

REMARKS
ON
Mr. *Maxwell's* and Mr. *Rowley's*
LETTERS:

Setting forth the Advantages of a
Bank and Lombards
IN
IRELAND.

In a LETTER to a Friend.



Dublin: Printed by *Aaron Rhames*, and are to be
Sold by the Booksellers. 1721

Houses of the Oireachtas

Remarks on Mr. *Maxwell's* and
Mr. *Rowley's* Letters, &c.

S I R,

YOU have desired me to give you my Opinion on Mr. *Maxwell's* Letter to Mr. *Rowley*, about the Bank to be erected in *Ireland*; and tho' I have little Leisure, and less Capacity, to say any thing on that Subject: I have read over that Letter, and upon the whole Matter, I am at a loss to find what Arguments can have Weight enough with any of the disinterested Inhabitants of this Kingdom, to make them cry down the Thoughts of a Bank, as a thing that would be destructive to our Trade, when there are so many self-evident Reasons, which offer themselves to every Man, conversant in Trade, in favour of a Bank, upon the Terms proposed by those who have projected it for this Kingdom.

The general and popular Argument against the Bank is, that it may become a Bubble, and after all our imaginary Notions of Advantages to the Publick from the Undertaking, we may be deluded into the same Misfortunes we have lately seen *England*, *France* and *Holland*, drawn into by their *South-Sea-Stock*, *Mississipi* Company, and Offices of Insurance. But if those Gentlemen, who are so fond of raising these Spectres, to frighten us out of the only Road, that is left open for this Nation to gain Relief, from the great Misfortunes they have been intangled in by the Calamities of their Neighbours, will but consider the Nature of them, and compare it with a National Bank, they will find that the Cases are not Parallel.

The wicked Projects formed on the *South-Sea-Stock* of *England*, the *Mississipi* Company of *France*, and the Insurance Offices in the several Towns of *Holland*, as they all sprung from a Set of Men, who only considered their private Advantages, so they were carried on to the extravagant Height we have of late seen them at, by the wicked Practices of Stock-jobbers; but as their
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Superstructures were monstrous, their Fall has caused very dismal Effects in *Europe*, by creating a general Diffidence among Men, especially upon the Articles of Money and Credit.

England and *Holland* have found in their Banks a most effectual Remedy to their Evils; for those Publick Repositories of the National Cash and Credit, were their chief Bulwarks, which defended them from the Ruin that threaten'd them.

But the small Scars the Credit of *Ireland* receiv'd in those General Calamities, have festered, and will be a long time a curing for want of the Remedy of Publick Banks, which have almost healed these Wounds, that were look'd upon to be Mortal in *England* and *Holland*.

It is allow'd on all Hands, that a Publick Bank, or Private Banks, are absolutely necessary in a trading Country. Without having a Place, or Places, where Merchants may be sure of getting Notes discounted, and Money for Bills on their several Correspondants, whether in the same Country or in foreign Parts, Trade must stagnate. And the easier Discount
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and Exchange are made to the Merchant, the freer Trade will be, and consequently will be carried on with greater Briskness and Success.

That this will be effected by a National Bank, with more Advantage to the Trader than it is by private Banks, will be readily allow'd; since the first is to be tyed down by their Charter, not to exceed *Five per Cent. per Annum*, for Discount on Notes, or Exchange on Inland Bills, and the others are not, nor can they be, restrained from making the best Advantage of the Necessities of Men.

What the Bank proposes is a settled Rule; and of what Ease it will be to some Traders, to get Money for their Notes and Bills at *Five per Cent.* when as now they pay *Ten per Cent. per Annum*, very often double, and sometimes treble that Rate; I should be glad to hear from those unhappy Men, who often labour Day and Night to enrich others with this exorbitant Gain.

That these Rates are often paid by way of Discount, Exchange, or any other Term you'll please to call it, but which
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in the End amounts to what we understand by Interest, is so plain a Matter of Fact, that I could call on several Traders to testify it, who feel the Smart, and yet are willing to bear the Burthen, rather than not answer their Credit, or want Money to carry on their Business.

It may not be improper to explain to you, what is understood among our Merchants by *Discount* and *Exchange* ; which I will no further enter into, than as it shall serve to set this Matter in a clear Light, and to shew, what extravagant Rates they pay, under those Names, for their Money.

