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REASSESSING THE IRISH POUND REPORT OF 1804

by

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REASSESSING THE IRISH POUND REPORT OF 1804

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Your Committee must refer to the confirmation and sanction which all their reasonings receive from the labours of the Committee.. appointed.. to examine into the causes of the great depreciation of the Irish exchange with England in 1804.

The Bullion Report, 1810

1. INTRODUCTION

The 1804 Report of the Select Committee on the Irish Currency remains a somewhat neglected classic in the history of economics. Its forceful statement of the classical monetary approach towards exchange rate determination and the balance of payments anticipates the main findings of the more famous Bullion Report of 1810. Yet though twice reprinted during the lifetime of most of the Committee that gave it birth, only Frank Whitson Fetter among modern authors has given it its due, even providing a new edition in his *Irish Pound* (Fetter, 1955; also Fetter, 1965: 39-40). Rather than rehearse the theoretical argument of the Irish Currency Report in detail, my aim in this paper is to reassess the empirical underpinnings of the Report and associated literature.

Prior to the Restriction of specie payments in March 1797, the Irish pound had never strayed far from its par value, which since 1701 had put the pound sterling at a premium of 8.33 percent. The initial impact of the suspension of cash payments was a reduction in the premium, but by late 1803 it had risen to 18 percent, representing a depreciation of about ten percent. Considerable

Condensed version of the paper presented at the Quantitative History Conference, Hull, September 1989 (Ó Gráda, 1989a). The comments of Frank Barry, Joel Mokyr, Michael Moore, Desmond Norton, and Rodney Thom on the longer paper were very helpful.

controversy ensued, both in pamphlet form and in parliament. The Irish Currency Report, a quickly-produced document of about twelve thousand words, was part of the parliamentary reaction.

The move to set up a Select Committee to investigate the depreciation of the Irish paper pound relative to Bank of England paper had been politically inspired. 'Young turk' members of the Whig opposition sought to embarrass both an impecunious ministry and the Bank of Ireland, by raising the subject in the House of Commons. The Bank, established by charter in 1783 and granted privileges akin to those ceded to the Bank of England almost a century earlier, was widely considered an agent of government. Still, membership of the Select Committee was large (forty-seven were appointed) and bipartisan, and the Report transcended political rivalries. Alas for the Report's impact, much of the depreciation of Irish paper that provoked it had been reversed by the time it was published and the exchanges remained close to par for several years afterwards, averting the need for parliamentary discussion. Nevertheless, five years later the Bullion Committee conceded the value of the Irish Report, and six members of that Committee (including Henry Thornton) had also served on the Irish Currency Committee.

Though, as Fetter (1955: 45) noted, the 1804 Report's findings "rested upon general analysis rather than upon statistical evidence", its conclusions were nevertheless buttressed by repeated appeals to 'facts'. My claim in this paper is that the evidence adduced by the Committee and its supporters, notably Foster (1804) and Parnell (1804), was either weaker or more ephemeral than they claimed. I argue that the Committee was too eager to dismiss 'real' factors (Part 2), and to blame the the Bank of Ireland for the depreciation (Part 3). It also exaggerated the importance of the short-lived 'Ulster Pound'

(Part 4). and the impact of private banks (Part 5). The Committee failed to analyze the rise in Bank of Ireland circulation, but others were quick to accuse the Bank stoking the depreciation out of self-interest. However, my analysis of the Bank's records (Part 6) makes clear that persistent pressure from hard-pressed government ministers was mainly responsible for the note expansion.

2. THE 'BALANCE OF DEBT'

For hardline monetarists such as Ricardo, the cause of a balance payments surplus or deficit must always be monetary, and the depreciation of paper currencies solely due to the over-expansion of bank notes. In an important passage, Thornton (1802 (1939): 143) agreed that this must be so in the long run, but stressed that in the short run real factors might produce the same result as follows:

But though the value of the commercial exports and imports of a country will have this general tendency to proportion themselves to each other, there will not fail occasionally to arise a very great inequality between them. A good or bad harvest, in particular, will have a considerable influence in producing this temporary difference. The extra quantity of corn and other articles imported into Great Britain in this and the last year, with a view to supply the deficiency in our crops, must have amounted in value to so many millions . . . If the harvest fails, and imports are necessary, in order to supply the deficiency, payment for those imports is almost immediately required: but the means of payment are to be supplied more gradually through the limitation of private expenditure, or the encrease of individual industry. Hence a temporary pressure arises at the time of any very unfavourable balance. To understand how to provide against this pressure, and how to encounter it, is a great part of the wisdom of a commercial state.

