

[Search Help](#)
[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [March 1812](#) → [17 March 1812](#) → [Commons Sitting](#)

GOLD COIN AND BANK NOTE AMENDMENT BILL.

[Spencer Perceval, Chancellor of the Exchequer. (Mar. 17, 1812). GOLD COIN AND BANK NOTE AMENDMENT BILL. UK Parliament. Reproduced for educational purposes only. Fair Use relied upon. Source: <https://api.parliament.uk/historic-hansard/commons/1812/mar/17/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."

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 ail 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

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.

[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.

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 → 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

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

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.

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, 'Sipopulus 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).

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 10,000l. 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 mea sure to Ireland, there were one or two circumstances to which he begged leave to call the attention of the House. Ire land being much poorer than this country, and having a less capital, it might be sup posed 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; Al 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 a; one of the most just criterions by which to try the real state of the bank of Eng land 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

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.

[Search Help](#)

[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [9 April 1812](#) → [Lords Sitting](#)

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

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,

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

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

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.

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 17,950,000l. while last year the same branch of revenue was only 17,399,000l. This increase of 600,000l. might in part arise from some small additional taxation last year; but he believed he was justified in Stating, that 400,000l. 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 61,333,000l. The revenue amounted to 62,136,000l. on the 5th of April, 1811; and the defalcation this year would not exceed between 8 and 900,000l. 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

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. gentleman (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.

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

[Search Help](#)

[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [14 April 1812](#) → [Lords Sitting](#)

EAST INDIA COMPANY'S CHARTER.

HL Deb 14 April 1812 vol 22 cc320-1

The Duke of Norfolk presented a Petition from the merchants and manufacturers of Sheffield, pointing out the great advantages which would result to them and to the country in general, from a renewal of the East India Company's Charter.—The Petition having been read,

Earl Fitzwilliam observed, that, in addition to the Petitions then lying on their lordships' table, against the continuance of the East India Company's monopoly, others were preparing in every city and town, throughout the kingdom; it was therefore right that the people should be apprised of what step government intended to take.

The Duke of Norfolk said, it certainly was desirable, that information, both as to the time when any measure on this subject would be brought forward, and to the object which ministers had in view, should be imparted to the House and the public. He did not mean to follow up this observation by introducing any thing like a discussion. But, he should be glad to learn, whether government intended to leave the East India Company in complete possession of the trade, to diminish it partially, or to throw it open entirely? This information was not only necessary to the manufacturer, but to the public in general.

The Earl of Buckinghamshire said, that, in the present state of the negotiation between the government and the East India Company, it was out of his power to give any distinct answer.

Earl Grey said, it had been truly observed by his noble friend, that Petitions were preparing against the East India Company's monopoly, in almost every town in the kingdom; and, with such an interest at stake, and so much attention and anxiety manifested on the part of the public, surely they had a right to expect, that the business would have been so arranged by government, that it would be brought forward at a time when all the consideration due to its great importance could be paid to it. But now he understood from the noble earl, that the discussions between ministers and the Company were not yet closed, and therefore they were not ready to give any specific answer. What, then, would be their situation, if the discussion were delayed till a very late period of the session? Could they then give the subject that deep consideration which it deserved? He did not wish to press ministers to introduce any premature or hasty measure on the subject; but if they were not now prepared to submit a proposition to the legislature, or, at a very early period indeed, from this time, he hoped, as the Charter would not expire for two years, and as the interests concerned were various and complicated, that it would not be brought forward during the present session.

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

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 proposition 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.

[Search Help](#)[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [15 April 1812](#) → [Commons Sitting](#)**PETITIONS FROM DUNFERMLINE AND STIRLING RESPECTING THE RENEWAL OF THE EAST INDIA COMPANY'S CHARTER.***HC Deb 15 April 1812 vol 22 cc365-7*

A Petition of the provost magistrates and common council of the royal burgh of Dunfermline, in council assembled, was presented and read; setting forth,

