

The GrEco Project

Grenville's Economics

Lord William Wyndham Grenville

Correspondence with John Wheatley

[1804-1819]

Transcription: Christophe Depoortère

Wheatley to Lord Grenville¹

[f. 1r]

[?] Hill
Nov^r 6th 1804

My Lord

As your Lordship has been kind enough to take some interest in my endeavour to explain the principles of circulation², I beg leave to offer to your perusal a manuscript chapter of my work on the course of exchange³, as it points out the universal correspondence in the value of money, notwithstanding the different policy, which different nations have pursued in the regulation of their circulating system.

The deteriorated state of our currency may perhaps induce you [f. 1v] to bring forward some measure at the evening meeting of Parliament for the general reform, both of our paper, & coin. The more I reflect on the most eligible means of reform, the more I approve of the plan which your Lordship proposed of compelling the bank of England, together with the Private banks, to withdraw from circulation, at stated periods, these one, two, & five pound notes; & if the general reasoning contained in the manuscript be correct, it will shew, that a favorable exchange must inevitably result from the contraction, & give to the banks the requisite supply of specie for effecting their payment.

[f. 2r] I greatly lament the progressive [?] of temporary expedients, to which government has resorted in the difficulties, that have arisen from the unlimited issue. The restriction on the bank, the circulation of small notes, the coinage of seven shilling pieces, the emission of dollars, & the license to issue silver [?] in Ireland, have been separably sustained as temporary measures. Yet notwithstanding that each act has had a direct tendency to aggravate instead of lessen, the mischief, a disposition is rather manifested to perpetuate than to remove them. The prohibition not the encouragement of substitutes is the only remedy.

The various characteristics of our excessive circulation are remarkably exhibited in the present condition of the currency of [f. 2v] Ireland in a highly unfavorable exchange, in a depreciated paper, in the disappearance of its gold, in the adulteration of its silver, in the

¹ MS in British Library Add. MS. 69082 ff. 1r-2v.

² *Remarks on Currency and Commerce*. London: Printed by T. Burton, Little Queen St., for Messrs. Cadell and Davies, Strand, 1803. pp. 260.

³ *An Essay on the Theory of Money and Principles of Commerce*, Vol. I. London: Printed for T. Cadell and W. Davies, Strand, by W. Bulmer & Co., Cleveland Row, St. James, 1807. pp. 379. Chapter 3: "On the Course of Exchange".

substitution of a miserable paper of the lowest denomination, & still more forcibly in the total debasement of its copper.

These features are not so strongly marked in this country, but the immediate intervention of Parliament is essentially necessary to prevent mere increase.

The flattering notice, which your Lordship has taken of my exertions is the only apology, that I can offer for the intrusion of these papers.

I have the honor to be, my Lord,
With the greatest respect
Your ob^t & very hum^l ser^t,

John Wheatley

Wheatley to Lord Grenville⁴

[f.3r]

Irish Exchequer Office
June 18 1806

My Lord

I am directed by Sir John Newport to forward to your Lordship the inclosed papers, & am desired to request, that your Lordship will have the goodness to return them after perusal.

I have the honor to be my Lord,
Your very ob^t & hum^l Ser^t

John Wheatley

Wheatley to Lord Grenville⁵

[f.5r]

Irish Exchequer Office
Feb^{ry} 3 1807

My Lord

I beg leave to present to you a copy of the first half of my new work⁶, as some of the reasoning, & particularly the inquiry into the payment of our foreign expenditure appear to me to apply to our present

⁴ MS in British Library Add. MS. 69082 ff. 3r.

⁵ MS in British Library Add. MS. 69082 ff. 5r-6v.

⁶ *An Essay on the Theory of Money and Principles of Commerce*, Vol. I. London: Printed for T. Cadell and W. Davies, Strand, by W. Bulmer & Co., Cleveland Row, St. James, 1807. Pp. 379.

situation. During the prosecution of the last man, scarcely a grant of a subsidy to a foreign power occurred, without producing a remonstrance from the Bank of England on the drain of species, which it would [f. 5v] occasion; & no one is more capable than your Lordship, of appreciating the difficulties, to which Mr. Pitt conceived himself to be reduced by the opinion, which he, in common with the directors, entertained, that the departure of money was necessary for its payment- But I hope that I have satisfactorily proved in the chapter, which I have devoted to this subject, that by a proper attention to our circulating system the influx of money may be effected notwithstanding the [f. 6r] discharge of a foreign expenditure to any amount.

