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OUTLINES  
OF A  
SYSTEM  
OF  
POLITICAL ECONOMY

WRITTEN  
WITH A VIEW TO EXPLAIN TO GOVERNMENT  
AND THE COUNTRY

THE CAUSE

OF THE  
PRESENT AGRICULTURAL DISTRESS

As its title imports, this Essay is but the Outlines of the subject on which it treats. It has also been rather hastily written, and is not so perfect as the Author could have wished. As an apology for its imperfections, therefore some account of its origin may not be unnecessary.



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PREFACE.

As its title imports, this Essay is but the Outlines of the subject on which it treats. It has also been rather hastily written, and is not so perfect as the Author could have wished. As an apology for its imperfections, therefore some account of its origin may not be unnecessary.

Most writers imagine that they add something to the general stock of knowledge; and the Author is not without his hopes, that there are views in this Volume, which may be useful. But it is the matter, and not the manner in which they are conveyed, upon which he founds any claim they may possess, to the reader's attention. He is a man of business, to which he was early brought up; and he has not possessed those advantages which are usually considered necessary to good writing; nor is it probable, that in the present stage of his life, he would have written at all, except for a practical object.



His motive for writing the *Essay on the Principles of Banking*, the fourth edition of which this Volume contains, was entirely interested. If the charter of the Bank of England is altered, and Joint Stock Companies, on the principles he recommends, are established, he proposes to take such a share in each of them as individuals are allowed to hold; and requests each bank to open an account with him, hold his share as security, and charge him interest upon the advance required. He might open an account with some one or more banks, and get them to take up the shares for him, as they must upon the average be ample security for their original value; but if the banks which may be established acknowledge any obligation to him, he has not any apprehension that this will be necessary.

Having thus, however, a practical object in view, the Author did not allow his pamphlet to sleep in the hands of the booksellers, but at once made a considerable distribution of it in Newcastle, the towns comprised in the plan, and in the counties of Durham and Northumberland, and sent copies to leading persons in other places.

It was quite clear from what had been said by ministers upon the subject, that they only desired some plain business view of the question, by any one whose situation in life enabled him to give it, in order to make some change in the present system of Banking. But the change recommended struck very deep at the interests of a powerful body; and it appeared extremely desirable, if it were practicable, that the public should express their wishes on the subject, in order to shew ministers that if they did put their shoulders to the work, and procure an alteration of

the charter of the Bank of England, Public Banks would actually be set up in consequence.

The pamphlet made as great an impression as could have been wished, and the principal persons in Newcastle seemed disposed to meet and petition Parliament immediately; but a leader was wanting: no person seemed willing to do any thing but second. It was thought that some country gentleman ought to take the chair. Parliament, however, had assembled; most of the gentlemen were out of the county, and none that remained seemed willing to do so except one, and he afterwards declined.

The argument against moving in the business, generally used by merchants is, that they are so intimately connected with the Banks, that they cannot be seen in it, and that the subject ought to be taken up by the country gentlemen; and with the country gentlemen, that it ought to be taken up by the mercantile men, who have so much to do with Banks, and are more immediately interested in the question.

In the county of Durham, however, there was less difficulty. Five Banks out of seven had failed within a few years, and Lord Barrington, though he in general declines to take any lead in public matters, thought the establishments recommended so obviously desirable, and even so absolutely necessary in that part of the country, that on being applied to, he did not hesitate to take the chair at a meeting of county gentlemen held on the subject. At this meeting a committee was appointed, and the resolutions were passed, which will be found in the Appendix.

A few of the principal men in Liverpool were disposed to take up the question. By the accounts of



gentlemen from Northumberland who were in Liverpool after the pamphlet had been published there, it appears that it had produced a great sensation. Some meetings took place in consequence, and resolutions were passed and published, and ministers memorialized upon the subject.

