PRACTICAL

OBSERVATIONS

ON THE

REPORT

OF THE

BULLION-COMMITTEE,

By CHARLES BOSANQUET, Esq.

SECOND EDITION, CORRECTED,

WITH

A SUPPLEMENT.

LONDON:

PRINTED FOR J. M. RICHARDSON, 23, CORNHILL,
OPPOSITE THE ROYAL EXCHANGE.

1810.

PREFACE.

THAT my unaided and unsanctioned efforts to separate truth from error, in the Report of the Bullion-Committee, should be, in every instance, successful, is in no degree probable: I should, therefore, gladly have profited, on this occasion, by the observations of the public to correct the errors into which I may have fallen.

The rapid sale of the first edition of this work, and the urgent demand which, I understand, prevails for a second, deprive me, however, of opportunity to collect the public opinion: this second edition differs, therefore, from the first only in the correction of typographical errors, and in the omission or alteration of a few expressions liable to misconstruction, which, writing in the desultory form of notes, at both ends of the kingdom, and amidst varied occupations, escaped my notice in the manuscript. A note is added, to correct a trifling

mis-statement respecting silver, in page 34; but it has no effect on the argument.

The only occurrence of any importance to the subject of my Observations, since they first went to the press, is the publication of Mr. Huskison's masterly explanation of the principles of the writers of the Report, on the theory of money and exchange, &c. in a pamphlet entitled, "The Question stated and examined." It bears so directly on the point under discussion, and is so generally read and referred to, that it might seem like fear or affectation to pass it unnoticed; I propose, therefore, to assign reasons, in a Supplement to this edition, why, though I dissent from Mr. Huskison's conclusions, I think it unnecessary publicly to investigate their accuracy.

Hampstead,
December 3, 1810.

PRACTICAL OBSERVATIONS,

&c. &c. &c.

"REASONING on things by figures is the way," says Sir William Davenant, "to come to sure conclusions."—To reason in this mode, exclusively, is the object of the present work.—The things to be reasoned upon are the opinions of the Bullion-Committee; and the figures to be employed are chiefly those contained in the Appendix to its Report. Abstract reasoning is foreign to my purpose; my observations will be founded wholly on facts, and these will be introduced with such details only as are necessary to render their application intelligible to those who have not the Report, with its Appendix, immediately before them.

In the early part of 1809, the foreign exchanges experienced a rapid and unusual depression; at the same time, the price of gold-bullion rose in an equal degree,—and the variation, when at the highest, in October and November, amounted to nearly 20 per cent.

The public attention was drawn to this subject by a pamphlet, published late in 1809, (the substance of which had previously appeared in the Morning Chronicle,) entitled, "The high Price of Bullion a Proof of the Depreciation of Bank-Notes." This pamphlet, by Mr. Ricardo, is wholly theoretical, and, so far, unsatisfactory;—because the theories are not brought to the test of experiment. Other publications followed, on the same subject, but I particularly allude to Mr. Ricardo's work, not only as having been the immediate cause of the inquiry which has since taken place, under the authority of the house of commons, but as a syllabus of the Report which has been presented by the Committee: and I refer, directly, also to a pamphlet published by Mr. Mushett, of the Mint, because the tables annexed to it are essentially useful to the inquiry, and are not found, at least not in so convenient a shape, in the Appendix to the Report.

At the commencement of the last session of Parliament, a select Committee of the House of Commons was appointed to "Inquire into the cause of the high price of bullion, and to take into consideration the state of the circulating medium, and of the exchanges between Great Britain and foreign parts." The Committee sat upwards of three months, and, at the latter end of the session, presented a Report, with a copious Appendix of evidence and documents, which supplies, in great measure, the deficiency complained of in Mr. Ricardo's work.

A rigid inquiry into the accuracy of opinions decisively pronounced by such high authority, on a subject of vital importance to the national interests, might, under any circumstances, be justified; but there is more than usual cause for inquiry in the present instance, because the opinions of the Committee are altogether at variance with those of the persons selected for examination, and who must be presumed to have been, at least in the judgement of the Committee, most conversant with the subjects brought before them; there are, therefore, two opposite opinions before Parliament, on the influence, for instance, of the greater or less amount of bank-notes in circulation, on the course of exchange, and the price of bullion;

the one theoretical, forming the substance of the Report, the other practical, and pervading the Appendix.

