IN MEMORY

OF

SIR WILLIAM GEORGE GRANVILLE
VENABLES VERNON HARCOURT
BORN 16 OCT 1827 DIED 1 OCT 1908

MEMBER OF PARLIAMENT
OXFORD - DERBY - WEST MONMOUTH
1868-80 1880-95 1895-1904
Solicitor General 1873-4
Home Secretary 1880-5
Chancellor of the Exchequer 1885 1895-6
Speaker of the House of Commons 1896-7

"AT LEAST, NOT SPARING LIKE A WEAVER,
BUT HAVING GIVEN SOME GENEROUS BLOOD,
HUMBLE TO FUTURE THOUGHT AND DEED.

"IN SOME GOOD CASE NOT IN NINE OWN,
TO PERISH WRETCHED,ぐNONRED, KNOWN,
AND LIKE A WARRIOR OVERTHROWN".

MEMORIAL TABLET TO SIR WILLIAM HARCOURT,
IN THE OLD CHURCH, HUNHAM PARK.
Appendix I

ACCOUNT OF A CONVERSATION WITH MR. CHAMBERLAIN AT MALWOOD ON AN IRISH EXECUTIVE AND ON IRISH REPRESENTATION AT WESTMINSTER

Malwood, Lyndhurst,
January 17, 1887.

My dear Morley,—

The visit of [Chamberlain] to Malwood has been a great success.* I hope that you also have converted your host at Sandringham to Home Rule.

J. C. was in the most agreeable and agreeing humour, and is evidently genuinely and sincerely desirous of a reconciliation on the most reasonable terms. He seemed to me in all our conversations to be singularly little self-seeking or solicitous as to his own position in the affair. Nothing could be more explicit than his acceptance of our fundamental principle, viz., an Irish Legislature with an Executive dependent upon it, accompanied by specific limitations of its functions and proper securities for the central authority in Imperial affairs. He stated that he was very conscious that the acceptance of a Home Rule plan founded on these principles would expose him to much attack from his recent allies, and that he had said many things in the late campaign which could and would be brought up against him, but he added that he was quite prepared to face all that, and as you know he has plenty of pluck in such matters. I am quite satisfied that as far as he is concerned he has made up his mind to "put it through" on these lines.

He is as conscious as we are of the queer state of his coadjutor the Baronet [Trevelyan] and will pay no attention to his hesitancy. It is quite clear that the necessity of pulling the Liberal Party together has been borne in upon him on all sides.

I learn that he absolutely refused to have anything to do
with a Hartington-Salisbury combination with or without Randolph. The Goschen adhesion has had an admirable tonic effect as a counter-irritant, and will do much to heal the sores.

He saw Hartington on Saturday—not very willingly on J. C.’s part. I don’t feel quite sure how much he told him. Their interview lasted only twenty minutes, but he assures me that he conveyed to H. the outlines not only of the land but of the Home Rule project. He said that H. expressed nothing of a positive character, but put no decided negative upon any part of it. On the whole he did not derive the impression that the Marquis was in a hostile humour or showed any annoyance at the conference, and that his sentiments were rather those of waviness than of antagonism. J. C. had learned that James, H. Brand and Caine were all strong for conference and accommodation. He had also heard from Hussey Vivian to the same effect. We went over the list of the principal dissentients, and did not find any known to be decisively against it except Albert Grey and Courtney and perhaps Craig Sellar. The first is an amiable goose, the second a crotcheteer, and the last a cantankerous Scotchman—so they may be written off, and we need take little account of them.

J. C. and I went over again all the points discussed in Grafton Street, and I found no flinching on his part on any of the questions which we deemed vital.

As to the land, he was very reasonable. He declared that he had no amour propre which induced him to insist on his own scheme, but was very urgent that if you and Herschell could not approve his plan you should suggest some other, as he attaches the highest importance to settling the land question somehow or other.

He admitted that I had hit a fatal blow in pointing out that if the rents were not collected the Imperial Exchequer might lose all the taxes which were paid into the Land Bank and would go to the landowners. He is therefore quite willing to withdraw that part of his proposals (which he says was only adopted at Herschell’s instance) of making the whole taxation of Ireland a security for the rents. He would now propose that only the two million of local taxation should be paid in as a collateral security.

We also talked over the reduction of rent in case of a further permanent fall in prices, and he adopted a suggestion of mine that the business should be treated as a “rent commutation” on the same principle and plan as the tithe commutation, the
annual payment being based on an average produce rent say of three years’ prices. I don’t know how all this will work out when it comes to be critically examined, but I would strongly urge upon you and Herschell not to be too cassant in your criticisms of this part of the project, but to keep his land project simmering and not seem to put your foot down upon it adversely at once. It will be time enough to demonstrate its weaknesses later, and it is by no means desirable to come to issue upon this part of the business till we have progressed further with the rest.

As to the Home Rule chapter, things stand very much as they did. He definitely and distinctly accepts an Irish Legislature with the Canadian provincial powers specifically defined. He desires, whilst conceding authority over “civil rights and property,” that there should be special provisions to prevent abuse of these powers against classes or sects—something after the fashion of the U.S. Constitution and the Dominion Act provisions in respect of education. He insists of course on the exclusion of the nomination of the judges (and says that this point seemed to give satisfaction to Hartington). I concur. As to the justices of the peace, he was willing to leave that over for discussion. On the head of police he adopted my view that the local authority (i.e. the County Board not the Irish Executive) should have the police under their control for enforcing what lay within the scope of their authority. He seemed more indifferent than I expected on the subject of an imperial police, which however I think quite necessary in order to enforce matters lying outside the provincial authority, and if necessary to restrain excesses and abuses of that authority, e.g. the enforcement of decisions by the Superior Court on questions of ultra vires.

