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**A CHART.**

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*To Charles Broom.  
from Galton*

A

# CHART,

EXHIBITING THE RELATION BETWEEN  
*THE AMOUNT OF BANK OF ENGLAND NOTES*  
*IN CIRCULATION,*

THE  
RATE OF FOREIGN EXCHANGES,

AND  
THE PRICES OF GOLD AND SILVER BULLION  
AND OF WHEAT;

ACCOMPANIED  
WITH EXPLANATORY OBSERVATIONS.

—  
By S. TERTIUS GALTON.  
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LONDON,  
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SOLD BY  
J. BELCHER AND SON, BIRMINGHAM.

—  
1813.

***ERRATA.***

In page 25, line 11—for “ it” read “ the Silver Coin.”

.. .. 14—for “ it” read “ the Silver Coin.”

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*Printed by J. Belcher & Son,  
High-street, Birmingham.*

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*THE intention of the Writer of these pages, in submitting them to the notice of the Public, is to explain the construction of the Chart which accompanies them, and to point out some of the conclusions that may be deduced from the remarkable connexion, which it so obviously exhibits, between the Market prices of Gold and Silver Bullion, the state of our Foreign Exchanges, the price of Wheat, and the amount of Bank of England Notes in circulation.*

*He is indebted to Mr. Mushet's valuable Tables for most of the information which has enabled him to construct the Chart, as it respects the prices of Gold and Silver Bullion, the amount of Bank of England Notes in circulation, and the rate of the Exchange with Hamburgh. The prices of Wheat, up to the year 1771, are*

*taken from the account of prices in Windsor Market, as recorded in the Audit Books, in Eton College\*: the prices for that, and every subsequent year, are copied from the Returns made to Government of the average prices for all England and Wales†.*

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\* The prices are reduced to the Statute measure.

† No Returns were made to Government before the year 1771: but as it appears from a comparison between the prices of Wheat in Windsor Market and the average Returns for all England and Wales, that the average variation for the whole of the eleven years, between 1770 and 1781, was only 6½d. the Writer considers the approximation sufficient to justify him in having recourse to both for the purpose of completing that part of the Table.

**DESCRIPTION**  
OF  
***T H E C H A R T .***

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1. EACH of the spaces enclosed between the vertical lines represents the Year which is marked in figures at the top and bottom of each column.

2. The Mint prices of Gold and Silver, and the Real Par of Exchange with Hamburgh, are each represented by a strong dark horizontal line, as noticed in the margin.

3. The spaces contained between the light horizontal lines near the bottom of the Chart represent the Market prices of Standard Silver Bullion, each space representing one penny, as described in the margin on the right hand side. The scale begins at 5s.; the Mint price of Silver is

5s. 2d. an ounce. The irregular black line expresses the actual Market price at any particular date.

4. The spaces next above the former represent the Market prices of Standard Gold Bullion, each space representing 6d., as described in the margin on the left hand side. The scale begins at £3. 17s. The Mint price of Gold is £3. 17s. 10½d. an ounce; the irregular dotted line expresses the Market price at any particular date.

5. The horizontal spaces next above represent the average prices of Wheat, each space representing 2s. 6d. as described in the margin on the right hand side. The irregular black line expresses the average market price in each year: the irregular broken line shows the price up to any particular year, on an average of the seven years preceding.

6. The horizontal spaces, above and below the dark line denoting the Par of Exchange with Hamburgh, represent the variations from Par, each space expressing one per cent., as no-



ted in the margin on both sides; the spaces below signifying the percentage in favor of London, and those above, the percentage against it. The irregular black line expresses the state of the Computed Exchange at any particular date.

7. The horizontal spaces next above the Exchange represent the amount of Bank of England Notes in circulation\*, each space representing £500,000, as described in the margin on both sides. The irregular black line expresses the amount of Notes in circulation at any particular date.

In order to prevent the inconvenience of extending the Chart to a larger size, it has been found necessary, in one instance, to devote the same spaces to two purposes. During part of

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\* No notice is taken in the Chart of the amount of Notes issued by Country Bankers, as no document exists by which it can be correctly ascertained. Mr. Tritton estimated it in 1810, at about twenty millions of pounds. The want of such a document, however, is not very material, as it has been distinctly shown by Lord King, and afterwards in the Bullion Report of 1810, that the amount of Country Bankers' Notes is necessarily regulated by the amount of Bank of England Notes in circulation.

the period subsequent to the Bank Restriction Bill of 1797, the price of Gold encroaches upon the spaces occupied by the prices of Wheat; but as the irregular lines by which those prices are represented are marked in a different manner, no confusion is likely to occur.

In those instances where the irregular lines are interrupted, the Writer has been unable to meet with any document which he considers sufficiently accurate for furnishing the requisite information.



So much has been written on the subject of Currency, and so little remains to be added to the stock of information of which the Public is in possession, that it is with great reluctance the Writer gives even the following brief Abstract of principles, as a necessary Introduction to the application of the Theory to the annexed Chart. He will, however, carefully avoid introducing any matter that does not bear upon that object.

In the sound\* state of a metallic Currency, each piece of Coin is worth its weight of uncoined metal of the same kind, and of the same fineness; the stamp being impressed upon it merely to give the Public an assurance that the piece of metal is of the weight and fineness belonging to its denomination: thus the term Guinea is merely another name for 5 dwts.  $9\frac{3}{8}$  grs. of Standard Gold, one Guinea being the Mint price of that weight of Gold.

If the Coins in circulation should be diminished by wear, they will become depreciated in proportion to the diminution they have sustained. Although they may still pass by the same name, they will be worth only their actual weight of uncoined Gold as before. The difference between the Market and Mint prices will measure the degree of depreciation†.