A gentleman of talents and great perseverance, though not of sufficient influence to take a lead, undertook to establish the principles of the pamphlet at Manchester. This he did so completely, that it seems if the bank charter had been altered last session, three Banks, by different classes of persons, would have been started immediately. No expression of public opinion, however, took place. But were it necessary, more reliance might perhaps be placed on Manchester than any other town. The manufacturers are in general rich and independent; and it has one of the best Chambers of Commerce in the kingdom. During the session of Parliament, this chamber meets regularly to discuss all questions relative to trade and commerce, but more especially those which relate to the trade of Manchester, and it takes steps to carry the result of its deliberations into effect. A very important act of Parliament was obtained by it last session, for the registering of warrants of attorney; and the transactions of the Banks, so important to commerce, receive its particular attention. It resisted the issue of local notes, by calling the meeting of the inhabitants of Manchester for that purpose, mentioned in the Essay on Banking; and it makes other regulations respecting them whenever it is necessary for the interests of commerce. A measure

of this importance, therefore, could not consistently be overlooked by it. Almost all of its members are known to think well of the scheme, and some of them to be very desirous of promoting it. It is therefore expected by the people of Manchester, of whom they are the commercial representatives, that they will take such steps as might be expected from the town of Manchester, in such a question.

Although there is no place where a public Bank is more desired, yet this does not arise from any dissatisfaction with the existing Banks. Messrs Jones, Lloyd, and Co., and Messrs Heywood and Co. are both liberal and wealthy bankers; but the principle of the Scotch Banks is preferred by all commercial men, as well in Manchester as in every other place.

The Author made some attempts to bring the subject into notice in other commercial towns, but his endeavours were not successful. Banks, it was said, would be set up when there was liberty to do so, but no encouragement was held out that any public steps would be taken in order to procure that liberty.

Ministers, however, soon rendered the exertions of the Author perfectly unnecessary. They made an arrangement with the Bank of England for an alteration of its charter; and there seemed no doubt that it would be completed as a matter of course. During the dependance of the question, the Author was in London for a couple of months, and after his return, addressed the following Letter to the Editor of The Newcastle Courant, in order to explain how the matter stood:—



## THE PROPOSED PUBLIC BANK.

SIR,—As this has become a question of considerable local interest with this part of the country, the following information respecting it, may, perhaps, not be unacceptable to the public:—

Your readers, who have given attention to the matter, are, no doubt aware, that two or three months after the publication of the Essay on Banking, the question was taken up by government, without any petitions to parliament, which that Pamphlet recommended. It had been circulated very freely in Lancashire, and had produced a considerable sensation there, as well as here; of this, the ministers were fully apprised, not only by communications constantly forwarded to them, but by a deputation of bankers interested in the matter, having waited upon the Chancellor of the Exchequer, to ascertain the views of government upon the subject.

At the commencement of the session, ministers proposed, that four millions should be advanced by government to the agriculturists, but that plan was dropt, and the alteration of the bank charter, with a view to the establishment of public banks, adopted, as a much more effectual application of that mode of relief, as well as being an improvement imperatively required in the banking system of the country.

A bargain was made with the Bank of England, by which, in consequence of allowing the immediate establishment of public banks, in the country, at a distance exceeding 65 miles from London, its charter was to be renewed for 10 years longer. This arrangement was confirmed by a general meeting of proprietors, and a bill was to have been submitted to parliament, by ministers, accordingly.

In the mean time, however, considerable difficulties arose. It was contended, by the opposition, that the bargain with the bank was improvident. It ought to have given up its privilege for nothing; what was gained by it was only worth having, but not worth paying for. Lord Grey stated, that "as far as he could learn, there was no call for the measure; at least, in the part of the country with which he was more immediately connected, there was no complaint respecting the stability of banks, nor any distrust as to the property by which their credit was sustained." Truth, however, requires it to be stated, that, at this very time, Sir Francis Blake, Reeds, and Co.'s bank had stopped payment, for nearly half a million of money, and their notes were then at a discount of from 5s. to 7s. in the pound. There are, however, so many bankers, and such banking interest in parliament, that this doctrine went very well down with a great majority of both sides of the house. And it is extremely probable, that had ministers

brought the measure forward, they might have had some difficulty in carrying it; more especially, as they themselves thought that the bank ought to have consented to the alteration without purchase.

