaps it would have been better, if a direct proposition to legalise such tender had been made. To the second division of the Bill, which

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went to prevent the disposal of the current coin of the realm for more than its legal denomination, or of Bank-notes for less, he was decidedly adverse. The Bill was originally introduced in the other House of parliament, with views very different from those on which it had afterwards received the support of his Majesty's ministers—which were, to rescue the debtors throughout the country from an undue severity. The object of the noble earl (Stanhope) who proposed it was to introduce book-entries, which should at once supersede the necessity of coin or of Bank-notes; and the ministers adopted so much of the Bill as would protect the debtors, placed, as they were, by the Bank restriction, in a most awkward situation. They interfered to the extent of preventing any creditor from insisting on that "good and legal payment" of his debt (that was in current coin) which it was not in the power of the debtor to make. In originating this demand, the noble lord (King) had done what he certainly had a right to do; but, then, the matter came to this, that what he required, every other creditor in the country had an equal right to demand; and he had the authority of the noble lord himself for saying, that this would be a most unjustifiable proceeding. In the notice to his tenants, he spoke only of leases executed before the passing of the Bank Restriction Act; and therefore allowed that those whose rents were raised, in consequence of the depreciation of paper, by that act, and who were paid through that depreciated medium, ought not to be called on for any addition. If the system had been pursued, the man who had deposited 1,000l. in notes, with his banker in the morning, might be called on in an hour to pay in cash; and, by this means many persons would be placed at the mercy of those who entertained malice against them. This was a state in which the country could not be left; and he was surprised that gentlemen should have opposed the whole Bill, as utterly unnecessary. On that ground alone, because he clearly saw the necessity, did he approve of the first part of the Bill. But there were many public creditors who had advanced hundreds of millions for the service of the country, and who, since the Bank restriction, were placed in the same situation with every individual in the kingdom, receiving their dividends in Bank-notes; and he would ask, was it possible that those who had trusted to the honour and faith of the public, should be left in so disadvantageous a situation? Parliament, it was true, might not have interfered, but it would have been most unjustifiable, and would have placed the country in a state of danger. If they had not passed the first part of this Bill, which protected the debtor, they must have repealed the law, which prevented the public creditor from receiving his dividend in Bank-notes, and Bank-notes only, or, in other words, they must have opened the Bank: it was a matter of option, and he supported that course which seemed least likely to create mischief—but in giving that support, he was not influenced by any approbation of the principles on which the Bill was founded; they were contrary to the law of the country, and could only be justified by necessity. The second part of the Bill was no less a violation of the principles of law and justice, without being founded on any necessity whatever. It had an effect the very reverse of what was intended by those who supported it. Let the House look to the experience of the last eighteen months. Did this part of the Bill, effect that which was contemplated? Did it occasion guineas to pass current at their current rate? Could any gentleman state an instance of one being passed at the rate established by the king's proclamation? On the contrary, it had driven all the guineas, crowns, half-crowns, and even shillings (except those which were very much debased) out of circulation. It was clear that it did not preclude individuals from disposing of their guineas at the highest price they could procure. The law was evaded every day; and the only case in which it could succeed, was, where persons were seduced by those who were particularly employed for the purpose, and then prosecuted, and involved in the penalties of the act, through the cunning of others. Some convictions of that kind, he believed, had taken place. It was therefore most evident, that any man, in spite of this law, might sell his guineas, or crown-pieces, for what he supposed they were worth, without any fear of detection. Some millions of guineas had been exported to France and other countries, since the first introduction of the Bill—not for want of exertions to prevent such exportation, but because it was as impossible to execute this law, as that against melting down the coin of the realm. The ancient law of the country prohibited most ineffectively, the melting down or exporting the current coin—and now they superadded to these, a law, the direct operation of which was, to give a premium of 25 per cent. to every man disposed to export or melt down the metallic currency. For, if guineas disposed of in France procured a return on England of 25 per cent. more than they would produce here, it must act as a temptation to those possessing that species of coin, to send them abroad; and, on the other hand, if the guineas were melted down, the owner would realise an equal profit for his bar of gold. If this law did not cause exportation, there was but one other effect that

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could be produced by it—that of inducing people to hoard their gold. This certainly could not be looked upon as an advantage; it was, on the contrary, a very great evil, and was so denominated by every writer on political economy. At the present moment, it was an evil of more than ordinary magnitude, when the government were endeavouring to procure those supplies of bullion which were necessary for the army in the peninsula, and the want of which had operated not only to the general disadvantage of our forces there, but had occasioned great difficulties to many of the officers employed on that service. Yet, at such a moment, they were enacting a law, which must induce men either to hoard their gold or to send it out of the country. He never heard any ground of necessity alleged for this part of the Bill. Perhaps it was intended to support his friend's third Resolution; or to prevent two prices in the sale of articles. Now, would there be any great evil, if there were two prices? For his own part, he knew of none. Two prices existed in this country in former times: for instance, in the reign of king William, when, in consequence of the debasement of the silver currency (the measure, at that period, of all the commodities of life) the gold currency was raised to a greater value, in reference to that debasement. Guineas were not then tied down to one price, but rose with the depreciation of silver; and two prices (not in the common acceptance of the word) took place that was, the silver coin having been debased, a guinea would procure a greater quantity of goods than 22 of those inferior shillings. In the same way, before the passing of this Bill, every thing was measured in Ireland by the standard of guineas, which were at a premium, while notes were at a discount: of course, a purchaser, with gold, procured more goods than he who tendered a nominal sum in paper. And it could not be denied, that the moment the legislature made Bank-notes, as they had virtually done, a legal tender, the gold and good silver disappeared; and guineas were now, like foreign coins, measured by their intrinsic, not their stipulated value. The hon. gentleman then adverted to the Portuguese paper, which he admitted was at a discount; but, as no legislative protection was afforded to it, as was the case here, the metallic currency of that country had not vanished like ours. And this enabled us to provide, though inadequately, for the wants of our army in the peninsula. For all the reasons he had stated, and because it appeared to him that the second part of the Bill was not founded on any necessity, and only encouraged the exportation of our coin, he thought the House should confine themselves to the provisions of it, by which the public creditor, who was compelled to take Bank-notes, was protected, and by which relief was also afforded to the great body of debtors throughout the country.

*Mr. Rose*, differing from the hon. gentleman in his view of the second part of the Bill, took that opportunity of stating his opinions. He did not mean to deny the fact of Bank-notes having been transmitted to Canada, but he certainly had no previous knowledge of it: he had never before heard of such a transaction. If, however, the notes had been sent there, he could not conceive how a depreciation, of 30 per cent. could have taken place, for, undoubtedly, as they were payable at sight, they must be considered at least as good as bills of exchange. The hon. gentleman did not express a wish that the Bank restriction should be taken off immediately. Now, in this point, he differed from several members of the Bullion Committee. It was proposed that the restriction should cease at the end of two years. One hon. member of that committee, however, was desirous that the period should be extended, from time to time, as circumstances warranted; while another wished that it should peremptorily cease and determine, at the expiration of the first-mentioned period. So that it was apparent, from this difference of opinion, that if the legislature had enacted that the restriction should terminate in two years, it would have created a degree of confusion in the country, from which nothing could have extricated it. For what use would it be to compel the Bank to open, without the means of paying in cash were given to the Company? And where were they to procure the precious metals for that purpose? Some gentlemen had said, that gold could be imported from Africa, and from the American market. But this could not be done, unless there was a surplus balance of trade in our favour, and as often as gold was higher than the Mint price, it was impossible to coin that metal; it was, in fact, totally impracticable. The right hon. gentleman on this head, quoted the authority of Mr. Harris, who had a situation in the Mint, and who was, of course, interested in the increase of coinage. He had stated, many years ago, "That when bullion was above the Mint price, there were but two ways of affording a coinage to the public; the one by debasing the standard; and the other, by purchasing bullion at the advanced price of the market, and converting it into coin with loss. But this would not answer the desired purpose; for that coin being below the market value of bullion, would be melted as soon as issued, sold again as bullion at an advanced price, and so on in an endless rotation, until the bullion market found its level again." The right hon.

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gentleman argued, that such being the case at present, it must strike every one that it was impossible for government to coin; and if no coin was issued, how could the Bank resume its payments in specie? He was as ready as any man to ascribe lord King's conduct, which had rendered the present measure necessary, to the purest motives; but it was not less mischievous on that account. It had been the boast of gentlemen on the other side, that no landlords had followed the noble lord's example, but he felt confident that many would have done it, had not a check been seasonably put to the practice. The right hon. gentleman then adverted to the situation in which, but for a Bill of this nature, the public creditor would be reduced. He would receive his dividend in Bank-notes, at the rate of 20 shillings; but when he should go to market with these notes, he would soon find that they were current only for 15 shillings, or perhaps less, for the value of Bank-notes would be of course regulated by the fluctuating price of gold. The right hon. gentleman could not possibly conceive that any system could be devised more pregnant with injustice to the public creditor, and with more confusion to the state. If on the one hand it was argued, that the public creditor had a right to ask his dividend in coin, why, by the very same reason, and in consequence of it, the collectors of taxes had a right to insist on being paid in guineas; and who could foretel the end of that double price in the transactions in life, which was at all times so much deprecated, that under king William no less than two Bills were passed to ascertain the precise value of the guinea? The present high price of bullion, which had created so much discussion, could not, in his opinion, be attributed to any other cause whatever, but, to the balance of trade being against us in the present state of the world; for it was evident, that when a country imported more goods than it was allowed to export, the balance must be paid in bullion. But, instead of reverting to that plain and Obvious cause, this temporary evil had been attributed by some to the excessive issue of Bank-notes, and that idea had been productive of the most mischievous consequences. The right hon. gentleman then adverted to the statements contained in the Appendix to the Report of the Bullion Committee. By the tables contained in that Appendix of the Price of Gold, compared with the issue of Bank-notes, and with the price of coin, it was evident that the amount of the paper circulation had no effect whatever on the price of either of those commodities. The right hon. gentleman did not expect, indeed, that the Bill before the House could have the effect of preventing the exportation of coin, as long as bullion should continue at the present price, but the Bill would prevent the confusion necessarily arising from double prices in all the transactions of life, and in this point of view, it was his most anxious wish that it should pass into law.

