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## FOREIGN.

Translated for the American Register

OF ENGLAND AND ENGLISHMEN.  
From the French of J. B. Say, Author of a Treatise on Political Economy.

(CONCLUDED FROM LAST WEEK)

There is, no doubt, much information in Great Britain. But what is the use of information, what matters a knowledge of the true nature, and true situation of things, when once the passions are roused? Do we not see every day gamblers risking their money upon chances which calculation demonstrates to them to be unfavorable? We must at last pay, and pay with usury too, for all the extravagances we indulge in, and the nearer we approach the term when we must necessarily calculate, the less we are at liberty to commit new errors with impunity. Political economy is no longer a science of speculation, and confined to a few: ignorance of it is excusable in no man who administers the finances of a nation, and I venture to assert that every government which shall either mistake or disregard the principles of political economy, is destined to receive its death blow from the administration of its finances.

But let us return to our subject: Some good effects, among a great many bad ones, have however resulted, in England, from the necessity of economising all the expenses requisite for the producing or manufacturing of every article. This necessity has, if we may be allowed the expression, perfected the art of production, and has led to the discovery of more expeditious, simple and consequently economical means of obtaining any end whatever. As manufactures upon a large scale are generally the least expensive, the most trifling things are now attempted upon that scale. I have seen at Glasgow, dairies consisting of not less than three hundred cows, where they reared as low as two-pence-worth. The education of the poor which constitutes, perhaps, the only security of the rich, was impeded by the high price of books and tuition; and in the course of a few years there would have been no more personal safety in the midst of one of the most civilized nations of Europe, than among the Esquimaux or the Caffres.

All at once schools are established in which the preceptor alone teaches with success and rapidly, reading, writing, and figures, to five hundred children at the same time, without the assistance of either peas or books. But it is principally the employment of machinery in the arts which has rendered the production of wealth more economical. There is scarcely a large landed estate in England, where the threshing machine, for instance, is not employed, by means of which, upon a large scale, you do more work in one day, than in one month in the ordinary method.

But the labour of man, which is rendered so expensive by the dearth of all articles of first necessity, has been in no case supplied as advantageously as by the steam engine. There is no object of labour to which they have not been applied. They are used for spinning yarn, for weaving wool and cotton, for brewing beer, and for cutting crystal. I have seen some employed to embrace muslin, some to make butter. At New Castle, at Leeds, ambulatory steam engines propel waggons laden with coals, and nothing is more surprising at first for the traveller than to meet, in the country, a long string of those waggons advancing by themselves, without the assistance of any living being.

Every where steam engines are prodigiously multiplied. There were but three or four in London thirty years ago. There are now thousands. They are to be found by hundreds in the large manufacturing cities; they are even to be seen on the farms, and the labour of industry can no longer be carried on with advantage but by means of their powerful co-operation. That they require a vast quantity of coals, of that combustible fossil which nature seems to have held in reserve to supply the exhaustions of the forests—an unavoidable result of civilization. Accordingly, we trace by means of a mineralogical map alone, the map of the industry of Great Britain. Wherever coal is to be had, their industry prevails.

But it is in vain that the modes of production are simplified. The taxes, the terrible taxes increase every day their voracious demand. They devour; and what they do not devour, they make almost unattainable. Not unlike the night mare which gains upon you notwithstanding all the efforts you make to escape from its pursuit, the taxes overtake, they outstrip the economy of the industrious producer; and the nation instead of enjoying her admirable industry and the unremitted activity of her labourers, is obliged to pay high for what she produces cheap. It being made impossible for her to sell as cheap as other nations, she beats under the burthen of public tax-

es, she has no means of entering the markets abroad on the same terms as other foreigners.— Thus she is cut off from a foreign market. For, if the government can compel the nation to buy things beyond their value, it does not, thank God, exercise the same power over the French, the Germans, and the Russians.