Historians of monetary thought tend to side with Thornton (Fetter, 1965: 43-8; Perlman, 1986). Curiously, however, though Thornton was a member of the

Irish Currency Select Committee, the committee's Report had no time for the interpretation just quoted.² Even before discussing reasons why the Irish pound had depreciated, it ruled out an adverse balance of payments as a candidate (Fetter, 1955: 66-7, my emphasis):

Exchange becomes unfavourable to any country when that country, being in debt to another on the whole sum of its money transactions, including all items of Remittance, balance of Trade, &c. has occasion to transmit more than it is to receive; the expense of transmitting which surplus it must of course defray, and the Exchange is of course against it; this expense (while Guineas can be supplied by the debtor country) ought only to amount to the actual cost and commission on transporting Specie from it to the other, and does not amount to 1 per cent between Dublin and London, including insurance: **but any excess in the Rates of Exchange beyond this expense forms a separate consideration, and must arise from other causes . . .**

The belief that the depreciation of the Irish pound was due to an adverse balance of payments on current account (or 'balance of debt'), caused by real factors - the list of alternative factors included a series of bad harvests, political disaffection, and wartime exigencies - was widespread in 1803-4. That belief was the target of the Committee in the above passage. But as if sensing that their theoretical assertion might not clinch the point, the committee set about demolishing the balance of debt argument directly by appealing to new, specially-commissioned foreign trade data.

Like British contemporary merchandise trade data (Davis, 1979), the Irish statistics relied on out-of-date 'official' rather than current market prices as aggregators. The resulting series (Table 1) indicated a long-standing deficit in the balance of merchandise trade, a deficit that could hardly have

²Perhaps, like Ricardo in his defence of the Bullion Report, Thornton decided that this was no time for fine theorizing.

been put right by a surplus on invisibles. This may seem grist to the mill of believers in 'real' factors. In reality, however, the trade data were too good to be true, because no serious defender of real explanations of the 'balance of debt' held that it could remain negative indefinitely.

The Select Committee, suspicious of such an outcome for doctrinal reasons, reasoned that the problem lay with the 'official' values. It therefore commissioned its own estimate of the balance of trade from the Inspector General of Imports and Exports, and this showed a deficit only in 1800 and 1801 (see Table 1). The Committee's successful over-turning of the official data was influential, prompting the Bullion Committee to seek their own revision of official British data. Moreover, Irish historians concur with the main finding that Ireland's balance of trade, properly measured, was normally in surplus at this time (Fitzpatrick, 1973: 383, 386-7; Lee, 1971: 201).

Table 1: Merchandise Trade Balance at Official and Revised Prices

Year	Official Prices	Revised Prices
	(in £1000s)	
1795-6		- 476
1796-7		+ 66
1797-8	- 982	+ 1371
1798-9	+ 201	- 218
1799-1800	- 2104	- 2271
1800	- 1765	- 2493
1801	- 603	- 194
1802	- 997	+ 917
1803	- 505	-

Source : B.P.P. 1804 vol. 5

The Report's numbers are not beyond dispute, however. Recent works by Peter Solar (1987) and the late Ralph Davis (1979) allow some cross-checks on the merchandise export side at least. The outcome is mixed. The detailed agricultural export data reproduced in the Report for 1802 are quite consistent with Solar. Difference on individual items tend to cancel out, and the Report's £3.6 million tallies well with Solar's £3.5 million (O Gráda, 1989a). However, the rise in export prices between 1800 and 1802 implied by comparing the Report's real and current price estimates - exports measured in official prices rose by one-third, in current price terms by almost two-thirds - seems rather high. Solar's agricultural price index declines from 135.5 in 1800 to 108.2 in 1802 (Solar, 1987: 79), while the price of linen, accounting for forty-five percent of merchandise exports in 1803, rose from 19d to 24d per yard (compare Gill, 1925: 225n.). Again, Ralph Davis's estimates of the current value of Anglo-Irish trade (Davis, 1979), indicate that the current values used by the Report were too high, which weakens the case for a persistently positive balance in the 1790s.