Mr. Preston maintained, that Banknotes were not depreciated, but that the price of gold had risen, which had given the idea of the supposed depreciation. But if Bank-notes had really decreased in value, goods, which were purchased with them, and especially landed property, had risen to a proportionate nominal increase of price. The contrary, however was the fact; and the fair consequence to be deduced from it was, that Bank-notes had not depreciated, however the price of bullion might have risen. The Bill before the House went to prevent the traffic in guineas, to which this rise in the price of the precious metals, and the rapacity of individuals, had given birth; and no measure could be more proper; for surely a man who fairly received a guinea at its stated price in the usual dealings of society, could not be allowed to make an unfair profit by it. The hon. gentleman thought that almost at any rate the legislature should prevent that fluctuating and double price in all transactions, which would soon put an end to all commerce, and leave nothing but jobbing in its stead. A fixed standard was absolutely necessary; and he saw no impropriety in taking the Bank notes as such, as no depreciation in their value had been found in contracts, nor in any of the purposes of our inland trade.

Mr. Protheroe began by stating his approbation of that part of the Bill which protected the tenant as of eminent advantage, when the political theory of a noble lord (King) had led to a harsh experiment, which had been applauded by party spirit. In his opinion the tenantry of the country deserved to have their interests protected with as much legislative care as any class or description of men whatever; they ought to be enabled to confide in the wisdom and benevolence of the law, and not to be left under the precarious security of a landlord's indulgence or caprice. He had listened attentively to the speeches of great authorities, undoubtedly, on all subjects of political economy, and although he rose with diffidence after the right hon. gentleman, who might be considered the Nestor of the House, yet when he heard the Chancellor of the Exchequer state, that unless the present financial system were maintained, the war in the



peninsula must be relinquished, he could have no scruple to vote in support of a question on which our national honour and prosperity so materially depended.

*The Chancellor of the Exchequer* rose to correct a misapprehension of the last speaker. He had not asserted that had the report of the Bullion Committee been acted on, the war in the peninsula could not have been maintained, but that it would have been impossible to carry on exertions to the same extent.

*Sir Egerton Brydges*, in a maiden speech, said, that notwithstanding the length to which the debate had been carried, yet from the great difference of opinion which had been so strenuously urged, he could not justify to himself the vote which he had already given, and should give on that subject, without expressing, however shortly and imperfectly, the reasons which operated on him. The question seemed to him to be shortly this; whether the system of paper currency adopted of late years by this country was bad; and, even if bad, whether it could be suddenly changed? If it could not be suddenly changed (and that it could not, he conceived, all would admit), then he asserted that this Bill, to remedy or palliate an evil growing out of it, was absolutely necessary as a temporary measure. The evil and confusion of two prices was incalculable, and indeed impracticable by any fixed standard. But for his part, he most strenuously denied that the system of a paper currency, such as ours, was bad. It had been characterised on the other side as delusive, dangerous, and hollow; not as wealth, but as the fallacious appearance of wealth. He would assert, that if it was not wealth, it was at least the mother of wealth. To what other source could be attributed the vast and unexampled start which had been made by our population, our commerce, our manufactures, our shipping, our canals, and our buildings since the year 1786? These, at least, were solid wealth: and from what other than this calumniated, but creative source, could they spring? It was urged over and over again, that the issue of paper money had been excessive; but it was clear that there could be no excess, if the augmentation did not exceed the augmented riches which it represented. He would boldly, without fear of being confuted, maintain that it had kept within those bounds. The system, therefore, could not be guilty of the charge of increased prices which had been so violently objected against it. But if there were some evils incident to the system (and he denied that they could be important enough to alter its character of paramount good,) what could now be done?—Could a substitute be found for this currency? The mines of South America had failed of adequate supplies for a metallic currency. Was the increased wealth and commerce of the world to be stagnant? Were all the evils of an impeded and inadequate circulation to lower prices, and dry up all the sources of reproduction? And why? because gentlemen in their theories chose to attribute to the paper system evils and consequences which did not belong to it. Has the price of gold greatly increased within the last eighteen months? All admit it. Is it from the increase of paper currency? No: for the paper currency has in that period been diminished two millions and an half. That, therefore, cannot be the cause while an obvious cause for the increased value of bullion, the balance of trade against us, and the demand of our continental warfare, does exist! The seeming contradiction between the necessity of this measure of the Gold Coin Bill, and the truth of the position standing on the Journals of the House, that a guinea in specie, and a paper guinea, are equal for all domestic and legal purposes, did not strike him as at all irreconcilable. He thought the position true, in the sense in which it was intended and ought to be understood. In truth, a guinea in specie had two characters of value: one derived from the intrinsic value of the materials of which it was composed; the other from its representative capacity. It was of this latter character that the position was laid down: and in this latter character he contended that it was correct. But it was to obstruct the illegal use of it in its former character that the Bill was framed. Having explained himself thus briefly, on a subject which was capable of the most extended and ample discussion, but on which the patience of the House had been already exhausted, he should not presume on this first occasion, which he embraced with great diffidence and humility, to obtrude on its indulgence any farther.

*Mr. Whitbread* said, that among the virtues of the right hon. the Chancellor of the Exchequer, candour was a prominent one, and had never been more conspicuous than in the instance which had just occurred. The vote of an hon. gentleman (Mr. Protheroe) was tendered under a misapprehension, which the right hon. gentleman had corrected, although by his correction he of course lost a vote, and the minority would have the advantage of an unexpected convert. A right hon. gentleman opposite (Mr. Rose,) who had been called the Nestor of the House, had dilated much

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on the pernicious consequences of the existence of two prices. He could assure the right hon. gentleman that two prices already existed, and that in the city of Bath, at this moment, as he was informed by a letter he had received that day, this distinction openly prevailed, and that in the article of potatoes, a quantity might be purchased for three guineas in gold, that could not be had for less than 4l. 7s. in paper. The right hon. gentleman had talked, too, of the mischief arising from the fluctuation of prices; but were not prices necessarily subject to fluctuation under all circumstances? An hon. and learned gentleman (Mr. Preston) had referred to the rise of the value of land, as an example of the increasing prosperity of the country. But was it not obvious that a great part of this rise was purely nominal, and proceeded from the depreciation of the circulating medium, and that it was also to be attributed in a great measure to the demand for land, a more desirable property than the securities of government? He was strongly inclined to believe, that that hon. and learned gentleman did not, as lawyers were once wont to do, often hear the tink of guineas in his outer chambers. He much doubted, indeed, whether in that assembly, many guineas were to be found in the pockets of its members. Where, then, were the guineas to be found? did they all go to the bakers and brewers? As to the latter, he could himself give testimony, that one individual had not received one single guinea for several years. With respect to the continued abuse of lord King, and the compassion so pathetically felt and described for the yeomanry of the county, it should be recollected, that the yeomanry, instead of suffering, gained by the change of the value of money, and at the expence of the landlord. In the case, too, of lord King, it happened, that the person against whom he proceeded, was not a simple farmer, but a Bank Director. He had no doubt, that many would have followed lord King's example, had it succeeded, who have since clamorously joined in the outcry raised so unjustly and absurdly against that distinguished person. As to the practice of selling guineas, it notoriously prevailed every where, and the apprehension, therefore, of the right hon. gentleman on the other side, was wholly unnecessary. Thus, then, the guineas did not, reach the destination projected for them by the author of this Bill. Did they go to the army abroad?—far from it, for that army was experiencing every kind of inconvenience for the want of them. The right hon. the Chancellor of the Exchequer, in his opinion, had had the guineas offered to him at a very reasonable price. Were he a young member, or unaccustomed to the ordinary course of votes in that House, he should be astonished at the proceeding, which he had no doubt, would that night, be adopted. But notwithstanding all they might vote, or all they might resolve, guineas would be clandestinely bought and sold, gold would find its level, and property its just estimation.

*Mr. Herbert*, of Kerry, declared he knew of no difference between the value of gold or Bank notes, and was always content to receive his rents in the latter.

*Sir Edward May* was of opinion that guineas were a very inadequate test of the wealth of a country, and that the present Bill ought to be supported.

*Mr. W. Smith* reprobated the principle upon which the Bill was originally introduced: he said it was not alone inconsistent with that species of policy which the most celebrated writers had advanced as best calculated to uphold the interests of a state, but in direct opposition to, the commercial interests of the country. As to the latter part of the Bill, he considered it a perfect fallacy; for, to his own certain knowledge, guineas were in the month of October last bought and sold without the slightest attempt at concealment, in the city of which he had the honour to be representative (Norwich.) Indeed, so little reserve was observed in the traffic, that it was universally believed that agents were employed by the government for the express purpose of buying guineas. The hon. gentleman concluded by declaring his intention of voting against the Bill.

