

A
LETTER

FROM AN
IRISH MEMBER OF PARLIAMENT,
UPON THE
REPORT OF THE SELECT COMMITTEE
OF THE
HOUSE OF COMMONS,

Appointed March, 2d, 1804, to take into Consideration
THE CIRCULATING PAPER, THE SPECIE, AND
CURRENT COIN OF IRELAND ;

AND ALSO
THE EXCHANGE BETWEEN
THAT PART OF THE
UNITED KINGDOM AND GREAT BRITAIN.

London :

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1805.

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IRISH MEMBER OF PARLIAMENT,

UPON THE

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HOUSE OF COMMONS,

Appointed to inquire into the Coinage

THE CIRCULATING MEDIUM, THE SPECIE, AND
CURRENT COIN OF IRELAND,

AND

THE EXCHANGE BETWEEN

THE PARTS OF THE

UNITED KINGDOM AND GREAT BRITAIN.

LONDON:

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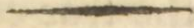
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Houses of the Oireachtas

A

L E T T E R,

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I HOPE you have read the Report of Mr. Foster's Committee, on the State of Exchange between Great Britain and Ireland, and the evidence, which makes a part of it. I have done so with great care and attention; and find I have nothing to repent of in the letter, which I wrote you some time ago upon that subject, when the committee was first appointed. I was even then afraid, that our bank paper might

be treated as depreciated, in the same proportion that guineas have risen in value; and that by these means, the committee might be led away from a full investigation of the real causes of the high rate of exchange, and be induced to seek relief in some management of the paper currency, instead of looking the true causes of that exchange fairly in the face, and stating them to the house, in order that they might be removed, if possible, and exchange once more reduced to par. I am sorry to find, that my fears have been justified in all these respects, by the report of the committee. For, though the true causes of the high exchange have appeared by the testimony of most respectable and experienced men examined before them, though it evidently originates in the balance of demands between the two countries, they have been induced to attribute it to a depreciation of our paper currency; and recom-

mending a measure which, at the utmost, can only be considered as a palliative, have failed to propose the removal of the real causes, which alone can afford substantial relief.

And now let me submit to you a few considerations upon each of these points; and in the first place, allow me to vindicate our paper currency, which is the first subject discussed in the report, as printed in the newspapers, for the accuracy of which I will not answer, though it is probable they are correct. And sorry indeed am I to observe, that the committee, under this head, concludes, that the bank paper of Ireland is depreciated. It has however with great candor assigned the reasons, which induced the gentlemen of the committee to form that conclusion, and which amount to no more than this; namely, that guineas and bank of Eng-

land paper in Ireland bear a premium. It will not be wasting time to examine these reasons with some minuteness. The report states, that “ in Belfast the bills of exchange are purchased with guineas ; in Dublin with bank of Ireland or other banker’s notes.” It adds—“ If the exchange between England and Ireland be stated as it actually exists, where guineas are the circulating medium, your committee would be inclined to think, that it is now, and actually has been in favor of Ireland: but if it be estimated by the rates which prevail where paper is the circulating medium, the exchange appears now, and to have been since 1798, uniformly against Ireland, and to have risen to a degree wholly unprecedented. The former they would call the *real*, the latter the *nominal* rate ; and the difference between them arises, as far as your committee can form a judgment, from the depreciation of the circulating paper.”

Let us now examine which deserves to be called the *real* rate of exchange. Mr. Marshall delivered to the committee a statement of the rate of exchange at Belfast for some years back, when draughts on London, or English bank bills, were paid for with cash. By this account it appears, that bills so purchased, have been at an exchange, in general, of six or seven per cent. from 1797 to 1804. But before you can determine that this was, and is, the *real* rate of exchange, you ought to inquire what was the value of guineas at those several periods; for gold is considered not merely as a coin, by the best writers and by all men really conversant in trade, but as an article of commerce, the value of which is constantly varying. In 1797 exchange was below par, and guineas were as easily had in Ireland as in England, and they were of equal value. The rate of exchange, therefore, at Belfast, was at that time

really in favor of Belfast. But the great remittances to England ever since 1798, and more particularly since the union, have drawn the gold out of Ireland almost entirely; so that they now bear a premium proportionate to their scarcity.