The Superior Court, which is to keep the Irish authority within the limits of its powers, to be a special committee of the Judicial Committee of the Privy Council.

He quite accepted the idea of regular Irish executive departments dependent upon the Irish Legislature, including an Irish Home Office, but with a disposition to some fixed term of official tenure after the American plan. I confess I don’t see my way to this.

As to finance, the Irish Executive would have the administration of all the funds now expended in Ireland (subject of course to the question of lien for the Land Bank). No British establishment in Ireland except a Ld. Lt. or Ld. Governor
representing the Imperial authority. J. C. seemed to think this might be dispensed with, but that appeared to me impossible, as without some channel for information and action I do not see how the Imperial authority could be maintained in Ireland.

An Irish department in England to administer through the Ld. Lt. all Irish authority not delegated to the Provincial Government. Of Imperial establishments in Ireland there would then only remain the military and the imperial police; the latter, having in ordinary times and whilst the machine runs smoothly nothing to do, might be reduced to a very moderate number, and I suggested that a few thousand men for this purpose might be brigaded in three or four of the largest towns as Dublin, Cork, Belfast, Limerick, etc., and employed on garrison work.

On all the above points there seemed very little practical difficulty. There remained only the two difficult nuts to crack.

(1) The presence of Irish Members at Westminster. J. C. was disposed to admit them generally upon all non-Irish questions in pari materia with the subjects delegated to the Irish Parliament—the Speaker being the arbiter as to what comes within this category and when they should withdraw. I confess the more I think on this matter the less I can see my way to any practicable discrimination, and though, as you know, I am the person most adverse to their admission, if (as I now think) this point must be conceded, I should admit them without reservation.

(2) We discussed over and over again the great Ulster stumbling block. J. C. was very reasonable on this topic, and I am quite sure has no desire to seek in it a ground for breaking off, but of course he is conscious of the strength of feeling in his own section on this point; and I fully recognize that if we are to carry the matter through we must do something to appease the alarm—genuine even if unreasonable—as to the possible oppression of the Protestant minority. It is quite plain that this strong prejudice must be reckoned with and somehow or other met. Without this there could be no hope of pacifying the Hartingtonians or Scotchmen. I feel all the practical difficulties of the exclusion in whole or in part of Ulster from the Irish legislation, but I feel the force of what Chamberlain says—that if in the present state of opinion we hand them over to a Parnellite Government there will inevitably be a row à la Randolph. We must therefore strain all our mental resources to find out some modus vivendi on this subject. J. C. quite admits that the Ulster people cannot be allowed to say that they
will remain as they are whilst a system of self-government is given to the rest of Ireland, but he suggests that they should be told that whilst they are not to be subject to the Irish Government they must accept some form of local government of their own to perform the same function, whether it be called a Provincial Parliament or (as he thinks) they might accept and prefer some more modest machinery of Provincial Council.

This is all no doubt very difficult, but ought not to be insoluble, and Mr. P. would be a greater fool than I take him to be if he preferred to lose nine-tenths rather than compromise as to this fraction.

We discussed also the course to be taken in the event of agreement amongst ourselves. I thought the best way would be for Mr. G. to call the Party together with the co-operation of J. C. & Co. and state the general outlines of our agreement, we having drawn up for our own use in the future the more detailed form of the settlement. In this J. C. cordially concurred, and is evidently very anxious that the day for that meeting shall arrive at the earliest moment. Amen! say I.

We had some talk over the tenor of his speech which is to come off next Saturday at Hawick—an embarrassing incident. I found he contemplated speaking at some length of the land question at Hawick, reserving the Home Rule question for the next week at Birmingham. I told him this would never do, as if he confined himself to the land in his first speech he would accredit the rumours that Home Rule had been dropped, which would be fatal on our side to the conference. He admitted the truth of this, and agreed that if he touched one part he should touch the whole, and promised to convey the impression that the Home Rule question as well as the rest was in a fair way towards a settlement. I urged him on no part of the question to enter into details which might make alterations of the plan more difficult for him in the future. To this also he agreed. He observed that he did not wish by shading out the lines of the conference to put himself in the attitude of appearing to be laying claim in the future to the credit of the whole arrangement, which I thought creditable—but at the same time I was of opinion that, if he was to say anything on the subject at all, it had better be made conspicuous that he had accepted our principle of Home Rule. He assented, and observed very truly that he must prepare his friends for the fact some time or other, and might as well do so at once, as if he produced an opposite impression now it would be the worse for him in the
future. It is no doubt a difficult job for him, but he is ingenious enough, and will no doubt find his way out somehow or other.

I gather that Randolph is as furious against Goschen as we could desire, and that there is good sport in store for us. I am told that R. C. is only too anxious to rush into our arms. May God defend us from such a Coriolanus! He is far more profitable where he is as a thorn in the side of his former friends than he would be in our camp.

J. C. told him he would have nothing to say to his economy, which I am not surprised at, for Birmingham is the metropolis of reckless expenditure and our friend is and always will be a Jingo of the first water.