*Mr. Stephen* rose to deliver, for the first time, an opinion on a subject which he confessed had not employed much of his attention. He would not assert that the Bill went to the complete abolition of two prices, but they certainly would not exist in the degree that they would do if a free competition were allowed between gold and Bank-notes.

*Mr. Alderman Smith* said a few words in support of the Bill.

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Mr. Hudson Gurney rose, and addressed the House for the first time. After remarking on the preposterousness of the position, that twenty-one shillings were in public estimation equivalent to twenty-six, he stated that he should not have obtruded himself on the patience of the House, were he not convinced, that the main cause of this depreciation in our currency was, on all sides, kept out of sight. It was not, as had been asserted, the immense increase of the commerce of England that rendered it impossible to find gold and silver to count up its transactions by, but the enormous amount and portentous increase of the National Debt. The depreciation hinged on that debt; and every increase of debt would work additional depreciation: our reckonings had passed what could be paid in gold, and every fresh loan, acting as a creation of imaginary property, representable by paper, and on which a paper interest must be paid, accompanied by no real increase of asset whatever, must of necessity spend itself upon the values of our currency.

The hon. gentleman said, he was perfectly aware, whilst things could be kept going in their present train, that the paper issues of England could not fall through, as had been the case with those of all other countries—the whole amount of Bank-paper issued being received by government at par for taxes three times in the course of the year—in loans and taxes five times. And from the experience of one district, he could confidently state, that the amount of the whole circulation, public and private, passed at par in direct payments from the subject to the government, much within the period of twelve months—he should think in eight or nine. But still, though this would preserve the system from falling to pieces amongst ourselves, yet our pound of account, being in daily process of meaning less and less—as, of every thing else, so assuredly of gold and silver. In measuring our standard against those of other countries, who have no debt, and a fixed metallic currency—we should be found more and more wanting—more and more unable to circulate guineas at their old rates again.

The hon. gentleman said, he was in favour of the Bill, as a measure of unavoidable necessity—a man could but pay what he received. A depreciation in the value of our paper existed and pressed on us, from causes possibly without remedy: but there was a further depreciation, which might be, and ought to be, prevented, arising from the general feeling of want of confidence in all paper, occasioned by the difficulty of procuring change. Nothing was clearer than that the Bank could not stand a fortnight were they to attempt: to pay in guineas. Government could not coin at the present price of silver F bullion; but the Bank not being under restriction as to the weight and fineness of their tokens, might pay the public for the gain of perpetual reissues, by the charge of perpetual recoinage; and either under the sanction of legislative enactment, or by understood agreement, much alleviate the inconveniences suffered, by giving on demand their own tokens for their own notes.

*The Report of the Committee was then agreed to.*

*The Chancellor of the Exchequer* moved, that the Bill be read a third time tomorrow.

Mr. Whitbread expressed his surprise that the right hon. gentleman should attempt to pass the Bill through the House with so much precipitancy. Saturday was a day on which it was usually understood that no public business would be done, and as many members might feel disposed to deliver their sentiments on the third reading of the Bill, he conceived it would be better to reserve that stage for some future day.

*The Chancellor of the Exchequer* did imagine that every member had had a fair opportunity of delivering his opinion upon the Bill, and this he was the more inclined to think, from the appearance of the House. If however further debate was thought necessary, and the hon. gentleman would say that he believed some of his friends were desirous of giving further opposition to the Bill, he would not press it forward, although it was a measure which, in his estimation, required dispatch.

Mr. Whitbread said, it was extremely unusual for the House to sit on Saturday at so early a period of the session. He would not pledge himself for the intention of any hon. member, but as there was no pressure, he could not help

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thinking it extremely indecorous to endeavour to hurry the Bill through the House upon a day when, it was almost universally understood, no business of importance would be transacted.

*The Chancellor of the Exchequer* repeated, that if the hon. gentleman would say that any of his friends had any thing to offer upon the subject, he would defer the third reading until Monday.

Mr. Whitbread would not enter into any pledge whatever, but demanded, as a matter of right, that the Bill should not be thus precipitated through the House; and in support of this right he begged to move, That the Bill be read a third time on. Monday.

*The Chancellor of the Exchequer* would save the hon. gentleman the trouble of moving this amendment, by moving it himself.

*The third reading of the Bill was then fixed for Monday.*

Mr. Whitbread, in order to give the right hon. gentleman an opportunity of explaining what the urgent nature of the business was, which rendered it necessary for the House to sit on Saturday at so early a period of the session, moved, That the House, at its rising, do adjourn to Monday.

The Speaker observed, that much business had already been appointed for to" morrow.

*The Chancellor of the Exchequer* said, it was very common for the House to sit on Saturdays, for the purpose of expediting business.

Mr. Whitbread. Not at this period of the session.

*The Chancellor of the Exchequer*. At all periods.

Mr. Smith was about to speak, when the Speaker interrupted him, by observing that there was no question before the House.

*The Chancellor of the Exchequer*, in order to give the hon. gentleman an opportunity of addressing the House, moved, That the other orders of the day be now read.

Mr. Smith apprehended the Chancellor of the Exchequer would find it difficult to adduce a precedent, in which the House had sat to do business, on a Saturday, at so early a period of the session.

The Speaker said, that, in point of fact, in all stages of the session, Bills for Supply, or for other urgent matters, were expedited on Saturdays.

Search HelpHANSARD 1803–2005 → 1810s → 1812 → December 1812 → 14 December 1812 → Commons Sitting**GOLD COIN BILL.***HC Deb 14 December 1812 vol 24 cc297-306**On the order of the day for the third reading of the Gold Coin Bill.*Mr. Whitbread rose to move the following Resolutions which were brought forward by Mr. Brougham in 1811: viz.

1. "That, by the law and constitution of these realms it is the undoubted right of every man to sell or otherwise dispose of his property for whatever he deems to be its value, or whatever consideration he chuses to accept, and that every man possessed of a Bank-note, or other security for the payment of money, has an undoubted right to give it away for nothing, or in exchange for whatever sum of money he pleases, or, if he cannot obtain what he demands, to retain possession of it.
2. "That any statute having for its object to restrain this right would be contrary to the principles of the British constitution, and a flagrant violation of the most sacred rights of property, and the ancient and unalienable liberties of the people.
3. "That any statute having for its object to prevent the Bank or other paper currency of the country from being exchanged against the lawful money of the realm, below a certain rate, would, if it could be carried into effect, cause the awful money of the realm wholly to disappear, and would, in proportion to its efficacy, preclude the application of the most appropriate remedies for the present derangement in the circulation of the country.
4. "That the free exchange of the lawful money of the realm with the paper currency, on such terms as the holders of each may think proper to settle among themselves, is not only the undoubted right of the subject, but affords the best means of restoring the circulation of the country to its sound and natural state, by establishing two prices for all commodities when so ever the one currency is from any cause depreciated below the other
5. "That no law whatsoever can alter the real value of the paper currency in relation to the lawful money of the realm, nor alter the real value of either kind of currency in relation to all other commodities; and that any attempt to fix the rates at which paper and coin shall pass current, must, in proportion to its success, interfere with the just and legal execution of all contracts already existing, without the possibility of affecting the terms upon which contracts shall be made in time to come.
6. "That it is the bounden duty of the Commons House of Parliament, as the guardians of the rights of the people, to discountenance and resist a scheme which has for its immediate objects the establishment of a maximum in the money trade of the realm, and the dissolution of the obligations already contracted by numerous classes of the community, but which has for its ground work principles leading to an universal law of maximum, and the infraction of every existing contract for the payment of money, and that the said Bill has the said objects, and proceeds upon the said principles."

The Resolutions being put were all negatived. Upon the third Resolution, the House divided, when the numbers were, For the Resolution 29. For the previous Question 73. Majority against the Resolution 44.

List of the Minority.

Abercromby, J.	Martin, H.
Bennet, H. G.	Marsh, G.

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Babington, T.	Morpeth, lord
Burrell, P. R. D.	North, D.
Combe, H. C.	Phillips, G.
Courtenay, W.	Robinson, G. A.
Cavendish, lord G.	Rancliffe, lord
Calvert, C.	Smith, R.
Duncannon, lord	Thornton, H.
Fitzroy, lord J.	Westerne, C. C.
Flood, sir F.	Whitbread, S.
Gordon, R.	Wharton, J.
Grant, J. P.	
Hamilton, lord A.	TELLERS.
Harcourt, J.	Creevey, T.
Lewis, T. F.	Brand, T.
Lloyd, J. M.	

*The motion was then put for the third reading of the Bill.*

*Mr. Abercromby* observed, that the amount of currency was now entirely under the regulation of a body, who had declared, that they governed their issues by no other rule than the supposed solidity of those upon the security of whose bills they made their advances. Provided the Bill was considered the representation of a real commercial transaction, and payable at a short date, it was admitted that no further test was deemed necessary of the propriety of any issue. How the directors always ascertained this point he did not know, but he believed there were cases in which they had been mistaken. The practical consequences of such a system was, that enterprising speculators were tempted by these new facilities into undertakings, many of which, in the course of time, naturally failed, and caused very extensive distress. Another effect equally important was, that the main ground on which the system was originally supported had been entirely taken away, and that instead of being enabled through its operation to prosecute the war in the peninsula, it now was the great obstacle to its progress.

