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CONSIDERATIONS
ON THE
UTILITY
OF THE
NATIONAL DEBT:

AND ON THE
PRESENT ALARMING CRISIS;

WITH
A SHORT PLAN OF A MODE OF RELIEF,

AND AN
EXPLANATION OF THE SOLID INHERENT GROUNDS OF
GREAT NATIONAL PROSPERITY, THAT EXIST
IN THIS COUNTRY.

By EDWARD KING, Esq. F. R. S. and F. A. S.

Ne aut temere desperet, propter ignaviam ; aut
nimis confidat, propter cupiditatem. —————

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ADVERTISEMENT TO THE READER.

IT is not any conceited desire of obtruding new ideas upon the Public, that has induced me to venture this pamphlet into the world; but a sincere wish to afford, if possible, some little assistance to my Country, in time of necessity; by communicating the result of long and deep reflections;—which those whom it more immediately concerns may make such use of as they think fit.

*A man who has been accustomed to think MOST INTENTLY on a few subjects, is inclined to do so on all.—And such an habit of INTENT THINKING has long caused me to view many
thing*

ADVERTISEMENT.

things in a light somewhat different from popular apprehensions and prejudices.

I therefore deem it an indispensable duty, at least to make my ideas known; if there may only be A POSSIBILITY of their becoming serviceable, even in the least degree, to those in any departments, to whom such ideas, for want of such habit, may not have occurred.

That long and close attention which I have for so many years bestowed in the pursuit of Philosophical enquiries; in the investigation of the most serious subjects; and in searching out the progress of arts, and improvements, in successive ages; may perhaps be found to have given occasion to reflections, that may be useful in this VERY CRITICAL ÆRA; when the advance of increasing arts and improvements is become at last so rapid, that the machine of the Body Politic can scarce sustain the violence of the rapidity.

EDWARD KING.

Mansfield-street,
May 16 1793.

CONSIDERATIONS
ON THE
UTILITY
OF THE
NATIONAL DEBT.

EVERY one who is acquainted with the history of this country, during this last century, well knows, that the most general subject of Parliamentary Declamation, in times of emergency; and the most frequent cause of vulgar and popular alarm and apprehension, has been *the magnitude of the National Debt*:—from the time that the lay-
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ing such a *firm foundation for Public Credit, and for Private Prosperity*, was first ventured upon, *as a matter of mere necessity*, to this very hour. And the alarm, and pretended danger, it may be observed, was no less, but even greater, when the sum amounted to no more than a few millions; than it has been even in these latter days, when we have had the supposed danger arising from a weight of so many millions, continually and loudly founded in our ears.

Yet all this time we have found ourselves, by the unmerited mercy and blessing of Almighty God, notwithstanding this outcry, in a state of great prosperity and plenty: far beyond that which existed *before the funding system* was adopted. A prosperity that has continued, and is still likely to continue; surmounting even the dreadful shock to credit in general, which the speculation of interested individuals (too long unheeded by Government) has now at length occasioned; in

in consequence of their venturing to raise *an additional loan upon the public*, of such enormous bulk, as even to bear no inconsiderable proportion to that of the *National Debt*; without any adequate funds; and, indeed, in many instances, almost without any funds at all to support it.

There must, therefore, exist some truly rational cause for this long prosperity, and for such stable support; notwithstanding those received popular prejudices, which have occasioned a great National Debt to be constantly condemned, as being the means of great National danger; and the fact must, in reality, be quite otherwise than has been so *generally* apprehended.

It is, I am persuaded, so much otherwise; that the real matter of astonishment, to a penetrating and considerate mind, ought rather to have been;— — not that public credit was, from time to time, still firmly *established*, and even extended under the con-

duct of different administrations;—nor that the *Public Debt* has even born *increase*, without any mischievous effects being actually produced ;— — — but rather that the continual perfect *safety* of *Public securities*, during a long succession of events, for an hundred years (many of which were fully sufficient to have undermined their stability, had there not been an *unsuspected* support founded in the true reason of things), that this continued safety and stability, should never have opened the eyes of a sedate thinking people ; or have removed their unfounded prejudices ; so as to convince them that there had been a gross mistake in their prior reasonings upon this subject ;---which were indeed originally only founded in the whisperings of interested partizans.

A mistake there certainly was ;—*popular* ; and *contrived* to mislead : and one great cause of it was, the mischief arising from the mere imperfection of language, and the not properly

perly distinguishing different things, called by the same name; and therefore from the confounding *the nature of* what was called, *a Public Debt*, with that of *a Private Debt*: which latter is indeed, most truly, ever ruinous in its own nature.

