

MARYLAND GAZETTE

T H U R S D A Y, D E C E M B E R 20, 1781.

THOUGHTS, on a plan for a New PAPER-MONEY; and for recovering a currency to our old emissions.

LET us endeavour to simplify our money affairs, so as to make them understood by the people. A state, or government, issues bills of credit; and pledges its faith, or sets apart certain property for their redemption. If the time for discharging the bills should be remote, and the circumstances of the country such as to hazard a perversion of the funds, the confidence of the people will be affected. Then a mistrust will be introduced, and from this moment men will set about changing their paper into a less doubtful property; and, hence will necessarily originate a competition which must carry the money through all the stages of depreciation.

The funds which this state has appropriated for the redemption of its bills of credit, were certainly sufficient in themselves, but the period for their redemption being remote gave room for the full operation of events. I am persuaded our citizens are not defective in the virtue of patriotism; but, the politician in forming his combinations, does not track entirely to virtues. He will suppose that there may be among them, some who will make a point of getting rich, and others of securing their riches. In this light, the people are less to blame than their rulers. At least we must acknowledge, that the one has discovered more prudence, than the other has discernment.

The principal causes then why our currencies have failed, is a *mistrust* as to the funds remaining always subject to the disposal of government, combined with the remote period for their redemption. Under this state of matters, the road we should take is open and easy. The mistrust arose from the possible events of war. There are now in favour of the funds. But shall we therefore conclude, that the effects of this *mistrust* are to be suddenly removed. If there is a man who would attempt to remove them suddenly, and at the same time keep adding to our emissions as heretofore, he is either a magician or a mountebank. A credit once lost is not easily recalled. It is well known to men conversant in these subjects, that when the French bank notes in the year 1790, amounting to the sum of 462,316,410 livres were reduced to half their value, an *arret* of the duke of Orleans, raising them to their first denomination, had no kind of efficacy.

In thinking over the measures and expedients for the restoration of public credit, I have always said to myself, "You are no bankrupt, but you may be easily made one. You must have recourse to short payments if you would regain the confidence you may have lost; or, you must discover a symbol that can be instantly changed into the value it represents. If your debt is very large, or should you be only able to pay the creditors an interest, you must then be punctual to a day, and to a penny. As to the merchandise you have on hand, and which you seem anxious to circulate, you must not stand about the country after purchasers; purchasers must come without being sent for. In fine, the people must want your commodity before you can expect them to buy it."

But to gain a stability to our conclusions, let us take the quantity of paper-money, which we had in use previous to the revolution, and compare it with the quantity now in circulation and dormant.

The Maryland emissions of the years 1767, 1769, and 1774, in circulation, amounted to £.300,371 to 1. A part of this money passed into some of the neighbouring provinces, but we had an excess of theirs which might raise our paper medium to about £.400,000. I shall speak elsewhere to the quantity of our specie.

There is at this time in the hands of the people about £.48,000 of the emission of June 1780, about £.93,750 of state continental, and about £.70,000 of that called red-money. The difference therefore between the currencies employed in our trade and alienations, before the revolution and at this period (calculating upon these several amounts

at their passing value) is nearly as ONE to SEVEN †.

Who will pretend to say, understanding the capacity and circumstances of Maryland, that this sum, supposing for it the freest circulation, is, in any wise adequate, to conduct even our present humbled trade? But we know that our trade, from the nature of things, must be every day enlarging; and the call for a currency, of course, becoming every day more urgent. This is not however a proper authority upon which to found a repetition of old expedients. Our affairs require that the people should be left a little to themselves. After what has happened; after emission having followed emission, so fast as to leave them scarcely time to provide against their possible changes, one would believe that no great harm could arise from a few months serious reflection.

This suspension of emissions I conceive necessary, as a first step to remove that *mistrust* which we have considered as a principal cause of depreciation. Be patient ye reasoners! I see the dangers of an empty treasury: I hear the demands of a thousand creditors. Be assured, my friends, a desire to satisfy these demands, and to fill the treasury with money capable of answering your purposes, alone, makes me plead for a suspension. It cannot be long an empty treasury, should we pursue proper measures; but if we do not, it may be a treasury from whence will proceed all moral and political evils.

It may now be expected that I should expose my plan. I am willing to lay it before you, requesting only, that you will not judge of it rashly, or condemn it, because it may differ from your own.

Previously, however: I would intreat leave to indulge a few remarks on our supply bill for the year 1782, as its frame and operation may either render the plan eligible or nugatory. If the revenue for 1782, is to be produced wholly from a tax in kind, I would observe, that the unavoidable losses in the collection of such taxes, and the number of hands and changes through which they usually pass, before they can serve the public calls, will reduce their result far below the first calculation. In other words, a tax in specifics, estimated to raise £.400,000 may not, under the best possible management, bring into the treasury, or net more than £.200,000. This should be well considered in the formation of bills for such taxes. But however well it may be considered, to render them sufficiently productive, it will be necessary to make them intolerably burthensome. A wise government, therefore, will only adopt a tax in kind, when it has no other alternative; and will use every endeavour to lessen this evil by returning as fast as possible to a tax upon the symbol of property.