*Mr. Rose* repeated several statements, which he had a few days since laid before the House, in order to show that the foreign exchanges were entirely independent of the domestic currency. He endeavoured, likewise, to shew that the whole amount of our present circulation fell short of what it was when gold formed the larger part of the currency. He was aware that the issues of the country banks were considerable; but in many parts, and particularly in Lancashire, no country paper whatever was in circulation.

*Mr. J. P. Grant*, in a maiden speech, began by remarking, that to his understanding, it appeared quite clear, that the depreciation of any currency could arise only from one of two causes—either from a want of confidence in those by whom it was issued, or from an excess in the amount of their issues. This proposition was so indisputable, that upon this part of the subject, he should make but few observations in speaking of the value of gold, or of any other circulating medium, he thought it would not be to require too much, if gentlemen were to state in what commodity it was they estimated that value. The price of any article could only be ascertained by a comparison with the value of some other. In the year 1718, when the nominal value of the guinea was considerably raised, the immediate effect was, to render gold exclusively the currency of the country. It was stated, he believed, in lord Liverpool's Letter to the King, that during a period of some extent, the value of gold remained stationary, whilst that of silver had undergone several variations. The rate of exchange to which the right hon. gentleman, who preceded him, had referred, could serve to throw no light whatever on the question to which it was applied. No alteration in the balance of exchanges

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between countries not possessing mines of their own could affect the system of their internal circulation. It was utterly impossible, that in a general interchange of commodities, the demand for the precious metals should ever be excessive. These principles were so incontrovertible and so well established, that he was at a loss to attribute the diversity of opinion which prevailed respecting them to any other cause, than a disagreement in the meaning of the term employed, by which, what was obvious to one understanding was rendered unintelligible to another. If this were not the case, he must be led to conclude, that different understandings were differently constructed. But with respect to the Bill immediately before the House he rose on this occasion to enter his humble protest against it. Bad as the system was to which it belonged, he regarded it as its worst part, because it cut off the last hope that remained of revising it. With regard to what had been said about a pound note and a shilling being equivalent to a guinea, he thought that it proved that the parliamentary meaning of the word equivalent was very different from the common acceptation of it; and that thus the word equivalent, like permanent (as a noble lord had stated a few evenings ago) had two different meanings. Unless this were the case, it was certainly impossible to prove that a pound note and a shilling were equal to a guinea. The remedy proposed by this Bill appeared to embrace, as a principal object, the prevention of two prices. Now, with respect to two prices, properly speaking there was an inaccuracy in the language; two prices in fact could never exist. It was not possible to maintain the existence of two contemporary currencies of unequal values. In the reign of William 3, as every body knew, one part of the currency became degraded below its nominal value, and the consequence was, that it banished from circulation that part which was justly estimated. The hardship complained of by the public creditor was not that the currency was merely depreciated, but that he was obliged to receive it at one value, and pay it away at another. It might be a harsh name to call this Bill, if it passed, an act for the promotion of fraud; but it certainly was not a law for the distribution of justice. Persons constantly engaged in the purchase and sale of stock were not exposed to the loss incurred through depreciation; but on the contrary, those whose property had been long vested in the funds, and others engaged in Chancery suits, suffered an injury of prodigious extent. They found at the Bank that 10 per cent. was taken in the first place under the Income Tax, and in the second, that the value of the remainder was diminished above 30 per cent. The system was equally injurious to private annuitants, and unless so great and grievous an evil should be redressed by the application of salutary measures, and looked at steadily with the eye of a true statesman, the inconvenience would soon become not less obvious to the meanest capacity than it already was to those whose inquiries had rendered them more conversant with the subject. The present Bill appeared to him to resemble the folly of children, who imagined that they would remain concealed by placing their hands before their eyes: its object was to draw a veil between the country and its real situation. No doubt the genuine remedy must produce inconvenience, and, perhaps, in some degree distress; but these would be greatly augmented by suffering the distemper to continue until it should assume a yet more formidable aspect. He thanked the House for the indulgence he had experienced; the great importance of the subject and his own conviction of its nature and tendency had prompted him to state on what grounds he must protest against the Bill then under consideration.

Mr. Alderman C. Smith admitted that the gold coin of the realm had disappeared; and he saw no reason why gold, as well as other articles, might not be made a source of traffic. In many instances it must necessarily be expected, such as when it was applied in the purchase of corn, or other commodities, on the continent. The high price of bullion was, in his opinion, wholly attributable to the balance of trade being against us; and until this could be remedied it was not to be expected that we should have an influx of that coin, of which the country now appeared to be almost totally drained. Rather than see two prices put upon the circulating medium, however, he would be satisfied to see the country without a single guinea.

Sir F. Flood could not, by any means, agree to a Resolution which went to assert that a one pound note and a shilling were equal to a guinea. He had had very frequent and satisfactory assurances of the contrary from experience, the best of all teachers; yet though such was his opinion, he could not give that unqualified opposition to the Bill which might appear to be necessarily deducible from it. There was one provision of the Bill, which in the existing situation of affairs, was absolutely required to protect the poorer and feebler class of society from being visited by the oppression of the wealthy and more powerful—he meant that by which landlords were prevented from exacting from their tenants

payment of their rents in gold. But here his approval must terminate. In the remaining provisions he could see nothing but a mass of mischievous absurdity. The very title of the Bill appeared to him a misnomer, it was called the Gold Coin Bill, when it would have been more appropriately entitled the No Coin Bill. He would state to the House a fact, which would serve as well as any that had hitherto been submitted to their attention, to prove the existence of two prices. Having had occasion to purchase a horse in his native country, he had visited a fair for the purpose, where having fixed on one in the possession of a country dealer, and asked his price, he was answered, thirty-eight guineas, upon which, pulling out a parcel of Bank-notes, amounting to that sum, from the one pocket, and a purse containing thirty-four guineas in gold, from the other, he asked the seller which he would have, when the man, without hesitation, made his election in favour of the specie, swearing by his soul, when he could get it, he would have nothing to do with a bit of a note. No doubt could exist but that a similar feeling pervaded all society; that there was no part of the country, where if a person were to send guineas to market, he would fail of getting such articles as he might wish to purchase cheaper than if he were to send paper to the same nominal amount. But besides the evil which must result from the existence of two prices, and which the Bill went to inflict on the community, it must also be considered as tending to effect the exclusion of specie from the country, and as holding forth an invitation to foreign agents to extract that portion which it might still haply be found to contain. Could any rational man for a moment doubt, that such must be its tendency, when the immense disparity of value between the metal and paper currency was considered? He had himself, on his way to the House, applied to a goldsmith in order to ascertain what that disparity was, and had been assured by him, that a guinea contained bullion which was worth twenty-eight shillings, if bought with the reduced currency. Would it not be absurd, under these circumstances, to suppose that guineas would not be sold, or if it were unsafe to sell them, hoarded till an opportunity could be found of doing so? For his part, if he were to consult his own feelings on the subject (and he was perhaps as disinterested as his neighbours), he could not indulge in such an hypothesis. On these grounds, though as he had before stated, he approved of one provision of the Bill, yet, considered as a whole, he must enter his vehement protest against it.

Mr. Preston was of opinion, that the evils which it was asserted would be the result of the Bill, were either fictitious, or easily obviated; and that under all circumstances, the necessity of the measure must be apparent to all who sufficiently reflected on it.

Mr. Marryatt having on the first bringing forward of the present measure opposed it, could not now assent to it, as he meant to do, without explaining the grounds of his assent, and thus shielding himself from any imputation of a dereliction of principle. In many respects, the bodies politic and natural admitted of useful comparison, and if he might now be permitted to draw an illustration from it, he would say, that at the time he opposed the measures which he now approved, the state was in the situation of a patient, whom a singular operation would have restored to perfect and immediate health; it was now in the situation of one who had deferred such an operation till it could not be resorted to without incurring the risk of more serious evils, even of death itself. He would not take upon himself to say to what cause the evil was chiefly attributable, whether to the state of the currency; or to that of our foreign commercial relations; but be that as it might, he was rejoiced that the subject had been brought before parliament. If no other good was to result from that circumstance, the public would derive no slight satisfaction from the declaration which had been made some nights since by the governor of the Bank of England, namely, that in the course of the last year, the Bank issues had undergone a diminution of two millions. And here he could not forbear pressing on the attention of the House, the decided and very laudable inclination which had been exhibited by the governor and directors of the Bank, to do every thing in their power to remedy the evil to which the country was exposed. But the reason which now chiefly induced him to rise was, a desire to suggest some change of our commercial intercourse with the countries subject to the enemy, such as might have the effect of obviating the necessity of having recourse in future to measures of a similar nature to that which was now under discussion. It had been, as was well known, for a long time, the object of Buonaparté to effect the reduction of our political power, by excluding our manufactures from the countries which had fallen beneath his rule, and thus cutting off a main source of our national wealth. How sanguine he had been in the prosecution of this plan, not to mention less prominent instances, might be collected from



