

Lord William Wyndham Grenville

Gold Coin and Bank Note Bill  
(1811)

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## **GOLD COIN AND BANK NOTE BILL.**

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Lord Grenville would not follow the noble and learned lord in his observations on the Catholic question, but would come immediately to the subject before their lordships. The noble and learned lord had most grievously disappointed him in the hope which he cherished—most confidently cherished, from some observations in the outset of his speech; that he would have distinctly stated what would be the effect of this Bill. But, after listening with the utmost attention, he still remained on that point in the most complete and total ignorance. The noble and learned lord told what every one knew, that landlords had various remedies against tenants for the recovery of their rents; that they might proceed by the different modes of distress, ejectment, action of covenant, or debt. From the language of this Bill, he presumed it took away the remedy of distress. Now', what he wanted to know distinctly from the noble and learned lord, was, in what situation the landlord would stand with regard to his tenant, when this Bill should have obtained the sanction of the legislature? Would they still retain the remedy by ejectment, and action of debt and covenant? The noble and learned lord has not told us, continued lord Grenville, how they will stand in this respect, though, as I understand it, they are still to retain these remedies—but a more alarming view of the subject than that taken by the noble and learned lord, I never before heard in any discussion upon any question. Recollect, my Lords, the effect will not stop with the landlord and tenant; it will pervade every contract, every transaction of exchange in this commercial country; and, astonishing and painful as it was to me to hear the speech of the noble [854] and learned lord, I am glad that he has relieved the question from the invidious aspersions with which it has been connected—that he has admitted it to be one affecting not any particular class, but every description of persons in this great trading country. But, the argument of the noble and learned lord is this—that the system was established long ago, and that this Bill is necessary to support it. What then, according to his own description, will be its effect?

He has adverted to all the enormities, to all the horrors which such a system is calculated to produce—and what is the conclusion? What must every one have expected to follow? Surely that the system ought to be abandoned. That, however, is not the noble and learned lord's conclusion. No; but because it is destructive of every fair reciprocity in transactions between man and man—because its continuance is inconsistent with any thing like justice, in matters of contract, commercial or agricultural—because it is ruinous to the public creditor—because it completely overturns the radical and fundamental principles of exchange, and agreements of every description—you are to aggravate and extend the existing evil by making it impossible for one man—nay for one transaction, to pass, without feeling its effects.—I beg your lordships to attend to the picture which has been presented to you, of the consequences with regard to men in indigent circumstances; the noble and learned lord has, indeed, rather drawn his illustration from men in middling circumstances, and he asks whether, when he brings his commodities to market and can only get bank notes, he is to be driven from his house because the landlord chuses to be paid in gold. But, my Lords, if we are to argue upon the admission that the evil exists, I desire to ask, where is this to stop? If the man of middling circumstances is to be driven from his house because he cannot get gold, how will it be when a further depreciation takes place, and when the same destruction overwhelms the poorest masses of the community? When they will not only want a house, but the bread necessary to sustain existence? Is the noble and learned lord ignorant that the labourer is in many cases by law confined to a particular spot? Here, he may say, I am compelled by your laws, to remain, and yet, by these laws the depreciation of bank notes in which atone I am paid, is such that I cannot [855] procure the bread necessary to sustain life from day to day! My lords, I am putting no speculative case. Is he so little acquainted with what took place in France? Does he not know that the fatal law of maximum was produced there by the very argument which he now uses, that it was acted upon for the very reasons which he now urges in support of this Bill? And yet, he, who lived at the time this transaction was passing—he who saw the dreadful consequences exemplified before his eyes, even he advises a similar

proceeding, and supports his advice upon similar arguments and principles? I therefore, my Lords, take up the argument in a view directly opposite to his; and, if he has the charge of 25 millions of the property of his Majesty's subjects, and if the country is brought into such a situation that he is unable to guard against a loss of five millions upon that sum, a loss of full 20 per cent. I conjure your lordships to pause now at length, since, you have not done it before, when he, lays before you not only what will be the effect of a continuation of the system, but what has been the consequences of your persevering in it up to this time.