There is a final irony in that the Report's data might be taken as support for 'real' explanations. The corrected figures still show whopping deficits in the years of distress of 1799 and 1800. Such exceptional deficits support a 'real' interpretation of the depreciation more readily than the almost endemic deficits in the official series; and the improvement in the exchange from 1804 on might also, at least for the sake of argument, be linked to a restored balance.

3. THE MONEY SUPPLY, 1797-1804

As noted above, the Report rejected 'shocks' to the real economy as an

explanation of the depreciation. Instead it proposed a model of exchange rate determination that combined stable demands for money in both regimes and strict Purchasing Power Parity. Under such conditions, only a relative increase in the supply of money in Ireland could have produced a depreciation. Comparing the rise in the Bank of Ireland note circulation given in the Report - from ~~£~~0.6 ~~to~~ 0.7 million in March 1797 to almost ~~£~~3 million by the end of 1803 - with the Bank of England's - from ~~£~~10.4 million to ~~£~~17.8 million during the same period - established a strong prima facie case for Bank of Ireland culpability (Fetter, 1955: 72).

However, the comparison is somewhat misleading. In the first place, because Ireland's banking system had been almost non-existent before 1797, specie had played a far more important role in Ireland before the Restriction. Indeed, the Report concedes that ~~£~~1 to ~~£~~1.2 million of the increase accounted for by smaller notes, 'together with a small part of the issue for larger sums', merely replaced withdrawn specie. Second, the Bank's own archives show the rise in note circulation to have been from ~~£~~0.6 million to ~~£~~2.6 million, rather than the figures cited in the Report (Hall, 1949: 392). Allowing for post-bills amends these numbers to ~~£~~0.75 million and ~~£~~2.8 million. Third, the Report takes no account of the fact that using 1797 as a starting point biases the case against the Bank of Ireland, because in that year very real fears of invasion and rebellion had kept its note issues well below trend (McCavery, 1980: 310-2). Let us suppose that 1.4 million of the increase replaced specie; then a rise of only one-third in the effective money supply is indicated. To assume the replacement share was ~~£~~1.2 million would raise the effective increase in the money supply to somewhat over forty percent.

To be sure, the Bank of England's increase in circulation was also in part

replacing bullion. Excluding the share of one-pound and two-pound notes, the closest substitutes for specie, indicates an effective rise of just under thirty percent between the suspension and the time of the Report. Thus the Irish Bank's note circulation rose more than the English in this period, but the consequence for relative money supplies was less dramatic than the comparison implies.

The Report went so far as to infer a trend from three observations on Bank of Ireland paper and the exchange (Fetter, 72):³

Comparing the issues of the Bank of Ireland with the rates of Exchange, a strong presumption arises from the connexion between an increased issue and a high Exchange. For in March 1797,

the Paper of the Bank was between £6 & 700.000
And Exchange in Dublin 5.5 to 6.75

April 1801. Paper was 2,266.000
Exchange rose from 11.75 to 13:

1st January 1804. Paper was 2,986.999
Exchange rose to 17 and 18

A more formal analysis is surely called for ! The chief accusation against the Bank of Ireland was that by expanding note issue faster than its London counterpart, it had forced up the note exchange. This suggests an econometric analysis of the link between the relative note issue of the Banks of England and Ireland and the exchange rate. Such an analysis, using quarterly data for both the entire Restriction period and the 1797-1810 period only, has been carried out elsewhere (Ó Gráda, 1989b). It shows that these two series are not

³'Exchange' below refers to the sterling premium in Irish pence.

co-integrated in the sense of Engle and Granger (1987), a necessary condition for the Irish Currency Report's model to hold even in the long run. This does not rule out some role for money in long-run exchange rate determination, but it suggests that the Report was too dismissive of other possible explanations for the exchange rate fluctuations of 1797-1803.

4. THE 'ULSTER POUND'

The Irish Currency Report drew attention to the special monetary regime to be found throughout much of the northern province of Ulster, where landlords and linen factors refused to accept paper in the discharge of debts. As a result gold had continued to circulate in Ulster, and the province was spared the huge rise in private banks found elsewhere in Ireland.⁴ The Report noted with relish the rise of a separate exchange rate (Fetter, 1955: 65, 67). That astute Irish critic of paper money, Henry Parnell, saw here evidence that an economy will always attract the money it needs to finance economic activity, even in the most adverse crisis (Parnell, 1804).

Like the Irish pound before 1783 the Ulster pound was simply a unit of account, never embodied in local coins. Cullen has linked the persistence of specie payments in Ulster to the 'archaic' insistence by local landlords on payments in specie (Cullen, 1984: 40-3).

