

**A PRACTICAL PLAN FOR  
ASSIMILATING THE ENGLISH AND  
AMERICAN MONEY: AS A STEP  
TOWARDS: A UNIVERSAL  
MONEY**

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A Practical Plan for Assimilating the English and American Money: As a Step Towards: A  
Universal Money by Walter Bagehot

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**WALTER BAGEHOT**

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THE  
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AS A STEP TOWARDS  
A UNIVERSAL MONEY

BY THE LATE  
WALTER BAGEHOT

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REPRINTED FROM THE 'ECONOMIST,' WITH ADDITIONS AND A PREFACE

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*SECOND EDITION*

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PREFATORY NOTE  
TO  
THE SECOND EDITION.

THIS little book was published by Mr. Bagehot in 1869, and was out of print at the time of his death in 1877.

An interest in its subject is likely to be revived in view of the Monetary Congress to be held in Paris in September of the present year, and a new edition is therefore issued.

No doubt one accidental advantage of the scheme (the adhesion of Germany to the proposed English-American System) might be more difficult of realisation now than when Mr. Bagehot wrote, since Germany has in the interval chosen a new currency of her own. On the other hand, however, the resumption of specie payments by the United States has removed what Mr. Bagehot recognised as 'one of the worst objections' to his plan.

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PREFACE  
TO  
THE FIRST EDITION.

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THE greatest want of our present political economy in England is, that some one should do for it what Sir Henry Maine has done so well for 'ancient law.' We want some one to connect our theoretical account of the origin of things with the real origin. Our theory is right enough; our notion of what is best to be done is correct, but our notions of the way practices began and customs grew up are often erroneous enough. In physical science, it would be a great mistake to take the easy 'sequence' of the elementary text-book for the order of real discovery; in fact, the hard propositions at the end were often discovered first, and men worked back from thence to the simple beginnings. Just so it might be shown that the simple 'definitions' of political economy are not much like the first practices of early history, but that the real commencements were odder and far harder.



I cannot pretend to write on such a subject, least of all now in a mere preface to a series of papers on a practical plan. But I mention it for this reason:—In England there is a sort of conservatism of 'coinage'; we have got to fancy that our notions are not only most right, but most ancient; that they embody what men have always thought reasonable as well as what we now think so. The moment a real and radical improvement is suggested, this kind of conservatism is frightened, if not shocked. 'I do not know,' I have heard it said, 'what I would not rather change than our "sovereign": it is about one of the best things we have.' But yet, if we examine our coinage creed, we shall find that it is a very modern creed, that old prestige attaches to a very different creed,—that we have gradually attained our present notions in times past, and therefore may hope to advance beyond them in time to come.

We commonly think, I believe, that the coining of money is an economic function of government; that the Government verifies the quality and quantity of metal in the coin out of regard to the good of its subjects, and that Government is admirably suited to this task—that it is a very reliable verifier. But in truth, if we look at the real motives of

governments, and the real action of governments, we may come to think otherwise.

The prevalent notion about coinage is not an economic but a mystic notion. It is thought to be an inalienable part of sovereignty; people fancy that no one but a government can coin—that it is nearly a contradiction that anyone else should coin. A superstition follows the act. Coining is called a 'natural' function of government, as if nature would not permit a government without it; an 'inherent' right of royalty, as if no one could be king or queen without it. 'The denomination of the coin' is 'in the breast of the king,' says Blackstone; '*Monetandi jus principum omnibus inheret,*' is the current formula which old writers on the civil law quote; and these are only specimens of the old teaching.

Such is not only the legal fiction but the popular idea. That Cæsar's coin is something peculiarly Cæsar's, that Queen Victoria's superscription marks something indefeasibly Victoria's—are beliefs as firm as they are old. You may find them as rooted in an English county now, as they ever were in a Roman province at any time.

There was, in truth, much reason for such ideas, though most of that reason has passed away,

and though it is not very easy to recall it. We are apt to fancy that the wants of a past age are the same as the wants of the present, because we forget how much the past had to make for itself, and how much, because the past made it, we of the present find ready. The greatest of historical achievements is *Government*. Mankind—a large part of mankind—have acquired an ingrained habit of deferring to certain persons, and of obeying certain persons. The peace of the world is preserved by a habit—nearly unconscious—of constant subordination. But men were not born with that habit; savage tribes are now wanting in it; old nations did 'what was right in their own eyes,' and were defective in it too. A long history and a curious list of means were necessary to implant it.

One most efficient expedient was the use of Royal symbols. The crown, the sceptre, the coronation, the procession, the homage—were so many acts indicating sovereignty and advertising sovereignty. The stamping of the common coin was another such act. It brought home to every one who used it that there was a king, and a government; it was one link in the chain of impressions and associations which in rude times cemented society by confirming government.