At the same time, the bank directors also had as little relish for the matter, on their part, and would, by no means, consent that the arrangement should be concluded on any thing like a sensible basis. No public bank can be set up without a law to render it liable only for the acts of its directors. As the law of partnership now stands, any partner, if there were a thousand, could either raise money or indorse bills, or do any act of that kind, in its name; and if fraud could not be *legally* proved and brought home to the holders of the bills or other securities, the bank would be bound to pay them. That the privilege, thus necessary, should be granted, however, the directors would not consent, which put an end to the business, and rendered the meeting of the bank proprietors and the whole proceedings, quite a nullity.

A correspondence that took place in the Times paper, which exhibits the peculiar views or the apology of the directors in this extraordinary proceeding, you have below; and though long, it will probably possess interest to those who feel an interest in the subject.

In consequence of the representation of the merchants of Liverpool, who had stated their views in a memorial to Lord Liverpool, ministers thought it expedient that charters to a limited extent should be granted, to which the bank had previously objected; and they proposed to the directors, that a more limited extension of their charter, with the power of conferring charters where it appeared necessary, and the other regulations required, should be granted. This also fell to the ground; and the Chancellor of the Exchequer stated in parliament, that when the bank applied for a renewal of its charter, the proposed extension of it would be made.

That the bank directors should offer such opposition, seems almost incredible, and yet it is at least tacitly avowed in the subjoined correspondence. It is not unlikely, however, that finding the interested feeling and probable difficulty the measure would encounter in parliament, even amongst their own friends, ministers were disposed to wait until public opinion was more decidedly expressed in its favour. Besides the measure had assumed a new character,—merely throwing open the charter, so that banks might have whatever number of partners they thought proper, involved none of that time, attention, and consideration, which would be necessarily required, if charters were to be granted; and at the late period of the session, when this altera-



tion of the views of ministers took place, they probably could not, with the business they had on hand, give that attention to the subject it required. Hence any opposition or apology for putting it off would perhaps be the more readily embraced.

Next session of parliament, it is probable that petitions from different places, will be set on foot, and the measure will be again brought forward by ministers, who are not only pledged to carry it, but have an honest conviction of its utility, and a sincere wish to see it adopted, as friends to the true interests and welfare of their country.

Of its necessity and advantage, the public are universally convinced; and if Lord Grey will enquire, he will find that his statement in parliament was not at all correct.

It need not, however, be expected, that any petitions to parliament, will be very generally signed by that class of persons who, having most to do with the banks, are most interested in the question. This class will much more readily subscribe to a bank when about to be set up, and they do not hesitate to say so, than do the slightest act that might seem to imply dissatisfaction with those at present established. But as this will be obvious to parliament, the very deficiency of such signatures will prove the trammels of the country, and be an argument for the alteration of the law which inflicts them.

There are some other circumstances also which render it extremely probable that the opposition of the bank directors will be considerably abated next session of parliament; independent of which they will be under the necessity of applying early for a renewal of their charter, in order to keep up the value of the bank stock. Were any difficulties to arise respecting the renewal of the charter, the stock would necessarily fall. It is now at 252, and its intrinsic value, were the charter not to be renewed, including any reserved fund or savings which the bank may possess, is not probably more than 110 or 120.\* It is the soundest policy, as well as the practice of the bank, to get its charter renewed in good time. The present charter was granted in 1800, 12 years before the last expired, and this has now not more than 11 years to run. Any further delay in getting it renewed might be dangerous, and, on the part of the directors, inexcusable. Public opinion is making rapid inroads into the territory of that prejudice, which, as a national institution, has run rather high in favour of the Bank of England; and though the directors may be at the head of a

\* This value, it appears, is too low by at least twenty or thirty per cent.

regiment of clerks, the nation would prove too strong for them, were they to provoke an encounter, or injudiciously court it, by leaving the policy of renewing their charter open to that freedom of enquiry which is taking place on the subject. T.

[The letters from The Times referred to, will be found in the Appendix to the Essay on Banking.]