Disappointingly for admirers of this Ulster *curiosum*, the Ulster pound was in retreat even before the Report was written. The belated rise of banking in the Belfast area in 1808-9 finally put paid to gold circulation, as southern

⁴The parallels in this respect between Ulster after 1797 and the United States west of the Rockies during the Greenback episode are striking. Compare Mitchell (1903: 142-3).



banknotes had done about a decade earlier (Ollerenshaw, 1987: 4-9). In 1812 Bank of Ireland notes were declared legal tender, and soon the **Belfast Monthly Register** could "quote no price for the discount of bank notes" (cited in Fetter, 1950: 250).

5. THE PRIVATE BANKS

The Report did not direct all the blame for the rise at Bank of Ireland note-issue, but also condemned the profusion of note-issuing "country shops throughout the South of Ireland (many of which can hardly be called Banks)" after 1797 for fuelling inflation and depreciation (Fetter, 1955: 73). The Report's analysis here is rather slipshod. After suggesting that such banks numbered well over two hundred, it produced a curious list of **twenty-three** small-note issuers in the small south-coast town of Youghal alone. Then, lacking an estimate of their aggregate circulation, the Report was happy to repeat the claim of a Dublin banker that the new banks had quadrupled note circulation outside Dublin. Unfortunately, the Report's lack of hard information is matched by our own.

Direct evidence that the private banks fuelled inflation is elusive, though they certainly availed of the opportunity to expand their circulation. This is indicated by the data on stamped bank notes. "By the existing law," according to the Report (Fetter, 1955: 73), "all notes under three guineas may be issued on a 1.5d. stamp - under ⁷10 on a 3d. stamp - under ⁶50 on a 4d. stamp - whence a judgement may be formed of the increase of paper circulation". The resultant judgement is not worth much, however, since the relation between note issue and note circulation, largely a function of the speed with which worn notes were replaced or lost, is not known. If the duty paid reflected

annual circulation (as the Report seems to be hinting), an overall rise in circulation of no more than 25-35 percent is implied. Small notes may have had such a short life, but the stamp duties hardly encouraged prompt replacement, and larger-denomination notes were likely to stay in circulation longer (Barrow, 1975: 32-3). The number of stamped notes thus might easily translate into a doubling of the note circulation. Indeed, Fetter notes three independent estimates by witnesses appearing before the Select Committee, which also suggest at least a doubling in the circulation of the private banks since 1797 (Fetter, 1955: 34).

Table 2: NOTES STAMPED 1800-1804

Year Ending 25 March	Duty Paid		
	1.5d	3d	4d
1800	148,112	198,361	104,248
1801	242,673	147,211	65,201
1802	941,894	196,108	95,600
1803	823,673	204,940	67,594
1804	1,110,217	256,801	90,265

Source : Fetter, 1955: 73.

As for the numerous unregistered banker-traders, issuers of unstamped low-denomination 'silver notes', their aggregate circulation seems to have been small. Jeremiah d'Olier, an experienced Director of the Bank of Ireland, suggested in evidence to the Committee in 1804 that ~~£400,000~~ £500,000 in silver coins and ~~£100,000~~ in copper would be enough to replace their circulation (Hall, 1949: 91).

The putative doubling of private bank-note circulation to ~~£2.5~~ or ~~£3~~

million by 1804 must be set against the decline in gold and silver payments. Again we are reduced to crude political arithmetic, but evidence before the Select Committee put the gold circulation at ~~£~~5 million on the eve of the Restriction (Fetter, 1955: 11n). Supposing (a) that specie worth ~~£~~2 million remained in circulation in 1804, mainly in Ulster, and (b) that the Bank of Ireland's notes replaced ~~£~~1.4 million, this still leaves a short-fall of ~~£~~1.6 million to be filled. The rise in the circulation of the private banks seems less exorbitant in this light.

Ironically, John Foster, chairman of the select committee, had produced a cogent defence of the private banks against the Bank of Ireland in the House a few months earlier (*Parliamentary Debates*, March 21 1804, pp. 650-1):

The paper of the Bank of Ireland was the stock upon which all the private banks of the kingdom traded; and, in proportion to the quantity of the national bank paper the private banker was able to get into possession, he was enabled to issue his own paper which he was bound to pay in national bank paper to a much more considerable amount; according to the principle of banking stated by some writers, in the ratio of three pounds to one.

