

**REFLECTIONS SUGGESTED BY A
PERUSAL OF MR. J. HORSLEY
PALMER'S PAMPHLET: ON THE
PRESSURE ON THE MONEY
MARKET**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649306701

Reflections suggested by a perusal of Mr. J. Horsley Palmer's pamphlet: on the pressure on the money market by Samuel Jones Loyd

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Cover @ 2017

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SAMUEL JONES LOYD

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REFLECTIONS

SUGGESTED BY A PERUSAL OF

MR. J. HORSLEY PALMER'S PAMPHLET

ON THE

CAUSES AND CONSEQUENCES

OF THE

PRESSURE ON THE MONEY MARKET.

BY SAMUEL JONES LOYD.

LONDON:

PELHAM RICHARDSON, 23, CORNHILL.

1837.

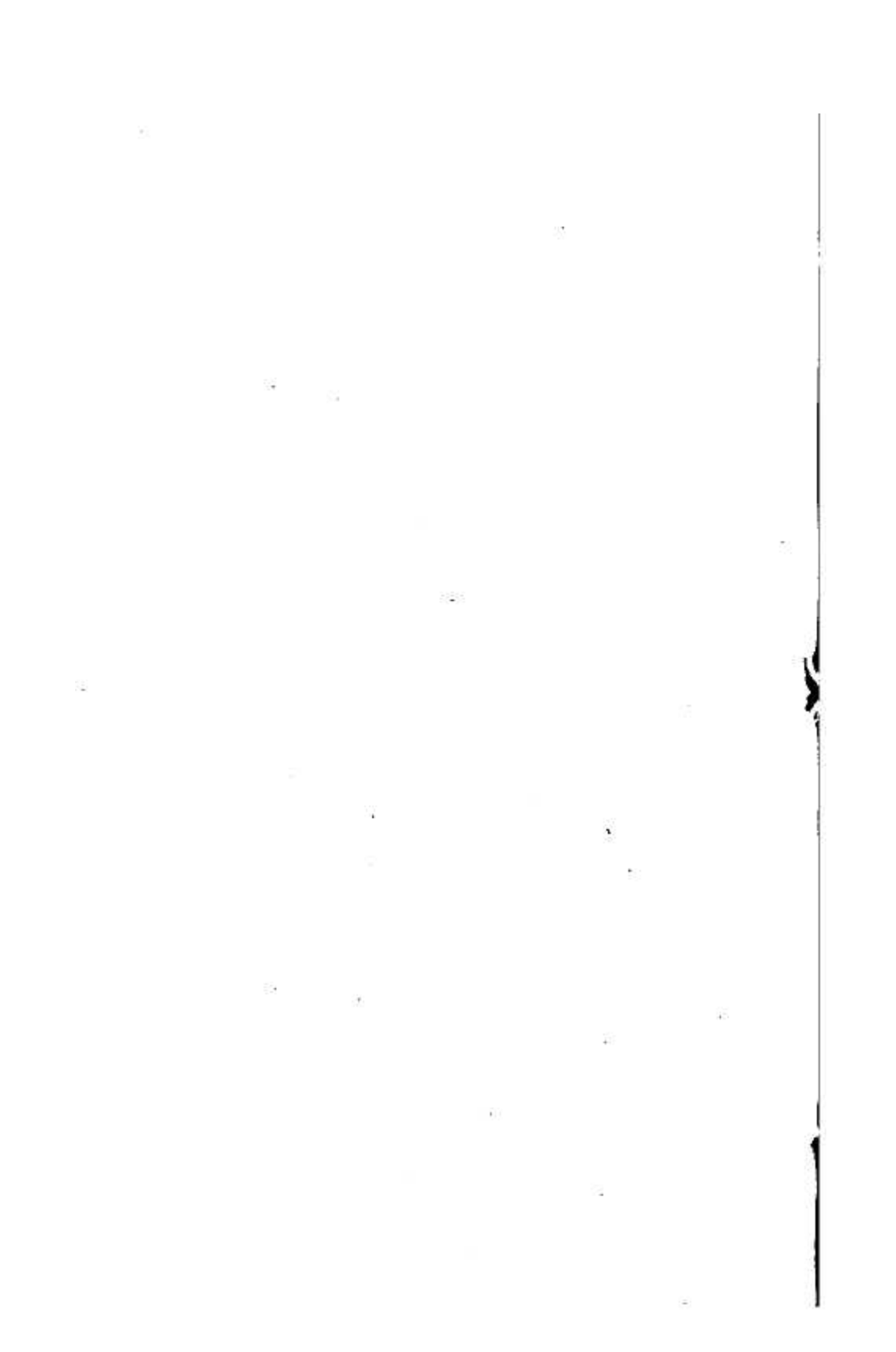
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THE Writer of the following Reflections is fully conscious of the extent to which he exposes himself to the charge of presumption in venturing to break the bounds of his usual occupations and trespass upon the public attention. He throws himself entirely upon the kindness and forbearance of those who may read these pages.