In consequence of this confusion of ideas, by such a mere similitude of names; it was concluded, that the effects of *a debt*, so called in both instances, must be just the same. --- Whereas, when the matter is closely considered, with regard to their immediate operations, and still more, when the remote consequences are duly taken into consideration, no two things can be more widely different, or more opposite in their effects, than a *Public*, and a *Private Debt*. For a *Public Debt* may even most truly *be called a Public Support*. And this country has really received (as I am persuaded every person of reflection will allow, when the matter is duly weighed) more benefit *from the very existence*
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of the Debt alone simply, for this last century ; than from any of those vast efforts, or important causes, which, unavoidably, occasioned either the first beginning of it ; or the increasing of it.

To a contemplative mind, this, I trust, will in the end be most obvious : as all those very peculiar circumstances of our long prosperous situation ; and that most remarkable chain of events which took place soon after the introducing the funding system ; and on which the public prosperity, by the blessing and merciful goodness of Divine Providence, is at present founded ; do most fully prove it.

For no sooner did the Public Debt *begin* to be funded, than a totally new, unexpected, and *quite unheeded sum*, to a great amount, was annually flung into circulation ; for the encouragement of the industrious ; and for the benefit of the poor artificer. This sum was, neither more nor less, than *the annual interest paid* for what was called the Debt :
which

which sum it was impossible for the stockholders either to annihilate, or to hoard up (except for a very short time); and which, therefore, *from this period*, constantly went forth, either to furnish the necessaries, or to procure the indulgences of civilized life; and became an hidden source of supply to every tradesman, and to every member of society, who was endeavouring to get an honest livelihood by ingenious and commendable employment in various branches, either of mechanical labour, of agriculture, and cultivation of all kinds, or of manufacturing.

This sum, when paid *annually* by Government, did not (like the interest of a mere *Private Debt*) depart from its owner for ever, as a real diminution of property; and as an expenditure never to be made amends for: —but, if the Public was to be considered as the debtor, and as paying this interest (as was most certainly the case), it even *remained still employed for the advantage of the original possessor*;

possessor ; only in a different form, and under circumstances rendering it still more useful to that original possessor than it had been before : it being now *in continual circulation*.

And whilst, from the beginning of this century, to this day, session after session, those who thought themselves most interested in the welfare of this country, were declaiming, in Parliament, against *the danger of the National Debt* ; and foretelling the ruin they believed must needs ensue ; and whilst every possessor of personal property in the funds was continually trembling for the risk that was fancied to be run ; yet it came to pass, in the natural course of things (though most strangely in contradiction to popular prejudices, and to the great astonishment of all), that, on every emergency, the Public Debt was *easily increased*, without any real loss to individuals ; and even still more encouragement was found continually to be given, on every such exertion, to every species of home manufacture ; and more, people continually found a means
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of obtaining an honest livelihood, and to have wherewith to pay easily still more and greater taxes.—And, at last, after such an accumulation of Public Debt, as our anxious ancestors never believed to be possible, the nation appeared in *a more prosperous situation* than before; and the increase of buildings, in almost every city and town, and especially in the metropolis; and the increase of artizans of all sorts; plainly shewed, that there was still, in reality, no impoverishment of the community; nor any want of supply to the calls of industrious individuals.

In short, *the progress of the increase of the National Debt, and the danger of the mischief ensuing from it, has been very similar to the mathematical progress of the Hyperbola and its ~~Ordinate~~ they never have met; nor ever can* meet; as the increase of the former adds such assistances and supports to individuals to pay taxes, as will probably for ever prevent, the approach of the latter; unless Government lose their usual prudence.

This may appear, at first sight, to ordinary reasoners, problematical ; and even paradoxical : but to mature consideration ; to a mind capable of deep and solid reasoning, nothing can surely be plainer, or more consistent with truth.

The solution of the whole difficulty lies merely in investigating *a very obvious matter of fact* ; which the prejudices of mankind have yet been unwilling to attend to.

The whole of the riches, of any country on earth, depends upon, and solely consists in, *the produce of the earth ; the produce of ingenuity, and of the improvement of rational faculties ; and the produce of industry.* But this produce, be it (by the Divine gift) great or small, is not a quantum of riches at any time capable of being hoarded up in chests as it is acquired ; or such as can be returned to the earth, and buried therein : but is a continual *annual growth*, to be annually used : and therefore is, and ought to be considered only as *the mere* INTEREST
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of a vast ideal capital.—A capital, which, instead of being called *the Public Debt*, should rather be called *the Public Ability*, by a more right use of language.—A capital, which never did exist as one great *lump* of *gold*, or *clay*; or as a *great treasure of money*, to be actually subdivided into a certain number of parts: nor ever ought so to exist.—But yet which is not, according to the vulgar expression, *merely in the clouds*; but does exist substantially, and most effectually, in the real gifts of God to the country.—In the abilities and honest exertions of multitudes of industrious persons. A substantial treasure far better than mere hoards of gold: but a treasure which, in order to be enjoyed, must have the opportunity offered of those *abilities and exertions* being *fully* employed; which they cannot be, unless a sufficient quantity of floating interest, created by and properly belonging to what is called the *Public Debt*, be kept in continual circulation. For should the

quantum of such interest at any time be, in the whole, too much diminished; or be checked in its circulation: or should numbers of private families, whose property is vested in the public funds, by any diminution of their annual income, cease to be enabled to make the *usual calls* for the various necessities, or conveniences, or even luxuries of life; the employment of thousands and ten thousands of people, whose subsistence depends on the trades and avocations supported by *such calls*, must cease; and the abilities and exertions of the multitude, that were before so fully and usefully drawn forth, will become *dormant*.