Foster's statement anticipated the famous verdict of the Bullion Report that "the whole paper of the Country Bankers is a super-structure raised upon the foundation of the paper of the Bank of England" (quoted in Pressnell, 1956: 208). In sum, that the Irish private banks could independently have forced a sustained rise in circulation during the Restriction is unlikely.

The high failure rate of Irish private banks reported by Wakefield (1812: ii, 166-175) may seem to support the story of mismanagement, but most of the new banks had been set up since 1797, however, and there surely was a learning aspect to what Wakefield conceded was "an evil that will in time cure itself" (1812: ii, 173). In the long run, the banks would learn not rely on consumer

gullibility. Overissue would be subject to the discipline set out by Lord King (1803: 52-3):

It may be safely asserted as a general rule upon the subject of paper credit, that the circulation of all banks is limited by the extent of their capital, and the public demand for their notes. They can in no case transgress these limits without considerable danger. The contrary supposition will be found to involve the greatest absurdities. If country banks really possessed this power, it must necessarily follow that there would be great partial depreciations: and that the value of currency would vary according to the different degrees in which the due quantity of notes was exceeded by the bankers of different districts.

A more long-run perspective on these banks provides a better way of assessing the Report's findings. Bankruptcy entries in the official **Dublin Gazette** provide the raw material for a measure of bank failures over a longer period, and the means of relating them to business failures generally. For the purposes of this analysis, we consider 'dealers-in-exchange', 'scriveners', and 'notaries public' to have been in effect part-time bankers (compare Pressnell, 1956; Cullen, 1979: 23). Our analysis shows that the percentage of total bankruptcies accounted for by such financial institutions was far less - .2.3 percent - during the Restriction period than before it (4.2 percent in 1780-96).

True, the Restriction period saw a rise in the aggregate number of bankruptcies in Ireland (and in England), and contemporaries often blamed weak and irresponsible financial institutions for the ensuing instability. Undoubtedly the hardship caused by the rushes of bank failures was genuine, but whether the bank failures were the cause or effect of more general economic distress is another matter. A vector autocorrelation analysis relating the failures of financial institutions and other businesses listed in the **Dublin Gazette** produced no statistically significant connection between

lagged values of either on movements in the other.

Before 1797, Ireland outside Dublin boasted few banks. The Restriction period produced a banking system as close to 'free banking' as Ireland had so far experienced. That system hardly deserved its very poor reputation. However, the legal privileges and special status of the Bank of Ireland, the legal restrictions on registered banks, and the equivocal paralegal status of the great majority of note-issuers rule out the period as a clean test of free banking.⁵ The experience is still too little studied and the crisis years of 1810 and 1820 too serious to rate the episode as further evidence in favour of the currently fashionable case for free banking. It is enough to note here that the clusters of failures and the undoubted occasional 'cowboy', far from frightening the Irish public off paper money, in effect weaned them off gold (compare Cullen, 1979: 27) and paved the way for the joint-stock banking system that has served Ireland till this day.

6. THE ROLE OF THE BANK OF IRELAND

While convinced that the depreciation arose "almost entirely, if not solely, from an excess of Paper", the Irish Currency Report ventured no opinion as to "whether the Directors (of the Bank of Ireland)... might not have had strong reasons for their conduct" (Fetter, 1955: 72). Others (e.g. Parnell, 1804; King, 1803: 52-3) were less reluctant to castigate the Bank. A more balanced verdict must be that the Bank, like the Bank of England, considered itself in a dilemma: the duties conferred on it by its privileged

⁵For an interesting evaluation of the literature see Goodhart (1988).

status seemed to conflict with sound banking and its obligations to shareholders.

The contemporary private records of the Bank of Ireland and of government ministers provide ample evidence that the Bank was often reluctant to expand its note supply, despite the obvious temptation in terms of higher profits.⁵ For all the clubbiness of ascendancy Dublin and mutual declarations of respect, these were years of considerable tension between the Bank's Directors and Ministers. Prior to the Restriction, the Bank had been in the habit of accommodating the Irish Treasury by accepting blocks of short-maturity bills. The Bank's loans continued to be typically in the form of advances or credits in return for treasury bills. However, the demands on it increased in the immediate wake of the Restriction. The pattern was set when in mid-March 1797 the Treasury intimated its "inability to discharge any part of the debt due to the Bank". When the Bank reluctantly gave way, the Lords of the Treasury coyly expressed the hope that its future charges would be "more advantageous to the public". Less than a fortnight later, the Irish Treasury was seeking a further £100,000 "for military purposes", whereupon the Bank stressed "the danger that will arise from an excess of circulation of Bank paper beyond the demands of trade to the safety and credit not only of the Bank but to public credit in general". Unabashed, soon the government was seeking an advance to relieve industrial distress, and short-term loans on the security of Bank Of England notes. The latter request was a reflection of the Government's increasing reliance on the London market for funds (Thomas, 1986: 8-9).