"That, in the view of the approaching expiration of the Charter of the united company of merchants trading to the East Indies, by which a commercial monopoly is enjoyed by that company, in the humble opinion of the petitioners, highly prejudicial to the interests of the country at large, they beg leave respectfully to convey to the House their sentiments on a subject of such great and general importance, and especially at a crisis when, from the continental restrictions on the trade and manufactures of Great Britain and Ireland, the commercial interests of the empire have suffered incalculable injury; and that, far from presuming to obtrude any particular suggestions on a subject to which the united wisdom of the legislature is now called, the future government of British India, and disclaiming all interference with the East India trading company, either in their corporate capacity or otherways, the petitioners, confiding in the liberal and enlightened views and wisdom of parliament, humbly hope and trust that the exclusive privileges of the company may not be renewed or continued, and that the East India trade may be made admissible to ail the subjects of the empire, a measure that will certainly afford an extensive field for the employment of mercantile talents and capital, now rendered nearly dormant through the tyrannic policy of a lawless despot, beyond whose iron grasp, the opening a field for a free and unfettered trade with so large a portion of the globe, comprehended under the exclusive grant to the East India company, holds out a fortunate substitute for the temporary loss of European commerce; and praying the House to adopt such measures as may render it lawful for any of his Majesty's subjects, from and after the 1st day of March 1814, to carry on, from any of the ports of the United Kingdom, a free and unlimited trade with the British pos-sessions in India, and other countries situated to the East of the Cape of Good Hope and to the West of Cape Horn."

A Petition of the guildry of Stirling, was also presented and read; setting forth,

"That, in the prospect of the East India company's charter being soon expired, the petitioners beg leave respectfully to address the House on this very important subject, so highly interesting to the empire at large; and that they humbly plead the natural right that every British subject has to exercise a free trade with every country dependent upon or in amity with the British empire; that the experience of past ages sufficiently proves the general inexpediency of commercial monopolies; that the monopoly hitherto enjoyed by the East India company, while it has excluded British subjects from any participation in the trade, so far from operating to the advantage of the company, has laid them under the necessity of frequently applying to government for enormous sums of the public money to support their establishment, so that even in this respect it is a national grievance; and that it is extremely discouraging, and in itself un natural, that the merchants of foreign nations should be allowed the benefit of a free trade to British possessions of such magnitude, which is denied to British merchants; and the circumstance of Americana and other foreign nations carrying on trade with those countries comprehend-ed in the East India company's charter, completely refutes the arguments urged by those interested in the monopoly, of a free trade being prejudicial to private merchants, and that the petitioners humbly beg leave farther to state, that the continuance of this monopoly bears peculiarly hard on British merchants at present, when our inveterate foe is exerting all his power to shut out this nation from commercial intercourse with the continent of Europe, which renders the continuation of that system peculiarly inexpedient; and that, on the other hand, the admission of a free and unfettered trade with such a large proportion of the population of the globe most fortunately presents a very seasonable substitute for the loss of European commerce, the vast extent of

countries and variety of climates, situated between the Cape of Good Hope and the Straits of Magellan, affording an extensive field for mercantile talents and capital, beyond the tyrannical grasp of the enemy; and such an opening cannot fail to prove highly gratifying and beneficial to the British empire at large, strengthen and secure its vital interests, by reviving languishing commerce and manufactures at home, and most effectually-defeating the grand object of our inveterate foe on the continent; and praying the House neither to renew nor continue the exclusive privileges of the East India company, and in its wisdom to adopt such measures as may render it lawful for any of his Majesty's subjects, from and after the 1st day of March 1814, to carry on from all ports of the United Kingdom a free and unlimited trade with the British possessions in India, and with all other countries situated to the east of the Cape of Good Hope, and to the west of Cape Horn."

Ordered to lie upon the table.

[Search Help](#)

[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [17 April 1812](#) → [Commons Sitting](#)

GOLD COIN AND BANK NOTE AMENDMENT BILL.

HC Deb 17 April 1812 vol 22 cc451-2

On the motion that the report of this Bill be brought up,

Lord A Hamilton expressed his surprise that the motion should be made at so late an hour, when the discussion was likely to occupy so much time. He, as well as several other hon. members, had a clause to propose.

Mr. Parnell complained, that he had not yet had an opportunity of fully expressing his opinion on the measure.