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\* By the sound state of a Currency it is intended to signify one which is perfectly free from all those causes of irregularity which are pointed out in page 11.

† This position, though generally true in practice, would not be correct when applied to a Currency of limited amount: for the value of any Currency, how little soever its intrinsic worth, might be raised to any assignable degree, provided the quantity

In the early part of the present King's reign, our Guineas were much worn, and a reference to the Chart will show that the Market price of Bullion exceeded its Mint price. In the year 1774 there was a general recoinage. All the Guineas in circulation from that time, having been recently issued from the Mint, were of Standard weight, and the Market price of Gold continued for a long series of years afterwards nearly to coincide with the Mint price: it was in general somewhat lower, in consequence of an

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of it were much contracted. The artificial value thus conferred upon it would be referable to the principle of a Seignorage. Mr. Ricardo has somewhere observed, that an unconvertible Bank Note may be considered as a Currency whose value consists almost entirely of a Seignorage; its intrinsic value being no more than the mere expense of the materials of which it is made, and of the workmanship bestowed upon it. It seldom happens, however, in practice, that a metallic Currency undergoes any considerable degree of debasement without suffering a depreciation. A Government which issues such a Currency is naturally tempted to increase its quantity for the sake of the profit attending its emission, or the void is supplied by Counterfeits, or by issues of Paper; and the People would probably encourage the circulation of foreign Coins in preference to the debased home Currency, on account of the greater security attached to them owing to their being intrinsically more valuable.

adventitious value attached to the Coin on account of the loss of interest during its detention at the Mint. The value of Bullion, in this country, may sometimes exceed that of the Coin by nearly four shillings an ounce, on account of the former only being legally exportable; and the degree of wear, subject to which Guineas continue to be a legal tender\*, also conduces to fix a premium upon Bullion: but it appears from the evidence given before the Committee of 1810, that the price of Bullion, while our Coin is in the perfect state required by the legislature, can never exceed the Mint price more than  $5\frac{1}{2}$  per cent., and can never fall below it more than 1 per cent.

This statement is verified by the Chart, for during the interval comprised between the years 1774 and 1797, that is from the date of the Re-coinage to the date of the Bank Restriction Bill, no variation occurred even to the above-mentioned extent.

By the *Par of Exchange* between two

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\* The Guinea, which when new weighs 5 dwts. 9. 4382 grs., is a legal tender till reduced by wear below 5 dwts. 8 grs.

Countries is meant that quantity of the Currency of the one which is equal in intrinsic value to a given quantity of the Currency of the other\*. If the Coins of the two countries are

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\* The definition in the text is applicable only to such countries as use a metallic Currency, and to such of those only as have it in the sound state referred to in the note to page 9. It is however the one generally adopted, and is probably the principle by which the Nominal Par of the different Foreign Exchanges has been established.

*Extract from Mr. Greffuhle's evidence before the Bullion Committee of 1810.*

"The Par of Exchange is the equality of Currencies. If twenty shillings, which compose a pound sterling, were taken new from the Mint and carried to Amsterdam, and there reduced to the Dutch Standard and coined into guilders, the amount of those guilders would constitute the Par of Exchange."

The following may perhaps be considered a more correct definition, as being generally applicable to every species of Currency.

*By the Par of Exchange* between two countries is meant that amount of the Currency of the one which will purchase the same quantity of Bullion as can be obtained by a given amount of the Currency of the other; the purchases of Bullion to be made in the Markets in which those Currencies respectively circulate.

made of the same metal, the Coins whose denominations express the Par will contain equal weights of that metal; if the Currencies of both countries remain unimpaired, the Real Par will be fixed. If however the Standard Currencies of the two countries are formed of different metals, the Real Par will become variable in proportion to the varying values of the metals relatively to each other, and can be ascertained, at any particular time, only by comparing what quantity of the one metal is equivalent to a given quantity of the other: thus, previous to the Bank Restriction Bill, the actual Standard

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The foregoing definition is consistent with the notion of Mr. Winthrop, formerly governor of the Bank of England.

*Extract from Mr. Winthrop's examination before the Committee of the House of Commons, appointed in 1804 to enquire into the state of the Irish Currency.*

“When a sum of Hambro' Currency, which will buy a pound of Bullion of given purity in the Market of Hambro', can purchase a Bill for a sum of English Currency, which will buy a pound of Bullion of the same Standard in the English Market, is not then the Exchange at Par?”

Answer. “I confess it does appear to be a complete Par of Exchange.”

Currency of this country was Gold, while that of Hamburg was Silver. Mr. Misset has therefore been obliged, in the construction of his Tables of the Exchange between the two places, to compare the Market values of Gold and Silver for every day on which he had occasion to notice the variation of the Computed Exchange from the Real Par. Although the Real Par is subject to this variation, it is to be observed that it is not customary in common practice to calculate the rate of Exchange from any other Standard than the Nominal Par, which has been originally adopted by common consent.

When the Currencies of any two countries are in a perfect state, and their mutual payments and receipts are equal, the Exchange will be at Par; but if, on account of an excess of its imports above its exports, or on account of subsidies granted, or expenses incurred in the other country on account of its Government, or from all these causes combined, one country should have to make payments to the other exceeding its receipts from it, a Merchant in the debtor country, rather than incur the expense of sending Money abroad, will consent to pay a premium for a Bill drawn upon the creditor



country, for the sake of remitting it to his correspondent. In proportion as the demand for such Bills exceeds the supply, will the premium upon them be raised; but it can never, for any length of time, exceed the expense of transmitting Bullion, for from the moment it begins to exceed that limit it becomes the interest of the Bullion Merchant to send Bullion abroad, for the sake of drawing against it, and selling the Bill so drawn, at a premium; the excess of the premium above the expense of the transit will constitute his profit: the remittances of the Bullion Merchant will soon reduce the premium upon foreign Bills to the amount of his expenses; and the remittance of other goods, partly on account of the profit upon the sale of them, and partly on account of the premium upon the Bill to be drawn against them, will generally reduce it still lower.