Discount is when a Person has a good Man (by which Appellation I find the Traders understand a sure Pay-master) his Note, payable at a certain Day, it may be at three, four, or twelve Months, according as he sells his Goods ; he carries it to be discounted, that is, to receive Money for it, for which he allows at the rate of Ten, sometimes Twelve, and, I have heard, Fifteen *per Cent. per Annum* has been allowed, tho' the Note has been
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of a good Man, in the same Town with the Person exacting this Allowance.

When Bills are drawn from one Town to another, whether in the same County, or in different Nations, the difference paid or allowed, between the Money of the one and the other Place, is what the Merchants call *Exchange*; and this I shall only calculate, as the same is paid on Inland Bills. For what relates to Foreign Bills, and the Rules of Exchange, I purposely avoid taking Notice of it, as being not immediately the Business I am upon.

If a Man in *Dublin*, or any other City, has occasion to Draw on his Factor or Customer in another Place, for Money he has in his Hands, he seldom draws his Bills at longer than Twenty-eight Days after Sight, and oftner at ten or twelve Days, so that in Twenty-eight Days at most, Payment is made for that Bill; and for this the Drawer allows threepence, fourpence, and sometimes sixpence *per* Pound Exchange: At the first Rate it is sixteen and a quarter, the second Rate amounts

amounts to Twenty-one and two thirds, and the third Rate is Thirty-two and a half *per Cent. per Annum.*

That these Rates are common for Merchants and other Dealers to allow, as well as for some Gentlemen, who draw for their Rents, is very well known. How pleasing then must the Alteration be to those, who have submitted to this Practice, to find themselves relieved from the like Inconveniencies hereafter, by the Generous Supply they receive from a National Bank.

By the assistance of such a Bank, they may count all their Effects, however dispersed through the Nation, to be ready at their Call on any Emergency, without any considerable Charge, very little more than the Postage of their Letters; whereas now they are subject to be ground by the exorbitant Gain exacted by Bankers.

Besides, a National Bank will create punctual Payments, and I appeal to Dealers, if that would not be of unspeakable Benefit to them.

That it will have this Effect, must be readily granted by those who will consider,

der, that the Bank proposes to discount Notes, and take Bills, as well as Lend Money on real Securities. If then a Man is to pay Money at a certain Day, he cannot pretend to want it to answer his Credit, while he has Notes to discount, Bills to pass, or real Security, to give to the Bank.

That this will have an extraordinary Effect upon our Trade and Manufactures, is plain to a Demonstration; every Bargain will be made for ready Money, or at most, the Person who sells, is sure of getting Money for his Chapman's Note, at the reasonable Discount of Five *per Cent. per Annum.*

But the Enemies to the Bank say, That all this is to be performed by Scraps of Paper, which we are to take for our real Coin.

This is as unfair arguing, as if a Man should tell a Banker, whom he desires to keep his Money, that the Cash Note he gives him, payable on demand, is not equivalent to his Money, when he knows at the same time, that if he calls or sends the next Day for the Contents of his
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Note, it will be paid to him or to his Order.

The Case is the same with the Bank. The Notes they are to issue, are of the same Nature with the Bankers Notes, no Man is desired to give them farther Credit, than they deserve, he may call for his Money when he pleases, it will be readily paid him.

So that tho' Notes are pass'd by the Bank, they are not forced upon any Man, no more than a Banker can oblige his Notes to be accepted in Payment. The same Reason, that makes a Bankers Note have a Currency in Trade or Bills of Exchange from one Town to another, or be accepted in Payment, will prevail in favour of a National Bank ; for an Assurance, that, whenever Bankers Notes are brought to their Shops, Cash will be given for them, and their Bills will be duly paid, occasions the universal Credit we see given to them. The Bank desires, that no further Favour may be shewn to their Notes, than as they support the Credit of them by punctual Payments.

It is further objected against erecting a Bank, that thereby there would be a Monopoly of the Credit and Cash of the Nation, which would obstruct our Trade.

That Trade ought to be free from all sorts of Shackles, and consequently, that all Monopolies are destructive of it, is readily granted. But a Bank is so far from being this Nuisance, that it is the only Remedy left, to ease us from the Difficulties our Trade labours under.