What a bore it is having to write at this length! when one could say it all in half an hour. However, with such great objects in view and such fine prospects of attaining them, 'tis worth while taking a little trouble.

If with such cards dealt to us by a merciful Providence we can’t win the game we are indeed first-class duffers.

J. C. and I are both agreed that we ought to inspire the Press with the impression that we have covered the whole Irish question, and that we have good hopes of a favourable conclusion to the conference. This I think is of great importance at this moment, and I trust you will use your influence at once in this sense in any journals to which you have access.

I am sure that J. C. will strike this note on his return to Birmingham.

Tell me your Sandringham experiences. I know they are the kindest and most graceful of hosts.

If you forgive this letter I shall no longer consider you a vindictive fellow.

Yours sincerely,

(Sgd.) W. V. HARcourt.

P.S.—I have just received Mr. G.’s letter in reply to mine of Saturday. As he tells me you have a copy of it I will say nothing on it to-day except that it gives quite as favourable a reception to our work as we could expect—and more so.
Appendix II

MEMO. BY SIR W. HARCOURT ON THE CHAPTER ON
THE CABINET IN MR. MORLEY'S LIFE OF WAL-
PÔLE, JULY 12, 1889

(Cross Headings are inserted to explain the context.)

On the Committee of the Privy Council.

I don't much like this. It seems to convey an approbation of
the Government by Privy Council dear to the heart of David
Urquhart. It would be entirely destructive of party government
and parliamentary responsibility.

You may sometimes with advantage square the details of a
measure as between the Government and the Opposition. This
was done informally in the Parliament of 1868 in regard to the
Amendments on the Irish Church and Land Bills in the House
of Lords where Cairns under the direction of Disraeli came to
a private settlement with Gladstone by which the Bills were
passed; but anything which was recognized as making "the
chief men of both parties jointly responsible for some great
act of State" would entirely destroy party government, and
would be a mighty weapon to restore the power of a House of
Lords and possibly of the Crown who might force every question
to this kind of solution.

On the solidarity of the Cabinet and the powers of the Prime
Minister.

I am not sure that you don't overstate the doctrine of the
solidarity of a Government in respect of its Ministers. A Cabinet
Minister may be censured and impeached like Lord Melville
without necessarily bringing about the destruction of the Govern-
ment. It depends of course very much on the man and on his
particular action which is called in question whether he involves
the whole Cabinet or not.

As to the Prime Minister, I doubt if Mr. Gladstone would
agree in the position of autocracy. I have often spoken to
him on this subject. He certainly is disposed to regard the heads of Departments like Secretaries of State as to a great degree autonomous in their own province—regarding the Prime Minister as only primo inter pares. I know that he entertains great doubts as to the right of a Prime Minister to require a Cabinet Minister to resign. I know that he tried it in one case for convenience of reconstruction; he was point blank refused, and acquiesced. [Carlingford.]

In any event, I think it must be done with the assent and in the name of the Sovereign. This was the case in the dismissal of Thurlow by Pitt and of Palmerston by John Russell.

The solidarity of the Cabinet and the accepted principle that they were bound to vote together and support the measures of the Government was certainly not established till long after the time of Walpole. During the frequent administrations in the first ten years of George III's reign there were repeated examples of members of the Government and even the Lord Chancellor opposing the measures of the Administration both by speech and vote. Notably Camden and Thurlow. I think in Lord North's administration which had the undivided support of the King there was less of this sort of thing, but I doubt if the principle can be said to have been established till the supremacy of Pitt. I imagine that his Reform Bill, against which his own colleagues (certainly Dundas) voted, was regarded as an open question.

Altogether I think you have laid down the rules as to the position of the Prime Minister somewhat too absolutely. In practice the thing depends very much upon the character of the man. What was true of the Cabinet of Peel and Palmerston would not be true of other Ministers.

You are mistaken in supposing that the title of "Premier" is not to be found before 1746. I remember very well discovering this word frequently used as applied to Lord Godolphin in the Correspondence of Sarah Duchess of Marlborough, in two vols. I happened to read it at Hughenden some fifteen years ago, and pointed it out to Disraeli. The word as a parliamentary word is very modern. I dislike it very much and would never use it myself. The old word in the time of North and I think of Pitt was "the Minister." I used to affect this phrase as applied to Disraeli, which pleased him. I would never say willingly even Prime Minister in the House of Commons.

There is one thing you should note. The communications of the Government with the Sovereign except on strictly depart-
mental matters pass through the Prime Minister. The Sovereign, however, when a Minister is in attendance can communicate with him upon general policy and does so where she has confidence in the particular Minister. It rests in her discretion and his loyalty what she chooses to ask and what he thinks fit to answer. She can therefore discuss with particular members of the Cabinet the policy of the Government and even canvass the views and action of the Prime Minister or of one of the other members of the Government. This is a very delicate matter, and no loyal minister would encourage it beyond a certain point—not that it is not a good deal done. Of course the flagrant example of this was the conduct of Lord Loughborough on the Catholic Question in 1801 when he practically advised the King against Pitt and upset him.

Power of the Sovereign.