I am so fully impressed with the opinion that great & extended subsidies, calculated to draw forth the whole strength of our allies to bear upon the enemy, are the cheapest, in consequence of being the speediest & most decisive, means, by which the French government can be brought to just conditions of peace, that I have taken the utmost pains to explain the facility, with which this remittance may be transacted [f. 6v] without the intervention of specie; & I was pleased to see in the admirable financial system, which you have submitted to Parliament, that you forbore to limit the sum, which it may be hereafter necessary to appropriate to such an object.

I have presented a copy to no one else.

I have the honor to be, my Lord, with the greatest respect & esteem,

Your very faithfully & obedient humble servant.

John Wheatley

Smyth to Wheatley⁷

[f. 7r]

34 Smith Street
Chelsea
Nov^r 25th 1809

Sir

Having had the honor to submit your letter of the 22^d ins^t to the Duke of Kent I have received this Royal Highness commands to acquaint you, that your wishes relative to Lord Grenvilles interest at the ensuing election for the Chancellorships of Oxford, had been

⁷ MS in British Library Add. MS. 69082 ff. 7r-7v.

anticipated, by M^r [Maires?] having been canvased in His Lordships [f. 7v] favor prior to your application.

I am at the same time to request that the interest His Royal Highness has used upon this occasion, may be confined to *our* knowledge, and that of Lord Grenville.

I have the honor to be Sir

Your m. o. H. Servant

G S Smyth Colonel⁸

John Wheatley Esqr.

Wheatley to Lord Grenville⁹

[f. 8r]

4. Portman Street
Jan^y. 27. 1810.

My Lord

I am much flattered by your Lordship's kind attention to me in sending me a copy of your letter to Lord Fingal- I have read it with the interest, which the grave & dignified character of the composition necessary excites, & if I may be permitted to say so, with the utmost delight at its perspicuity & elegance. During the contest for the chancellorship, I was exceedingly pleased, that [f. 8v] you suffered the Petition to have its full effect against you, without any attempts on your part to explain away the insinuations, which your adversaries drew from it. But what would then have been an act of humiliation, is now an act of honest pride, & I am happy, that you have come forward, in all the triumph of victory, with a free & voluntary declaration of your sentiments that manifest to the world, that the confidence, which now [f. 9r] reposed in you has not been unworthily bestowed.

In its moral & political tendency, I think the latter calculated to do much good. What effect it may have on the existing *catholic* Bishops I know not. I trust it will have the desired one. But in this country it will diffuse more than any publication, that has been made, a general sentiment of charity to the catholics, & by removing the groundless apprehensions, that were entertained for the [f. 9v] safety of the established church conciliate the opponents to the cause.

⁸ George Stracey Smyth (1767-1823)

⁹ MS in British Library Add. MS. 69082 ff. 8r-9v.

I have the honor to be, my Lord, with the greatest & much sincere respect

Your very faithful & ob^t ser^t

John Wheatley

Wheatley to Lord Grenville¹⁰

[f.10r]

N^o. 4. Portman Street

Monday even^s

[Jan. 1810]