But the noble and learned lord tells us, that the system must go on because it was established in 1797. Now, I should like to know what was enacted in 1797. I always thought I knew till this night; till I heard his speech this night, I never thought there had been any doubt then whether or not bank notes should be made a legal tender. He says that he was adverse to the making bank-notes a legal tender, and that he would not enquire what had been the opinions of others on that point.—I understand the insinuation, my Lords, and I will tell him what was my opinion.—I was decidedly against making bank notes a legal tender. I and others were anxious that they should not be made a legal tender by any shift, means, contrivance, or upon any pretence whatever. I wish he had spoken out, and told us what he conceives the law to have done. I conceived, and thought till this night that every man in the country could have no doubt about it; that in 1797 the law took away the power of arresting the person previous to the suit and that only; but that every other legal remedy remained in the same full force and effect as before. There is not the least pretence that the law then made a distinction between landlords and other persons. [856] They all, with the exception above stated, had their full remedy as before the act. Such was the law, as I understood it, if it is otherwise, it is high time that we should understand what it is. Your lordships cannot be ignorant what a shock has been already given to public confidence and credit, by this Bill and by the speeches of the ministers; but that has been little compared with the effects that must be produced by the speech of the noble and learned lord this night unless I misunderstood him. No triumph in debate, nor any other triumph over the noble and learned lord, would give me half the pleasure, as to hear him distinctly state, that the law with

respect to the legal tender stands now as it did in the year 1797, except as to the arrest previous to the action. Instead of that, you heard him say something about giving relief in equity. I should be sorry to ask him to go any great length in giving his opinion here extrajudicially; and indeed I think he has gone far enough already; but I hope nothing has as yet been done to make the law different from what it was intended in 1797 it should be. Now, my Lords, with respect to the proceeding of 1797, it was considered as a temporary and necessary act, and therefore an act of wisdom; and I think the noble and learned lord laid down the distinction accurately, that there ought to be no interference with private contracts, except in cases of necessity. Necessity then required the suspension, as I believed, and painful as it was to have recourse to that measure, still it was justified by the necessity, but by that only. I am satisfied, therefore, that the original suspension was wise, but I do not entertain the same satisfaction at the recollection that the act was continued. I have of en said, that on reflection I was long since satisfied that there was no necessity for continuing the suspension till the end of the then existing war, and of course, that the continuation was improper. I deeply regret, my Lords, that it took place, and therefore I protest against any inference being drawn from that circumstance. Noble lords argue upon a complete fallacy, upon a total misrepresentation, when they describe the situation of the country as resting upon the act of 1797. That measure extended the suspension no further than the conclusion of the then existing war. But it was continued when the necessity had ceased—when I, standing almost alone, most earnestly opposed, the [857] measures that were then pursued; and in no part of my public conduct do I exult more than in that opposition. Every shadow of necessity had vanished: the country was in a situation in point of public credit, of finance, of currency, of the rate of exchange, that no longer required any regulation of this kind; the price of bullion, and, in short, every thing that any man had ever conceived as affecting this question, became so favourable, that it was not only advantageous, but perfectly easy to have put an end to the restriction. The act was continued first for a short time, and at last till the end of the war. When the present war broke out, it was likewise continued till the end of this war; but upon no argument that would not equally apply in the case of any war whatever;

and thus, in addition to the hardships and burthens to which war necessarily subjects the country, it is to be always exposed to the additional misfortune of being enfeebled in the means by which the war must be carried on. There was not a shadow of pretence for continuing the restriction at that period. My noble friend said, that the bank directors came to the ministers, beseeching them to remove the suspension. I give them credit for their conduct, I give them credit for foreseeing, not only the injury to themselves, but the mischief which the restriction must occasion to the country, if continued during the whole course of the war.

There is another small observation not to be passed over; when the system is defended on the ground of the act of 1797, let noble lords consider the difference in the situation of the country. When the restriction was imposed in 1797, it was done in the firm belief that there was in reality no difference between paper and gold; and on that ground it was argued. On the same ground the continuance of it was proposed. The value of paper was equal to that of gold during no inconsiderable part of the present war, and so it might have continued even to this hour, notwithstanding the suspension, had it not been for the system of devouring waste, which it was the glory of ministers to have produced. To all the other hardships of the war, this was added, that we had ministers who made a boast of their devouring waste and boundless profusion. This was the foundation of the present system; and when they ask. Where is the remedy? I reply, one-remedy is to depart from the system; [858] to revert to a course of measures to which your means are adequate; to revert to the real policy of the country. After the picture given by the noble and learned lord of the misery to which the subjects of the empire will be exposed from this system, do not waste the resources of the country in a manner unparalleled in the annals of the nation; do not continue to squander its means at a rate which you have not the smallest hope of keeping up. Without this any plan of relief would only vary the form of the distress. Great as are the resources of the country, a perpetual expenditure of 90 millions cannot be supported. The remedy proposed in this Bill is one which I denounce as calculated to aggravate the mischief a hundred fold. The obvious means of relief is this; consider what measures brought you into this situation, and retrace them step by step. The noble and learned lord asks, is there a