There is one thing I think you ought to bring out more clearly and that is the right of the Sovereign to demand the opinion of the Cabinet as a court of appeal against the Prime Minister or any other minister in his general or departmental action. As a general rule the foreign dispatches are settled between the Prime Minister and the Foreign Secretary, and are submitted to the Queen, but if she dissents she has the practical right to demand the opinion of the Cabinet on the dispatch. This power was extensively used in the years 1859-61 by Albert acting through the Queen in German affairs, and I remember Sir G. Lewis telling me at the time when almost weekly Cabinets were called at the instance of the Queen that the dispatches were almost invariably modified.

This is really a very practical power in the hands of the Crown, especially where there is a strong Cabinet.

I think you know that the recognition of the South in the American Civil War was prevented by the majority of the Cabinet against the opinion of the Prime Minister, the Foreign Minister and the Chancellor of the Exchequer.

We had several instances in the 1880 Government where the Queen especially required that the Cabinet should be consulted as distinguished from the Prime Minister and the Foreign Secretary upon views stated by herself. Of course the decision of the Cabinet in such a case is final. I also take it that a Minister who is at issue with the Prime Minister has a right if he chooses to insist on the case being brought before the Cabinet, This was the great mistake R. Churchill made. If instead of
resigning into the hands of Salisbury he had insisted as Chancellor of the Exchequer that the question of the Estimates should be decided by the Cabinet he probably would have effected a compromise.

On a question of policy there can be no doubt that the most successful administrations are those where there is a strong Prime Minister and a subordinate Cabinet. Where the individual members of the Cabinet are too strong there are perpetual elements of discord and disunion. One man's opinion is as good as another's—and better. This is why Coalition Governments like that of Rockingham with Fox and Shelburne failed. So also latterly the Government of Lord Liverpool with Canning, Peel and Wellington. Notably the Aberdeen Government. I could if it were not indiscreet give more recent examples. Though in theory *primus inter pares* the Prime Minister should really be *inter stellas luna minores*. This was eminently the case with Walpole, Pitt and Peel. Even Pitt you will remember was beaten in his own Cabinet on the fortifications by the Duke of Richmond.

I have made these observations as they occur to me, not with a view to your publication—as some of them are perhaps of too esoteric a character for print—especially the parts which refer to the Queen's appeals to the Cabinet.
Appendix III

CORRESPONDENCE BETWEEN MR. HUCKS-GIBBS (LORD ALDENHAM) AND SIR WILLIAM HARcourt ON BIMETALLISM

Harcourt to H. Hucks-Gibbs.

TREASURY CHAMBERS, WHITEHALL, S.W., October 21, 1892.—DEAR H. GIBBS,—Mr. Gladstone has forwarded to me your bimetallic letter. You need not alarm yourself. The new "old-fashioned" Chancellor of the Exchequer has not and does not intend to alter Goschen's instructions. This, however, you must regard as confidential, as it would not be proper to divulge the instructions before the meeting of the Conference.

Depend upon it they shall have "ample room and verge enough." I should think their deliberations would be much like those of the Council of Trent. The science of currency resembles that of metaphysics or dogmatic theology; it lends itself to unlimited controversy. "When one man talks about what he does not understand to another man who does not understand what he says—that is currency."

I am glad you think me "old world" in my ideas. So I am—a good deal more Conservative and orthodox than you inflationists."

There have always been and always will be people who believe cheapness and low prices the greatest of human evils and that the proper cure for them is to debase the currency. If you will look at Spencer Walpole's History of England (vol. ii. p. 33) you will see how in 1822 sundry remedies were proposed to raise prices. Of course in periods of depression of trade and commercial distress panaceas of this kind are always listened to with a certain amount of ignorant favour.

Houldsworth of course in the interest of Levantine cotton wishes to choke off the Indian cotton industry, and Chaplin desires to get rid of Indian wheat. The objects and arguments are the old Protectionist stock-in-trade. "Give us high prices,
and you shall have high wages." But the truth is that wages were lowest when prices were highest.

I have great sympathy with the depressed industries both of cotton and agriculture, but I do not think they are to be met by tampering with the currency.

England has attained and kept the position of being the great money market of the world, and all nations come to London to settle their accounts, because it is the only country the stability of whose currency can be relied upon. I remember talking to Blaine on the silver question. He said to me, "For us the question of exchange and foreign trade is a trifle; we depend upon our own inland commerce." That is not the case here. We are the money-changers of the world, and a great part of our wealth and prosperity depends on this. If our financial and commercial system were an erroneous one, depend upon it we should have felt it long ago in diminished trade and draining wealth; whereas it is notorious that never has there been so vast an advance in the volume of trade and the accumulated wealth as is evidenced by the great increase in the yield of the income tax and of the death duties in the last twenty years.

Experience of this character cannot be shaken by abstruse currency speculations. This question will have to be solved by men who have knowledge of its practical bearings.

I see you object to a predominant representation of London monied interest at the Conference. But after all it is to a great degree a "money market" question, and London is the "money market" of the world. This is eminently a question of "exchange," and London is the grand exchange. It was for this reason that I was very pleased to secure the assistance of one of the Rothschilds, for their knowledge of all the European markets and their name will carry great weight and be a guarantee that their views are not solely insular or local like those of the cotton manufacturers who, important as they are (I think Goschen said on his Budget their income was equal to that of the medical profession), are affected by the special circumstances of their trade with India. What we have to look to is the trade of the Empire as a whole, and the great bankers and exchange merchants have a wider knowledge and experience in its interests and requirements than the representatives of any particular branch. The position of England as the great creditor nation of the world is also within the special purview of the bankers.