My Lord,

I should be very sorry to be a party to any measure that should be the least inconsistent with your Lordships feelings of propriety, & I shall be most ready to accede to your wishes, with respect to the proposed dinner to celebrate your election to the chancellorship. I certainly did not myself intend that the dinner should have been public, as I am much too insignificant [f. 10v] to have originated & given effect to such a proposition. It was merely intended by Mr. Wrottesley & myself that there should have been a private meeting of the friends who attended the committee in St. James Square without any reference [whatever?] to a public advertisement. But I communicated our intention among others to M^r. Tyndale of Lincoln's M^r. Fields & he, tho' I do not in the slightest degree mention it to his blame, without any authority from me or M^r. Wrottesley inserted the advertisement in the papers. [f. 11r] He may perhaps have gone too far in making this exhibition of his zeal but without communication with you Lordship I am not precisely awake of the considerations that evince the impropriety of the commemoration. Immediately that I read the advertisement I was certainly sensible that he had appointed too early a meeting, & I called upon him this morning to explain to him the inconvenience of it, & to request that he would propose Saturday & in night instead of the evening Saturday. I am pleased to see by your Lordship's letter that this postponement in some [f. 11v] degree accords with your Lordship's sentiments, but should you when further deliberation think that an entire abandonment of the dinner would be preferable, I will certainly cause it to be relinquished. I will have the honor to wait whom your Lordship tomorrow morning to learn your wishes.

¹⁰ MS in British Library Add. MS. 69082 ff. 10r-11v.

I have the honor to be with the greatest respect your most faithful
& ob^t & hum^l Serv^t

John Wheatley

Wheatley to Lord Grenville¹¹

[f.12r]

35. Somerset Street
Portman Square
Oct^r 30. 1810.

My Lord,

As some particulars respecting the state of the Kings health have come to my knowledge, I beg lean to communicate them to you, tho' I may very probably be repeating what you have heard more fully from others. Since Thursday, he has been exceedingly restless & feverish, his pulse are low, he talks incessantly, & he has been capable of procuring now, on very little sleep. The frequent repetition of the awful [f. 12v] scene of parting with the Princess Amelia, & the kind & tender exclamation, which her affectionate disposition prompts her to make to him, have completely over powered his constitution, & would, I think, have over powered the constitution of any one. Removed as I am from the sphere of the court, it is impossible not to lament, & participate in his afflicted situation. It is the opinion of ministers, that there is too much reason to apprehend that his mind cannot be [f. 13r] saved.

I am sorry that M^f Marchant has been so shamefully dilatory in the execution of the medal. I fear he has not touched it, since my departure from town about two months ago. He has now promised to complete it by the 15th of November, but it is impossible to place any reliance on his promises from his having so repeatedly broken his word, I have proposed to Mr. [?], that he shall have no more, than half what we originally intended to give him. [f. 13v] I beg my respectful compliments to Lady Grenville, & have the honor to be, my Lord,

Your very faithful & obt servt.

John Wheatley

¹¹ MS in British Library Add. MS. 69082 ff. 12r-13v.

Wheatley to Lord Grenville¹²

[f. 14r]

35. Somerset Street
Nov^r 7. 1810.

My Lord,

I feel greatly obliged to your Lordship for your kind invitation to Dropmore, & will have the honor of waiting upon you on Saturday next of it should not occasion any inconvenience. But I have received a letter from M^r Wymore, in which he states that it is your Lordships intention to be at Bristol on the 14th, & it is possible, that your arrangements for your [f. 14v] journey may make it desirable, that my visit should be postponed to another opportunity. But should I receive no letter from your Lordship to desire me to defer it, I will avail myself of your goodness on the present occasion, & be at Dropmore on Saturday.

I have the honor to be, my Lord, with the greatest respect,
Your very ob^t & faithful Serv^t

John Wheatley

Wheatley to Lord Grenville¹³

[f. 15r]

[27 Mar 1811]

My I take the liberty to request your Lordship perusal of the letter, which accompanies this letter, on the rise in the nominal value of dollars. It is, indeed, a hasty composition, but I trust that its reasoning is correct.

I have been engaged with my friend M^r [Madostus?] in canvassing the borough of Boston, or I would have sent a more general statement before.

[f. 15v] I have the honor to be, My Lord,
With the greatest respect,

Your very faithful & ob^t Serv^t

John Wheatley

35. Somerset Street
March 27. 1811.-

¹² MS in British Library Add. MS. 69082 ff. 14r-14v.

¹³ MS in British Library Add. MS. 69082 ff. 15r-15v.