The high character of Lord Grey leaves no room to doubt the purity of his motives; or the truth of the statement quoted from his speech in the above letter, so far as his lordship's knowledge went. The probability is, that as Sir Francis Blake, Reeds and Co.'s bank, which had not been in the best credit for some time, had stopped payment, his lordship presumed that all the rest were now good. This presumption was perfectly correct. But when his lordship stated that there was no distrust as to the property by which their credit was sustained, he proved that he had not a very accurate local knowledge on the subject. It is one thing to say that a bank has good credit, and another to say that it has property enough to sustain it. Its credit may depend upon the known prudence with which it is managed, more than upon the property with which it is sustained. It may be perfectly safe to take a single voyage in a bad ship well navigated, while it would be madness to engage to do so annually for twenty years, whether it was well navigated or not. The fair way to put the question is this: would Lord Grey, or any other person, think it prudent to guarantee the stability of all the present banks in Northumberland and Durham, for that time, respectable as they at present undoubtedly are?

The Author does not mean to say, that so far as he could learn, the opposition generally were against the principle of the measure; he believes, on the contrary,



that the majority were very decidedly in its favor. It is probable that even Lord Grey merely thought that the bank had too good a bargain; but to contend that the country ought to be afflicted with the present system ten or twelve years longer, in order to punish the bank, was evidently pushing the argument too far.

With respect however, to the present Essay: the Author, when in London, had an interview with Mr Huskisson, on the bank subject; at which he ventured to state, that he entertained some opinions on the cause of the present agricultural distress, which he had arranged in the form of propositions; and that if Mr Huskisson wished it, he would leave them to be considered at his leisure, should he find them worth his attention. He consequently left those which follow:—

*A few consecutive Propositions in Political Economy,  
which are capable of Proof.*

#### CONSUMPTION.

1. That the monied income of society is and must annually be spent.
2. That all income is derived from the soil.
3. That the produce of the soil, and the demand for it are upon the average equal.
4. That it is the supply which creates the demand, and not the demand which creates the supply.
5. That the cost of all commodities, though it may be nominally stated to consist of profits, taxes, &c. as well as materials and labour, does consist of materials and labour solely.
6. That the relative prices of the produce of the

soil are determined by labour, and if the soil was 20 times more productive than it is, it would preserve the same relative price to labour and other commodities which it does at present.

From this chapter it ought to appear, as a matter of course, that with respect to the national prosperity, the taxes are neither an evil nor a good.

#### CURRENCY.

7. That every state of prices which is average and general, is determined by the amount of currency in circulation.
8. That it is thrown into or abstracted from circulation through the medium of an increased or diminished consumption.
9. That the total value of currency in the world cannot be altered by an alteration in its quantity.
10. That its value depends upon the exchanges it is required to perform.
11. That the same is the case with any particular nation. By an importation or exportation of gold, the price of it is altered, but no difference is made in the total value of the money in the country.

#### FOREIGN TRADE.

12. That the foreign trade of a country consists in an exchange of its commodities for those of other nations.
13. That the value of such commodities is computed in money.



14. That if the commodities of any nation are superior to those of others, the demand of the other countries for its commodities will be superior to its demand for theirs, and the balance will be paid in money. That prices will in consequence be raised in the country to which the balance is paid, and reduced in the countries by which it is paid, and by this means, the demand for commodities will be reduced on the one hand and increased on the other, until they are equal in money, though more unequal in quantity.—That in proportion to this inequality in the amount of commodities exchanged will be the advantage of the nation in which prices are high, over those with which it deals.

15. That if a country with great manufacturing superiority, were to prevent the importation of provisions, and were to confine its foreign trade to the importation of such commodities as it required for the population which its own soil would support, the exchange might be conducted on very advantageous principles.

16. That if the importation of foreign provisions were freely admitted, the effect would be merely an increase of manufacturing population.

17. That both an increase of population, and an advantageous exchange may be produced by a tax upon foreign provisions judiciously imposed.

18. That the amount of this tax must be determined, not by an enquiry into the cost of production by our agriculturists, but into the extent of our manufacturing superiority.

19. That a tax upon foreign provisions would not in the least degree be a tax upon the people of this country, nor upon the countries where they are produced, except to the extent of actual British labour or produce received in return for them; but upon the fo-

reign consumers of the produce of British soil and labour all over the world.

#### THE PRESENT SITUATION OF THIS COUNTRY.

20. That the corn bill alone would not have produced the effects to which it has led, unconnected with other causes.

21. That the present state of the country is the effect of the want of consumption, produced by the sudden change in the value of property from the altered value of the currency; and by the reduction of the expenditure of government.