I have tried to make the English delegation as fairly representative as I could. (x) The Government (who after all are
the parties primarily responsible for the national currency will be represented by the Deputy Master of the Mint and the head of the Department of National Debt, both able and experienced men with a full knowledge of this particular subject; (2) the money market of London, which as I have said is the money market of the world. This interest, which has far the largest stake in the question of currency and exchange, will be represented by Currie who will stand for the national banking and credit interest, and Rothschild who will represent more especially the foreign relations of the English money market; (3) the Lancashire cotton interest and its special Indian connections, which will be well defended by Houldsworth.

As you are probably aware, India will have its separate delegation, and fight its own battle on its own ground.

All this, of course is for your private eye. I wish I could cure you of your youthful and rash radicalism in monetary questions, but "boys will be boys."

Yours sincerely,

W. V. Harcourt.

* P.S.—As it is demonstrable that in recent years the incomes of the upper and middle class, except those of landowners, have increased, and the wages of the working class have also increased, the fact that most of the commodities they purchase cost less, the savings of all classes are greater, as is shown by the probate duty and the Savings Bank deposits. These savings constitute the capital out of which progressive enterprise and increased employment of labour is supplied. The cheapness of commodities is therefore not only a special benefit to the consumer, but is a main source of the accumulation of capital. If it is argued that incomes and wages would be higher and therefore the savings would be greater when prices are high, the answer is that experience has shown this is not in fact the case. They have both ruled higher in the periods of low than of high prices. So great has been the plethora of capital from the increased accumulation of savings in this country, that it has been found very difficult to find sufficient employment for it whenever the Argentine and other markets abound.

H. Hucks-Gibbs to Harcourt.

ALDENHAM HOUSE, NR. ELSSTREE, HERTS, November 14, 1892.—
My dear Harcourt,—Thank you for your letter of the 3rd. I think you must mean 1821 and not 1820, when Baring did
propose the adoption of bimetallic standard money; a very different matter from the "cheap money" agitation of Attwood and his like. They were "soft money" men. Their paper was not the money of half the world as Baring's silver was. Baring was quite right, and only spoke the words of all students of political economy, in pointing out the evils of a contracted currency. Ricardo opposed him, not by saying that there could be no such evils, but that there had been no such contraction; and this he endeavoured to prove by the truly insular argument that there was plenty of gold in England!! Wonder he did not go on to assert that though England had taken to use all that plenty of gold, that did not argue any increase in the demand for and use of that metal, and that therefore the money measure of the world could not have become contracted, nor gold itself dearer! He—and you—would have the sooner perceived his error. But neither he, nor possibly Baring, had made any careful study of the natural working of the law of dual legal tender. Why should they, unless they had perhaps read Sismondi's theoretical exposition of it? They counted with it as one of the ordinary phenomena of nature, and with its effects as part of their daily life. They had never lived in a world where either the sun did not rise, or where there was no par of exchange between the money metals of the world. "You follow Montague and Huskisson, you say. Yes, you try to follow in their wake, but you leave your compass behind, and are drifting on to a lee-shore. You adopt their chart, or think you do, and do not perceive that you are navigating the ship in a different ocean from theirs. You shall hear some more about them before I have done with you! You follow them, but it is a corrupt following of those "apostles." I wonder what those worthies would have said to their follower, a Chancellor of the Exchequer, who should ignore the commonplace of political economy, that it is of the essence of civilized commerce that the buyer and seller should have a common medium of exchange, if possible; or where it was not possible, then as near thereto as possible.

But you, I dare say, only ignore it because you have, necessarily, had no experience in commerce, and think it sufficient to refurbish the rusty old weapons used in ancient warfare, and rush to battle with the war-cry, "No inflation"!! I would suggest "No Popery"! It will be quite as relevant, and more effective. Of course you cannot have time to study the matter by the light of events which have taken place since you learned
political economy; but at least you can't tax me with a desire for high prices, or for inflation of the currency; for my evidence was, that I cared not what the ratio was, so that we had one; that the effect of a ratio of 154 to 1 would be slight and imperceptible, so far as the increase of the measure of value was concerned in raising prices (2 and 2, do you know, never make more than 4. Gold joined to silver are not likely to make a greater mass than gold not joined to silver); and that a ratio of 20 to 1 might not improbably diminish the amount of the measure and lower prices.

Oh Lord, Lord! as Pepys would say; to think of a man of your intelligence echoing that newspaper rubbish about the prosperity of England resting upon its being a place where you could always get gold! But there! it doesn't signify! It's only a letter to me! You know as well as I do that England was the "metropolis of the commerce of the world" in 1660 (as Monk said) when we had a silver standard; that it remained so in 1666 and onward when we had a bimetallic standard (barring that for a time Amsterdam, which had a silver standard, was the banking centre); and that we retained our supremacy even when we had an inconvertible paper currency, when you could never get gold. Can you not find a cause for that supremacy a little more flattering to your countrymen? If not, perhaps you will try to find a reason why a world which used silver by preference should flock for their exchange operations to a country where they could always get a metal which they did not want, and rarely used.