⁵The references and quotations that follow are taken from the Transactions of the Court of Directors of the Bank of Ireland, 1797-1804. I am grateful to the Bank's Secretary for allowing me to consult the archives and refer to them here.

Fearful of being caught napping by the resumption of gold payments, the Bank at first insisted on a thirty percent specie backing from the government for new note issue. As the prospect of an immediate resumption receded, the Bank's strategy switched to requesting increased monopoly privileges at the expense of other banks in order to facilitate an increase in its note circulation. Thus in February 1798 it sought a complete monopoly of small-note issue, insisting that all payments to the Treasury and by government in national debt dividends, annuities, pensions, and lottery prizes all be in Bank paper only. Irish Secretary Pelham regarded the Bank's demand of parliamentary guarantees in this matter as betokening less than "mutual confidence" between Treasury and Bank. In October the Bank was still insisting on the same conditions, but then dropped them reluctantly. Early in 1799 the Bank obtained permission to pay specie on its own low-denomination notes. This was presumably a ploy to increase its circulation at the expense of a rapidly-expanding private banking sector, but is also a reminder that the Bank still considered itself wedded to gold. In May 1799, the Bank replied to a request for accommodation for £0.5 million with the statement that they did not "think it prudent to make any further loans to the public than what has already been agreed upon", adding that they would relent in an emergency. Within a week they had agreed to £0.3 million in "the present emergency". In May 1800 the Bank "regret[ted] exceedingly" that they could not comply with a request for another £0.5 million. A commitment to lend £0.7 million in November 1801 was linked to the proviso that it should be repaid earlier than planned in the event of a return to specie payments. On the very eve of the depreciation controversy, on 3 June 1803, the £0.7 million loan was renewed, and a further £0.5 million advanced on treasury bills. In September 1803 the "more extended

and more immediate" rise in military spending had Isaac Corry, chancellor of the Irish exchequer, demanding further accommodation. The Bank reiterated their reply to another request a month earlier:

The Bank would be very happy to meet the wishes of the Government by a further advance but after the most mature consideration on the former and present application they find they cannot without too far extending the circulation of their paper or contract the necessary aid to the public make any further advance.

Government persisted in its pressure on the Bank, and on Sept 22nd the Court of Directors very reluctantly succumbed. Soon, however, the same Isaac Corry was seeking information for parliamentary scrutiny about Bank circulation and dividends. Then, during the deliberations of the Select Committee, Corry (a member) was pleading with the Bank to renew the 1.2 million due for redemption, and indeed obtained the Bank's compliance. When on 19 June the Directors replied to a request along the same lines from Foster, now Chancellor the Irish Exchequer at Westminster, they presumably took some pleasure in adding "that the loan to Government must evidently tend to increase the amount of notes and post-bills of the Bank now in circulation".

Throughout, as McCavery has correctly noted, "the demands of the government were almost irresistible because of the insecurity of the state" (McCavery, 308-16). There can be no doubt but that Treasury pressure is the best single explanation for the expansion in note circulation. At the outset the Bank seemed more nervous about lending to Government, or allowing depositors advances on the security of treasury bills, than after 1800. Its attitude relaxed as the profits from lending to government became tangible and the fear of resumption more remote.

The Bank undoubtedly profited from events. Yet though the Bank's

dividends during the war years were generous, in real terms they were higher in the 1820s than in either the 1800s or the 1810s (Hall, 1949: 399).

7. CONCLUSION

The Irish Pound Report has been deemed a milestone in the history of monetary theory - and rightly so. However, a new look at the contemporary evidence shows little connection between, on the one hand, the model articulated in the Report and, on the other, the course of the Irish exchange during the Restriction Period. Ironically, as explained elsewhere (O Grada, 1989b), the same criticism can be levelled at the more famous Bullion Report.

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