If the Question be fairly stated between a National Bank and private Bankers, it will appear, that the latter attempt more towards this sort of Monopoly than the former possibly can.

The Bank cannot be called a Monopoly, because their Charter does not prohibit Bankers from carrying on their Business; on the contrary, it constitutes more Banks, but the Bankers, in opposing this Bank, attempt the Monopoly.

They who have the Monopoly of any thing, enhance the Price of it on those who stand in need of it, and, in this Light also, private Bankers may with more Justice be said to Monopolize the Credit
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and Cash of the Nation, than the Bank possibly can ; because it is plain, from every Days Experience, that they make Advantage of other Peoples Necessities, when as the Bank proposes fixt Rules for all their Dealings.

Thus I have answered the most material Objections against the Bank, which will certainly meet with great Favour from the Publick, when they have experienced the Benefits, that must naturally follow from it.

Those who complain, that it will lower the Interest of Money, and consequently Persons who live on the Use of Money will suffer by it, rather argue for the Bank, than advance any thing which may deserve an Answer.

For, of what Service low Interest is to a Nation, we may see in Mr. *Maxwell's* Letter. The incomparable Sir *Josiah Child* has plainly shewed in his *Discourse on Trade*, that the *Hollanders* have by these Means been able to supplant *England* in several Branches of her Commerce, and they outmatch us with greater Ease and Proportion, as our Interest is higher than that of *England*. That

That Author gives for Reasons, why Interest was not limited by Law in *Holland* to the Rate it is at. *i. e.* Three and Four *per Cent.* That they have Laws, which, if we had, would have the same Effect, one whereof is their ascertaining real Securities by publick Registries.

Another Law is, their Law for transferring Bills of Debt.

And a Third is their Constitution of *Banks* and *Lumbards*, where private Persons, who have but tolerable Credit, may be supplied at easy Rates from the State.

That incomparable Inquirer into the Nature of Trade, seems to wish we could transplant those Laws and Constitutions among us. Thus far we have been successful. The Act for registering Deeds, &c. in this Kingdom, answers the publick Registers in *Holland*: And the Law which is made with relation to Cash Notes, as it impowers any Person, to whom the Note is indorsed, to sue in his own Name, either the Person, whose Note it is, or the Indorser of it, so it amounts in effect to what Sir *Josiah* understands by the Law in *Holland* for transferring Bills of Debt.

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Thus it appears, we only want the Constitution of *Banks* and *Lumbards*, to bring us near upon a Level with the Dutch in Trade, and this too it is our Fault if we do not imbrace, since it is offer'd us upon such beneficial Terms, by Gentlemen who can have but very little of private Views in proposing it to the Nation.

The Advantages arising from this Undertaking, are not only to the Merchants and great Dealers, in the many Instances before mentioned, and those taken Notice of by Mr. *Maxwell*; but the Manufacturers and the poorer sort of Tradesmen will reap in Proportion much greater Benefit from it, than any others: For as their Necessities are always most pressing, they generally deal (when they are forced to borrow) with Persons of very low Degrees, and who are so sordidly Covetous, that it is frequent for those poor Wretches, to give 12 *d.* for the Loan of 20 *s.* per Month, and very often 2 *s.* per Month. At the first Rate it is 60 per Cent. per Annum, and the second amounts to 120 per Cent. per Annum.

This is incredible Extortion, and what is highly punishable by the Laws; but as
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the Baseness of that Practice naturally requires Secrecy, so it seems a Crime out of the reach of the Law, and only capable of such a Remedy, as the Bank of *Ireland* proposes to apply to it.

This will be performed by setting up in every County a House, where constant Attendance shall be given, to supply Traders, Manufacturers, and Tradesmen with such Sums, not exceeding 20 *l.* upon good and not perishable Pledges, at the Rate of 5 *per Cent. per Annum*, , with other Regulations, to bring these Houses to the same universal Service, that the Lumbards in *Holland* are arrived to.

When I had written thus far of my Letter, I had a View of Mr. *Rowley's* Answer to Mr. *Maxwell*, and since my Hand is in, I will give you some Observations upon that Letter.