Wheatley to Lord Grenville¹⁴

[f.16r]

[2 April 1811]

My Lord,

Should your Lordship be inclined to pass any observations on the conduct of the Spaniards, the inclosed letter of my elder Brother who commanded the left wing of our army, will furnish some materials for them – the served under Sir John Moore in the first campaign & from that time to now [f. 16v] he has never ceased to reprobate the measures of ministers in the Peninsula.

I have the honor to be my Lord, with the greatest respect
Your faithful & ob^t Serv^t

John Wheatley

35. Somerset Street

April 2. 1811.-

Wheatley to Lord Grenville¹⁵

[f. 18r]

Somerset Street

July 4. 1811.-

My Lord,

I am sorry that I was not at home yesterday upon the arrival of your obliging note to have sent your Lordship an answer by return of the post. It will give me great pleasure to wait upon your Lordship the [latter and of ?], I will say, if you please, [f. 18v] on Friday, but should any new engagements occur to make that day inconvenient, I hope your Lordship will not scruple to put me off to another opportunity, as I beg have to assure you, that it will always gratify me to accommodate my time to your convenience.

I have the honor [f. 19r] to be, my Lord, with the greatest esteem
Your very faithful Serv^t

John Wheatley

¹⁴ MS in British Library Add. MS. 69082 ff. 16r-16v.

¹⁵ MS in British Library Add. MS. 69082 ff. 18r-19r.

Wheatley to Lord Grenville¹⁶

[f. 20r]

N^o3. Chapel Place
Vere Street
Nov^r. 7 1816.

My Lord,

I am afraid your Lordship will think, that I have taken a very unwarrantable liberty with your name in addressing a public letter to you in your public character as a statesman on the distress of the country¹⁷. My reasons for doing so will appear in the letter, which I hope you will do me the favor to read. Whatever your Lordship may think of my argument, I am sure you will be friendly to the discussion, as [f. 20v] the more this subject is inquired into, the more likely we are to find out the cause, & apply the proper remedy.

I was in hope, that I should have been in your Lordships neighbourhood before this, & have been able to have waited upon you in person in order to have communicated with you on the subject- It is a long time since I have had the pleasure of seeing you- From these last two years, I have been living in the north of England, & have been preparing an Inquiry into the [f. 21r] Administrations & Political System of the B?, but very little to my own satisfaction. To this work I have alluded at the close of my letter to your Lordship. It will be finished, I think, by the Spring.

I beg my best compliments to Lady Grenville, & have the honor to be, my Lord, with the greatest respect

Your Lordship faithful & obt servt.

John Wheatley

Wheatley to Lord Grenville¹⁸

[f. 22r]

[7 Nov 1816]

My Lord,

I have just heard that the copy of my letter which was forwarded to your Lordship was sent the [Hounslow ?] instead of the Uxbridge road, & as I am fearful that it may not have reached you, I hope you will

¹⁶ MS in British Library Add. MS. 69082 ff. 20r-21v.

¹⁷ *A Letter to Lord Grenville, on the Distress of the Country*. London: Printed for J. Ridgway & Sons, Piccadilly, 1816. Pp. 87.

¹⁸ MS in British Library Add. MS. 69082 ff. 22r-22v.

have the goodness to excuse me from sending this duplicate, as I should be very sorry, that you saw a letter to yourself advertised in the [f. 22r] newspaper, of which thro' some mistake you had not received a copy.

I have the honor to be my Lord

Your obedt hml Serv^t

John Wheatley

Wheatley to Lord Grenville¹⁹

[f. 23r]

Calais Jan^y. 19. 1819.

My Lord,

Permit me to offer to your Lordship consideration the following calculations illustrative of the reasoning of the Public letter, which I had the honor to address to you.

During the greater part of the year the bank of England note, or pound sterling, sold on the continent from 15 to 16 francs, as the state of the exchange will clearly shew –it now sells for 25 & 26 francs or two fifth more- has raised, I will say, during the war, £600,000,000 (I have no data here to ascertain the precise amount) which at [f. 23v] five per cent interest is £30,000,000 a year. But as 15 is to 25 so is £600,000,000 to £100,000,000, & as 15 is to 25 so is £30,000,000 to £50,000,000 we are now paying in real value £50,000,000 for the £600,000,000 raised during the war instead of £30,000,000, which was agreed upon, & for this interest the public ought to have received £100,000,000 instead of £600,000,000.