Therefore, though the *apparent* rate on bills of exchange when paid for in guineas at Belfast, or elsewhere, may have been, in April last, but six and a half per cent., you ought to ask what was paid for those guineas? and it will be found, they were not bought for less than 1*l.* 4*s.* 11*d.* each; so that to the six and a half exchange, two shillings and two pence for every guinea, viz. about 10*l.* 6*s.* 8*d.* per cent. ought to be added, and the *real* exchange at Belfast, last April, proves to be 16*l.* 16*s.* 8*d.* or nearly seventeen per cent. The reason of guineas having risen so much in value, is

not merely because they are now rarely seen, except in the north, but because they are a medium as well received in England as a bank of England note, and are almost as easily transmitted; and you must pay for them accordingly.

I made this distinction in my first letter, as being of great importance, and I am glad to find it fully supported in evidence before the committee. By that evidence it appears, that gold has risen in value; but that bank paper has not been depreciated. Mr. Harman (*Minutes of Evidence*, 26,) being questioned upon this point, answers, "I should rather say, that gold is increased in value, than that paper is depreciated (10 *Minutes*, 29). Mr. Irving agrees with Mr. Harman. Mr. D'Olier says, "the mere buying of gold at an advanced price beyond that of the mint, is the effect, not the cause of the exchange." (*Minutes*, 105.)

The committee, nevertheless, conceiving, that bank paper had sunk in value, rather than that guineas had risen in price, proceed to illustrate that opinion further, by comparing bank of Ireland with bank of England paper; and say, "The man who wants to obtain the latter, will find the former as much inferior in value to it, as it is to a golden guinea, and he must give the same additional sum to obtain it as to obtain a guinea." Here let me ask, if draughts upon England bear a premium, why should not English bank notes? They answer the same purpose of remitting, and are not in request in Ireland for any other use. The additional sum given for them is in order to remit them, when draughts upon England are not easily met with, and exchange is against Ireland; but this does not in the least argue a depreciation of the Irish bank paper. No one doubts the security of the bank of Ireland. I am informed its stock is higher than that of the bank of England. But I submit it

to any one whether, if the bank of England were to issue notes for the internal circulation of Ireland only, they would by any means be in higher estimation than the present notes of the bank of Ireland? If not, the premium paid for English bank paper at present, is owing singly to the consideration, that it may be remitted to England. Mr. Harman being asked, "Whether there is not at present a difference between the value of Irish and English bank paper," answers, "for the purposes of remittance certainly." (*Minutes*, 30.) Mr. Irving being asked, "Is it your opinion that paper has been depreciated?" answers, "It is not." And being further asked, "Do you not think paper depreciated when guineas are bought at a premium?" answers, "I do not." And being asked his reasons, he says, "I am of opinion, that a bank, managed with prudence, would only issue its notes in proportion to the demand, which may be made for

those notes, in exchange for good and convertible securities, such as mercantile bills of exchange, payable at specific periods, of undoubted reputation; founded on real mercantile transactions, upon government securities, such as exchequer bills; in the purchase of Spanish dollars, or other bullion: and the circumstance of bank notes of Ireland being demanded for such good and convertible securities, I am of opinion, is a proof, that they are not too large in amount, and that their value is not depreciated." (*Minutes*, 58.) Mr. D'Olier says, "I have heard it stated, that because gold is bought at a premium, therefore bank of Ireland notes are by so much depreciated, and at an absolute discount to the amount of the premium. But I do not conceive, that this is the right way to look at the question: the circulation of the paper said to be depreciated, must first be proved to have become burthensome to the holders, and bargains to

have been made by unnecessary purchases to get rid of that, which they found inconvenient or were apprehensive to hold." (*Minutes*, 105.) And he expressly considers the buying gold at an advanced price as no proof of depreciation in the paper. Indeed there is no difference of opinion in this respect, that I recollect, amongst the gentlemen examined, except that Mr. Marshall and Mr. Cunningham think the paper currency of Ireland is depreciated, for the same reasons I have already transcribed from the report, the validity of which, I hope, I may now leave to your own decision.