The money market! There is your error! You take the money market to comprise the whole of the commerce of England, and therefore listen only to bankers, home and foreign—of whom Currie and Alfred Rothschild are good examples—who think (some of them) that they and their class have an interest in the maintenance of the present system. It would be not unnatural if the Rothschilds and the banking interest generally should look upon the money market and the dealing in bills of exchange and in foreign securities as the be-all and end-all of commerce. It is their own particular "leather." They don't in reality so look upon it, of course; but their tendency is to do so, and to affect the "simple and unscientific mortals," among whom you are pleased to class yourself, with that view. I am on the other side. I look upon those things as the handmaids, the very useful handmaids, of commerce. Let foreign commerce cease out of the land, and bills of exchange
dwindle to nothing, and the whole edifice of banking begins to crumble.

As it is, the enthusiastic believers in a self-contained banking system, and in the absolute necessity of gold, only gold, have you for their champion, whom they egg on to shout "No Protection!" and a long procession of bankers follow after you, each with his tongue in his cheek, with a longer procession of officials and idlers "living on their means" all crying aloud, "Down with Protection!" their real cry, sotto voce, and addressed to your particular ear, being "Protect our gold! Proh Jupiter! Protect our gold!"

You say you love cheapness; but their cry is for "dear gold!"

. . . Cheap food for the people, and dear gold for them to buy it with! "Gold," they say, "is the wage-stuff of the country. The farmer pays his men with gold or its representative. . . . See that he gets as little as possible of it for the produce of his land! You will be surprised to see how happy and contented the poor will be when the farmer makes no profit, the landlord no rent, and—the labourer no wages!" I illustrate my meaning by the example of the greatest of all manufacturing interests, but it is true of all other manufactures as well as that of which land is the foundation.

However—you have chosen your side. You have ejected to march with the drones, and against the working bees. I take the other side, and—I shall win. It may interest you to observe in this connection, that it is the industrious class, the farmer, the merchant and the manufacturer, who are the great employers of labour, and that the banker and the annuitant do, but little for the working class. The labourers in all trades have been of late inclined to quarrel with their bread and butter, and with their manufacturing masters for giving them so little of it; but they are now beginning to inquire why the masters have so little of it to give; and I expect that before long they will let you know the reason why.

The volume of trade has increased, you say, in these last years, and you give shipping as an instance! The volume is one thing; but the profit is quite another. The old horse in a mill must go round and round, though what he grinds is not wheat but tares. But you prove profits, (1) by income-tax returns; and (2) by death duties. Now I should like to know how much of that income tax is in Schedule D, and whether that Schedule has prospered in proportion to the increase of population; and, if it has, how much of it is due to legitimate
commerce, and how much to stock-exchange operation. The low average rate of discount, always a concomitant of depressed trade, points to the latter.

But the death duties! Oh! Oh! Were all those benefactors of the Exchequer whose estates have lately paid heavy probate duty born and buried since 1875? Their accumulated wealth is perhaps, as you intimate, the consequence of the system under which they lived. But when did they live? And under what system? They lived before the calamitous rupture between the two monetary halves of the world; and their wealth is composed of the profits of the first four or five decades of their lives, minus the losses of the time in which you think their prosperity has been so manifest.

Now then, a word or two about Montague and Huskiisson. You follow them, you say, haud passibus aquis. I don't think you would find any difficulty in keeping step with either of them, if you would walk in the same path. But you accompany them part of the way, and then go astray after the devices of able but less wise successors of theirs.

I also am a follower of both those statesmen, if I may venture so to describe myself; but I follow them straight through in their monetary policy.

You, I think, fix your eyes on Montague's overthrow of Lowndes, and on his discomfiture of the paper-money craze, and of the false reasoning of its supporters. There I am with you heartily. But would it surprise you to learn that your illustrious predecessor, with the assistance of John Locke, perfected the law of the dual legal tender passed in 1666, by establishing what was then I suppose held to be the true ratio between gold and silver, viz., $\frac{15}{14}$ to 1. Giffen, who has not fully understood either Locke or his times—ita censeo—vaunts him as the great assertor of the single standard. It is quite true that Locke said that there could be but one standard (and that that one ought to be silver). But not only is there no such thing in rerum natura as a single standard, in our modern sense of the word (for the gold standard of one nation necessarily affects and modifies the silver standard of another, and vice versa), but, as the history of those times shows, neither Locke nor any one of his contemporaries had a conception of a monetary system in which both metals did not play their parts as full money, and he himself modelled his recommendations on the existing facts, and treated silver and gold as full money in England. He was right all the same in his conception of the oneness of the standard. Men could not
think their monetary thoughts in two metals. They thought their bargains out in silver; but the mints were none the less free and open to both metals, and legal-tender gold was rated at £15\frac{1}{2} to 1 to standard silver. Men reckoned their debts in the silver pound, but paid them, if they pleased, in gold.

I am quite content with such "monometallism" as that. Let gold be the standard, by all means, but rate silver to it! Now is your chance, not only to follow Montague, but to emulate him—to settle a difficult question, and obtain much well-deserved kudos. You will never settle it by sitting with your hands folded, and letting other people tinker Indian finance.