It is, therefore, perhaps, by no means too bold a conclusion to affirm, that, instead of being terrified with those false fears, which of late have had such undue weight and encouragement given to them; we might even justly venture now to consider, whether the *National Debt* is not so far from being a
public

public evil ; that it might even in future be increased, on some proper occasion, with the utmost advantage to the whole community, in every class of life.

Candid reflection, and long observation, may fairly lead us to conclude, that it may safely be so increased ; and even advantageously to every individual, as well as to the Public ; till the whole of the *Nominal Ideal Capital* shall be such, as to call forth annually, as the mere annual circulating interest thereof, the whole produce of the land ; the whole effect of manufacturing mechanic art ; and all those efforts of the industrious, in every class, which supply families with every necessary and convenience of life.

Till such a full adjustment of the annual interest, to the Great Ideal Capital, of the *National Debt*, or rather of the *National Ability*, shall have taken place, I am persuaded every noisy alarm is just as much without foundation now, as it was the first day when
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the funding system was so happily introduced into the world.

And such a period of *adjustment* probably *will never arrive*. Because the continued and increasing encouragement offered to industry and ingenuity, and the fresh demands of all kinds of supplies of provisions, and conveniences, for households (whose numbers must by this very means be constantly increasing), will most likely ever be *in just as progressive a state* as the increase of the *Ideal Capital* itself in consequence of the continual additional *funding*. Provided only, the increase of funding be made *with caution* : at proper times : and merely as the increased ability of the members of the community will admit. And provided the taxation consequent thereupon, be contrived to be closely connected with the actual circulation of the interest. Which latter *proviso* there are means of effecting.

Now let us turn our attention, and consider the converse of these ideas.—

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Had the ancient apprehensions of our forefathers, and their strong prejudices, been able to accomplish the object of their wishes, *the paying off the National Debt*, in any early period of its existence ; they had not only, in truth, with-held from the present generation the comfortable increased means of support and employment to thousands and ten thousands of honest and industrious persons, in all the various branches of trade ; but would themselves have almost instantly experienced most mischievous effects, without at all apprehending the cause : for they would not merely have been in *the same* situation they were (as to employment for the industrious part of the community) before the funding of the Debt began ; but would have found all those numerous *additional families*, who had lately obtained a comfortable subsistence, by means of the late increased circulation of property, become very rapidly destitute of their usual support, and of their constant employment : and *these*
must

must either have been provided for by a revival of those vast herds of Retainers, and Dependants, attending the Mansions of the Great as in former times ; and by a Restoration of something similar to the ancient Refectories of monasteries, and religious houses ; where so many idle paupers were entertained : or else the unemployed must have been suffered to remain in their state of indigence, till their necessities prompted them to all manner of violence and plunder.

And if, in these latter ages, either the false alarms spread ; or the insidious designs of any who are desirous to create confusion ; or the mistakes of any administration ; or the blundering eager wishes of selfish persons, not possessed of any valuable property ; could affect either an overthrow of the *public funds*, or a diminution of the quantum of interest paid, and of the money which is thereby annually flung into circulation ; the consequence wou'd soon be, not merely the private loss of each individual stockholder (most
of

of whom would perhaps find means of subsisting, although with hardship, and in a reduced state); but it would become *the absolute annihilation of the means of obtaining bread to all the poorer and industrious part of the community*; who would cease to have their usual employment, whenever the numerous stockholders, now subsisting, ceased to be able to purchase those necessaries, and those indulgences, and comforts of life (that are purchased, in so many instances, almost solely by the annual income received from the public funds). Yet these unhappy, industrious men, would, from mistake, on any such event, ever be too prone to fall to murmuring, and rioting; and into a state of dire confusion. And as this would be the consequence of a *total subversion of the funds*, or of any considerable diminution of the interest continually in circulation; so, even *the fair paying off of any GREAT part of the Public Debt*, would, I may be bold to affirm, be no real advantage: but would, in a certain proportion, cause a degree of *stagnation* of employment for the

inferior branches of mankind, that would be most severely felt ; and would *render the payment of the taxes* THAT STILL REMAINED, *much more an object of complaint than before any were taken off* ; and would make it still more difficult, on any emergency, to raise *fresh supplies* ; or to exert *the Public Ability* with energy.

