METALLIC, PAPER, AND CREDIT CURRENCY, AND THE MEANS OF REGULATING THEIR QUANTITY AND VALUE

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649648054

Metallic, Paper, and Credit Currency, and the Means of Regulating Their Quantity and Value by J. W. Bosanquet

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

www.triestepublishing.com

J. W. BOSANQUET

METALLIC, PAPER, AND CREDIT CURRENCY, AND THE MEANS OF REGULATING THEIR QUANTITY AND VALUE

Trieste

METALLIC,

PAPER, AND CREDIT

CURRENCY.

METALLIC,

PAPER, AND CREDIT CURRENCY,

AND

THE MEANS OF REGULATING

THEIR

Quantity and Value.

BY

J. W. BOSANQUET, Esq.

LONDON:
PELHAM RICHARDSON, 23, CORNHILL.
1842.

PREFACE.

Much of the following treatise appeared in the course of last year, in the form of letters to "The Times," under the signature of "A Lombard." I have since revised and reconsidered the opinions then expressed, and feeling more and more convinced that the prevailing opinions of the day regarding the currency are untenable, I again offer my views in an amended form to the public, for the purpose of furthering the investigation of the subject.

In the beginning of an undertaking it is always well to consider the end. Before, therefore, I enter into the details of the subject, I shall endeavour to give some idea of the main conclusions arrived at in the course of the following pages, and also some outline of the principal points of inquiry to which I would direct attention by the way.

The leading principles and propositions, upon which I would establish the system of currency which I have in view, are these,

1st.—That money is the measure of value, and as such should be preserved as free as possible from variation in value.

2d.—That money is the medium of exchange, and as such should be provided at all times, in quantity proportioned to the demands of the community for the purposes of exchange.

3d.—That the value of money can vary only, from excess or deficiency in quantity; from variation in the value of its standard; or from discredit.

4th.—That some principle of self-regulation is required, as a *preventive* against excess or deficiency, in the quantity of money in circulation, interfering with its value.

5th.—That forced and sudden variations in the quantity of money in circulation, according to the influx or efflux of bullion, as a *corrective* to excess or deficiency, come too late into operation, and destroy the two first principles, as above.

6th.—That the only safe and legitimate mode of regulating the quantity of money in circulation, is by means of the rate of interest.

7th.—That the enforcement of convertibility of notes into specie, at all times, is not absolutely necessary to the preservation of the value of the currency, and, under certain circumstances, causes the value unnecessarily to vary.

In the course of my observations I have endeavoured to show, that the currency of this country is composed, not only of coin and paper, but of coin, paper, and credit combined—credit, in the form of bills of exchange and bankers' deposits, forming a large proportion of the whole; and, as before observed, the first leading principle to be kept in view, in regulating the currency thus composed, is to preserve it as free as possible from variation in value.

Now, setting aside discredit, the currency is liable to alteration in value from either of two causes; first, from excess or deficiency of quantity; second, from variation in the value of gold, which is its standard. It is also exposed to different degrees of action from these disturbing causes, according as the state of trade, commerce, or politics may be calm or agitated.

I will begin, then, by describing the means proposed, for preventing excess or deficiency in quantity

of currency, from interfering with value, dividing the expedients under two heads,—first, those which have reference to internal causes of derangement, and times of calm and quiet; second, those which have reference to external causes of derangement, and periods of panic and disturbance, when the metal portion of the currency becomes liable to violent agitation, and the principle of convertibility is endangered. I will afterwards point out the means proposed, for preserving the currency from the effects of variations in the value of its standard.

With the view of preventing, as far as possible, derangement in the value of the currency, internally, and in ordinary times, from excess or deficiency of quantity, I propose,—

1st.—That the securities of the Bank or banks of issue, throughout the country, be so managed, that at all times a large portion of them, fluctuating of course according to the state of demand, shall consist of bills of exchange or securities for loans granted for short periods.

2d.—That all advances by the Bank or banks of issue, upon loan or discount, be terminable at furthest in sixty days.

3d —That the rate of interest, upon such loans and