Under these circumstances, what opinion shall the public adopt?—what course is Parliament to hold? "When a theorem is proposed to a mathematician, the first thing he does with it," says Paley, "is to try it on a simple case; if it produce a false result he is sure there must be some error in the demonstration."—The public must proceed in this way with the Report, and submit its theories to the test of fact.

The question referred to the consideration of the Committee, viz. the cause of the high price of bullion, meets no direct answer in the Report;—but the Committee has offered a variety of opinions, and laid down several axioms, (the truth of which I am presently to ascertain,) from which they deduce the inference, that the present high price of bullion and low rates of exchange are caused by an excess in the amount, and consequent depreciation in the value, of bank-notes. The nature of the argument, on which this opinion is founded, cannot be more concisely or satisfactorily stated than by direct reference to the passages in the Report, and the corresponding passages in the other publications I have named, applicable to this part of

the subject. This notion was first suggested by Mr. Ricardo, who states, "That Parliament, by restricting the Bank from paying in specie, have enabled the conductors of that concern to increase or decrease, at pleasure, the quantity and amount of their notes. (1st Ed. p. 23.) Mr. Mushett says, "There can now exist no possible obstacle to the increase of their notes but what their own prudence suggests." (p.41.) And the Committee state, expressly, that "The suspension of cash-payments has had the effect of committing into the hands of the Directors of the Bank of England, to be exercised by their sole discretion, the important charge of supplying the country with that quantity of circulating medium, which is exactly proportioned to the wants and occasions of the public." (Rep. p. 24.)

In the exercise of this power the Bank, it is assumed, has not been sufficiently guarded; and the consequence is, according to Mr. Ricardo, "That the paper-currency of this country has long been, and now is, (Dec. 1, 1809,) at a considerable discount, proceeding from a superabundance of its quantity." Mr. Mushett says: "Since the Bank-Restriction-Bill took place it has been generally supposed, that the excessive quantity of bank-notes in circulation has caused a considerable depreciation in their value:" (p. 40.) and the Committee has formed an opinion "that there is, at present, an excess in the present circulation of this country;" and "that the excess is to be ascribed to the want of a sufficient check and controul in the issues of paper from the Bank of England." (p. 30.)

And as these writers agree in the fact of excess, or superabundance, of the paper-currency of this country, so do they also concur in the sign of its existence: "The sign of this excess and depreciation has been a permanently unfavourable exchange," says Mr. Mushett. "The exchange," in the opinion of Mr. Ricardo, "will form a tolerably accurate criterion, by which we may judge of the debasement of the currency, proceeding either from a clipped coinage or a depreciated paper-money; because, whilst paper can be exchanged for undebased coin, the exchange can never be more above, or more below, par than the expenses of transporting the precious metals:" (p. 18.) and the Committee report to the house their "most clear opinion, that so long as the suspension of cash-payments is permitted to subsist, the price of Gold Bullion, and the general course of exchange with foreign countries, *taken for any considerable period of time,* form the best general criterion from which any inference can be drawn, as to the sufficiency

or excess of paper-currency in circulation," (Rep. page 21,) and this opinion appears to be founded on the principle, which the Committee assumes to be indisputable, "that the difference of exchange, resulting from the state of trade and payments between two countries, is limited by the expense of conveying and insuring the precious metals from one country to the other." (p. 11)

On these points there seems no difference whatever in the three Treatises; the coincidence of opinion, and even of expression, is as close as possible, and the Committee appears to speak the common sentiment of those who consider the paper-currency to be excessive, when they sum up their previously-expressed opinions in these words: "that there is at present an excess in the paper-circulation of this country, of which the most unequivocal symptom is the very high price of Bullion, and, next to that, the low state of the continental exchanges: that this excess is to be ascribed to the want of a sufficient check and controul on the issues of the paper of the Bank of England, and originally to the suspension of cash-payments, which removed the natural and true controul." (page 30.)

My purpose is to ascertain the sufficiency of the grounds on which these opinions are founded,—the truth in *point of fact* of the several propositions laid down by the Committee.

