

Lord William Wyndham Grenville

Commercial Credit Bill
(1811)

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COMMERCIAL CREDIT BILL.

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Lord Grenville rose and addressed the House at considerable length upon the policy of this measure. He adverted to the irregularity of discussion which had interfered with the natural course of the debate, for he did not perceive how the calculation of the rate of exchange in Ireland was connected with the merits of the Bill upon their lordship's table. It had been expressed by some noble lords during this night's debate, that no one, whatever variety of opinion might exist upon the policy of this Bill, would be bold enough, to give his opposition to granting this relief to the distresses of our merchants. For himself, he was desirous that he should not be included in that general observation. No love of popularity, no dread of public obloquy, should ever intimidate him in the discharge of his parliamentary duty. During the many years of his public life, he had ever been determined to act on all occasions as it seemed best to his own judgment, without any regard to the praise or the censure of the world, ever satisfied with the consciousness of having done his duty according to his own notions of rectitude. From these principles, which had at all times actuated his public conduct, he was determined never to depart; and on this occasion he must declare, for one, that he was prepared to give his opposition most decidedly to this Bill. But at the same time, it should be understood, that he was by no means disposed to deny relief to the distresses of the merchants and the manufacturers of this country. No; on the contrary, it was from his wish to afford them relief that he was led to oppose the present measure. The very ground and reason of his opposition was, that instead of this Bill being likely to produce in its effects any relief to the distressed commerce of the country, it was calculated to aggravate all our commercial calamities. Even the very evils [533] alleged by its supporters as the causes of these misfortunes, must, in his judgment, be materially increased, and not lessened, by the remedies proposed. The principles of all commercial and political economy would be departed from, without any of those excuses which, under extraordinary circumstances, might justify such departure. It had been said by a noble

friend that he rejoiced to hear this night so many noble lords admit the policy and justice of general principles, and that he was glad to find a general concurrence of that House in their propriety, although they departed from them upon this particular emergency.—On the contrary, he (lord Grenville) was sorry to hear the general admission of just principles in debate, because it seemed the growing habit of the noble lords opposite, to admit every wise and just principle in their speeches; and that seemed in their minds to authorize a decided departure from every thing just and wise in their conduct. It reminded him of the preambles of the edicts of the comptrollers of France; for, in proportion as the preamble breathed sentiments of justice, morality, and benevolence, in the same proportion the laws which were founded upon them contained provisions fraught with injustice, oppression, and wanton cruelty. It would be found, that these preambles were remarkable for their composition, for the sentiments of justice and clemency they expressed; and the laws succeeding them, equally detestable for their oppression and cruelty, exceeding those of every other legislature. Just so the noble lords opposite were continually admitting the justice and expediency of general principles, but it by some means happened, when they assented most to the justice of such principles, it was the precise time when they were violating them most in their practice.

He did not mean hereby to charge the noble lords with a deliberate intention of thus violating these principles, or intentionally devising a measure to injure the true interests of the commercial world; and least of all would be ascribe such intentions to the department in which this measure originated; but, on the contrary, he would give them the credit that they were, on this occasion, actuated by a wish to relieve the mercantile interest of the country. At the same time, either from the urgency of particular calamities, or from causes of another description, it had [534] become their general, and he must add, their preposterous policy to try to avoid permanent evils by means of partial remedies. Could any noble lord venture to say, nay he would defy any rational man to prophesy, that the present distress of the commercial world would be of temporary or short duration?

The precedent of 1793 had been introduced as a maxim for the propriety of adopting the present redress for the distress of the merchants and the manufacturers. With respect to that precedent, as it was termed, he was one of those who were concerned in devising the measure; but as it had been correctly observed, the distress of that period was wholly different from the calamities of the present day: still, however, he must add, that from experience and reflection, he was convinced the measure was founded in wrong policy. As one of those who were concerned in the measure, he was perfectly ready to take upon himself the avowal of his error, for he was afterwards satisfied in his own mind, that, although he had acted from the best of his judgment at the time, the measure of 1793 was unwise and impolitic, as likely to be productive of considerable injuries to the mercantile world. The present discussion was one of those injuries; for he had now seen the danger which resulted, when the proceeding of that year was argued to be a precedent, and thus the trading world would be induced continually to look towards parliament for relief from every misfortune which might arise, from not only casual misfortune, but from failure in speculation. He was glad to hear this night what he had not understood before, that the noble viscount (Sidmouth), when in office at the beginning of the present war, had rejected the applications of many merchants for relief, and that he did so upon the ground of his considering such interference as contrary to the general principles of commercial economy. He honoured the noble viscount for his conduct upon that occasion, and he agreed with him that mature consideration had demonstrated the impolicy of the measure of 1793; but he was considerably surprised to find the noble viscount disposed, notwithstanding, to give his support to the present measure, and yet under doubt and hesitation of its being likely to be successful. It was ever the conviction of his mind that no relief ought to be granted to any class of individuals, but under two [535] particular conditions: First, the relief should be called for and extended upon the principles of justice. Secondly, relief should be granted when the means which could be used would be adequate to obtain the object of redress. If he were to examine the claim for the present relief upon those principles he should find no existing ground for extending that relief in the mode proposed by the present Bill.