We come now to Huskisson. He also said, in 1816, that there could be but one standard; and treated it as an open question whether it should be gold or silver. Whether he used the word standard in the sense in which Locke used it, or whether he changed his mind subsequently, is of no importance; nor is it of the least moment to decide whether under the plan proposed by him there were in fact two standards or only one. The name of the thing is utterly unimportant. The substance is what we have to consider; and the fact remains that in 1826 Huskisson proposed a plan by which silver certificates to be issued by the mint for £50 were to be legal tender. The plan was rejected by the Duke of Wellington, "because" according to S. Walpole—"he had the good sense to see that it would virtually lead to the establishment of two different standards, and that it was therefore inadmissible."

Lead to two standards! It established two standards, if it is at all true that I and those who think with me desire to do so—Huskisson's dispatch, dated February 8, 1826 (a copy of which you shall have in a convenient form), is an exposition and recommendation of bimetallism pure and simple—that is to say, of the law of dual legal tender—differing only from that now proposed in that it imposes a minimum of legal tender and provides against our being burdened with masses of silver in our pockets by providing convertible paper instead. There is your great exemplar! Follow him!

Now, as to the Duke of Wellington. I do not know whether Walpole read Huskisson's dispatch. The Duke did; as he was bound to do. I have read his dispatches, and I cannot find that he said anything about "two standards." He did apprehend "two prices in the market, a gold price and a silver price," but that is not precisely the same thing. See his letters to Peel, February 18, 1826, and to Canning on the day following.
He disapproved, however, on the ground which I have mentioned, and in the erroneous belief that the certificates would go to a discount in correspondence with a supposed market price; which of course they would not.

This was in 1826; but in 1839, when he had thirteen years' more experience, he said that he had always considered it advisable "to revert to the ancient practice of this country, making gold as well as silver legal tender for large sums." See the paper which I will enclose with Huskisson's. He was then indeed under the erroneous belief that in France Government could vary the ratio; and he desired the same proviso here. It is true that that provision was in Gaudin's draft of the French law of 1803, but its inconvenience was recognized, and it was struck out. The Duke was also mistaken as to the effect of the agio, which solely affected export of the metal, and had practically no effect on the home market.

I daresay you don't know that there is at this moment an agio on bar gold in London—about 2d. an ounce!

I suppose Huskisson's paper and Soetbeer's remarkable paper will come before the "Ductores Dubitantium of the new Council of Trent"—the "silver Trent." Soetbeer was, you know, the champion monometallist of Germany, and a most able man. I will send you what he says in a letter to a neighbour of mine about the Conference. The defect in his plan is that it gives no par of exchange. It "does something for silver," but for that I care comparatively little.

Believe me always,
Sincerely yours,
HENRY H. GIBBS.

Harcourt to Mr. Hucks-Gibbs.

TREASURY CHAMBERS, WHITEHALL, November 19, 1892.—DEAR GIBBS,—You are inspired with all the zeal which is characteristic of perverts.

I don't find it necessary myself to go back to such ancient history as that of Montague and Locke or even Huskisson and Peel! I am content with the instruction I have derived from a very conclusive document of more recent date—the report of the British Commissioners at the Monetary Conference of Paris in 1878, which bears the honoured signatures of George J. Goschen and Henry H. Gibbs. I find that these eminent authorities made to assembled Europe and America the following statement:
"We ourselves considered that the impossibilities of establishing a bimetallic system by common agreement for all the world were so obvious that it was scarcely worth while to argue on the matter, while we declined as also unnecessary any discussion of the general merits of a single or a double standard."

I am content with that verdict of common sense and common experience, and I have recommended this report to my friends who are going to Brussels as the best chart and compass by which they can steer their course.

If it was "impossible to establish a bimetallic system by common agreement" in 1878, it is impossible now, and it will now be done.

You tell me quite truly that "I have had no experience in commerce." That cannot be said of the two respectable gentlemen whom I have quoted, and you know as well as I do that it is the opinion of 999 out of every 1,000 men experienced in commerce in this country.

Nothing shows me more how the bacillus of the bimetallic craze has eaten out the fibre from economic intelligence than your tirade against the bankers, whom you class amongst the drones, a sentiment worthy of a French anarchist, who regards capitalists as the enemies of the human race and especially of the labouring class. It seems a strange aberration in the mouth of a Conservative merchant of the City of London.

You say the "banker does little for the working class." What is the fund from which labour is fed? I suppose capital. What is the function of the banker except to act as a reservoir and a conduit pipe for that capital and the main instrument of that still larger fund derived from the superstructure of credit bred on that capital. The banker lends the money for labour, and is the depositary of its produce. You are like the unwise member in the old fable who despised the functions of the belly, and declared that the life of the body was only in the hand. You might as well say that the gasometer and the gas mains had little to do with illumination.

Though I am not a commercial man, I profess after sixty-five years to have some experience of life. I am in the habit of judging of systems, whether of currency or other affairs, by their results. After the experience of fifty years the great growth of the wealth and prosperity of this country satisfy me that the policy of free trade is a sound one. If it had been unsound our industries and commerce would have waned and
not waxed as they have done. I find that in comparison with other nations we have attracted and are attracting to ourselves year by year more and more of the trade of the world, whilst our industries increase and the general level of our wages (subject to periodical fluctuation) steadily rises. It is true that the division of profits has changed; the capitalist gets a smaller and the wage-earning class gets a larger share. The improved condition of the latter is evidenced by the enormous increase of his consumption of cheaper articles—articles which have become cheaper by improved methods of production, greater facility of transport, wider areas of competition. He not only gets higher wages, but those wages buy in proportion a far larger amount of goods.