1st. That the variations of the exchange with foreign countries can never, for any considerable time, exceed the expense of transporting and insuring the precious metals from one country to the other.

2d. That the price of Gold Bullion can never exceed the mint-price, unless the currency, in which it is paid, is depreciated below the value of gold.

3d. That, so far as any inference is to be drawn from Custom-House returns of exports and imports, the state of the exchanges ought to be peculiarly favourable.

4th. That the Bank, during the restriction, possesses exclusively the power of limiting the circulation of bank-notes.

5th. That the circulation of country bank-notes depends upon, and is proportionate to, the issues from the Bank.

Lastly. That the paper-currency is now excessive, and depreciated in comparison with gold, and that the high price of Bullion and low rates of exchange are the consequences as well as the sign of such depreciation.

Before I attempt to investigate the truth of these propositions, by reference to the docu-

ments with which the Report has furnished me, it may be convenient to ascertain what, on a full admission of all the arguments and reasonings of the Committee, is the extent of the evil they point out, what the present state of the national currency, as resulting from the criterion established in the Report.

There is annexed to Mr. Mushett's pamphlet a table, shewing, 1st, the rate of exchange with Hambro' and Paris, for 50 years past, and how much it has been, in each instance, above or below par.

2d. The price of gold in London, and a comparison of this price with the English standard, or mint price.

3d. The amount of bank-notes in circulation, and the rate of their assumed depreciation, by a comparison with the price of gold.

On reference to these tables it appears that, for about two years antecedently to the suspension of cash-payments, the exchange had been, in some degree, unfavourable to England; that, at the immediate period of the suspension, and for two years and a half succeeding that measure, from Nov. 1796 to July 1799, the exchange was very greatly in favour of England, and gold at the mint-price. That, between the end of 1799 and 1802, the exchange was against London and the price of gold considerably above the mint-price. That, from the end of 1802 to the end of 1808, the exchanges were for six years considerably in favour of Great Britain, and the price of gold stationary, at 2¾ per cent. above the mint price.* Subsequently to the end of 1808 the exchanges have fallen, the price of gold has risen as before stated, and these circumstances have led to the investigation of the Committee.

It results from this reference, that, admitting the criterion established by the Report, as the test of an excess of paper, the grievance complained of is of recent date, that it had no existence for six years previously to 1809, and that the circulation of bank-notes during this period did not therefore exceed the natural wants of the public and was not excessive. This inference appears undeniable. I do not mean to infer that 17 or 18 millions of bank-notes then in circulation may not be too much, under other circumstances; but I conclude, that Mr. Ricardo's opinion, that the paper-currency *had long been excessive,* when he wrote in 1809, was incorrect, and that Mr. Mushett had not

* It may be said, that even then the price of gold was above the mint-price; but it appears by the questions of the Committee and Mr. Goldsmid's evidence that the supply of gold was very small, and the price of £4 per oz. was fixed by the Bank of England, whence "the demand exceeded all competition."

referred to his tables when he stated that the sign of this excess has been a permanently unfavourable exchange.

It results equally from this theory, that during the year 1809, and subsequently, the circulation of paper has been excessive, because both the exchanges and price of bullion indicate such excess. During a part of this period, from July to Nov. 1809, the loss on the exchange amounted to nearly 20 per cent. We learn, however, from the Report, that, in the spring of 1810, the exchanges experienced a gradual improvement, that on Hamburgh rose from 28, the lowest rate, to 31, that on Amsterdam from 30 to 33: 5, that on Paris from 19 : 6 to 21 : 11. "The exchange on Hamburgh appearing (as stated in the Report) to be 9 per cent. that on Amsterdam 7 per cent. and that on Paris 14 per cent. against this country."—These calculations do not exactly agree with those of Mr. Mushett; admitting, however, the correctness of the statement by the Committee, a small proportion only of the loss thus experienced on the exchanges with the continent is to be ascribed, according to the opinion of the Committee, to the depreciation of our currency.

It is a principle laid down by the Committee, and which they consider to have been long settled and understood, "That the difference of exchange resulting from the state of trade and payments between two countries is limited by the expense of conveying and insuring the precious metals from one country to the other." It will be equally admitted that, in the event of an unfavourable balance of payments, the depression of the exchange must necessarily attain this limit, before the balance can be adjusted by the exportation of gold.