Let me, however, suppose, for the sake of illustration, that the bills of the bank of Ireland were made payable at the pleasure of the holder, either in England or in Ireland. They would then, probably, be in higher estimation in Ireland, at least while ex-

change is against us as at present, than the notes of the bank of England, being equally convenient for remittances, and also current at home. If this be so, it clearly appears that their value would arise from their furnishing the means of remitting to England. But the amount of such notes must necessarily be limited to the deposits or credits of the bank of Ireland in that of England. And were exchange high against Ireland, as at present, they would soon pass over to England, to pay the balance of demands between the two countries, to the utmost extent of the powers of our bank to draw, as guineas have done, and any common circulating medium must do. (*Minutes*, 33.) But all this shews that it is the balance of exchange, when against Ireland, that gives so much value to the English paper, and to guineas in nearly the same proportion, above their real value at other times.

But I will go further, and submit to you, that if exchange were so much in our favor, as to make it difficult in London to get draughts on Ireland, the notes of the bank of Ireland would pass at a premium on 'Change in London.

It is the less to be attributed to any depreciation of paper in Ireland, that English bank notes at present bear a premium here, because experience shews, that those notes have always been in request or otherwise, as exchange was in favor of, or against this country. If they now bear a premium, they formerly were at a discount. Did the credit of Irish paper rise, because that of England was at a discount here? Certainly not. Exchange is now against Ireland, and English paper is in demand. Is it therefore to be said, that Irish paper is depreciated? Certainly not. In 1797 and 1798 exchange

was below par, and English bank bills at a discount. But (to quote a writer of great modesty and merit, who signs himself *A Merchant*) “The cause of this was not that the public had greater confidence in the paper of the bank of Ireland in 1797 than in 1804, but that great sums were brought over from England to the treasury of Ireland; by which means the influx of money into Ireland was greater than the demand against her, the remittances not being to the very great extent they are at present.”

It seems to be the uniform opinion of the gentlemen examined before the committee, and indeed it will hardly be controverted, that gold will pass from that country, against which there is a balance of exchange, to the country, which it favors; from the debtor to the creditor. If this be so, and even the committee admit it, is there not abundant

proof, that the *real* exchange is against Ireland? Upon the same principle it seems to be the uniform opinion of those gentlemen, as also of the committee, that, if dollars, or any other silver coin, were issued for circulation in Ireland, in the present state of things, that circulating coin ought to bear a price above its intrinsic value, for no other reason clearly than that (if not melted down) it would soon pass over to England. And why pass over to England, except to pay the balance of remittances due from this country? Dollars and six shilling pieces have been issued accordingly; and yet the committee has given its opinion, that exchange is really in favor of Ireland, and that Irish bank paper is depreciated.

I need hardly adduce any further arguments in favor of Irish bank paper. Yet let me add, that if the credit of that paper were not

substantial to the utmost, the opinion expressed, as above, by the committee, would have produced a real depreciation. But I am happy to observe, on the contrary, that it is in as much circulation and in as high esteem as ever, and it is fortunate for this country, that its circulation has been increased during the absence of guineas, otherwise our internal commerce must have ceased.

From the reasons I have given, and the authorities I have quoted, I am confident you will now agree with me, that there is no depreciation of bank paper in Ireland, and therefore that the high rate of exchange has not been merely *nominal*, but *real*, against this country for many years past. And here I might stop, for all that is afterwards said of the causes and the remedies, must consequently fall to the ground; but with your leave I will go farther.

The report proceeds to the second head, namely, to investigate the causes of the supposed depreciation of paper, and of the *nominal* high rate of exchange. The first cause assigned is the bank restriction: "Under these circumstances," says the report, "the restriction passed in Ireland, and to the consequences of it your committee must attribute the unfavorable exchange, and all the high progressive advances of the rate."

But if you agree with me, that there has been no depreciation of bank paper, and not merely a *nominal* high rate of exchange, the bank restriction could have produced neither the one nor the other. The bank restriction did no more than prevent the issue of gold from the banks, which, if sent over to England the end of the year 1798, might, indeed, for ten days or a fortnight, have prevented exchange from turning so much

against us; but this would have been only a respite at the expence of all the gold in the banks; the very mischief, which the bank restriction was calculated to prevent. But I cannot help observing, by the bye, that the supposing, that the gold in the banks being sent over could have delayed the mischief even ten days, necessarily supposes the balance of debt against us, and the exchange *real*.