A reference to the Chart, during the interval between the dates of the recoinage and the passing of the Bank Restriction Bill, *i.e.* during the perfect state of our Currency, will show that the utmost variation from the Real Par of the Exchange with Hamburgh never exceeded 10 per cent. either way, and in the few instances in which it ap-

proached that limit, it receded from it in the course of three or four months.

The state of the Exchange arising merely from a balance of payments, in the manner that has just been explained, is called the *Real Exchange*.

If the Currency of either of the two countries has undergone any degree of wear, or if its Standard has been reduced by too great an issue of unconvertible Paper, and the original Par is still referred to in computing the rate of Exchange, the Nominal Exchange will deviate from the Nominal Par, even though the mutual payments between the two countries were balanced. The terms by which the Par of Exchange is expressed will not, as before, represent equal values. A larger quantity of the depreciated Currency will now be necessary to make up the Real Par, but since the Nominal Par remains the same, the deficiency is compensated by an alteration in the rate of Exchange. The variations of the Exchange between two countries using Currencies of different metals, in so far as those variations arise from a fluctuation in the relative values of such metals,

come under the description of the *Nominal Exchange*.

The *Computed Exchange* may consist either of the Real or of the Nominal Exchange, but is frequently the result of their combined operation. In the latter case the Computed Exchange undergoes a greater or less alteration from Par than its component parts, according as they operate in the same or in opposite directions. If both are favorable or unfavorable, the Computed Exchange will denote their sum; if one is favorable and the other unfavorable, it will express their difference\*.

There are two sorts of *Paper Currency*, one which the issuer is compellable to exchange for metallic Money, at the pleasure of the holder, and the other which is not so convertible.

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\* The particular effects of the Computed Exchange, according as it happens to be formed principally of the Real or Nominal Exchanges, are detailed and illustrated by examples in the earlier numbers of the Edinburgh Review, in the articles on Mr. Henry Thornton's and Lord King's Pamphlets, in Mr. Blake's Pamphlet, and in the Bullion Report of 1810.

The former can never become depreciated much below the Coin into which it is convertible; for as soon as such depreciation begins to take place, a general demand is made upon the issuer to take up his Notes with Coin; the expense and inconvenience of this deters him from issuing any more till the reduction of the amount of Notes in circulation shall have restored their value; such Paper, therefore, can never be issued to any great excess.

There are two modes by which *unconvertible Paper* may be sent into circulation. 1st, It may be primarily issued by a Government in payment of the public expenses: or 2dly, It may be paid away by a Bank that is independent of the Government by the discount of commercial Bills or by loans. In either case, its issues may become excessive. This effect is generally much more rapidly produced in the former case, but though it is usually much more gradual in the latter, it is almost equally certain.

There is no check to an over-issue of this sort of Paper, as no inconvenience is felt by the Bank which emits it, and the demands of the public for fresh loans of Notes will continue as long as

opportunities occur of employing them profitably. Every additional issue, provided the rate of circulation and the state of commerce remain the same, gradually diminishes the value of the quantity previously in circulation. Even a fixed amount of such a Currency would not insure it from depreciation, for the same amount in value of exchanges of property may, at different times, require very different quantities of Money, the rate of circulation of Money being much more languid in times of alarm than in seasons of high commercial credit.

The proofs of an excessive issue of such Paper are the excess of the Market above the Mint price of Bullion, and, in extreme cases, the rate of Exchange being permanently unfavorable to a degree exceeding the limit assigned by the expense of transmitting Bullion. But where the depreciation of Paper is not very great, it is difficult to ascertain how much of the state of the Computed Exchange is to be ascribed to the Real, and how much to the Nominal Exchange.

The average prices of Wheat, for a series of years, will in some measure serve as a test of the depreciation of the Currency, for though its

value is very variable from year to year, yet, if it is observed that the average price continues permanently much higher than it used to be, there is tolerably good ground for inferring that an unfavorable alteration must have taken place in the value of the circulating medium.

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THE foregoing observations have been made with the view of applying them to the appearances exhibited in the annexed Chart.

It will be perceived that there is a degree of parallelism\* between the several irregular lines

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\* In order to prevent misconception, it may be necessary to state that the several quantities expressed by the different spaces have been determined merely for the purpose of confining them within the limits that could easily be assigned to them in the Chart, and not with any view of implying that the variations are likely to occur in the proportions represented by those spaces.

The use of the Chart is to show that every great variation, represented by any one line, is accompanied by a variation nearly simultaneous of the others, and in the same direction, though generally different in degree.

denoting the prices of Gold and Silver Bullion and of Wheat, the rate of the Exchanges, and the amount of Bank of England Notes in circulation, and to such an extent that it is almost impossible to resist the inference that the same cause has operated upon them all. This tendency towards parallelism is particularly observable in those instances where any one of the lines has undergone any great deviation. In such cases, all the rest have been similarly affected. Thus, from the year 1760 to 1765 inclusive, there is a striking accordance in the variations of the lines representing Silver, Gold, and the Exchanges. Although these variations do not correspond in degree, there has seldom been any alteration in any one, that has not been accompanied by a similar change in the rest. The same sort of coincidence may be observed in the Gold and Silver lines, from the year 1765 to 1774. In 1783, which was in some measure a year of scarcity, the prices of Silver, Gold, and Wheat were enhanced, and the Exchange became less favorable. In this instance, the demand for Gold, which was legally exportable, raised its Market somewhat above its Mint price. After the year 1797, in which the Bank Restriction Bill passed, it will be observed that a consi-

derable addition was gradually made to the amount of Bank of England Notes in circulation, and the prices of Silver, Gold, and Wheat gradually advanced, the Exchange at the same time becoming more unfavorable, till in the years 1800 and 1801, these effects exhibit themselves in a degree entirely unprecedented. No season of scarcity, even during a war, antecedent to the Bank Restriction Bill, and while the Gold Currency was in a perfect state, ever occasioned such violent changes. The same appearances, but in a more exaggerated degree, are observable in 1809, and again more strikingly in 1811.