This has its force with me, among other reasons, for calling your attention to a plan, which comprehends, in my opinion, a very essential relief to all our embarrassments. I would render a tax in kind less necessary, because, as we have suggested, it is the most grievous one to the subject, and the most unproductive one to government. I would give you a currency to act upon, which the arts of the wily projector could not precipitate. I would recal the confidence of the people to those which have assisted in rearing our independence. I would give the farmer and merchant a substantial representative for carrying on their respective alienations. And, I would offer a security to all orders of the state, who might chuse to make it their debtor, in which they could have no possible distrust.

I propose then to create one hundred thousand pounds specie in the following manner. Let us lay one dollar on every hundred pounds property in the state, which will realise about forty thousand pounds. We will then dispose of the confiscated property allotted for the redemption of the red-money, which remains unissued, to the amount of forty thousand pounds more; and out of the sales of a certain part of our specific taxes, we will compass the remaining twenty thousand pounds.

I propose also putting the whole management of the sales of these articles by an act of the general assembly into the hands of a single man, to whom the result of the specie tax is to be paid as soon as collected †. I propose to invest this man or a few men with a power of issuing notes or bills to the

amount of their specie; these bills to be further guaranteed by a solemn act of the state. I propose that they should receive the specie deposits of individuals, making a transfer of bills to their amounts. I propose that they should issue bills on proper securities, or mortgages, for the furtherance of trade and industry. In all this I make it a directing principle, that these bills are to be immediately paid when carried to the office. If we suppose the people to turn them in after a short trial, and to draw out their specie, it is only beginning anew; by ordering the money back in taxes. Or in case (which is much more likely to happen) the general assembly should find it convenient to increase the capital of this deposit, it is only to direct some fresh appropriations. Here then is the plan: I claim no merit from its newness; for it is new only, as it respects the state of our affairs, and the state of Maryland. If I am understood; I need not go into a deeper detail; it is easy to supply what remains; and, if I am not a further detail, I fear, would be attended with little advantage.

It is necessary however to shew what effect the execution of this plan might have upon our currencies. Perhaps there is no political truth more evident than that this state cannot be either rich or extensively industrious without a paper-money. By introducing a paper, the value of which cannot be diminished, you attract a certain confidence to all your other currencies. We will suppose that one half only of the proposed capital for the new bills can be completed in six months. But this one half I assert, will be of more service to the public, than three hundred times the quantity of paper now in the state. In this interval, or before these new bills can be issued, the people reasoning upon their real situation, will perceive the full reliance they should have on the funds for the redemption of their old money. It will then be handled less cautiously; or may be circulated to its first value, by an easy operation with the new bills. Convinced by the suspension of emissions, that government intend only what is honest; and becoming sensible of the inconveniences of barter, the people will find it absolutely necessary to have some medium of exchange in addition to gold and silver. Then, and not till then, their wants being alike, a likeness will be produced in their reasonings, and a belief in the usefulness of the currencies which they have despised, will arise out of their wants. The very necessity of employing a thing serves to give it a better character.

Let us now spend a few moments on the ability of the state for such an undertaking. It was when the republic of Holland was in her infancy, and when the only coin of her citizens, was that of the Spaniards their late masters, the first deposit was made in their since so celebrated treasury of Amsterdam. But I already hear it urged that there is not even specie enough in the country upon which to found the moderate tax of one dollar in the hundred pounds. There are assertions which one is often at a loss how to answer. I hear them daily without their producing conviction. When a man tells me gravely, that he has not seen 20 pounds specie in his neighbourhood for several years past, I can afford him my full belief. But when he says there is not that sum in his neighbourhood, I endeavour not to laugh, but I am tempted to ask him, how it has made its escape; and where it is gone to, provided he thinks it was ever there. Why is it that men will attempt to deceive each other? Do we not all know what a hoarding and heaping up of specie took place, from the very birth of our continental money? And have we not seen among us, even purchasers and gleaners of half-pence. This avidity, this search after gold and silver, was almost every where prevalent. So much so, that I will venture to say, many a farmer has added to his old quantity. But, surely it must be in every ones memory, that our gold and silver retired very early from this contest; for we had hardly taken up arms against Great-Britain, when we declared war against it.

But it is further urged that the merchant lent all our specie to the West-Indies or Europe. I assert in turn, that what he exported was from the stock he had on hand, when the continental money appeared; and, that, when this failed him, he in vain attempted to draw from the farmer; and I appeal to the merchant. No one I presume will suppose that our specie was confined to his coffers. It is the merchant also who can enlighten us further on this subject. We had about £.400,000 of

† To establish a currency for such money as we are speaking of, we must avoid doing any thing which makes it the interest only of a few to produce depreciation. It is more likely to keep near its value, when every one has an equal interest in its depreciation. In certain cases interest unites, in others, divides.

† If our credit and specie were considered it would give a trade equal to two millions of specie. † He must not however be permitted to hazard the specific taxes in a precarious traffic from the idea of increasing his capital.