his late attempt against Russia, which was made avowedly with a view to the furtherance of his purpose, and that with an eagerness and precipitation which had put his crown and life in jeopardy. There was undoubtedly much reason to hope that he was on the eve of being overtaken by a just retribution, which, while it avenged the cause of an oppressed world, would obviate the necessity of deliberating with respect to measures of future defence from injury; but we should not be too sanguine in our views of the present state of affairs, however indulgent it might be to our hopes. It was but too probable that our enemy might escape, and even with diminished power retain sufficient to accomplish his great purpose of excluding us from all commercial intercourse with the continent, at either extremity. This being the case, it might not be inexpedient to reflect a little on the progress of the measures intended to injure our commerce, as well as those by which they had been met on our part. The first to which the enemy had recourse were met by the Orders in Council, and the consequence of both was an almost total cessation of commercial intercourse; this state of things continued till the year 1809, when a quantity of goods were shipped in this country, and the efforts of the enemy to prevent the sale frustrated, and this was continued for some time, till by one grand stroke of policy, all hopes of future success were wrested from us, and for some time, our state was much the same as if our Orders in Council had been rigidly enforced. Buonaparté, then feeling that the people he governed suffered very much from the want of certain articles which it was in our power to withhold from them, agreed to take a certain quantity of goods upon condition that we should take in return commodities to the same amount. In this we acquiesced; but it would be easily perceived by those who would take the trouble of examining the nature of this traffic, that it was not conducted on any principle of reciprocity. While we received any thing wanted in this community, he made a strict selection of such articles of importation as he was in the greatest possible want of, such as dyed woods, indigo, and other materials, without which, certain manufactures must have been abandoned, of medicines, of leather, of bridles and saddles, and other equipments for his cavalry. How far such a trade as this could be beneficial to the country it was for ministers to decide.

Mr. Whitbread observed, that the remarks of the hon. gentleman were most foreign to the question before the House. For his part he confessed himself wholly unable to discover their applicability: there might perhaps be a Ulysses or a Nestor present, who could. Possibly the Chancellor of the Exchequer, or the President of the Lard of Trade, or the Vice-president of the Board of Trade might be able to show it. He owned that he was not at all surprised, to, hear the hon. gentleman attribute the embarrassed state of our currency to Buonaparté. It was the hon. gentleman's usual practice to lay all our evils at Buonaparté's door. On him all were thrown. Perhaps, even, the absence of a noble lord (Castlereagh) might be owing to Buonaparté's having turned up some what nearer home than was expected.

Mr. Bathurst intimated that his noble friend was indisposed.

Mr. Whitbread expressed his regret at the circumstance; he had supposed it possible that Buonaparté's having been found at Berlin, might have occasioned the noble lord's absence; knowing, however, the elasticity of the noble lord's mind and body, he had no doubt that he would soon recover his wonted health. With respect to the Bill before the House, the object of it was to prevent that which already existed—two prices. Every body knew that all the necessaries of life could be bought at a cheaper rate with gold than with paper. The conduct of the hon. gentleman who spoke last had been most extraordinary. Having, in the first instance, opposed the original resolution of the House on the ground that it would be as easy to controul the motion of the heavenly bodies by act of parliament, as to regulate the circulation of the country under the circumstances in which it was placed; having again resisted the Bill when introduced last year, he, now that ministers tried their hand at it again, declared, that he was their man, and gave his support to this notable proposition. The House were placed in this situation: they first voted a resolution which they could not maintain; and they then attempted to bolster it up by a law which was effective only in preventing the natives of this country from purchasing gold, and in opening the market to foreigners. Nothing could be more absurd than the Bill which it was then proposed to read a third time, and he should give his hearty vote against it.

A division ensued,

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For the third reading 80

Aganist it 15

Majority — 65

List of the Minority.

Abercromby, J. Marsh, C.

Babington, T. Martin, H.

Brand, T. North, D.

Creevey, T. Robinson, G. A.

Calvert, C. Westernne, C. C.

Flood, sir F. Whitbread, S.

Gordon, R. TELLERS.

Grant, J. P. Hamilton, lord A.

Lloyd, J. M. Bennet, H. G.

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## GOLD COIN BILL.

*HL Deb 18 December 1812 vol 24 cc323-4*

*On the order of the day being read, for going into a Committee on this Bill,*

*The Marquis of Lansdowne* expressed a wish, that the Bill had been divided into two. To one part of it he was disposed to agree, namely, that which respected distress for rent; it was true, it was a part of a faulty system, but it was certainly necessary to protect tenants from oppression in being called upon to do that which would be, under present circumstances, a violation of the original contract with the landlord; for though a noble friend of his in calling for rents in specie, had laid down rules which were perfectly equitable, yet other landlords might not be actuated by the same equity. So far, therefore, he agreed in the measure; but to the other part of the Bill, which went in fact to declare, that no person should part with gold, except for less than its value, nor take paper except for more than its value, he considered it as a system pregnant with incalculable mischief. He would not now enter into the question of depreciation; but confine himself to the more immediate object of the Bill, and he contended that it was perfectly absurd to attempt by a legislative provision to give a currency to paper, which was not worth the value set upon it. Similar expedients had been the resort of all weak and tyrannical governments, and had successively failed. The natural consequence was, the driving all the gold out of the market, and thus precluding the means of returning to payments in specie. What good had been effected by resorting to this measure? Had it tended to support the war in the peninsula? It was a well known fact, on the contrary, that ministers had been unable to send a requisite supply in specie to lord Wellington, and that his lordship had only been enabled to procure a supply from the circumstance of there being two prices in Portugal, a gold price and a paper price. Had a similar legislative enactment to this prevailed in Portugal the supply could not have been obtained. Thus it would be seen that it was only upon the principle of two prices that our army was supplied in the peninsula, a principle which, in fact, prevailed in this country, but in ineffectually endeavouring to counteract which by this measure, ministers had precluded the means of adequately supplying our army there from hence. The same principle also of two prices prevailed in Canada, where 100,000l. in Bank notes I had been sent, and had been discounted, being taken at the rate of 14s. in the pound. Impressed with the idea of the futility of enacting what was in itself absurd, and in its consequences mischievous, as it could not prevent the two prices which it was its object to counteract, and as it operated by driving the gold out of the market to prevent a return to a sound and healthy circulation, he intended to have taken the sense of the House upon a motion for dividing the Bill into two; but as the House was thinly attended, he should not put it to the vote.

*The Earl of Clancarty* contended, that the most mischievous consequences would result from having two prices, and that the supply to our army in the peninsula was best secured by the present measure.

The Bill then passed through the Committee.

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## LOCAL TOKENS.

*HC Deb 22 December 1812 vol 24 c346*

*Mr. Hudson Gurney* asked, whether it was the intention of ministers to press the provisions of the Local Token Act, and thereby to inconvenience the country in the present scarcity of silver, and the comparatively limited distribution of Bank Tokens?

*The Chancellor of the Exchequer* repeated the statement which he said he had submitted to the House in the course of the discussions upon the Gold Coin Bill, namely, that although he fully approved of the principle of the Local Token Act, it was intended to postpone the operation of that principle for some months, be thought until about Midsummer, in order that measures might be taken in the interim to ensure a more liberal supply of Bank Tokens.

*Adjourned to the 2d of February, 1813.*

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## **GOLD COIN BILL.**

*HC Deb 31 March 1814 vol 27 cc393-4*

*The Chancellor of the Exchequer* moved the second reading of the [Gold Coin Bill](#). He observed, that having stated the nature and object of the measure on a former occasion, he should not trouble the House with many explanations; but he could not help observing, that its object was, to prevent the gold coin of the realm from being sold at a price beyond its nominal value. Hitherto every breach of the law on this subject had been pursued under the Bill, and occasioned by the Bill itself; but in future, although it were not possible to prevent offences, they might be diminished; as the intent of the Bill was not so much the punishment of crime, as the deterring from its commission by the fear of the penalty.

*Lord Folkestone* did not expect that what he could say would have any influence; but he could not help repeating, that all the experience as to the operation of the Bill fully justified the theoretical views which had before its enactment been exhibited on the subject. It appeared from the prosecutions in pursuance of the Act, that the offences had been committed by persons entrapped by the informers: it had not, therefore, been effective to the prevention of crime, but had created an offence for the sake of punishing it.

*Sir John Newport* said, he was certain that a Bill of this nature could not exist without producing serious effects on the country. Much had been said of the good effects that would result from it in its former shape; not any of which had appeared. On the contrary, the evil went on; and his right hon. friend opposite was perfectly non-plus'd when called on to tell the House what benefit it had produced. It was clear that he had not looked over the Statute-book, or he would have found that an Act to effect all that was required was still in force. By a law of Ireland, any man who buys a guinea or half-a-guinea, at a depreciated price, is subject to a penalty of 50l.; and if he buys any number, the penalty is 500l. So that, when the present law has passed, any person in Ireland may be punished if he purchase a guinea for either more or less than its nominal value. The hon. gentleman contended, that this Act would not have been necessary if the country were not overburthened with paper money; but at all events, if it were suffered to pass, the other should be removed from the Statute-book.

*The Chancellor of the Exchequer* could see no contradiction in telling the public that they might give an exact fixed value for a thing; but that they must not give more or less.

*The Bill was then read a second time, and ordered to be committed to-morrow.*

Search HelpHANSARD 1803–2005 → 1810s → 1814 → April 1814 → 26 April 1814 → Lords Sitting**GOLD COIN BILL.***HL Deb 26 April 1814 vol 27 cc543-5**The Earl of Liverpool* moved the third reading of the Bank Restriction or Gold Coin Bill.