From a period commencing soon after the date of the suspension of cash payments at the Bank of England to the present time, the quantity of Paper Currency has been much augmented\* and has been faithfully followed by an advance in the price of Gold Bullion, and if due allowance is made for the famine of 1800 and

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\* In estimating the excessive issues of Bank of England Notes, due allowance ought to be made for so much of their amount as has merely served to replace the Gold and Silver Coins which would have been in circulation, if the Bank Restriction Bill had not been passed.



1801, it will be acknowledged that the price of Wheat has been affected in the same manner. An unfavorable tendency is also perceivable in the Exchange.



IT may be objected that, as the same parallelism which is observed in extreme cases does not occur on ordinary occasions, the connexion between these changes is merely accidental; it may be proper therefore to state the reasons why the coincidence is not more perfect.

1st. It is evident from a glance at the Chart that many irregularities are perpetually occurring in the price of Silver Bullion, even at times when that of Gold has continued steady for a long series of years. This apparent inconsistency admits of the following explanation.

When the Coins of a Country are made of two metals, Gold and Silver for example, the relative values are originally determined at the Mint by a comparison of their Market prices

at the time; but as these metals, like all other commodities, are liable to vary in price from variations in the proportion which the supply bears to the demand, it is very improbable that the relative values, at which they may be sold at different times in the market, will precisely correspond with those at which they are made legally payable in the form of Coin. Although the Coins of both metals are enacted by law to be Standard Currency, it usually happens that the public refer to one of them only as a Standard of value for the regulation of prices and foreign Exchanges. The metal so fixed upon will be the one which is over-rated at the Mint. It generally happens that the Coins of the other metal, which would bear a greater value in the form of Bullion, are clandestinely melted down.

In the course of William the Third's reign, Gold became the Standard of Currency, in consequence of the Gold Coins being rated higher, in proportion to the Silver ones, than the relative Market prices of those metals could warrant. During the worn state of our Guineas, at the beginning of the present King's reign, the Exchanges became more unfavorable than could be accounted

for by our commercial relations, and the Market prices both of Gold and Silver Bullion, much exceeded their Mint prices. At the time of the re-coinage, the prices of Gold and Silver Bullion were immediately reduced, and the Exchanges have since been more generally favorable than before. It is worthy of notice that the great imperfection which afterwards occurred in our Silver Coins had no effect in raising the value either of Gold or Silver Bullion, the latter of which, from 1784 to 1799 (a period in which <sup>the Silver coin</sup> ~~it~~ was much degraded by wear) was generally much nearer the Mint price than it had been in the beginning of the reign, although <sup>the Silver coin</sup> ~~it~~ must then have been in a much less imperfect condition.

These reasons are sufficient to establish the fact that Gold has been, in effect, the Standard Metal of our Currency\*.

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\* In consequence of the increased supplies of Silver, that metal has become cheaper in proportion to Gold than it was at the time when the Mint prices of those metals were adjusted. If therefore the Bank Restriction Bill were repealed, and every one were at liberty to carry Gold and Silver to the Mint as formerly, it is probable that Silver, which would then be over-rated at the Mint, would become the Standard Metal of our Currency.

Since then all purchases of Gold Bullion, prior to the Bank Restriction Bill, were paid for either by Guineas or by a Currency whose value was referable to the same Standard, it is evident that no scarcity of that metal could have a tendency to advance its price in Gold Coin. If the value of any article is measured by itself as a Standard, that value must appear constant, however scanty or plentiful the supply of that article may be, at different times, in proportion to the demand for it. It has already been noticed, that, from the time our Guineas were kept to their legal weight, the variations between the Mint and Market prices of Gold never exceeded those limits of inequality that have been pointed out.