In 1797, when the restriction took place, exchange was in favor of Ireland, and it continued so for about eighteen months; the restriction had no effect upon it. And when afterwards, at the end of 1798 and in 1799, it became unfavourable, that circumstance was not owing to the bank restriction, but to an extraordinary importation of British manufactured goods. This was followed by the scarcity which took place in 1800 and 1801, when, instead of exporting, we were ob-

liged to import corn; and thenceforward the great encrease of absentees, and of interest on a greatly encreased national debt, have added to the balance of remittances against us. To these causes, and not to the bank restriction, is the high rate of exchange to be attributed. And there is the less appearance of reason for attributing it to the bank restriction, because there was a similar restriction on the bank of England, and yet the rate of exchange between England and Ireland has been encreasing in favor of England. The same cause in different countries is not likely to produce such opposite effects. Suppose it to be said in answer, that in England they did not issue so much paper as in Ireland. That, however, is still the consequence of the balance of remittances having taken away from Ireland the circulating gold. The paper was issued to supply its place in some degree; but as the gold went to England, there could not

be the same necessity to issue paper there. The gold in the banks bore but a small proportion to the gold circulating in the country in 1797. The bank restriction only locked up so much as the banks were possessed of, and as was necessary to protect the banks in issuing bills, which they have done so far as to supply the place of part of the gold, which was afterwards taken out of circulation, when exchange turned against us. I conceive the increase of paper to be no more than sufficient to supply the place of about half the gold that has disappeared. The gold in circulation at the time of the restriction may have been five millions. The bank of Ireland has since issued only 2,249,731*l*. (*Appendix to the Minutes*, 66); the other banks of Dublin, all together, have not increased their issues. (*Minutes*, 105, 106.)

In England the case was very different.

Gold sufficient for ordinary purposes, in aid of 10,000,000*l.* in bank notes, remained in circulation there, and there was no occasion for a great encrease of paper ; whereas in Ireland it was a happy circumstance, that the banks were enabled to accommodate the country by the issue of their notes ; and it by no means appears, that the paper issued is more than equal to the funds, of which the banks are in possession, even besides the gold there locked up. Nor is the quantity of gold in a bank the only criterion how much paper it may safely issue. Good convertible securities, as Mr. Winthrop mentions, are funds sufficient to justify such an issue. The bank paper, in fact, has preserved its credit ; and it is idle to look for the causes of a depreciation which does not exist.

Nor does the circumstance quoted in the report from Mr. Colville, that an excessive

issue of paper, in 1753-4, was accompanied by a considerable rise of exchange, in the least prove the position contended for, namely, that an excessive issue here has produced a proportionate rise in the rate of exchange. Concomitant circumstances are not necessarily one the cause of the other; but here there is a decisive proof, that the issue was not excessive, for the paper is in as high estimation as ever. This is also an answer to any argument founded on the quotation from Doctor Adam Smith, which is perfectly inapplicable, unless it could be shewn, that bank paper in Ireland is now as much depreciated, as the coin of England in King William's time was debased.

In vindicating the bank restriction from the consequences attributed to it by the report, I have happened to mention two very principal causes of the balance of debt which takes

place annually against this country; and here we must look for the real cause of the adverse balance of exchange. The report very truly thus states the cause of an adverse exchange: "Exchange becomes unfavourable to any country, when that country being in debt to another country, on the whole of its money transactions, including all items of remittance, balance of trade, &c. has occasion to transmit more than it is to receive, the expence of transmitting which surplus it must defray, and the exchange is of course against it." (*Rep. p. 4.*) But Mr. Winthrop proceeds further, and attributes the present high rate of exchange against Ireland *solely* to the encrease of remittances of all kinds to England. "The only causes, I conceive," says he, "of the high exchange, is owing to the necessity there appears to be of remitting a large general balance to England." (*Minutes, 33.*) "I conceive exchange to be influenced

only by the general balance of all accounts, and that the increased remittances to absentees might very probably account for the present high rate of exchange, as making a part of the general account." (*Minutes*, 36.) Mr. Irving, Mr. Colville, Mr. Puget, Mr. Beresford, agree with Mr. Winthrop, that "the general balance to be paid or received, always regulates the exchange between England and Ireland." (*Minutes*, 37.) It is the uniform and only cause of a balance of exchange; so that the effect decisively proves the existence of the cause, and the adverse exchange shews the balance of accounts to be against us. And therefore exchange has been against Ireland for many years, it must be concluded that the balance of remittances has been so, though the report upon the ground of an account between Mr. Puget and his employers (*Rep.* 5.), draws a different conclusion.