Looking at the subject in another point of view had the pound sterling been at par during the war, that is at 25 francs, two fifths more than it was, [f. 24r] we should have required only £360,000,000 instead of £600,000,000, & we should now have been paying only £18,000,000 instead of £30,000,000, because £360,000,000 at 25 francs the pound sterling is equal to £600,000,000 at 15 francs the pound sterling, & £18,000,000 at 25 francs the pound sterling is equal to £30,000,000 at 15 francs the pound sterling.

Estimating therefore the pound now at 25 francs, instead of 15, the public should either have received a capital of £400,000,000 more, or it should pay an interest [f. 24v] of £12,000,000 a year less, as £30,000,000 is now²⁰ full interest for £1000,000,000 borrowed during

¹⁹ MS in British Library Add. MS. 69082 ff. 23r-27v.

²⁰ “now” is inserted.

the war, & is £12,000,000 more than £600,000,000 converted into the war value of our money ²¹ ought to command. Such fraud confusion & mischief has the reduction of our currency occasioned.

The same difference of value in the pound sterling runs thro' all the contracts of society, affecting rent wages & taxes in the same manner – the landowner, the army & navy, servant & labourer, as well as the fundholder, receive where they do [f. 25r] receive, two fifth more than their due, but as only three shillings from the fall of prices are now obtained by the farmer & manufacturer for the sale of their goods where five shillings were obtained before, the contracts can only in a few instances be performed, & where they are performed, are paid from the capital not the annual profits of the party who is bound to pay.

The reduction of our currency exactly corresponds with this statement being precisely diminished two fifths in amount. By the best calculation, that my friends & myself could [f. 25v] make from the returns of the stamp duties, the amount of country bank notes up to 1814, when the bankruptcies occurred, was £40,000,000. By the run that ensued after the failure of the Boston Lincoln Leicester & Derby banks they were reduced, according to the same returns, to about £19,000,000 or £20,000,000. The bank of England at the same time contracted its notes from nearly £90,000,000 to £22,000,000- the whole amount of paper in circulation during the year was therefore 70,000,000- from what take £28,000,000, the sum that [f. 26r] was withdrawn after the failure of the banks, & the reduction will precisely be two fifths.

Were an accurate estimate made of our prices, there can be no doubt that they have exactly fallen two fifths also. But as there is but little difference between $\frac{2}{5}$ & $\frac{1}{2}$ it is certainly better in reasoning to say that the nation has lost half its currency, half its income, that prices have fallen a half, & that therefore we can now only pay a half, than use the term two fifths, which is less intelligible to those, who have paid but little attention to the subject.

[f. 26v] These are facts that cannot be contradicted, & how is it possible for a country that has lost two fifths of its currency, or in other words two fifths of its income, as those who pay rent wages & taxes receive no more than three pounds where they received five before, to make the same payments as when they receive five.

This is the sole cause of the distress of the country, & for this, ministers who always [?ted] of an extended & increasing currency are responsible.

²¹ “could” is inserted.

[f. 27r] Just before I left England I met an old friend & zealous reformer. He was very glad to see me, & not very sorry at the ripening of the times to his purpose “we shall soon have loan with pension now” he said. “That will be accomplishing a great good. We now pay £100,000,000 a year to government, we shall then only [have] to pay £99,600,000”. “Pooh! Pooh! [&?] you think we shall stop there- we shall apply the [?ge] to the national debt &c”.- This & much more is what is really intended, & to this party ministers by their folly have given the firebrand.-

I have the honor to be my Lord with the greatest respect & esteem &c &c.

J. Wheatley.

I beg you will not think of answering this.

Wheatley to Lord Grenville²²

[f. 29r]

7 Gloster Place
New Board
Febry. 9. 1819-

My Lord,

As I perceive your Lordship’s name in the committee on the bank restriction act, I beg leave to bring together a few leading points on the subject of currency, though they are little more, than a recapitulation of what I have already advanced in print.