It can never be too often repeated, that the *general vast circulation* of the money paid as public interest, is that which principally enables all orders and ranks of men to pay the necessary taxes with ease, and to obtain such degrees of property as to contribute to fresh supplies. Nor should we ever lose sight of the consideration, that the various industrious employments, arising from *this circulation of the public interest from the funds*, will ever increase faster than the taxes drawn from the persons so obtaining a livelihood, can possibly do : if proper prudence be but used by Government, as to *the times* of raising such supplies, and the *degrees of their quantum* ; and as to the *method of rendering each*
source

source of revenue permanent ; and as to the mode of taxation ; that it may always as nearly as possible accompany the increased circulation.

The mischiefs surely that would have ensued from annihilating the National Debt ; or from taking any considerable part of the interest paid for it, *out* of circulation ; are from all these considerations sufficiently manifest : and we can surely no longer avoid perceiving, that multitudes have actually found employment since its existence, who did not do so before ; and who could not have found that employment, but for the creation and existence of such debt.

And as far as experiment can go, in point of fact, we may add ; that those persons who lived at the time, and were free from prejudices of party, or narrow self-interest ; and who were either in such situations, and of such penetration and abilities, as rendered them capable of making just observations ; must have been aware, what an *unexpected and mischievous sort of stagnation, as to the emoluments of the industrious poor, the inju-*

ditions step of lowering the public interest, on the suggestion of Sir John Bernard, occasioned in almost every part of the kingdom ; and must remember that event with great concern : and especially as none of the benefits expected ever resulted from that step.

Besides the affirmation of all these plain facts, concerning the utility of the circulation occasioned by the interest of the Public Funds, it may also be added ; that all the prejudices existing in the minds of those who wish for the annihilation of the National Debt ; or for the diminution of its circulating interest ; are founded in falsehood *and error*.

For, in the first place, it may be observed, the possessor of *landed property* would be by no means benefited by any such event and measures : since long and repeated experience has now shewn, with regard to the real value even of *that species of property* ; *that the price of land has, upon the whole, ever risen greatly in every county, from the time of the first commencement of the National Debt*. And whenever the funds have been in their most depressed

pressed situation ; and whenever the world at large have, by misrepresentations, been injuriously led to have the worst opinion of *their* security ; *the price of land* (instead of rising, from the supposed superior advantage of landed possessions, as one would expect it should do) *has always fallen* in the greatest degree.

And with regard to the value of *the produce* of land ; and *the rents* at which land will let to the tenant ; it may also be observed, nothing can be more certain, than that the *great consumption of every kind of produce of land* is greatly increased by those many working hands and tradesmen, who live by means of the increased circulation of money, arising from the various expences of *those who receive the National Interest*. And if that source was once dried up in any considerable degree ;--- whilst the poor workman starved for want of his usual employ, the landlord must lose his rent for want of the tenant finding the usual market. And it is utterly impossible to conceive, that any improvement, or further cultivation

tivation of land whatever, could in any shape produce *such additional demand for the produce* of the fruits of the earth ; or such a means of paying a good price for them ; as would at all make good the deficiency : whilst, as to any fancied increase of commerce, or of trade, that should occasion a similar demand ; from what quarter imaginable could it so surely proceed as from the present cause ? Or who can be so weak as to think, that commerce should flourish more, under the diminished *home consumption* of every article of life, and under the deprefure men must feel from finding property, when acquired, of so much less value ? Or that persons who are backward to trust their money with commercial persons, on *private security*, now, whilst such commercial persons are careful to give the best security they can find ; would trust it with *them*, when money should be (as the enemies of the public funds wish it to be) to merchants a mere drug.

In the next place ; as to those, who it is erroneously supposed would *be relieved*, by
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having the payment of taxes removed from their shoulders, when the National Debt should be, in any considerable degree, either paid off, or annihilated; nothing can be more manifest, than that *the being eased from paying land-tax, house-tax, window-tax, and the taxes on all the little various articles of housekeeping (whatever they are), would be no recompence for the loss of trade and employment, to the industrious part of the community (who are by far the most numerous); and would be of no sort of benefit to the rest, in proportion to the advantages they would lose, as to the improvement or uses of their property of any kind.*

And lastly, with regard to Government itself: so far would *it be* from being benefited by the paying off the whole, or a great part of the Public Debt; that there is every reason to believe, that in consequence of the *gradual stagnation*, which must arise *from the want of the usual circulation*, it would be so far from being an easier matter to raise a new supply, on any pressing occasion; or to levy any new

or rest taxes, in the room of those laid aside, on paying off the debt; that the very attempt to do so, would create more uneasiness than any the greatest augmentation of the debt has ever yet done, or can do; and that the attempt to levy any taxes at all then, would be attended with more danger of inquietude than ever.