May it not be, moreover, that the long estrangement of the British from the classic grounds of Europe has by degrees altered their taste in the fine arts—that their vases, their furniture, their candelabras exhibit neither correctness, lightness, nor elegance in their forms; that they have relapsed into the Gothic and distorted style? Witness those heavy and complicated ornaments which mean nothing. The figuring of their stuff, the choice of their colours would make them seem far behind the rest of Europe, and needing a long and active communication with the continent, to overtake us in these respects.

Are we then to wonder at the dispute in which British goods are sold in the great markets of Europe? and can we predict for them better success in future until there shall be an alteration of their economic system?

This critical position, which I have endeavoured to exhibit, and the causes of which I have tried to investigate, is the subject of animated debates not only in both houses of parliament but among the whole nation, and gives considerable weight to the attacks of the opposition not so redoubtable by its numbers, as for the solidity of its reasoning, and the celebrated names, the large fortunes, and the distinguished talents by which it is supported.

The question respecting corn, and that respecting paper money, are chiefly agitated.— The government has lately enacted laws upon these two subjects; but laws cannot remedy difficulties springing from the nature of things, embarrassments of greater perplexity will still be felt.

To form a clear idea on these subjects some explanations become necessary.

We have seen at the beginning of this pamphlet what circumstances, by favoring the activity of the commerce and of the manufactures of Great Britain, have raised there, the price of corn. The contributions of the cultivator of the soil, the rent paid by the farmer to the proprietor, rose in the same proportion; and now those who attend to agriculture maintain that in order that the price of corn may reimburse the cultivator for his advances it must keep up to between ninety-five and one hundred shillings the quarter, and that, accordingly, it is proper to prohibit the importation of corn from the moment it falls below such price.

They add that if the legislature does not adhere to this principle, it will be impossible for the farmers to pay the proprietors their rents, or the state its taxes; that the cultivation of corn being attended with loss, the cultivation of land of an inferior quality will be entirely given up, and the good land will be devoted to some more profitable crop than corn; that, thus, corn will grow more scarce, that a greater increase in the price will necessarily take place, and that the British nation will be more and more at the mercy of foreigners for its subsistence.

On the other hand, the manufacturers and the merchants maintain, that if the articles of first necessity continue at the present extravagant prices, the price of labour must increase instead of being diminished, and that thus their goods must be offered every day with additional disadvantage, in foreign markets.

The alternative is terrible. If the price of corn be not kept up, agriculture and the proprietors of land must be ruined; or if it is, commerce and manufactures are to perish.

The B. parliament by fixing at eighty shillings the price below which corn shall not be imported into Great Britain, have taken a *mezzo termine* which will satisfy nobody.

But I will suppose that without displeasing the cultivators, parliament had found the means of reducing the price of corn to sixty-five shillings; still this would not extricate the nation from her embarrassments. In the British islands corn is but an item in the food of the labouring class. Potatoes, meat and fish form another considerable part. It is ascertained that each person upon an average does not use more than a quarter of wheat per annum, so that the quarter of wheat, if reduced to fifteen shillings less than the present price, would afford to the labouring men no more than a saving of about a cent per day.

This reduction would scarcely be felt with respect to the price of labour, which is itself but a part of the expenses attending the producing or manufacturing of any article. Fifteen shillings more or less on the price of corn would have had but a feeble influence on the price of the articles of British production and on their sale in foreign markets.

It is not the price of a single article, no, not even the price of corn itself, which has a great effect on the price of the things produced or manufactured in a country. It is the price of every thing, and the price of every thing is increased in the same ratio with the public burthens, which, under a thousand forms, reach the consumer, and affect all his expenses. It is the direct taxes, it is the prejudices and the manners of a country that impose upon the people obligations and burthens which it is not more easy to decline, than it is the payment of the taxes.

The matter of bank bills, theoretically more difficult, offers, however, fewer inconveniences in practice. In order to understand it well we must be acquainted with the basis of the present monied system of Great Britain, which is somewhat curious.