From 1696, when the bank was established, to 1782 no note was circulated below the value of £10, & no scarcity of coin was [f. 30r] known- Between 1782 & 1798 country banks were every where set up, & by the circulation of small notes displaced the coin, which was remitted to town, & invested in the funds- Species then disappeared from the country, but till 1797 as the bank issued no note below £10 it continued to circulate in London- after 1797 the bank issued one, two, & five pound notes, & the exchange becoming unfavorable [from?] a redundant currency, specie disappeared altogether.

[f. 31r] Since the establishment of country banks there have been four [runs?] in 1793, 1797, 1803, & 1814- the distress occasioned by the contraction of their paper might almost be said at each period to have been productive of a general bankruptcy. In the beginning of 1814 the

²² MS in British Library Add. MS. 69082 ff. 29r-36r.

number of country banks to the best of my recollection was about 800- Their paper according to the stamp returns amounted to £40,000,000- [Pring the run] by the same returns it was reduced to £18,000,000- The bank of England at the same [f. 32r] time contracted its paper from £90,000,000 to £21,000,000- the whole circulation was thus reduced from £70,000,000 to £39,000,000, or nearly one half- the number of country banks is now 555- The rest failed.-

The alarm has subsisted, & the return of our prosperity is the return of our prosperity is the return of paper – I should conceive, from the readvancement of prices, that the amount of paper was nearly as great now, as in the beginning of 1814.

[f. 33r] While the circulation of small notes is permitted, it will be impossible for the bank to resume its cash payments: a run upon the country banks would break it at once, as was really the fact in 1797.- It is absolutely necessary, that they should be prohibited, & that we should return to the system of currency, that prevailed between 1696 & 1782 having no note below £10- Though I should wish an improvement to the system by allowing none below £20.-

[f. 34r] The way to re-establish this system, as I have pointed out in my publications, is to declare the issue of one pound notes after a given time illegal, then the two, & then the five – The contraction of paper, which the operation of this law would occasion, would necessarily make the exchange favourable- but great care should be taken not to let the contraction proceed to an injurious extent. This may be prevented either, by the bank coming to an arrangement [f. 35r] with the most respectable country banks, & giving them cash for good bills, that specie might appear, as fast as token was withdrawn- Or- by the appointment of confidential agents of their own, by way of branches from their houses, to discount bills for specie on their own account in opposition to the country banks. Of these two modes I prefer the latter- By adopting this plan the bank may open in nine months- By continuing the present system periodical [f. 36r] runs & periodical national bankruptcies will necessarily recur.-

Between 1696 & 1782 the exchange was, generally speaking, favorable, notwithstanding our war & foreign expenditure, which in reality have no prejudicial effect upon it- It is affected by nothing but a greater or less amount of circulating medium.

I have the honor to be my Lord, with the greatest respect

Your ob^t & faithful humble Serv^t

J. Wheathey.

Wheatley to Lord Grenville²³

[f.136r]

The [Horn?] of Portsmouth
May 5th 1822

My Lord,

I am exceedingly sorry, that it was not in my power to pay my last respects to your Lordship, before I came on board, but I had orders to embark much sooner than I was aware of, & at last had scarcely time to do what was necessary at the [?] house. Whatever good may betide me in the past it is to your [f.136v] original kindness that I shall owe it, & I shall ever remember with the most grateful feelings the flattering notice you took of me in my early life. The imsetted goodness of M^r & M^{rs} Charles Mynn through the whole of my domestic misfortunes has been a great alleviation to me, & I now trust by this patronage that I shall be capable of making a suitable [f.137r] provision for my family.

I beg my respectful compliments to Lady Grenville, & with the best & sincerest wishes for your Lordship happiness, & that of your whole family, I have the honor to be my Lord, with the greatest esteem & respect

Your Lordships much
Obliged & faithful Ser^t

John Wheatley

²³ MS in British Library Add. MS. 58986 ff. 136r-137r.