We may, therefore, consider the *Public Debt*, as it is too often maliciously called; to be rather a wonderful and most advantageous mode of creation of *public strength and confidence, and of public advantage*; by throwing all the riches proceeding from the produce of the land, the produce of the industry, and the produce of the honest ingenuity of the country, into perpetual circulation; instead of suffering them, when produced, to moulder away, or to be laid by as an useless hoard, or buried in a state of torpid stagnation.

And that indeed the Public Debt has in reality, at all times, been *capable* of a still further *increase*, beyond all common apprehension

hension, is obvious, from what has actually *silently* taken place of late years.

For whilst men have been unjustly murmuring; and complaining of the danger of funding; and talking of the impossibility to Government of proceeding further in raising supplies; private individuals have actually raised supplies; raised *a further fund* upon the Public; which even bears no small proportion to that raised by Government itself — The Fund I mean, is that raised by *Provincial Bankers*, to a vast amount; without proper means in general, for its support. — The sad inconvenience of permitting this is now at last too deeply felt. And for the sake of preventing this, indeed, these very remarks were originally penned: but through an unwillingness to interfere unnecessarily, they were not published in their original form; hoping the evil might cure itself.

Mischievous as the effect is now become; yet it must still be confessed, that even the raising of this vast additional fund, so much without

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support,

support, was, for a time, so far from being injurious to the community, that it was even of great advantage to it. But yet surely the matter ought to have been sooner attended to: and the whole advantage, (so enticing to those who could not support the undertaking) ought to have been to Government; instead of being to private individuals, who were thus misled. And the security ought to have been *from* Government: in which case all had been safe.

No sooner did a Provincial banker (possessed at first perhaps but of small capital) think of adopting that plan of business, for the convenience of the neighbouring country; (*for so in reality it was*); than he procured a few books of *neatly* engraved cash notes, for the payment *of five pounds, or five guineas each*;—the leaves of which books (having first signed them properly) he proceeded to cut out; and then got them very soon into circulation; to the amount of fifty, or sixty thousand pounds; either
in

return for cash paid into his shop; or by means of engaging in various branches of merchandize:

And no sooner was this done, than he instantly deemed himself worth that sum: depending upon the being able to keep those notes in *perpetual* circulation. For so long as he could do *that*, he might dispose of the cash paid in, just as he pleased.

In this strange manner; to the utter astonishment of all who before knew him; many a man has professedly become worth prodigious sums on a sudden. Manifesting plainly to the world that he was so; by actually purchasing land; or stock in the public funds; or else vesting property on private securities, to such amount. And, in truth, so long as he could keep those notes in *perpetual circulation*; (which, from the convenience of them to the country round, he had almost reason to flatter himself would be for ever), no kind of property acquired could appear more stable or permanent

There was hardly an instance, for several

years, in any one of the Cities or Towns in England, of any one of those Provincial bankers having failed; or even of his having been in danger: although it was well known some of them did not stand clear of engaging in branches of business, in which merchants, under other circumstances, have often failed. for some of the very means, by which certain of these persons have effected the getting their cash-notes the more rapidly into circulation, has been; their becoming themselves, all at once, timber merchants; corn merchants; miners; and tanners; or very adventurous manufacturers.

Thus, by an undertaking, which, when strictly and closely analysed, is in its original really neither more nor less than a species of *coining**, has a sum of many millions been raised upon the Public; *over and*

* The same kind of mischief exactly, only in a much more formidable degree, has now arisen from the permitting *the coinage of country bankers five pound notes*; that arose formerly, in a smaller degree, in consequence of permitting to country tradesmen, *the actual coinage of money*; by

and above the sum total of the National Debt.

For all the total amount of the principal sums possessed by the numerous, and now so long professedly rich Provincial bankers, is really only an *additional public fund: an additional supply drawn from the Public:* the exceeding utility of which, if it had but been founded on a fair and just support of substantial funds, would have been most manifest; instead of our experiencing any such injury from it, as we have now perceived.—

Most true it is, that without the help of this very mode of increased circulation, there would long ago have been a most mischievous stagnation in every County in England; just such as we unhappily find there is now. And the payment of rents, as well as the negotiation of business, would have still sooner become a matter of great difficulty. Besides which, there would have been, for

by means of their being permitted to issue forth, what were called *Tradesmen's Tokens*; the vast variety, and numbers of which, and their once general circulation, is well known to the curious.

want

want of these banking notes, a most horrible increase and influx of those sort of dangerous negotiable bills, the uncertainty of the security of which has often occasioned so many bankruptcies; and has afforded so terrible an opportunity of fraud.

Another considerable sum, funded upon the Public, has been, *that* raised for the making and supporting the several turnpikes, and canals in the kingdom. And I might indeed mention very many others besides.

Yet all these new funds have still been found advantageous (in many respects) in their effects. What then is the conclusion? Why, plainly, that an increase of funds there *must be* in some shape or other, if property is to be maintained.