The Chancellor of the Exchequer observed, that the hon gentleman's memory appeared to be much weaker than those of other hon. members. He, recollected, that the hon. gentleman had, on a former night, honoured the House with a very excelent, but not a very short argument on the Bill.

Mr. Parnell said, the speech alluded to, bore on the measure only as it related to Ireland.

Lord Folkestone thought, as the Bill was introduced to re-enact a law which had expired three weeks ago, and as no evil, that he had heard of, had arisen from its cessation, the delay of a few days could produce no inconvenience.

Sir J. Newport urged, as a principal reason for postponing the report, that if brought up now, it would certainly create a debate, and probably a very long one, which, at so late an hour, would be highly improper. He should therefore, move, "That the House do now adjourn."

On this a new discussion arose, after which a division took place, when the numbers were,

For the Adjournment 35

Against it 101

Majority 66

Sir J Newport, however, expressing his determination to reiterate the question of adjournment, the reception of the report was postponed to Monday, and the House adjourned.

[Search Help](#)[HANSARD 1803-2005](#) → [1810s](#) → [1812](#) → [April 1812](#) → [20 April 1812](#) → [Commons Sitting](#)**GOLD COIN AND BANK NOTE AMENDAMENT BILL.***HC Deb 20 April 1812 vol 22 cc495-500*

Mr. Wharton having appeared at the bar with the report of this Bill, the question being put for its being brought up,

Mr. Pole Carew expressed his total disapprobation of the principle of the Bill, inasmuch as it would create an inducement to give more for coin than its nominal or legal value, thereby creating a crime which could not be prevented by any legislative act.

Sir Thomas Turton contended, that if this Bill passed into a law, it would completely do away the sacred contracts between landlords and tenants. He could see no necessity whatever for such a measure, and until some necessity was shewn, he could by no means give his vote in its favour. The House had heard from a noble lord (Castlereagh) that the Bill would be of considerable importance, and was in truth much wanted in the north of Ireland. He did not, however, feel disposed to take the noble lord's ipse dixit, and should therefore wait for better evidence of the fact, before he could give it implicit credence. A committee ought to be appointed to enquire into the state of Ireland, and if they reported that such was the state of that country as to render such a Bill necessary, he should have no objection to give it his sanction. At present he could only regard it as the worst of evils, the only effect of which would be to destroy the compact between man and man, and create dissensions and disagreements which could not be too strongly-deprecated. He had heard it slated that Ireland was precisely in the same state, as far as regarded the powers of this Bill, as England. This he begged leave to deny. In Ireland a special agreement was entered into by the tenant to pay his rent in specie. Would the House then dissolve these compacts? Would they, by passing this Bill, completely overthrow those customs which had so long existed, without question or inconvenience? He could not help thinking that the facility already given to paper currency had given rise to something like depreciation, and had little doubt that a one pound note and a shilling would not purchase so much as a guinea. An hon. gentleman had suggested as a nostrum for this evil, that the Bank should be suffered to regulate their own issues; that country banks should be obliged to pay their notes in specie; and that government should pay to the Bank the sum due to them by the country. He should be glad to know how these measures, if adopted, would have the desired effect? Or, how the payment of that sum would draw back to the country that coin which appeared to have totally evaporated? He was firmly persuaded that the connection between the government and the Bank was extremely ruinous; but when government attempted to legislate for them, and to give value to their notes, the consequences would be fatal. As long as the war in the peninsula continued, the country could expect to have no other coin than the pocket pieces which were at pre-sent in circulation. He did hear of a flag of truce having arrived, and of some overtures having been made from France. These, he hoped, would meet with that sort of attention the state of the country required. In conclusion, he declared, that if the necessity of the measure was clearly established, he would give it his support, but otherwise he should certainly vote against it.

Mr. Taylor took a short view of the mischievous effects which had ever been experienced in all ages, and in all countries, by the substitution of a paper currency for the legal coin of the realm. He particularly instanced the consequences of this substitution in the American war, in Austria, and in France; and, drawing deductions from these examples, he strongly contended that the present Bill was highly impolitic, and likely to prove highly detrimental to the interests and welfare of the country.