Did any man conceive that the means would procure the relief intended? In his own opinion, as he said before, there was no doubt but they would increase the evil. The measure deserved no other appellation than a palliation.

In adverting to the report of the other House, now upon their lordships' table, he could not help noticing the partiality which pervaded it with respect to tin-assigned causes of this national evil. It was said that the cause was to be traced to the spirit of over-trading, which had induced our merchants to speculate to an extreme to South America. Would then lordships suffer themselves to be persuaded that the whole of our exports to South America, taken in toto as loss from a spirit of overtrading, would account for the magnitude and extent of the evil which existed? Sure he was, that the whole of that traffic would bear a comparatively small influence upon the rest of our immense trade. He could not but wonder at such a report ascribing this evil to the overstocking of the South American markets. But did not the Committee recollect that the ports of the continent were shut against our commerce, which alone was a much more considerable cause of distress than the overtrading to the continent of South America? and though they denominated the latter a temporary inconvenience, were they not sensible that the former was an evil of a permanent description? Not one word was, however, said of this evil being the origin of our distress: indeed a noble viscount had that night observed that our trade had suffered from the malignant spirit of our enemy; but he had omitted to name another source, namely, our own policy, which in destroying our amity with the continent of North America, had tended most materially to affect the prosperity of our commerce. The policy of ministers had led to a fatal calamity in the commercial world. When in office, he and his friends had been attacked because they were unwilling to have recourse to measures of retaliation. [536] It was not from any hesitation to oppose the measures of the enemy that they forebore to retaliate, but they abstained from acts of retaliation out of regard for the salvation of the merchant. What they apprehended, the king's ministers had since experienced to be true, and one part of their avowed boast had been woefully verified to the cost of the merchant; for this country, to use their own expression, was become the general storehouse and repository

for the produce of the world. These triumphant predictions had come to pass, and the consequence of them was, the merchants and manufacturers were obliged to approach the bar of parliament with uplifted hands, and implore relief for that distress which they had incurred through the weak and short sighted policy of the present administration. But still our exclusion from the continent, or the interruption of our amity with North America, was not, in his judgment, the sole cause of his distress; there was another material source from whence our commercial calamities had arisen. We had been for some time making efforts to which our strength was not competent, and when they would have ceased from principles of limited resources and natural restriction, they were still continued by artificial means. Perhaps the great facility of obtaining fictitious capital through the extended issue of bank paper, had led to the evil of the present day. While the Bank of England was not permitted to increase the circulation of their paper currency, the evil was likely to correct itself. But that system of loan, and that facility of credit which he had long known and experienced as injurious to the country's welfare, had continued to increase the issue of bank paper, and to depreciate the circulating medium of the kingdom.

It was thus that fictitious capitals were raised, and unnatural efforts made to extend commerce; and as that commerce became extended, still more paper was unavoidably issued to supply the want of fresh capital. Thus then paper and overtrading reciprocally acted upon each other—the issue of bank paper created a spirit of over-trading—the effects of over-trading rendered a still further issue of paper indispensable—and the consequences of both had been the depreciation of the circulating medium, and the commercial distresses now proposed to be relieved. He was not disposed to impute the smallest blame to the Bank of England; it was a corporation, and its directors, as its servants, were bound to consider and promote the interest of the bank, but responsible by no obligation of particular duty to the public or to the government. It appeared, however, since this system of policy had been adopted by the government, that the advantages gained by the bank had been immense: their stock having increased in value to the extent of 150l. per cent. whilst the stock of nearly every other company or commercial corporation had

deteriorated. The public were losers certainly by the gain of the bank; but still it was not to that corporation, which had as much right as any banking house to attend to its interests, that he imputed the blame. It was to the government and even to parliament itself that the censure was particularly due. He would ask their lordships how these six millions of Exchequer Bills granted for the relief of the merchants and manufacturers would operate upon the public? For himself he was of opinion that it would operate in the way of increasing the paper currency, and also by adding to the existing amount of fictitious capital, and thus in both ways it would be found equally injurious from the effect it must have in depreciating the circulating medium. Thus then one of the great evils, which gave birth to this application, would be considerably aggravated; for it was provided by a particular clause in the Bill, that the Exchequer Bills to be issued, should pass into the hands of the bank, which would cause a correspondent issue of bank paper, and enable new speculators to adventure still more upon such fictitious capital. It was his most decided opinion that parliament ought to look the difficulties of the country boldly in the face, and not content themselves with the adoption of partial or palliating measures, as if these difficulties and distresses were likely to be of a short and temporary duration. The war in which the nation was engaged would not probably soon be terminated; nor were the ports of Europe likely to be speedily opened to the commerce of this country. Would it not then have been infinitely better to regard the existing evil in its true light—to look the situation of the country manfully in the face—to resort to such measures as would afford some fair prospect of remedying the evil confessedly existing, rather than to content themselves with the adoption of half measures, in the doubtful and desperate hope, that they may alleviate for the moment [538] the severity of the mischief. His lordship then proceeded to comment upon the impolicy of the orders in council, which he reprobated in strong terms; as by their operation neutrals were prevented from importing into the ports of the continent the manufactures and produce of this country and its colonies, and concluded by declaring his decided opposition to the Bill.