I have no doubt but that the committee is better founded in its expectations of this present year. (*Rep.* 5, 6.) So large a loan as nearly five millions Irish money, ought indeed to reduce exchange, if not to par, or even below par, yet very considerably. (*Rep.* p. 6.) But here it is to be remarked, that our contribution to the expences of the empire, so far at least as it is applied to the navy, amounting to about 1,400,000*l.* or very nearly the balance that is computed in our favor, is omitted, as I apprehend, in the calculation. In short, the balance of exchange must be considered as a proof of the balance of accounts; and it would not be more unreasonable to deny that fair scales are a sufficient proof of weights, than that the rate of exchange between England and Ireland proves which is the creditor, and which the debtor country.

Having thus traced the high rate of exchange to a balance of accounts against this country, one step is gained towards the investigation of specific causes. The next question is, what has occasioned this balance of accounts; this call upon Ireland for more money than we can claim from Great Britain? Here I am venturing further than the committee in their report; and you may remember that, in my first letter, I suggested that the committee would hardly look the mischief as boldly in the face as might be wished; without which, neither the true causes of the mischief could be laid before the house, nor any effectual remedy applied. I indeed entertained hopes, that some good might have been done, by giving the English members a tolerable view of the melancholy change for this country, that has taken place within these few years, and of the principles and terms of the Union; with which I can-

not help, in some degree, connecting the rebellion which commenced the end of 1797, as in a great measure the origin of our large loans, and as forwarding, not a little, that measure, by the terms of which our debt is likely to be increased every session. Some little retrospect may here be of service.

From my first remembrance of the proceedings of Parliament, when the sessions were only triennial, the expences of the kingdom altogether were but 1,200,000*l.* a session, or 600,000*l.* a year. The revenue, however, was hardly equal even to that expenditure; but the exceedings were rarely more than from one to two hundred thousand pounds; whereas our expenditure from the year 1799 inclusive, has been at least ten times what it before had been; and our loans have been very nearly five millions Irish a session. The money really lent to Ireland this year is 4,500,000*l.* English, and the ad-

ditional debt created 9,500,000*l.* (*Mr. Foster's budget.*) On the other hand, there has been no such encrease in the prosperity of the country; no new means, such as might be adequate to this expence. The little degree of trade we formerly had, must have been sufficient then to supply remittances to absentees, for the rate of exchange was generally in our favor; and as our debt was but trifling, so were our remittances for interest and annuities. But now our debt is become enormous, and the rents of the absentees have since greatly encreased, perhaps have doubled within these twenty years. But by transferring the seat of the legislature to Great Britain, and with it the seat of patronage, many, who formerly were well satisfied, and not without reason, with the society and pleasures of their own country, with their Dublin and country houses, and the splendor of a Dublin court; with Irish schools and universities, and Irish connex-

ions, have lately looked to English interests, and followed the busy scene of legislation and patronage. In fact, almost all the principal families, who by their winter residence gave life and consideration to the capital of their country, have sold their houses in town, some have even disposed of their country residences; and the general bent is so much towards England, that it has occasioned remittances that can hardly be calculated. It signifies little to the country, what the expence of the public or of individuals is, if spent at home. It then circulates within the country, and is no diminution of its wealth. But incomes derived from home, and spent abroad, exhaust it of those *stamina*, without which hardly any improvements, arts, or manufactures, can succeed, and no country can flourish.

Much the same is it with respect to the public debt. If the money be borrowed at

home, and spent at home, though the taxes may fall hard on many, yet the kingdom is not impoverished; but a moneyed interest is created, which, in the person of individuals, contributes to those taxes, by which the interest is paid at present, and the principal is to be paid in future. And here is one great difference between England and Ireland. England borrows her money in England; and the country is not impoverished by the debt: but our money being borrowed in London, the interest must be regularly remitted; and amounting now to about 1,900,000*l.* (including the interest of the loan of this year) is nearly twice as much as the balance of our trade calculated at the current prices, (App. 57.) and near 100,000*l.* more than the utmost balance of our trade, as calculated by Mr. Marshall on the imports and exports of 1803, when the exports were much greater than in any former year. I am far from disputing the justice

of Mr. Marshall's calculation in this respect, though little attention was paid to the late Lord Farnham, when he calculated in the same manner, in his late pamphlet upon the Union. But if the balance of trade be no more than sufficient to pay the public interest, the remittances to absentees must be a balance of demand against Ireland, and a dreadful balance it must have proved, had not this country borrowed largely for some years past. Without such loans it would have been impossible for Ireland to make good her contribution to the general expences of the empire.