*Lord Lauderdale* expected, considering the importance of the subject, that the noble lord would have stated his reasons for proposing this continuation of the measure. It was a subject of the very highest importance. By the law as it at present stood, the Bank, it was known, must resume payment, in cash, in six months from the signature of a definitive treaty of peace. Whatever were the options on the subject of the circulation of the country, whether gold had risen in value as some thought, or paper had fallen as others thought, he presumed all must agree, that as to this resumption of payment by the Bank, there must be some regulation. This would be a matter for very serious consideration, even if the paper of the Bank of England had been the only Bank paper in circulation, but when it was considered, that there were no less than 900 other establishments of this description, which in their issues of paper naturally looked solely to their own interest, the subject must appear of still more serious importance. When this restriction was first imposed, the matter had been investigated by parliamentary committees; and when, in six months after, its continuation was proposed, the subject was again submitted to the investigation of committees of parliament. He hoped, that before any specific measure should be proposed on the subject under the present circumstances, a similar investigation by a committee of one or both House of Parliament would take place. He also expressed his hopes that the executive government would at an early period, bring the matter forward, and not delay it till a period at which it could not be considered with the attention that its importance demanded. Something it was obvious, must be done this session; and the sooner it was brought under consideration, the better. At the same time, it was a most delicate subject, and required to be touched with caution. This country was in a most extraordinary state in regard to its circulation. Other countries had nearly as long been engaged in war, and yet had continued to pay in cash. But he did not mean at this time to enter into the subject at length; and even if he were more inclined to do so than he was, he should almost have been deterred from doing so by the state of the attendance: he new merely wished to call the attention of ministers to the great importance of the subject, and to state his opinions as to the line of proceeding which they ought to adopt in relation to it. It must soon come before their lordships in a more extended shape; and till that opportunity, he should reserve what he had to say with respect to this very important question.

*The Earl of Liverpool* stated, as his reason for not having made any observations on the subject now, that he understood it to be the opinion on all sides, that they must have such a Bill for a short time at least. With respect to the general question, he admitted that it was one of very great importance, and one which must be touched with great delicacy. The situation of the country with regard to its circulating medium was certainly one in which no country in the world perhaps had ever before been placed, but without these deviations from the ancient principle, the great exertions which had been made for some time past, and especially the exertions of last year, could not have been made. He admitted, however, that now it would be proper, as soon as it could conveniently be done, to revert to the ancient system, or rather to the principles of the ancient system, as nearly as circumstances would allow. The attention of ministers would, of course, be turned to the subject; and the result would be brought forward in the manner which might appear best calculated to answer the intended object. But in the mean time, he apprehended there could be no difference of opinion as to the necessity of the passing of this Bill, and of continuing the present arrangement, till some other could be more maturely and deliberately examined and discussed.

*The Bill was then read a third time and passed.***EXHIBIT 43**

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## THE BANK RESTRICTION ACT.

*HC Deb 25 April 1814 vol 27 c525*

*Mr. Tierney* thought it could not be deemed premature to inquire, at this advanced period of the session, when the definitive treaty should be signed, what course it was proposed to pursue with regard to the restriction of cash payments by the Bank. According to the existing law, that restriction would cease six months after the conclusion of peace. Now he wished to know, whether it was intended to propose a further continuance of the restriction, and previously to submit the subject to the consideration of a committee?

*The Chancellor of the Exchequer* declared his inability to answer what he considered a string of premature questions. It was impossible for him to state when the definitive treaty of peace would be signed; and he was quite unable to state, at present, what course on that event it would be advisable to pursue with regard to the period of restraining the payment of cash by the Bank.

*Mr. Tierney* disclaimed the desire of pressing any thing prematurely upon the right hon. gentleman; but as the definitive treaty of peace was not likely to be signed until a late period of the session, he thought it expedient to inquire how it was meant to proceed with respect to the Bank? Whether by at once bringing forward a Bill to continue the restriction beyond the period of six months, or previously submitting the affairs of the Bank to the consideration of a select committee?

*The Chancellor of the Exchequer* said, that he was not prepared to answer that question.

Search HelpHANSARD 1803–2005 → 1810s → 1815 → April 1815 → 26 April 1815 → Commons Sitting**MOTION RESPECTING BALANCES IN THE HANDS OF THE BANK OF ENGLAND, &c.***HC Deb 26 April 1815 vol 30 cc871-6*

Mr. Grenfell said, he understood that the production of the Papers, which he had moved for on a former evening, respecting the Balances of Public Money in the hands of the Bank of England, would no longer be opposed by the right hon. gentleman opposite. He did not feel it necessary at present to enter at any great length into the subject; but he hoped the House would indulge him a very few minutes while he submitted one or two observations to them. It had been stated the other night, by the right hon. the Chancellor of the Exchequer, that by far the greatest proportion of the Public Balances in the hands of the Bank of England would be found, on examination, to be derived from the Consolidated Fund, and that they were, therefore, beyond the control of the Public. To this doctrine, if by the, control of the public was meant the control of the Executive Government, be cordially acceded. But it would not be contended for by the right hon. gentleman, that the public monies, emanating from the public, and consigned in the Bank of England as the bankers of the public, were also placed out of the control of the House itself. He would allude to a particular instance of the exercise of this control by the House; he meant, in the case of the money deposited in the hands of the Bank for the payment of the public dividends. In 1791, Mr. Pitt, having reason to think that there was a great accumulation in the hands of the Bank of England of unclaimed dividends, made a claim for a portion of them in the name of the public. This claim was resisted by the Bank, as a breach of faith with the public creditor. But Mr. Pitt had the firmness to persist; the Bank were obliged to give way, and 500,000*l.* was then taken from the funds in the hands of the Bank, and applied to the public service. In 1798 a similar arrangement took place, by which 500,000*l.* was again applied to the public service. After he had stated this, he could not see that there was any thing to preclude the Legislature from making any arrangement respecting the. public money in the hands of the Bank, they might think fit, whether emanating from the Consolidated Fund, or any other source. He had been asked by the Governor of the Bank, what measure he intended to found on the Papers in question, if the House should grant them? It would be a sufficient answer if he were to say, that it would be premature, if not presumptuous in him, were he to state what he intended to do with those papers before examining them. But if the amount of balances in the hands of the Bank were now what they were in 1807, that is, between 11 and 12 millions, he had no hesitation in stating, that he should endeavour, either by a reduction of the balances or by some regulation, to make them productive of interest and advantage to the public. Whether he should propose any such regulation himself, or leave it to persons better qualified, or whether he should be precluded by the Bank Loan Act from making any such attempt, were questions with which he would not then occupy the House. But he had no hesitation in giving it as an opinion, not hastily adopted by him, that some regulation was practicable, nay easy, provided the Bank of England, taking an enlarged view of its public duty should lend itself to the object. Nay, the object was practicable even on the supposition that the Bank of England should be so far unmindful of the duties which it owed to the public, as to oppose the arrangement. He hoped, after what he had now said, that no gentleman would contend that there was any thing impracticable in the application of this regulation to the balances in the hands of the Bank of England; and provided along with this there should be a reduction of their charge for the management of the public debt, the effect would be to produce a saving of between five and six hundred thousand pounds per annum, which was equal to the interest on a loan of ten millions, still leaving an ample and liberal allowance to the Bank of England. He wished to allude to one other point, the statement of the income of the Bank of England, derivable either from the transactions which they carried on for the public, or as shown from the documents on the table of the House. The first head of the income of the Bank was that derived from the circulation of their paper. The amount of this circulation at one period was not less than 31 millions; but he was aware that the amount had been reduced. He was not, however, giving an-exaggerated statement when he fixed the average at twenty-seven millions. He took the income from this source at 1,390,000*l.* The next head of income was the balances in the hands of the Bank. The amount in 1807. was 11,500,000*l.* Deducting 3 millions, lent

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to the public without interest, there remained in their hands 8,500,000*l*. The profit from this was 425,000*l*. The third head was that which they were paid for managing the public debt. He had already stated this at 267,000*l*. to which must be added an allowance for a house, of which he did not know the meaning, of 4000*l*. making in all 271,000*l*. The fourth head, consisting of interest paid by the public to the Bank, amounted to 330,000*l*. The amount from all these sources was 2,376,000*l*. He had confined himself to all those sources of income, either derivable from the public, or appearing in the papers before the House, without any reference to their private business. The hon. gentleman concluded with moving, that there be laid before the House the following Papers: 1. "An Account of the Balances of Cash in the hands of the Bank of England on the 1st and 15th days of each month, between the 1st of February 1807 and 1st of April 1815, inclusive, resulting from payments under the head of Customs, and of all other branches of the public, revenue, stating the average balance in each year, made up from the said days. 2. An Account of the Balances of Cash in the hands of the Bank of England on the 1st and 15th days of each month, between the 1st of February 1807 and the 1st of April 1815, inclusive, resulting from the Postmaster-general's account with the Bank, stating the average balance in each year, made up from the said days. 3. An Account of the Balances of Cash in the hands of the Bank of England on the 1st and 15th days of each month, between the 1st of February 1807 and 1st of April 1815, inclusive, belonging to the different departments of the Government, including the Balances of the Accountant-general of the Court of Chancery, and stating the average balance in each year, made up from the said days. 4. An Account of the Exchequer-bills and Bank-notes deposited by the Governor and Company of the Bank of England as Cash in the chests of the four Tellers in his Majesty's receipt of Exchequer on the 7th of August 1807, and on every 28th day subsequent to that period, down to the 1st of April 1815. 5. An Account of the Balance of the Account of the American Commissioners, and of all other Public Balances not particularly specified in the four preceding Accounts with the Bank of England, on the 1st of January in each year, from the year 1808 to the year 1815, inclusive; distinguishing the amount under each head respectively. 6. An Account of the total amount of Unclaimed Dividends in the hands of the Bank at the periods immediately preceding the payment of the quarterly dividends since January 1807. 7. An Account of all other Allowances made by the Public to the Bank, or charged by the Bank against the public, not specified in an Account respecting the charge for the management of the public debt, ordered to be laid before the House on the 19th instant, for transacting any other public service in the years 1813 and 1814, describing the nature of the services and the amount charged thereon in each year respectively."