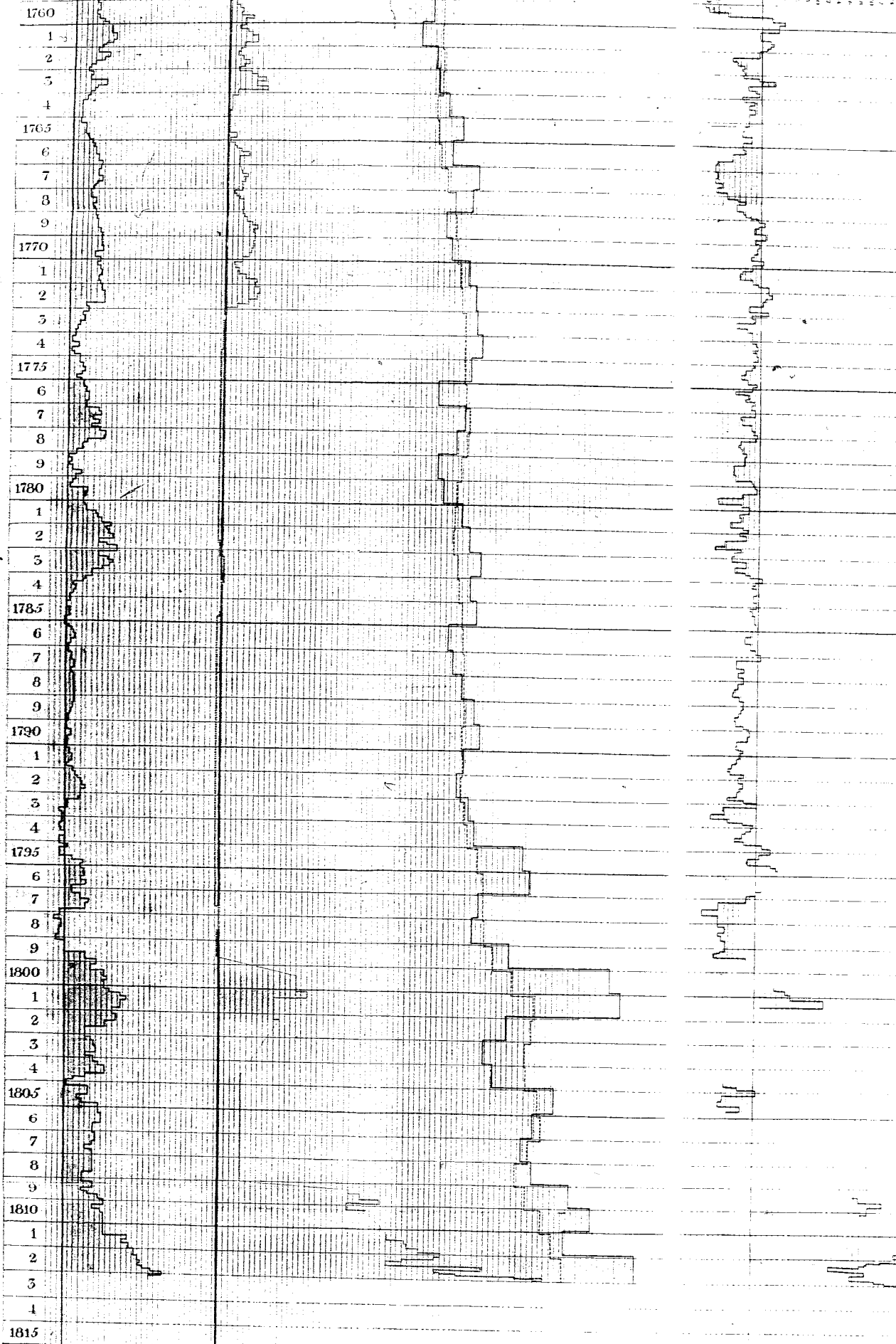
As Silver Bullion has likewise been paid for in the Market, either by Gold, or by a Currency referable to it as a Standard, the Gold price of Silver has been constantly varying, not only on account of any change in the supply or demand of Silver, but also on account of any alteration in the supply or demand of Gold. If the supply of Gold has kept steadily proportionate to the demand, while the supply of Silver has not kept pace with it, the Gold price of Silver will be

Market Price of an Ounce of Gold Bullion

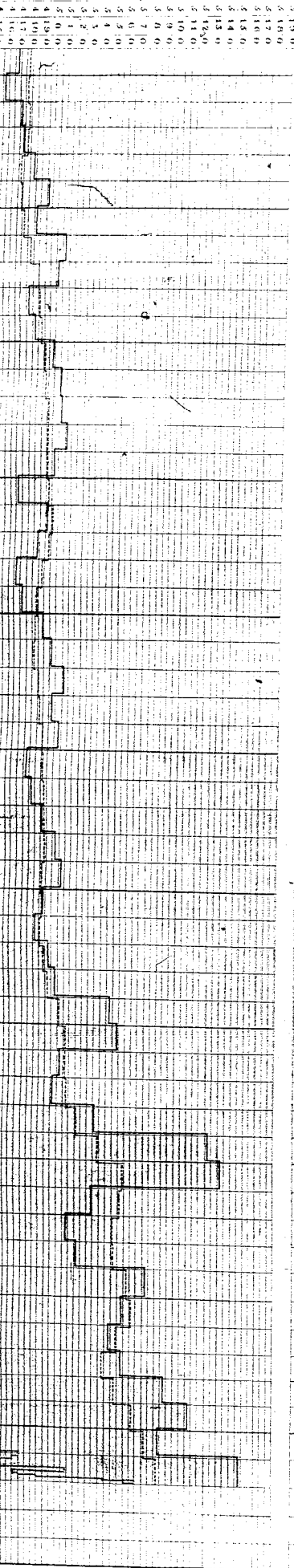
1760	1765	1770	1775	1780	1785	1790	1795	1800	1805	1810	1815
417.0	418.0	419.0	420.0	421.0	422.0	423.0	424.0	425.0	426.0	427.0	428.0

1760	1765	1770	1775	1780	1785	1790	1795	1800	1805	1810	1815
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