It would be of great Service to the Publick, if every one, who has taken part in this Dispute, would imitate those publick Disputants, then the many Reflections which are industriously spread abroad, would not meet with Countenance ; but every one, who enters the Lists as a Disputant,

tant, would shew as ready a Desire of finding Truths in his Adversaries Arguments, as in his own ; since the End of all Disputes, especially where the Publick Welfare is in the Case, ought to be for the better information of our Judgments, that we might not mistake our Countries Interest.

This seems to be, on the one side and the other, the Design of the Uncle and Nephew, and it is to be wished, that all who are in the same Stations with them, would follow their Examples.

Mr. *Rowley* gives up the Cause ; and it is very likely, that, were it not for the merely imaginary Dangers, which he apprehends from the erecting a Bank, he would readily agree with his Nephew in allowing its Consequences to the Nation, since he owns to believe the Superstructure Mr. *Maxwell* has raised is true, (*Page 19.*) and seems only to apprehend, that the intended Bank cannot lower Interest to Five per Cent.

When I have examined the Fears this Gentleman has created to himself from a Bank, and endeavoured to shew them

Groundless, or such as may very well be provided against, I will give some Reasons to expect, if not to demonstrate, that this Bank will lower Interest to Five *per Cent.* and then I will draw this Letter to a Conclusion.

(Page 5 and 6.) Mr. Rowley seems to apprehend Danger from *England*, that they should serve us, if our Bank should prove of Benefit to us, as formerly they did the *Scots* in the Business of *Darien*.

The Instance here given of *Darien* is foreign to the Question. I am far from supporting the Politicks, by which that Undertaking was baffled; yet I must say, that *England* and *Scotland* being upon a different Footing at that time, from what they or we are at present, many Reasons might be given in Excuse for what was in that Case done, for there Interest of State threw in her weighty Arm.

It is farther observable, that at the same time the Business of *Darien* was set on foot, a Bank was established in *Scotland*; and we see, tho' *England's* jealousy of the *Darien* Expedition, made her refuse neighbourly Assistance to the *Scots* in that Undertaking,
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yet she has never offended the Bank, which has been of infinite Service to the People of *Scotland*.

Nor can it with Justice be supposed, she will obstruct any thing that may be for the Good of *Ireland*, and which does not interfere with her Interest. Thus we see *Ireland* meets with daily Encouragement from *England* to improve our Flaxen and Hempen Manufactures. And we may reasonably expect, that the *English* will ever think it their Interest to forward our Prosperity, whereby the Glory of the British Crown will be rendered more splendid.

(Page 7.) He says, That he Doubts much if in our present Circumstances it is possible to establish a Publick Bank under proper Regulations and Restrictions.

I have already shewed in the former part of this Letter, that an absolute Necessity requires our setting up a Publick Bank, so that the more lamentable our Circumstances are, the more heartily we ought to fall into Measures for their Redress; but as to the impossibility of putting the Bank under proper Regulations and Restrictions,

this is an odd Compliment to so wise a Parliament as we have ; for sure, as they may have a View of the several Constitutions of Banks in *Europe*, and are well aware of the bad Effects of Stock-jobbing, and the selfish Designs of Directors, they may apply Remedies to these Evils, rather than cast off a Matter of so great Consequence, on the bare Supposition of their want of Skill to settle a Bank, and proper Regulations and Restrictions, which yet Mr. *Rowley* grants may be done by Six Gentlemen, who he allows may form a Bank, which would have all the good Effects mentioned in the Resolution of the *House of Commons* of the 29th of *September*. Mr. *Rowley* may, it may be, as a Member of that House, have an Allowance for such Compliments on their Sagacity ; but as I have not now the Honour to sit in either House, I shall wave touching any more on this Point.

(*Page 8.*) The Proposition laid down by Mr. *Rowley*, is not readily granted for a Bank established on unsolid and ill Foundations, as it would not have any Foundation at all, so it could not contribute
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to the destroying of Publick Credit ; for as no Credit would be given to such a Bank, it could no further hurt our Publick Credit, than a wild Man's appearing among our Merchants on the Change would hurt them, since no one with his Eyes open would trust him.