But who would have thought that any statesman, particularly a minister of great experience and tried ability in finance, could have expected, that Great Britain should derive pecuniary assistance to her fleets and armies, &c. from a country

which pays an interest already to Great Britain, equal to the amount of her balance of trade? The balance of trade is the measure of our ability, and indeed the only means of continued remittances: any exceeding must be taken from our capital. The country spends not merely its income, but part of its principal; and an expence of that nature cannot continue long. Therefore had it not been that we have borrowed money, we should have been exhausted long since.

I do not mean to say, that our contribution has hitherto had any ill effect on the course of exchange, farther than as it adds annually to the interest we have to remit. For instance, we must now add the interest of nearly five millions Irish, raised by loan this year, to that of the last. But this is a radical and encreasing evil, and a great proportion of the debt we owe, now fifty-three millions, evidently arises from

money borrowed for the payment of our contribution. This contribution was forced upon us, as one of the arrangements or terms of the Union, notwithstanding the strongest remonstrances, both against the injustice of two seventeenths, and the unreasonableness of requiring any contribution from a country circumstanced as Ireland is. From the relative situation of the two countries, whatever Ireland can make by trade, more than is necessary for her own support, must center in Great Britain without any contribution, and become her wealth, and feed her taxes. That the contribution exceeds our ability is obvious, from Great Britain finding it necessary annually to lend us money to make good the payment of it. Besides does Great Britain build one ship for her navy, or recruit one man for her army, for the defence of Ireland? I contend she does not. If Ireland did not exist, she must defend her western

as well as her other shores, and her territories in all other quarters of the world. Her fleets and her armies are proportioned to the strength of the enemy, and the measures of her own security. It were enough if Ireland, which has no foreign possessions, protect herself without expence to England, and manage her own internal concerns; and after all her best efforts, should they prove profitable, the substantial result of her labours must settle in Great Britain. Great Britain then ought never to have entertained any jealousy of our prosperity, which was but subservient to her, and must ever be so.

The manner in which we formerly contributed to the military strength of Great Britain, was by maintaining an army larger than was necessary in time of peace; which we never hesitated to lend to England in time of war, to serve, where most advisable;

while at home, at the expence of Ireland ; otherwise of Great Britain. The money being expended in Ireland, the country was not impoverished. Four millions annually thus spent internally, would less exhaust Ireland, than a contribution of one remitted.

The noble lord who was secretary in Ireland in the year 1800, stated, in the Irish house of commons, that our average expence for seven years of war, was but 3,076,651*l.*; and this included the years 1798 and 1799, as I best recollect, when our military expenditure was uncommonly great. In 1799, when we had a rebellion and invasion to contend with, we had, or at least we voted, 132,000 men for the army of Ireland ; as many as I can suppose we have at present, and our expences were about 6,000,000 *l.* ; but our expendi-

ture this year may be rated at ten millions, even without the vote of credit of 800,000*l.* and at an average of five years, I may say in a general way, it has not been less than 8,000,000*l.* Surely all this could not have been necessary to Ireland, had it not been for the expences, and terms of the Union.

Our contribution this year amounts to 4,759,964*l.* English money, of which England lends us 4,500,000*l.* upon terms that add 9,500,000*l.* capital to our debt. What a strange situation is this! Had it not been for the loans, exchange would have been ruinous, and all money intercourse, as it were, extinct; and yet with these loans, ruin is only postponed.