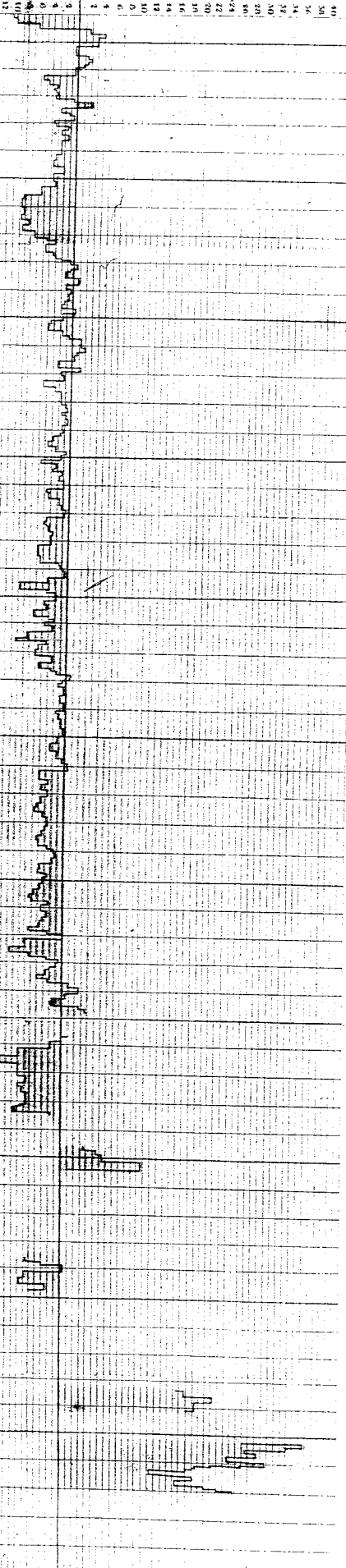
Market Price of an Ounce of Silver



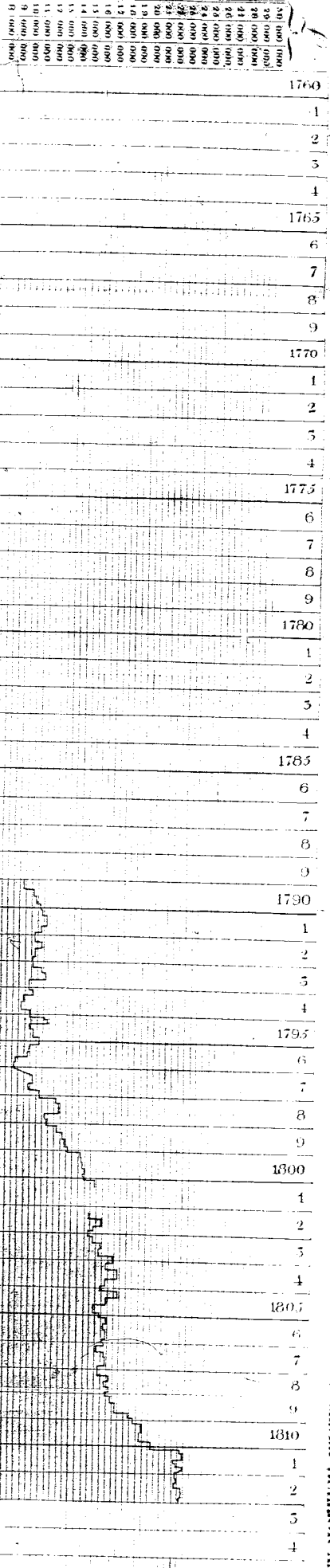
Ounce of Gold Bullion.

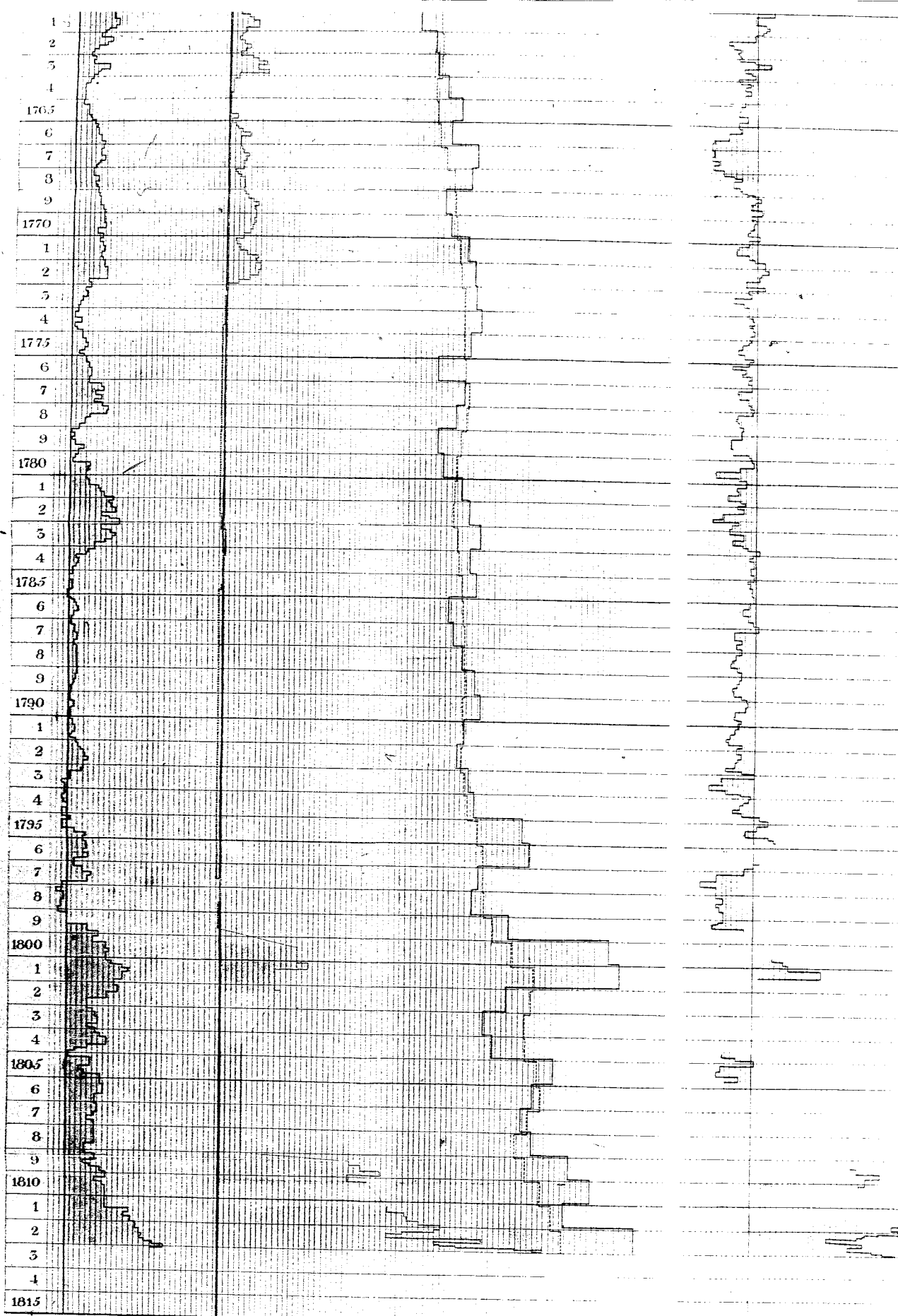


Percentage of Exchange against London



Bank of England Notes in Circulation.