The Committee endeavoured to ascertain the extent of this limit, that is the expense of sending bullion abroad, under present circumstances, and they come to the conclusion. "that this expense in the last half of the last year (1809) did not exceed 7 per cent.—and they observe that an expense to this extent does not afford an adequate explanation of a fall in the exchanges so great as from 16 to 20 per cent. below par. "The increased cost," they add, "of such remittance would explain, at those moments when the risk was greatest, a fall of something more than 7 per cent. in the exchange with Hamburgh and Holland, and a fall still greater perhaps in the exchange with Paris; but the rest of the fall, which has actually taken place, remains to be explained in some other manner."

The expense of sending gold abroad was in no degree less in the spring of 1810 than in the autumn of 1809; and it follows, therefore, that, according to the statements of the committee, the loss on the Dutch exchange, in the months of March and April last, was exactly equal to the expense of sending gold as a remittance; on that on Hambrugh 2 per cent. greater; and that, on the exchange with Paris, it was undefined, because the expense of sending gold to Paris was not ascertained. According to Mr. Mushett's calculations of the par between London and Paris, the loss on the French exchange was 2 per cent. more than the expense of sending gold to Holland:— As this was the state of things for some months prior to the date of the Report, and at the period when it was presented, it will, perhaps, with some, be a subject of regret that the passage referring to the extreme of the lowest depression of the exchange was not expunged, as the event had proved it to be one of those temporary effects which the Committee had previously determined to disregard.

Whether, however, the difference, which remains to be accounted for in some other manner be 2 per cent. or 11 per cent. it is not necessary to travel out of the Report to assign a cause for it, without recurring to depreciation :—"Referring to the evidence of a continental merchant, on whose opinion the Committee appears to place much reliance, they state :—"That political events, operating upon the state of trade, may often have contributed as well to the rise as to the fall of the exchange; and, in particular, that the first remarkable *depression, in* 1809, *is to be ascribed,* as has been stated in the evidence already quoted, *to commercial events,* arising out of the occupation of the north of Germany by the troops of the French Emperor; the evil has been, that the exchange, when fallen, has not had the full means of recovery, under the existing system :"—these means are explained to be, "the clandestine transmission of guineas, which improved it for the moment by serving as a remittance."

Thus, then, it appears, that, on a full admission of all the principles adopted by the Committee, and of their application to the present case, the foreign exchanges were, at the time when the Report was presented, and for three months prior thereto, about 2 per cent. below the natural limit of depression; that this excess was the emnant of a much greater depression, occasioned by political events in the preceding year, during a period in which

the means of exporting English gold coin, at the mint-price, in payment of debts, were withheld.—When it is stated that, for 6 months since the date of the Report, the exchanges have continued at or about the same standard, or rather higher, and that at present the loss on the exchange is barely equal to the expense and risk of transporting gold, it will probably be thought that the question, as a practical question of national importance, is altogether at rest.—That there is no necessity, at least, for the adoption of hasty remedies, even though the correctness of the general reasoning of the Committee should, on full inquiry, be conceded. But I do not admit its correctness: I do not believe that the fall of the exchange and the encreased price of bullion indicate excess and consequent depreciation of our paper-currency; and I doubt it, because the premises, on which this opinion is founded, are unsound, and the conclusions contrary to experience.

The basis of the argument of the Committee, to the examination of which I now proceed, is that which I have shortly stated in page 8 as the first proposition, viz. "that the difference of exchange, resulting from the state of trade and payments between two countries is limited by the expense of conveying and insuring the precious metals from one country to the other; at least, that it cannot, for any considerable time, exceed that limit:" (Rep. p. 11.) therefore, all excess of depression on the exchange, beyond the expense of conveyance, is to be attributed to depreciation of our currency. This proposition is so fully admitted, and so broadly stated, in each of the publications to which I have alluded, that it is not even guarded by the condition, that the country, by which the balance of payments is due, shall possess bullion or specie sufficient to liquidate it; but, boldly as the principle is asserted, and strongly as reason appears to sanction it, I insist that it is not generally true, and that it is at variance with fact.