Where then is the remedy? and what is to be done? If I were called upon to an-

swer this, I should say, review this part of your arrangements with Ireland. Think no more of a contribution from that poor country. Though neither party ought to trespass upon the terms of the Union to the detriment of the other, yet either may surely relinquish a claim, an unreasonable claim, prejudicial to the other. Let Ireland be required to furnish no more than is necessary for her defence, internal expences, and the interests of her loans. Is this, or is it not reasonable? If it be reasonable, I submit to you, that it will be also reasonable to relieve Ireland from so much of her debt, as she has incurred by her contributions to the expences of the empire, so far as they have exceeded what she would have expended, had there been no Union. This it might be difficult to ascertain, but I will suppose it to strike off some millions of her debt; and extraordinary as the assertion may at first

appear, this can hardly be considered as any loss to Great Britain; for the time is approaching fast, when the debts of the two countries will be consolidated, and Great Britain be responsible for the debts of this country. And it might be better policy for England to prevent our ruin now, than to ruin us first, and afterwards take our debt upon her. This remedy is such as I did not think the committee likely to recommend. But it is radical so far as it goes by lessening the debt incurred, and of course the interest to be remitted, and preventing in a great degree the growth of debt for the future; so that one cause of the balance of exchange against Ireland, might be considerably abated.

But how to reduce the remittances to absentees, it is not so easy to determine. Upon this subject I may, perhaps, at some future

time, trouble you with my opinion. For the present I shall confine myself to the consideration of the measures recommended to the committee as remedies for the high rate of exchange; and indeed, we have differed so much about the nature of the evil, its causes, and even its existence, that it is totally improbable we should agree about the remedy. "The great and effectual remedy," says the report, "undoubtedly would be, the repeal of the restriction act, from whence all the evils have flowed." As I have already controverted this last assertion, I will only here observe, that such a repeal cannot be considered as a remedy against the high exchange, because it would be madness to repeal that act, till exchange has fallen to par, even without the aid of a loan. And accordingly it is relinquished by the committee.

The consolidation of the two banks, recommended by Mr. Burrows, is also relinquished, as it ought to be.

But the plan seriously proposed is, that the bank of Ireland should obtain English bank notes, or draw upon the bank of England, in order thereby to reduce the rate of exchange by degrees. "Mr. Mansfield's evidence," says the report, "so clearly shews the practical mode of carrying this measure into effect, that your committee cannot impress it too strongly upon the attention of the house: it shews, in the example of Scotland, how effectually a very small sum, vigorously and wisely applied, did operate; and that banks there did establish an adequate fund, with ultimate advantage to themselves.

"His account states; that there was after

the peace of Versailles in 1763, an exchange of five or six per cent. against Scotland with London, created by persons collecting gold from the different banks there, bringing it to London, and passing their bills at Edinburgh for it, in order to put a profit into their own pockets, by raising the exchange."

"The two chartered banks of Scotland seeing that this exchange rose from artificial means, collected as much funds as they could bring to London, and by drawing gradually at one half per cent. less than the others, reduced the exchange to what they esteemed par bills at forty days date, at which it has steadily continued ever since, unaffected by the failure of the bank of Ayr, the convulsions to credit in general in 1792 and 1793; the failures in 1795, and the difficulties which caused the restriction in 1797 in England, but which was not ex-

tended to the chartered banks of Scotland : and all this notwithstanding the presumption, that if an account of pecuniary transactions between Scotland and England could be ascertained, it must have often happened, that the balance was against one country or the other.”

“ This fact gives great force to the arguments of those witnesses, who propose, that the bank of Ireland should establish a credit for the like purpose in London ; and the present peculiar situation of the Irish finances, not only points out a ready, but an adequate and effective fund, which at the same time that it gives to the bank of Ireland every prospect of success, which has attended the chartered banks of Scotland, exempts it from all expence, risk, or difficulty which might attend it ; for your committee must observe, that the bank of Scotland un-

dertook to provide this fund at their own expence, but the bank of Ireland has an opportunity of establishing it without expence to themselves; and further, it appears to have been suggested to the banks of Scotland, by their good sense and patriotism, to try the efficacy of a measure without precedent, while the bank of Ireland has only to follow an example, where success has already been demonstrated by experience."

"Your committee has stated, that the great loan and other smaller sums to be remitted this year from England to the Irish government, amounts to 5,000,000*l.* Irish; they have also shown, that there is reason to believe the mode used by the Irish treasury, of bringing over the loans from England, has been prejudicial to the exchange; and the whole weight of evidence

goes to show, it would be much more advantageously managed by the bank of Ireland. They therefore recommend, that immediate measures should be taken with the bank of Ireland for the purpose, and for establishing an effectual fund in London for drawing on, whereby they may gradually reduce the exchange in the manner somewhat resembling that which was adopted by the Edinburgh banks."