All this satisfies me that we are on the right road.

I apply the same test to our monetary system. If it was unsound we should find some traces of the evil in its results over a long period of years. I pointed out to you the signal growth of the national income and its accumulated wealth in the last twenty years as a proof that we had suffered no injury such as you suppose, but the reverse, from the monetary changes which have occurred abroad in that period.

Your answer shows that you have not made yourself acquainted with the elementary facts of the wealth of nations as shown in this country in the last twenty years. I told you that the wealth of the country had vastly grown as evidenced by the income tax and the probate duty. You reply, "I should like to know how much of that income tax is in Schedule D and whether that schedule has prospered in proportion to the increase of population?" You ought not to have required to ask such a question. The conclusive answer to it is to be found in that A.B.C. of economic facts, the Statistical Abstract. Where should the growth of the income tax be shown except in Schedule D? You do not, I suppose, look for it in Schedule A under the ownership of land, where the values have notoriously fallen, or in Schedule B which relates to the occupation of land. As you do not seem to be cognizant with the figures I will give you them from the last number of the Statistical Abstract, p. 31:

**Income-tax Schedule D England.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual value assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1877</td>
<td>£221,000,000</td>
</tr>
<tr>
<td>1891</td>
<td>£306,000,000</td>
</tr>
</tbody>
</table>
That is an increase of about 50 per cent. in the fifteen years. You ask has this Schedule increased in proportion to the population? The answer is notorious. The increase of population in the same period has been from—

1877 : : : : : : 33,500,000
1892 : : : : : : 38,000,000

an increase of less than one-sixth or about 15 per cent. Let me give you another fact of much importance in answer to the deplorable pessimism of you bimetallist gentlemen. In the first quinquennial period 1877–1881 the assessments were almost stationary; in the last quinquennium, when our ruin ought to be more complete by the protracted deprivation of bimetallism, the figures are—

Schedule D.

1887 : : : : : : £248,000,000
1891 : : : : : : £306,000,000

a growth of more than 20 per cent. in five years, and the later the year the greater the growth.

There is another fact of importance. Schedule A (Stat. Abst. p. 30) so far as it regards land has fallen in the last fifteen years, 1877–1891, to the amount of 11 millions, but houses under the same Schedule have increased from £90,000,000 to £123,000,000. There is perhaps no better test of the well-doing of a community than the growth in make and value of houses. It shows that the mass of the people have more means and spend it in the best way. Here the growth is nearly 40 per cent. against a growth of population of 15 per cent.

So much for the annual income of the nation and its languishing state pining for bimetallism. Now let me give you the same elementary source of the state of its accumulated wealth as shown by the probate duty (Stat. Abst. p. 34):


1883 : : : : : : £109,000,000
1891 : : : : : : £144,000,000

again a growth of nearly 35 per cent. Oh, but, you say, this wealth was accumulated in the fine old times before the calamitous rupture out of the profits of the earlier periods. How comes it then, most sagacious logician, that the ratio of progression in the value is far greater in the later than the earlier periods of this series. The probate duty speaks for the upper and the
middle class. The growth of the Savings Bank deposits tells the same story as to the growing wealth of the wage-earning class as the great augmentation of consumption testifies to their improved income (Stat. Abst. p. 191):


Receipts.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1877</td>
<td>£9,000,000</td>
</tr>
<tr>
<td>1891</td>
<td>£21,000,000</td>
</tr>
</tbody>
</table>

an increase of more than 100 per cent.

Capital.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1877</td>
<td>£27,000,000</td>
</tr>
<tr>
<td>1891</td>
<td>£66,000,000</td>
</tr>
</tbody>
</table>

much more than double.

If you want to test whether business transactions in the mercantile world have flourished or declined look at the figures of the Clearing House (Stat. Abst. p. 212):

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1874</td>
<td>5,937 millions</td>
</tr>
<tr>
<td>1891</td>
<td>6,848 millions</td>
</tr>
</tbody>
</table>

Finally, my dear Gibbs, my prescription for your bimetallic depression of spirits is to study the Statistical Abstract prepared by the admirable Giffen. You will find in it consolation of the most solid description.

These considerations save me from the despair with which the groans of the bimetallists would oppress me. If you would begin to make yourself acquainted with the real state of the facts in relation to the growth and progress of the national wealth you would be confident in your spirit and not lie awake at night haunted by the spectre of the "calamitous rupture."

You think if you could only make everything dearer every one would be better off. You believe that if the price of wheat was doubled the farm labourer would get better wages. That is contrary to the experience of facts. When at the beginning of the century the price of wheat was 100s. a quarter or three times its present value the wages of the labourer in Hants were not one-half their present amount. High prices do not create high wages. Wages have hardly ever been higher than in the present state of low prices and their purchasing power is doubled. The working classes know this very well.

All the world is occupied in a perpetual effort to produce everything at a cheaper and still cheaper rate. The ingenuity of...
mankind is exhausted in finding cheaper substitutes for labour, greater facilities of transport; increased production stimulated competition, and when that is accomplished you think you can step in and reverse all their efforts by a change in the currency laws in order to raise prices!

Why don't you abolish the railroads, break the machines, blow up the Suez Canal? You will equally accomplish your object without an international agreement. Prices will rise, wages will be raised in consequence, and every one will be happy!

Yours sincerely,

W. V. Harcourt.