Lord Folkestone expressed his surprise, that so many gentlemen who had expressed their opinions upon this Bill, should set out by declaring their disapprobation of its principle, and yet afterwards find some qualifying circumstance which might induce them not to withhold their assent. Such had been the tenour of the speech of the hon. gentleman who had spoken last. He perfectly agreed with the hon. gentleman who spoke first in the evening, that the Bill went to

create crimes which did not offend against any moral duty, it would be utterly impossible to prevent the exchange of gold for notes at a discount. In a political point of view, so far from being considered an offence, he thought such a traffic was very desirable in the present state of scarcity, as by there being a gold price and a paper price for things, the specie, if any remained, would be the more likely to continue in the country. The present Bill, however, only went to increase the temptation to the crime wished to be guarded against, and after it passed, guineas would be still less in circulation than ever. It was well known, that the traders in guineas in Dublin, after the passing of lord Stanhope's Bill, became more anxious in their traffic than ever, and he had no doubt the system would now be carried to a still greater extent. From the report on the table of the House, relative to the number of Bank notes discovered to be forgeries by the Bank, it appeared that for fourteen years previous to the suspension of cash payments, there had been but four cases of prosecution for forgery; whereas in the fourteen years subsequent thereto, the prosecutions had amounted to 471. This statement, however, he did not esteem a just criterion of the real state of facts; for, although the amount of Bank notes said to have been discovered to be forgeries amounted only to 101,000*l*. he could by no means suppose, from the number of prosecutions, that that sum was in anywise proportionate to the number really in circulation. He conceived the present Bill to be perfectly nugatory. Amongst other anomalous principles which he had observed in it, was one which he thought particularly striking. It was an old mathematical axiom, that if two things were equal to one, they were equal to one another. Now, by this Bill, a Bank of England note and a shilling were made equal to a guinea, and the same regulation was made with respect to an Irish Bank note and a shilling, although it was well known that there was a return of discount—he knew the discount to have been equal to 10 per cent. Here, therefore, was an inconsistency for which he could not account; it was, in fact, making the Bank of England and Bank of Ireland note of equal value; the fact, in truth, being directly otherwise.—He would not go into a detail of all the arguments which history and recent occurrences would amply furnish, upon the impolicy and ruinous tendency of a paper circulation. Examples had been afforded sufficient to induce the House to pause before they gave their sanction to a measure fraught with evils, and pregnant with the most calamitous events. Nor would he state the reasons why, from time immemorial, gold and silver had been preferred as the circulating medium of every nation. Their imperishable nature, their scarcity, every thing in fact had pointed them out as the best representatives of wealth. In addition to the political inexpediency of a paper currency, there were a variety of other reasons, equally strong, against it. Its inconvenience, its liability to accident and to forgery, rendered it peculiarly objectionable. Supposing a poor man, who had received one or two pounds for his week's wages, on his way home should get drenched in the rain—what would be the consequence? his notes, which would no doubt be consigned to his pocket, would come out a perfect pap, the numbers would be destroyed, and the fruits of his labour would be completely lost. (A laugh.) Gentlemen might laugh, but such might really be the case, and such were the accidents constantly occurring. He knew an instance of a poor man, who had saved up a sum of money, from the fruits of his labour, which was in the shape of Bank notes, and which he had deposited in a cupboard in his room. On going to seek for it afterwards, however, he found that his notes, as well as his bread and cheese, had been eaten by the rats. The noble lord concluded by declaring his dissent from every principle of the Bill. He would propose as an amendment, "That the Report be brought up that day six months."

Mr. Simeon opposed the amendment.

Sir John Newport deprecated the interference of the legislature in cases of this kind; as it only afforded to the ministers of the day a temporary relief from their embarrassments, and went to subvert all principles of political economy.

Mr. M'Naghten thought it but fair that the Irish tenantry should have as much protection as the English.

Mr. Johnstone spoke against the Report being brought up. He said the Bill would be destructive of public credit; and the only difference between us and foreign nations was, that they bounded into bankruptcy in three or four years, while we should be longer in doing so; but say what ministers would, it must come to the same end at last.

Mr. Vansittart was favourable to the Report being brought up. He said, we were no doubt in a state of difficulty and embarrassment, but denied that Bank notes were at all depreciated. He believed a great majority of the House approved of the Bill, and a much greater majority of the nation; and therefore it had his hearty support.