It surely is impossible the committee could have recommended such a measure as this, as an effectual remedy, unless it supposed the high rate of exchange against Ireland to be merely *artificial*. "The two chartered banks of Scotland, seeing that this exchange arose from artificial means, by persons collecting gold from the different banks there, bringing it to London, and passing

their bills at Edinburgh for it, in order to put a profit into their own pockets; collected as much funds as they could bring to London;" and, in short, by management, counteracted the artifice, and reduced the exchange. But is this analogous to our situation? Is our ruinous exchange occasioned merely by the artifice of a few interested individuals? or is it not deeply rooted in the relative situations and money transactions of the two countries; and those not occasional and changeable from year to year, as mere commercial dealings might be, but as permanent as our public debt, and as peremptory as the call of the absentee landlord on his tenant? These are substantial causes, and not the artifice of individuals. These are the real causes of a *real* adverse exchange; and these causes are not to be removed, except by some such means as I have suggested,

nor the effects of them to be obviated by English bank notes, or by draughts upon England, unless, indeed, we were at liberty to draw annually to the amount of the balance of demands against us. Mr. Winthrop nowhere says a *sufficient* supply of bank paper might be had for this purpose; but that "any person may procure bank notes now to any extent, if they will pay for them." But there is the difficulty. Mr. Harman says, "I am not aware how they can be paid for." (*Minutes*, 25.) In fact, if you could pay for bank of England notes sufficient to discharge the balance of accounts, you could pay that balance without such notes. But if such notes must be purchased to promote this scheme, where are the means? What funds are to be vested in the bank of England equivalent to gold, so as to enable the bank of Ireland to draw?

The principal means suggested are the loan for this year, very nearly 5,000,000*l.* Irish. So great a loan thrown into the scale of Ireland, ought indeed to reduce the high rate of exchange. But this is only a remedy that must cease with the year. Another loan must be had the following year, if the same plan is to be continued. But in common language what is this more than to borrow money from year to year to pay the balance against us? Or does the committee seriously recommend an annual loan like the present, that the bank of Ireland may draw for the amount rather than the lords of the treasury?

In fact the remedy proposed might have answered very well for Scotland, but is not applicable to our situation. The interest and annuities to be remitted annually, in-

cluding the interest on the present loan, must be nearly (vide note a)	£.1,914,329
Our absentees draw from us at least	2,000,000
The proportion we contribute to the navy alone is about	1,400,000
	<hr/>
In all	£.5,314,329

To supply those remittances, the balance of our trade by the return according to current prices on the quay is but 917,624*l.* or according to Mr. Marshall's computation, 1,816,814*l.*

It would be a great relief, therefore, if the contribution from this country were relinquished, and the debt diminished, and of course the interest reduced. And if our expences were confined to our own country, our very great revenue (for such it is at present, note b) might enable us to proceed for

the future without a loan. Means also might be found of increasing the balance of our trade. But how we are to derive any material benefit from the measure recommended I cannot conceive.

But though I cannot agree with the committee in their report, I most thankfully acknowledge the pains they have taken, and the variety of information they have laid before the house, affording altogether so clear a view of the true principles and nature of exchange, as may enable and possibly induce the house to take some measures hereafter better calculated to bring relief than any which have yet been suggested.

* * * *

NOTES.

(a) The interest and annuities for this year paid by Ireland are more by 73,125 $\text{\textit{l}}$. But that sum being paid

to our own bank, and not remitted, is not included in the interest and annuities remitted. There may also be interest and annuities paid to persons resident in Ireland; but they probably amount to but little. Observe also, that the interest on the present loan is 300,000*l.* that being six per cent. on 5,000,000*l.* Irish.

(b) Our net ordinary revenue, and extraordinary revenues for the year ending 1804, as returned to the house of commons, were 4,003,309*l.* 2*s.* 11½*d.* including 40,000*l.* from the bank of Ireland for the parliament house in Dublin, to which the new taxes are supposed to add 1,200,000*l.*

THE END.

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