man who would dare to propose that the restriction should, in the present circumstances of the country, be removed? Is he to learn, that when government pursues an erroneous course to a great length, though the pernicious consequences may be clearly seen, yet the subject will not always admit of a sudden and total remedy. The wise plan is to go back, step by step as you advanced; but the proposal of our present ministers is, since they are wrong, to go on from error to error till the mischief is irretrievable. If ministers disavow the principle of the restriction, much may yet be done; the first thing is, in their speeches here, to declare, that they do not mean to persevere in this ruinous course of proceeding; next, that it is their intention to retrace their steps; and, thirdly, that they intend to examine into the means by which this country may be placed in its former situation. My own opinion is, that if you set seriously about the proper remedy your progress will be more rapid than is generally imagined. So far am I from being liable to the imputation of having concealed my opinion as to the remedy, that I almost stood alone in advising you to retrace your steps, when it might have been done much more easily than can now be expected.

This, then, is my view of the system, and the remedy. The noble and learned lord has given a picture of the distress which a perseverance in the system must occasion, which I am so far from combating, that I am anxious to impress upon your [859] minds that the evil will not be confined to one particular class, but extend to every species of transaction. The question as to the power of distress, the noble and learned lord puts in a most invidious light, and says that the object of the Bill is to relieve the tenant. Now, the question of arrest for debt was lately under discussion in this House, and it was alledged then, that the power of arrest was no less useful to the debtor than the creditor, because it facilitated transactions between man and man, for where the remedy was expeditious and easy, the creditor would be less scrupulous about the security. Apply this reasoning to the case of distress for rent, and I ask whether this remedy is calculated solely for the benefit of the landlord?—whether, in principle, it is not advantageous to the tenant also, as landlords are by these means induced to give leases upon conditions more favourable than they otherwise could or would do? Thus I put the case to him; but to your

lordships I put it on much broader grounds. If the remedy by distress is advantageous only to a few at the expence of many, repeal it wholly. I am sure your lordships have sufficient patriotism to put an end to this remedy, if contrary to the general interests of the country. If it is retained, it can only be on the ground that it is beneficial on both sides; and why, then, should this gross and injurious distinction be introduced? If this Bill passes, it will go out to the country that the meaning of the legislature is, that Bank-notes shall be a legal tender. I think, however, this Bill does not make it legal tender, and always thought so, till the speech which I heard from the noble and learned lord this night raised some doubts in my mind. I hope he will state distinctly what it is intended to do. I hope he will not be contented with talking about delays in law—fighting in the courts—and keeping at arms length; but tell us accurately in what situation he means to leave the Law as between landlord and tenant. If a landlord thinks that the Bank paper is depreciated, no matter however erroneously, but if he thinks so, has he or has he not a right to say to the tenant, I will not take paper; I will be paid in gold, in the lawful money of this country for which I stipulated? It is of great importance to your lordships that this should be clearly understood. It is important, because the principle applies equally to all transactions. If there is a doubt whether real [860] money can be demanded, the matter ought to be determined one way or other; but I own I have this night, for the first time in my life, heard it doubted whether banknotes were or were not a legal tender. When an involuntary exclamation escaped me, my Lords, at one part of the noble and learned lord's speech, it was not because I attributed to him any disrespect to the Courts; but I was astonished how a person in his situation could have described the law, as he did. If the judges could 'have been persuaded' to have declared that to be law which was not, the consequence would have been that bank-notes would be a legal tender. The government attempted to secure their object, by having recourse to obsolete statutes—statutes upon which a proceeding had been declined forty years ago, because they were obsolete—and they did this because they were afraid to come openly with the proposition to your lordships. If there was any hesitation on the subject, it was more from the manner in which it was taken up, and the quarter from which the prosecution came, than from any real difficulty in

the question. But though the judges were persuaded' to adopt this decision, the persuasion was so powerful, that unless I am misinformed they were unanimous. I have therefore the sanction of the unanimous opinion of the judges, that bank-notes are not a legal tender; that they are not government money; and that their tokens likewise are debased coin, not circulated under the authority of the government, and need not be taken in payment' of any debt. I think the Bank of infinite 'advantage to the country, as a main pillar of our commerce and credit; but its utility depends upon its being kept distinct from the government.—His lordship then referred to the writers and the debates on the subject, to prove that this was the view taken of it by men of the greatest abilities, and in the best times of the country. England had been distinguished in this respect from other nations; from France, Austria, &c. whose Banks, from their connection with their governments, had fallen, while that of England, from its being always distinct from the government, had flourished. At last, however, this country had the misfortune to see an endeavour to identify the Bank with the government. The inevitable consequence would be the loss of confidence and credit. This state of things was not owing to the Bank, but to the devouring waste of ministers, [861] who found the system necessary to support their profusion, and therefore made the Bank an engine to support the system.