Mr. Homer , at considerable length, opposed the general principle of the Bill. The invariable effect of legislative interference was to increase, rather than diminish the evil. The root of the evil, the excessive issue of Bank notes, ought to be struck at. The rate of exchange was now, in consequence of the measures taken by government, lower than at the time the Bullion Committee sat. He remarked upon the extraordinary coincidence, that the rise in the price of bullion exactly kept pace with the augmented issue of notes from Threadneedle-street.

A division then took place on the question that the Report be brought up, when the numbers were—Ayes 138; Noes 29. The Report was accordingly received, when

Lord A. Hamilton proposed a clause to confine the dividend of profits to the proprietors of the Bank of England to 10l. per cent, during the operation of the Bill. His object was that the Bank might have an interest in the recommencement of payments in specie.

This clause was opposed by Mr. Manning and Mr. Vansittart, and supported by Mr. Brougham; but it was negatived without a division.

Mr. Taylor proposed a clause to compel the Bank to employ the surplus, above 10l. per cent, to the purchase of bullion, which was also negatived, after some important discussion.

Mr. Johnstone proposed a clause to limit the issue of Bank notes, which was likewise negatived.—The Bill was then recommitted.

The Chancellor of the Exchequer proposed what he termed a valuable amendment, taking away from the landlord the right of ejectment after a tender of Bank notes in payment of his rent by the tenant. It was warmly opposed by Messrs. Horner, Brougham, and others, on the ground that it was a most important alteration, depriving the landlord of his only remaining remedy, and making Bank notes to all intents and purposes legal tender. The Chancellor of the Exchequer and Mr. Simeon maintained a contrary position, insisting that nothing new in principle was suggested, and indeed that the alteration had been in contemplation from the commencement. The amendment was passed without a division; the Report was brought up, received, agreed to, and the Bill ordered to be read a third time to-morrow.

Search HelpHANSARD 1803–2005 → 1810s → 1812 → April 1812 → 28 April 1812 → Lords Sitting**GOLD COIN AND BANK NOTE AMENDMENT BILL.***HL Deb 28 April 1812 vol 22 cc1081-5**On the order of the day being read for the second reading of this Bill,*

Earl Bathurst was proceeding to observe upon the tacit acquiescence of some, and the feeble opposition of others, in another place, to this Bill, who last session vehemently opposed the measure, when he was called to order by

Lord Holland, who observed, that another place could only mean the House of Commons, and that it was irregular to comment in that way upon their proceedings, or to use what passed there as a means of influencing opinions in that House.

Earl Bathurst observed, that there were other places where opinions were expressed besides the House of Commons. After explaining what he intended by the argument he was about to use when interrupted, his lordship proceeded to comment upon the arguments adduced against this measure last session, when it was predicted that it would produce a still further depreciation of the currency of the country, and a still more unfavourable state of the exchange. Those who used the argument of depreciation, urged that the paper currency was depreciated on account of the high price of bullion. Since the passing of the measure, however, of last session, the price of bullion was lower, and the exchange was less unfavourable. The measure, therefore, had not produced any of the effects which it was predicted it would. The unfavourable state of the exchange he attributed to our foreign expenditure, and observed, that that unfavourable state of the exchange, combined with a paper currency, enabled the country to carry on a profitable trade in the export of gold, until, from the demand here the price rose so high that the export ceased to produce a profit, and then the gold naturally returned. His lordship then entered into a history of the recoinages in 1695 and 1774, and of the acts of parliament and proclamations respecting the coin, for the purpose of shewing the effects then produced upon the circulation of the country and the state of the exchange, chiefly in answer to the arguments used by the earl of Lauderdale, in a book published by his lordship, and with the view of controverting the statements of the latter noble lord. Calculating the Gold Coin of the country at 39,000,000*l.* and subtracting from it 9,000,000*l.* exported in 1798, there did not now remain in circulation, his lordship observed, out of the 30,000,000*l.* more than about 12 or 13,000,000*l.* The deficit, therefore, was to be made up by a paper circulation, and he contended, that under all the circumstances of the increased trade of the country, there were no more Bank notes issued than were necessary for the circulation of the country. If, therefore, there was no excess in the issue of Bank notes, and he maintained that there was, it rested with those who supported the argument of depreciation, to prove that there was an excess.

