

**HISTORICAL SKETCHES OF
STATESMEN WHO
FLOURISHED IN THE TIME
OF GEORGE III. VOLUME II**

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Historical Sketches of Statesmen Who Flourished in the Time of George III. Volume II by
Henry Brougham

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HENRY BROUGHAM

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OF
STATESMEN
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THE TIME OF GEORGE III.

SECOND SERIES.

VOLUME II.

BY
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STATESMEN
OF THE
TIME OF GEORGE III.

LORD KING—MR. HORNER—
MR. RICARDO.

THE history of George III.'s long and eventful reign presents to us no one domestic event so important in its consequences, both immediate and remote, as the rash and hazardous tampering with the currency, first by Mr. Pitt, under the pressure of the pecuniary embarrassments which the war had occasioned, and next by the Liverpool ministry and the Whigs in their joint determination to restore the standard suddenly and without compromise.

In 1797 the Bank of England was found to labour under extreme difficulties, from the export of bullion, the state of trade generally, and the financial demands of a Government which was borrowing millions yearly to fill the devouring gulf of war

expenditure, and to subsidize half the continental powers. It was perceived that either the War or the Bank must stop, and the latter alternative was chosen, when Mr. Pitt's anxious hopes of peace were frustrated by France. An Order in Council was issued to prohibit it from paying in specie; an Act was passed to sanction this order, and enable country banks to pay in Bank of England paper; and the slaves of the Government, through the press and in Parliament, contended for five long years that this stoppage had no tendency to depreciate bank notes, and had no tendency to increase their issue! That the over issue, and consequently the depreciation, was for some years extremely inconsiderable, is certain; but these talkers, reasoners they cannot be termed, denied even the tendency of the suspension to cause either over-issue or depreciation, and affirmed that both were wholly impossible.

In 1803, Lord King, caring little now for the argument of tendency, demonstrated by the plainest evidence of facts, that the depreciation had actually taken place; indeed the market price of gold having risen above its mint price, distinctly proved it; and the only wonder is, that Mr. Thornton and Mr. Horner should not, in discussing the subject the year before, have come to the same conclusion.

It was not in the nature of this depreciation to stop, while its cause continued to operate. Mr

Pitt and his supporters, of course, denied it. He who, from his sanguine nature, had refused to believe in the existence of the army assembled at Dijon in 1800, and charged with disaffection a respectable mercantile man for writing to his London correspondent that this force was about to cross the Alps, and who never would listen to any account of it until it had destroyed the power of Austria at Marengo, might well be expected to shut his eyes against all the facts from Change-alley, and all the arguments of Lord King, to show that he had intruded into the country a debased currency, when he banished all gold from its circulation. But the transactors of traffic all over the world were as deaf to the charmer of the senate, as he was blind to the facts before his eyes; and the Bank-note soon fell to the price of 17*s.* and 18*s.* for a pound. Lord Grenville, to his great honour, was the first among the authors of the mischievous policy of 1797 to perceive its consequences, and through the rest of his life, he was the man who most deeply regretted it.

In 1811 this evil had gone on to such a length, that the market price of gold rose from the mint price of 3*l.* 17*s.* 10½*d.* to as high as 5*l.* 8*s.*, and at one moment it even reached 5*l.* 11*s.*, amounting to 42 per cent. of rise, and corresponding to an equal depreciation; so that the pound-note was at this time sunk to about 14*s.* value in specie. Accordingly,

a regular traffic was carried on in this article; guineas and silver were bought and sold at this premium, and Bank-notes were taken at this discount.

This was the time chosen by the House of Commons for voting, by a great majority, a resolution that the bank-note was worth twenty shillings, or that a guinea in gold was worth a pound-note and a shilling, and, with admirable consistency, to pass a law making it a misdemeanor to give more or less! There was but one farther step for such a body to take, and that was to declare, that two and two are equal to six, and to imprison any one who reckoned differently.

In spite of this gross and revolting absurdity, without any parallel in the history of deliberative bodies, and only to be matched in the annals of pampered despots mad with the enjoyment of power, the depreciation continued; the gold was wholly excluded from circulation; all that the Mint coined was instantly exported; neither debtors nor creditors knew how to reckon, and no man could tell the value of his property. In truth, the havoc which the depreciation had made with all the dealings of men was incalculable. Those who had lent their money when the currency was at par, were compelled to receive the depreciated money in payment, and thus to lose 30 or 40 per cent. of their capital. Those who had let land or houses on lease, must take so much less rent than they