The bank of England is a special company own of capitalists which discounts bills of Exchange, and for a remuneration, assumes several public services, such as the payment of the interest of the public debt. The bank has loaned at different times to the government, a sum not only equal to the amount of the capital of the stockholders, but other sums in notes issued for that purpose, and which rest on no other security than the funds received in exchange from the government. These funds bear an interest, but the principal is not demandable, and of course they cannot be used for the discharge of the notes which have been issued upon their credit.

The bank of England, less prudent in that respect than the bank of France, has obtained on these terms, the renewal of its charter. The bank of France has lent to the government the sum which the government, by an abuse of its power, compelled it to lend out of its capital. Its capital was the property of its stockholders, who were at liberty to dispose of it as they pleased. But they did not coin notes (representing no sort of capital) to lend them to the government. Now, what has been the consequence of the operations of the bank of England? The notes lent by the bank to the government, and given by the government to its creditors, were sooner or later presented for payment to the bank. But this institution having received no real value as a security for these notes at the time of their being issued, could not reimburse them.

Then it became necessary, either that the government should pay the bank, to enable the latter to take back its notes, or that it should authorise the bank not to pay them. This last expedient was resorted to in 1797. The suspension of payments in specie by the bank, authorised at that time, has been since several times, and but recently revived. The bank notes have thereby acquired the character of a truly national coin. Individuals could not be compelled to do what the bank could not be compelled to do. From that time commercial transactions have been settled by nothing else but bank notes, and now when we buy a bill of exchange payable in England, we know before hand that it is to be paid in the same way.

There resulted from this what most uniformly result from similar measures. The currency either in bank notes or specie being thereby become more considerable in comparison with the other articles of value in circulation, and being no longer susceptible of being reduced by the reimbursement of the notes, was of course depreciated; lost its value comparatively with the value of every thing else, and therefore in comparison with bullion. From this moment gold coins, which circulated concurrently with bank notes, participating in the general depreciation of the currency of the country, gained an additional value by being converted into bars, and guineas disappeared.

The directors of the bank have increased this depreciation by never refusing to discount bills of exchange endorsed by wealthy commercial houses;—an operation which extended the speculations of some individuals beyond their real capital, by means of a fictitious one (the bank notes) the real and venal value of which decreased in proportion to their nominal augmentation.

Now that gold and silver have disappeared from circulation from the causes above explained, and that there does not remain to perform the office of money a single piece of national coin, not one minted by government, the only money in use consists of the notes of an individual company, known by the name of the bank of England, which notes contain the promise which is never performed, of paying pounds sterling in specie, of the quality and weight determined by law.

There are no bank notes below the sum of one pound sterling. Still as people are in need of small change for every day transactions, and a dread is entertained that if the government should issue legal coin of a small value in specie, it would soon be melted, and converted into ingots,—the bank has been authorised to circulate a small change in silver pieces called tokens, which are nothing else but medals containing not more than the three fourths of the quantity of metal which ought to be contained in legal coin of the same denomination. No profit could result from melting them, but in the event of bank notes falling below the three fourths of their nominal value; for then with a value less than the three fourths of a pound sterling in specie, one might procure bullion which would be worth these three fourths.

In this state of things the mint of London, the only mint in England, would have nothing at all to do if it were not engaged in coinage for a stated price, on account of the bank of England, the metallic tokens for small change, of which we have just been speaking.

There are in every county and indeed in every city, provincial banks, which put in circulation notes and metallic subdivisions of their notes; but not having like the bank of England, the privilege of refusing the payment of their notes when asked for, they now discharge their

\*The word depreciation does not mean *discredit*, but only diminution of value. Paper money, as well as sugar or any other commodity, increases or diminishes according to the quantity at market for sale, and the quantity demanded by the wants of the community, independently of the opinion which may be entertained, of the probability or improbability of its final reimbursement in specie. Metallic currency itself varies in its value compared with the value of other things; but its variation is not so sudden because such large quantities of it cannot at once be put in circulation. It is proved that metallic currency itself was depreciated in England, although it is out of the question that people should cease having confidence in gold currency.

own at sight in those of the bank of England, which cannot be refused as being the substitute of national coin.