Lord King observed, that the noble earl had entered into a variety of minute statements, but had carefully kept out of sight the real object of the Bill, which was to make Bank notes a legal tender. By the measure of last session, Bank notes were made a legal tender out of court, and now they came to be made a legal tender in court. Thus, whatever title they might choose to give the Bill, it was neither more nor less than to make Bank notes a legal tender. His lordship then adverted to some of the arguments used by earl Bathurst, and observed, that it was fallacious to state that an increased issue of Bank notes was in consequence of an increased trade and revenue; the revenue was in 1810, 65,000,000*l.* and the issue of Bank notes 22,500,000*l.* whilst in 1811, the revenue decreased to 62,600,000*l.* and the issue of Bank-notes increased to 23,400,000*l.* The depreciation of the paper currency was in fact acknowledged by ministers themselves in their conduct, though not in words. What was the reason for passing the Bill which had been that day read a third time, for increasing the annuity of the Princesses from 30,000*l.* to 36,000*l.* but because 36,000*l.* now was only equal to 30,000*l.* ten years ago? The same argument applied to Bills which were continually coming before them for increasing allowances of different descriptions. Was it not, therefore, manifestly unjust to pass such a

Bill as the present, to compel persons to receive payments at a depreciated rate? His lordship alluded to the action he had brought against a Bank Director for 50l. for rent, for the purpose of trying the question, and read a notice which had been served by his agent upon the officer of the court, cautioning him against taking Bank-notes in any payment into court, that being the question at issue, whether he (lord King) was to be compelled to receive Bank-notes, or could insist upon good and lawful money. The officer of the court did, however, notwithstanding this notice, receive the payment in Bank-notes; and his lordship contended that this was a power of dispensing with the law, which no officer of a court had a right to assume. His lordship maintained that this Bill would be characterized by posterity as a most iniquitous law, and must lead to the most ruinous consequences. They were called upon to make a legal tender the notes of the Bank of England, without any securities against an excessive issue, and a consequent excessive depreciation.—If the present measure was to be persevered in, his lordship contended that the practice of granting leases must cease. It was impossible to say how much in the course of six or seven years Bank-paper might be depreciated. He appealed to the noble earl with whom the present measure originated, who he knew felt for the labouring classes of the community, to reflect how cruelly this measure must militate against them; to noble lords on the other side it would be useless to appeal, they had already shewn, on the occasion of the Frame Breakers' Bill, that they were insensible to the sufferings of the labouring poor. To the noble earl, however, he thought he might appeal with safety on this head, and he asked of him, Did he not admit that, if we had a metallic circulating medium in this country, instead of a paper currency alone, the price of corn would at this moment have been less than it now was by at least one-fifth?

Earl Stanhope disclaimed all connection with the manufacture of the swaddling cloaths in which the child, of which he was the parent, was now drest out. The child itself, however, he had no hesitation in acknowledging and supporting. Noble lords seemed not to know in what a pound sterling consisted. He would tell them first what it was not, and then he would tell them what it was. It was not a pound troy, or a pound averdupoise—they were measures of weight:—a pound sterling, was not a measure of weight but of value. In not attending properly to this distinction lay the greater part of the fallacy of the arguments on the other side. It was impossible for him to say that one of his hands was raised and another depressed, without comparing them to something that was fixed in its position. Noble lords who opposed this Bill had formerly contended that gold was of a fixed value; yet he now found an admission in a pamphlet by a noble earl (Lauderdale), that when gold began to be exported from a country, then that which remained rose in value. He declared it to be his firm conviction, that if he had not stopped his noble friend (lord King) by introducing the Bill of last year, we should soon have had Bank notes in this country where French Assignats were in France.

Earl Darnley supported the measure, not seeing that any thing better could have been done.

The Earl of Lauderdale argued against the Bill. After calculating the various profits of the Bank, he maintained that the principal effect of the measure would be, to put into the pockets of 600 bankstock holders the enormous sum of 17,525,000l. by the most ruinous mode of taxation which could be devised. Every country in which a paper circulation had been forced on the people had been invariably ruined, and whatever evils might befall this country in a like attempt, their obstinacy against every kind of remonstrance deserve it in some measure.