It is stated, in the Report, from the evidence before the Committee of 1797, that the average expense, at that time, of conveying specie from London to Hamburgh, was $3\frac{1}{2}$ per cent. yet, on reference to the course of exchange with Hamburgh, in Mr. Mushett's tables, it appears that, from the beginning of 1797 to the middle of 1799, the exchange was continually in favour of Great Britain more than twice the expense of conveying gold;—and, for eighteen months of that time, 11 to 12 per cent. in our favour, or from 7 to

8 per cent. beyond such expense: nor does this profit appear to have occasioned any considerable importation of gold, which, during this period, rose to the mint-price, although, for several years before, it had, nominally at least, been below it.

In the years 1764 to 1768, prior to the recoinage, when the imperfect state of the coins occasioned gold to be 2 to 3 per cent. above the mint-price, the exchange with Paris was 8 to 9 per cent. against London,—at the same time the exchange with Hamburgh was, during the whole period, 2 to 6 per cent. in favour of London; here appears, then, a profit of 12 to 14 per cent. for the expense, in time of peace, of paying the debt to Paris with gold from Hamburgh, which must have exceeded the fact by at least 8 or 10 per cent. and it is worthy of remark, that the average exchange with Hamburgh, for the years 1766 and 1767, of 5 per cent. in favour of London, added to 2 per cent. the price of gold above the mint-price, constituted a premium of 7 per cent. on the importation of gold into England, or, deducting $1\frac{1}{2}$ per cent. for expenses in time of peace, a net profit of 5 per cent. yet the exchange was not rectified thereby. Again, in 1775, 6, and 7, after the recoinage, we find the exchange on Paris 5, 6, 7, and 8, per cent. against London in time of peace, when half the amount would have conveyed gold to Paris, and one-fourth have paid the debts of Paris at Amsterdam.—In the years 1781, 2, and 3, being years of war, the exchange was constantly from 7 to 9 per cent. in favour of Paris; and, during this period, gold was the common circulation of this country, and the Bank was compelled to provide it for the public at the mint-price.—It has been already shewn how little effect the precious metals produced towards equalising the exchange with Hamburgh, during the years 1797 and 1798; and another instance may be adduced in the years 1804 and 1805, when the Paris exchange varied from 7 to 9 per cent. in favour of London.

In every case here cited the fluctuations of the exchanges greatly exceeded the expense of conveying gold from one country to the other, and to a much greater degree in most of them than in the present instance; the circumstances of the times were, it will readily be admitted, more favourable to intercourse, on those occasions, than they now are, and the state of metallic circulation afforded facilities not now experienced here. Yet, under all these advantages, the principle assumed by the Committee was not operative, and cannot

therefore be admitted as a solid foundation for the superstructure of excess and depreciation, attempted to be raised upon it.—If it be said that probably, on these several occasions, gold was proportionately dear on the spot to which the exchange was unfavourable, I admit the fact as probable, because I am without evidence respecting it; but, if the price of gold abroad enters necessarily into the calculation of the "natural limit" of depression of the exchange, then the course of foreign exchanges, rectified by the expense of sending gold abroad, does not form a just criterion of the adequacy or excess of our circulating medium.—

There appears also a defect in the application of the principle to the particular case under the consideration of the Committee.—

It is admitted in the Report "that the first remarkable depression of the exchange, in 1809, is to be ascribed to commercial events, arising out of the occupation of the north of Germany by the troops of the French emperor."—(p. 16.) If a depression equal to three times the cost of sending gold be admitted as the effect of any other cause than depreciation of currency, it can be considered as not overturning the principle of limitation, only by viewing the fall in question as an "occasional depression;"—

but, if taken as an occasional depression only, (as the event indeed proved,) how can it be brought forward as evidence of an excess of currency, the Committee having established "a considerable duration" as a necessary condition to render the course of exchange a just criterion?

The circumstances I have stated, respecting the exchanges on former occasions, were not perhaps brought under the notice of the Committee; but they had two facts prominently before them, bearing immediately upon the question, of which they have taken no notice.—Mr. Greffulhe offered this problem to the Committee: "During the depreciation of English currency on the continent of Europe, a premium was paid for it in America in hard dollars." The balance of payments may be against us with one country, and in our favour with another; and, if the exchange is regulated by this balance, it will exhibit corresponding appearances, particularly where those countries are remote. But, if the currency be depreciated below the value of gold, it is so *positively*, not relatively, and all exchanges must equally feel the influence of the depreciation.