(Page 9.) Tho' there is not a Mathematical Demonstration, that the Securities the Bank of *Ireland* proposes to give, will answer all the Incidents that may be supposed to happen in the Course of the Bank's Business, especially if they are allowed to suppose every thing that may be supposed, for then we may be called upon to fence against the inevitable Accidents of War and Fire; yet there are such Securities offer'd as constitute a good Fund for Publick Credit, and if compared with those on which the Banks in *England*, *Holland*, *Genoa*, &c. have been erected, I am confident ours would appear of equal Value with the best of them, especially if the Parliament would give its helping Hand to it, by making necessary Laws for the establishment of it.

(Page 10 and 11.) Whatever necessary Provisions have been omitted in the Charter, may be taken care of in the Act of Parliament, which may set such Bounds to Governors, Directors, &c. as would, in all human Probability, defend us against the Inconveniencies Mr. Rowley supposes may arise from their Mismanagement, or wilful Knavery. And thus all his Fears would be removed.

(Page 16.) But he is so desirous to find out Objections against the Bank, that he insinuates, that in the General Courts to be held, they would alter even Rules set by Parliament. I think this needs no Answer.

(Page 17 and 18.) As to monopolizing Goods under pretence of Loans, that may be easily obviated, by obliging the Bank not to lend above two Thirds of the Value of the Goods, and I never found any of the Managers had a Thought of exceeding this Proportion. Besides Merchants now are of Opinion, that it is scarce possible to monopolize any foreign Commodity, and the Laws of the Land make sufficient Provision against the Inconveniencies

niencies of doing so by our native Produce.

(Page 18 and 19.) He agrees, that a Paper Credit is necessary, and pray is it not of more Benefit to the Publick in the Hands of a National Bank than in private Hands? If I have not already proved this, my Labour has been in vain.

(Page 20 and 21.) That such a Fund as is to constitute the Bank will lower Interest, I fancy Mr, *Rowley* is very sensible of, tho' he argues so much against it; because a little after he attempts to prove upon Mr. *Maxwell* (Page 28.) that the Interest of Money will in some time return to Five per Cent. as it was in the Year 1715, without the Assistance of the Bank. So that he must confess, that even a small Matter applied to hasten that wish'd for Change, will have the desired Effect.

In such case the Nation will receive infinite Advantage from the Ease the Merchants, and all degrees of Dealers, will feel from the Burthens I have already shewed they were forced to labour under; if I am rightly informed, even in the Year 1715, when both sides allow there

there was a redundancy of Money in the Nation.

(Page 21 and 22.) It is not to be supposed but the Bank will, contrary to Mr. Rowley's Suppositions, act as good Physicians, by applying their speediest Remedies to the most afflicted part of our Credit; for by supporting the Credit of Merchants, and giving Life to the Manufactures of the Nation, they will the sooner effect the good Intent of their Schemes.

By this means the landed Interest will, in a little time, be wonderfully increased by an additional yearly Rent, and as great an addition of yearly Purchase.

(Page 44.) But it is insinuated, that a Bank will be a Means of bringing *Ireland* under a Land Tax. This is a very popular Argument against the Bank.

Fresh Taxes can never be demanded of us, unless we should fall short in our Revenues, of supporting our Civil and Military List; so that if we consider, that Trade will by means of the Bank be much encreased, we must also allow, that the Revenues will receive a proportionable Augmentation, and consequently

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ly the Debt of the Nation, instead of encreasing, will be lessened.

Another Argument I'll lay before you, to shew the Bank will be a further Bar against a Land Tax, by giving a considerable Checque to the infamous Practice of running Goods, whereby the Revenue is considerably lessen'd.

That it is our high Duties which tempt Merchants to run Goods, will be allowed by all Men, for there is a certain Gain for which Men will run a Risque, as will be confess'd, if we consider, that scarce one Hogshead of Wine is run for twenty of Brandy, and so of other Goods. So that if the Duty of Brandy was brought to a Proportion with that of Wine, it is probable, less would be run; and if all Duties were reduced, it is generally allow'd there would less Goods be run.

To reduce our Duties by a Law, is what can't yet be look'd for; but the Bank will produce a Remedy, which, in some respects, will have the desired Effect, that is, make it not so well worth the Risque of running Goods as it now is.