And that, in short, in the regular course and nature of things, all property is verging towards the becoming, openly, and clearly, what the deepest reasoning and reflection will teach us it must in its very properest essence be : that is, *a matter only of exact and regular*

regular PUBLIC ACCOUNT. The whole ANNUAL PRODUCE of the country, in every shape, BEING FLUNG AT LAST INTO CIRCULATION, BY WAY OF MERE INTEREST OF A NOMINAL CAPITAL; and the property, and the right of each individual, to his share of the vast principal, corresponding to his share of the interest, being secured BY A POSITIVE CLEAR ACCOUNT, like that of the Bank, and of Bankers; subject to no prevarication or deceit: but for ever under the public eye, and open to the fairest inspection,

The whole *annual income* of every man's property, in whatever shape it may have been vested, ought perhaps, in the eye of truth, justice, and reason, to become as accurately *a stated account*, under the eye of Government; as his expenditure at his private banker's now is, under the eye of each banking house; and as his present possession of any share in the funds is, under the eye of the bank.

Whenever this vast idea concerning the stability of property is realized in practice; which I am persuaded it will and must undoubtedly
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be in the end: either by gradual steps arising from *mere necessity*; similar to those whereby the funding system has first been made known; or else by means of wise and cautious operations and plans of Government: when once this is brought to pass: it will effectually put a stop to those formidable evils, that have hitherto been so injurious to the community; *the possibility of bankruptcies; and of frauds, either in titles to estates, or* with regard to the Public finances; and even to the possibility of forgeries.

To explain all this; (although it may be fully and accurately done, upon the most mathematical principles), would not only *now* be premature; but would render these observations too tedious; and be moreover *beyond the immediate purpose of them*:—which is; after having previously shewn the firm foundation of what I have ventured to assert as a matter of the utmost import, namely, *that the National Debt is NO INJURY; ought not to be MATERIALLY LESSENE*D; *and may, even with advantage to the whole community,*
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be HEREAFTER INCREASED); to suggest to the public consideration, in the end, a few thoughts concerning the methods that may be used to restore a free and confidential circulation of bills and notes: and to recover, with increased benefit to the whole community, and to Government, *the advantage* hitherto so sadly *lost*, by permitting Provincial bankers virtually to fund such immense sums of money:—of which funding, Government itself ought to have had the original benefit on the one hand; and to have rendered the effect *safe to every individual* on the other.

First, however, I must still venture to make one more material observation.

It cannot have escaped the penetration of a thoughtful mind, on considering this subject; that, after all, however advantageous the continuance, or even increase of the National Debt may be, *on account of the increased circulation of the annual produce of the country in every shape and mode*; yet that one objec-

tion may arise, from the share *foreigners* are permitted to have in the funds : who, when *they* receive the interest paid, may carry it entirely out of this country, to be flung into the circulation of property in another country, instead of being continued here. And who, also, in consequence of being permitted to have a vast degree of property thus vested, might, on any interesting emergency, greatly depreciate the value of the funds, by selling out immense sums. But to this it may surely be answered ; that, in general, the disadvantage arising from foreigners having such a share, is perhaps more than counterbalanced by the advantage which constantly accrues to *Public credit*, by *their* pouring money and property from abroad, thus continually into the circulation in this country.

And if, at any time, the wisdom of Parliament should see fit to direct the *interest* paid on any of the great increasing sums, *vested in the hands of the Commissioners, for the purpose of Liquidating the National Debt, to*
cease

cease being applied to the further liquidation thereof: and instead of continuing to be added yearly, as it now is, towards *diminishing* the debt; to be wisely used for any other purposes: *then*, and in such case; namely, in any period when the number of *foreign* proprietors of stock should be found on the whole *too great*, and any ways disadvantageous to the country, on the account above mentioned; the application of the interest of those vast sums hitherto appropriated to such liquidation, might be applied to the paying off *foreign stockholders*, without any injury to such foreigners; and even with their fullest approbation; and to their utmost satisfaction: by the commissioners being impowered, by Parliament, to give public notice of their intention to purchase *the shares of foreigners only*, for some time to come. And then, *after such purchase*, by suffering the annihilation of so much stock to take place, and the interest to cease only there. By this means, *the part of the Debt annihilated* will be continually

that alone, the interest of which was not *in circulation*, in this country.

And even supposing that by such notice, an opportunity should be given to such foreigners, to take advantage of the times; and to make profit; yet it would only make them the more satisfied to trust us on future emergencies: and the loss to the Public would be trifling in comparison of the real gain. And any steps foreigners might take, if they thought it desirable to do so, to counteract this measure, would only tend to raise the value of the remaining Public Funds, and to increase Public Credit.

Having made this one last observation, I proceed to suggest the plain hints I mentioned.