The noble lord proceeded to argue that nobody corporate could support the value of tokens estimated by a limited or debased standard. Manufacturers might, for the carrying on their own individual trade, issue money of a smaller value, which should be again received in payment, but no private company could maintain a general debased currency. It was now however, sought to give to this system introduced by ministers, not only the authority of government, but the sanction of parliament also. His lordship saw, by an advertisement which had appeared in the papers of that day, that the Bank of England was now in the course of issuing debased tokens by authority of parliament. He was grieved to think that such a measure had been resorted to. He defied any noble lord to shew him the smallest shadow on which parliament could hold such an assumption of power. He denied that parliament had any such right; and he regretted to see that it had assumed it; because, in so doing, he

conceived that it was no longer governed by the old established rules by which it had hitherto been regulated, but that its proceedings had degenerated into a solemn mockery. He desired noble lords to try this question by the test of their own judgment. It was an established law of this country, that nothing could take place of the known standard and given quality of the coin of this country; and now they were to be told, that parliament had sanctioned that that should be taken as the current coin of the country, which was one-fifth less than this standard value. If this were a new question, the solution of it might seem to be difficult, and the mode of adjustment might be doubtful. It was, how-ever, a question of no doubt, and, indeed, was a settled point, that the issuing of debased coin, at its nominal value, was nothing short of a gross fraud and robbery on those to whom it was issued. Then, were their lordships prepared to say that they ought to embrace such a system? Were they prepared, with all those evils, and with all the certain workings to be produced from the measure itself, completely kept in view, to say that this must be wrong, but, as it existed, it must go on until its evils multiplied on the country? He believed, as his noble friend had said, [862] that this was not a measure which had occupied much of his attention; but that he had built his proposition principally on the individual information afforded him. It would have behoved the noble lord, however, to have said from whom he did receive this individual information. He desired it to be recollected, that it was not the case of one or two individuals, which could produce the evils against which his noble friend wished to provide by this Bill. The present Bill went to hold, not that Bank notes are to be held in equal estimation, but that they are in equal estimation with guineas. If such should be the effect of the act, then would the case of every man be equal; but if, on the other hand, one man chose to pay and to receive in payment Bank notes as equal to specie, and another not to esteem them in that light, then it followed that bank notes and guineas were of different values. His noble friend seemed to think that things might differ in their value, from there being a greater or smaller demand for them. He conceived the value to be made up both of demand and of price. It was by both that the value of articles was created. He should be ashamed almost to argue the question if it were not with a person of his noble friend's discerning

faculties. What did the value of any thing consist in, but in the estimation of mankind and in the difficulty of supply? There attached all the difficulty; namely, in the difference between the value of gold and paper. An emperor was not possessed of power enough to introduce a single word into a language; much less could the House of Common" expect to introduce paper into the market as bearing a mercantile price. If this was not so, how could a court of equity affect that which no artifice could change; make a man take less than the value for money. This was an idea which did not exist in the year 1797. Then, there was no difference of value between gold and paper currency, and the circumstances did not then truly apply. He warned noble lords, against the consequences likely to result, from the forcing of such a measure as the present. The consequences resulting from such a measure always did revert with the greater force on the projectors of it, in proportion to the strength with which they wished to protect it. So their lord-ships would find that the moment they gave this artificial eminence to Bank paper, the more they debased it below the [863] level it would otherwise naturally hold. That was the natural consequence to be expected; and the next step of his noble friend, if the present Bill should pass into a law, must be to prepare some measure which should have the effect of steeling the public mind against a still greater depreciation of the paper currency of the country. The natural effect of this Bill would be, that when commodities were brought to the market, they would be sold, if gold was given in payment for them, and would be withheld if any other species of payment was offered. Would not persons holding out their commodities for sale propose them to be sold at a smaller price, if to be paid for in guineas; and at a larger price, if to be paid for in Bank notes? His lordship was not prepared to pass a law, declaring that there should be a money price, and a paper price in this country as between man and man. But this, he was satisfied, must be the effect of passing the present Bill.