The other fact I learn from the paper 65, in the Appendix to the Report; between January 1809 and May 1810, the Swedish exchange

rose (against Sweden) 25 per cent. and was at that date 24 per cent. in favour of London.—What are the circumstances of Swedish currency? We collect them incidentally from the examination of Mr. ——— a continental merchant (p. 75)—"Have you ever known the exchange to fall to the extent of 12 to 15 per cent. in any part of Europe, in which it was computed in coin, containing a fixed quantity of gold or silver, or in paper, or bank-money, exchanged at a fixed agio either for such gold or silver, or for gold or silver bullion of definite amount."—Ans. "No, never; *except in countries where the export of their currency has been effectually prohibited, such as Sweden;* I do not recollect any other country where paper, resting upon the foundation of coin, the latter is effectually prohibited from being exported."—Q. How is that prohibition made effectual in Sweden? "By the bank not issuing specie to any amount, when the exchange is depreciated".—Sweden was greatly indebted to England, for goods sent thither for the supply of the continent and north of Europe.—Gold could not be exported, and therefore the premium on remittance by bills was great; this seems a very natural effect, and one which will not surprize any one; yet to account for an effect exactly similar, under similar circumstances, we are required to admit that our paper-currency is depreciated, whilst the Americans were giving a premium for it in hard dollars. It will be recollected that the question now agitated is not whether any inconvenience attends the substitution of paper for gold, as the medium of circulation, but whether that paper be now excessive in amount, and depreciated in value.—As the result of the facts I have adduced, I assume that from the state of the foreign exchanges no such inference can justly be drawn.*

* The terms favourable and unfavourable applied to the exchange are, perhaps, sufficiently understood, as indicating a corresponding balance of trade and payments; but a favourable exchange is frequently a very unfavourable circumstance, and *vice versà*. A British merchant sent goods to Sweden for sale early in 1809; they were valued at 1000 rix dollars; the exchange being at four rix dollars per pound sterling, they would then have produced, by remittance, £250. They were actually sold for 1000 rix dollars in the beginning of 1810; and, remitted for at the exchange of five, produced £200. The funds for the bill were provided by a consignment of goods from Sweden; and England, therefore, received goods worth £200 in payment of the original export instead of £250, which it would have received had the exchange not become so favourable. In a more familiar instance, England benefits by an unfavourable exchange. When the Dutch had large sums in our funds, the dividends were remitted periodically, and a real or supposed demand for bills on Holland, at those periods, occasioned a fall on the exchange. Thirty-three shillings Flemish, for instance, were given in exchange for a pound sterling, instead of 34*s*. The exchange was, therefore, less in favour of London. Yet it is evident that on every 33 pigs of lead, blocks of tin, or ounces of gold, sent to Holland, to provide funds for payment of the dividends, one pig, block, or ounce, was saved to this country.

The Committee considers, however, the price of gold as the most certain sign of excess and depreciation.

"An ounce of standard gold-bullion will not fetch more in our market than £3 : 17 : 10½, unless £3 : 17 : 10½ in our actual currency is equivalent to less than an ounce of gold;" yet gold-bullion does bear in London a higher price than this standard or mint-price; whence a depreciation of the paper is inferred, which Mr. Mushett estimates to have amounted, in September, 1809, to £13 : 7 : 0 per cent. Whilst sanctioning this old, and in the abstract incontrovertible, theory, and, as applying it to the present case, the Committee do not appear to have recollected, that, having admitted an adequate cause for the fall of the exchange, from commercial and political events, the increased price of gold-bullion to any extent, within the equivalent of the depression, is only a consequence; and the documents in the Appendix shew that the price of gold-bullion did not at any period of the depression of the exchange exceed the price which it was worth as a remittance, compared with its value in foreign markets. From the calculations furnished by Mr.