“*Opéat ephippia bos.*”

A Banker attempts to philosophize.

London, 25th February, 1837.



REFLECTIONS,

ETC. ETC.

I. THE Legislature, in ordering the publication of the accounts of the Bank, had two objects in view: first, To enable the public to exercise some judgment upon the general course pursued by the Bank Directors, and thus to place their proceedings to a certain extent under the control of public opinion; and, secondly, By furnishing the public with a knowledge of the fluctuations which were taking place in the amount of Bank-notes in circulation or of specie in deposit, to enable them to foresee approaching pressure, and by timely precautions to diminish the intensity of its action and to mitigate its effects. Now, from the accounts as published, it appears that the Bank has deviated from

all the rules by which it professes to be guided, and which a regard to sound principle requires it to adhere to. By these accounts it appears that the amount of securities, so far from being kept at a fixed point, has fluctuated largely; it also appears that the circulation has in some instances increased whilst the specie has been diminishing; and from the same accounts it will be very difficult to make out that steady and continual contraction of the circulation month by month during the diminution of specie in store, upon which alone any plausible ground of censure upon the proceedings of the Joint-Stock Banks can be founded. But we are told in a pamphlet, explanatory of the action of the Bank, and written by one of the most influential of the Directors of that Establishment, that, upon the data furnished by the accounts as published, no safe conclusions can be founded; that other explanatory circumstances and considerations, not officially laid before the public, must be taken into the account; and that, when due allowance has been made for these, conclusions will arise not only differing from, but diametrically the reverse of those to which every person must come upon the inspection merely of the published accounts.

It will, in fact, according to the additional explanations given by Mr. Palmer, be found that the Bank has strictly adhered to the rules which it laid down for its own guidance, that its securities have been, as was proposed, kept at an invariable amount, that its liabilities have been diminished in strict correspondence with the diminution of its specie, and that the contraction of its circulation has been of that steady and regular character which justifies the Bank in complaining of the counter-action, in this respect, of the Joint-Stock Banks. In short, the explanations of Mr. Palmer are all directed to show that the conclusions to which the public ought to come, with respect to the conduct of the Bank, are the very opposite of those to which they cannot but come upon the examination simply of the published accounts. Those have undoubtedly led active and inquiring minds, as is abundantly shewn by various publications (of which it is hardly necessary to enumerate more than the Letter of Colonel Torrens, and the laboured and ingenious articles on this subject which occasionally appear in the Times,) to conclusions the very reverse of those which are established, according to Mr. Palmer,

by a full exposition of the accounts of the Bank. That the published accounts are not only insufficient for the purpose of instructing and guiding the public, but that they are, when unaccompanied with further explanation, the actual means of misleading them, is the fundamental proposition of Mr. Palmer's pamphlet; and unless this be fully admitted, his defence of the Bank must at once fall to the ground. Surely this is an evil of no trifling magnitude, requiring immediate correction; in effecting which the Bank ought to be the prominent agent. If the accounts, as now published, are, according to their own statement, a false representation of the action of the Bank and calculated only to mislead, it is a duty incumbent upon the Directors of the Bank to take some means of laying before the public such accounts as shall give a correct view of their proceedings, and be calculated to lead the public to safe and true conclusions.

II. But it may not be amiss to examine a little more closely into the nature of those explanatory circumstances and considerations upon which Mr. Palmer relies for the correction of the conclusions which obviously arise from the published accounts.