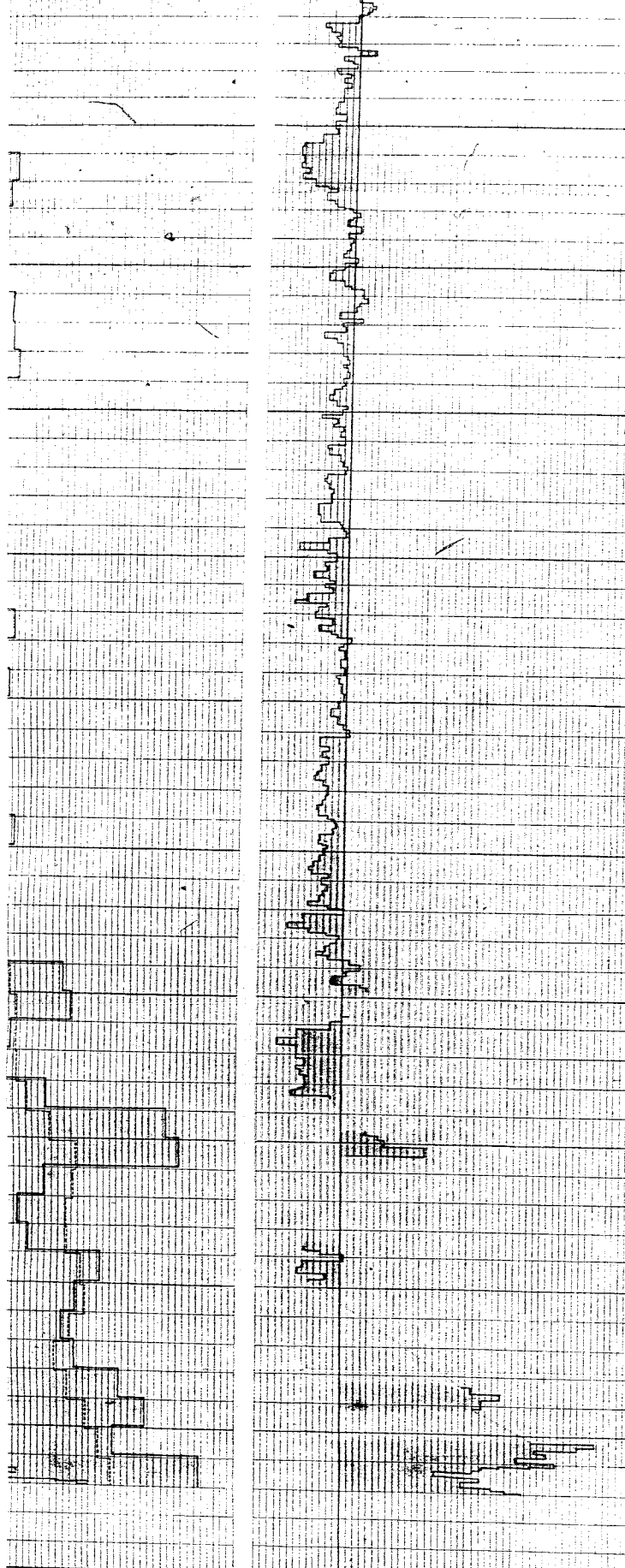




Market Price of an Ounce of Silver Bullion.  
 Market Price of an Ounce of Gold.

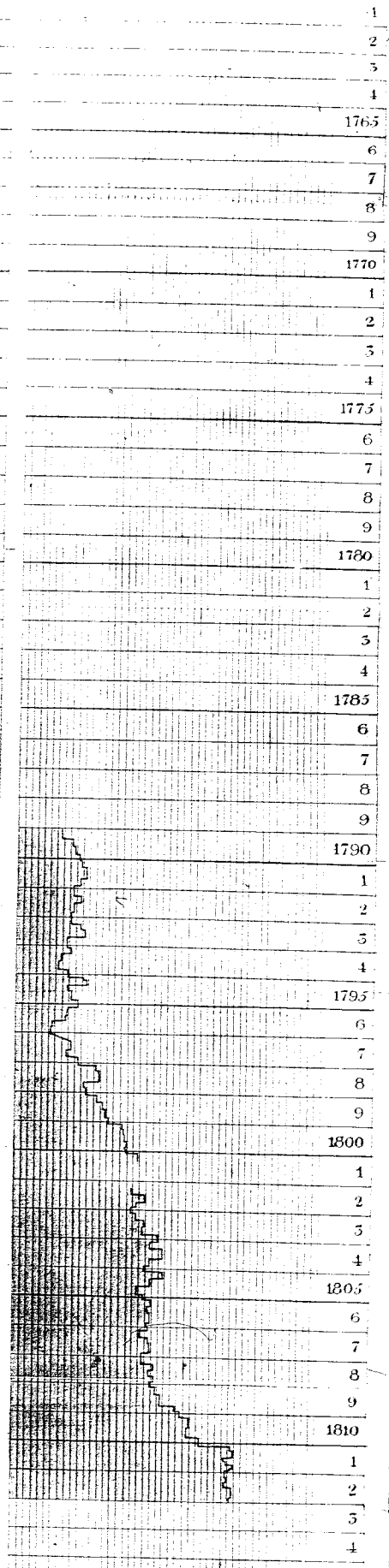
Average Market Prices of a Quarter of Wheat

Percentage of Exchange  
 against London  
 against Hamburg  
 (with Hamburg)



40  
35  
30  
25  
20  
15  
10  
5  
0  
 1765  
1770  
1775  
1780  
1785  
1790  
1795  
1800  
1805  
1810  
1815

against Hamburg  
 against London  
 Percentage of Exchange  
 Part Ten of Exchange with Hamburg.