*The Chancellor of the Exchequer* was disposed to coincide in the motion. The hon. gentleman's statement of the profit of the Bank was exaggerated; he had not allowed for a great variety of charges. With respect to the analogy contended for in the case of unclaimed dividends, it did not hold. The amount of such dividends might be called "dead cash, and could by no arrangement become the property of the Bank. Government were the supposed general heirs in all such cases; whatever had no claimant, was considered to belong to the public at large.

*Mr. Ponsonby* said, the agreement which had now taken place between the two sides of the House, had been anticipated by him from their approach to one another in point of numbers on the late vote. He did not think that for a long time a motion had been brought forward so likely to produce solid benefit to the public. He hoped it would be understood that there was no disposition to infringe upon the agreement actually subsisting between Government and the Bank; but he hoped it would be understood also, that no new agreement would be entered into till the House had an opportunity of considering these papers.

*Mr. Mellish* said, he had voted against the production of the accounts, only because he thought it unjust and unfair that the Act passed so late as March last, by which the public faith was pledged, should be in any iota disturbed.

*Mr. Peter Moore* said, it was a most preposterous proposition, that the public should be obliged to pay the Bank interest for three millions lent to them out of their own money, and leave a balance of nine millions besides. Such a doctrine did not suit the present times, when all classes were borne down by the weight of taxes, The hon. gentleman

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then went into the consideration of the audit of the public accounts, for which 60,000l. was paid, with-out preventing an accumulation of the unaudited accounts.

Mr. Manning said a few words upon the security the Bank possessed in an Act of Parliament, which pledged the faith of the House.

Mr. Baring expressed his wish that the subject should be postponed to the next session. He complained that Mr. Grenfell's statements were exaggerated.

Lord A. Hamilton supported the motion.

Mr. Marryatt thought it the duty of the House to take care that the Government did not enter into disadvantageous engagements with the Bank.

Mr. Grenfell shortly replied, denying that he had ever intended to interfere with the contract now subsisting with the Bank. He admitted that the expenses of the establishment of the Bank were to be deducted from the profits, but could not agree with the Chancellor of the Exchequer that it was necessary for the Bank to hold one shilling in reserve to answer demands; for those demands were always paid in paper since the passing of the Restriction Act.

*The motions were agreed to.*

Search HelpHANSARD 1803–2005 → 1830s → 1836 → April 1836 → 20 April 1836 → Commons Sitting**RIGHT OF VOTING ON PRIVATE BILLS.***HC Deb 20 April 1836 vol 32 cc1249-57*

*Notice having been taken that the Member for Mary-le-bone (Sir Samuel Whalley), a subscriber to the undertaking, had voted with the Ayes. Lord Granville Somerset moved, that Sir Samuel Whalley's vote be disallowed.*

Mr. Hume contended, that it was the law of Parliament that no person having a personal interest in any question before House should be entitled to vote. A case occurred in the time of Mr. Huskisson, and there was also the case of the St. Katherine's docks, both of which were so decided. When a question relating to the St. Katherine's docks was before the House, Mr. Pascoe Grenfell having voted, the circumstance was brought under the notice of the House, and it having been ascertained that he had a personal interest in the question, it was ordered by the House that his vote be withdrawn. He should be sorry to see any person who had a personal interest in a question of this description voting in any division upon such a question.

*Sir George Clerk* read from the journals of the House a minute of the case of Mr. Pascoe Grenfell, in which, on a motion made, that the vote of Mr. Grenfell be annulled, he having had a personal interest in the question, Mr. Grenfell was heard in his place, and the House resolved, *nem. con.*, that the vote of Mr. Grenfell could not be allowed.

Mr. Ormsby Gore said, that many hon. Members had voted on Railway Bills, in the course of the Session, who were interested in them, and he thought it very hard, therefore, to attempt to visit on the hon. Member for Marylebone that as an offence which had been done by so many others. It was very hard, that he should be selected as the scapegoat.

Mr. Ewart said, that it was impossible to draw the line; for he could not see if those who were interested in measures before the House were not allowed to vote, why those should be allowed to vote who were opposed to those measures. In the one case the interest was as great as in the other.

Mr. Warburton said, it might be, that persons had voted on Railway Bills who were interested in them, but if so, the circumstance had not been brought under the cognizance of the House. Gentlemen who held shares, or were Directors of a Company, might have it in their power to vary the market price of those shares by a particular course of action, and was it fitting that such persons should have the power of voting upon the Bills in which they were themselves interested?

Mr. Roebuck wished to put the question on a higher principle than it had yet been placed. The Members of that House were sent there as the Representatives of the people of England, clothed with all the peculiarities of their different dispositions and interests, and he did not think the House would sanction their acting in opposition to their wishes. If any portion of the people of England elected a man to be their Representative, that House had not the power of determining on what questions he should or should not vote.

Mr. Pryme considered, that the situation in which an hon. Member placed himself, by voting for a question in which he was personally interested, was of his own seeking. He (Mr. Pryme) had no interest in this Bill, but if he had, he certainly should not consider himself entitled to vote.

Mr. Aglionby trusted, that a specific motion would be brought forward on this subject in order to determine the principle. He thought, at the same time, that it was particularly hard that the principle should be brought forward in opposition to the vote of the hon. Member for Marylebone, when a similar course had been pursued by scores and scores of Members of that House. He would instance the votes last night upon the motion of the hon. Member for

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Southwark, with regard to the Pension List, and he would ask whether no hon. Members voted against inquiry, who were connected with persons deriving pecuniary advantage for being on that list? With respect also to the twenty millions Compensation Bill, did no one vote in favour of that Bill who was connected with the West India interest? Again, as regarded the Corn-laws, did not the landlords vote in favour of the continuance of those laws, he would not say in favour of a monopoly, but in which they had a direct interest in keeping up the price of corn? He had often been applied to to become a Director, and to take shares in railways, but he had never consented, and, therefore, he at least was disinterested in the view he took of this question. At the same time he did not find fault with those who had acted otherwise, because he considered it was a matter purely of personal feeling.

*Sir Samuel Whally* begged pardon of the House for intruding on its notice in any reference to a matter that was personal to himself, and he could assure the House that he adverted to it with a great deal of pain. He begged to assure the House that he fully recognised the principle that had been laid down, and was most anxious to implore his Friends—for Friends he trusted he had many in that House—not to consider it as a personal attack. Let the House bear in mind what were the general principles he had maintained in that House; he trusted that every part of his conduct since he had been a Member of it, had been upright and honourable, and he trusted the House would now permit him to withdraw.

*Lord Stanley* said, one great advantage arising from this subject having been mentioned, was, that it was entirely a question distinct from personal feeling, because the majority on the occasion was so large that one or two votes made no difference in the decision at which the House had arrived. It was perfectly clear, that the conduct of the hon. Member for Marylebone had been open, fair, and candid on this transaction. He was applied to to become a subscriber and Director, and took shares to the amount of 2,000l., and upwards, openly and above board; there had been no attempt at concealment, and therefore not the smallest imputation could rest upon him. He (Lord Stanley) had looked for precedents, and he had found one in the year 1800, in the case of the Albion Flour Mills Company Bill. Upon that Bill the House divided, 47 ayes, and 16 noes, and notice being taken that the name of William De Baines appeared among the ayes, his name appearing as a subscriber to the Company, motion was made that the vote of Mr. De Baines should be struck off the list of the majority. Mr. De Baines was heard in his place. He said he had not paid any money on account of the undertaking. He then withdrew, and the vote was disallowed. After that notice was taken of the names of several other Members who were parties interested in the measure who had voted, and they one and all immediately stated, that they had no objection to their names being struck off. They left the House, and their votes were struck off accordingly. He recollected another case of a similar description on the Ayr and Calder Bill, but he had not the precedent before him, and therefore would not refer further to it. The hon. and learned Gentleman, the Member for Cockermouth (Mr. Aglionby), had said that as far as feeling went he was in favour of the practice of Parliament being adhered to, and he also said, that on no occasion had he taken part in these speculations, because his conduct might be open to suspicion. No doubt that was an honourable feeling, but with respect to the argument of the hon. and learned Gentleman regarding the Pension List, he must say, that that argument afforded the strongest ground in favour of the principle. And why? Because it did so happen that no person who was in the receipt of a pension from that pension list could vote on any question in that House. He (Lord Stanley) thought the vote must be disallowed, and it would be for the House to determine whether it would take the law of Parliament on this subject into its consideration. In the reasons he had stated, although he admitted that the hon. Member for Marylebone might be hardly dealt with, he thought, the vote must be disallowed; but at the same time, without, casting the slightest reflection or imputation on the hon. Member in question.