Notwithstanding what has hitherto been so inadvertently permitted to be done by Provincial Bankers, in getting such vast numbers of their five guinea, and five pound notes, into circulation, to the amount of such an immense sum; nothing can be more clear,
upon

upon the most fundamental principles, than that the issuing out of *any notes for general circulation* ought to be as sacred to Government, and, under its authority, to those whom it shall depute; (that is, in the present state of things, *to the Bank of England*); as the issuing out of gold or silver coin is sacred to Government; and to the *Mint at the tower*.

A contrary system has inadvertently been permitted to go too far. It may, however, probably, be set right even yet, greatly to the advantage of Government, and for the Public welfare, by degrees.

Considering therefore *Government*, and the *Bank of England*, as *one body*; or at least as closely united in one common interest: what I would venture, in the first place, to propose is as follows.—

I do not mean to propose, that any step should be directly taken to controul, or to restrain *such* Provincial bankers, as can by the aid now held out keep their ground; but I wish
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to propose, that Government should, by act of Parliament, establish *henceforth a public banking house* in each of the several great provincial cities and towns; under the conduct and direction of Commissioners, or Governors, and of proper public officers, to conduct the business; in the same manner as the business is conducted at the Bank of England; and with the same caution; and under the same kind of controul. And that these banks should have the power of issuing out, under the sanction of Government, and *the Bank of England*, five pound, and five guinea notes, for value received: to be in perpetual circulation, like bank notes.

These banks would be no more an infringement on the remaining profits or advantages of the Provincial bankers, than the setting up of any *new banker* in each town at any time is. Which is continually done at pleasure: and has ever been deemed an advantage to the Public circulation. And the superior credit, and security of such *Public Bank*

Bank Notes, would soon cause them, of course, to be *preferred*; and silently to come into general use, more than the Provincial bankers notes; and would give the Provincial bankers time to retire, and to secure their acquirements.

And then, after that, as the next step: if the Provincial Bankers notes do not of themselves, and without any notice being taken of them, go out of use, and so leave the greatest benefit of this increased fund to Government: and if others will still venture to increase such imposition on the public; then the next step, in due time, may be, for Parliament *to prohibit any notes for general circulation*, to be at all issued out, except by Government, and the Bank of England; just as gold or silver coin is prohibited to be coined for circulation, except by public authority: but at the same time allowing all drafts upon Provincial bankers, such as are now drawn upon bankers in London, to pass from hand to hand, just as they now do: which kind of
drafts

drafts will, in reality, be sufficient to support all the *just* advantages and profits of the Provincial bankers, upon exactly the same scale with the present advantages of bankers, in the most capital banking houses in London.

And, after such prohibition, *let all notes FOR GENERAL CIRCULATION be taken from the offices of Government, and the Bank of England only, for value paid down in cash,* just as bank notes are taken out from the Bank of England.

By this means, the whole power of *coining and issuing notes* will be henceforth reserved, as it ought to be, to Government; and to its proper agent, *the National Bank of England*; just as *coining of money* is kept sacred to Government; and to its proper agent, in that instance, the *Mint*, in the tower. A power most necessary to be reserved, in this manner, for the sacred firm establishment of all private property. And all the advantage of the vast sums *funded*
virtually

virtually by the issuing out of notes needful for the increased and increasing circulation of property; and the system of things that will gradually take place by this means; will facilitate the bringing to pass *that desirable great event*; which is indeed hastening forwards even of itself; and which will in the end be found the greatest and best security of all private property; *the rendering the WHOLE a matter of public and most certain account*. The final accomplishment of which event, is a thing that will be above all others, surely, the most consistent with the true abstract idea of secure and permanent property,

In the next place, it may now be suggested, as a matter well deserving the consideration of the legislature AT THIS ALARMING CRISIS; whether it may not become expedient, on such a great emergency as the present, to depart from the rule, *so lately established*, of appropriating a certain sum annually, for what is called the liquidation of the National Debt:—

and instead of that appropriation, to direct THAT VERY SUM to be appropriated, for a year or two, through the medium of the Bank of England, for the purpose of increasing a more extensive and free circulation of five pound bank notes, to supply the present deficiency of currency; by means of lending such five pound notes to a certain amount, TO THE SEVERAL CORPORATIONS of great manufacturing towns, UPON SUFFICIENT SECURITY FOR PAYING THE INTEREST OF THEM ONLY, AT SOME FIXED ADEQUATE RATE, FOR EVER, AS A STATED REVENUE; UNLESS THEY ARE ABLE, AND VOLUNTARILY CHOOSE, TO PAY OFF THE PRINCIPAL.