22. That the reduction of the expenditure of government creates the evil which it is intended to cure.

23. That the present situation of the country could not have been brought about with a metallic currency, or with a paper currency upon different principles.

24. That the economy of the nation and government has no other effect at present than to contract the circulation, and instead of reducing the interest of money, to reduce the price of provisions.

25. That this might be prevented by such alterations in the principles upon which paper was issued, as would put it upon the footing of a metallic currency.

These propositions appear to have been thought by Mr Huskisson to possess matter of some interest. He returned them in a few days with a note, which the author will crave his indulgence for inserting, as it will serve for a warrant to the reader that the following attempt to develop the principles they contain may be at least worth examination:—



“ Mr Huskisson presents his compliments to Mr Joplin, and having had an opportunity of looking over the propositions on Political Economy, which he left with him for perusal when he had the pleasure of seeing him a few days ago, now begs to return the several papers herewith.

“ Mr H. is persuaded Mr Joplin must be aware that the propositions in question comprehend a very extensive and important range of subject, combined with matter of great general interest, and will require the utmost attention and consideration to their developement; but he is not prepared at present to offer any conclusive opinion upon the points adverted to.

“ *Whitehall Place, 6th July, 1822.*”

It was not until two months after this, that the Author determined upon undertaking the work at the present moment. It will be afterwards seen by the reader, that the arrangement of these propositions is imperfect. The first and second form the subject of the eighth and eleventh chapters of this work, and the fifth proposition is erroneous. Consequently his views were more obscure, and the undertaking more difficult, and likely to require much more time and attention than he could conveniently give to it. When, however, the arrangement which has been adopted occurred to him, and he discovered that deduction which he has termed the Fulcrum of the Argument, the difficulty seemed at once to vanish, and the undertaking become more practicable.

In order to have it out before the ensuing session of Parliament, if possible, as well as for the purpose of forwarding it to Mr Huskisson, the chapters were

sent to the printer as they were written; but owing to constant business interruptions, which tend to disturb the current of thought, and of course to retard a work of this description, at the end of two months not more than a third of it was completed.

The Author, however, had, by this time, sent the first eleven chapters to Mr Huskisson. His object was to render his views, if they were true, as useful as possible; and as ministers, he was aware, were preparing some plans to submit to parliament the ensuing session, any light that could be thrown upon the subject would of course be desirable. Mr Huskisson, he had no doubt, would at once see whether or not his general principles were correct, and if so, deduce from them measures of practical utility, and if not, no harm could arise from submitting them to his consideration.

As, however, the Author got slowly on with his work, which, if his views were correct, ought to be out by the meeting of Parliament, he now absented himself from business altogether for a short time, and in six or seven weeks of perfect seclusion, was enabled to complete it.

The brevity with which he has discussed many of the principles laid down, renders it necessary for him to state, that he considers himself only addressing such as possess some previous knowledge of the subject, or will take the trouble to understand him. The multitude can never be political economists. But if his general principles are approved by those who are capable of appreciating them, he will probably at some future period of leisure, endeavour to furnish a more enlarged and elementary work on the subject.

This Essay, therefore, having been hastily written by



an unpractised writer, and sent to the press as the chapters were completed, by which any corrections, alterations, or improvement that must always suggest themselves in the course of a work of this nature, were prevented, considerable allowances ought to be made by the critical reader. It is the author's object to show, that the present agricultural distress might have been prevented by a different system of currency, and may now be cured; and if he has done that, he has done all he aimed to do; though he may have deemed it requisite to go through a wider range of subject than might at first appear necessary.

Since this work was completed, and even printed, all but three or four pages, the Author has read, for the first time, Mr Ricardo's Pamphlet on Currency, entitled "The high Price of Bullion, a Proof of the Depreciation of Bank Notes." He was not before, nor does he believe, that the world in general are sufficiently aware of the obligation they are under to that gentleman for this able little production. Treating merely of general principles, it has been smothered in the discussion to which it gave rise. He is anxious to explain that he had not before seen it, perchance it should be supposed that some of the ideas contained in the following work, had been taken, without acknowledgment, from that, so far as the subject is developed, perfect theory, of the currency.

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