*The Attorney-General* thought, that it was not according to the law of Parliament, that persons having a personal interest in any question before the House could not vote upon that question. On the 20th of March, 1825, a motion was submitted, that it was the opinion of that House, that no Member should vote for or against any measure in which he had a direct pecuniary interest, and the previous question being put, the motion was negatived. It, therefore, still remained a vexata questio. Full time ought therefore to be taken, and the subject duly considered before the House

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proceeded to disallow the vote of the hon. Member for Marylebone. The House would, in his opinion, find great difficulty in applying any general rule, and still greater difficulty in enforcing it. He would ask, as regarded owners, through whose grounds these rail roads ran, and who therefore had a personal interest, whether their votes were to be disallowed? He thought it would be much better to leave the matter to the honour and feeling of hon. Members, rather than to come to any general rule on the subject.

Sir Robert Peel should be very sorry if the House were called upon to lay down any general rule on the subject, because he did not think, that the discussion which had taken place corresponded with the importance of the subject. In many instances, if a Member were precluded from voting, in consequence of a direct personal interest in any question, he might be prevented from doing his duty to his constituents. As regarded a remission of a particular description of taxation, a person might have a direct personal interest, but yet there was no law of Parliament that would disqualify him from voting. The principle of Parliament was to be found in a note to Mr. Hatsell's work, who said, that the rule which had been laid down with respect to Members voting on subjects in which they had a direct personal interest was not sufficiently attended to, and that the practice had been contrary to law, to decency, and justice. A case came before the House on the 4th of July, 1800, in which several votes were rejected. Again, there was a case on the 16th of May, 1811, but as no vote was come to, the principle was not practically applied. Again, in 1811, with regard to the Gold Coin Bill, a question arose as to whether the Directors of the Bank of England had not a direct personal interest in that Bill, and the proposition was negatived. The question of direct personal interest, generally speaking, applied to estate bills and canal bills, and to Joint Stock Company Bills, but did not apply to tax Bills, or to Bills of colonial regulation. He thought there would now be great difficulty in establishing a general rule, because, if the object was to prevent the influence of direct personal interest, the mere establishment of the rule would not prevent Members from becoming share holders and Directors of these companies. What was to prevent any Member who had no share in the first instance, when there would be no apparent cause for influencing his vote, after the Bill had gone through Committee, or having passed the third reading, to take part in the speculation? Would not his personal interest in the matter be then as direct as if he had originally been a subscriber to the undertaking? He thought, that the House had even greater security from the notoriety of the fact of seeing the names of parties who were subscribers to the undertaking. Let the House take the case of a strong opposer to a Bill, who afterwards made good terms with the parties, and got 1,000l. an acre for his land, would that individual not have a direct personal interest? That person who might have been considered one of the most violent opposers of the measure, might thus become one of its most interested supporters. He must say, in conclusion, as regarded the hon. Member for Marylebone, that there was no charge personally affecting his character. He thought, according to the principle of all previous decisions, the House was bound to exclude the vote; but if it were to imply the establishing a general principle, he should say the subject required greater consideration—were it to be converted into a general principle, he should object to it.

Mr. Gisborne could state a case perfectly in accordance with the view which had been taken by the right hon. Baronet. He (Mr. Gisborne) applied a short time since to the Directors of a railway, who had a Bill before Parliament, he would not name the Company, the Committee on which he attended, for twenty shares. Not seeing his name in the list of subscribers, he applied to the solicitor to know the reason, and his answer was, that he thought it better to keep out of view the names of all Members of Parliament; that he might have voted with perfect security without its being known that he was a shareholder, and this was told him in an hotel close in the neighbourhood of that House. He became a shareholder because the railroad ran contiguous to his property, and not because he was a Member of Parliament. At the same time he saw no reason, why, being a Member of that House, he should not be a shareholder. In the case he had mentioned, however, he did not appear as a shareholder, because he was a Member of Parliament. He felt himself bound to state, that the conduct of the hon. Member for Marylebone had been as open and manly as possible.

Mr. Thomas Duncombe said, there was the case of Mr. Harvey in 1830, with reference to Parliamentary agency. In consequence of the decision which was come to on that subject, the hon. Member moved a resolution, that if the rule was to apply in his case, a similar rule should apply on all others, and upon that question the House came to a vote, and the

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decision was 124 against Mr. Harvey's motion, and twenty seven in favour of it. He (Mr. Duncombe) voted with his right hon. Friends, the Presidents of the Board of Trade, and the Board of Control, and several county Members, on that occasion, because they determined, that it should go forth, that the Members had the power of voting on private Bills, in which they had a personal and direct interest.

Mr. Brotherton thought, that it was very important that this question should be decided upon principle.

Mr. Villiers would suggest, that no witness could give evidence in a Court of Justice, who had a direct personal interest to the amount of 20l.

Sir James Graham the case of Mr. Harvey, as alluded to by the hon. Member for Finsbury, involved a motion of a general nature. In that case, the previous question was carried in consequence of the reasons stated by the right hon. Member for Montgomeryshire (Mr. C. Wynn), who laid down the law of Parliament on the subject, and who voted in the majority.

Mr. Grote said, that there appeared to be a general feeling that it was not very desirable for Members to vote on questions in which they had a direct personal interest, while, on the other hand, it was admitted to be impossible to draw any definite line on the subject. The inference which he should draw from these circumstances was, that Committees of that House were not fit tribunals to decide upon these subjects.

Lord Granville Somerset begged to remark that he did not act upon any personal feeling, but purely on public grounds. He did not mean to impute any improper conduct to the hon. Member for Marylebone, for, on the contrary, he would freely admit that that hon. Gentleman had acted in the most straightforward and honourable manner.

Lord John Russell had always understood the practice of the House to be that which had been laid down by the Speaker of the House of Commons in the year 1811, and which had been quoted by the right hon. Baronet. He quite agreed in the general view which had been taken by the hon. Member for London. He thought that the question, whether any hon. Member, having a direct interest in the matter, should vote upon a Committee sitting with reference to such work wherein such Member was personally interested, was, indeed, a question which should be dealt with, and decided upon, with as little delay as possible. He was quite aware that in bringing this subject before the House, the noble Lord had acted from a sense of public duty, and upon principle only. The precedents which they had access to in this matter were not, as he considered, satisfactory, and the whole question ought to be considered with a view to put an end to the doubt which existed. It was time that the whole system should be revised.

Mr. Bernal agreed in what had fallen from the noble Lord. He was quite sure that it would be impossible for many years longer to keep up the present system of carrying on the private business of the Legislature; for the tribunals to which the various important questions were referred in the case of private Bills, were wholly incompetent to deal with them. When they were told that Gentlemen were to be allowed to sit upon Committees on Bills in which those same Gentlemen were directly interested, and that they should give a decision on those matters, he would ask simply, whether any principle so absurd would be admitted and allowed to be acted upon in any other tribunal? In other instances, he would ask, did they permit any men to sit in the double capacity of Judges and Jurors in their own case? Sure he was, that the right hon. Baronet, the Member for Tamworth, never would countenance the assertion of any such principle. He would defy that right hon. Gentleman to pronounce such a doctrine, as that any gentlemen, however excellent and upright they might be, should be entitled to sit as the Judges and Jurors in their own case. They were certainly bound to find some remedy for this state of things. He contended that nothing would tend more to depreciate the House in the eyes of the country, than the persisting in any system, the practical effect of which was to render men Judges and Jurors in their own individual cases.

Mr. Harves said, that this motion ought not to be made a partial one. Let the noble Lord speak out manfully, and move the resolution of the year 1830. [Cries of "You move."] He would then move the resolution of 1830, as an amendment

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(to the motion of the noble Lord), which was to the effect, that it was incompatible with the ends of public justice, and inconsistent with the situation of hon. Members of that House, to vote on any private Bill in which they might have a direct personal interest in any Committee on such Bill, or on any question in any Committee of the whole House, where they were personally interested.

Mr. Hume begged his hon. Friend not to attempt to press his amendment; let the motion he carried, and the principle be properly discussed afterwards and set at rest.

Mr. Poulett Thomson would also beg his hon. Friend not to bring forward the general question, mixed up as it was with the merits of this particular case. He thought it was very necessary that the House should lay down some general rule upon the broad question, whether hon. Members should or should not vote on questions immediately affecting their personal interests; and he did not agree in the opinion of the right hon. Baronet, the Member for Cumberland, that the present state in which the matter lay was a good one. He thought that the vote of the Member for Marylebone ought to be disallowed.

Mr. Hawes withdrew his amendment.

Mr. Wakley as his hon. Friend had withdrawn his amendment, must propose, that the discussion on this motion be adjourned till Tuesday next. He begged to confirm what had been stated by the right hon. Member for Tamworth, that the conduct of the hon. Member for Marylebone had been throughout most manly;—there had been on his part no concealment and no hypocrisy. He had stated openly to the Committee—"I am a Director of this Company, and I am the proprietor of many shares." He was bound to state, as a Member of the Committee, that no man could have detected from the conduct of the hon. Member for Marylebone that he had any interest in this undertaking.

*The House divided on the question of adjournment—Ayes 50; Noes 90: Majority 40.*

*The original motion was then carried, and the vote of Sir Samuel Whalley disallowed.*