The Earl of Westmorland spoke in support of the Bill.

Lord Grenville opposed the Bill. He compared the present proceedings of government to those of the French with respect to the assignats.—The noble lord dwelt at length on the evils which the people experienced by the depreciation of paper, which depreciation he attributed to an over issue on the part of the Bank.

The Earl of Liverpool contended that the existing circumstances of the country were to be ascribed to natural and simple causes, namely, the great foreign expenditure, and the considerable increase in the importation of grain. The argument of the noble baron who preceded him, was directed rather against the original measure of the suspension of

cash payments, than against the present Bill, the object of which was to prevent the occurrence of injustice and oppression. Adverting to the supposition that there were two prices in the market, a cash price and a paper price, he denied the fact. On this point he was ready to meet the noble lords, guarding himself at the same time from the inference of maintaining that there might not have been a solitary instance or two of the existence of two prices. All he contended for was, that it was not a general practice.

The Bill was then read a second time, and ordered to be committed on Friday.

The Earl of Lauderdale gave notice, that before the House went into the committee on Friday, he would move an enquiry into the nature of the connection of the bank of England with government.

[Search Help](#)[HANSARD 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 1,000l. 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

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.

The question was then put and negatived.

[Search Help](#)

[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [May 1812](#) → [4 May 1812](#) → [Commons Sitting](#)

PETITIONS FROM WILTSHIRE AND ABERDEEN RESPECTING THE RENEWAL OF THE EAST INDIA COMPANY'S CHARTER.

HC Deb 04 May 1812 vol 22 cc1155-6

A Petition of the woollen manufacturers of the county of Wilts, whose names are thereunto subscribed, was presented and read; setting forth,

"That the petitioners beg leave to represent to the House, that, by various charters granted successively to the East India Company, and by the restrictions imposed on the merchants of this country from trading with the extensive possessions of the Company in India, as well as with the whole of the islands and territories in Asia and Africa eastward from the Cape of Good Hope, the petitioners conceive that they have, for a series of years, been prevented in a very great degree from supplying an immense population with woollen manufactures; and that, by the removal of such restrictions, the petitioners firmly believe they would annually obtain from our merchants orders infinitely beyond those which are now received from the East India Company; and that, as the petitioners are cut off in some measure at present from supplying the continent of Europe, they apprehend a free trade to India would furnish them with an indemnity for this loss; and that, reposing entire confidence in the wisdom and justice of the House, the petitioners humbly entreat they will be pleased to adopt such measures as may secure to the merchants of the United Kingdom the advantages of a free trade eastward beyond the Cape of Good Hope."

A Petition of several merchants, manufacturers, ship owners and other inhabitants of the city of Aberdeen, was also presented and read; setting forth,

"That the petitioners most humbly conceive, that they, in common with the rest of their fellow subjects, are justly entitled to participate in whatever trade or intercourse may be carried on with any part of the British empire, subject always to such restrictions as a due regard to the revenue of the country, and our political relations with foreign states, may render necessary; and that, impressed with these sentiments, and convinced as they are that the opening up of the trade with the countries situate to the eastward of the Cape of Good Hope would be attended with the most beneficial consequences to the commercial manufacturing and shipping interests of the kingdom, they humbly beg leave to express an opinion, that, if parliament shall, in its wisdom, see proper to grant an extension of the trade with those countries at the expiry of the present charter of the East India Company, such extension should not be confined to the port of London, but embrace every principal port in the kingdom; and praying, that the House will be pleased to take the premises into serious consideration, and in case it shall appear expedient to them to extend the privileges of the trade with India, to allow the port of Aberdeen, in common with others throughout the kingdom, to participate in such extension, under such regulations as to the House shall seem meet."

Ordered to lie upon the table.

[Search Help](#)[HANSARD 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,

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,

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

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?

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.

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

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.

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

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,

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.

[Search Help](#)

[HANSARD 1803–2005](#) → [1810s](#) → [1812](#) → [December 1812](#) → [18 December 1812](#) → [Lords Sitting](#)

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.