Sir *Josiah Child* observes, that One *per Cent.* in Interest is equal to Two *per Cent.* in Duties, inwards or outwards; and I believe, if the Calculation were now to be made, the Difference would appear greater on our Duties inwards; because, as those Duties are considerably increased since Sir *Josiah Child* has wrote his Book, if it were to be exactly examined into, we should find also a difference thereby created in his Calculation. However, as I desire only to have the Observation made by Sir *Josiah Child* granted me to be true, I will not attempt to establish a new one.

By this means, as Interest will be reduced by means of the Bank, Three *per Cent.* lower than it now is by Law, and very much lower than what Merchants pay for Discount of their Chapmen's Notes, this we may find has an Advantage equal to the reducing Duty Six *per Cent.* so that the Temptations for running Goods will be lessened by so much.

If you will further consider, that as the Merchant can always have Money to pay Duties, this will relieve them from
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that pinching Necessity, which they now labour under for want of Money, and which has often forc'd many, who otherwise would pay Duty, to run their Goods.

So that you see the erecting of a Bank will very much encrease the Revenue, by which means we shall be relieved from a Necessity of finding out new Funds, and consequently it will be a Bar to defend us from a Land-Tax, rather than prove a Means of ever introducing that heavy Tax into *Ireland*.

Thus I think I have removed the Bugbear of the Land-Tax. Another, that might have an equal Effect upon the Minds of well-meaning Protestants, is, that by means of a Bank (*Page 39 and 40*) the Popish Religion will be propagated by keeping that Money among us, sent by the Professors of that Religion into other Countries.

It is likely the Land will give them an opportunity of imploying some part of their Money at home. Would not this be an additional Advantage to the Nation, not before taken notice of by the Friends to the Bank, as to any Dangers

that may arise from it is ? Is it not in the Power of the Parliament to provide Remedies against them, which are in a great measure already provided for by the Oaths mentioned in the Charter ?

That the Bank will be able to lower Interest to Five *per Cent.* may be easily collected from what has been already said, and that Mr. Rowley is of the same Opinion, has been shewed by comparing what he says (*Page 21 and 22.*) with what he afterwards allows (*Page 28.*)

It will be readily allow'd, that the Bank will be able to circulate 281,000 *l.* This will supply so far of our Necessities at Five *per Cent.* and of Consequence answer so much of the pressing Demands of the Kingdom, which will by degrees draw the General Interest for Money into the same Channel, as has been already shewn to be the Case of *Holland.*

That this will be immediately performed, is not to be expected ; for as we see the Bank meets with great Opposition in the very first Constitution, so it is to be feared, it will not be free from Opposition in its Infancy ; yet Time and Patience,
added

added to a prudent Management, which you allow the present Gentlemen concern'd in the Bank are capable of, will surmount all those Difficulties, and gain such Credit, as will answer all the Ends propos'd by the Bank.

So that if I have not proved, yet I have shewed very good Reasons to expect, that the Bank will reduce Interest to Five *per Cent.*

The Advantages this will bring to the Publick appears to be so many, that it is hop'd, that all who have the good of their Countrey at Heart, will seriously consider them, and give their helping Hand to so good a Work.

For by this means all degrees of Men will be mended in their Fortunes, the King will have a more plentiful Revenue, without any additional Charge upon the Subject, the landed Men will have their Rents better paid, and their Lands not only raised in Yearly Value, but in its Purchase, the Clergy will have their Incomes increased, the Merchants will have better Incouragement chearfully to follow their Business, by being put upon an
equal

equal Foot of Trading with their Neighbours. Our Manufactures and Husbandmen will be spurr'd on to Industry in their Trades, by a greater Prospect of Gain, and our poor Artificers will be freed from the fear of Want, by being fully employed, and by having Money on easy Terms, to serve as a Fund for their Industry to work on. So that it is to be hoped that the Bank will flourish, that the Projectors of it will have the Blessing of the whole Nation----- and among the rest of, &c.

F I N I S.

ERRATA

PAGE 8, Line 19, for Twenty Eight, read Twenty One. Page 15, Line 4, *dele* it.

THE

MEMORANDUM

FOR THE

SECRETARY

OF THE

NAVY

DEPARTMENT

WASHINGTON

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