Greffulhe to the Committee, (Appendix 58,) it appears, that, in the spring of 1810, an ounce of gold, of English standard weight, was worth, at Hamburgh, £4 : 17 : 0 sterling, the price being 101, and the exchange 29*s*. At this time the extreme price of bullion, in London, was £4 : 12 : 0, or 5½ per cent. below the price at Hamburgh. At the same time the price of gold, at Paris, exceeded its value here by 8½ per cent. and, at Amsterdam, by 7 per cent. at the then current exchanges. The expense of conveyance to Holland being then about 7 per cent. gold would not then pay for importation, neither would it be exported, merely with a view to profit, though it would be exported, and was in fact exported, in preference to bills in abundance of instances, which might readily have been ascertained by the Committee. On reference to the paper, No. 60, in the Appendix to the Report, it appears, that, in June, July, August, and September, 1809, the price of gold, at Hamburgh, was 104½, and the exchange 28*s*. if at 101, and 29*s*. there was a profit on the export of gold from hence to Hamburgh of 5½ per cent. it follows that at 104½, and 28*s*. there was a profit of 12½; or, deducting the expenses of conveyance, that gold, if bought here at £4 : 12 : 0 per ounce, was a cheaper remittance by 5½ per cent. than

a bill at the current exchange. This same document, No. 60, shews also, that within twelve months the price of gold at Hamburgh varied from 100½ to 104½, the exchange with Great Britain in both instances, and during the intervening period of eight or nine months, being at 28*s*. We find the price of gold continuing, in other instances, at 104, whilst the exchange rose from 28*s*. to 29*s*. 11*d*. even to 30*s*. 8*d*. variations of 4 or 5 per cent. in the cost of a remittance in gold, which remained nearly stationary in its price here during the whole period. These fluctuations seem to militate against the intimacy of connexion which the Committee assumes to exist between the course of exchange and the price of gold, in places where the currency is gold or convertible into it. And the facts stated, respecting the actual price of bullion in the foreign markets, satisfactorily meet the observations of the Committee, implying that they discover no advance of the price of gold in those markets analogous to that which has obtained here. Refering to Mr. Greffulhe's documents, No. 58, they observe, indeed, that it is important, "as it shews that "the actual prices of gold in the foreign markets are just so much lower than its market-price here as the difference of exchange amounts to." Mr. Greffulhe's observations on this paper convey a different impression: "One of the papers I have delivered in shews (he says) the foreign prices of gold reduced into sterling money at the present low rates of exchange, *and the excess above the market-price here may be considered as about equal to the charges of conveyance*," (page 3); nor is this excess of price at Hamburgh merely relative, and arising out of the exchange. It appears by the paper, 56, in the Appendix, that the prices of gold at Hamburgh have, in the two last years, risen considerably, as the following extract shews "highest and lowest prices of gold at Hamburgh, in the years 1806-7, and 1808-9.

		lowest.	highest.		lowest.	highest.
At Hamburgh,	1806,	98	103	1808,	102	106
	1807,	98¾	101½	1809,	101¾	104½"

The price of gold, at Hamburgh, was, therefore, between three and four per cent. higher, on the average of the years 1808 and 9, than in the two years which preceded them. I observe, also, that the fluctuations in the price of gold, at Hamburgh, where, as the Report informs us, "Silver is not only the measure of all exchangeable value, but is rendered an invariable (or unvarying) measure," have, within a period of two years, amounted to no less than eight per cent.

But, it will be said, gold at Hamburgh is a commodity; here it is the standard of value; and an ounce of gold cannot sell for more than an ounce of gold of equal quality, unless the medium of payment is of less value than an ounce of gold: and Mr. Mushett is of opinion, "that the price of gold can in reality, at no time, be above its mint-price, and that its being so at present in appearance is caused by the excessive quantity of bank-notes in circulation."

This is the strong hold of the theorists, and I shall not attack it otherwise than by fact.— The theory may, however, be correct, and its application erroneous.

In the Report of the Committee, I find this statement, page 4. "Upon referring, for a course of years, to the tables, which are published for the use of the merchants, such as Lloyd's List and Wettenhall's Course of Exchange, your Committee have found, that, from the middle of the year 1773, when the reformation of the coin took place, till about the middle of the year 1799, two years after the suspension of cash-payments by the Bank, the market-price of *standard gold in bars* remained steadily uniform at the price of £3 : 17 : 6, being, with the small allowance for loss by detention at the mint, equal to the mint-price of £3 : 17 : 10½, with the exception of one year,