50  
45  
40  
35  
30  
25  
20  
15  
10  
5  
0  
 1765  
1770  
1775  
1780  
1785  
1790  
1795  
1800  
1805  
1810  
1815

Bank of England Notes in Circulation.

1  
2  
3  
4  
1765  
6  
7  
8  
9  
1770  
1  
2  
3  
4  
1775  
6  
7  
8  
9  
1780  
1  
2  
3  
4  
1785  
6  
7  
8  
9  
1790  
1  
2  
3  
4  
1795  
6  
7  
8  
9  
1800  
1  
2  
3  
4  
1805  
6  
7  
8  
9  
1810  
1  
2  
3  
4  
1815



enhanced, and its Market will appear to exceed its Mint price. If the supply of Gold should at any time be greater than the ordinary demand, while that of Silver should remain proportionate to it, the Gold price of Silver will also be increased, and it will appear, as in the former instance, to rise above its Mint price. While Gold, therefore, is the Standard metal of Currency, the Market and Mint prices of Gold will be steadily uniform, and the Market price of Silver will exhibit not only all the irregularities belonging to that metal, but those also which belong to the Gold. These appearances will be reversed in those countries whose Standard Currency is Silver.

The foregoing remarks will serve to explain why the variations of the Market prices of Gold and Silver from their Mint prices are not more uniform. The immense increase in the produce of the Mexican Silver mines will account for the prices of Silver not having always kept pace with those of Gold.

It is not quite so easy to determine whether the reduction in the supplies of Gold, which

are said to have been diminished, in the course of the last half century, to five sixths of their former amount, can have contributed much to lower the Gold price of Silver Bullion, since it is probable that the lessened demand for Gold for the purposes of Currency, owing not only to the improved economy in the use of the circulating medium by the payment of balances only, but also to the very general substitution of Paper money, has more than compensated for the alleged diminution in its supply. There is one fact which tends to favor the notion that the *Real* price of Gold has rather been reduced than advanced. A pound weight of Gold, which, on an average of eleven years up to 1797, was exchangeable for as much Currency as would purchase eighteen quarters of Wheat, would not, on an average of five years up to 1811, purchase more than twelve quarters and two bushels\*.

2dly, From the observations that have been already made on the causes of variations

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\* See Lord King's speech upon Earl Stanhope's Bill.

in the Exchange, it is evident that nothing like a regular correspondence between the rate of Exchange and the price of Gold can be expected, except in extreme cases. The Real Exchange, in a time of War when the expense of transmitting the precious metals is necessarily greater than during an interval of peace, may vary as much perhaps as seven per cent. either way, thus making a range of fourteen per cent. even at a time when the Currency is unimpaired. A variation nearly to this extent occurred from the year 1795 to 1797. But when the Exchange is unfavorable, for any length of time, to a greater degree than the expense of transporting the precious metals, as it has been since 1809, it is a sure sign that the Currency is depreciated, and this conclusion is confirmed by the simultaneous advance in the prices of Gold Bullion. It is worthy of remark that in the scarcities of 1783 and 1795 and 1796, though the price of Wheat was much raised, the Exchanges were never unfavorable beyond the expense of sending Gold to the Continent. This fact is to be accounted for by the perfect state of our Gold Coins during those years.

3dly, From the great uncertainty attending the cultivation of Corn, no one would expect any very accurate proportion between the variations in the prices of Wheat and of Gold. It is remarkable, nevertheless, that the irregularities of its price, on an average of seven years, were very small during the time in which our Gold Coin was in a perfect condition. From the year 1774 to 1795, that average price does not vary more than seven shillings and sixpence in the Quarter, and if a due allowance be made for the acknowledged scarcity of 1795 and 1796, that variation would not have been exceeded up to the date of the suspension of cash payments at the Bank of England. From that period, however, it is evident that the average price of Wheat has continued advancing in a proportion not very different from that of the increase of Bank of England Notes in circulation. It will be perceived that the average price of seven years, even after the scarcity of 1800 and 1801 ceases to be taken into the account, does not fall to its former state.

AFTER making the utmost allowance that can reasonably be required for such part of the several variations exhibited in the Chart as may have arisen from other causes, much will still remain that can be ascribed only to the depreciated state of the Currency. As Gold has long been the Standard measure of value in this Country, the degree of depreciation can be best estimated by referring to the price of Gold Bullion. All the other tests, though different in their degrees of accuracy, afford corroborative proofs of the debased condition of our circulating medium. Even the price of Silver is much advanced, notwithstanding the increased supplies of that metal from New-Spain\*.

It is not necessary to enlarge upon all the disadvantages that must attend such an uncertain Currency as ours; they have already been pointed

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\* The produce of Silver from the American Mines is said to have increased during the last half century in the proportion of seven to four.

out in a variety of publications. Our case is by no means a new one, it has occurred in many foreign Countries, and has invariably been followed by most disastrous consequences. The high and honorable character of the Bank Directors is no security against the evil. It is one that necessarily attaches to the system of an inconvertible Paper circulating medium, since it does not possess within itself those correctives to an excessive issue which are sure to operate when the Currency is resolvable into Coin. The inconvenience is increasing daily, and cannot fail ere long "to work a practical conviction upon the minds of those who may still doubt its existence."