

**THE CURRENCY UNDER THE ACT OF
1844. TOGETHER WITH OBSERVATIONS
ON JOINT-STOCK BANKS AND
THE CAUSES AND RESULTS OF
COMMERCIAL CONVULSIONS. FROM
THE CITY ARTICLES OF THE "TIMES."**

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The Currency Under the Act of 1844. Together with Observations on Joint-Stock Banks and the Causes and Results of Commercial Convulsions. From the City Articles of the "Times." by Marmaduke B. Sampson

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P R E F A C E.

THERE is nothing more easy than the Currency question. In a recent debate in Parliament, Mr. Gladstone declared that it has made more lunatics than love. As far, however, as the majority of the public are concerned, its perplexities are occasioned solely by distrust of their own plain sense. Instead of asking themselves what it is they consider to be Currency, and would take as such on all occasions, they consult a multitude of discordant writings; and because they find each more or less incomprehensible, and at variance with all the others, they fancy there must be something in the matter scarcely to be grasped by the highest exercise of reason. In this way they come to distrust such intuitive perceptions as would present themselves to any one to whom the subject might be broached for the first time, and are afraid to suggest the truth in its simplicity, lest they should find they have exhibited ignorance, and provoked the scorn of philosophers.

Those who hope to find any abstruse propositions in the following chapters will be disappointed. Their only object is to enforce the facts which have been known ever since the world began, that when men enter into mutual contracts, no means can ever be invented honestly to alter the nature of such contracts, at the pleasure of one party, and without the consent of the other; and that if a man parts with a commodity called wheat, coal, cotton, or anything else, for the commodity called money, he is entitled to have the agreement fulfilled in the precise terms in which it was made.

A nation can select any commodity it chooses to adopt as money or currency. Some have decided upon silver, and others upon less convenient materials. In our case it has been fixed, that when a person promises to pay a certain amount of money, he shall be held to have meant simply a definite weight of gold. If a man buys 3 bushels of wheat for a pound, to be paid two months hence, the contract might be simply put into these words:—"I take from you 3 bushels of wheat, and promise in sixty days to hand you 113 grains of fine gold." The principle is just the same as if he were to agree to deliver 10 yards of cloth in exchange for a watch. Each would be a case of barter, but all men find it more convenient to barter gold than anything else.

What would be thought, however, if any set of persons were to rise up in Parliament or elsewhere to proclaim the doctrine that an individual who had

entered into a legal contract to deliver 10 yards of cloth, in exchange for a watch, should be allowed, when the time for carrying out the contract came, to deliver something else that might be more easily procurable? That if cloth, for instance, had become scarce, and leather cheap, he might hand over a pair of boots; or that, if this seemed too outrageous, he might give his own promise, or the promise of some other parties to deliver the cloth at a future day? Would the proposition seem so difficult of comprehension that the whole Legislature would discuss it night after night, to determine if it were consistent with the principles of justice, and such as ought to be entertained? Would the public buy pamphlets on the question, and go mad in the hopeless endeavour to avoid its fascinations, or understand its real merits?

Yet this is the sole point involved in the great Currency controversy. Men who have engaged to deliver a certain number of pounds sterling,—that is to say, a certain number of grains or ounces of gold, and who have used and enjoyed the goods for which they have agreed to give this gold in barter, are always clamouring, when the hour arrives for the fulfilment of their part of the contract, that some method should be adopted by the Government either to increase the supply of gold, or to allow them to substitute for the promised amount a written note engaging to pay it at some future time. In great crises, the public are divided into two parties, that may be represented by the clothier and watchmaker just referred to. The

portion that stand in the place of the watchmaker say to the other portion, we have delivered to you one hundred watches, now hand to us one thousand yards of cloth. The indebted portion repel the demand, by the cry that they are under terrible pressure; that when they promised to deliver the cloth, it was cheap, and they thought the profit of the bargain was to be all on their side; that there has since been a sudden rise in its value; that those who, under such circumstances, would require them to meet their obligations, must be cold-blooded extortioners; that although they could get the cloth well enough in the open market, by consenting to some sacrifices, or by the exercise of their credit, if they had any, they will neither make sacrifices, nor employ their credit, nor honestly admit that, being without sufficient property or credit, they have made engagements which they had no certainty of being able to fulfil, and must submit to the usual course provided for such cases. They insist that Government should come to their aid;—that is to say, that the body constituted for the sole purpose of maintaining equal justice between the two parties, should step in to the rescue of one against the other. The Minister consents, and declares that he will allow notes to be issued in the name of the Government, promising to deliver the cloth upon application, while he knows he has no means of doing so, except by taking it from a store set apart for another body of persons who also hold similar notes, and that if by chance they were to come upon him at the same time,

he would be obliged to avow that their cloth had been made away with—and this for the sake of cheapening the market, for the “relief” of those who had to deliver cloth, and the loss of those who were to receive it.

To expose the character of such movements, to defend the rigid enforcement of contracts, and to point out the demoralizing effect of the doctrine, that the State may sometimes with advantage sanction the violation not only of the statute law, but also of the natural law that regulates the general course of trade, is the sole purport of such of the following Chapters as relate to the question of Money. Among the other Chapters, observations will be found on the laws which regulate the formation of Joint-Stock Banks; and here again the point contended for is simply the old one, of the right of all men to make such contracts as may seem proper in their own judgment, always provided that such contracts involve no violation of the rights of others. Both on this and the Currency question, the grand dogma involved is the propriety of an adherence to principles or fundamental truths at all costs; and although in the debate on the introduction of the Bank Indemnity Bill, it was remarked by one member, that he hoped the Government of the country would never fall into the hands of any individual hardy enough, in the latter case, to carry them out; and by another, that no minister should be “so infatuated in favour of an abstract principle, *sound enough in itself*, as to refuse to incur the responsibility of relaxing it,” the belief may still be entertained that