AND UPON SECURITY, THAT THEY WILL FROM YEAR TO YEAR, FOR EVER DURING THE SAID SUMS BEING CONTINUED IN THEIR HANDS, EMPLOY THE SAID BANK NOTES, AND THEIR AMOUNT, SO ADVANCED BY GOVERNMENT, ONLY IN DISCOUNTING THE BILLS OF PERSONS OF CREDIT, ACTUALLY ENGAGED IN THE SEVERAL
BRANCHES

BRANCHES OF TRADE IN EACH OF THOSE RESPECTIVE MANUFACTURING TOWNS; *at such easy rates, as may merely be sufficient to raise a proper income for paying the appointed interest to Government; and for paying the stipends of such officers and clerks as shall be found needful to transact the business.*

And, at the same time, in order to prevent any dangerous, or insidious *run* upon the Bank, in consequence of this increase of notes; *to declare, by Act of Parliament, all notes of the Bank of England, to be lawful current payment, without discount, the same as gold and silver coin is.*

If such a step as this is taken; even in case the principal money, so lent, is never paid by the respective corporations; yet the money so lent, and which is now applied merely to the liquidation of the National Debt, will never be materially missed: and will be applied *to at least as beneficial a purpose as it now is:—and the annual interest* of the money so lent, will become no inconsiderable object to Government.

A better plan may perhaps be devised :— but the circulation of small bank notes, more largely, and freely, *under the authority of Government, and the Crown, as a real species of coin*, becomes more and more necessary every day.

This medium of the Bank, authorized by the Crown, and by Parliament; *and these notes from ONE source only*; ought ever, it should seem, to be *the unshaken source of the circulation* of all solid property; as much as the Mint in the tower, and gold and silver coinage is : *which latter species of circulation alone* can never afford a sufficient currency in this great and commercial kingdom.

A circulation of currency *more freely* in some shape or other, proportionable to the immense property it contains, this country must have; or else its wealth must stagnate; its operations and energy be stifled;—and it must perish.—

The danger and mischief *of self-created currency*, without proper funds, is now generally felt.—There is danger, also, *more than*

than I can properly express (or choose properly to express, on this occasion), in the mere paper currency of an unfunded debt:—as there is also a want of its being sufficiently extensive; or (which is more to the purpose), sufficiently subdivided into small sums.

The real relief, therefore, must be an extension of currency; only with sufficient funds and stability. A currency of the same kind in effect, but far beyond it in stable support, with that, which has so sadly, and so rashly been lately, in a private manner, attempted; and so inadvertently permitted to go forth in the country at large; without such sufficient funds and ability.

The Crown, with the advice of the legislature; and by its sole proper instrument, the Bank of England (through whose hands must ever unavoidably pass the greatest part of all personal property; which must ever increase far beyond the possibility of the extent of any other property); The Crown can alone give sufficient stability, and support to this most necessary

part of the *vital motion*, in the Body Politic.—and for want alone of the support of this vital motion and circulation, there is *now* danger of such a *mortification*, and stagnation ; as must bring on *dissolution* ; as effectually as a mortification does in the natural body.

This country is, in reality, in this instance, somewhat in danger of suffering, if not even of perishing, by a political mortification.

The wisdom of Parliament, we have every reason to believe, will *finally* adopt some method of relief, more advantageous and effectual than can be suggested by any private individual.—But, whilst I express the most earnest wishes for *such* relief, I may venture to add, that there is not surely any danger that the adopting such a *method of redress* as I have ventured to propose, should be injurious ; either by promoting a mere *paper currency* ; or by giving an opportunity, at any future time, for a *run* either upon the Bank in London, or upon the Government Banking houses in
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the country : because, in reality, *a paper currency* does now, at this present moment, actually take place, even *under the most disadvantageous circumstances* ; as much as it ever can do *under the most advantageous circumstances*.

This, every man who receives rents, or the issues of any property either in the country, or by remittances *from* the country, in any part of this kingdom, can testify. And it is most true, that even this sort of *paper currency*, (thus imprudently allowed, on the foundation only of accident, and for the sake of supporting merely the private interests of Provincial bankers, without any proper funds) has yet proved not only of great advantage to the public for a time ; instead of being of any detriment ; but of *so much advantage* ; that the country cannot well contrive to do without it : or indeed at all carry on its commerce, and usual intercourse, without something similar substituted in its room.

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Let us, therefore, ere it be too late, allow ourselves to think very closely and deeply on the subject; and to lay aside inveterate prejudices; and to free ourselves from deeply rivetted, mere popular errors.

The true interest of a country can never consist in cherishing even the least of such errors; any more than the perfection of man's understanding consists in cherishing the imaginations of childhood.

Let us, cautiously, instead of being guilty of such inadvertency, exert ourselves; guarding diligently against the insidious arts of those who would, at any time, avail themselves of such popular prejudices, and of temporary accidents, to deceive: and thankfully considering, as we ought, that Almighty God has indeed bestowed innumerable, and, if it be not our own fault, inexhaustible blessings upon this country.

We may, by wickedness, blundering, and error, become *felo de se*: but we may boldly trust, upon the most rational grounds, and
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