The sum total of the notes of the bank of England amounts to about 84 millions sterling. It is supposed that the sum of the notes of all the provincial banks is about equal. The amount, then, of the paper-money circulating in the British islands is about 62 millions sterling.

Including old shillings and tokens in silver and brass issued by the bank of England and the provincial banks, the whole of the specie of the three kingdoms does certainly not amount to a value of more than two millions of francs.

Excepting these shillings and tokens their circulating medium of Great Britain has no intrinsic value, that is no value as material; but its value as money is real and could not be replaced but by an equivalent real value.

The value of this paper money compared with the value of other articles is so far from liable to very great variations, a proof that the bank of England keeps up the issue of its notes in the same proportion, according to the wants of circulation. If the bank should reduce the amount of its notes in circulation, which might easily be accomplished by calling in some of the notes due, and discounting no new ones, and if at the same time a law were passed limiting the amount of the issues of the provincial banks, it is probable that bank notes would soon be at par; that is with a note of one pound sterling one might buy a pound sterling in gold or silver of the quantity and weight prescribed by law.

I say that bank notes would be at par owing to the indispensable necessity, in a complicated social state in which an immensity of business is transacted, of the commodity called money, be its form and substance what they may.

The question of discredit has nothing to do with all this, because the want of money greatly outweighs the bad opinion which may be entertained of the bank notes; and, indeed, in a country where there is no specie, what can be done by the man the most cautious in his dealings, but to keep in his hands, as short a time as possible the money in which he places no confidence? This is what all do. This is even the case with specie when a man does not choose to lose the interest. But let the British do their best, let them rid themselves as soon as possible of the notes which come into their hands, let them employ what expedients they may to economise the use of notes, still it is not less certain that in the present state of things, England cannot do with less than about 62 millions sterling of paper money at the rate of its actual value.—that if its nominal value should be diminished by one fourth, (i. e.) if instead of 62 millions in circulation, there should be only 46 or 47 millions, the real value of these 37 millions would increase, and could purchase as many goods as are now to be bought for 62 millions.

It is then the quantity of the notes and not discredit which has an influence upon their value. The discredit, whatever it may be, has not the least influence upon that value; a result founded upon facts very different, it seems to me, from the common opinion, and which ought to have a great weight in determining the idea to be entertained with respect to the paper money of England, to the means proposed for its discharge, and to the fears which the suspension of specie payments may occasion.

If I were asked at what I believe that the bank of England will pay its notes at sight, I should answer— I know nothing about it, but that my opinion, if I could give one, would be of no kind of importance. And indeed when money of my sort is used by people so cautiously that it is evident no confidence is placed in it, it matters not what it consists of; it is the same as if I were asked, when will a gold coin be substituted for a silver coin.

These phenomena of money entirely new throw great light on its general character, and will produce in the sequel some very extraordinary data.

There is another topic which is not so intimately connected with our purpose but upon which it seems to me that public opinion requires to be enlightened. It is the power which it is supposed England derives from her colonies, and principally from India, the quarter where a company of British merchants possesses an extent of territory more vast than the three kingdoms, and reigns over forty millions of subjects.

The English cannot draw wealth from India but as sovereigns or as merchants. They can bring thence nothing but the amount of taxes laid upon the people, or the profits upon the goods sent there.

Let us see what amount of taxes they receive as sovereigns.

We find in Colquhoun that the several governments of India yield a gross revenue of eighteen millions, fifty-one thousand four hundred and seventy-eight pounds sterling.

The expenses of administration and defence, according to the same writer, amounted to

16,984,274

But we must add to this, the expenses for keeping up and repairing the establishments of the company in India and in Europe, and those of the factories of Canton, in China

355,067

And besides this, the interest of the debt of the company which is not less than forty-six millions, and which originated in the expenses and losses which it met with in establishing its sovereignty

1,694,363

Total of the expenses of the company

18,030,704